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Chair

Mr. James Rajotte

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● (1000)

[*English*]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call this meeting to order. Colleagues and our guests, please take your seats.

This is the 27th meeting of the Standing Committee on Finance. Pursuant to Standing Order 83.1, we are continuing our pre-budget consultations for 2011.

We have a number of organizations here. I want to thank you all for being with us this morning. We have the Canadian Association of Petroleum Producers, the Canadian Cattlemen's Association, the Canadian Vintners Association, CANARIE Inc., the Cement Association of Canada, Green Budget Coalition, and Sustainable Prosperity.

You will each have up to a maximum of five minutes for an opening statement. We will begin with the Canadian Association of Petroleum Producers.

Mr. David Collyer (President, Canadian Association of Petroleum Producers): Thanks very much, Mr. Chairman.

Good morning to the members of the committee. I'm very pleased to have an opportunity to appear before you. My name is Dave Collyer. I'm the president of the Canadian Association of Petroleum Producers.

We have a single recommendation for consideration in the next federal budget that I'd like to briefly review with you today. The details are obviously in our more comprehensive submission.

We have abundant natural gas resources in Canada, and we have an opportunity to continue to contribute in a substantive way to employment and revenue growth in the country and to a lower-carbon energy future by optimizing the use of those resources. However, the reality is we have some very challenging near-term market conditions for the natural gas industry, largely driven by the evolution of shale gas and the significant increase in U.S. supply of shale gas. This has had an impact on the available market for western Canadian gas. As an indicator of that, since 2005 Canadian production of natural gas is down by about 20%, and U.S. production is up by 25%.

I would be the first to acknowledge there is a variety of conditions that are impacting the natural gas business, and there are some things that producers need to do to address those challenges. One important competitive factor is that the U.S. tax system encourages U.S. domestic production of natural gas through, in our view, a much more attractive tax deductibility for development expenditures related to natural gas than is afforded to comparable activity in Canada.

Our specific proposal is as follows: we propose that the federal government allow Canadian natural gas development and completion costs to be deducted at a 50% straight-line rate for a time-limited 24-month period. This proposal, by our estimate, would produce about 12,000 new jobs across the country and almost $1 billion in incremental capital investment over three years, and requires no direct funding from the federal government.

We've appeared before this committee before with similar proposals. We've appreciated very much the support of some members of the committee for the proposal we've brought forward. That proposal has not found its way into the budget to date. We believe it continues to have significant merit, and frankly that's why we are back to talk about it again today.

With the limited time available, I would like to very briefly directly address five objections to this proposal that we've heard from some quarters in previous submissions.

The first objection is that we should be prepared to let the market work. We fully understand that producers have to adapt to changes in market conditions. However, our view is that it should not preclude targeted and focused action—by both industry and government—to sustain the competitiveness of the industry.

The second objection is that the oil and gas industry is already subsidized, and that action on federal taxes is therefore not warranted. Let me be really clear: in our view, this is not a subsidy. In fact, it's comparable to tax treatment that has been afforded and extended to other industries, specifically manufacturers and exporters.

On the subject of subsidies for the oil and gas sector, which is an issue that has come up previously, I would commend to you—and we can provide this to the committee if you wish—a recent paper by the University of Calgary's Jack Mintz, who's widely recognized as an authority on this subject. In that paper, it very clearly states that the oil and gas sector in Canada is not, in fact, subsidized at all. I again would commend that paper to you.

The third objection is that two years is too short of a window for action, and that the industry will be back requesting an extension to this tax treatment at some point in time. We would say that two years is, in fact, a significant opportunity to get some momentum on new market development, whether that be domestic or export. The decision as to whether this tax treatment is extended—if it is afforded—is obviously completely that of the committee and the government at that point in time.

The fourth point—I'll wrap up here in just a moment—is that the federal government's focus is on reducing overall tax rates and eliminating deductions for specific individual sectors. We understand and appreciate that's the focus of government. However, as I mentioned earlier, this type of treatment has been afforded and continues to be afforded to other sectors that are facing temporary economic challenges.

● (1005)

The fifth and final objection we've heard is that the near-term fiscal cost is too high. You have to be the ultimate judges of that. Our view is that this proposal would have a significant positive impact on jobs and revenue and that it would more than pay for itself over time.

Mr. Chairman and members of the committee, let me just conclude by saying the success of the Canadian natural gas industry matters to all Canadians in terms of jobs, in terms of revenue generation, and in terms of improved environmental performance. You have an opportunity, we believe, to improve competitiveness of the industry by endorsing this proposal.

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

The Chair: Thank you for your presentation.

We'll now here from the Canadian Cattlemen's Association.

Mr. Travis Toews (President, Canadian Cattlemen's Association): Thank you, Mr. Chairman and honourable members. We appreciate the opportunity to present this morning.

My name is Travis Toews. I'm the president of the Canadian Cattlemen's Association. My family and I ranch west of Grande Prairie, Alberta, in the Beaverlodge area.

In 2010 farm cash receipts from cattle and calves, combined with the multiplier effect from downstream economic activity, contributed $25 billion to Canada's GDP. The cattle industry has been through several years of turmoil, but we are now moving forward with a strong recovery, and we see tremendous opportunity for the industry, based on strong demand and positive prices.

Investment in research and innovation is critical to ensure the long-term sustainability and growth of the Canadian beef industry. Research provides the science necessary to demonstrate the integrity of our animal health and food safety systems, which are increasingly important in trade negotiations. It is also integral to reducing the incidence of food safety concerns and to growing consumer demand for high-quality beef.

Our being able to compete with other protein sources globally also requires research to improve feed efficiency, increase feed and forage productivity, and ensure animal health and welfare. Continued progress requires long-term research investments to ensure that our industry can respond and adapt to new issues and opportunities that arise. However, we are very concerned that a considerable loss of research infrastructure, funding, and expertise may hamper further progress.

Federal funding for beef research in Canada has declined significantly over the last 20 years. An 18% across-the-board cut in research funding in 1995 was followed by an additional 30% decline in funding between 1995 and 2007. Ongoing cuts have seriously and negatively impacted projects, scientific expertise, and facilities. As a result, the viability of some very important research programs in areas such as beef quality, food safety, and forages are faced with death by a thousand cuts. Combined with attrition, continued funding cuts threaten the maintenance of core federal research programs and have been a deterrent in attracting new expertise into research positions of importance to the public good. These ongoing cuts contradict the clear recognition that innovation plays an important role in enhancing competitiveness.

Industry recognizes the value of research, and this recognition has led Canada's beef industry to increase its check-off allocations to research by 150% over the last several years. One of the most significant recent industry-government investments was for the development of a beef cattle science research cluster that brings together Canada's largest industry and public beef research funders to deliver priority research. I'm convinced that the beef science cluster approach will result in a very coordinated, efficient research model.

However, funding will need to be increased to ensure meaningful results, and furthermore, federal funding research must be delivered on a minimum five-year basis. Program delivery has typically resulted in a three-year funding cycle with two-year funding gaps, which are not conducive to delivering strong research programs with meaningful results.

We would make three recommendations relating to research. Number one is that investments in research need to be increased to more appropriately reflect the importance of the beef industry to the economy and the public good, and to support its sustainability and competitiveness in the future.

Number two is that government and industry need to make long-term, predictable, research funding commitments, moving beyond the current three-year fragmented funding cycle.

Number three is that we must maintain a strong research community to train new expertise. Ongoing reductions and gaps in funding are not conducive to attracting or retaining talented researchers. Capacity is critical to ensuring that scientific expertise is available to respond promptly, effectively, and strategically to issues and opportunities.

The brief we submitted to the clerk contains two more recommendations. The first is for increased investment in market development. This is another critical competitive piece for Canada's beef and other exporting industries.

Growth in U.S. exports over the last two years has been phenomenal. Some of that is due to currency exchange levels, but some is also due to the United States Department of Agriculture's investment in export promotion. A report to the Office of Management and Budget puts returns to market promotion spending at $35 per dollar invested. We in Canada need to increase our investment in trade promotion to ensure we are not displaced or outpaced by our biggest competitor for customers looking for high-quality grain-fed beef.

● (1010)

Our other recommendation, Mr. Chairman, relates to reducing government spending. Currently, Canadian livestock producers must compete with ethanol manufacturers in the feed grain market. While beef is produced and sold on an open market basis and beef producers purchase grain on an open market basis, ethanol demand is supported by government mandate, is protected by tariffs against imports, and is produced with subsidies. We would like to see a sunset on all federal government mandates, subsidies, and tariffs against imports of ethanol.

Thank you, Mr. Chair. I apologize for going over.

The Chair: Thank you very much for your presentation.

We'll now hear from the Canadian Vintners Association.

Point of order, Mr. Julian, please.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Since the bells are ringing—I believe it's a half-hour bell—would it be possible to have all the witnesses complete their presentations and then, prior to questions, we go into the House and vote? Hopefully they would be willing to stay for at least one round afterwards.

The Chair: We're checking right now, but I'm guessing these are 30-minute bells.

Mrs. Shelly Glover (Saint Boniface, CPC): As soon as you're finished checking, I think let's just get on with it.

The Chair: Okay, so I have consent to do at least another 20 minutes. Thank you.

Mr. Bosc, please, your presentation.

[*Translation*]

Mr. Paul Bosc (Chair, Canadian Vintners Association): Thank you, Mr. Chair.

My name is Paul Bosc, and I am the Chair of the Canadian Vintners Association. I am also the President and boss of the Chateau des Charmes Estate Winery, located in the heart of the Niagara Peninsula.

● (1015)

[*English*]

Thank you very much for the invitation. I'm pleased to convey our priorities for the 2012 federal budget.

Our national trade association, the CVA, represents wineries from across Canada, which make up more than 90% of Canada's annual wine production. We are a young, growing industry investing in jobs and economic growth across Canada.

Today I ask the honourable members of the committee to consider three recommendations that will ensure that Canada's wine industry succeeds in a fiercely competitive global marketplace.

The first recommendation is direct-to-consumer wine delivery, also known as DTC. It remains a surprise, even a shock, to most Canadian wine consumers that it is illegal to deliver or ship wine across provincial borders due to federal legislation known as the Importation of Intoxicating Liquors Act, a law that was enacted in 1928. This federal law bans all shipments of wine across provincial borders.

Some provincial liquor boards recognize that the current legal framework is outdated, and point to the IILA as the reason they cannot adequately respond to domestic demand for Canadian wine made outside their province of control. Changing the IILA to allow Canadians to order directly from an out-of-province winery will lead to investment, jobs, and growth in Canada's wine industry.

It was not the intent, more than 80 years ago, for the IILA to discourage interprovincial trade or economic growth. Yet in 2011 Canadian winery growth is restricted. An out-of-province Canadian tourist who visits my winery cannot take our wines home with them, or order our wines directly if they are not available in their provincial liquor retail store.

Liquor boards were created as a result of the IILA, but brick and mortar retail stores cannot physically carry all Canadian wines, and currently VQA, or 100% Canadian wines, represent only 6% of total wine sales across Canada.

The CVA recommends amending the IILA by establishing the creation of a personal wine exemption that allows Canadians to order directly from an out-of-province winery. A simple amendment would impose no financial costs on the federal government, and would apply to wines that are not available at liquor board retail stores. Consumer interest and exposure to Canadian wines would stimulate new sales and tourism opportunities, and create increased opportunities for jobs, economic growth, and additional federal and provincial tax revenues.

Second is a wine excise program. Budget 2006 exempted all Canadian wineries from paying excise tax on wine produced and packaged in Canada from 100% Canadian-grown agricultural products. The excise tax benefit for 100% Canadian wine sales is estimated at $15 million per year, creating jobs and economic growth through reinvestment into new equipment, technology, vineyards, cellars, etc.

However, the same budget increased the excise tax by 21.2% on all other wines sold in Canada, including domestically produced blended-wine products. As a result, Canadian blended-wine producers, who represent 82% of domestically produced wines sold in Canada, have paid an extra 10.8¢ per litre excise tax, representing approximately $57 million in additional excise tax payments to the federal government over the past five years. Since excise taxes are a per-unit volume tax, and 95% of Canadian blended wines retail for less than $10 per bottle, the impact has created a competitive disadvantage for value-priced Canadian blended-wine products.

To ensure the competitiveness of all wines produced in Canada, and to support both domestic blended-wine producers and Canadian grape growers, the CVA recommends the creation of a federally funded program equivalent to the excise tax paid on the Canadian wine content included in blended wines. It is estimated that the federal cost of such a program would be approximately $7 million per year, and would encourage more Canadian content in blended wines, continued growth of Canadian wine sales, reinvestment in new equipment, technology, vineyards, wine tourism, etc., and the creation of jobs and economic growth.

Finally, and very briefly, is the small-business tax deduction. Budget 2009 recognized the importance of the small-business tax deduction by increasing the income threshold from $400,000 to $500,000. Given the large capital investments of today's wineries—land, winery, equipment, etc.—the small-business tax deduction qualifying asset test often eliminates this intended benefit through a straight-line reduction of those businesses with taxable capital assets between $10 million and $15 million.

