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Chair

Mr. Massimo Pacetti

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•(1710)

[English]

The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)): Good afternoon.

We're here, pursuant to Standing Order 83.1, on the pre-budget consultations for 2005. This is the last panel we're having on the pre-budget consultations here in Ottawa. The saying is that we saved the best for last, so it is up to you guys not to disappoint.

The way we're going to do this is I'll allow you a seven- to eight-minute opening statement for your briefs, and then the members are going to want to ask questions. I really would like it if we could keep it to that, because I don't want to interrupt.

We'll begin with the Canadian Association of Science Centres. Ms. Ross.

[Translation]

Ms. Tracy Ross (Executive Director, Canadian Association of Science Centres): Good morning, ladies and gentlemen.

[English]

Ladies and gentlemen, chairman, members of the committee, thank you very much.

Here we are, the last presentation at the end of the day. I commend your fortitude in hearing from so many witnesses during your consultations. It must be a challenge.

In the interests of supporting lifelong learning in its broadest sense, we propose that the Government of Canada partner with the Canadian Association of Science Centres to establish a national science promotion and learning program. During the next eight minutes I'll be talking primarily about Canada's science centres, children's museums, planetariums, nature interpretation centres, and science museums. Think about those hands-on, free choice learning experiences for families, school groups, and other visitors.

Our proposed program fits into a broadened notion of lifelong learning that, while it includes skills training and literacy work, also supports early childhood learning, investment in research and development, and post-secondary education, all issues you've been speaking about today.

We'll talk about why now. Why spend on nurturing a culture of science and technology right now? I will give you comparisons with the United States and the United Kingdom, showing that Canada is lagging far behind other countries in this important area, to balance our investments in productivity. We are already starting to see the

potential consequences. I'll then explore with you what sort of partnership we're actually talking about, a national program of science promotion and learning—with whom?

Science centres are institutions rooted in their local communities, fully accountable and with credibility and trust from the private sector and the public. Thus we are really talking about a group of organizations that are perfectly poised between government, business, and the individual, poised to multiply the productivity of their communities with every investment in the array of learning experiences science centres provide.

There might be challenges along the way, and we'll talk about those. Particularly, we'll deal with perceived conflict, potentially with provincial jurisdiction on education, and then I'll wrap it up.

First, I mention the types of the organizations we represent. We have more than forty institutional members across the country. They include Science World in Vancouver; Science North in Sudbury; Boîte à science, an outreach organization in Quebec City; and Science East in Fredericton. All of our members are non-profit and are operated either as private societies or public organizations.

Their financial support is generally from gate admissions, memberships, private sector sponsorships, and government support where available. Our members attract 7 million visitors annually, 1.5 million of those generally in school groups, and collectively we have \$151 million in operating budgets as well as an estimated \$500 million in assets, including buildings, exhibits, land, and collections. There are 2,000 employees and 4,000 volunteers, of whom 600 are generally volunteer board members, influential leaders in their own communities.

Our proposal encompasses two elements.

It's an investment involving all Canadians, all members of the science promotion and learning community, through the media and other outlets in a nationwide public awareness campaign to promote science. It will encourage Canadians to be curious, to ask questions, and to explore and investigate the world. It would also give them resources to do that through the Internet, science centres, and other connections. The campaign carries a simple message designed to help all Canadians succeed in our global knowledge economy.

The second element is the Government of Canada's partnering in science communication projects. The Government of Canada would be a partner with science centres and similar institutions, creating vivid interactive learning experiences with a content of high interest and relevance to Canadians. Why use our precious tax dollars on such a program? The answer is simple: because a culture of science and technology is core to our nation's economic performance.

We all know, and you've been talking about it this afternoon, that we must invest substantially in research and development and commercialization infrastructure and ensure that we develop a highly skilled workforce for the future; we know we'll be facing shortages there. Crucially, to achieve and sustain these two elements, we must encourage more people at every level to investigate by their own choice the creative possibilities of exploration and innovation throughout their lives and in the lives of their loved ones. Science centres provide the kind of setting in which learning takes place. Contexts of meaningful activity and social interaction, science centres provide rich social environments for that learning to take place.

• (1715)

We know the interest is there. According to a recent survey by EKOS Research, 66% of Canadians said they had too little information about the impact of new scientific discoveries on Canadian society. At the same time, 93% said they were interested in learning more about new scientific discoveries.

Of course, science centres are not the only mode of communication out there. Science journalists, writers, and other promoting organizations work hard to deliver revealing and engaging stories to Canadians. We commend them, but we are still falling behind on a national scale. In the U.S., the National Science Foundation funds the informal science education program at \$63 million U.S. annually. The United Kingdom's millennium commission funded a major investment in establishing a network of science centres there. They currently support projects with \$70 million U.S. annually.

We're asking that the Canada science promotion learning program be initiated at \$25 million a year, beginning with a five-year term. This is not a major expenditure when you consider it in light of the funding to the federal funding bodies for university-based research, which you just talked about. The status of those is an entirely different issue, but if you look at last year's budget report by this committee on federal funding—it's a good read, by the way, I read it last night—it recommends that the successes of these bodies be better communicated to the public.

