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Chair

Mr. James Rajotte

Standing Committee on Finance

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• (0900)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call the 49th meeting of the Standing Committee on Finance to order. We are continuing our 2009 pre-budget consultations.

We just returned last night from Quebec City. We're very glad to be back here in Ottawa to have with us this morning, for the first panel, eight organizations. I will not read the names of all eight at the outset, but we'll start with the Canadian Wind Energy Association.

Each organization will have five minutes for an opening statement. Then we will go to questions from members from all political parties.

We will start with the Canadian Wind Energy Association.

Mr. Jean-François Nolet (Québec and Atlantic Canada Policy Manager, Canadian Wind Energy Association): *Bonjour.* I'll do my presentation in French, but I'll be more than happy to answer questions in both languages.

[Translation]

My name is Jean-François Nolet. I am the Quebec and Atlantic Canada Policy Manager with the Canadian Wind Energy Association. I am here to speak on behalf of Robert Hornung, President of CanWEA. I would like to thank the committee and its honourable members for the opportunity to speak on behalf of the wind energy industry in these important consultations.

The federal government has played a critical role in stimulating the development of the wind energy industry in Canada, most recently through the ecoENERGY for Renewable Power program. This enormously successful program was designed to stimulate the deployment of 4,000 MW of renewable energy in Canada by March 31, 2011 and will meet its objectives and fully allocate all of its funding by fall 2009, 1.5 years ahead of schedule. Unfortunately, the federal government has not yet made a commitment to expand or extend the program, or to establish any alternative support mechanism for wind energy deployment. In other words, federal government support for new renewable power projects in Canada will end in this fall.

An end to federal support for wind energy deployment in fall 2009 has serious implications for Canada's wind energy industry during this time of economic crisis. It will lead to delays and cancellations for many of the 2,000 MW of "shovel ready" wind energy projects that are contracted to be built in Canada by the end of 2011. It will also reduce Canada's ability to compete for investment with the United States, which has taken aggressive actions in 2009 to

stimulate investment in renewable power, and will cause investment dollars to leave Canada for the U.S.

CanWEA is asking the federal government to take action in a fall economic statement (and certainly no later than a 2010 federal budget) to support the deployment of an additional 8,000 MW of new renewable power capacity in Canada by March 31, 2014. This would result in \$22 billion of private sector investment (a minimum of \$7 billion of it invested in Canada, 8,000 new Canadian jobs, and \$24 million in annual lease payments to rural landowners across Canada.

The federal government could deliver this support through either of two policy options. The first to expand and extend the existing ecoENERGY for Renewable Power Program. Between now and 2014, the total cost to the federal government would be \$600 million, \$150 million a year, and would leverage the full \$7 billion of private sector investment in Canada in that period. Beyond 2014, the federal government would make annual expenditures of \$230 million for 10 years.

The second option is to replace the ecoENERGY for Renewable Power Program with a capital grant program that would provide equivalent economic value. The total cost to the federal government of this approach would be \$1.8 billion between now and 2014, \$450 million a year, and would leverage the full \$7 billion of private sector investment in Canada in that period. There would, however, be no additional costs to the federal government beyond the year 2014.

It is important that any actions taken by the federal government, like the options proposed above, are broadly applicable across the full diversity of the wind energy industry in Canada, including: large traditional Canadian energy companies, wind energy project developers from outside of Canada, small renewable energy companies, and organizations as diverse as community groups, First Nations, and municipal governments.

In this regard, one important additional measure the federal government could take to complement an expansion of the ecoENERGY program or a new capital grants program would be to broaden the applicability of Class 43.2 of the Income Tax Act. At this time, the design of this tax measure ensures that most wind energy developers in Canada (e.g., foreign companies, smaller Canadian companies) cannot make immediate use of this incentive to support their wind energy investments.

In summary, an end to federal support for wind energy deployment in fall 2009 will lead to delays and cancellations of "shovel ready" wind energy projects and will reduce Canada's ability to compete for new investment. The federal government must take action now to support the deployment of an additional 8,000 MW of new renewable power capacity in Canada by March 31, 2014 through either of the two options I described earlier.

Thank you.

• (0905)

The Chair: Thank you for your presentation.

[English]

We'll go next to Imagine Canada, please.

[Translation]

Mr. Marcel Lauzière (President and Chief Executive Officer, Imagine Canada): Good morning, Mr. Chairman.

[English]

Imagine Canada is a national umbrella organization that speaks in concert with more than 1,300 charities and non-profits working in every community across the country and around the globe.

Our members provide social and community services through organizations such as local boys and girls clubs, United Ways, YMCAs, and YWCAs, as well as health charities such as the Heart and Stroke Foundation and the Kidney Foundation. They also greatly contribute to our quality of life through sports and recreation and arts and culture, as well as through educational, environmental, philanthropic, and religious pursuits.

What is less well known, however, is that charities and non-profits contribute significantly to Canada's economy: more than one million jobs, more than twelve million volunteers in rural and northern and urban communities, and a 6.8% contribution to Canada's GDP.

[Translation]

In our written presentation and our testimony today, we suggest three ways in which parliamentarians can help charitable and non-profit organizations to help Canadians and other people around the world.

[English]

Our first recommendation is an enhanced charitable tax credit that would provide an incentive for Canadians to increase their charitable donations over previous years. It would provide what we call a stretch tax credit of 39% on new donations, 10 percentage points higher than the current level of tax credit on donations above \$200, up to a maximum of \$10,000.

The measure would be based on an individual taxpayer's best previous year of giving, using 2008 as the baseline. To continue benefiting from the credit in subsequent years, taxpayers would need to continue to increase their levels of giving, thereby encouraging more Canadians to give and to give more. The stretch tax credit is particularly appealing in that it would benefit charities of every size and in every region, urban and rural. It would provide an incentive particularly for working families and middle-class Canadians to give more than they have in the past and encourage those Canadians who have not given in the past to begin to donate. This would help

broaden the base of donors in Canada, and it would help those Canadians who want to give through their income rather than through assets, and this is the majority of Canadians.

It is worth noting that the 2007 survey on giving, volunteering, and participating found that more than half of all donors indicated they would increase their charitable giving if there were more incentives to do so.

Our second recommendation is the elimination of the disbursement quota regime governing charitable organizations. It entails no costs, but would have significant benefit for charities across the country. The disbursement quota regime is the minimum amount of income and accumulated capital that a registered charity is required to spend each year. Imagine Canada is proposing the elimination of the current disbursement quota regime, first, because it imposes a complex and costly administrative burden on charities; second, because it's really not equitable or enforceable in its current form; and third, because it is particularly difficult for small and rural charities.

Imagine Canada and its members are prepared to work with government to develop a new regulatory approach that would be both effective in advancing accountability and transparency and also be practical for charities to implement.

• (0910)

[Translation]

Our third recommendation is unfortunately not new, and no cost is attached to it.

In December 2006, a blue-ribbon panel appointed by the Government of Canada made extensive recommendations to improve the administration of grants and contributions programs, including expediting timelines for funding decisions. While some departments are beginning to implement some of those recommendations, progress has to be made much more quickly. Imagine Canada is therefore asking the government once again to accelerate reforms to ensure predictable, sustainable and full cost funding.

[English]

This request is not about meeting the needs of organizations themselves but rather about meeting the needs of communities and Canadians they serve, at a time when demand for their services is growing.

Charities and non-profits working in partnership with the federal government cannot afford to submit applications for funding in the spring with little or no sense of when the decisions will be taken, only to be informed the following February or March that their applications are successful and that they now have 30 days to spend and account for the money that was originally intended to support several months of operations.

This is only one of many stories our members can tell about the challenges of applying for and accounting for federal grants and contribution programs.

[*Translation*]

Billions of dollars are paid every year through this mechanism. The immediate implementation of the blue-ribbon panel's recommendations is, we believe, one way of ensuring that charitable and non-profit organizations have effective access to existing funding to better serve Canadians.

Once again, Mr. Chairman, thank you.

Thanks as well to committee members. I will be pleased to answer their questions.

[*English*]

The Chair: Okay, *merci beaucoup*.

The next presenter will be the Society of Management Accountants of Canada, please.

Mr. Richard Monk (Past Chair, Certified Management Accountants of Canada): Good morning, Mr. Chairman, distinguished committee members, and fellow presenters. I am pleased to be with you today to represent Certified Management Accountants of Canada. CMA Canada has delivered a consistent message to this committee over the past six years: Canada's productivity performance must be improved. Productivity growth is paramount to improving Canadians' standard of living. If we're going to ensure that we have the necessary resources available to invest in areas that improve our quality of life, Canada's productivity performance must be improved.

We have lagged behind most other industrialized countries for 25 years. The impact of poor productivity growth on individual Canadians is startling and disturbing. The median real earnings of Canadian workers have not grown in a quarter of a century. This is clearly not a recent phenomenon linked to the economic downturn we've experienced. Canada's productivity performance is a long-term challenge.

As we see promising signs that we are coming out of the global recession that has inevitably caught Canadians in its grip, CMA Canada believes it is wise to take a long-term view of Canada's economic performance. Measures aimed at improving the key drivers of productivity—namely human capital, physical capital, and innovation—are steps that could be taken today to set the course for a prosperous future.

In our written submission to you we focus primarily on innovation, or what we call creativity, because it represents the extraction of value from the other two components of productivity—human and physical capital—through inventiveness.

We recommend three specific measures for your consideration. The first is no surprise, that investing in information and communications technology, or ICT, supports creativity. ICT in the workplace has a significant impact on productivity growth. It helps us do things smarter.

The last several budgets included sound initiatives aimed at this objective. We believe the introduction of an ICT adoption tax credit

targeted at small and medium-sized businesses is a logical step towards encouraging investment in technology. Wouldn't it be wonderful if some of these smaller businesses became Canada's next international success stories?

One feature of this tax credit that is of special importance would be to permit expenditures on ICT training to be eligible. I don't think I need to convince you of the critical need for education and training to stimulate creativity.

Our second recommendation is directed at business research and development. The scientific research and experimental development tax credit is a key public policy measure encouraging innovation. Moreover, the SR and ED program is well-known in the business community. It is delivered through the tax system rather than a less predictable government grant, and it has a low cost of program delivery with well-established procedures.

While the program is generally recognized as being generous, Canada continues to underperform in business research and development. Our proposal is to enhance the SR and ED tax credit by extending to claimants of all sizes the refundability provision currently available only to smaller businesses. The objective is to encourage all of our companies to make better use of this program and thereby help drive greater innovation in Canada.

As an alternative, the government could permit larger claimants to apply the tax credit against other federal government levies such as EI premiums.

Mr. Chairman, our third and final recommendation is aimed at combatting the counterfeiting and piracy of intellectual property. To put it bluntly, counterfeiting and piracy of intellectual property places Canadians at risk of harm to their health and personal safety. It discourages creativity and reduces tax revenues. Protecting IP rights also promotes innovation and should therefore be encouraged. It's one of the most important steps to increase the level of financial and human resources aimed at combatting illegal activity. Specifically, greater resources should be provided to the Canadian Border Services Agency, the RCMP, the Department of Justice, and Health Canada. These departments and agencies are in the front of the fight against IP piracy.

In conclusion, CMA Canada believes that Canada's lagging productivity performance requires serious attention. Measures aimed at improving the key drives of productivity—mainly human capital, physical capital, and innovation—are steps that could be taken today to set the course for a prosperous future.

Mr. Chairman, I thank you and your colleagues for your interest and I look forward to responding to any questions you may have.

● (0915)

The Chair: Thank you very much.

We will now go to the Association of Canadian Academic Healthcare Organizations, please.

Dr. Jack Kitts (Member, President and Chief Executive Officer of the Ottawa Hospital, Association of Canadian Academic Healthcare Organizations): Good morning.

My name is Jack Kitts, and I'm chair of the board of the Association of Canadian Academic Healthcare Organizations, known as ACAHO. I'm also president and CEO of the Ottawa Hospital.

I'm joined by Mr. Glenn Brimacombe, who is the president and CEO of the association.

The association appreciates the opportunity to appear before you to highlight our recommendations, which are designed to more effectively align our potential with our performance, which in turn contributes to the country's overall prosperity.

Let me briefly mention that ACAHO is the national voice of research and teaching hospitals, academic regional health authorities, and their research institutes. There are no other organizations in the health system that provide the unique combination of health services, teaching, and research that our members do. We consider our institutions as important hubs in the system, in addition to being a national resource.

Let me now turn to our three recommendations.

First, we recommend that the federal government invest in innovative health delivery infrastructure. Members of ACAHO have a tripartite mission: first, to provide Canadians with the most complex and specialized health care; second, to conduct research that impacts health and health services in Canada in support of better care and better systems in the future; and third, to train health providers who in turn will practise anywhere in Canada. However, this work is largely taking place in buildings that need to be retrofitted, repaired, and in many cases rebuilt in order to meet current standards of safe, quality care and increasingly to meet environmental standards.

Based on a recent survey of ACAHO members, over 300 shovel-ready infrastructure projects over the next 12 to 36 months have been identified as a priority, at a cost of over \$20 billion. Of note, 30% of these projects are new buildings and 70% qualify as repairs, renovations, or expansions.

While Budget 2009 created several infrastructure funds—that is, the infrastructure stimulus fund, the knowledge infrastructure fund, and the green infrastructure fund—members of ACAHO were not included as eligible to receive any of this funding.

Recognizing that the role of ACAHO members extends well beyond local, regional, and provincial borders, the association calls on the federal government to create a one-time strategically targeted national health delivery infrastructure fund. It is proposed that this fund have a time limit of five years and be valued at \$1 billion.

From the perspective of ACAHO, health infrastructure investments create short-term jobs that build legacy institutions that fully acknowledge the role and contribution of the federal government for residents at the community level and will allow facilities to meet new safety, efficiency, environmental, and patient care standards. It also instills a deep sense of community pride and promotes social cohesion, and it accelerates the transformation of the health system delivery infrastructure to meet both today's and tomorrow's needs.

The second recommendation is to invest in science and technology that drives new knowledge and innovations. Over the past decade, the federal government has made significant investments in Canada's health research enterprise through a number of instruments for which we are extremely grateful. Importantly, these investments recognize the four key components that underpin the research, innovation, and commercialization spectrum: first, people; second, programs; third, infrastructure; and fourth, indirect costs.

While it is crucial to ensure that there is a proper balance and strategic alignment between these four pillars, ACAHO believes that now is the time to increase support for the direct costs of undertaking world-class health research by increasing base funding to the Canadian Institutes of Health Research, the CIHR.

Again, I must say that ACAHO fully recognizes and applauds the federal government for the significant resources that have been invested in CIHR since 2000. However, the association remains concerned that CIHR must be funded at internationally competitive levels so that we can continue to support research excellence and a number of cutting-edge health research initiatives. In order to remain competitive internationally, we must respond to prevent a brain drain to countries that are ramping up their investments in health research and looking to attract the best and brightest minds.

Finally, we recommend that the federal government align the goods and services tax with the health system. In principle and practice, ACAHO is of the view that good tax policy should reinforce good health care policy by promoting the efficient allocation of resources in the system. As it stands, hospitals are entitled to an 83% rebate on the GST paid for all eligible inputs. Health research, publicly funded long-term care facilities, and home community care services receive a 50% GST rebate.