As winery and small-business costs continue to escalate, it is important to recognize that the qualifying asset test has not been adjusted to compensate for inflation since its introduction in 1994.

● (1020)

The Chair: Let's wrap up, please, very briefly.

Mr. Paul Bosc: We recommend that the $10-million and $15-million qualifying asset test be adjusted to reflect inflation from its original launch date of July 1, 1994, and annually thereafter.

[*Translation*]

Thank you very much.

The Chair: Thank you for your presentation.

[*English*]

Next we'll have CANARIE Incorporated.

Mr. Jim Roche (President and Chief Executive Officer, CANARIE Inc.): Thank you, Mr. Chair and honourable members.

My name is Jim Roche. I'm the president and CEO of CANARIE Inc. Thank you for the opportunity to speak to you about CANARIE and its importance to Canada.

CANARIE is a key element of Canada's publicly funded infrastructure in support of research, education, discovery, and innovation. It is funded by the Government of Canada through five-year mandates. The current mandate ends in March 2012, and I'm here today to request your support for a new five-year mandate and continued funding for CANARIE in the coming budget.

Increasingly, as you know, we all rely on the Internet for our daily activities, both at work and at home. Canadian researchers and scientists are no exception. What sets them apart from us, though, is that to do their work they require bandwidth thousands of times greater than what the commercial Internet can accommodate. That is why CANARIE was created in 1993, and why the federal government has continued to fund its services and programs.

With the Government of Canada's support over the past 18 years, CANARIE has built a 19,000-kilometre-long fibre optic network separate from the commercial Internet. This national backbone links to provincial and territorial research networks and stretches from coast to coast to coast. Provinces share in the cost of this infrastructure. Every federal dollar invested in the CANARIE network leverages $1.50 in matching investments from the provinces.

CANARIE connects together Canadians at all of our universities, over 100 federal and provincial labs and departments, and thousands of community colleges and K-to-12 schools. More than one million Canadians have access to this national ultra-high-speed network. It enables them to collaborate across Canada and with colleagues in 100 countries worldwide, including the United States, China, India, and Brazil.

Researchers and educators are increasingly relying on this digital infrastructure in their work. Every year we see traffic on the network increase by around 50%. This is one of the key reasons in support of continued funding for CANARIE. Over the next five years we expect demand for the network to increase eight-fold. To meet this demand, we must continue to build out the network. This is a role for the public sector.

All OECD countries and the vast majority of developed and developing nations have publicly funded research and education networks. In Canada, CANARIE works closely with private sector partners to build and manage the network. Without government support, though, the private sector would not be able to meet the unique needs of our research and education community.

The world-class infrastructure that CANARIE provides underpins the more than $3.3 billion that the Government of Canada invests annually in research through the granting councils and CFI, the Canada Foundation for Innovation. At a cost of roughly $25 million per year, CANARIE's infrastructure is essential to much of this research and increases the effectiveness of those investments. CANARIE contributes to the implementation of the Government of Canada's science and technology strategy, and is reflected in the digital economy strategy.

CANARIE helps to attract some of the world's best researchers to Canada by offering key infrastructure required to successfully undertake their work. As a result of its connections to the private sector, CANARIE also facilitates the transfer of knowledge from researchers to the marketplace. A recent study has shown that for every dollar invested in Canada there is growth of $2.85 in Canadian GDP.

Investments in CANARIE have benefited many disciplines in all parts of the country. There are hundreds of examples I could give you, but here are a few. We recently funded a connection from the University of Regina to four outlying Saskatchewan Institute of Applied Science and Technology campuses, including one in Prince Albert, to deliver nursing courses. Environment Canada's meteorology lab in Edmonton uses the CANARIE network to support the analysis and prediction of weather. At McGill University researchers are using the CANARIE network to support an international multi-site collaborative study of the human brain to find cures for diseases like Alzheimer's.

In short, by supporting research and education CANARIE is helping to deliver on the government's priorities, including innovation and productivity, to create more wealth and improve the health and wellness of Canadians. There's a very exciting future ahead for Canadian researchers and innovators. With continued support from the Government of Canada, CANARIE will continue to increase the effectiveness of federal research by meeting the expanding needs of the research community.

CANARIE is a major internationally recognized Canadian success story. The need for CANARIE remains compelling, and it is growing. As I mentioned earlier, there's a legitimate role for the federal government to invest in CANARIE, notwithstanding the difficult fiscal situation. CANARIE represents a key strategic investment in the future of Canada.

On behalf of its users and the beneficiaries of its services and programs, CANARIE seeks your support for another five-year renewal of its mandate and funding.

I'd be pleased to answer any questions from members and provide what additional information you may need to assist you in your consideration of this request.

Thank you for your time.

● (1025)

The Chair: Thank you for your presentation.

Now we'll hear from the Cement Association of Canada.

Mr. Michael McSweeney (President and Chief Executive Officer, Cement Association of Canada): Thank you, Mr. Chairman and members. It's a real pleasure to be here today and to provide the cement industry's thoughts and perspectives on the upcoming budget measures.

Given the critical importance of our nation's infrastructure in maintaining jobs, promoting economic growth, and the growing importance of sustainable construction, cement and concrete are arguably one of Canada's most important and strategic commodities. Concrete is the most used man-made commodity, not only in Canada but around the world.

Our sector, like so many others, has been hard hit by the economic recession. Even though the economy has been slowly recovering, there is still a reduced demand for cement and concrete across Canada. During the recession our industry has experienced layoffs, prolonged shutdowns, and we're still a long way from achieving pre-recession levels of production, capacity utilization at our plants, and full employment. The continuing global economic instability and stagnation of the American economy are still directly affecting our operations in Canada.

We understand that a final decision has not been made on whether or not to engage in another round of stimulus funding from governments. But whether or not a second round is approved, I want to remind the committee members of the critical need for annual investments in our country's infrastructure. I caution the committee and the government to make a clear distinction between fiscal stimulus and the ongoing funding required for infrastructure across the country.

The federal government must continue to invest annually in the country's infrastructure at consistent and reliable levels. The recent publicity in Quebec regarding the collapsing of critical infrastructure in Montreal is a timely example and further underscores the need to maintain our investments in our country's infrastructure.

We support and applaud the government's plans to engage stakeholders and all levels of government in developing a successor program to the Building Canada plan. We also applaud the government for its commitment to introduce legislation to directly transfer $2 billion annually under the gas tax program to municipalities in support of their infrastructure needs. These are prudent and necessary steps in addressing Canada's infrastructure needs, but they're not sufficient alone to address Canada's substantial future infrastructure needs.

As part of a sustainable investment plan, all levels of government must achieve a better return on their infrastructure investments. The focus should be on total cost of ownership. The standard for government tendering, whether it's federal, provincial, or municipal, should never be based on the lowest cost wins but should reflect a policy of build it once, build it right, and build it to last. In this way, we will ensure that new projects contribute to achieving Canada's sustainable development objectives.

Finally, like most manufacturing sectors, we've been advocating for amendments to the way the government supports research and development in Canada. Specifically, we continue to support the accelerated capital cost allowance but recognize that changes to extend the application of benefits need to be made. As you may also be aware, the Jenkins panel recently released its report on innovation, which we welcome. We believe the report is an important step forward in discussing ways to improve federal support for innovation and to assist industry with critical advancements in technology. We agree with the panel's guiding principles that programs should be transformative, flexible, and tailored to the needs of specific sectors.

We also fully support the government's scientific research and experimental development tax credit program. We believe this has been an important driver in innovation for many sectors, including the cement industry. Our multinational members can invest in research and development in any of their locations around the world. We have been fortunate to date that they have invested countless millions of dollars in research here in Canada. One of our largest members, Lafarge Canada, has its global international research centre located in Montreal. One of the reasons for this has been that the Canadian governments, both provincial and federal, support R and D.

We believe it's essential that we continue to work hand in hand to improve innovation programs and incentives so we may continue to lead the world in homegrown innovation and manufacturing.

In conclusion, I hope I've shown you that our industry produces an important and strategic commodity and is continually seeking ways to be innovative. If you think about the positive attributes of concrete, attributes like sustainability, resiliency, durability, and safety, you'll start to think like me that concrete is really smarter than you think.

Thank you very much for the opportunity today, and I look forward to any questions after the vote.

● (1030)

The Chair: Thank you very much for your presentation.

We'll now hear from the Green Budget Coalition, please.

Mr. Andrew Van Iterson (Manager, Green Budget Coalition): Mr. Chairman, honourable members, thank you for inviting the Green Budget Coalition to speak to you today.

I am joined today by Sachi Gibson from the Pembina Institute, who can take questions as well.

The Green Budget Coalition is unique in bringing together the expertise of 20 of Canada's leading environmental and conservation organizations. We collectively represent over 600,000 Canadians, including groups like Pembina, the David Suzuki Foundation, Ducks Unlimited, Nature Canada, and the Nature Conservancy of Canada.

We want to again thank the government for its progress in budget 2011: funding for home energy retrofits, for Mealy Mountains National Park, the Great Lakes, renewing funding for the clean air agenda and the chemicals management plan, and also for ending counterproductive subsidies to fossil fuels, the oil sands, and the Chrysotile Institute. Those were well noted.

To build on this progress in budget 2012, we've identified four prime investment and savings opportunities. I'll note that my presentation is a slight revision of what was in the original submission to you, but it's reflected in the preliminary recommendations document that we sent to you on September 29 and again yesterday.

Our recommendations address species at risk, freshwater resources, energy efficiency, and fossil fuel subsidies. I suspect I'm unique, in that our package of recommendations will not only create environmental and economic benefits, but will also save the government over $300 million annually.

On species at risk, one-quarter of the current funding for the species at risk program is sunsetting in March 2012. We, along with many industry and agricultural organizations, recommend renewing this $25 million, which was previously renewed in 2007. It's a relatively small amount of money that plays an important role in protecting Canada's at-risk species, a task Canada has committed to through international agreements and that maintains our responsibilities relative to international trade.

Second, fresh water is central to the health of Canadians, our communities, our economies, and our environments. Yet Canada's record in protecting Canada's freshwater resources and ecosystems lags behind other leading nations.

We're highlighting three opportunities to make progress on water: upgrading the terrible state of water and waste water infrastructure systems in first nations, Inuit, and Métis communities; addressing the gaps in monitoring Canada's water quality and quantity that were identified by the Commissioner of the Environment and Sustainable Development in his fall 2010 report; and securing the health of three of Canada's diverse aquatic ecosystems in the Great Lakes and St. Lawrence, Lake Winnipeg, and the Northwest Territories.

Thirdly, energy efficiency is the cleanest, most affordable, and fastest way to make more energy available to our economy while reducing pollution and reducing energy costs for businesses and individual Canadians across Canada. It's also an important source of sustainable employment. In budget 2012 it's time to again make a multi-year commitment to home retrofits focused on lower-income households to provide continuity and certainty to Canadians and this blossoming industry. We recommend a lower level of $250 million per year for a national green homes strategy, along with a smaller investment to kick-start the green bonds program.

Fourthly, reducing fossil fuel subsidies provides a prime opportunity to simultaneously reduce the federal deficit, to build on the momentum this government has created in budgets 2007 and 2011, and to make further progress in fulfilling our commitment to the G-20 to phase out inefficient subsidies to fossil fuels over the medium term, which total over $2 billion annually.

The best next steps on this path are to end tax preferences through the Canadian exploration expense and the Canadian development expense. These were noted as subsidies for potential reform by the Deputy Minister of Finance in his March 2010 memorandum to Finance Minister Flaherty. Bringing the deductible rates under the CEE and the CDE in line with normal capital depreciation rates would save the government over $1.3 billion annually in unnecessary tax expenditures.

In conclusion, I'd like to urge you all to keep in mind the finance minister's words from September 14, that economic prosperity can't and shouldn't be separated from the health of the environment.

The Chair: Thank you very much.

We'll hear our final presentation. Mr. Wood from Sustainable Prosperity, please.

● (1035)

[*Translation*]

Mr. Alexander Wood (Senior Director, Policy and Markets, Sustainable Prosperity): Thank you, Mr. Chair.

I wish to thank the committee for its invitation today. I expect a very interesting discussion.

For the rest of my presentation, I'll speak English, but I'd be happy to answer questions in French.

[*English*]

I welcome the opportunity to present Sustainable Prosperity's perspective on the 2012 federal budget.

I am the senior director of policy and markets for Sustainable Prosperity, which is an independent think tank and research network based at the University of Ottawa here in Ottawa.

The particular focus we have is the green economy and how innovation in policy and markets can help Canada achieve a stronger, greener, and more competitive economy.

We are not here with a specific ask. We are here, essentially, with a set of perspectives and recommendations for the 2012 budget based on our review and assessment of the 2011 budget. A longer description of that assessment is found in the brief we have tabled with the committee.