Science centres can do that, and one of the ways we can is to foster projects that get people involved in learning about science. In total, according to this document, last year the Foundation for Innovation, the Canadian Institutes of Health Research, SSHRC, and all of the Canada research chairs, as well as NSERC, had an overall annual budget of \$1.861 billion. Of that group, NSERC's promo science program is the only ongoing program of its kind to support science awareness. Last year it supported \$2.4 million in science promotion projects, or 0.13% of that total federal funding research. An annual expenditure of \$25 million is just 1.3% of the funding going to federal-based university research.

Spending by the Government of Canada would be an investment with significant promise for return in nurturing science culture in Canada. One of the potential challenges to federal participation is a perceived conflict with provincial jurisdiction. You were addressing that earlier. Science centres entirely respect the provinces' mandate for education, and most provincial governments acknowledge the significant infrastructure support provided for schools and teachers by our science centres in the form of science programs and teacher workshops. Meanwhile, and entirely without conflict, the federal government has a clear role to play in the public engagement of science.

To further dispel any concerns, support for this proposal was given by the Council of Ministers of Education, Canada, in a letter written to us in May of 2003. We have it with us if anyone wants to see it.

In closing, I thank you all for listening to this presentation. I hope you support a Canada-wide science promotion and learning program.

Thank you.

The Chair: Thank you, Ms. Ross.

From the Canadian Consortium for Research, Monsieur Ledwell.
[Translation]

Mr. Paul Ledwell (Past Chair, Executive Director, Canadian Federation for the Humanities and Social Sciences, Canadian Consortium for Research): Thank you, Mr. Chairman.

I would like to tell members of the Committee what a great pleasure it is for me to appear before you once again, here in Ottawa, as consultations draw to an end.

Once I conclude my presentation in English, I invite you to ask me questions in both languages.

[English]

I'm pleased to be here on behalf of the Canadian Consortium for Research and the more than 500,000 members we represent—researchers, practitioners, and students from across the full spectrum of science and education. Since 1976 the consortium has worked to help advance understanding of the importance of research and higher education for a healthy society and vibrant economy.

It's really this main message that we wish to leave with you today: that for Canada to have a healthy society, a high standard of living, and a significant place in the world, we need to continue to invest in research and higher education. Fortunately, we have much to build on, and the recommendations contained in our report underline how we can go from strength to strength in our national development in these areas.

There are three specific recommendations we are putting before you today. First, that the Government of Canada increase core funding for the operating costs of post-secondary education through the creation of a dedicated transfer. Second, that the Government of Canada increase the budgets of the federal research granting agencies, with particular emphasis on the Social Sciences and Humanities Research Council. Third, that the Government of Canada reinvest in government research infrastructure.

Mr. Chairman, post-secondary education institutions are the cornerstones of a modern productive economy. They play a central role in the creation of new knowledge and the preparation of our next generation of leaders in business, in our communities, in government, in research. Yet by any measure, government support—both federal and provincial—for the core operations of the post-secondary sector is woefully inadequate.

Estimates from your own Department of Finance indicate a 40% real per capita decline in federal cash transfers for post-secondary education between 1992 and 2004. In 1992, \$127 million was transferred to the provinces. In 2004 only \$76 million was transferred. At the same time, provincial support has declined by 8.6%. The result is a university and college system starved for cash.

What has this meant? It has meant real concerns about quality and accessibility due to higher tuition fees, increased teacher-student ratios, a growing dependence on part-time faculty, and deepening struggles with crumbling physical infrastructure.

The consortium has been calling for the creation of a dedicated transfer for post-secondary education since 2000. We were very pleased when this committee endorsed the concept in your last year's report. We are also heartened by the recent positive signals from the Prime Minister, the Minister of Finance, the Minister of Human Resources and Skills Development, and the provincial premiers that there is a real political will to tackle the funding issue for post-secondary education in this country. Correcting this issue will contribute significantly to improving Canada's economic productivity and improving the lives of future generations. The federal and provincial governments must recognize their mutual responsibility, set aside their differences, and create a dedicated and increased fund for the core operations of post-secondary education.

Now is the time for the Government of Canada to take the lead and push forward with this critical step to placing our nation on the road to greater prosperity. The federal government has made important investments in university research, as you've heard earlier today and as we'll talk about later. Support for the core funding of universities will address critical needs and magnify the impact of these investments.

Mr. Chairman, the Government of Canada's investments in research and research training in the past eight years have been the envy of many other countries. The Canada Foundation for Innovation program of indirect costs, the Canada research chairs program, and the Canadian graduate scholarships have all been significant contributors to the research enterprise in Canada.

The research community has greatly valued these programs. But as you know, imitation is the sincerest form of flattery, and many countries in the world are indeed flattering Canada by copying these programs and establishing their own programs of massive reinvestment in research and education. This includes our traditional competitors such as the U.S., Europe, and the United Kingdom, as well as emerging competitors, as we've heard earlier, countries such as China, India, and Brazil.

The world is not standing still, and Canada cannot either if we are going to remain competitive in research and development. This is particularly true with the core support provided through the federal

research agencies. These agencies, the Social Sciences and Humanities Research Council, the Natural Sciences and Engineering Research Council, and the Canadian Institutes for Health Research, play a significant role in generating research opportunity across all fields and in all areas. The discovery that is made possible through the support these agencies provide to individuals and groups of scholars is essential to our ability to advance in research.