● (0920)

The range of rebates hinders the overall efficiency of the tax and its administration at the local level, and to simplify this process and to better align with the integrated nature of health governance structures, we support a more cohesive approach to how the GST should be administered in this area.

It's also important to note that the provinces of Alberta and New Brunswick, given the manner in which their health systems are configured, do not effectively pay any GST on their health inputs. Given the unfairness of how the GST impacts upon the rest of the health system across the country, the federal government has a unique opportunity to create a level playing field for all provinces.

This recommendation is fair, reasonable, and above all it avoids a situation whereby the federal government gives with one financial hand and takes with the other. It will also keep federal dollars where they were originally intended: in the country's organizations dedicated to providing Canadians with timely access to a range of quality health services.

Thank you.

The Chair: Thank you for your presentation.

We will now turn to Engineers Canada.

Ms. Chantal Guay (Chief Executive Officer, Engineers Canada): Thank you, Mr. Chair.

Thank you for allowing Engineers Canada to appear once again before the House of Commons Standing Committee on Finance.

My name is Chantal Guay. I am the CEO of Engineers Canada. You may also know us as the Canadian Council of Professional Engineers. Engineers Canada and its constituent members, the provincial and territorial regulators of the practice of engineering within Canada, represent more than 160,000 professional engineers nationwide.

Public safety and the public interest are paramount to our profession. Today we are offering long-term solutions to governments on issues for which the engineering profession can lend its expertise and experience to help create a safer, more sustainable, and prosperous future for Canada within a global community.

[*Translation*]

I offer the committee three specific and tangible recommendations which the federal government could realistically implement to be part of a viable long-term economic solution for Canada.

Our first recommendation is based on the fact that Canada's highway systems and bridges, water systems and sewers are vital to our safety, quality of life and prosperity. Unfortunately, there continue to be increasing signs that our infrastructure has reached the limit of its useful lifespan and requires urgent rehabilitation. In addition, our growing population requires new infrastructure that is efficient and safe. Based on these needs Engineers Canada urges the federal government to carefully consider the value of the National Round Table on Sustainable Infrastructure.

The Round Table is an initiative of the larger infrastructure community which provides long-term best practices in infrastructure planning and national asset management with economic viability. The Round Table further aims to be a "go to" resource on infrastructure that is capable of advising internal and external stakeholders. It also aims to fill the information gap to assist decision-makers in determining sound choices about infrastructure and optimizing their investment strategies.

Our next recommendation relates to climate change. Extreme weather events have become a new reality. Engineers Canada strongly believes that a long-term committed approach by government on climate change is vital. We are very proud of the ongoing collaborative work with the federal government which has led to the Public Infrastructure Engineering Vulnerability Committee in dealing with the impacts of climate change.

The Vulnerability Committee is a shared initiative which has been conducting a comprehensive assessment of Canada's infrastructure assets due to the impacts of extreme weather events threatening our existing infrastructure. Based on the impacts of weather on our environment, we recommend providing sustained funding commitments for existing shared initiatives such as the Public Infrastructure Engineering Vulnerability Committee.

Engineers Canada's final recommendation urges the federal government to invest in research, development and innovation across Canada, in universities, throughout government and industry. Research, development and innovation will ensure economic prosperity and quality of life for our citizens. In instances where innovation intersects with the practice of engineering, engineers are well positioned to provide expertise in the development of controls to ensure public safety. Our first priority is always public protection.

• (0925)

[*English*]

In closing, I would like to express our thanks and appreciation to the committee for allowing Engineers Canada to present our recommendations to you as you prepare your recommendations for the next federal budget. Canada's engineers welcome the opportunity to work with government, to share our expertise, to safeguard public safety and interests, and to help provide long-term solutions.

Thank you for considering our comments. I look forward to answering your questions.

The Chair: Thank you very much.

We now go to the Association of Universities and Colleges of Canada.

Mr. Paul Davidson (President, Association of Universities and Colleges of Canada): Thank you very much.

Mr. Chair and members of the committee, it is a great pleasure to be here.

I'm the new president and CEO of the AUCC. Over the last four months I've had the occasion to visit eight provinces and about 30 campuses around the country. Let me say how grateful we are for the knowledge infrastructure program. It is delivering results in more than 80 communities across the country.

A little less than a year ago my predecessor came to this committee and told you that we needed help, that we needed to be ready for what's coming in the next century, and that we can deliver shovel-ready projects. Those projects are under way now. They are creating jobs now and creating jobs for the future. I invite you to visit our website for ongoing reports on our progress and to look for a progress report in coming weeks.

I also want to make one other economic point, which is that between last August and this August there were 40,000 net new jobs in Canada for those with a university education, while there were 370,000 jobs lost to those who did not have that education. I think we are starting to see in real terms what a knowledge economy is about. Now the question is what we do to leverage our success and accelerate our growth.

Over the years you have heard AUCC talk about the importance of research. But it's not just us. People around the table have spoken about the need for improved research funding. And it's not just outside groups. Advantage Canada, the science and technology strategy, the Council of Canadian Academies, the Competition Policy Review Panel, the Science, Technology and Innovation Council, and the OECD in recent months have all said that now is the time to up our game.

I've been thinking about how to articulate the benefits of research not only to members of Parliament but to everyday citizens, everyday voters, everyday taxpayers. You can see in the press every week new breakthroughs that are improving Canadians' lives, whether it's this morning's headline on cancer research or the Nobel prize that was won earlier this week. These are accomplishments of which all Canadians can be proud.

Let me give you a few examples as well of everyday research that's going on in universities across the country.

You are politicians; you eat a lot of breakfasts and a lot of eggs. The omega-3 egg is the product of research at the University of Guelph, funded federally and provincially, which is creating jobs in that community and improving the health of Canadians.

You are politicians; you spend a lot of time travelling this country. Don't you love it when they say they have to go into the de-icing bay one more time? The world-leading research institute on ice and de-icing is based at the Université du Québec à Chicoutimi. Every time you speed through that de-icing facility, you can thank the research that's going on in universities across the country.

At the end of the day, whether you are sleeping in your own bed or a bed in Ottawa or a bed somewhere on the road, you may have trouble sleeping. Sleep apnea is a major concern for thousands of Canadians. Research on that subject was done at the University of Calgary, and it has turned into a business generating \$160 million in sales.

You have asked us for examples of real-life research. These are just three that I think you can find reflected in your everyday life.

As I said, we can take great pride in the world-class accomplishments of our researchers. But it's far too easy to be complacent. You may have seen just this week that Thomson Reuters has projected

that India will surpass the G-7 in its research output in the next seven years.

So yes, we can take pride in what has been happening, but we need to do more. That's why our request for increased research funding this year is front-end loaded. It's front-end loaded to accelerate the results of the knowledge infrastructure program and position Canada for the 21st century.

Our two other areas are internationalization and improvement of access for aboriginal education.

On the international front, are you aware that in the last ten years international education has become the third-largest source of export earnings for Australia, second only to iron and coal? That's what the knowledge economy is. They have done that through a sustained federal government investment in international student recruitment. Are you aware that there are 2,600 students from India studying in Canada and 26,000 studying in Australia? Think for a moment what that means, as the Prime Minister heads to India.

Think what it means about the future of our economic relationship, our trading relationships, our social relationships, and our position in the world. Australia has pointed a path for how we can move forward on internationalization. Let me ground this again, for members interested in Atlantic Canada as it faces its population struggles. International student recruitment is a magnet for acquiring top talent in Canada.

I want to close by looking at the situation of aboriginal Canadians. I don't need to tell this committee that the aboriginal population is growing at three times the average national rate. University attainment is one-third of the national average.

● (0930)

There are 400,000 aboriginal Canadians who will be entering workforce age within the next 10 years. What are we going to do about it? There are solutions that are available. There's a huge fix that needs to be addressed in terms of the K-to-12 aspect of the education system, but there are measures that can be taken now to improve access to higher education for aboriginal Canadians in skills like engineering, pharmacy, chemistry—the real skills that aboriginal Canadians need to grow our country.

Mr. Chair, I want to conclude by saying that last year was a significant investment in the knowledge infrastructure program. It poises Canada to take us into the 21st century, to ensure that the knowledge economy fuels our growth. All our fiscal projections depend on the knowledge economy. For that I ask for your support for these three areas as they address the economic, demographic, and social challenges this country faces.

Merci.

The Chair: Thank you very much, Mr. Davidson.

We'll now go to Ms. Dorner with the Independent Media Arts Alliance, please.

Ms. Jennifer Dorner (National Director, Independent Media Arts Alliance): Good morning, Chairman and members of the committee.

I would like to start by thanking the Standing Committee on Finance for this opportunity to present on behalf of our members and the diverse communities we represent.

The Independent Media Arts Alliance is a member-driven non-profit national organization working to advance and strengthen the media arts community in Canada. We represent more than 80 independent film, video, audio, and new media production, distribution, and exhibition organizations in all parts of the country. The IMAA serves more than 12,000 independent media artists and cultural workers. And by independent, we mean that the artist initiates and is the driving force behind the work and maintains complete creative control over the work.

I would describe this past year as a bit of a roller-coaster ride for the independent media arts sector. There were many announcements made by the federal government and by Heritage Minister James Moore that have been both beneficial and detrimental to our community. Overall, this has been a very difficult year for us.

The cuts to several programs, including Trade Routes, PromArt, the Canadian Independent Film and Video Fund, the Canada Feature Film Fund, the national training program for the film and video sector, and Canadian Culture Online, have had a severely negative impact on the independent media arts sector. However, we do want to acknowledge the renewal of several Heritage programs that previously fell under the Tomorrow Starts Today initiative, and we also want to note the funding injections that appeared in the 2009 federal stimulus budget.

However, the overall picture reveals that the federal government prioritizes the larger commercial entertainment industry and has neglected to recognize the importance of supporting the independent media arts sector. More needs to be done to ensure long-term stability of the larger sector. The recent restructuring of federal funding programs has created gaps at the foundation of the independent media arts sector. These include training programs, support for emerging media artists, and market development programs.

Our three recommendations are calling attention to the areas that remain ineffective and would benefit from support, either financially or through alternative measures, in order to ensure growth and stability of the cultural industry.

Our first recommendation focuses on cultural export development and trade promotion programs for artists and organizations. We are asking that the federal government invest an additional \$40 million per year into the expansion of the capacity and mandate of the audience and market development programs at the Canada Council for the Arts. The loss of PromArt and Trade Routes was a real setback for the audience and market development of media arts festivals, exhibitions, touring programs, etc. The final report published by the Standing Committee on Canadian Heritage concluded that the cancellation of these programs is, at the very least, debatable.

The IMAA is not asking for these programs to be reinstated. However we feel that the Canada Council for the Arts does an excellent job at supporting artists and organizations in the development of their practices nationally and internationally and in disseminating artworks abroad. However, the audience and market development office at the council is overburdened and cannot meet the demands of the requests and does not have the capacity to fill in the gaps left by the loss of those two programs.

The second recommendation is for an overall increase to the Canada Council for the Arts. We are asking for the overall funding of the Canada Council to reach \$300 million over four years. This goal is consistent with the message that has been echoed by numerous arts groups over the past five years. We acknowledge that the federal government recently announced a \$25 million increase to the council's annual funding, which brings it up to \$181 million per year today. However, this does not go far enough to relieve the pressures faced by the smaller artist-run organizations and independent artists. In addition, the loss of several programs, as previously mentioned, has left hundreds of professional media artists without support to complete their projects, advance their practices, or to sustain their businesses. The loss of these programs has put increased pressures on the Canada Council for the Arts, specifically the media arts section.

Our final recommendation draws attention to the individual artist. According to a study published earlier this year by the Art Gallery of York University, in 2007 the average artist made \$25,000 per year from all sources. That includes practise income, secondary employment, and all non-work sources. To compare, Canadian artists make significantly less than the national average, which was \$36,000 in that same year. That is quite a big difference.

Artists often obtain income from other sources to subsidize their practices, which cuts down on studio time and hours dedicated to developing their profession. Grants have proven to increase an artist's gross studio income proportionately, whether it is in sales or in artist fees. However, large grants are not always spent in one fiscal year and are taxed in the year they are received. This is a direct setback to the artist's career, which would benefit by the full use of the funds received.

• (0935)

The IMAA recommends that the federal government grant professional artists and creators a \$30,000 tax exemption on revenue deriving from copyright and residual payment, and complete tax exemption for grants. This would provide a concrete measure to improve the living wages of artists.

That's our final recommendation.

Thank you. I would be happy to answer any questions you might have.

• (0940)

The Chair: Thank you very much for your presentation.

[*Translation*]

We will now hear from the Conseil canadien de la coopération et de la mutualité, please.

Mrs. Brigitte Gagné (Executive Director, Conseil canadien de la coopération et de la mutualité): Committee members, thank you for welcoming us this morning and for allowing us to present our recommendations for the next federal budget.

First, I do not necessarily want to read what you have received. I am sure you have done your homework. What I would like to be able to do is to give some context for the importance of cooperatives across Canada, provide you with three recommendations and put the emphasis on major investment to establish a cooperative investment system across Canada.

Canada's francophone cooperatives and mutual associations joined forces in 1946 to create an environment conducive to the development of francophone cooperatives and mutual associations from coast to coast. There are 3,500 cooperatives and 44 mutual associations generating more than \$23 billion of sales, representing more than 8,860,000 members in Canada with total assets of over \$170 billion, creating more than 100,000 jobs across the country. They also represented \$779 million in sponsorships, dividends, grants and donations to Canadian communities in the 2008 fiscal year.

If there's one clear observation that can be made of the cooperative system, it is that it is solid. Recent research conducted by the Government of Quebec in 2008 shows that two cooperatives survive beyond their 10th year, compared to zero in private businesses. In periods of crisis, cooperatives can afford to be more patient than private enterprises.

This morning, our recommendations are designed first to introduce positive action measures in support of the development of francophone cooperatives outside Quebec. As you know, over the past 100 years, cooperatives have enabled these communities to

survive financially and to do business in their chosen language on the land where they have chosen to live.

I would also like to recommend the development of a job creation strategy in Canadian communities through a two-part investment in cooperatives.

The most significant challenge facing cooperatives is access to capital. The purpose of these two tools is therefore essentially to capitalize cooperatives, first, by establishing a cooperative development fund that would provide cooperatives with access to non-traditional loans in the form of patient capital provided at preferred rates and, second, by providing cooperative members, producers and workers with access to credit through the creation of a Cooperative Investment Plan, commonly called a CIP.

I would like to remind you that, in 2004, this committee made the following recommendation to the Government of Quebec in its December 2004 report:

[...] it is important that all Canadian businesses—including co-operatives—operate on a level playing field and within a tax regime that enables them to meet their needs in order that they and the Canadian economy can grow and prosper.

The committee recommended that the federal government immediately take the following action: create a Cooperative Investment Plan that would encourage agricultural cooperative members and employees to invest in their agricultural cooperatives.

This morning I am pleased to be here with Mr. Jacques Lucas, from the Coopérative fédérée, who initiated the Cooperative Investment Plan in Québec. I'm going to hand over to him so he can tell you about it.

Mr. Jacques Lucas (Lead Director of Financial Services, La COOP Fédérée, Conseil canadien de la coopération et de la mutualité): Thank you, Ms. Gagné.