Our perspective and interest in this issue is based on the following assumptions. First of all, the federal budget is the most important expression of government policy on an annual basis. Second, the pursuit of a green economy is in Canada's national interest. Third, Canada's economic and environmental performance are closely linked. And fourth, smart policy can drive both economically and environmentally advantageous outcomes for Canada through things such as innovation and productivity.

Our assessment of the 2011 budget, using the promotion of a green economy for Canada as a benchmark, found the following:

First, the 2011 budget is a holding budget for the green economy. As Andrew mentioned, there is important support for existing initiatives in the budget, but no new major initiatives have been established.

Second, green economy measures in the 2011 budget are not part of an overall framework or strategy, as expressed by the government. Therefore, it is hard to establish an intent or an objective in terms of the government's overall approach to this issue. As a result, it will be difficult in the future to measure the impact of these measures that are contained and described in the 2011 budget.

Third, in the 2011 budget there is a heavy reliance on spending and regulatory measures, which by our analysis constitute 97.8% of the measures announced in that budget, without clear explanation or discussion as to why those particular instruments were chosen over, for example, tax instruments. In our view, this might involve opportunity costs in terms of the overall cost of regulation, for example, but also costs in terms of missed opportunities and induced innovation. Without a clear rationale for and explanation of these instruments and the choices that have been made, it is hard to assess the specifics of the choices that in fact are contained in that budget.

We don't want to suggest that the choices made, the measures announced, are in any way inadequate. The point we want to underline here is that without a real definition of why those choices were made and some transparency around them, it is hard to make an overall assessment.

Our recommendations for budget 2012, on the basis of that—

Mrs. Shelly Glover: Mr. Chair, I'm so sorry to interrupt, but we have to go; otherwise we're going to miss the vote, unfortunately.

The Chair: I apologize, Mr. Wood. We'll come right back to you right after the vote.

Mr. Alexander Wood: I'll be sitting here.

The Chair: Okay.

Thank you.

I'll suspend the meeting.

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(Pause)

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• (1055)

The Chair: I'm going to call the meeting back to order.

Mr. Wood, I will allow you to finish your presentation, and then we'll begin with members' questions.

Mr. Alexander Wood: Thank you.

I'll just note that I saw Ms. Glover sticking out her finger, and I thought my presentation was so interesting, she wanted to jump right in with a question.

The point I was at, I guess, was to talk about the kinds of recommendations we would make for budget 2012. The first of those recommendations is that the budget should introduce into the discussion of Canada's economic context the framework of national capital. The idea here is to be able to report on how various forms of capital in our society—human, financial, built, or natural—contribute to our prosperity. As it's used in Norway, for example, the framework helps the government explain how the drawing down of its non-renewable natural capital, specifically oil, contributes to the building up of other forms of capital in Norwegian society and so lays the foundation for future prosperity. It's our belief that if the government were to use that kind of framework to communicate just how various forms of capital are being built up in Canadian society, it would greatly assist in the discussion of how Canada is doing in terms of its progress towards a green economy.

Our second recommendation is that the budget should contain a specific and structured focus on the green economy. The idea would be to provide a Government of Canada definition of what the green economy is, and how budget measures directly contribute to it with a clear statement of policy outcomes and objectives. The concrete first step would be to start reporting—again, probably in the discussion of Canada's economic situation—on Canada's greenhouse gas emissions or on other concrete indicators that right now StatsCan is in the business of tracking and reporting.

Our third and final recommendation would be for the budget to provide a greater discussion and explanation of instrument choice. Again, the point is not that the choices being made are the wrong ones; only that the absence of transparency that we note in the budget 2011 document on these kinds of choices makes them difficult to assess from an economic and environmental impact perspective. Our view is that greater transparency would increase overall confidence and buy-in for the budget measures.

That's my presentation. Thank you very much. I look forward to some questions and discussion.

● (1100)

The Chair: Thank you for your presentation.

We'll begin members' questions with Mr. Julian, for five minutes.

Mr. Peter Julian: Thank you very much, to all of the witnesses, for coming here today.

I've got a lot of questions and a short time, so I'll get right to it.

You've all raised the issue of investments, and that's extremely important because there was some indication the government was pushing towards an austerity budget. Very clearly, what each of you has been saying corresponds to what we're hearing across the country with the economic slowdown we're experiencing. This is not the time for austerity. Now is the time for investments. So we thank you for this input.

I'd like to start with Mr. Toews and Monsieur Bosc, because in both of your industries we discussed the issue of falling exports—I did in my previous gig as a trade critic. We have a failed export strategy. We have a record deficit on the current account and balance of payments because of the fact that our exports have been falling everywhere. I wanted to just compare the investments you get from the Government of Canada for product promotion abroad for exports, either in the wine industry or the beef industry, compared to your major competitors. So could you give us first the amount you get to support export promotion, product marketing, and compare that to, for example, the European Union and the amount its producers get, or the American or Australian cattle associations and the money they get?

Mr. Paul Bosc: Comparing our level of export activity and support to the European Union is a real David and Goliath comparison. Wine is the number one agricultural export of the EU. It's a billion-dollar export business to Canada alone. The European wine industry—

Mr. Peter Julian: I'm sorry to have to move this along, but I have other questions. What's the amount you get in export promotion support?

Mr. Paul Bosc: Maybe $100,000 a year.

Mr. Peter Julian: Yes, and what is the amount the European Union provides?

Mr. Paul Bosc: In export support? I imagine it's in the billions of euros. It's got to be.

Mr. Peter Julian: We heard at the trade committee it was about 125 million euros, so that would be a factor of a thousand greater level of support. Thank you for that.

The Cattlemen's Association, can you give us an estimate of both?

Mr. Travis Toews: We work cooperatively—industry and government—on market development funding, and at this point we are working under the legacy funding, which was a federal fund, $80 million for 10 years. It's leveraged with producer check-off funding, at this point. That market development funding is very quickly sunsetting, so we're looking for a replenishment.

Our U.S. counterparts receive significantly more. They have, I believe, close to a total $80-million budget annually; however, that's a combination of industry and government funding as well, and their industry is about eight or nine times the size of ours.

Mr. Peter Julian: Thank you. That's helpful to know, that the factors are so much larger with our chief competitors.

Mr. McSweeney, you've spoken very eloquently about the importance of investment in infrastructure. We are strong supporters of that within the NDP caucus. I just wanted to see, with your recommendation, what you think the budgetary amount should be to support infrastructure for the upcoming federal budget?

Mr. Michael McSweeney: I couldn't put an exact figure on it, but if you just look at the Champlain Bridge in Montreal, for example, that's a billion dollars. I thought about coming prepared with my David Letterman top 10 list, and I'd be happy to provide you with that. But if you just look around the country—at the billion-dollar tunnel here in Ottawa for transit; the light rail, subway systems in Toronto; the province of Quebec is into infrastructure for about $33 billion a year; Ontario is about $30 billion a year—we think the federal government should be doing its share as well.

● (1105)

The Chair: Thank you.

I'm going to have to move on to the next member. I'm sorry, Mr. Julian.

We'll go to Ms. McLeod, please.

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Thank you, Mr. Chair.

I first would just like to quickly pick up in terms of some questions for the Cattlemen's Association. Certainly I was delighted that in partnership with the Province of British Columbia, I think the federal government put $3 million in last year, and the provincial government put $2 million in marketing and moving forward. Certainly within Kamloops–Thompson–Cariboo, the ranching industry is incredibly important. I do know that there are glimmers of hope now after many very difficult years.

One of the things I want to pick on more directly is related to research. We're very fortunate that we're going to have a Grassland Applied Technology Centre. I appreciate the need for research and the continuation of research, and I know that in Growing Forward 2 we're going to be looking at how that looks, but what really struck me is the lack of coordination with the province. Thompson Rivers University of course has Mr. Church, who I think has incredible qualifications. Are we doing as good a job in leveraging all our partners? Because I think they're all bringing money to the table in different ways. What would the priorities be in Growing Forward 2? Would you see more collaboration with all the partners in the sector? I think we're missing some huge opportunities, and I'm hoping our Grassland Applied Technology Centre really does bring all those partners to the table, including our aboriginal partners.

Can you speak to that issue?

Mr. Travis Toews: That's an excellent question. I think that a lack of coordination and communication actually spawned the beef science cluster initiative, which really works to pull all the research pieces together, coordinates the activities across the country among universities, certainly with industry, as well as federal and provincial governments. That was the reason for the beef science cluster approach. The Beef Cattle Research Council, a division of CCA, coordinates and administers the industry component of the beef science cluster. Coordination and efficient use of research dollars is essential at a time of very tight fiscal conditions across the country.

I do want to clarify our position here. We recognize we are in a time of belt-tightening across this country. So as we've laid out issues, they've been our priorities, recognizing that down the road there are going to be trade-offs. Among the trade-offs, these are our priorities: research is a key priority for the long term, and the sustainability and competitiveness of our industry. We also appreciate the sound fiscal policy, and recognize that we need to maintain that sound fiscal policy. Our producers have benefited from the resulting positive business climate that has occurred in this country due to that policy.

Thank you.

Mrs. Cathy McLeod: I know opening the borders has been a huge priority whenever the agriculture minister travels anywhere, and I think we're starting to see success.

Mr. Collyer, you've heard from some of the other witnesses, and you made references to subsidies. Could you speak to government subsidies to the industry? Are they or are they not? It seems to be something that needs clarity at this table.

The Chair: Keep it brief, please.

Mr. David Collyer: I could have a very long response, but I'll be brief.

We fundamentally disagree with the characterization that the oil and gas industry is subsidized. I reference the paper by Mr. Mintz, from the University of Calgary. He's done a comprehensive study and looked at the issue. The industry is not subsidized. We think the tax treatment is quite appropriate for the nature of the expenditures we're undertaking in the industry. I would argue that some of the studies that have been done on this subject lack objectivity. They are not sound in their methodology, and they say that there is significant subsidization of the oil and gas industry, which we believe is incorrect.

I will provide to the committee, as background, the paper by Mr. Mintz. I think you'll find it quite enlightening on the question of subsidies.

● (1110)

The Chair: Mr. Brison.

Hon. Scott Brison (Kings—Hants, Lib.): Thank you, Mr. Chair.

Mr. Bosc, I wanted you to know of our support for the Free My Grapes campaign and the elimination of interprovincial trade barriers on wine. Representing the Annapolis Valley of Nova Scotia, where we've seen significant growth in the wine industry in recent years, and where it's become part of value-added agriculture, this is a real opportunity for us. So we support that.

I have a question for Mr. Roche on CANARIE. We invest significantly in public research in Canada. We support that and believe that if anything, we ought to be augmenting that investment. Why do we still have such a gap between what we invest in public research and our commercial results compared with those of other countries? I'm thinking of Israel as one example. But even in the U. S., there seems to be a healthier environment for commercialization.

Mr. Jim Roche: That's a question that many people want to know the answer to. It's a little bit outside the scope of CANARIE's activities. However, in the last two years CANARIE has invested in programs to assist in the commercialization of research, with a view to accelerating the movement of research from the labs into industry and also to assist Canadian ICT companies to get their products to market faster. We can do that because through the investments of the Canadian government over the last 18 years we have a tremendous national asset that we can leverage to help accelerate the commercialization of research.

Hon. Scott Brison: Thank you.

To the Cement Association, the Green Budget Coalition, and Sustainable Prosperity, I have a question for you relative to government procurement and the role that it can play in the creation and support of a market.

When I was Minister of Public Works and we were doing government procurement, one of the things that I tried to insist on was life-cycle costing. Whenever we made an investment, I tried to focus on the whole life-cycle. If it was a vehicle, we calculated the energy cost over a period of time. If it was a building, we would consider whether we ought to invest the incremental difference to have a LEED's gold building. The cost up front of an item that will be more efficient over a longer period of time is often significantly higher up front. Would it make a significant difference, in the greening of government procurement and also support of the industries you're speaking of, if we were to change Treasury Board rules to ensure that we consider life-cycle costing, not simply up-front cost, on every government acquisition?

Mr. Michael McSweeney: The answer is yes, we should be looking at the cradle-to-grave, life-cycle costing. Asphalt pavement, for example, lasts between five and seven years. Concrete pavement lasts between 35 and 50 years. When oil is at $70 a barrel or less, we're not competitive on first cost with asphalt, but whenever oil is greater than $70 a barrel, we are winning first cost every time. So we would implore the government to put life-cycle costing into everything that they do, especially infrastructure. Build it right, build it wise, build it to last.

The Chair: You have about 30 seconds.

Hon. Scott Brison: On greening the economy, what would be the impact of that measure?

Mr. Alexander Wood: I agree with the Cement Association. I think the measure, as you describe it, is an excellent one. The capacity to undertake the kind of technical assessment that would be required for this has really improved over time, so the ability of the Treasury Board to conduct those kinds of analyses would be very strongly enhanced.

The second point is that the financial models that would go into really understanding the financial economic impact of those choices have also improved. Energy efficiency is an interesting, separate, but parallel model. In some cases there is a high up-front cost with a revenue stream or a savings stream over time that most financial models traditionally have not been terribly good at monetizing, but that is now improving.