Funding for these agencies declined dramatically through the 1990s but has risen in recent years. The research community acknowledges and applauds these increases. Nonetheless, the current level of funding still leaves the agencies unable to meet the growing needs of a new generation of researchers coming into Canadian universities.

● (1720)

If Canada is to maintain or increase its profile as an international leader in research, greater investment is absolutely necessary. As a consequence, the consortium has recommended in our brief that the government increase the budgets of the three agencies. As a priority, the government must strengthen social, human, and cultural research in Canada by increasing the Social Sciences and Humanities Research Council's funding to \$460 million by 2008-09.

More than half of all faculty and graduate students work and study in the social sciences and humanities. Research in these areas contribute to areas of significant importance to Canada, for example in understanding migration and immigration patterns and effects in our country; in the fuller development of our rural, urban, and aboriginal communities; in promoting culture and better knowledge of our history; and in better integration of fundamental human rights both here and around the world.

We also recommend, Mr. Chair, that the government increase the budget of the Canadian Institutes of Health Research to \$1 billion by 2008-09 and increase the budget of the Natural Sciences and Engineering Research Council to \$1.2 billion by 2008-09.

Finally, Mr. Chairman, there is the issue of renewed support for government science. Increased support for post-secondary institutions and the research granting agencies is essential, but the government must also reinvest in its own research infrastructure. In addition to a myriad of day-to-day policy choices, Canada faces major challenges on climate change, energy, pandemic response, drug safety, and national security. To deal effectively with this array of issues, it is imperative that the government have its own reliable, disinterested source of research, knowledge, and advice. Government departments and agencies such as Natural Resources Canada, Environment Canada, Agriculture and Agri-Food Canada, and the National Research Council can fill this role.

In addition to being independent, these organizations also engage in extraordinary work. At a time when the government is experimenting with new mechanisms for facilitating research, it must not forget the successes of traditional models. Let me give you one: the groundbreaking work of Dr. Keith Downey at Agriculture Canada, together with his colleague Dr. Burton Craig at the National Research Council, led to the development of the modern canola industry, which now contributes more than \$6 billion annually to the Canadian economy.

Despite the extraordinary services these departments and agencies have rendered to Canadians, they are all suffering from the lack of necessary financial support. The consortium is and was pleased with the creation and mandate of the office of the national science adviser several years ago. The work of highlighting the mission-critical science the government must do is currently under way. We urge the government to provide the support necessary to continue this important work.

Finally in closing, Mr. Chair, these three measures—focused on promoting our research and educational efforts in government and in our universities—will help drive our prosperity as a nation. By making these investments in people and ideas, the Government of Canada will ensure we enhance opportunities for all Canadians and remain a worldwide leader in our contributions to the knowledge economy and global citizenship.

Thank you.

• (1725)

The Chair: Thank you.

The problem I have is that usually the maximum we take for a panel or a group is seven, but there's eight in this one, and people have to go at 6:30.

Now we have Mr. Fisher from the Canadian Federation for the Humanities and Social Sciences.

Dr. Donald Fisher (President, Canadian Federation for the Humanities and Social Sciences): Thank you, Mr. Chair, and thank you to members of the committee for listening to my presentation.

I'm here representing the Canadian Federation for the Humanities and Social Sciences, and much of what I'll be saying overlaps with what you've heard in the previous session and what you've just heard from my colleague Paul Ledwell.

The title of our brief, which you have, in a sense says it all. The opening words are, "An Unprecedented Opportunity to Contribute to Progress in the 21st Century: The Future of Higher Education in Canada". I cannot emphasize enough how much we believe, and passionately believe, that this government does have a unique, unprecedented, historic opportunity to have an influence, not just on higher education in our society for the next decade, but through to the middle of the 21st century.

The demographic shift, the sea change, we are seeing in our society as the baby boom generation retires and as the next generation moves in to all of those vocational slots from the semi-skilled occupations through to the highest level of the professional fields—all of this means we are seeing a change that, as I said, is dramatic and unprecedented. It's across the labour market. The

investment that we make now in the future of the next generation will in fact pay off for the next 30 years, we argue.

There are two key terms that we want to emphasize—and they've been emphasized already today as well: investment and human capital. As the Prime Minister put it in a recent speech, "Canada will only be as successful as its people, and people will only be as successful as their education and skills empower them to be."

The recommendations in our brief are grouped under two headings. I'm going to speak to them rather than actually read them. Four of the recommendations deal with funding mechanisms and two of the recommendations deal with federal-provincial transfer issues. Let me go to the funding recommendations first.

As you might expect, the top priority for us, as we represent 30,000 humanists and social scientists across the country, is to allow SSHRC to implement the new strategic plan that it's been working on for the last two years. You're all aware, I know, that the council has gone through a very long and exhaustive consultative process and has come up with a strategic plan to transform the council into a knowledge council.