Mr. Chairman, thank you for affording the COOP fédérée and the other Quebec cooperatives the opportunity to describe the experience of the Cooperative Investment Plan.

As Ms. Gagné said, the plan is an investment by members and employees. Any capital investment indicates that the financial lever it affords can generate three or four additional dollars of funding that the cooperatives can secure to ensure their development.

[*English*]

Statistics-wise, in the document you have before you, you will see \$393 million, which was invested purely until 2006. The statistics were missing for 2007 and 2008. It should now be up to \$450 million. That being said, if you multiply that by three, the leverage factor, it's \$1.2 billion that was invested in all of the cooperatives that were eligible for the plan.

Let me recall also—and this is very important—that 75% of these investments were done in regions, in agricultural communities, the forestry sector, and of course in the manufacturing sector.

The cost of this plan, as estimated by the study that was recently submitted to you, is anything between \$17 million and \$20 million, or loss of taxation revenue. On the other hand, this plan would generate \$120 million, at least, in investments all across the country, which of course creates more activity for the co-ops. It helps them buy equipment, diversify their activities, expand their activities, create more profits, and engage more employees.

That is the bottom line of the program. It has been evaluated by the Quebec authorities also. It is a winner all over the place, and that's why it has been kept for at least 24 years.

We can answer all of your questions. There are certain admissible cooperatives that we can speak to if need be. Thank you.

• (0945)

The Chair: Thank you for your presentation.

[*Translation*]

Mrs. Brigitte Gagné: Lastly, Mr. Rajotte, I would like to tell you that we have provided a full set of research documents that have been prepared on the CIP in Quebec.

[*English*]

The Chair: *Merci.*

Thank you all for your presentations this morning. We will start the questions from members with Mr. McCallum, for seven minutes.

Hon. John McCallum (Markham—Unionville, Lib.): Thank you, Mr. Chair, and thank you all for being with us this morning.

Mr. Davidson, as one who has been an academic twice as many years as I have been a politician, I fully agree with the thrust of what you said, particularly the importance of front-end loading research funding, especially given that the government has cut funding for research councils. And I totally agree with you that Australia is eating our lunch with respect to foreign students. That's extremely important for the future and we should get our act together.

I also agree that if you're asking for money you have to be polite to the government, but I don't think you should be so keen to please the government as to say wrong things. I'll give you one example. You say, and I quote, "Canada is leading the G-8 in economic recovery." That's not a forecast. Forecasters cheat. They may be right; they may be wrong. You say that Canada is leading the G-8 in economic recovery, but if you look at the facts, the latest quarter for which we have information is the second quarter of this year, and Canada was dead last among G-7 countries in growth. Three countries—Japan, France, and Germany—grew. Four countries shrank.

Mr. Ted Menzies (Macleod, CPC): A point of order, Mr. Chair. What relevance does this have to our witnesses? This is partisan rhetoric that these people don't need to hear.

Ask the gentleman a question and quit the partisan crap.

Hon. John McCallum: I'm coming to the point—

The Chair: Order. One at a time, please.

Mr. Menzies, finish your point of order.

Mr. Ted Menzies: My point of order is that these people came here to provide us with information and a request. They didn't come here to hear a political speech from John McCallum.

Thank you.

The Chair: I'll let Mr. McCallum respond on the point of order, and then I'll go to Mr. Mulcair.

Hon. John McCallum: I don't think it's a point of order. I told the gentleman that I agree fully with the thrust of his statement. I'm correcting one fact.

The Chair: Okay. Mr. Mulcair.

[*Translation*]

Mr. Thomas Mulcair (Outremont, NDP): Mr. Chairman, it is up to the people who are here to appreciate the remarks of each member. Mr. McCallum is making his speech. I have been the object of Mr. Menzies' "ministrations" in the past; because he doesn't like what he hears, he takes the liberty of interrupting us.

I request your kind cooperation in ensuring that the rights of all members, including opposition members, are respected.

[*English*]

The Chair: My ruling on this is that it's not a point of order. I know, Mr. Menzies, you may disagree with what Mr. McCallum is saying, but there were some statements in Mr. Davidson's presentation with which Mr. McCallum is disagreeing. I would also point out that members have their time. I think it is important for the chair to recognize that if they have their seven minutes, they should have their seven minutes uninterrupted.

Hon. John McCallum: I would ask, Mr. Chair, that this little intervention not be included in the seven minutes.

The Chair: Absolutely.

Hon. John McCallum: Thank you.

The Chair: A point of order is not included in the—

Hon. John McCallum: I won't belabour the point further. I just think there's one factual error here. It's not the end of the world, but I thought I would point it out.

Mr. Davidson, I agree 100% with the thrust of what you are recommending to government.

To Monsieur Lauzière, we heard Donald Johnson at an earlier meeting. He's a fearless, tireless, tenacious advocate for improved charitable giving rules, as are you. But his proposal is different from yours. I really like your idea of a stretch charitable tax credit. As I am sure you know, he is proposing more leniency in not having to pay capital gains on donations of land and so on.

I wonder if you would care to compare the proposals and say which one you think is better. Presumably it will be yours, but knowing Mr. Johnson, he'll see this report, and I'm sure he will write to us if he disagrees with whatever you might say today.

•(0950)

Mr. Marcel Lauzière: Thank you, Mr. McCallum.

Certainly Don Johnson has been a huge champion for this sector. Of course, on the giving end, the capital gains work that he's done over the years has been extremely important. I also believe that what he's putting forward is important.

I guess the position we're taking at this point is that if we step back and look at what has been done over the last years, quite a bit has been done to help Canadians give more through assets. We're doing relatively well on that front. What we haven't done for a long time now is actually look at the income side.

For ordinary Canadians, for working people who we would like to encourage to give even more than they do give, this is what the stretch tax credit is in fact all about. It's about telling Canadians, "Every dollar you provide to charitable organizations, you're providing to communities, and that's a really important thing that you can do."

The idea of the stretch is actually very new. It's never been done before. The idea is that over the last 20 years, we've seen it go from 30% to 24% in terms of tax filers who are giving to charitable organizations. That's not a trend that we want to see continue. In fact, we want to start to rebuild the donor base. The stretch is about helping Canadians give more than they gave in the past, and actually help Canadians who haven't given in the past to start giving now.

So really the big difference is income rather than assets.

Hon. John McCallum: Okay.

So both have merit, but sometimes governments are money constrained and can't necessarily do both. My impression is that your proposal is aimed more at ordinary Canadians, grassroots Canadians, to encourage a culture of giving, whereas his is directed more at upper-end people who have major wealth holdings.

In that sense, I think yours is better. But the other question that governments would be concerned with is that for every dollar of funding, how many dollars of giving do you generate? Do you have any idea which of the two is better on that front?

Mr. Marcel Lauzière: Sorry, in terms of...?

Hon. John McCallum: Well, let's say the government sacrifices \$1 million of tax revenue to encourage charitable giving. The question then is how much charitable giving is generated for that \$1 million.

My question—it's probably difficult to know this—is whether your proposal or his proposal would be more tax-effective in generating more charitable giving.

Mr. Marcel Lauzière: It's hard to compare those numbers. I think the difference on the ground would be that a lot of these dollars through the stretch tax credit would go to a lot of the smaller charities or a lot of the more rural charities that haven't necessarily benefited from the asset side of things. So I think there's a difference there.

The other point around the stretch tax credit is that it's about putting money into communities through charitable organizations, but it's also about creating engagement at the community level so

that giving from ordinary Canadians is also about creating engagement at the community. That's very important for us. We actually see a really strong relationship between giving and volunteering. Those two things are important.

Hon. John McCallum: Thank you.

I don't want to interrupt, but I think I have very few seconds left, and I have one last question for Mr. Kitts.

It was news to me, sir, that—I just want you to confirm this—the research and teaching hospitals were not eligible at all for the infrastructure program.

Is that true? And do you know what the rationale for that was?

Dr. Jack Kitts: It is true, at least in my case; probably Glenn could corroborate, as president of the association.

I think it was because of the directness of the funds that were.... The funds were green infrastructure, knowledge, and infrastructure stimulus. You can see where there might be a connection, but we were not included in any of those, that's true.

•(0955)

Hon. John McCallum: Thank you.

The Chair: Thank you very much, Mr. McCallum.

Monsieur Laforest, s'il vous plaît.

[Translation]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Thank you, Mr. Chairman.

Good morning and welcome to all the witnesses.

I have a first question for Mr. Lucas.

You told us about the Coop fédérée and particularly about its success in Quebec over the past 20 years or so, with the introduction of the Cooperative Investment Plan. Does that exist elsewhere than in Quebec?

Mr. Jacques Lucas: No. It is as simple as that. It is like the Stock Savings Plan: it is purely a Quebec creation. We believe that, for the benefit of the cooperatives, that plan should be expanded, mainly due to the fact that the cooperatives are not on an equal footing with ordinary corporations. As you very well know, cooperatives do not have access to public capital. We therefore have to finance ourselves through member contributions. That is one of the ways that has been established, and it has proven to be a success.

Mr. Jean-Yves Laforest: Are requests being made in each of the provinces? You're making a request for a federal program, but you already have one in Quebec. So Quebecers are invested in that and you can obviously benefit the federated cooperatives. At the same time—

Mr. Jacques Lucas: Pardon me for interrupting you. It is all the cooperatives. I represent the Coop fédérée, but there are a lot of other cooperatives that belong to the plan: forest cooperatives, multi-stakeholder cooperatives and so on.

Mr. Jean-Yves Laforest: When you request a similar federal program, it is ultimately as though you were asking Quebecers to invest once again in support of cooperatives.

Would there not be good reason, first, to put this kind of plan in place in each of the provinces?

Mr. Jacques Lucas: Ms. Gagné could answer that question. However, that would have to come from the CCA, the Canadian Cooperative Association.

Mrs. Brigitte Gagné: There are currently 1,300 farm cooperatives in Canada—this only concerns agriculture. All those cooperatives support this request, that it be done at the federal level.

In Quebec, the cooperatives obviously understand that, once this kind of plan is in place at the federal level, Quebec will conduct a review so that it can align itself with all the other provinces. What they want is to have something coherent, clear, coast to coast, that doesn't apply to just one province. If this is left to the provinces, it will be put in place in a very uneven manner.

Mr. Jean-Yves Laforest: Don't you think that it's up to each of the provinces to do this if they want to benefit from it, as Quebecers have benefited from it?

Mrs. Brigitte Gagné: No, we're really asking that the federal government take charge of this so that it has the same effect across Canada.

Our agricultural problems within the cooperatives are the same across Canada; we're applying the same formula and we would like to be able—

Mr. Jean-Yves Laforest: I'm really pleased that, once again, there is a consensus on a model in Quebec and that it shows that we have adopted good policies. I agree with that. As for the terms and conditions, we'll see later.

Mrs. Brigitte Gagné: That's it.

Mr. Jean-Yves Laforest: Thank you.

I have another question, for Mr. Kitts.

You talked about a federal infrastructure program to upgrade university health research infrastructure—the health institutions. First, if you make this kind of request and if it's ever accepted, I ask you to be very patient because you referred to the infrastructure program in which the municipalities can take part, and we haven't seen much on the ground to date. There have been a lot of announcements and little action. So I'm not sure having a pan-Canadian infrastructure program for this is necessarily a good idea.

Health—we're talking about university health research—is a provincial jurisdiction. If there's ever this kind of program in Quebec, we would of course work to ensure that the Quebec government managed it, because this is a provincial jurisdiction, both health and education. Do you have a comment to make on that?
[English]

Dr. Jack Kitts: I guess in terms of health research, research hospitals account for about 80% of health research in the country, while universities account for about the other 20%. In the knowledge infrastructure fund, the universities are eligible for infrastructure development but the hospitals were not included, so our point was

that perhaps in the next budget it would appropriate to include hospitals in the renovation infrastructure fund.

• (1000)

[Translation]

Mr. Jean-Yves Laforest: Thank you.

My next question is for Mr. Nolet. You said that, if the government did not stick to the amounts announced, about 2,000 megawatts would be in jeopardy. You're talking about investing new funds to generate an additional 8,000 megawatts. What's the potential? Have you prepared any estimates of the wind energy potential in Quebec and Canada?

Mr. Jean-François Nolet: If you consider the size of Canada and its coastal areas, the potential is enormous. We have a world class wind resource. Our association anticipates the development of 55,000 megawatts of wind energy by 2025, which represents 20% of power generation capacity in Canada.

In Quebec, we can anticipate equally large figures. We're assessing how many megawatts Quebec would generate among those 55,000 megawatts. If all Hydro-Quebec projects move forward, we'll have 4,000 megawatts of wind energy in 2015, which will represent roughly a little more than one-third of Canada's capacity.

Mr. Jean-Yves Laforest: Thank you.

Mr. Davidson, you—

The Chair: That's it. Thank you, Mr. Laforest.

[English]

We'll go to Mr. Menzies, please.

Mr. Ted Menzies: Thank you, Mr. Chair.

I thank all of you for your presentations. I hope you do realize how much we appreciate these presentations. We're full of questions, but we don't have time to ask questions of all of you, so please don't be offended if we don't ask questions of everyone. We will try to highlight, of course, what piques our interest.

I'll try to share my time with Mr. Wallace if I can.

First of all, wind energy is pretty important in my part of the world, Mr. Nolet. Your numbers are interesting. You're talking about projections across Canada and suggest that, to use your term, the support will end in 2009, but it's my understanding that the ecoENERGY renewable power continues on.

The intention of that is to encourage production of 14.3 terawatt hours. As an example, there's just been an announcement by Greengate Power in my riding of a two-phase project. Once again, the first phase in itself will become Canada's largest wind farm. These folks are basing it on the commercial price of power generation.

Can you explain your comment that the support will end while these folks are putting their own money into this?

Mr. Jean-François Nolet: Yes. What we can see is that the program is designed to end at the end of March 2011. The program was so successful that it will have allocated all of its funds by the end of this month, October, in the fall of 2009. So the program is still on, but with no money. That's one of the problems.

We see that some projects in Canada that have signed some commission agreements with the provincial utilities will get their money, but the 2,000 megawatts of projects that are planned to be built from now until 2011, the end of the program, will have no money from ecoENERGY.

Mr. Ted Menzies: They'll basically be depending on the commercial value of the power they're generating to make it work.

• (1005)

Mr. Jean-François Nolet: Yes, to make it work, but—

Mr. Ted Menzies: These guys have a pretty sound business plan. They have out-of-province if not out-of-country investors. I just want to make the point that it's actually commercially viable now.

If I may, I'll move on to Mr. Davidson.

It's good to see you in your new role. Best of luck going forward.

I do agree that your association stepped forward very quickly last fall when we challenged the associations on what investment they needed to meet this capacity of unemployed people going back to school.

There's an interesting number of 40,000 net new jobs since August in college grads alone. That's a number that people need to hear.

On your comment on Australia's investment in universities, I saw it the first time I went to India. There were billboards about Australia up and down the streets in Mumbai and New Delhi, but I didn't see any Canadian ones. Why are we missing the boat there? What do we need to do?

Mr. Paul Davidson: Thanks for the question. It's something I have a real passion for.