The Chair: Thank you.

Thank you, Mr. Brison.

Mr. Hoback, please.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair.

Thank you, gentlemen, for being here this morning. I apologize for votes and interruptions. It's just something that happens here in Ottawa at this time of year.

I'll go with the Canadian Cattlemen's Association with my first few questions here. I know that the agriculture committee is working on the next round of Growing Forward 2, the requirements from the industry, and what changes the industry would like to see in that program. Is there anything you want to add at this time on Growing Forward 2 that the Canadian Cattlemen's Association would like to see?

● (1115)

Mr. Travis Toews: Our priorities with Growing Forward 2 include a focus on research and innovation, ensuring that we have adequate models for tech transfer.

Secondly, we're optimistic about our future in terms of exports. We look for a focus on market development funding, recognizing that there are trade-offs. Our focus is on those areas, as opposed to what I think has historically been a huge BRM component.

Mr. Randy Hoback: It's kind of interesting that we always hear Mr. Julian talk about how Canada's trade policy has failed, and look at the cattle industry and say, “Man, if we didn't have our trade policy, where would you be?”

Can you maybe help explain to him just how great Canada's trade policy is, and how it's impacting the industry for the Canadian cattlemen?

Mr. Travis Toews: As most of you know, in 2003 we lost virtually all of our export markets. Since then there has been a concerted effort by both industry and government to recover that market access. We're an industry that depends on market access for 40% to 50% of our production. We depend on market access for every pound of product we sell to maximize the value back to Canadian producers.

So market access for us is key and critical. The emphasis that has been placed on it by both industry and government has achieved some remarkable successes in recent time, and we have a few more to knock off.

Mr. Randy Hoback: You talked about the different components of the beef sector. You looked at some of these markets when you first heard of them and said, “Well that's a small market, but they grab a certain chunk of meat that we wouldn't necessarily sell here in Canada or somewhere else”. So that has also been very beneficial, I understand.

Mr. Travis Toews: That's the critical piece about export markets. In order to maximize returns on our cut-out value we have to ensure that every product of the 200 products produced by a fed steer or heifer finds its way to the most valuable market in the world that day. That requires competitive access into every major beef importing region of the world. We're working on that. We're getting there, and our competitiveness is improving as we get there.

Mr. Randy Hoback: I think the last time we met was in Colombia when the Prime Minister was there promoting trade. You are looking at that market again. It's not a huge market, but it may take certain products we produce here. Hopefully we'll be selling to Colombia.

David, I always find it interesting. I think the NDP are dreaming of a recession so they can do a big round of spending here, because they're saying we need more stimulus. Coming from a province where the unemployment rate is 4%, we're looking for plumbers and electricians. I say at every meeting that we're trying to find these skilled trades to complete what we have in the works right now.

In your industry, are you finding enough skilled trades? What's the impact of not having these trades at this time? Can you give us some highlights on that?

Mr. David Collyer: It's a challenge, depending on what part of the industry you're looking at. There are certain sectors where it is more difficult to find trades. We've talked with the government about a variety of initiatives that we think are required to address that issue. They would include a different approach to immigration, training and development, and better use of under-represented groups in the workforce.

That being said, we can find the people we need if we work hard at it. I think that will be through the combined efforts of industry and government. I don't think we should use that as a barrier or an impediment to continued growth of the oil and gas sector, or other industries where there is the potential for growth.

As a country we still need job creation, and there are a number of ways we can get at that. We should continue to promote economic growth without significant direct investment in infrastructure or otherwise. It's about creating the right investment climate, and that's where we come back to the competitiveness of the tax system as a key driver.

The Chair: Thank you, Mr. Hoback.

We'll go to Mr. Mai, *s'il vous plaît*.

Mr. Hoang Mai (Brossard—La Prairie, NDP): Thank you, Mr. Chair, I'll be very quick. Please let me know when I have a minute and a half left, so that I can share my time.

First of all, speaking of sustainable prosperity, we're interested in the green economy, and we've been trying to push that forward. Could you tell us very briefly, if we put a price on carbon, start moving forward, and invest in giving tax credit or capital cost allowance for measures that will bring us forward with regard to the green economy, what the advantages would be for Canada?

● (1120)

Mr. Alexander Wood: Well, we're strong proponents of putting a price on carbon for the very reason you cite, that it is a policy that would target, first of all, the environmental objective of the policy, the reduction of greenhouse gases. It also would have the effect of inducing economic activity and economic innovation in ways—it has been researched and proven in other jurisdictions—that have brought about those kinds of policies.

Major research projects in a place like the OECD have pointed to the role of carbon pricing in particular, and the role that it can play in inducing technological business innovation. The real-life experience in a place like Europe, with its European trading system, and the carbon tax in B.C. have proven that out.

Mr. Hoang Mai: Thank you very much.

For the Green Budget Coalition, we agree with further reducing the federal subsidies for fossil fuel. We also agree with—as I said—introducing a price on carbon. Do you agree with having a cap and trade type of tool in order to put a price and have a market?

Mr. Andrew Van Iterson: We're supportive of either a cap and trade or a carbon tax. The important thing with either one is that they're implemented properly and designed properly.

Maybe to touch on the subsidies, I want to point out that the International Institute for Sustainable Development did a thorough study using a very conservative WTO definition of subsidy, and they came up with over $1.4 billion in subsidies to the oil industry, and the Deputy Minister of Finance also concurred that there are subsidies.

Mr. Hoang Mai: Thank you very much.

Very quickly, has the $25 million investment for Canada's species at risk worked in terms of protecting the species?

Mr. Andrew Van Iterson: There has been really important progress over the years. The government has been building up a strong capacity to implement the act, but we still need to strengthen that, and do more on the ground species recovery.

M. Hoang Mai: Thank you very much.

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP): Mr. Bosc, just to be very clear, I think that the 1928 law was focused more on sending some rum over the border to the U.S. than on what was needed within the country. Things have changed a lot—just the orders from the Internet—so I just wanted to let you know that we do support the request that you put before the committee. I want to make it clear, and I have wineries bordering on my riding that are wonderful places to visit.

Mr. Toews, you talked about the reductions of research and innovation dollars in 1995 and in 2006 and 2007. The majority of that was under the Liberals. Have you seen any evidence of this government moving to correct that?

Mr. Travis Toews: The support of the creation of the beef science cluster initiative was a very positive step in ensuring that research dollars could be used more effectively. We're advocating that funding needs to be increased, but we were pleased to see that initiative.

Mr. Wayne Marston: Listening to you is just like listenting to the manufacturing or industry sectors. We need more long-range planning, and the research and innovation has to be increased.

Mr. Travis Toews: I would agree with that.

Mr. Wayne Marston: Thank you.

The Chair: Okay. Thank you very much.

We'll go on to Mr. Adler, please.

Mr. Mark Adler (York Centre, CPC): Thank you, Chair, and I want to welcome all of our witnesses here today.

I want to direct my first question to Mr. Toews. You mention in your presentation that research and development is critical, because it provides the science that we need for trade negotiations. Can you explain the importance of addressing these issues in the framework of formal trade negotiations, and in particular with what's on the horizon in terms of our potential agreement with the EU and with India?

Mr. Travis Toews: I think that's an excellent question.

As we enter into, and we are in fact involved in, some very critical trade negotiations right now, part of those negotiations relate to technical barriers to trade that exist. We can use the EU as an example, as they currently don't accept the carcass wash programs, food safety interventions we have in this country that are critical to maintaining consumer confidence and food safety.

Research in those areas is critical to establishing baseline measures around food safety. Secondly, that research is essential in order to advocate our methodology to other countries that may put up roadblocks, non-tariff trade roadblocks, to our product.

● (1125)

Mr. Mark Adler: Okay, thank you.

Mr. Collyer, I find what you do fascinating, for the whole industry and how important it is for Canada and all the spin-off jobs it creates for our economy.

I want to talk to you about the Keystone Pipeline. How important is that for your industry?

Mr. David Collyer: The very short answer is that it is important for our industry. Access to markets is fundamental to growing oil and gas production, and access to the U.S. market is a key part of that. It's not the only option, but it is the preferred option.

Obviously the market has spoken. We believe that if you look at the merits of the case, there is a very, very strong case for approval of that project, and we are optimistic that it will go forward. If it doesn't, we'll look at other options; the market will be creative about developing other options.

But the short answer to your question is that it's a very important project for Canada's oil and gas industry, specifically the oil sands industry.

Mr. Mark Adler: Okay, and that would help with job creation—not that you need it in Alberta—and all of the economic spin-offs that would occur as a result of construction of the pipeline?

Mr. David Collyer: Yes, absolutely, in both Canada and the U.S., and I would emphasize that job creation is not just about jobs in Alberta, it's about jobs throughout Canada.

Mr. Mark Adler: Right across Canada, that's right.

Mr. David Collyer: Absolutely.

Mr. Mark Adler: So I would suspect that my friends across the floor would support the Keystone Pipeline.

We have an overabundance of natural gas, and our Minister of Natural Resources recently said those words. I know it was interesting to the industry that he focused in the speech on that.

I'm interested in the difference between the U.S. shale gas and ours. Can you explain the difference, please?

Mr. David Collyer: From a technical standpoint, there really is no fundamental difference.

The Chair: Thirty seconds.

Mr. David Collyer: There's a lot of similarity between the shale gas opportunity in the U.S. and in Canada. The issue we've got is competitiveness in Canada. I highlighted the fact that there are some differences in tax treatment. That's an issue from our perspective, and we're asking that the committee address it.

Second, we've got a competitive issue in terms of distance to markets. The solution to that is to try to grow the Canadian market, the use of natural gas in transportation, more use of natural gas in power generation, and the export market from the west coast. A lot of our proposal is about making sure we sustain the help of the industry in the near term while we develop those alternative market opportunities. And keep in mind that natural gas is, we believe, a very important part of getting to a lower-carbon energy future in Canada.

The Chair: Okay, thank you.

Thank you, Mr. Adler.

Monsieur Mai.

Mr. Hoang Mai: I'll share my time with Monsieur Giguère.

Very quickly, the Cement Association of Canada totally agrees with investing in infrastructure. It's an investment, it's not spending. My riding is Brossard—La Prairie, where the Champlain Bridge comes in, so I'm sure you appreciate my position.

For CANARIE Inc., since we've been talking about investing in infrastructure, I know the investment we make has ripple effects and it helps the economy. Can you explain very quickly how you can help?

Mr. Jim Roche: There are three ways we have a direct impact on the Canadian economy. One is through the investments that are made in CANARIE. We buy services and products in Canada. The second is the spin-off effects of the benefits of the research we support in the CANARIE network. We talked earlier about the commercialization of research. CANARIE is a fundamental tool in the commmercialization of that research. The third way we can directly support the Canadian economy is by helping Canadian companies be more competitive internationally, both by having better research and better access to that research, as well as by providing them with competitive advantage by leveraging the network itself.

Mr. Hoang Mai: Thank you very much.

I'll share my time with Mr. Giguère.

[*Translation*]

Mr. Alain Giguère (Marc-Aurèle-Fortin, NDP): Thank you very much, Mr. Chair. My question is for the Canadian Association of Petroleum Producers.

For a few years now, we've seen that the oil industry is exporting oil and importing gasoline. The closing of the Shell refinery in Montreal confirms this trend. From now on, Quebeckers are going to get their refined gas from New York.

As an economic model, only Iran does that. I don't think that the Iranian model is particularly efficient.

Could you explain to me how we can build an industrial economy by exporting our raw materials completely unprocessed and importing processed materials at great cost?

● (1130)

[*English*]

Mr. David Collyer: The short answer to that question is that I think there are many other countries that have the same economic model we do, and that's frankly a reliance on the market forces to make the best decision about the optimization and allocation of resources. We export where it makes economic sense to do so. We import where it makes economic sense to do so. Where the economics or the market justifies investment in Canada, upgrading for example, we do an awful lot of it. But the market is driving those choices, and it's driving the lowest cost to the consumer.

[*Translation*]

Mr. Alain Giguère: You've put your finger on the sore spot. It's actually the market that decides.

Nevertheless, Canadian consumers pay the price. It's probably in their interest for their consumption to bring them a return in economic terms. In the case of Montreal, the loss of 500 jobs in a refinery didn't help bring prices down, but rather enabled a company to maximize its profits in its New York refinery.

The market is not the free market, but rather the market you decide it is. It's not the Canadian market according to its benefits for Canada; it's benefits rather according to your international investments.

Canada may be entitled...

The Chair: Mr. Giguère, unfortunately there's another vote.

Mr. Alain Giguère: Could you explain to us...

[*English*]

The Chair: I need unanimous consent from the committee to continue once the bells start. We do have a second panel, which is supposed to start at 11:30. I just need guidance from the committee.

Mr. Julian.

Mr. Peter Julian: I think we'd all agree to extend. The problem is we can't extend past 1 p.m. I would suggest we move to the next panel presentation so they can get their presentations in and we'll at least have half an hour for questions for them.