We recommend an asymmetrical increase to SSHRC, which would mean that the budget, the transfer to SSHRC, would increase over a five-year period from \$250 million to \$500 million. We think this is necessary and fair. We have seen over the last decade or so an enormous amount of investment in the health and natural and applied sciences, which we applaud and indeed believe should be sustained. At the same time, it seems to us only fair that the funding for the humanities and social sciences should increase so that it's proportionately at the levels of the other funding councils.

The work our researchers do in the humanities and social sciences affects every aspect of our daily lives: aboriginal studies, early childhood education, citizenship, the cities—in fact the list is endless. Investing in research in the humanities and social sciences contributes to the very civic foundation of our society.

The second priority under funding for us is the need for the federal government to renew the commitment to the Canadian graduate scholarship fund. This has been enormously successful, well-received by everyone, and we really do recommend as much as possible that you renew that commitment and increase the number of scholarships under that heading.

There are also other possibilities, which we don't discuss in the brief but want to draw your attention to, and these overlap very much with the suggestions from our colleagues from the AUCC earlier today. They are opportunities to invest in senior undergraduate study, research at the senior undergraduate level; opportunities to invest in attracting the best international students into our universities; and opportunities to increase the number of our students who study abroad. If global citizenship is going to mean anything for us over the next decades, I would suggest these are key investments that we can make. At the moment, the ratio is four to one, four students coming from other countries to study here for each of our students going abroad. At least let's make that even.

●(1730)

Beyond those two recommendations, under funding, there are two others. One, we recommend that the indirect cost be increased to the 40% level. This is in line with the recommendation from this committee in 2002. At the moment, it's approximately 30%, and it should go up, we believe.

Finally, we want to recommend that the funding formula for existing and new research programs reflect a true balance across all disciplines and fields. Again, it goes back to that rebalancing notion, bringing up the profile of the humanities and social sciences—not lessening the funding going to the other disciplines, but merely bringing up the proportion.

Let me turn, then, to the other two recommendations under the heading of federal-provincial transfer issues. This is very much in line with what others have been saying. It's clear. Everyone is saying that health has been the top policy priority over the last decade or more, and it should remain so.

At the same time, it seems to us that if we're going to have a healthy society—physically, socially, and economically—then we need to increase our investment in post-secondary education. We need a massive increase in the investment in post-secondary education.

Just last week, Minister Stronach and the chair of CMEC issued a joint communiqué, which we were very encouraged by. Let me quote Minister Stronach:

We share the will of the provinces and territories to maintain and develop post-secondary education systems that can address the issues and challenges of a knowledge-based society.

Hear, hear! We couldn't agree more. This is exactly the direction we should be going in. So like others, we suggest that the social transfer should be divided into two parts: one for social programs and one for post-secondary education—for learning, for skill development. Those may be the terms that we want to focus on.

Secondly, we suggest and recommend that there should be a major increase in the transfer going to the provinces. That will allow for accountability at the federal level. The federal government would get credit for the transfers, and it would also give the provinces the flexibility they would need to maintain their jurisdictional control.

Let me conclude then by reading a couple of sentences from the brief itself. The term we think is most appropriate in looking forward to the future of post-secondary education over the next three decades or so is “constructive federalism”. Let me quote from the report:

We need a massive reinvestment in the core funding for universities to improve the accessibility, capacity, and quality of our pan-Canadian system. The federal government, working in collaboration with provincial governments, has an unprecedented opportunity

—it's back to that notion, that central notion of a unique opportunity—

to have an impact on every sector of the labour market, not just for the next decade but through into the middle of the 21st century.

To conclude, investment is key, human capital is key, and the opportunity is being presented to you now.

Thank you, Mr. Chair.

●(1735)

The Chair: From the Canadian Lung Association, Ms. Freiheit or Monsieur Lapointe. Ms. Freiheit.

Ms. Deirdre Freiheit (President and Chief Executive Officer, Canadian Lung Association): Good evening, Mr. Chair and committee members. Thank you very much for the opportunity to speak to you today. *Merci pour votre attention.*

My name is Deirdre Freiheit. I'm the president and CEO of the Canadian Lung Association. I'm here today with my colleague, Monsieur Lapointe.

The Lung Association is one of Canada's oldest voluntary health organizations. We turned 105 this year. We're here today to talk to you about the major impact that lung disease is placing on the health system in Canada. Every 20 minutes, one Canadian dies from lung disease. It spans the gamut. From a chronic diseases point of view, we deal with asthma, COPD, which is chronic obstructive pulmonary disease, otherwise known as chronic emphysema and bronchitis. From an infectious diseases perspective, we are also looked to by the general public for information on tuberculosis, influenza, pneumonia, and even SARS. We work on indoor and outdoor air quality issues, and we're concerned very much about the rising mortality rates of lung cancer. We work at all levels—provincially, nationally and internationally.

All of you, I'm sure, know somebody who has been affected by lung disease. One in five Canadians suffer from lung disease—that's approximately 6 million people. Two and a half million Canadians have asthma, and it should be noted that is on the rise in children. The World Health Organization estimates that by 2020, COPD or chronic obstructive pulmonary disease will be the third leading cause of death worldwide and the fifth leading cause of disability. It's one of the only causes of death that is not declining. More people will die this year from lung cancer than any other type of cancer, including breast, colon, and prostate cancer combined.