If you look at what Australia chose to do about 10 or 15 years ago, they set as a foreign policy objective international student recruitment to build those kinds of links. They have funded significantly, to the tune of \$20 million to \$30 million a year of federal Australian funds, to support the work of Australian universities. Australia has a federal system, but they have found a way to work across their federal structure and in conjunction with universities. A key piece is national leadership, national funds, and a coordinated approach among the stakeholders.

I might say also that the British Council and the Government of the United Kingdom has also significantly increased its funding in this area.

I would also add, in terms of the urgency of the situation, that since 9/11 Canada has picked up a number of international students who would have otherwise gone to the United States. But there's a new environment in the United States now, so the flow will start moving back in that direction very shortly.

What it requires is recognition by the government that it is a national priority, that it creates real jobs in communities across the country, and that we have the capacity in the system in Canada.

Just to illustrate a little bit, I think you visited Vancouver Island University, or you heard a presentation from them. The City of Nanaimo has a thousand international students. Seven hundred of those students have lived with host families in that community. So against the backdrop of declining forestry and a declining fishery, this is the new knowledge economy, and Canada can play in this game.

Mr. Ted Menzies: Thank you.

The Chair: You have a minute and a half.

Mr. Mike Wallace (Burlington, CPC): I'll be very quick.

I have a question for Engineers Canada.

I have an individual in my riding who is pressuring me hard on the round table issue. As others have said, there are programs the federal government has that we look at, and if they're not delivering results, we get rid of them. I think it's the right thing to do as a government. If we were to fund the round table, what are the deliverables?

Ms. Chantal Guay: There have already been some deliverables. We have been working with Infrastructure Canada, and we presented, in May, a framework to look at establishing the state of performance and management practices for infrastructure in Canada.

Basically, the renewal deficit is very large. We've heard all kinds of numbers—\$125 billion is what the FCM is putting forward. We have a very large problem, and we don't have a lot of money to address it. Basically, what the round table would be able to deliver is an approach and a strategy to prioritize our interventions and make sure that...

Mr. Mike Wallace: So your expectation is that we put in front of the round table what we're thinking of doing for infrastructure projects around the country. And you would come back to say to the government that these are the priorities as you see them as an organization.

The Chair: Give a brief response, please.

Ms. Chantal Guay: It would be part of the work. We're only asking for half a million for three years.

The Chair: Thank you, Mr. Wallace.

Monsieur Mulcair, *s'il vous plaît*.

[Translation]

Mr. Thomas Mulcair: Thank you, Mr. Chairman.

First I want to thank all the participants this morning for helping us in our deliberations concerning the next budget. I also want to say how useful the proposal and presentation that the Conseil canadien de la coopération et de la mutualité made to us will be. We see that the institutions that have been established to take into account the size of our country and some specific characteristics of its language situation have resulted in the creation of unique institutions that are producing concrete results for the communities. So thank you for your presentations and for being here.

By a complete coincidence, Mr. Nolet, this morning I was wearing a pin that was given to the AAER company, which you are no doubt familiar with and which is the only North American manufacturer of wind turbines. The location of that business is, in itself, revealing, since it's located in the former Hyundai car plant in Bromont. So there's a lot of symbolism in the fact that wind energy is taking the place of cars.

This situation is obviously suited to a budgetary consultation. You come here today, you tell us you had a program and funding and that you wanted it to continue. But I would like to take a little time with you this morning because this is the future. I'm not talking just about wind energy, but about the ability to understand what sustainable development is.

If we go back to the early 1960s, when Rachel Carson was writing *Silent Spring*, not a lot of people understood the terms she was using, such as "ecosystem". Today, few people don't know that term. Similarly, when we talk about sustainable development, a term used for the first time in the report, *Our Common Future*, presented to the UN by Gro Harlem Brundtland, we're talking about the obligation to take into account economic, social and environmental aspects every time we make a decision in government. Perhaps, even today, there aren't a lot of people who understand the notions of internalizing costs and analyzing a product life cycle. These are terms applicable to sustainable development, but I'm sure that, in one generation, everyone will understand them. Cegep and university students today are learning them and using them. That's what I want us to talk about today because this is essential to determining how things will happen.

I'm asking you to think, to determine whether internalizing costs isn't the missing link in the determination of energy choices. Let me explain. The costs are social, environmental and, of course, economic. If we can burn coal with impunity, for example, to produce electricity, without internalizing the cost to the environment for future generations, we're obviously distorting our calculations. So when people tell us that government shouldn't be involved, shouldn't make choices, influence the market, determine winners and losers in advance, it's because they haven't internalized the costs.

Don't you think that wind energy would automatically have become the market choice if all players had been forced to play on a level field under similar rules, that is to say to internalize all their costs, including environmental costs?

• (1010)

Mr. Jean-François Nolet: First, Mr. Mulcair, thank you for giving me a chance to speak on this point.

I think you're probably getting to the heart of the matter. That's why, in our presentation today, we're asking that the program be

improved and extended until 2014. Why 2014? Because, as we'll see, that's when the environmental costs will be internalized for the other branches of power production in Canada, with what we know about the regulatory framework for greenhouse gases in the country. That's why, from that moment, the market mechanisms will put all energy technologies on an even footing with renewable technologies, including wind power, which will be highly competitive with carbon type or cogeneration technologies.

That said, are market mechanisms alone enough? Not entirely, in our view, because this government's objective is to achieve 90% of electrical power generation from non-emitting sources by 2020. So there are some choices to be made. We'll have to step on the gas to ensure that these sectors are up and running to reduce emissions in Canada and to ensure that all power generation in Canada emits less greenhouse gas.

Going back to the year 2014, this is the central element and this is why what we're asking for isn't endless funding, but really the threshold, the bridge making it possible to catch up with the other energy sectors in Canada.

Mr. Thomas Mulcair: In our pre-budget meetings, we've had the opportunity to hear from a lot of people, including representatives from the First Nations, who had specific concerns. The mapping done of wind energy sites across Canada has shown us that the most constant wind energy resources in Canada are, as chance would have it—but sometimes chance gets it right—located in the latitudes where there are the largest First Nations concentrations. In Quebec, for example, this tends to line up with the enormous reservoirs of the James Bay system, which was put in place about 30 years ago.

Have you actually worked with the First Nations across Canada? Are you making that a priority? Is that one of the concerns of the group that you represent?

• (1015)

Mr. Jean-François Nolet: At CanWEA, we work jointly with the various First Nations in the country. Last year, we organized a seminar with the First Nations and the wind industry on how to work in partnership with those communities and how to work to identify those sites, where they are, where we can also produce wind energy and put it on the grid. Transmission lines are needed to transmit that power, that enormous resource that is in the north. Depending on the latitude, you have to consider the cold and frost. So there is some research and development to be done, but it's not impossible. The partnership with the First Nations is being carried out on a regular basis in all the provinces.

The Chair: Thank you, Mr. Mulcair.

[English]

We'll go to Ms. Hall Findlay.

[Translation]

Ms. Martha Hall Findlay (Willowdale, Lib.): Thank you, Mr. Chairman.

Many thanks to the witnesses for being here with us this morning. I have three questions and little time.

First, Mr. Nolet, thank you very much for your presentation. You discussed the Obama administration's program. You also said that what we're doing here in Canada is not the same thing.

Could you tell us a little, but quite quickly, about the comparison with what's happening in Europe, in the European administrations, and what we're doing here in Canada?

Mr. Jean-François Nolet: Some European countries, which are leaders, Germany, Denmark, Spain and others, have established a vision and are making this a priority. They have determined objectives and ways of achieving them. What does that mean? That means job creation, regional economic development and wealth creation. So that takes an overall vision, and everyone has to work to achieve the same objectives. That's what the Obama administration is doing. Within the next three years, the United States will double its renewable energy production. Canada stands in the middle of this highly competitive game in attracting investments where there are starting to be places that are distinctly more promising for investors.

That's why now is the time to act, to ensure that things will be done until 2014 so that we don't miss the boat and we can get the most out of the resource and create this development in Canada's regions and obviously reduce greenhouse gas emissions.

Ms. Martha Hall Findlay: We know that, in Denmark, government support in the initial stages helped the wind power industry not only for energy production, but also for the technology industry.

Thank you very much.

[English]

My next question is for Ms. Guay. Thank you very much for being here.

We have heard a number of presentations on research and innovation, and I first want to congratulate you in your efforts with the round table, because I think there's no disagreement that there are infrastructure requirements in this country, and with relatively scarce resources, we cannot do all that we want to do. So congratulations on moving forward on trying to make our infrastructure spending across all levels of government as efficient and effective as possible.

I've heard a number of organizations, both governmental and private, talking about the challenges of finding environmental engineers, for example, people who can work on the greening of buildings, who can work on things like wind power technology. We've also heard a number of presentations from the universities—thank you, Mr. Davidson, and congratulations on your new job—and also from colleges, from the polytechnics. There seems to be, of course, a request for funding for pure research, for applied research.

I realize I'm putting you on the spot a little bit, but to help in terms of the budget process, some advice on the focus, should it be pure research or applied research? Where, given your perspective, do you think we should be putting our focus—all in 30 seconds or less?

•(1020)

Ms. Chantal Guay: Thank you for the question.

I think they go hand in hand. In order to develop technology, to develop innovations, you need the pure research, but then you need

the engineering part to bring it to life. We talk about science and technology all the time, but personally, I think we should always be talking about science, engineering, and technology, because it's the triumvirate that will make it happen and help us to be more prosperous.

I would say that we cannot really make a choice; we have to focus on the three aspects. So I will not answer on behalf of one or the other. I think it essential that they work together. That's what's going to make us competitive at the world level.

I totally agree with what was said about the U.S. I think they have seen an incredible opportunity in the clean energy and the climate change situation to seize and become more competitive at the global level. I hope Canada is going to continue in that vein as well.

Ms. Martha Hall Findlay: I like the slogan “science, engineering, and technology”. I'll just remind these fellows that it sounds pretty good.

Monsieur Lauzière, we all support charities. We all support the desire to increase volunteerism and donations from the private sector. You have a number of recommendations in your presentation, but I haven't seen a costing. Maybe I've just missed it.

We like to encourage charities, but it's also lost revenue to the government. Do you have any numbers you can attribute to that?

Mr. Marcel Lauzière: For our last two recommendations, there are no costs, which makes them easier.

In terms of the stretch tax credit, it is experimental, so it's hard to give you a precise number. We need numbers from Finance. But even if we were to be very ambitious about it and were looking, for example, at an increase of \$200 million in the first year, moving to half a million in terms of donations, that would be a \$20 million cost to government in the first year, building to \$50 million in the third year. That, I have to say, would be very ambitious, because part of this whole process is also about raising the awareness of Canadians of the need to be doing this and looking at the stretch tax credit and what it means. So it is a relatively modest amount of dollars to go into this.

As I was saying earlier, it's also about creating engagement at the community level. We see it as long term, as the trends go down in terms of the culture of giving. We feel that we have to rebuild that over the years, and this is what is going to help us actually do it.

The Chair: Thank you.

Thank you very much, Ms. Hall Findlay.

Monsieur Roy, *s'il vous plaît*.

[Translation]

Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ): Thank you, Mr. Chairman.

My question is for Mr. Monk. In your presentation, you said that Canadian productivity levels were disastrous compared to those of the United States, among others. You said that the average annual productivity growth rate in Canada has only been 1%, whereas it's been more than 2.5% in the United States. The critical ingredients of productivity are human capital, physical capital and innovation. To my knowledge, the education level in Canada is higher than that in the United States. As to innovation, I'm having difficulty finding a comparison that proves that they innovate more in the United States than in Canada or Quebec. The same is true for physical capital. I find it hard to believe this kind of study.

My question is simple. How can you draw a comparison between what's going on in Quebec or Canada and what's happening in the United States and manage to say that the United States has much better performance than Canada? This kind of study raises questions in my mind. For years now, we've heard it said that Canadians and Quebecers are less productive than Americans or than other countries. I would like a clear answer on this point. Where does the difference come from? In your opinion, what are its causes?

[English]

Mr. Richard Monk: Thank you for the question, Mr. Roy.

The why is more difficult, of course. We do know from studies initiated by the government that there is an issue with productivity in Canada. We know, for example, that the government's Competition Policy Review Panel issued a report in 2008 indicating that the productivity growth has led to astonishing and highly unsatisfactory outcomes. So we know the outcomes, and in our view, increasing expenditures for human capital, physical capital, and innovation would assist in increasing that productivity and making Canada more competitive in the global economy.

• (1025)

[Translation]

Mr. Jean-Yves Roy: You are suggesting a solution. You are telling us that we have to invest in human and physical capital, as well as in innovation. However, to solve a problem, you first have to determine its cause. That is why I have reservations about this kind of study.

[English]

Mr. Richard Monk: We know studies show that investment in human capital, physical capital, and innovation, which we call creativity, will eventually lead to increased productivity that will eventually lead to a higher standard of living for Canadians. In this paper, we're recommending more investment, in particular in innovation, which will create productivity, which will end up with a higher standard of living for Canadians.

The bottom-line answer is that we have to invest more in innovation.

[Translation]

Mr. Jean-Yves Roy: You are not just talking about investments in innovation: you are also talking about investment in human capital.

In your opinion, we are not investing enough in the education system, for example. We are not encouraging people enough to go further in their learning.

[English]

Mr. Richard Monk: We've made three points, effectively. We would like more investment in ICT training, more investment in the SR and ED refundable portions for larger corporations, and more investment in issues with respect to combatting piracy. We're saying that investment in training and ICT would lead to improved productivity.

The Chair: I'm going to take the next Conservative spot, and I want to clarify something with ACAHO, Mr. Kitts.

You talked about the knowledge infrastructure fund and that your members are not included as eligible yet. This committee was in Edmonton, at the University of Alberta, and Dr. Tyrrell showed us around his labs, which are directly connected to the University of Alberta Hospital. He indicated that it was partially funded through...I believe he said the knowledge infrastructure fund and the infrastructure stimulus fund. I'm sure you're aware of what I'm talking about.

He's a world-class researcher for hepatitis. Could you clarify that he did not receive any funding through these funds?

Dr. Jack Kitts: I'll ask Glenn Brimacombe to answer that, because he's more aware of the national scene.

Mr. Glenn Brimacombe (President and Chief Executive Officer, Association of Canadian Academic Healthcare Organizations): Thank you, Mr. Chair.

In Alberta the distribution of health research dollars is a little different in comparison to the university. When it comes to the University of Alberta, there's a larger share of the research embedded within the university. In Dr. Tyrrell's case, the money allocated to him for the infrastructure would be through the university in which his research is housed.

It's different in most other provinces, where Dr. Kitts mentioned there's an 80:20 relationship; it's 50:50 in Alberta.

The Chair: So it is possible to do that if the province and the institutions are amenable.

Mr. Glenn Brimacombe: If it's under the structure of the university, which in that case is more of an outlier than the current circumstance across the rest of the country.

The Chair: Okay, I appreciate that clarification.

I want to ask Mr. Davidson a question.

I very much appreciated your presentation. As you know, I've been interested in this area for a long time, especially in my past role on the industry committee. I love that you tell stories. I think that is exactly what researchers need to do, especially to relate to parliamentarians and Canadians in terms of the kind of good research we're doing in this country.