The Chair: Okay.

Ms. Glover.

Mrs. Shelly Glover: So far we're still five minutes short of time. We'd like to finish the round if we could because I have to clarify some things. The next panel is coming, and it's unfortunate we have this, but I have important questions to clarify some of the things Mr. Julian said that were inaccurate and misleading.

The Chair: Okay.

I need unanimous of all the members to carry on the committee, and I have two views as to what should happen. So I don't have unanimous consent then?

Mr. Peter Julian: Mr. Chair, I think there's ample opportunity in the next round to raise issues.

The Chair: Okay. Because I need unanimous consent, I need all members of the committee to agree not only to continue but as to what we do once we continue.

Mrs. Shelly Glover: Do you need unanimous consent to finish the round while the bells are going?

Mr. Peter Julian: I'm frankly worried about the next round of witnesses, Mr. Chair.

The Chair: I appreciate both your points, but there has to be unanimous consent to continue, and to do the same thing. As the chair, I need your guidance. Is there unanimity on what we do if we choose to continue? There's not?

Mr. Peter Julian: You would certainly have consent from our side, Mr. Chair, to move to the next round of witnesses.

The Chair: Okay, I don't have unanimous consent.

I apologize to the witnesses for this. I'm sorry, but we are going to have to head to the House for votes.

The meeting is suspended.

●

(Pause)

●

● (1215)

The Chair: I call this meeting back to order, if I can ask colleagues and witnesses to take their seats, please.

Again, my apologies on behalf of the committee. We've had two unscheduled votes this morning. My understanding is there should be no more votes to interrupt our session—I am hoping.

We're very pleased in our second panel, continuing on our pre-budget consultations, to have five organizations with us. We have, first of all, the Canadian Gas Association; *deuxièment* Desjardins Group; then the Directors Guild of Canada; REAL Women of Canada; and finally, Sustainable Development Technology Canada.

I want to thank our guests for coming in, as well as their patience, and indicate to them that it is a shortened time, but you will have five minutes for your opening statement. I will ask you to keep to that time, and then we'll have questions from members.

We will start with Mr. Egan, please.

Mr. Timothy Egan (President and Chief Executive Officer, Canadian Gas Association): Thank you, Mr. Chairman. I'll read quickly.

Thank you, Mr. Chairman again, and thank you, members of the committee, for the opportunity to speak today. I'm president and CEO of the Canadian Gas Association. CGA is the voice of Canada's natural gas distribution industry, and its members are natural gas distribution companies, transmission companies, their equipment manufacturers, and other service providers.

Last year, the natural gas distribution sector directly employed over 15,000 Canadians and invested almost $3 billion in new systems and in the operation and maintenance of existing systems. Most people don't know that natural gas has a central place in Canada's energy mix, meeting 30% of the country's end-use energy needs. In fact, today over six million customers, representing well over half of the Canadian population, rely on natural gas for heat and power in their homes, apartments, buildings, businesses, hospitals, and schools.

The Canadian Gas Association agrees with the committee's objectives that advancing on those four objectives for the 2012 budget will help mitigate the threats facing the economy and ensure the economic well-being of Canadian families and communities. Our part of the effort centres on the energy system, a key foundation for economic well-being. Natural gas and natural gas utilities can contribute to smarter energy use, to more innovative applications of energy technology in Canada, and to help keep the Canadian economy strong.

We offer three recommendations for specific action. First, provide energy cost savings solutions to northern and remote communities, those not connected to existing gas and electricity grids. The federal government spends over $7 billion annually on Canada's northern and remote communities, a sizeable portion of which is for energy. CGA would like to work with the federal government to show how natural gas can reduce the energy costs and improve the environmental performance in northern and remote communities. Together, we can leverage investments by Canadian utilities and others to fund energy infrastructure. We can showcase technologies like high-efficiency natural gas-fuelled combined heat and power systems to make use of otherwise wasted heat. We can support national networking capacity billing and information sharing efforts. And we can drive community sustainability by fuel switching from more expensive, higher emitting fuels to less expensive, cleaner burning ones.

The second recommendation is to drive energy efficiency and innovation across Canada. Sustainable economic growth turns on the efficient use of inputs and a culture of innovation. By revisiting the government's energy efficiency programs, there's an opportunity to work more closely with industries to leverage private investment and improve program delivery.

There are two things here. First, on innovation, we'd recommend cooperation with industry on initiatives like our own Energy Technology and Innovation Canada, or ETIC, to mobilize strategic investment in the demonstration and commercialization of natural gas technologies. The goal here is to move efficient and innovative new technologies into the marketplace, and ETIC represents the first step of a virtual fund we've created to do that. We're working with Natural Resources Canada on specific projects now, and we'll want to expand on that cooperation. Second, on efficiency, is to cooperate with CGA and other organizations like QUEST, an organization that appeared before you earlier in the week, I believe, who have a particular interest in better delivery of energy solutions to Canadian consumers across the country. CGA member companies have been running efficiency management programs for over 10 years, realizing about $430 million in gas cost savings for Canadian customers. We think more opportunity exists still.

The third recommendation is to help provide more cost-effective transportation choices to Canadians. Natural Resources Canada worked with a number of private sector stakeholders to complete the “Natural Gas Use in the Canadian Transportation Sector - Deployment Roadmap”. This document shows that the medium and heavy-duty vehicles subsector is a good starting point in terms of where natural gas can offer significantly lower fuel costs, operating costs, and emissions. CGA and the Canadian Natural Gas Vehicle Alliance believe that progress can be made at minimal cost by leveraging existing in-kind federal government and private sector resources. We'd recommend that the Government of Canada do two things: first, convene an implementation panel to act on the recommendations of the “Natural Gas Use in the Canadian Transportation Sector - Deployment Roadmap”; second, establish a partnership between Finance Canada and Canada's transportation industry to assess and define an appropriate fiscal measure to help diversify the sector's energy use.

Mr. Chairman, we believe that natural gas is smart energy. It is growing in popularity in Canada because it is versatile, reliable, affordable, safe, and clean. We believe that CGA, Canada's natural gas distribution utilities, and natural gas can support the government's economic, energy, and environmental objectives going forward.

Thank you for your time.

● (1220)

The Chair: Thank you for your presentation.

We'll now hear from Desjardins, *s'il vous plaît*.

[*Translation*]

Mr. Bernard Brun (Director, Government Relations, Desjardins Group): Thank you, Mr. Chair. Dear committee members, first of all, I'd like to thank you for the opportunity given to us to appear before you as part of the pre-budget consultations of the Standing Committee on Finance.

The Desjardins Group is the largest cooperative financial force in Canada. We are a financial institution with over $188 billion in assets and we have over 6 million members across Canada. We are also the only financial institution present in 58 per cent of Quebec's municipalities, and this makes us a very significant component in Canada's economic life.

As part of these consultations, I'd also like to draw your attention to a something particular. The UN recently declared 2012 the International Year of Cooperatives. In fact, early this week, the United Nations officially announced the launch of this year. As a cooperative, Desjardins believes it is extremely important to expand this sort of business model, which is an opportunity for greater participation by individuals and also for a better distribution of wealth.

As for budget forecasts, our comments are going to be very high-level and economic in nature. In light of the time available to us, they will be brief.

First of all, the world economic situation is particularly difficult and is also very fragile. We talk about almost extreme volatility. Nevertheless, Canada is all and all in a very enviable situation. The Desjardins Group therefore believes the budget should stay the course.

That said, we would like to draw particular attention to three recommendations. The first one is on infrastructure. It's no secret to anyone that Canadian infrastructure is in poor shape and is wearing out more or less throughout the country. A little earlier, reference was also made to the rather problematic case of Champlain Bridge. While the economic recovery plan of the Government of Canada allowed some catching-up to take place, it remains that this is an ongoing problem and that the government should focus on this problem by providing adequate funding for the modernization and maintenance of infrastructure, so that at the very least we don't waste the catching-up going on now.

The Desjardins Group is also of the opinion that the government should maintain transfers to the provinces, for both other levels of government and individuals. We're thinking particularly of individuals where transfers for employment insurance and old age security benefits are concerned. These are people who are especially vulnerable. Some of them live below the poverty line and these payments, especially in the state of the current economy, should in our opinion be maintained

Finally, the last matter I'd like to raise is household debt. This has been discussed repeatedly in the past year. We're talking about mortgage debt and also consumer debt. Since 2008, the government acted three times to change measures pertaining to mortgage credit, which in our opinion, was an excellent thing. Now the situation, even though it's relatively stable, still remains fragile. In our opinion, the government must be very vigilant, particularly with regard to mortgage debt, since a rise in interest rates, which is not expected in the very near future but nevertheless seems to us inevitable, could put many Canadian households in difficult economic situations.

As far as consumer credit is concerned, we think that this should also be paid particular attention by the government. We've observed fairly fast growth in debt, even though assets are also increasing.

In closing, I mention the example of Desjardins, which has raised its minimum payments on credit cards from 3 per cent to 5 per cent, which seems to us to be an appropriate measure. We need to send a clear signal to taxpayers and especially consumers. The message is as follows: consumer financing is not long-term financing.

● (1225)

On that, I yield the floor.

Thank you.

The Chair: Thank you for your presentation.

[*English*]

We'll hear from Mr. Barr now, please.

Mr. Gerry Barr (National Executive Director and Chief Executive Officer, Directors Guild of Canada): Thank you, Mr. Chair.

And thanks also to the members of the committee for this welcome opportunity.

I'd like to tell you that when it comes to audiovisual production in Canada, culture works. The sector is a major source of employment. It creates 117,000 jobs across the country, more work than is generated by the Canadian steel industry. Last year the industry generated just over $6.8 billion for Canada's GDP.

The sector is a Canadian success story. It's an example of what happens when effective public policy, entrepreneurial energy, and talent and skill are mixed together.

We agree fully with the heritage minister when he says that to invest in arts and culture and to support the creative economy is to support the economy as a whole. Our members are entrepreneurs. They are key creative contributors in their industry.

And when the industry minister says that content drives demand for digital technologies and bandwidth, attracting continued investment and talent, he's right, and he underscores one of the reasons it makes sense to create a financial environment in which content production can flourish.

Our recommendations today speak to the creation of this environment. We have the infrastructure. We have a skilled workforce. We have talented creators. The industry is ready to move on to another level, and we believe these recommendations will help get it there.

Canada's refundable tax credit programs for film and television production have helped make Canada a globally competitive venue for production.

The commitment to this tax credit system has given Canada a positive reputational edge to attract foreign production as well as supporting domestic creation. That Canadian edge could be consolidated and enhanced with changes to extend tax credits to qualifying non-labour expenditures, as Quebec and Ontario do in their provincial tax credits. We encourage you to consider that possibility.

We also think you might want to extend the current tax credit arrangements to digital media, something that plainly fits within the goals of Canada's digital strategy. The Canada Media Fund now makes its financial support conditional on there being a digital media component associated with television content. The extension of the existing tax credit arrangements to digital production would complement that new approach.

Minister Moore has said that support for culture should not come strictly from taxpayers, and that finding a way to draw in the private sector should be an important part of government policies in this area. We agree with that. Public policy has gone a long way to build a competitive audiovisual sector in Canada, but it needs a boost from private sector investment to take on the scale and the depth that a globally competitive industry needs.

Film and television, though it is lucrative when you get a hit, is a high-risk business with large upfront expenditures. Oil and gas is another hit-based industry that requires large upfront capital outlays on a number of projects, often unsuccessful ones. In order to get investors and entrepreneurs across the risk threshold associated with this and to invest in this industry, the government used the flow-through share model.

Attracting risk capital for film and television production is crucial for the development of globally competitive content and sustainable corporate growth. With encouraged private investment, production companies can acquire the scale necessary to finance development of a slate of projects, mitigating risk, increasing the chances of finding hits. There can be greater retention than is now the case of intellectual property rights for revenue generation on the finished product.

Minister Moore is right that increased private investment in this already significant sector is what is needed. The flow-through share model is a way to increase private sector investment in audiovisual jobs in Canada. It provides income tax relief and opportunities for investors and entrepreneurs, and it consolidates advantages for an industry that public policy has done so much to build.

Lastly, Canada's public broadcaster is a vital part of the cultural fabric of this country. It provides the greatest opportunity for Canadians to see their own stories on their screens. It's an island of Canadian culture in a televised sea of American programing, which is the mainstay of private broadcasters.

While we recognize that this is a time of restraint, that increases to the government's contribution to the CBC are very unlikely, we caution seriously against cutting this vital cultural institution.

● (1230)

Mr. Chairman, members of the committee, thank you very much.

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

We'll now hear from REAL Women of Canada, please.

Ms. Diane Watts (Researcher, REAL Women of Canada): Thank you, Mr. Chairman and members of the committee.

REAL Women of Canada is a national organization of women from all walks of life and from different backgrounds. Since our incorporation in 1983, we have supported the equality of women and recognize them as interdependent members of society, whether in the family, workplace, or community. We have been united in our concerns for the family, the basic unit of society.