The federal government currently does not have a plan to address lung disease in a coordinated fashion. This has very large economic repercussions. What does it mean? It means that it's the leading cause of short-term disability among working Canadians. The total estimated cost for lost productivity is estimated to be \$2.4 billion per year. According to a report published in 2001, the combined direct and indirect costs of lung diseases in Canada were estimated to be in the range of \$12.1 million per year. Asthma has driven insurance costs up for group premiums. In 2002 there were 4.4 million visits to doctors related to asthma, and the direct cost benefits estimated are in the area of \$14.1 million per year.

So what does this mean in relation to productivity and health care? More and more, business leaders are becoming increasingly aware of the economic impact of lost productivity imposed by certain disease conditions. This is manifested in a number of ways, such as employee absenteeism, on-the-job productivity losses, and the rising costs of drugs. Specifically related to drug costs is the fact that the average cost of claims for drugs increases rapidly after the age of 24. It's interesting to note that 85% of the employed labour force is older than 24, 63% is older than 34, and 37% is older than 44 years. As you can see, the economic impact of this is very large.

Health is a social determinant that has impacts on our labour force and Canadian productivity. In the global economy, Canada's labour force needs to be strong, healthy, and productive. As the Honourable David Emerson, Minister of Industry, recently stated, "If greater productivity is our number one economic priority, Canada must be a full player in the global networked economy by being fully enabled and connected." When he made that statement, he was announcing funding for rural and remote communities in Newfoundland and Labrador. But you could make the connection that if greater productivity is the government's number one economic priority, then we believe the federal government has a role and a responsibility to help put the right conditions in place to enable Canadian businesses to remain competitive. It also has the responsibility to put the right conditions in place to ensure a healthy population so that we can be more competitive.

You might be interested to know that a study that was recently conducted by FGIworld, which is a leader in employee assistance programs, showed that 8 out of 10 CEOs in Canadian industry expressed concerns about the impact of poor health in their workforce. Fifty-nine per cent of those CEOs feel that their workforce is handicapped by the current health system. They feel that the lack of health care professionals in their communities is having a negative effect on both their workers and on their workforce productivity. Both CEOs and working Canadians—66% and 71% respectively—indicated that physical and mental health problems are the top issues that negatively affect productivity.

• (1740)

The Lung Association is doing its best to provide lung health information and education programs to Canadians. We also support research. Providing Canadians with the tools to better manage lung disease helps them to reduce doctor and hospital visits, reduce productivity loss and school absences, and, we hope, reduce stress on families and caregivers.

As a health charity in a very competitive fundraising environment, we have limited resources, and that's why we're here today—because we need your help. We'd like you to think about the toll lung disease takes on Canadians, as well as the huge financial burden it places on our health system.

What can you do? You can work with us to develop a plan to deal with lung diseases by providing appropriate funding to assist the private sector in managing the costs of lung diseases. This would have an impact on productivity and reduce costs to the health system by dealing both with the prevention and the management of lung diseases.

You can provide sustainable long-term funding for the federal tobacco control program; to the CIHR to improve the level of funding for health research in the area of lung disease and respiratory research; to the Public Health Agency of Canada for chronic disease prevention and management as well as for infectious diseases, which we're hearing a lot about lately, as you know; and to Environment Canada, to deal with indoor and outdoor air quality issues. We're hoping you'll work with us, the members of the professional health societies that belong to our association, and researchers and respiratory health professionals across the country to reduce the impact of lung diseases on Canadians and on the Canadian economy.

It's time for the federal government to take a strong stand on addressing lung health. Dedicated funding needs to be allocated to begin to address this burden by bringing together the combined expertise within the lung association, with its nationwide reach, and the many federal departments and agencies. It needs to be done soon, and it's critical that the financial resources be put in place to develop a consultative process to gauge how best to address lung health issues in Canada.

We're hoping you will make this a very high priority as you begin your budget deliberations. We're here to help. The issue is not really about how much money will be required to put together this type of consultation; it's more about how much we can save in the long run by doing it, and doing it in a coordinated fashion.

What is the cost of ignoring this huge burden to Canada's economy and to the health of its people? We suggest the cost is too high to ignore any longer.

Mr. Chair and members of your committee, we thank you for your time and your interest today. We would be pleased to answer any questions you might have.

The Chair: Thank you.

Next, from the Centre for Science in the Public Interest, is Mr. Jeffery.

Mr. Bill Jeffery (National Coordinator, Centre for Science in the Public Interest): Thank you, Mr. Chair.

The Centre for Science in the Public Interest is a non-profit consumer health advocacy organization specializing in nutrition issues, with offices in Ottawa and Washington, D.C. Our Ottawa health advocacy is funded by over 100,000 subscriptions to the Canadian edition of our monthly *Nutrition Action Healthletter*. CSPI does not accept funding from industry or government, and *Nutrition Action* does not carry advertisements.

Diet-related disease is an urgent public health problem in this country. For instance, the diet-related cases of cardiovascular disease, diabetes, and certain forms of cancer cost the Canadian economy \$6.6 billion annually through health care costs and lost productivity. Diet-related risk factors for these diseases shorten the average Canadian's healthy life expectancy by nearly five years and prematurely end the lives of an estimated 25,000 Canadians every year, to say nothing of the pain and suffering for victims and their families.