I want to ask a question with respect to your first recommendation. I have a family member who is a diabetes researcher and who bends my ear regularly on the issues you presented. His argument over the past number of years is that past governments and our government have invested significantly in infrastructure through CFI, through the knowledge infrastructure program. They've invested in the Canada research chairs and the president of the Canada research chairs program in the past.

If we are to maintain or increase our standing in the world community on research, the focus in the next budget needs to be on the human resource side, specifically on the granting council side. This is certainly his argument, that we've built a tremendous amount of capacity, but that going forward, if there are additional resources the focus should be less on infrastructure and more on the human resource side through the granting councils. This is exactly what you've recommended.

I want you to expand on that for this committee.

• (1030)

Mr. Paul Davidson: You're getting good advice from family members.

In building a knowledge economy there are different elements that need to be funded properly, and there's a certain logic to the sequencing. Yes, I completely agree that the priority is direct funding for research, particularly to the granting councils. I'd observe that over the years, by a number of new initiatives, like CFI or other instruments that have been created, the basic research granting councils are one of the most effective ways of getting the talent moving on research.

I would also say that within the research envelope—we've talked about front-end loading—the need to double the amounts that the granting councils could advance would be a primary ask. Associated with that is the need to fund post-doctorate positions, because there's a gap in the career path of Canadian academics. And of course it's no surprise to this committee that the issue of institutional costs, indirect costs, continues to be a concern for our members.

I recognize there's a sequence to what needs to be done, and this year we're putting our emphasis on doubling the support to the granting councils.

The Chair: Could I ask a very brief question on that? I have about 30 seconds.

The researchers themselves will always raise the granting council funding because obviously that most directly affects them, but the university presidents will very often raise the indirect costs because, as presidents of the institutions, that is obviously what they're most often concerned about. So what's the proportion? You're advising the committee. If you had a dollar to spend on research, what proportion would you allocate for granting councils and what proportion for indirect costs?

Mr. Paul Davidson: We will be providing the committee and the department with a more precise set of requests as the fiscal situation clarifies. The emphasis in our request this year is for the granting councils. That brings some increase to the institutional costs of research.

I would remind members that the global standard is 40%. Canada is now at about 23%, so there's some considerable distance to cover there.

The Chair: Thank you very much.

I want to thank all of you for your presentations and for your responses to our questions.

We will suspend, members, for about two minutes and we will ask the next panel to come forward.

Thank you all for being here with us this morning.

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_____ (Pause) _____

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• (1035)

The Chair: Colleagues, we will now proceed with the second panel with respect to our pre-budget consultations this morning.

We have another eight organizations before us: we have the Canadian Federation of Nurses Unions; the Canadian Meat Council; Community Radios of Canada; the Canadian Council on Social Development; YWCA Canada; the Canadian Association of University Teachers; the Foster Care Council of Canada; and the Canadian Dental Hygienists Association.

Could we proceed in that order? We will have five-minute opening statements from each one of you, and we will start with the Canadian Federation of Nurses Unions.

Ms. Pauline Worsfold (Secretary-Treasurer, Canadian Federation of Nurses Unions): Good morning, everyone.

I'm Pauline Worsfold, the secretary-treasurer of the Canadian Federation of Nurses Unions, CFNU. I also happen to be a working nurse. I work in the recovery room at the University of Alberta Hospital in Edmonton.

With me today is Pam Foster, our government relations person.

The Canadian Federation of Nurses Unions, CFNU, represents 158,000 nurses and nursing students. We thank the committee for the opportunity to share our views.

There is an adage that exists in various forms in different cultures: good health is everything. It is the basis for personal and social prosperity. We would like, therefore, to submit to you three proposals for consideration in the next budget, spending proposals that will assist in fortifying Canadians and Canada for a prosperous future.

The Chair: Excuse me. I'm sorry, we're being called to the House for a vote.

• (1040)

Mr. Thomas Mulcair: You're going to get a lot more time than anybody else because we have to stop and start over.

Ms. Pauline Worsfold: Great.

The Chair: The vote is at 11:07 a.m. All members will be going to the House, and we will be coming back immediately after the vote.

• _____ (Pause) _____
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• (1125)

The Chair: I apologize to the witnesses. That was an unscheduled vote, which often happens in Parliament. We will do our best to have a full panel discussion here.

Colleagues, just before we do that, I think the clerk has shown all of you the increase we're asking for in the budget of the finance committee for our pre-budget consultations across the country. The Liaison Committee meeting is at 1 o'clock today.

Could I ask for consensus or agreement to approve this? It is for an additional \$15,881.

Mr. Mike Wallace: To do what?

The Chair: We now need two days in Toronto and we're asking for a stop in Weyburn, Saskatchewan.

Some hon. members: Agreed.

The Chair: Okay, agreed.

[Translation]

All right. Thank you, colleagues.

[English]

We will now start again with the Canadian Federation of Nurses Unions, with their five-minute opening presentation.

Ms. Pauline Worsfold: Thank you. As I said, I'm a nurse and I'm flexible.

My name is Pauline Worsfold, and I'm the secretary-treasurer of the CFNU, the Canadian Federation of Nurses Unions. As I said before, I'm a recovery room nurse from the University of Alberta Hospital in Edmonton. With me today is Pam Foster, our government relations expert.

The CFNU represents 158,000 nurses and nursing students across Canada. We thank the committee for the opportunity to share our views.

There is an adage that exists in various forms in different cultures that good health is everything. It is the basis for personal and social prosperity. We would like, therefore, to submit to you three proposals for consideration in the next budget, spending proposals that will assist in fortifying Canadians and Canada for a prosperous future.

First, make the 2004 federal-provincial-territorial promise to Canadians a reality by implementing a national drug strategy.

Currently unemployment is at 8.7%. There are over 1.5 million unemployed workers in Canada, and when Canadians lose jobs, they lose insurance for essential medicines. Already over four million Canadians do not have any coverage or have inadequate coverage for drug treatment. The lack of first-dollar coverage for essential medications results in patients foregoing required meds, which can land them into acute care settings, and we all know that's far more costly.

Through a national drug formulary, bulk purchasing, reduced administrative costs, and other aspects of a national pharmacare program, we can get more value for less money. Where public health care costs have remained stable against the GDP for decades, the cost of pharmaceutical drugs is increasing at three times the rate of inflation. This poses a threat to the sustainability of our health care system and to the individual health of all Canadians.

The federal government must agree to partner with the provinces and territories to cost-share a national pharmacare program. We also urge the federal government to invest in one of Canada's largest labour forces, health human resources. Nurses, the largest component of the health workforce, worked 21.5 million hours of overtime in 2008. I am one of those. That is the equivalent of 11,900 jobs, costing \$879 million per year, and the provinces are spending money competing for scarce resources, poaching nurses one from the other. We need to improve retention and recruitment rates of our health care labour force.

The Health Council of Canada has called for the creation of a national coordinating mechanism, and we second this. Hence, our second recommendation: create an observatory on health human resources as exists in many other countries.

Our third recommendation also relates to a possible federal role in HHR. We urge the government to create an innovation fund to support pilot projects related to retention and recruitment of HHR in Canada. This fund should be made accessible to provincial and territorial governments. It should encourage partnerships between governments, health care authorities, health care unions, professional associations, colleges, and universities. We have confidence that an innovation fund similar to the \$30 million patient wait times guarantee pilot project fund that was announced in 2007 could help revolutionize health care workplaces by addressing labour shortages.

Currently, CFNU has received \$4.2 million from Health Canada to implement pilots in nine provinces. We are retaining and recruiting more nurses and building capacity to address labour shortages through these very successful partnership programs. It is these kinds of micro-innovations in the workplace, supported by macro-resources, that will ensure retention of the skilled workforce.

To summarize, we suggest allocations in the next federal budget towards a national pharmacare strategy, a national observatory on HHR, and an innovation fund on HHR.

Thank you for the time, and I look forward to your questions.

• (1130)

The Chair: Thank you very much for your presentation.

We'll go to Mr. Laws, please.

Mr. James M. Laws (Executive Director, Canadian Meat Council): Good morning. My name is Jim Laws. I'm the executive director of the Canadian Meat Council here in Ottawa. We represent Canada's federally registered meat processors in Canada.

We have three recommendations for you today.

First, Canada's federally inspected meat processors are, by far, the most regulated of the food sectors. The Meat Inspection Act and regulations are extensive, and unlike other food sectors, meat inspection is mandatory and very regular. The Canadian Food Inspection Agency charged \$21.4 million in 2006-07 to processors for meat inspection fees. Other inspection fees, such as export certificates, label approvals, etc., constitute a competitive disadvantage to Canadian meat processors. Unlike the American processors and provincially registered processors, we have to pay fees. Our first recommendation is that Canada should not be charging inspection fees to the meat processors. Some would argue that paying meat inspection fees compromises the independence of the regulator.

Our second recommendation is related to Canada's enhanced ruminant feed ban as a result of BSE found in Canada in 2003. In July of 2007, Canada put in place new enhanced feed ban regulations that would require the removal and disposal of certain ruminant materials that were previously allowed in the non-ruminant animal feed supply. These requirements imposed tremendous ongoing costs and lost revenues for our beef packing sector not faced by our American competitors, who are currently importing the same live cattle. Therefore, our second recommendation is that Canada should offset the cost of the enhanced ruminant feed ban regulations. Our latest survey shows that these cost our federally regulated industry \$35.6 million per year.

Our final recommendation is related to food safety in Canada. As many of you know, over the years, meat processors have been continually improving their food safety systems. Millions of dollars have been invested by companies in upgrading their equipment and reformulating their products to include newly approved antimicrobials, such as the new high-pressure pasteurization technology and the addition of sodium diacetate to ready-to-eat luncheon meats. Hundreds of thousands of dollars in additional listeria, salmonella, and E. coli testing and countless more hours of sanitation management and quality control personnel have been invested. Needless to say, the lessons learned from the listeria outbreak of the summer of 2008 indicate that more needs to be invested in food safety technologies. As a result, our third and final recommendation is that Canada should fund new food safety technologies. Many new technologies do exist, and we estimate the cost to be \$200 million per year.

Thank you very much. I look forward to your questions.

• (1135)

The Chair: Thank you very much for your presentation.

We'll now go to Community Radios of Canada, please.

[*Translation*]

Mr. François Côté (Executive Director, Alliance des radios communautaires du Canada, Community Radios of Canada): Good morning. My name is François Côté, and I am Executive Director of the Alliance des radios communautaires du Canada. I'm here with Kevin Matthews, who is Executive Director of the NCRA.

In these times, when the vast majority of regions across the country are hard hit by the economic downturn, it seems all the more necessary for the Government of Canada to take specific measures to financially support social economy enterprises on an ongoing basis, especially community radio stations that play a key role in the survival and development of many Canadian communities.

To say that the positive impacts of a community radio station in communities are such that the government can choose not to pay special attention to community radio is just not true.

Community and campus radio stations contribute directly to creating several hundred jobs across Canada, especially for many young men and women who benefit from great work experience they will use throughout their professional lives.

Moreover, by effectively promoting local advertisers' activities, goods and services, community radio stations play a major role in halting the erosion of the economy and the flight of capital to other countries. Clearly, community radio stations in Canada are not only key players in their respective regions' economies but also real promoters of talent that see new communications careers emerging every year.

The Canadian Radio-television and Telecommunications Commission (CRTC) clearly states in its definition that a community radio station should be owned and controlled by a not-for-profit organization that provides for membership, management, operation and programming primarily by members of the community at large.

It is certainly the main reason why so many Canadians devote themselves freely and actively to it. But, at the same time, nothing is harder, especially for small organizations like ours, than training and coaching these volunteers without adequate and ongoing funding, which is sadly lacking right now.

• (1140)

Mr. Kevin Matthews (Executive Director, Broadcasting, National Campus and Community Radio Association, Community Radios of Canada): Our radio stations also foster the development of new and local musical talents much more than anyone else by providing them with a showcase for their music.

In fact, not one single commercial broadcaster in Canada could boast about putting as much energy into helping budding vocal and musical artists as community and campus radio stations.

Even though our stations are not all necessarily the “cornerstones” of their communities’ social and community activity, in that they do not deal with comparable markets in terms of size and type, they must nonetheless make the same, sometimes superhuman, efforts to properly fulfil their mandates as open and inclusive broadcasters.

If we want to be able to provide effective coverage of local, community and social components that the CBC/Radio-Canada or private broadcasters cannot or do not want to provide, community radio stations need to have the appropriate budgets.

Because, regardless of what some people say and think, and despite all the good intentions of the public and private sectors, they are not the ones who open their airwaves to social and community discussion boards, cover local and regional news or give voice to people, to cite only those examples. Our community radio stations do. And to do so, now and in the future, they must have the capability.

The Alliance des radios communautaires du Canada (ARCC), the National Campus and Community Radio Association (NCRA) and the Association des radiodiffuseurs communautaires du Québec (ARCQ) bring together about 140 community radio stations in Canada and have over 500 employees and 10,000 volunteers.

Because they wanted to ensure the development and sustainability of the third sector of broadcasting, our three associations created the Community Radio Fund of Canada.

In our view, our radio stations need at least \$30,000 each annually to carry out their duties. This would allow them to at least maintain one permanent position per station.

That is why we have worked very hard recently to urge the Government of Canada to contribute \$4,200,000 annually to the Fund. So far, Astral Media has been the only company to contribute directly through two programs managed by the Fund. Other financial backers have also expressed an interest in contributing through the Canadian Content Development program, for which the Fund was named an eligible recipient by the CRTC.

But let us not kid ourselves. Without recurrent funding from the Government of Canada, we fear that our radio stations’ situation will worsen, given that employees and volunteers are increasingly running out of steam.

Mr. François Coté: We have only one recommendation to make this morning: that the Government of Canada contribute \$4,200,000 annually to the Community Radio Fund of Canada to maintain and develop community radio stations in Canada.

Thank you.

The Chair: Thank you very much.

[English]

We'll go next to the Canadian Council on Social Development, please.

Mrs. Peggy Taillon (President, Canadian Council on Social Development): For those of you who aren't familiar with us, the Canadian Council on Social Development has been around for almost 90 years. It's one of the organizations that has really come up with unconventional ideas at some of the most challenging times in Canada. For example, CCSD was the organization that came up with the concepts of EI, disability pensions, and old age pensions, and worked with the government on those key programs that are now literally part of the fundamental fabric of Canada.

We're here today to flag for you that Canada has a ballooning social deficit. This is not solely linked to this economic downturn; it's actually compounded by it. The protection that has historically been in place for Canada's most vulnerable citizens has silted away significantly over the past several decades, and the buffer that used to be present for those Canadians is no longer there at a time in Canada when we need it most.

We're here today to put forward some unconventional ideas about protecting the most vulnerable. Consider the buffer that's required for those who have recently lost employment, but also think about the future workers of Canada and what the economy should look like as we move forward. The test and challenge for all of us is not how we get through this recession, but what we learn from it and change as we go forward.

If we look back 10 or 25 years from now and see that we haven't made fundamental changes to some of our economic structures, policies, processes, and silos, we won't have learned a thing from this and will live through another cycle in a couple of decades.

I'm going to ask our head of research, Katherine Scott, to walk you through a couple of the recommendations we have for you today.