The federal Conservative government is to be commended for recently eliminating some forms of discrimination against the family. Positive developments from a family perspective include pension splitting for retired Canadians, making the spousal tax deduction equal to that of the principal earner, the $2,000 tax credit for parents with children under 18 years of age, raising the basic personal deduction in personal income tax, and the universal child care benefit.

Our first recommendation is to end tax discrimination against the single-income family by income splitting. Federal tax policies still discriminate against the career choice made by women who choose the career of full-time homemaker. The child care expenses deduction program provides $7,000 per year for children under 7 and $4,000 for children 7 to 16 years of age in tax deductions to the double-income family, and it makes no similar provision available to parents living on the salary of one parent and caring for children at home. Day care, such as exists in Quebec, provides institutions with about $10,000 per child for two working parents, with no equivalent amount directed towards the one-income family that cares for children at home. These inequities are based on the false assumption that parent-based child care has no expenses, but in reality all forms of child care have associated expenses.

Public policy should equally assist parents if they choose to care for their own children in the home environment. Child care costs exist because children exist, not because both parents work outside the home. One way to correct inequality in family taxation would be to recognize the family unit rather than the individual for tax purposes. Income splitting would address the preferential treatment given to double-income families.

Our second recommendation is that the universal child care benefit should be increased as it funds parents directly rather than costly institutions. It is essential that child care legislation support a flexible system so that Canadian families can make their own decisions in balancing work and family, including having one parent care full time for family needs.

Our third recommendation is to convert special interest funding to tax relief. Status of Women, for example, has an objective that states equality and “the full participation of women in the economic, social and democratic life of Canada”. This is their objective. Unfortunately, this is interpreted to exclude the contribution made by women who offer care and formation at home for their children, family members with health problems, and elderly relatives. This is a serious bias. We have called for the disbanding of this agency for many years. No single government agency or ideology can represent the views of all Canadian women, as no single agency or ideology can represent Canadian men. In order to provide a level playing field for all groups, to avoid government-initiated discrimination, and to decrease unnecessary government spending and duplication of provincial services, the federal government should end all special interest funding.

We have provided ample background information in our brief in support of all these recommendations.

In conclusion, we believe that the family, which is the foundation of a nation, should be central to the formation of all public policy. Government decisions, especially regarding tax and social policy, must be fair and equally beneficial to all Canadians.

In light of recent general awareness of a demographic deficit combined with an aging population, it is important that the government give prime consideration to the family unit and its invaluable contribution to the well-being of all segments of society. We have many references in our brief to studies that support our position.

Thank you, Mr. Chairman.

● (1235)

The Chair: Thank you very much for your presentation.

We'll now hear from Ms. Sharpe, please.

Dr. Vicky Sharpe (President and Chief Executive Officer, Sustainable Development Technology Canada): Thank you very much, Mr. Chairman and this committee, for an opportunity to talk to you about how Sustainable Development Technology Canada, or SDTC, which is the primary mechanism of the government to build a clean tech sector in Canada, can contribute to the very important requirements around maintaining and building jobs in this country and strengthening our economic recovery.

By definition, clean technologies create efficiency, which improves productivity and hence competitiveness, often taking what are now waste streams and making them into revenue streams.

If I can direct your attention to slide 2, you will see that these clean tech companies operate in rural and urban communities across Canada. We are not necessarily understood, because we're not a sector individually, but in fact the clean tech sector—the pure play clean tech sector—when you add up all the jobs it contributes to different parts of the economy in oil and gas, mining, aerospace, pharmaceuticals, has put 44,000 jobs into the economy, and a study has shown that these jobs have a median wage that is 13% higher than the average job.

In doing so, they create $9 billion in annual revenues, and it's good to see that 86% of these revenues are generated from Canadian-owned companies. Of those revenues, 53% are from exports, almost half of those going to non-U.S. destinations. These companies, 92% of them, are small and medium-sized enterprises. They come from where we live. They create wealth and economic opportunity where we live.

How are we doing as an area? Well, globally in terms of growth, we've seen the clean tech sector move up in revenue growth by some 11%. SDTC has a portfolio of superb performing companies whose compound annual growth in revenues is twice that of non-SDTC companies, all of which is greater than the global average.

If we want to look at the specifics of creating jobs, 46 of the companies in our 220-company portfolio, into which we have invested $100 million, have so far accumulated revenues exceeding $212 million in 2010 alone and are forecast to do another $190 million in 2011. When you add this up, it is considerably in excess of the amount of money that has gone into them, and almost 75% of the total value of the fund.

We can see an example. Mercedes had an opportunity to choose where it would place its new $50 million fuel cell plant globally, and it chose to go to Burnaby, British Columbia, because of this.

But SDTC contributes to jobs in the forestry and agricultural sectors by often taking waste, non-food fuel, food crops, and turning it into biofuels and also into products that have additional revenue and that diversify the incomes of our farmers.

We also work extensively with the oil and gas industry on how they can improve the efficiency of their extraction methodologies and reduce the impact environmentally. This is all very important.

Originally, clean tech in 2005 had about 4% of the investment money placed in Canada; it is now nearly 20%. The important point here is that we also leverage public funds extensively. At the project level, we do one in three, but our total leverage, when we help our companies get financing from the private sector, is at times 14.

Essentially, if you look at the TSX, the largest clean tech lister in the world, 30% of those companies are ours. You can see that essentially we have an opportunity to build into a massively growing economy an economic opportunity; the export numbers show $60 billion potentially by 2020 and 126,000 jobs.

We feel that we've performed well. We've been evaluated thoroughly. We are requesting explicitly, so that we may maintain that momentum and help Canada seize its share of the export market, $110 million per year for the next five years in the upcoming budget.

Thank you.

● (1240)

The Chair: Thank you very much for your presentation.

We begin members' question with Mr. Julian.

You have five minutes, please.

Mr. Peter Julian: Thank you, Mr. Chair. We'll only have time for one round, I assume, so I'll split my time with Mr. Mai.

Am I right?

The Chair: We are scheduled to go until one o'clock. If the committee consents, we can go beyond that for questions, but it's up to committee members.

Do committee members wish to go beyond one o'clock?

Mr. Peter Julian: I'll split my time with Mr. Mai just the same, and we'll see what happens at one o'clock.

[*Translation*]

Thank you very much to all our witnesses. It is very kind of you to be here.

I'm going to start with Mr. Brun. I find what you've told us, on behalf of the Desjardins Group, to be extremely important. For days, witnesses have been telling us it's essential for the budget to contain investments and not cuts, which is what the government was planning to do. The message is very clear, investments are required in this budget.

You talked about ensuring quality infrastructure. Do you have any figures on the amount required for such an investment to ensure quality infrastructure in the country?

Mr. Bernard Brun: Are you asking how much investment would be necessary for Canada as a whole?

Mr. Peter Julian: Yes, and I'd also like to know how much would have to be invested annually. If you had to draft the next federal budget, how much would you allocate for infrastructure?

Mr. Bernard Brun: I can't give you a specific figure, but I'd be happy to send you our economic studies on this matter. I couldn't give you an exact figure.

Mr. Peter Julian: The Federation of Canadian Municipalities is talking about a total deficit of some $125 million in the area of infrastructure. Do you think this is an accurate figure?

● (1245)

Mr. Bernard Brun: Honestly, I couldn't give an opinion on this.

Mr. Peter Julian: That's fine.

[*English*]

I'll go next to Mr. Barr.

Thank you very much for coming before this committee.

You've been very eloquent on the issue of funding for CBC and Radio-Canada. The government's actions in regard to CBC have been very controversial. I would like you to speak to the issue of having increased stable funding for CBC/Radio-Canada and what difference it makes for the Canadian economy, and particularly what difference it makes for members of your guild in their ability to find and keep gainful employment.

Mr. Gerry Barr: A great deal of film and television production in Canada is driven by domestic broadcasters, partly because of CRTC regulations, partly because CBC classically engages and invests significantly in domestic television. The mandate of CBC has been growing for years in the digital age, with new kinds of content that need delivery, but CBC's budget has not been growing. In 18 years it has had about 8% of increases overall on the part of the Government of Canada, compared with roughly 71% in other cultural expenditures. So it has, in a way, been on ice—I'll put it that way —but its job has been growing larger.

In the view of my own organization, as well as many other cultural unions, it would be very serious to see CBC diminished as a producer of Canadian content.

Mr. Peter Julian: Thank you.

I'll pass the rest of my time to Mr. Mai.

Mr. Hoang Mai: Thank you very much.

I have a question for Ms. Sharpe.

I really like your recommendation—because we know that the private sector has been sitting on $500 billion—and the fact that you are recommending a fund in order to promote or push the private sector to invest. Can you tell us what the impact will be in terms of the economy and how much in terms of the growth we can have?

Dr. Vicky Sharpe: Thank you.

We're asking to rebuild a fund that would be similar to the one we have already done. You can imagine that so far we have seen only 46 of our companies generate $2 billion in mobilizing private sector dollars, so if you were to take the $220 million and then double it, you're talking about billions of dollars' worth of private sector money being mobilized. I should indicate that the foreign direct investment in these Canadian SMEs has been growing in the last five years by 200% relative to the non-clean tech sector, so we will deliver that.

We have avoided saying exactly what the number of jobs would be because it's a very difficult number to do, but we have some statistics that show we are contributing 44,000 jobs across the different sectors. We're increasing the viability of existing sectors.

The Chair: Thank you, and my thanks to Mr. Mai.

We'll go to Ms. McLeod.

Mrs. Cathy McLeod: I, too, would like to apologize for the delay in the start. Unfortunately, it was unavoidable, but we'll manage to get the important points forward. In that spirit, I'm hoping to get fairly quick responses so I can get in a number of questions.

Mr. Brun, the opposition is talking about a cut-base budget. As we know, many companies throughout the country had to make reductions in their spending, and the government is also undergoing a process of general efficiency, to eliminate waste and redundancies. In your mind, is an expenditure review of the government by the government a prudent practice?

[*Translation*]

Mr. Bernard Brun: I think that the budget cuts are something that will have to be done. However, we don't have to make them all in the same way, across the board, using percentages. Some elements may have less priority than others. That is really where the exercise should be focused. In other words, what are the areas of activity where we could reduce more substantially? I don't think there should be a general and very broad target for the public service as a whole. Unfortunately, this will be necessary since a return in the medium term to a balanced budget seems essential to us.

● (1250)

[*English*]

Mrs. Cathy McLeod: You spoke earlier about getting towards balanced budgets. We look at Europe and it's certainly considered a sovereign debt issue. Is it important for the government to have a plan to get back to balance, yes or no?

Mr. Bernard Brun: I beg your pardon?

Mrs. Cathy McLeod: Is it critical for the government to have a plan to get back to a balanced budget?

[*Translation*]

Mr. Bernard Brun: Absolutely, it's very important.

[*English*]

Mrs. Cathy McLeod: REAL Women, I really appreciate your comments. With respect to family and children, the government has believed in parent choice and options. I think you bring up a good point. I've had a fairly intimate relationship with a child care committee. Single moms in British Columbia get significant subsidies for their child care, as they do in Quebec. So the provinces have played a key role in this, on top of what the federal government has done.

The NDP has attacked income splitting as a benefit for a few rich people. Instead, they want us to spend more taxpayers' money on special interest groups and expanding bureaucracies. Can you explain how income splitting will help all Canadians? Options and quality child care are important, but I think we need to be broad in how we support families.

Ms. Diane Watts: It's unfortunate that in the last few decades there has been little consideration of the family unit. We've moved away from the family unit and we've pitted women against men. I think we need to return to looking at the reality of society and what the family contributes. It's difficult to measure accurately what it contributes. There's been a lot of funding going into one particular ideology, and what the government has to do at present is make a whole review of the different needs of society.

We weren't included in the Status of Women funding, so we weren't able to have input into their recommendations. We believe their recommendations were very one-sided, and the family unit has been neglected in taxation and in many other ways. Income splitting is just a small way of being realistic about how our society functions. That amount would be $5 billion a year.

Those who pressure for increased involvement of the government in family matters have been promoting a universal day care system, which really is a provincial responsibility. This would cost $15 billion a year, according to estimates around the year 2000, so it would be even more now. For example, Quebec's day care system is considered to be the ideal. When it started in 1998, it cost $2,000 per child. By 2005, it was up to $7,000 per child. Now it's pushing $10,000 per child, with no equivalent benefit directed to the at-home parent. So there are many inequalities.

The Chair: Thank you, Ms. McLeod.

We'll go to Mr. Brison, please.

Hon. Scott Brison: Thank you, Ms. Watts, for appearing before us today.

You just said that society has in the last couple of decades pitted women against men in terms of competition. Could you explain that to me?

Ms. Diane Watts: Well, that's being seen very clearly in the funding to women's groups. We have been a women's group since 1983. We applied for funding to the Status of Women, and there are hundreds of women's groups—

Hon. Scott Brison: I'm awfully sorry, but we have a short time.