If unchecked, rising obesity rates and aging baby boomers are likely to further increase those avoidable costs to our health care system, gradually fetter access by seniors to diagnostic and treatment services, exacerbate waiting times for care, and strain our children's and grandchildren's capacity to finance public health care.

The need to better address preventable, chronic, non-communicable diseases has been acknowledged in three consecutive Speeches from the Throne, the communiqué of the September 2004 first ministers conference on health care, and three consecutive communiqués of annual meetings of the federal-provincial-territorial ministers of health. Our main fiscal recommendation—sales tax reform—is echoed by expert reports published by the Canadian Institute for Health Information, the World Health Organization, the World Health Assembly, the Chief Medical Officer of Health for Ontario, an editorial in the journal of the Canadian Public Health Association, and the Select Standing Committee on Finance and Government Services of the B.C. legislature.

We have three specific recommendations that are directly relevant to the federal budget, namely, reforming the taxation of food, the deductibility of corporate food advertising expenditures from taxable income, and funding preventative nutrition counselling and lactation consulting services under medicare.

Given the limited time, I will focus on the rules governing GST on food.

All OECD countries collect significant amounts of revenue from so-called value-added taxes or GST. Canadian federal and provincial governments collect together approximately 15.3% of tax revenues from general consumption taxes, which is significantly lower than the OECD average of about 19%. Most if not all OECD countries exempt or apply a lower rate of tax to broad categories of food, though most do not appear to distinguish between foods necessary for promoting health and foods that play a role in impairing health. France, for instance, applies a lower rate of tax to food generally—5.5%—but it applies a 20.6% tax on sweets, chocolate, margarine, and vegetable fat.

It is wrong to characterize health-promoting food tax reform as a tax grab. For instance, our recommendations are very nearly revenue-neutral, because they involve both taxing and tax relief, depending on the nutrient profiles of the respective foods. Currently, a little over one-third of all food expenditures in Canada are subject to GST, drawing at least \$2.1 billion in federal tax revenue. The Excise Tax Act appears to partly acknowledge the importance of nutrition by imposing taxes on candy, soft drinks, and snack food, but regrettably the act promotes unhealthy diets by imposing GST on healthful food choices, such as low-fat milk and vegetable dishes when sold in restaurants, as well as club soda, salads, fruit trays, and

small bottles of water when sold in retail stores. Meanwhile, many unhealthful foods are tax free, such as sugary breakfast cereals, trans-fat-laden shortening, high-fat cheese, coffee cream, caviar, and chicken wings when sold in retail stores.

This committee should seriously consider whether economic disincentives to choosing healthy foods and tax relief on health-eroding foods comport with this or any government's commitment to reduce the burden of chronic disease.

• (1745)

British epidemiologist Tom Marshall used econometric modelling to estimate the effects of applying the 17.5% U.K. value-added tax to six categories of food, which together supply 44% of total saturated fat in the British diet. He concluded that the price differential for these few categories of food would lead to the avoidance of between 1,800 and 2,500 deaths per year in the United Kingdom due to cardiovascular disease.

In addition, researchers examining conditions in the United States, Denmark, Tanzania, China, and Norway have lent credence to the potential of tax price incentives as a mechanism for helping to achieve population-level dietary change and the associated health benefits.

While reforming GST rules related to food could be revenue neutral or very nearly so, there may be some small regressive effects on low-income Canadians. The average individual now spends about \$65 per year paying GST on food purchases. However, the current mechanism used to offset the regressive effects of GST, namely the GST credit, reimburses \$347 to the average single individual earning \$20,000 per year and \$694 to a family of four with the same income. These rebates for low-income Canadians could certainly be increased by a few dollars per person to offset any further regressive effects of GST reform.

Not all foods are equal from a nutritional standpoint. Some contribute to our health and well-being; others contribute to early onset of disease. Foods are currently being taxed with little regard to these distinctions, and the lack of sensitivity of nutrition to that tax differential is very likely helping to cause rather than prevent chronic disease in Canada.

Shifting the focus of GST rules for food will be sometimes politically rewarding, sometimes resisted by some parts of industry, though popular among Canadians, and at other times controversial. But the lives of Canadians that can be spared and the economic benefits of a healthier society demand that the Ministers of Finance and Health face these controversies head on and accept the associated political rewards, because the potential public health costs of avoiding the controversy are far too great.

Thank you, Mr. Chair.

• (1750)

The Chair: Mr. Jeffery, you were right on seven minutes. Thank you. I appreciate it.

From the Information Technology Association of Canada, Monsieur Courtois.

[Translation]

Mr. Bernard Courtois (President and Chief Executive Officer, Information Technology Association of Canada): Thank you, Mr. Chairman.

Since I want to be brief and the Committee already has a copy of our document, I will not read it. I will only highlight a few points.

First, I wish to congratulate the Committee for beginning its work by looking into the issue of productivity. It is a subject of particular interest for the communications and information technology industry, one of our areas of expertise. In other words, in the modern economy, productivity stems from the use of information technologies, whether it concerns mining companies, retailers, banking services, or even health care services. As such, our companies that sell their products and services are at the very heart of the process by which they make productivity gains.