• (1145)

Ms. Katherine Scott (Vice-President, Research, Canadian Council on Social Development): Thanks very much.

Just by way of picking up on what Peggy's been talking about in regard to our concern as a council going forward, certainly a year ago we were talking about what the stimulus package should look like as we slipped into recession. Going into recession, we were already raising flags about what was really a polarized labour market and saying that in Canada there are groups of workers who are very well employed and who enjoyed the success of the previous 10 years—and it was a good 10 years—but there is a large and growing group of people who are confined to the low-wage labour market, certainly those on income assistance programs.

Looking forward, we've certainly seen that the numbers have swelled through this recession. We can speak more specifically about what the impact has been vis-à-vis some of the programs. We know that we have growing numbers of people in the low-wage labour market and that some of the programs certainly have failed to support them, but going forward, what are we looking at?

I think some of the early evidence suggests that many people who are losing their jobs in construction or in the manufacturing sector here in Ontario, and certainly in the forestry industry in Quebec and British Columbia and the like, will not be finding employment afterwards that actually will compensate them at those levels. We are really seeing and living through the erosion of that and through a fundamental shift in the labour market structure in the country.

Looking forward, even if people do begin to pick up jobs—I think we're out on where we are in the cycle of the recession, but it's not worth debating—I think we can certainly say that many more people will be picking up jobs that pay less than they're used to and their access to benefits will be more circumscribed. There is a real and present danger that we're seeing a solidification of the divides in the labour market and that the haves and the have-nots will be present with us for a long time.

Looking at that, and being conscious of the fact, certainly, that we've also come through a year in which an enormous amount of public money has been pumped in through stimulus financing, I know that this committee is grappling with what the package should look like going forward. Certainly, cost containment, I think, is pretty top of mind for everybody right now. We're thinking about what we've already spent and we're looking at a budget in the neighbourhood of \$60 billion. What should we look at going forward?

I would argue that it's important as we undertake this exercise to keep in mind that there are certain groups of vulnerable Canadians, as I said, who should have first call on the nation's resources and supports. With that in mind, our brief highlighted three areas that I think demand consideration.

There has already been a recommendation to look at the national pension system. I understand the government is looking at holding a summit on seniors. This is a critical area. I think we need to look at pension reforms specifically in order to ensure economic security. Some positive steps have been taken, but many more things need to be done. We can speak about follow-through.

As for the whole situation around training and access to programs, again, this government in the last number of years, and certainly the Liberal government before it, flowed money through the granting

councils and to post-secondary, and there's a whole structure of moneys going to the provinces through the EI fund. Again, there's that group of people outside this who do not have access to EI programs that I think we have to be careful about. We recommend moneys being devoted to people who do not have access to training programs through the EI fund. Again, building on that going forward is a look at the structure of the labour market.

Lastly, the other particular recommendation that we've put forward is, again, to come back to the importance of early childhood education as one of those things that will position Canada in regard to moving forward.

I'll leave it there. I recognize that my time is up.

• (1150)

The Chair: Thank you very much.

We'll go to YWCA Canada, please.

Mrs. Ann Decter (Director, Advocacy and Public Policy, YWCA Canada): Good morning. I'm Ann Decter, and I'm the director of advocacy and public policy at YWCA Canada. Thank you for inviting us to appear before the committee today.

YWCA Canada is the nation's oldest and largest multi-service women's organization. Our 33-member associations across the country raise and spend over \$160 million annually on programs and services in communities large and small, from Victoria to Yellowknife to St. John's. Our advocacy work on behalf of women and girls stretches back over 100 years.

Women in Canada today are particularly vulnerable in any economic crisis. Women make up a disproportionate share of low-income Canadians and account for 70% of part-time employees and two-thirds of Canadians working for minimum wage. Income statistics show women of colour, aboriginal women, women with disabilities, and recent immigrants are even more likely to be living in poverty. A woman earning the minimum wage in full-time, year-round employment anywhere in Canada is living below the poverty line. If she is on her own with children, she is living well below the poverty line and in need of significant assistance to have her children cared for so she is able to work.

That is why YWCA Canada recommends that the federal budget take steps to reduce family poverty. Despite the highest levels of working mothers in history, 36% of mother-led families still have incomes below the poverty line, and 43% of all children living in a low-income family live with a single female parent. The median income for single moms is more than a third lower than for single dads. The income gap between women and men makes a national poverty reduction strategy essential for women and their children. YWCA Canada joins the call for development of a poverty reduction strategy that includes a significant federal transfer to low-income families in the form of increasing the national child benefit to a maximum of \$5,200 per child per year. This increase, we suggest, should be implemented over a two-year period.

Investing in child care services is investing in Canadian families. For every public dollar spent on child care there is a \$2 return through increased tax revenue and reduced social service costs. With over 70% of Canadian mothers of children age three to five in the workforce, access to affordable quality child care services is essential to the financial well-being of Canadian women and their families.

Based on 30 years of involvement in the delivery of child care, YWCA Canada encourages the federal government to commit substantial resources to building high-quality, accessible, affordable, community-based child care services province by province. We recommend that the federal budget provide for a national child care services act that guarantees standards and principles of quality, universality, accessibility, developmental programming, and inclusiveness, and that the government establish a dedicated provincial social transfer for child care services and require that provincial and territorial plans establish goals, timelines, targets, and measures, and dedicate public dollars to the non-profit sector.

Investing in safe, secure families will reduce human and financial costs. YWCA Canada is a world leader on violence against women. Through our work in sheltering and supporting women and children fleeing violence, we know that housing, child care services, and economic security are critical to women's safety. Studies estimate the direct medical costs of physical and sexual abuse at over \$1 billion per year, rising to \$4 billion with costs such as criminal justice, social services, and lost employment days factored in.

This summer a news photo of two 10-year-old boys sleeping outside in Iqaluit at 6:30 on a Sunday morning caused quite a stir. It was spread across the media as emblematic of social issues in Canada's north. Less attention was paid to the mother's story of the origin of one boy's behaviour:

I thought I was doing them good by staying with their father. I finally realized that I was abusing them too by letting them watch their father verbally, physically, mentally abuse me.... When that started happening, my son, who was four or five years old, would walk out the door and not come home for a while.... ..it's a pattern I want to break.

Violence against women is the leading cause of homelessness among women and children. Last year, 101,000 women and children entered shelters in Canada, three-quarters of them, over 75,000 people, were homeless due to abuse.

●(1155)

Women need coordinated policies across the country to re-establish safe, secure homes for themselves and their children. YWCA Canada calls on the federal government to lead policy coordination and establish dedicated funding in the Canada social transfer for emergency, transitional, and permanent housing and a continuum of services for women who have experienced abuse.

As an organization established shortly after Confederation, YWCA Canada takes the long view. Investments in reducing poverty, in child care, in housing, and in action on violence against women are upstream investments that will save money in the future. These investments also save lives and create equality of opportunity while allowing Canada to reap the full benefit of the skills and talents of its population in the years to come.

YWCA Canada encourages the federal government to support the extraordinary investments of Canadian women in our families and communities by building a bright future for all Canadians, including the most vulnerable.

Thank you.

The Chair: Thank you very much.

We will now go to the Canadian Association of University Teachers, please.

Mr. James Turk (Executive Director, Canadian Association of University Teachers): Thank you, Mr. Chair.

I'm Jim Turk, the executive director of the Canadian Association of University Teachers. We're delighted to be here.

We represent 65,000 scientists, researchers, teachers, and librarians at 121 universities and colleges across the country.

You have a copy of our submission. We're recommending four key elements of a strategy in moving ahead in post-secondary education.

The first is an increase over the next two years of \$1 billion in peer-reviewed and untargeted funding for basic research provided through the three federal granting councils.

The second is an increase over the next three years of the value of cash transfers to the provinces for post-secondary education so that the total transfer is equivalent to 0.5% of GDP and tied to the future growth of the economy. In other words, we're asking that the Government of Canada invest in post-secondary education one-half of one penny of every dollar created by the Canadian economy.

Third, we're calling for the establishment of a Canada post-secondary education act, modelled on the Canada Health Act, that outlines clear responsibilities and expectations for the federal and provincial governments, establishes pan-Canadian guidelines and principles, enacts enforcement mechanisms, and determines a long-term and stable funding formula. We would argue—and we do in the brief, and I will be happy to elaborate during questions—that in the absence of this, it's unlikely the federal government will ever put in the amount of support that's necessary for a successful post-secondary educational system.

The final element is the expansion of the Canada student grant program to provide more assistance for students from low-income and middle-income families and the provision of full financial assistance for qualified aboriginal students.

I don't envy those of you who are members of this committee. You have hundreds of us appear before you making a case as to why our sector especially needs your attention. You've received thousands of briefs making similar arguments.

I would suggest, though, that there are some of us who are bringing forward what I would call “foundational matters”, that are from sectors whose success undergirds everyone else—health care, anti-poverty strategies, and I would argue that post-secondary education is also in that category. It's our institutions that train and educate the people who go into other sectors, whether it be business, agriculture, health, the environment, or the arts. In the absence of adequate funding for the institutions, all those sectors suffer. It's our sector that undertakes the groundbreaking research that allows Canada to advance economically and socially. In the absence of adequate funding, all sectors suffer.

We feel disappointment in the last three budgets. The transfers to the provinces for post-secondary education have been well below what's necessary. They're well below what's been funded in the past, both in real dollar terms and as a percentage of gross domestic product. Again, I'd be happy during questions to answer in more detail about that.

In terms of research, there are three serious problems with the direction in which the previous budgets have been going.

The key bodies for allocating research money in this country are three federal granting councils that were set up to ensure that the public's money was allocated in an accountable and sensible manner. In the last budget, not only was there no new money for Canada's three granting councils announced, but in fact \$147.9 million was taken away from them. This is at a time when the equivalent granting councils in the United States got an increase of \$13 billion. Given how mobile scientists are, the possible implications are serious.

As well, over the last three budgets, when there was money, it was targeted. So it was the budget that was directing where the granting councils could spend the money. For a government that rightly believes that politicians aren't the best to pick winners and losers in the economy, we're disturbed that they're attempting to pick winners and losers in terms of what research should be carried out and funded by the granting councils.

Secondly, the last budget stopped funding for some vital organizations in this country, such as Genome Canada, which is at

the forefront.... There was no new money for Genome Canada or for the Canadian Foundation for Climate and Atmospheric Sciences, which funds much of the research on atmosphere and science in this country.

Thirdly, we think there's a fundamental misunderstanding of how science is done. In the last budget, there was a lot of money for physical infrastructure. There was a dearth of money for human infrastructure to operate it. I can give you examples of major research centres in this country that have fancy new equipment but may have to close because they don't have the money to hire staff and to operate the equipment.

● (1200)

In addition to the recommendations for financial needs, I'd urge this committee to press the government to consult with the scientific community through organizations like ours, which represent most of the scientists in this country, so that we get it right. A lot of resources are going into funding this. Let's see that they're spent in a way that allows Canada to move forward.

Thank you.

The Chair: Thank you very much, Mr. Turk.

We'll now go to the Foster Care Council of Canada, please.

Mr. John Dunn (Executive Director, Foster Care Council of Canada): Hello. I'm John Dunn from the Foster Care Council of Canada.

I would like to introduce the council first. We're a non-profit organization made up of former foster kids who advocate for transparency and accountability in child welfare.

We understand that child welfare, specifically child protection other than native concerns, is a provincial matter. With regard to the social transfer payments that come from the federal government to the provinces, we have one recommendation: that members of Parliament consider looking at placing conditions on social transfer payments. I understand the provinces fought long and hard not to have those placed. The reason I'd make that recommendation and the reason I'm here is in response to the Auditor General's December 2008 report. Chapter 1 studies social transfer payments and informs parliamentarians of the way they're done, the mechanisms used, and the lack or presence of conditions placed on the payments.

Because we are a new organization, I can only focus on Ontario at this time. But if we placed the principles of what I'm saying on all the provinces—and we'll be making presentations in the future with regard to more national issues—one of the issues with child welfare funding is that when the money goes from the federal government to the province, it goes into a consolidated revenue account, and then there is no more accountability as to where that money came from. Nobody is monitoring it at the provincial level.

I know the understanding from the federal government is that the provincial governments have their own auditors and they monitor the expenditure of these funds. In Ontario alone, approximately \$1 billion to \$3 billion in funding goes toward child protection. That's just one province. There's a lot of money there.

When we bring concerns to the Ministry of Children and Youth Services about illegal spending by child welfare agencies, which are private, autonomous organizations, each governed by a board of directors that answers to the local community...when citizens try to go to these agencies and apply for a regular membership, which would be equivalent to a shareholder in a profit corporation, they often have their memberships rejected. That's the only means for people to monitor the expenditure of the money. When we applied to the agency for membership, they rejected the membership without explanation. We're the only people who can watch that spending and we're being blocked. When we go to the Auditor General, the province that complains about illegal spending says it can only answer to committees of the legislature. It can't answer to citizens, so it can only get recommendations from the committee. We then go to the committees and the MPPs, and they often refer us back to the ministry responsible for child welfare, which again redirects us to the private agencies. It's a never-ending cycle of lack of accountability for the expenditure of those funds.

This being our first year presenting at the federal level, and not having a lot of research and funds to go national, we wanted to bring this up and let the federal government realize there is a need for conditions to be placed on social transfer payments. We hope to keep that issue alive until next year.

Thank you for your time.

● (1205)

The Chair: Thank you very much for your presentation.

We'll go now to our final presenter, the Canadian Dental Hygienists Association, please.

Mrs. Wanda Fedora (President, Canadian Dental Hygienists Association): Thank you very much.

My name is Wanda Fedora. I am the president of the Canadian Dental Hygienists Association, and I want to thank you for the opportunity to address you here today.

The Canadian Dental Hygienists Association represents 19,000 dental hygienists across Canada. We are positioned eighth in the size of professional groups in this country. CDHA and the non-insured health benefits program of the first nations and Inuit health branch share the common goal of better oral health for first nations and Inuit peoples. Our desire is to work collaboratively with NIHB to reach this goal in a cost-effective manner.

Currently, dental hygienists in private business cannot be paid on a fee-for-service basis for NIHB clients, since there are no policies and procedures in place to allow reimbursement unless a dental hygienist is employed by a dentist. This clearly discriminates against dental hygiene business owners and it gives dentists a considerable competitive advantage.

Historically, the NIHB requirement for dentists to submit invoices for dental hygiene services was in keeping with the provincial or territorial dental hygiene legislation, which required that dentists supervise dental hygienists. However, the majority of dental hygienists live in provinces where legislation now enables them to establish private businesses and to work without dentist supervision, including dental hygienists in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, and Saskatchewan. This legislation enables dental hygienists to compete for services now in the marketplace.

CDHA wants to encourage the federal government to share the benefits of this competition. Approximately 94% of NIHB clients live in these seven provinces; therefore, dental hygienists in private business have the potential to provide services to the majority of NIHB clients.

Private dental hygiene businesses present an outstanding opportunity to address first nations and Inuit organizations' calls for improved client choice and access to care in rural, remote, and northern communities where other oral health professionals are non-existent or scarce. Access to care is critical, given that dental decay rates for first nations and Inuit people of all ages range from three to five times greater than in the non-aboriginal Canadian population.