How is society pitting women against men in terms of competition? My experience has been that, yes, women do compete with men more directly today than was the case 20 to 30 years ago, but isn't that a good thing?

Ms. Diane Watts: I'm not saying that society is pitting women against men. I'm saying the imbalance in funding of women's groups has created an imbalance in terms of the direction that has been given to the government from Status of Women, by eliminating groups that value the family and supporting only those that see the family as divisive and that do pit men against women in terms of equality.

● (1255)

Hon. Scott Brison: You spoke of the Quebec child care system. I know a lot of families, where the women and men are both working in Ottawa but live in Quebec because of that universal child care system, who say that it is essential to their family.

Isn't that good for society that these families can both contribute as professionals and have good day care for their children in early learning opportunities?

Ms. Diane Watts: We believe it's very good that children be cared for properly. But what's happened in Quebec is the professionals and the higher salaried two-parent families are accessing the system and they could very well provide for the child care needs themselves. It's the lower-income families that probably could benefit from day care and they are apparently not using it. So there's an imbalance there as well.

We are in favour of good day care, but if you're going to give two-income professional families $10,000 a year in terms of child care and you're going to neglect the family that decides to live on one salary and give them nothing, there's an imbalance there that has to be reviewed. That's our position.

Hon. Scott Brison: You say that choice is important, that people have to have choice. When $200 a month gets five days potentially of child care per month, does that provide choice to a two-income family to have five days? What do they do for the other 15 days per month when they need child care if that's all that is being offered, recognizing that most families today are two-income families?

Ms. Diane Watts: When we talk about choice, we're talking about funding the parent, so that the parent has choice to either care for their children themselves, put them into institutional government care, or have them cared for by a family member, a neighbour, or a small community day care. This is what we mean by choice. We want a variety of choices for women.

If you fund the institution, you're creating an imbalance, whereas if you fund the parent, because everybody pays taxes and the government is redistributing that money...if you fund the parent and give them the choice, we believe that's fairer.

Hon. Scott Brison: Over the last two decades, 500 aboriginal and first nations women have gone missing. The United Church of Canada, the Native Women's Association of Canada, and the Anglican Church created Sisters in Spirit to increase political pressure to act on this. Has your organization taken a position on Sisters in Spirit and the need for the government to act on these 500 aboriginal and first nations women?

Ms. Diane Watts: Our position in terms of funding organizations—and the aboriginal groups get millions of dollars in funding—is that we recommend the government monitor results. Is this leading to an improvement or is this worsening the situation? Because there's very little monitoring—

Hon. Scott Brison: Do you think it would worsen the situation? Do you not consider them to be real women? When your organization also says on its website that you support traditional family values, what would you consider a same-sex couple, say, a lesbian couple who had children? Would you consider that to be a family worthy of support and those women worthy of support?

The Chair: We're out of time so that's going to be the last question.

Ms. Watts, we'll allow you to answer that.

Ms. Diane Watts: We believe that funding should be given fairly. But we do recognize the uniqueness of the traditional family.

The Chair: Do you have a point of order now, Mr. Jean?

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Mr. Chair, I'm not sure exactly what his question in relation to a same-sex couple has to do with what we're discussing here today. I'm not really sure, and maybe he could clarify his just asking her opinion in relation to family values.

The Chair: Okay. I'm just going to rule on the point of order.

I give members a fair amount of latitude, as I do to all members in terms of asking questions. Pre-budget consultations are a time when there is a broad variety of topics, so I'm going to allow Ms. Watts to answer the question and then we're going to move on.

Ms. Diane Watts: Well, we believe in fairness, but we do recognize the uniqueness of traditional marriage—mother, father, and children. The lesbian relationship is a relatively new unit in society, and we are very interested in following the social sciences, which will tell us more about these units. Social sciences have noticed that there is a difference between the marriage unit and the common-law unit. The common-law unit has negative indicators, so we're looking forward to further social science studies of all the family units and to promoting the best environment.

● (1300)

The Chair: Thank you.

Thank you, Mr. Brison.

We will go to Mr. Van Kesteren, please.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you, Chair.

Thank you for attending, everyone, for joining us this afternoon.

I have a question for the Canadian Gas Association. I am looking at your recommendations and I'm not seeing an ask here, and that really shocks me. That's a good thing, I think.

But you have something here that you have to explain to me. You mentioned ETIC, and I'm reading about this. From what I've read, industry has taken on the role that traditionally—and boy, we might get into trouble for this—has become the role of government, like our granting councils and programs like SR and ED. But you've said your organization has pooled money and you are going to be doing some research into areas where you can expand the industry. Do I understand that correctly?

Mr. Timothy Egan: Mr. Chairman, that's essentially right. I have a few points of clarification. We're calling it a virtual fund. It's early days. It does amount to a pooling of capital from our member companies. The focus of that capital is on demonstration and commercialization of new technologies, the idea being that by investing directly as entities that deal with customers day in and day out, we have a good sense of what customer needs are and we can direct capital to new applications that will improve the efficiency and innovation of uses for those needs.

To your point about whether there is an ask, we don't have a specific financial ask at this time. You're correct. Our approach, in coming before the committee, was that there were clear indications from the committee material that the committee was looking for suggestions on how to better use public moneys. Our suggestions are designed, we hope, in a manner to make suggestions on how to do that.

And with respect to ETIC, the opportunity I think is for government to monitor the progress of this fund and potentially, on specific one-offs, to partner with us.

Mr. Dave Van Kesteren: I find this fascinating, because yours is the industry that's been so heavily attacked by special interest groups and even some governments. You know, big gas—I think the former leader called it something else, but after the correction was there, it was big gas.... So this is good stuff, and I want to commend you on what you've done and what you're doing.

Can you give me some examples, too, of QUEST? You're talking about a particular interest in better delivery of energy solutions. What I'm hearing is that you're bringing to the marketplace new products, and that is essentially the problem we've recognized in industry. We're having difficulty discovering the stuff and then bringing it to market. Can you maybe just elaborate on that, sir?

Mr. Timothy Egan: Yes, thank you.

QUEST is a separate organization that we were instrumental in creating. It's now an independent corporation, and many of our member companies are active in it. It is about the promotion of integrated community energy systems, which will include a variety of technologies.

The member asked about some specific technologies that would involve bringing products to market. I can talk about four areas we're working on. One is renewable natural gas technologies; one is industrial processes; one is transportation; and the final one is integrated community energy systems, as I have already mentioned.

A specific project we're working on right now involves the demonstration of new hot water technology for homes, and we are about to launch 91 pilot tests across the country where we will use new technology in Canadians' homes and monitor the performance of that technology in order to facilitate the introduction of new product into the market. That's going on right now, and that's an example. And by the way, we're working with NRCan on that.

Mr. Dave Van Kesteren: Correct me if I'm wrong, but you're basically asking government to recognize the good works that natural gas organizations are doing and the huge potential they have, and not to stand in the way of these developments. Have I got that right?

● (1305)

Mr. Timothy Egan: That's correct. We would argue that natural gas is the often forgotten sibling in the energy mix. We think it deserves a higher profile, because its versatility delivers extraordinary benefits to the economy and we want to highlight them.

The Chair: Thank you, Mr. Van Kesteren.

To the witnesses, I presume you can stay past one o'clock. I have four more members who want to ask questions. Some members have other commitments, so that's why they are going. I'm asking if you can all stay for another 20 minutes.

Okay. Thank you very much for doing that.

[*Translation*]

Mr. Mai, you have the floor.

Mr. Hoang Mai: Thank you, Mr. Chair.

Mr. Brun, Thank you for mentioning the Champlain Bridge. It's in my riding. We're working very hard on this file and we had to put pressure on the government for it to announce replacement of the bridge. We continue to ask for infrastructure investments to be made, for them to be lasting and for us to be able to make plans very soon. We have asked that a certain amount be transferred from the Gas Tax Fund, or from the excise gasoline tax, and that this amount be indexed, in addition to being added.

In the last budget, the amount proposed was $2 billion, but we don't think that's not enough, considering the scope of the current infrastructure problem, which represents... My colleague is telling me it's about $127 billion. That's what the FCM mentioned. So we'll trust that. We're agreed.

We're also aware of the household debt problem. Do you have any concrete suggestions on what the government should do to reduce this debt?

Mr. Bernard Brun: Yes, definitely.

Regarding household debt, I already mentioned that three measures had been taken concerning mortgage debt. The debt level depends heavily on the profile of the investor or the person. Actually it varies a lot depending on age level and income level. The matter of mortgage debt must be followed very closely. The amortization term could be taken into consideration. As for consumer debt, we said that an increase in the minimum payment was a good signal to send out.

In the end, I think that we should take a pro-active approach to this problem and integrate aspects of education and financial literacy. Furthermore, an announcement has been made that November will be Financial Literacy Month. We made this announcement at the beginning of the month in the context of some major initiatives. The Desjardins Group attaches great importance to everything educational. Moreover we're going to make some important announcements next week. Consumers and the population must also assume responsibility in this area. They could spend a little less time choosing a television set and spend a little more time becoming acquainted with their financial products and services.

Mr. Hoang Mai: Thank you very much.

[*English*]

Mr. Barr, the guild has recommended powerful tax incentives to encourage much needed private investment. I mentioned before that we had $500 billion of private money sleeping. What types of measures would you recommend in terms of having tools to have the private sector invest?

Mr. Gerry Barr: Thank you for the question.

We think there's an incredible opportunity here to incent private investment in a sector that one would have to acknowledge is high risk and high cost. It's not to say that the rewards aren't also great.

The Canadian industry is booming. Vancouver and Toronto are among the top five production centres in North America for film and television. There's a robust workforce and it's highly skilled. This is a sector that public policy decisions have built, but it cannot move forward and get the scale necessary without significant private investment.

We think we can do that by taking a page from the book of this government and previous governments that encouraged private sector investment in oil and gas with the flow-through share arrangement. That allows organizations and businesses that are working in very high-risk circumstances, where success is hit-related, to pass on initial losses as a benefit to investors. It has an enormous impact on incenting private sector investment.

When this was introduced in 2001 with oil and gas, in one year investment in oil and gas exploration in Canada surpassed Australia's as the leading domestic exploration budget in the world. So it is plainly something that works and encourages private sector investment. It would work as well in the audiovisual industry.

● (1310)

Mr. Hoang Mai: Quickly, we agree, but why should we continue investing in CBC/Radio-Canada?

Mr. Gerry Barr: CBC is a key national broadcaster.

It is not over-funded. Funding to the Canadian Broadcasting Corporation is at the level of about $35 per capita in Canada. It is one of the lowest levels of subsidy to a national broadcaster in the world. Only the United States and New Zealand are less. It is an efficient, effective national broadcaster. It is very important to Canadians. It ought to be supported.

The Chair: Thank you very much.

We'll go to Mr. Jean, please.

Mr. Brian Jean: Thank you, Mr. Chair, and thank you, witnesses, for appearing today.

I did want to make mention of the Champlain Bridge as well. I come from northern Alberta, which is the fastest growing area in Canada and produces more GDP per person than any place else in the country by far. We would love the federal government to build a bridge there too. I think it currently owns five bridges, three within a mile of this place, two in Quebec, and one in Atlantic Canada.

To make a point, I think the Champlain is one of the biggest bridges in the country. We certainly need infrastructure in western Canada, and Alberta in particular, because most of the transfers come from Alberta and we have very bad infrastructure compared to Quebec. I want to put that on the record, speaking for my constituents who sit in lineups for two hours every morning and every night waiting to work.

I did want to talk specifically in relation to what you mentioned. You mentioned three points, the first one being to stay the course, Desjardins. I was impressed with that because, frankly, I think we are on the right course, and I see by your comments that you think we're on the right course now. You talked about flexibility and you talked about the ability to change quickly, which is exactly what we are doing as a federal government.

Would you not agree with that?

[*Translation*]

Mr. Bernard Brun: That's right, absolutely.

Overall, in our opinion, we're well situated on the world scene. That's why we think that the budget should continue to stay the course. It was the momentum of staying the course.

Earlier you talked to me about the deficit. These are things that should be dealt with pretty quickly because of the geographical distribution of our investments, which are going to follow and won't decrease in terms of health and old age.

These are problems therefore to be dealt with. At present we're in a good situation.

We emphasized infrastructure, however, the importance of continuing to invest in this area.

[*English*]

Mr. Brian Jean: Excellent. I thought it was a good, balanced opinion. I would like to tell you too that notwithstanding I'm from northern Alberta, I actually represent 5,000 Quebeckers who work in my riding. Any investment into Alberta will go to Quebec as well; I just wanted to let you know that.

I did want to talk to Ms. Sharpe for a minute about the Jenkins report in particular, regarding commercialization of innovation.

For those people who don't know what you do...I do know because, as you are aware, I was asked to make recommendations on the green infrastructure fund and we worked for some period of time on several of them. I have to tell you, I did not realize how many times you check, double-check, triple-check, quadruple-check, and then go back and check some more things about these investments. I was very impressed with how much you go through as an organization and specifically make sure that tax dollars are invested properly.