[English]

Of course, productivity is not a question of working harder to produce the same thing or losing jobs. On the contrary, it's all about driving growth, driving our quality of life, our quality of public services, and our prosperity.

We agree with the Prime Minister, the finance minister, the industry minister, and others who have identified that Canada, like many other developed countries, faces a double challenge: a demographic challenge that comes from the aging of our population and declining growth in the population; and the major global economic shift taking place from developed countries to developing countries. Most developed countries in these circumstances face that challenge and are compelled accordingly to be more innovative and use more technology so that the active population that we have can maintain our standard of living and our place in the world.

In that regard, there is good news and bad news with respect to Canada. The good news is that we are a leader in our capability in information and communications technology. We are also making tremendous progress in building up our country's technological capability, whether it's in our educational system or our government labs and so on.

Since information and communications technology deployment is what drives productivity throughout the economy, that should be

good for us. However, the bad news, and it's quite puzzling in a way, is that we Canadians—and by that I mean Canadian businesses—are not using information and communications technology as much as the nations with which we compete. Canadian enterprises have a 58% gap compared to comparable U.S. enterprises in the deployment of information and communications technology. That is, they spend only 42% of what a comparable enterprise would spend in the U.S. As a result, they're getting a correspondingly lower amount of productivity growth. The studies show that the dollars spent on information and communications technology in the U.S., compared to Europe, compared to Canada, match their relative degree of productivity gains that these economies are achieving.

In our case, we have commissioned some studies on the phenomenon to learn as much as we can about it. We've created an e-team in our industry to try to promote the deployment of ICT in those sectors that appear to be particularly lagging—and that's particularly small and medium-sized enterprises.

We are a little overwhelmed by the massive degree of that gap, and we get member feedback. Our companies sell and operate globally, and they can compare what their clients are buying and doing in the U.S. and what their clients are buying and doing in Canada, and they advise us of that gap. American firms seem more prepared to take on the transformational challenges that are needed to drive growth, productivity, and competitiveness in their companies by using ICT.

As the Institute for Competitiveness & Prosperity has noted, the gap as of the last full-year study, 2003, compared to the U.S., meant a difference of \$15,000 a year in after-tax income per family and \$90 billion of tax revenue forborne by federal and provincial governments in Canada because of that productivity gap between us and the U.S. Imagine what we could do with that extra \$90 billion.

Since 2003, the date of that full study, Canada has suffered a further productivity gap in terms of labour productivity compared to the U.S. At the same time, something very significant is happening: innovation in the information and communications technology industry is accelerating. We expect more innovation in the coming five and ten years than we've lived through in the past ten years—and in the past ten years we had the Internet come on stream, the most significant change in an extremely long time in human history.

Productivity to come from deployment of ICT is actually going to be increasing, so this is a pretty bad time for Canada to be lagging, because our productivity gap, our prosperity gap, and our prosperity potential are going to lag even more if we don't solve the problem.

We're studying the issue, and we're very happy that the government is talking up the productivity issue and looking into it. We think this is obviously something that as a nation we must strategize on.

● (1755)

But the issue is so important that it's time to do something about it. We've proposed in our brief a tax incentive for ICT adoption that can be for a limited amount of time. Certain other countries are doing this or have done this to stimulate the deployment of ICT and productivity growth in their economies. We're proposing that Canada do this now. It certainly is a major issue that should be addressed to kick-start the deployment of ICT throughout our economy.

We've also identified certain barriers that should be addressed that may actually be impeding the deployment of ICT, such as capital taxes. There are also some issues of harmonization of federal and provincial taxes and provincial sales taxes that are perhaps longer-term issues.

We have also identified other measures that will help stimulate innovation and economic growth in the Canadian economy. We are compelled as a developed country to use more innovation. By doing so we can then help pay for all the other things that various people are coming before you to ask for and ask you to recommend.

I will finish by talking about the scientific research and experimental development credit. We have a lot of expertise, in that it is the main driver of research and development in the business sector in this country. You have heard that research and development in the public sector is appropriately growing, but in the private sector it is not.

Our industry is a big player in research and development. We represent 5% of the economy and we do 42% of private sector R and D, so we do a lot of it. We use the SR and ED credit, and we obviously have a fair amount of expertise in research, commercialization, and this credit.

On the global shift that is taking place, some of that shift is actually of very advanced research and development jobs. Our firms are facing demands to shift some of their Canadian labs to India, eastern Europe, and so on. We lose some, we keep some, and we gain some. Without the research and development tax credit, we wouldn't even be in the game.

Our expertise says that other countries are also trying to achieve the same results as Canada. The SR and ED credit has not been improved in many years. We've identified over the years some barriers to its use that can and should be addressed. They deal with what it can be deducted from and the timing over which it can be deducted. But a newly emerging phenomenon is that in the administration of the credit you can have two attitudes. You can administer the credit with a view to fostering more research and development in commercial enterprises or you can administer the credit to make sure you contain the claims to diminish the amount they cost the government.

The pendulum sometimes swings. Unfortunately, at the present time—and it's the wrong time—the pendulum seems to be swinging to a compliance and constraint model, as opposed to encouragement of R and D.