Dental hygienists can improve cost-effectiveness and program efficiencies in NIHB dental services and improve access to care in a number of other ways. As of October 2008, the pan-territorial dental therapist workforce had a 67% vacancy rate. Dental hygiene business owners could partly resolve the health human resource shortage issue here.

Although the causes of severe dental decay are multi-faceted, having direct access to dental hygienists can help to reduce tooth decay. This can contribute to reduced NIHB flight expenditures associated with oral surgery, and, surely more than that, prevent suffering and pain.

A number of children receive orthodontic treatment through NIHB. Some orthodontists do not have dental hygienists on staff, so NIHB clients either receive no dental hygiene services in this case or orthodontists perform the dental hygiene service themselves. In the first instance, a lack of dental hygiene services can result in decayed teeth, which mar costly orthodontic treatment. The second instance does not make the best use of the orthodontist's expertise or NIHB's finances, since the orthodontist's time is spent performing a service that a dental hygienist is qualified to perform. Dental hygienists could coordinate services for children undergoing orthodontic treatment and ensure that adequate dental hygiene services are in place prior to and during that treatment.

NIHB also owns, operates, and supplies dental clinics in a number of rural, northern, and remote towns. Dental hygienists could increase service efficiency at these clinics by providing triage and treatment services and screening clients prior to their appointments with the dentist.

In response to a desire to improve business practices, increase competition in dental services, create cost-effective dental services, and improve access to care, a total of 29 dental health benefit plans across Canada are now paying dental hygienists directly for their services. This list includes other federal government dental plans, including that of Veterans Affairs Canada and the federal pensioners dental plan.

NIHB must follow the leading standards set by these dental insurance plans. One of the most important procedural changes that NIHB can make is to include dental hygienists in their service provider roster. This will put an end to the government's discriminatory practice, increase access to care, support NIHB efforts to magnify existing program benefits, realize additional cost and program efficiencies, and stimulate the development of small dental hygiene businesses.

• (1210)

Today we call on the federal government to amend federal program spending policies and procedures within the first nations and Inuit health branch non-insured health benefits program to enable dental hygiene business owners to provide services to NIHB clients on a fee-for-service basis.

I thank you for your time and I invite questions.

The Chair: Thank you very much for your presentation.

We'll now go to questions from members, and we'll start with Mr. McCallum, please.

Hon. John McCallum: Thank you, Mr. Chair. And thank you to all the witnesses for appearing today.

First of all to Mr. Turk, I certainly agree with you regarding the lamentable performance of the government on cuts to funding for research in science, but I want to ask you about students. It seems to me that in terms of accessibility and equality of opportunity, there have been a number of hits. The youth unemployment rate is so high that students have trouble getting a job, the fees keep going up, and the parents might have more trouble providing support because of the recession. So it seems to me this is more important than ever.

I would ask if you can tell me briefly—because I want to try to get a few questions in—what exactly you would propose, and, if possible, how much it would cost.

Mr. James Turk: Although we've been critical of the government in many ways, we were happy when the government created the Canada student grant program, because Canada was one of the few industrialized countries without a national grant program. Unfortunately, that program only provides \$2,000 a year, which is less than half of the average tuition. So one of the things we're calling for is a significant increase in the money provided for the student grant program.

The advantage of a grant program is that it doesn't force students into deeper debt. The debt load of students in this country is very high, and in professional faculties it's particularly onerous. In medicine, in dentistry, or in law, it's not uncommon to have people coming out with \$100,000 or \$150,000 in debt. The social implications are enormous, because now dentists coming out with \$100,000 debt don't want to practise in Red Deer or Timmins; they want to practise in a large setting where they can pay it back. The percentage of individuals going into family medicine is one of the lowest in decades. There needs to be more adequate funding for universities so that we don't have to fund universities so much by raising tuition. That's part of the solution. Improved funding for the Canada student grant program is another part of it.

Hon. John McCallum: Would you give the \$4,700 to every student or only low-income students, or to whom?

Mr. James Turk: The idea of a grant program is to make it universal and then supplement it by loan programs for those in greater need.

Hon. John McCallum: Okay, thank you very much.

My next question is for Ann Decter and Peggy Taillon, because both of you talked about poverty. In the campaign we lost last time, we had an aggressive 30/50 plan to fight poverty, costing several billion. I want you to assume that less money is available. It may or may not be the case, but simply make the assumption that you have \$1 billion to spend. I know that won't go all the way, but if that's your budget to reduce poverty, what would be your top priority or priorities?

I would ask each of you to answer that.

• (1215)

Mrs. Ann Decter: In terms of reducing family poverty, my priority would be to put as much of it as possible into a direct federal transfer to low-income families. I realize that in this economy, \$5,200 per child per year is a lot of money, but I would certainly suggest a lot go into there.

The other place where I think need is acute is housing. Putting as much as you could into housing to bring more affordable housing on-stream, and revitalizing CMHC, would certainly be key priorities.

Thank you.

Ms. Katherine Scott: The most pressing need is always a difficult question. The group the studies are illustrating right now as having the most acute and highest levels of poverty are working-age singles. I say that without taking away from what Ann is recommending around the further investment in the Canada child tax benefit, which I think is a very important program, but in many ways the working-age single adults have been neglected. As well, people with disabilities, newcomers to the communities, people who are outside of the family—their levels of poverty actually have grown. They really are the group that did not share in the economic prosperity of the last decade, and we're seeing that in terms of growth in caseloads for social assistance.

The WITB that was actually introduced recently I think was an important toe in the door. The further enrichment and investment in that particular program is important.

In terms of what John was arguing around, we can't forget the importance of the Canada social transfer and the social assistance levels in this country, many of which remain very low. Poor singles and people with disabilities are confined in those programs at below-poverty incomes.

Those are two very key investments that I think are important to make.

Hon. John McCallum: Thank you both very much.

I suspect that if we did what you just said, it might cost more than a \$1 billion, but I appreciate your answer.

Voices: Oh, oh!

Mrs. Peggy Taillon: If I could just add, the thing you have to grapple with at the committee level is, who wants to talk about financing these issues at this unprecedented time? But I think one of the traps we can easily fall into is the hunker down, do nothing approach, buying into the view that we all just need to stop, freeze, hunker down, and wait this out, and then look to invest in social infrastructure down the road. That would be the absolute worst formula, because that mentality will only compound the recession in which vulnerable Canadians have been living for decades.

So I think it's really important, as you're having your discussions to keep that in the back of your mind and be bold about some of this stuff. Some of these things can be done incrementally over a number of years to make some important shifts.

Hon. John McCallum: Thank you. I totally agree. The reason I asked the question is that we don't want to abandon it, but at least in the short run we might be a little bit cash-constrained.

Mr. Laws, it's obviously critical, in light of our recent experiences, that the meat Canadians eat be safe. You're suggesting that the government give you \$200 million a year to fund new food safety technologies. I'm not necessarily opposed to that, but I do have a question. How do you draw the line between what the industry should pay for as a cost of doing business—and obviously the industry has a responsibility to provide a safe product—versus what

the government should pay for? Why should the government pay \$200 million a year rather than you guys, if you are going to be in that business?

The Chair: About a 30-second response, Mr. Laws.

Mr. James M. Laws: Sure, it's a good question. If you look at the whole situation, there are new technologies that are extremely expensive. There's a new piece of equipment out right now that's called a high-pressure pasteurizer. There are five of them right now in Canada. The largest units cost about \$4 million each. It's a huge investment, but if we wanted to really solve the problem in a hurry, we estimate that it would cost \$400 million to equip the industry to pretty well handle all of the ready-to-eat meat across Canada. And based on a fifty-fifty cost-shared program, that would be \$200 million for the year.

But that's just for ready-to-eat meat. I realize there are a lot of other food sectors across Canada. It is a huge investment, and food in Canada is very cheap, very inexpensive, and profit margins at many of the meat companies are very, very low. That's why we believe it would be a well worthwhile program that would benefit all Canadians.

• (1220)

The Chair: Thank you very much, Mr. McCallum.

We'll go to Monsieur Laforest, *s'il vous plaît*.

[Translation]

Mr. Jean-Yves Laforest: Thank you, Mr. Chairman.

I want to welcome and thank all the witnesses.

I would like to make a first remark and ask the Canadian Council on Social Development a question. First of all, I very much appreciated your presentation because I believe it refers to the major problems currently being experienced in Quebec and Canada, that is to say the harmful effects of the recession.

In your first proposal, you talk about promoting access to employment insurance. I'm particularly proud to see that you're proposing that measure, and not only because it's a recommendation that the Bloc Québécois has been advancing for a long time. It's important to increase access to employment insurance. The committee was in Quebec City yesterday, and we heard the representatives of the Confédération des syndicats nationaux, the CSN, remind us that nearly half of people who lose their jobs currently do not have access to employment insurance. We knew that already, but it's still surprising to hear it and to see that this has become a problem of such scope.

You also named a number of sectors, in particular the forest sector in Quebec, where the situation is very tough and many workers in the regions are not receiving employment insurance. It's completely disastrous.

I'm very pleased to see you support this kind of measure. In fact, you're a major observer of Canada as a whole. You have many members across Canada and you are in a position to observe all these problems. These are the real problems we're currently facing.

I imagine you're also aware that, when you suggest that government increase access, you're told that that's too costly. However, in the past 15 years, the government, both the current Conservatives and the Liberals, have drawn \$57 billion from the Employment Insurance Fund to pay down the deficit, an amount that came from the workers.

Are you aware of those facts?

[English]

Ms. Katherine Scott: Yes, absolutely.

One of the difficulties right now certainly is with the EI program and the number of Canadians who are unemployed who don't have access to the program as a result of their particular work histories. I know there are a number of recommendations on the table around improving access to the program. Certainly, the steps that the House is contemplating to extend benefits for a group of workers who became unemployed, I guess from January this year, will be important for a select group of workers, but many others are outside of that safety net.

It reflects the problems in a system that is designed for people who have continuous work histories. Certainly vulnerable Canadians, and many Canadians employed in sectors like forestry and construction, go through periods in the year, actually planned periods of the year, where employers close their doors. And working in that type of industry, if they don't have continuous employment records they become vulnerable in terms of making claims on the EI system, which is after all a system that is financed by workers and employers.

This type of economic downturn has certainly revealed the holes in the system, and I think what will happen in short order is we'll start to see the pressure on the social assistance systems, as we're already seeing numbers climb in provinces across the country.

The other big problem I think the economic recession is highlighting is that much of our training and our resources to help unemployed workers is tied to EI. So if you don't have access to a claim, if you aren't a claimant, then you are not able to access a whole suite of services that are put in place for unemployed workers, many of which are organized through unions, employers, and the like. The weakness of our training systems, our lifelong training systems outside the EI program, I think are particularly evident right now.

So, yes, absolutely. There have been moneys in the past. The EI budget basically financed much of the debt reduction through the last 15 years, and those moneys are not available at this time.

•(1225)

[Translation]

Mr. Jean-Yves Laforest: I must say I also very much appreciated your second recommendation, that the Guaranteed Income Supplement be increased. The recipients of that supplement are among the most vulnerable individuals in society. In all the pre-budget consultations we've held to date, few groups have suggested that the government increase benefits for persons receiving the Guaranteed Income Supplement. When they do receive it, it's because they are truly in need. These are people from Quebec and Canada who are very vulnerable. Thank you for that presentation.

Now I'd like to ask Mr. Laws a question. You're asking that the federal government contribute to meat inspection. You represent a group, a group of intermediaries, meat processors. In the field, we see that producers are paying slaughter house fees. If you receive those amounts, if the government invests funds to ensure the cleanliness of slaughter houses, are you going to give any back to the producers directly concerned? They're having a lot of financial problems as well.

[English]

The Chair: Okay.

[Translation]

Thank you.

[English]

Mr. Laws, again, if we can be brief, that would be very helpful.

[Translation]

Mr. James M. Laws: In fact, it's a totally free market. If the slaughter houses aren't subject to these inspection costs that other sectors aren't required to pay, that's no doubt in order to offer more money for live animals, absolutely, yes.

The Chair: Thank you, Mr. Laforest.

[English]

We'll go to Mr. Dechert, please.

Mr. Bob Dechert (Mississauga—Erindale, CPC): Thank you very much, Mr. Chair.

Ladies and gentlemen, thank you for your presentations and for your patience during our delay for the vote a few minutes ago.

I have a number of questions for several of the presenters. I'd like to start with Ms. Fedora from the Dental Hygienists Association. You cited in your presentation a report of the Competition Bureau of Canada that indicated that when private dental hygiene businesses are restricted, the price of dental hygiene services is approximately 5% to 11% higher. Can you tell us what the current budget for dental care is for NIHB clients and what you think would be the cost savings of the government if we were to accept your recommendations?

Mrs. Wanda Fedora: I will be honest and say I actually don't have a direct figure on what the annual budget for NIHB is for the dental services, but I will tell you how to save money in the long term when you look at the cost of caries reduction. Right now, when someone in a remote area or in the northern part of Canada is being treated, especially children, they can be flown from northern communities down to such places like Winnipeg and Edmonton for treatment. That compounds the cost of their expensive dental care. But when you are treating someone and you're in a preventive profession, such as dental hygiene, you are reducing dental caries and dental disease. In the long term, the NIHB budget would be impacted profoundly by the fact that we would expect to see better oral health in NIHB or first nations and Inuit clientele.

Mr. Bob Dechert: Thank you. It sounds like a good idea to me.

I have a couple of questions for Ms. Scott, Ms. Taillon, and Ms. Decter. I appreciated your presentations.

You know our government has made a number of investments this year in social housing—\$2 billion. Certainly in my area of Mississauga and Peel, a number of social housing projects have received funding under that. That has freed up money for new construction in other areas. I hope that's been helpful.

I was particularly interested in your comment about immigration settlement services for new Canadians. That's a big issue in the Peel region, Mississauga, Ontario, where I'm from.

Can you tell me specifically what you—I think you mentioned it, Ms. Scott—might recommend in terms of increased services for immigration settlement and what funding is necessary?

• (1230)

Ms. Katherine Scott: Certainly we raised immigration settlement in the context of social infrastructure and the moneys that were available, the current level of funding. The federal government currently does support immigration settlement through a number of programs at CIC and the like. We flag it particularly because what we now know from the research over the last decade is that newcomers are disproportionately represented among the poor in Canada and are having increasing difficulties in integrating into the labour market.

I know some provincial programs are certainly trying to address labour market integration.

In terms of a question about increasing funding, I do think there remain huge gaps in providing social supports to newcomers, particularly around language training, support for their families when they get here and support for children in the education system. The federal government has its own programs, but I believe as well that moneys through the CST are allocated to social programs provided by provincial governments.

Mr. Bob Dechert: You don't have any specific figures on what's needed.

Ms. Katherine Scott: No.

Mr. Bob Dechert: If you could provide those at a later date, that would be great.

You mentioned that there's a greater percentage of working mothers now than ever before. I know that a lot of those working mothers are self-employed. What's your view on the proposal for increasing or allowing parental leave benefits under the EI system?

Mrs. Ann Decter: We welcome all extensions of employment insurance at this time. In a previous round of budgeting we submitted material on employment insurance, but we were asked to talk about only three items. We welcome it, but we also see that a lot of other people are excluded from employment insurance, and we encourage you to broaden it in other ways.