Could you tell us a little bit more about the commercialization of innovation under the Jenkins report and what you would recommend that we as a government could do to help you? It sounds like we'd get a tremendous return on investment.

Dr. Vicky Sharpe: Thank you very much.

The Jenkins report highlighted a couple of things in that the model for government investment is better oriented toward direct investments. You can more directly see the returns, and SDTC is a direct investment model. There is also not sufficient emphasis on the commercialization end of our innovation in Canada. We see a lot of support for research, which is good. However, if you don't turn that into profit, then that's not feeding back into the economy or into the government's tax revenues.

Also, you need to be able to produce concrete results and to be able to measure them. There's a lot of talk about innovation, but people don't work out what they're actually doing. In that report, it is noted that there are only two entities that actually drive and have a cost-benefit model. SDTC is the only one that runs that model. Recently we just redid that for a third-party evaluator, and there is a ten times return to the government on the money it provides to us. That was recognized in the Jenkins report, where it stated that the commercialization model developed by Sustainable Development Technology Canada might be emulated.

It's a very important area, and if we just take a couple more points around the delivery of that.... If one was to put in around $500 million of precious public money into SDTC, going on our current record of mobilizing private sector dollars, we will produce in the order of $10 billion of mobilized private capital. In terms of returns to Canadians, that multiplier is in the same order. So far, we're at a times 14 leverage.

● (1315)

Mr. Brian Jean: It sounds like you should go private. It sounds like a good investment for me if I could get some money in there.

I think that's all my time, but thank you very much, and thank you for the hard work you do.

Dr. Vicky Sharpe: Thank you.

The Chair: Thank you, Mr. Jean.

[*Translation*]

Mr. Giguère has the floor.

Mr. Alain Giguère: Thank you very much to the witnesses for coming here.

My first question is for the representative of the Canadian Gas Association.

You must certainly know about the Dutch disease. It goes as follows: the more you invest in oil and gas exploitation, the more the manufacturing sector suffers.

At present, of all the countries in the world, I think the Dutch disease applies the most brutally to Canada.

The Dutch, Norwegian and English governments have found a solution to this situation. They required producers to give some added value to the product they were exploiting, that is, they had to do some processing.

What is your opinion on this?

[*English*]

Mr. Timothy Egan: I'm not familiar with the specifics of the example the honourable member is talking about. We're on the distribution side of the spectrum. Our interest is in enhanced relations with customers who are using energy and a better understanding of how customers are using energy. That requires that those customers have a choice in energy services and access to as many applications of energy as possible.

Part of choice and access in this country is choice and access to technologies using fossil fuels. Fossil fuels are a significant contributor to the Canadian economy. Natural gas in particular is a source of extraordinary royalty and taxation revenue for governments across the country, which then can be used in a host of ways.

[*Translation*]

Mr. Alain Giguère: Mr. Chair, given that I have only five minutes, I cannot allow the witness to give his speech again.

I note, however, something important in your presentation. You don't talk to us at all about how to solve the Dutch disease problem, which has a harsh impact on the Canadian economy. I take note of this.

My next questions are for the representative of the Desjardins Movement.

At present, in Canada, new regions are being exploited economically. I am thinking of the Asia-Pacific Corridor, the Northwest Passage, Plan Nord in Quebec, Quebec-Atlantic offshore operations, the tar sands and potash and oil in Saskatchewan.

All these projects require new infrastructure. There's some extremely old infrastructure. A portion of the Trans-Canada Highway has been nicknamed the highway of death, in British Columbia. We have problems of access to drinking water in numerous communities.

In view of this and of the fact that some governments include only the depreciable share of these expenses so as to make investments predictable, how is it that we still regard investments in infrastructure as a government expenditure? Is the Canadian system itself not defective in its very vision?

Mr. Bernard Brun: You see that we, as a cooperative movement and financial group, have taken the trouble of emphasizing infrastructure within one of our three recommendations.

It seems absolutely clear to us that a little catching-up went into infrastructure, but that there remains a lot to be done. Measures must be taken for the updating and maintenance of infrastructure under an appropriate program.

As for calculations, I leave them to the political authorities. One thing is sure, though, there has to be a plan for this.

● (1320)

Mr. Alain Giguère: Do I still have any time, Mr. Chair? One minute, all right. I'll try to be brief.

My next questions are for the representatives of Sustainable Development Technology Canada.

At present, you do a lot of work with small businesses. These businesses rely massively on tax credits, scientific research and experimental development.

In this type of credit, there's already a variable rate. It's 35 per cent for Canadian-Controlled Private Corporations, CCPCs, and 20 per cent for public corporations. There's even a distinction. CCPCs get refundable credits and the others get tax credits.

Could we imagine, for green businesses, that the rate might rise to 50 per cent, which would be a third rate? Could we also imagine providing enhancements for scientific research and experimental development, which are fundamental in this economic sector?

[*English*]

Dr. Vicky Sharpe: Thank you.

I believe there are different ways of providing support, and the SR and ED methodology does indeed add value. I don't know that we need to have a differential rate for clean technology on the development side. I think we have a mechanism that works. There could be other ways of looking at the procurement of product in this country—increased purchase of green technologies and creating a stronger domestic market positions us to see some of this $1 trillion international market. I'm not an expert in the SR and ED area, but I'm not sure that I would say they needed that. I think there are other ways of boosting clean technologies.

The Chair: We'll go now to Mr. Wallace.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair. It's an honour to be back here on Finance after being away. I appreciate the witnesses sticking around for my questions.

Some of my questions have been asked, so I'm going to focus on SDTC. I was going to ask about the Jenkins report and direct support. What percentage of your clients take advantage of SR and ED or IRAP opportunities that are available through the government?

Dr. Vicky Sharpe: We do see companies that have been supported by IRAP. The last time we checked, it was in the order of 25 of our 220-odd companies. We work well with them. The SR and ED number, I don't have. But there are quite a large number that will access SR and ED, something in the 70% range.

Mr. Mike Wallace: The other committee I'm on, the committee on government operations and estimates, is discussing a program called the Canadian innovation commercialization program. This is a program that the Conservative government has introduced, under which we will be the first buyer of innovation through a departmental system. It's two years old. We're just starting to see this come to fruition in the form of some actual purchases.

I love the model you have. There isn't a lot of venture capital in this country—let's be frank about it. You are filling a gap, and I don't mind using taxpayers' money to do it, because you ask for it back. That is the system you have. It's not just a handout. There are guideposts that you have to meet, a business plan that you have to present, and if you don't meet the requirements, we want our money back, which is an important piece.

I think we should be emphasizing a commercialization program that we have through the office of small business. In evaluating submissions on who you'd support, is it important to have the Government of Canada or any government on that list, or does it just matter that they have a customer?

Dr. Vicky Sharpe: In screening our opportunities, we don't just look at the technology. We look at the strength of the team and the market opportunity. There has to be customer demand for that product—that's a key criterion.

We have not yet looked at how the government might help in a general statistical way, because the fund you created is relatively new. I can, however, say that we have been successful in introducing, and working behind the scenes with, a number of our portfolio companies, which have been picked up by this program. We see this as valuable.

There are two critical points about innovation in this country. First, we have to have more willingness in the market to take that first step and buy the product, and having the government do this through procurement is a smart way of taking this step. Second, the government is looking for ways to cut its own internal costs, and so is industry. We talk a lot about whether we are as productive as other countries in competing for export markets. By definition, these clean technologies will be increasing efficiency. They reduce waste, they reduce environmental impact, and they create value. By doing this, you are increasing the competitiveness of our domestic market, which will help us in our exports. I see this as important and complementary.

● (1325)

Mr. Mike Wallace: Thank you.

I have one question for Mr. Barr. I guess it's a question.

I'm working on a song and dance for an opening of a performing arts centre. I can understand an artist much better now than I could before I started this little process. You may see it on YouTube some day.

CBC, like any other department in the Government of Canada, has to do its share to get us back to a balanced budget. Why should CBC be any different from anybody else? If we need 5% from everybody, and they don't give us 5% back and we have to get that 5% from somewhere, do you have a suggestion for who that should be from your guild?

Mr. Gerry Barr: The question of proportionality, in terms of who carries what share of the burden of managing an austerity moment in a budget, is an important and interesting question. However, I think it needs to be acknowledged that CBC has, for the better part of 20 years now, been functioning very much on an austerity footing. Its responsibilities have been growing. It's been charged with responding in new and alternative platforms, working on the digital side as well as the television side. It's been doing that; it has been stepping up, but it has not been getting much more in the way of funding, as I mentioned earlier. It's been 8% over 18 years. In the same period, Canada's cultural expenditures in other areas have gone up about 73%.

So that is just to say there is a kind of balancing act.

Mr. Mike Wallace: You're okay if we take money from other cultural areas, because they've gotten more money in the past, but we should keep it within the cultural envelope?

Mr. Gerry Barr: I'm saying I appreciate there is an issue of proportionality. In that respect, I think the edge goes to CBC, which has been funded with such austerity for the last 20 years.

The Chair: Okay. Thank you.

Thank you, Mr. Wallace.

I just want to follow up on a couple of points, the first with SDTC.

I appreciate the information you have, and I very much appreciate *The Globe and Mail* article that talks about a company that's doing a lot of good work in my riding, which is Titanium. It's doing it at the Devon Research Centre, which does research on tailings from the oil sands. I encourage everyone to read this, and I think we're going to have this translated and distributed to members, because it shows that the oil sands have always been about technology and research and development—Karl Clark said this back in the 1920s when he did his research at the Alberta Research Council. So I applaud you for doing that. I like the model, as you well know, of SDTC.

I just wanted to give you an opportunity, Dr. Sharpe, to talk about whether we should be changing the model a little bit, maybe moving it towards an EDC-type model. Is that something we should at least be considering at this committee and in the government?

Dr. Vicky Sharpe: Thank you very much for that question.

I would like us to have the opportunity for the model to move more explicitly to be able to obtain some returns on our success rates. As you just mentioned, Titanium is a wonderful company. It's an example. Another one is EcoSynthetix. It just did a $100 million IPO. It's our company. It's the largest IPO in five years.

So as far as the ability for us to select great companies goes, we ought to be able to have the taxpayers of this country take some of that high side and see a return.

● (1330)

The Chair: Then you could be self-financing, or even, frankly, have more revenues come in and do more projects.

Dr. Vicky Sharpe: It would take us to the early stage, where we still work, where there is not sufficient risk capital.

In terms of EDC, I would say that we work very closely with them. Some of our companies are now large enough to go through the stand of product offerings of EDC. We are working on a relationship in which we will provide the Canadian clean tech landscape analysis and support to EDC, and they will help us with the export markets.

The Chair: Thank you very much for that.

I did want to follow up. I know it's often dangerous territory for Conservatives to venture into the CBC discussion, but I'm going to do that.

Mr. Barr, in your presentation you say that the current level of funding to CBC is not sufficient to allow the public broadcaster to fully meet its broad mandate.

I confess I'm a fan of a lot of what the CBC does. I podcast a lot of their programs, the At Issue panel, *The House*. Rex Murphy is a treasure in our household. So I love a lot of what they do. But you also say it is an island of Canadian culture in a televised sea of American programming, which is the mainstay of our private broadcasters.

If you turn on CBC at certain hours, you get *The Simpsons*. They do a lot of good work, but they do an awful lot of things like showing American programming that competes directly with other broadcasters, which, in my view, does not fulfill that mandate of being uniquely Canadian.

I'd like to put that to you and get an answer from you, because it seems to me, whether it's *Hockey Night in Canada* or whether it's the Olympics, they do a lot of things with taxpayer money that compete directly, when instead those resources that are provided by the taxpayer should be directed towards uniquely Canadian programming, in my view.

Mr. Gerry Barr: Thank you, Mr. Rajotte.

I think one could easily imagine a non-competing CBC. Of CBC's revenue, 33% is now drawn from private sponsorships and advertising. A 33% increase to CBC's budget could take them out of the compete market. They wouldn't be running advertising. The private broadcasters would be thrilled to death and you would still be providing a very modest budget support to CBC. It's about $35 per capita, per year, for this national broadcaster. That is one of the lowest in the world.

If you go to the U.K., if you go to Switzerland, Germany, Denmark, Finland, you're up in the area of $100 per capita. It costs money to support a public broadcaster. Virtually every nation in the world acknowledges the importance of that. If you were to want CBC to move out of competition with private broadcasters, that's a possible objective, but it would require extra funding in order to make up for that budget support that they now get from private sponsorship.

The Chair: Okay. I appreciate that answer, and I'm sure there will be an ongoing discussion, obviously.

I want to thank all of our witnesses, and especially for your patience with the unscheduled votes and in staying extra. We appreciate that very much.

[*Translation*]

Thank you for your presentations, and your answers to our questions.

[*English*]

The meeting is adjourned.

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