Mr. Bob Dechert: Ms. Taillon, we talked about laid-off workers and the problems they have with re-integrating into the labour market. What's your view on education and skills development for laid-off workers?

Our government made unprecedented new investments this year in extending skills training for laid-off workers. But is there more that we can do in training laid-off workers so they can re-integrate into the labour market in another profession or line of work?

Mrs. Peggy Taillon: As my colleague Katherine has mentioned, much of the retraining is tied to EI eligibility, so a disproportionate number of people are not eligible. We hope you will seriously look at expanding the eligibility criteria for EI and make sure that training is connected to that.

Our position at CCSD is that we really need to look at a comprehensive lifelong learning strategy that targets youth, people of retirement age who must work for financial reasons, and work-aged individuals who have to shift careers. So I think a broader lifelong learning strategy is required.

On your question about new Canadians and education, I would urge the government to really look at foreign credentialing. Before coming to CCSD I was a senior vice-president at the Ottawa Hospital, and Dr. Kitts was the CEO in the former group. We recognized that there are tremendous health human resource challenges, as Pauline has outlined. There are many individuals in Canada today who could easily work in our health facilities but do not have the credentials. It's a huge barrier, and given the number of vacancies in that field it needs serious consideration.

Mr. Bob Dechert: I'd like to share my time with Ms. Block, Mr. Chair.

The Chair: You have about 45 seconds for one quick question.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): Thank you very much, Mr. Chair, and thank you to all of our presenters.

My question is for the Canadian Federation of Nurses Union. I was formerly a member of a regional health authority, so I'm very interested in your recommendations. Can you give us a little more information on the third recommendation? Are you recommending a multi-year plan? What is the exact amount that you'd be requesting for the innovation fund?

• (1235)

The Chair: Thank you.

Be very brief if you can.

Ms. Pauline Worsfold: It would be a multi-year plan. We currently have \$4.2 million, so we'd need an amount greater than that.

The Chair: Thank you very much for that.

We'll go to Monsieur Mulcair.

[*Translation*]

Mr. Thomas Mulcair: Thank you, Mr. Chairman.

I'll start by thanking you all for your presentations. This morning, I was speaking with one of my colleagues from another political party. We agreed on one thing: this exercise makes us aware of a set of concerns that will affect people's health, their ability to study, the right to protection that is supposed to exist, but that is sometimes lacking. Consequently, the exercise as a whole is very important.

Mr. Chairman, I would dare say that, in a number of presentations, presenters are requesting major investments by the federal government in fields of exclusive provincial jurisdiction. That's part of the challenge because we've already created the model. We've created it to such a degree that some say we need only do the same thing in other fields.

It would be extremely difficult for me, as a Quebec member, to agree to the federal government's imposing some control on education or child care services. Obviously, we could never support such a thing. Mr. Dunn observed that sometimes we see funding here that is earmarked for a specific purpose—there are agreements—and sometimes we're unable to follow the money. There's food for thought here for this parliamentary committee.

First of all, I'm taking the liberty of asking Ms. Decter whether she would be kind enough to explain to us what is happening with her proposal concerning child care services in a province like Quebec, which already has a very structured program. My colleague Olivia Chow has introduced a bill on child care services that provides that Quebec can completely opt out since it already has such a system. That opting out option was so obviously right that our Bloc colleagues supported the NDP proposal.

Since this is a field of exclusive provincial jurisdiction, do we allow the transfer where there is such a service and do we simply transfer the funding? I'm asking Ms. Decter the question.

[*English*]

Mrs. Ann Decter: The proposal was to transfer funds, but also to control how those funds were spent in the sense of setting up a system of values. We heard from a lot of different presenters in their fields that you can't just transfer funds; you have to say how they're going to be spent.

The Quebec system is excellent. Unfortunately, provinces that are moving on early learning and child care are not emulating the Quebec system. Right now, four provinces are looking at having full-day kindergarten—adding two years of full-day schooling and wrapping day care around that.

Obviously it's not possible to dictate a model, but we would be looking for the federal government to step up as a partner in the extension of child care services. Right now it is left entirely to the provinces to move on it or not. We think the federal government can show leadership so we have a national program that families across the country can access.

[*Translation*]

Mr. Thomas Mulcair: Thank you.

Now I'm going to ask Mr. Turk to go into greater detail. He has given us some statistics on what has been spent on physical and intellectual infrastructure. Can he provide us with more figures on that?

[*English*]

Mr. James Turk: Yes. Thank you, Mr. Mulcair.

One of the difficulties with the federal government's last budget was that while there was a good deal of money, it's not being spent wisely. I think that is, as I mentioned at the end of my comments, the result of lack of adequate consultation with the scientific and research community. A good example of that is an actual reduction in the money for the granting councils that fund the researchers who do the research, as well as a desire in earlier budgets to target the granting councils, so there's a restriction on the people, funding for the people to do the research.

The response the government gives us when we're critical about that is to say, well, there was \$2 billion in a knowledge infrastructure project, which there was indeed. There are two problems with that. We've tracked every announcement by the federal government of infrastructure funding, of which there have been quite a number. Only about a third are actually for research, interestingly. Of the total that's been allocated so far, according to our calculations—and I have a copy of this detailed analysis for members of the committee—only 36.6% has actually gone to research.

The related problem, however, is in talking with our members who are scientists in various places. I'll just give you two quick examples. One is the National High Field Nuclear Magnetic Resonance Centre at the University of Alberta. It's the one centre in Canada that has a magnet that's 190,000 times the magnetic field of the planet. It's essentially a microscope to look into the nucleus of atoms. It's the one centre for the whole country. They're running out of money to operate it. So they have the equipment, but they can't run it. The other would be the Polar Environment Atmospheric Research Laboratory. One of the prize gems of Canadian science in Nunavut is going to have to close up on March 31, 2010, because while they've got new money for equipment, they have no more operating money. They have no source to turn to for operating money.

What we're urging the government to do, and urging this committee to recommend to the government, is to have more consultation with us so the money can be spent in ways that recognize that science requires physical infrastructure, absolutely, but it also requires human infrastructure. Without the money for the scientists and for the operational expenses, we have shiny equipment in plastic wrap that can't be used.

•(1240)

[*Translation*]

Mr. Thomas Mulcair: Mr. Turk, thank you for so clearly illustrating this with selected examples. It's similar to what often happens in the health field. New equipment is installed, but, for lack of recurring budgets, it can't be operated.

Ms. Taillon, I'll close by thanking you for raising the following crucial point in a very simple manner. When we examine these choices—governing means choosing and setting priorities—we shouldn't believe that we're achieving long-term savings by cutting social services and services to the public. I think your point was singularly well made, and it will be an important point for us to consider.

Thank you, Mr. Chairman.

[*English*]

The Chair: *Merci, Monsieur Mulcair.*

Madam Taillon, do you want to make a brief comment? We have about 30 seconds.

Mrs. Peggy Taillon: I'll take that. I think the challenges are daunting, but there are tremendous opportunities to actually shift our approaches, and I thank you very much for your comments.

The Chair: Thank you.

I want to thank all of you for being with us here today, and I do certainly want to tell you that we all, as committee members, appreciate your patience with the vote and the interruption. Thank you for staying later.

We'll thank all the witnesses and then we'll go right to Mr. Mulcair's motion.

Colleagues, Mr. Mulcair, we will move immediately to the motion, and you should all have a copy of Mr. Mulcair's motion. I will ask him to present it to the committee, please.

Mr. Mulcair, the floor is yours.

[*Translation*]

Mr. Thomas Mulcair: Thank you, Mr. Chairman.

We are moving that this committee hold meetings to hear witnesses and further study the issue of pensions, that is to say how to protect the retirement income of Canadians. This is a major concern.

I had the opportunity to discuss with my colleagues Mr. Menzies and Mr. McCallum how we could make the best possible use of the committee's time. Mr. Menzies, for example, informs me that things are coming from the finance ministers. That could be a little too late for our proceedings. Mr. McCallum pointed out to me earlier that certain parts of the work were being carried out. I'm going to wait for Mr. McCallum to join us because this concerns the suggestion he made to me while we were waiting for the votes. We've done some useful work, Mr. Chairman: we've joined forces and we've discussed matters.

I want to tell you that the subject, not the mechanism, is what is most important for us. We want to address these issues as soon as

possible, but since the committee already has other items on the agenda, the best solution would be Mr. McCallum's. Essentially—and I hope I'm not misrepresenting his thinking—he has suggested that in the context of the business already scheduled, in which people will also be talking to us about pensions, we focus a little more on pensions, which would avoid a duplication of efforts and would also enable us to handle the matter more quickly. Otherwise, we'll be forced to wait for the other business we've scheduled for the parliamentary committee. I think it's an excellent idea. I'm going to let Mr. McCallum explain what it's about.

•(1245)

The Chair: Thank you, Mr. Mulcair.

[*English*]

We'll go to Mr. Menzies, please.

Mr. Ted Menzies: I appreciate the way we've been discussing this in our limited time.

We certainly support Mr. Mulcair's motion in principle, but I'm concerned that it's going to get way too broad and that under this language we would have witnesses come expecting us to interfere in provincial jurisdictions. We only regulate 7% of the private pension plans in this country. My concern is that they'll come here with expectations that we can interfere in the provinces, and I don't think we want to set up that false expectation. The other issue will be how pensions are treated under CCAA. That's an industry file. Bankruptcy and insolvency is another industry file. We'll get back to whether it is an industry issue. Should industry be looking at it? Should we be looking at it? I would like to propose an amendment, if I can just quickly read it out. I would view this as a friendly amendment to your motion, Mr. Mulcair:

That the committee hold meetings to hear witnesses and further study the issue of pensions and how to protect the retirement income of Canadians. These meetings should take place, as committee business allows, only after members have had sufficient time to study the findings of the research working group on retirement income adequacy that will be presented at the meeting of Canada's federal/provincial/territorial finance ministers to take place in Whitehorse on the 17th of December.

It is agreeing with the content of the motion. December 17 is the finance ministers meeting, and that report will be provided on overall retirement income adequacy. That's a good time to take a look at that so that we're not replotting the same ground. That's my suggestion for a friendly amendment.

The Chair: Okay, the amendment is in order. The discussion will now be on the amendment.

I have Mr. Pacetti on the motion. Do you want to address the amendment, Mr. Pacetti?

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Yes, thank you, Mr. Chair. I can speak to the motion and to the amendment.

I think every time we try to make it more complex or we restrict our motions, we're just causing ourselves problems and grief for nothing. I think this motion is redundant to begin with, but I have no problem supporting it. We do have a study we're undertaking right now on credit stability, and we did already add pensions to it. I think we can just continue that study. If we find that there is encroachment on provincial jurisdiction, we're big boys and realize that we're not going to take into account any recommendations that are made along those lines. But that's never prevented this committee, or any other committee, from hearing people.

I'd just like to bring to your attention that we do have pre-budget consultations going on, and there are groups that have come and talked to us about retirement income, and they will continue to talk to us about retirement income. I don't think we should exclude that testimony or those testimonies from what we're going to be considering later. I also want to bring to the attention of the committee that there's a poverty study going on in the human resources committee, and they're also looking at pensions. We can also talk to our own colleagues.

This does not prevent us from looking at pensions. Putting in the restriction of a date, such as December 17, is just going to handcuff the committee for no reason. Committees are independent. I think we should just pass this motion and go on with our day.

• (1250)

The Chair: Thank you, Mr. Pacetti.

Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest: Mr. Chairman, the problem is not necessarily adopting or not adopting the motion. We intend to examine the problems. It's a matter of feasibility.

We already have two studies under way, one on access to credit, which we have not yet completed, and another on credit cards conducted jointly with the Standing Committee on Industry, Science and Technology. As I told you, we first have to see whether it's feasible.

I wonder whether we shouldn't refer this to the steering committee for it to see how this could be done. We could make a suggestion on how to integrate all these matters, perhaps somewhat as Mr. McCallum suggested. The steering committee could examine the matter and, at a future meeting, suggest that we do it in such and such a way.

We aren't opposed to that, but we have a lot on our plate.

[*English*]

The Chair: *Merci.*

On that point, as chair, I've been trying to get the committee to talk through as many witnesses as we can for pre-budget consultation, but we should be having a subcommittee fairly soon here.

Mr. McCallum, please.

Hon. John McCallum: I agree with Massimo that we don't need to put a time restriction on this. To me, it boils down to two things. I'd be prepared to support the motion as it's written, but in a sense,

Massimo is right that it's redundant, and in the other study we have under way on the financial crisis, we've already heard pension witnesses.

We're not restricted in that study to particular dimensions of the pension issue, so an alternative would be for you to withdraw the motion on the understanding that we would have substantial numbers of additional pension-related witnesses in the context of the other study. But if Mr. Mulcair nevertheless wants to proceed with the motion, I'm happy to vote for it.

The Chair: Mr. Menzies, please, and then Mr. Mulcair.

Mr. Ted Menzies: Sorry, Thomas, I didn't mean to jump in, in front of you there.

I'm comfortable with that too. I just wanted to highlight the fact that there is this process going on.

We certainly don't want to skirt this issue at all. That's not our intent. If Mr. Mulcair is comfortable with going ahead with this suggestion—and we've already started and have already had some witnesses—

The Chair: What's the date, for the committee's information?

Mr. Ted Menzies: The federal-provincial-territorial finance ministers meeting is on December 17 and 18, in Whitehorse.

Massimo is right; we have lots of work to do. Monsieur Laforest highlighted some of the things we haven't completed yet. So we're almost looking as though we have ADD here.

The Chair: Thank you, Mr. Menzies.

We'll go to Mr. Mulcair.

Mr. Massimo Pacetti: Status of Women is also looking at pensions for senior women, so I'd just put that on the record.

The Chair: Thank you, Mr. Pacetti.

Mr. Mulcair.

Mr. Thomas Mulcair: I like the idea of taking Mr. Menzies' motion and adopting it now, because we're not looking at doing anything until next year anyway with his motion. So we'll be on the record as saying we want to study it.

In the meantime, nothing at all stops us practically—because it's not attached to a motion—from trying to bring in people who can enhance our debate, discussions, and reflection on pensions in the framework of our discussion on financial crisis. One doesn't stop the other. So let's adopt Mr. Menzies' friendly amendment, because we're on the record as a committee as saying we want to study this.

I actually think it's smart to wait. If we're eight weeks out from having a very substantive report that some of the best minds have looked at, I don't think we're doing ourselves a favour if we try to start anything before that.

We'll be on the record. We'll say we're waiting to see that. We're setting the time for anything more substantial, specifically on pensions *qua* pensions, and John's suggestion remains valid. We can still try to get some good people before our committee in the framework of the other one.

If that's the case, I'll accept Ted Menzies' friendly amendment, if the Liberals and the Bloc are willing to go along with it. In that case, I think we'll be fine.

• (1255)

The Chair: Okay. Thank you.

I want to thank you all for your interventions. They were very good.

I want to call the vote, then, on the amendment.

(Amendment agreed to [See *Minutes of Proceedings*])

(Motion as amended agreed to [See *Minutes of Proceedings*])

The Chair: Thank you very much.

We'll see you this afternoon.

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