I will finish with that, Mr. Chairman, and I'll be happy to answer questions in English or French.

● (1800)

The Chair: Thank you, Mr. Courtois.

We now have the National Pensioners and Senior Citizens Federation. Mr. Kube.

Mr. Arthur Kube (First Vice-President, National Pensioners and Senior Citizens Federation): Mr. Chairman, our organization represents in excess of a million senior citizens in this country.

There are a number of points we want to raise, but I recognize that time is short, so I'll keep it down to the main points.

One of the most important things we want to bring before you is the question of grants to develop strong seniors organizations. The Prime Minister of this country is talking about the democratic deficit, and we agree with him. However, no place is the democratic deficit greater than among seniors when it comes to public policy input. Business has strong organizations that provide public policy input. Trade unions have their organizations. Students, lawyers, environmentalist—all other groups—have large budgets to prepare research and to prepare presentations and have public policy input. When it comes to seniors, we're lucky to scrape together sufficient money to maybe have one national meeting of the seniors organizations and prepare a newsletter every three or four months. If we want to do away with the democratic deficit, I think it's important for the Government of Canada to allocate some money to help build strong seniors organizations.

In the past, seniors organizations were very largely social organizations without any need for public advocacy. However, public policy has changed from one of benevolence to in some provinces real hostility and downloading. Seniors are no longer able to sit back and enjoy the benevolence of the state. They have to really fight back and mobilize and really make strong presentations and have more public input.

Let me assure you that we have spoken to cabinet ministers, and everybody is in support of the proposition of assisting seniors organizations, but they have all indicated there's no money available in any of their budgets. Therefore, we have taken the extraordinary step of appearing in front of the committee.

There are a number of other things we want to talk about too, but I'm quite sure other organizations have dealt with them—for instance, the question of poverty of elderly women and surviving spouses. We commend Parliament for having increased the GIS the last time around, but I think it still has a long way to go to wipe out poverty.

With regard to the health care transfer, yes, there are still some shortages in terms of moneys going to the provinces to stop the waiting lists. There is a crisis in health care, in part because of underfunding and past neglect, and also because of specialists and the enemies of the Canada Health Act. We feel additional money in that particular area should be able to again make medicare the primary social program in this country.

With regard to productivity, I think there are a number of ways to reduce health care costs in this country, and one of them is to shift away from what you might call the operative and post-operative care model to preventive and health maintenance. Seniors organizations, if they're able to organize effectively, can develop programs where seniors are helping seniors to stay healthy. We already have a number of projects going on in British Columbia where seniors volunteer to provide pedicures, manicures, foot massages, and back massages to seniors. Now I don't know if you recognize the significance of that. These little programs help people to stay healthy. I'll tell you, if you really want productivity from the health care system and you want to reduce costs, the policy has to be one of having seniors die healthy as late as possible.

Mr. Chairman, there are a number of other things we seniors are concerned about. There's the whole question of education transfers. Yes, seniors today have an historically high income, but let me assure you that the pressure on seniors' income has never been higher. Today seniors have to pay for the mortgages of their single-parent daughters, they have to pay for the increased tuition fees of their grandchildren, and they are also caregivers to their own parents, because we do live longer.

Perhaps the finance committee could really start to look at the question of finances in that particular light and give more emphasis, in the first place, to seniors being able to organize, and secondly, to seniors trying to assist other seniors in staying healthy.

• (1805)

Mr. Chairman, I hope you and the members of the committee have a chance to read the brief. Let me assure you that if you're really serious about the democratic deficit, you will allocate some money to assist seniors organizations to become effective, because effective organizations of seniors will help in many other ways.

Thank you very much for listening.

The Chair: Thank you, Mr. Kube.

Doesn't the Nouveaux Horizons program apply to your organizations?

Mr. Arthur Kube: The only program that has worked so far is New Horizons, but as you know, New Horizons has been very limited in what it can do, and it doesn't help to establish and organize and assist strong seniors organizations.

If you assist us in the initial stages of four or five years, seniors organizations are going to be able then, once they provide seniors—

The Chair: No, I understand, but why doesn't the New Horizons program help your organization?

Mr. Arthur Kube: That's because it's very narrow in terms of funding the organization itself. It's basically project funding as such. At one time it used to be broader; right now it's very limited.

The Chair: Okay. Thank you, Mr. Kube.

Next, from the Partnership Group for Science and Engineering, we have Mr. Hanmer.

Mr. Simon Hanmer (Chair, Partnership Group for Science and Engineering): Thank you, Mr. Chair.

The Partnership Group for Science and Engineering is a cooperative association of more than 20 national organizations in science and engineering operating under the auspices of the Royal Society of Canada. Perhaps one of our best-known activities is the "Bacon and Eggheads" breakfast program held monthly in the West Block when Parliament is in session.

This year our presentation to you is entitled "Advancing Canada's Global Competitiveness in Research and Development". In our brief today we address four important issues relating to sustaining and building R and D capacity that merit consideration by the Government of Canada.

The first issue is very short: support for government-wide perspectives on Canada's S and T effort. The recently created office of the national science adviser has potential to assess the value of federal investments in research and development and evaluate the contribution of science and technology to national economic and policy issues.

This mandate is daunting, and the expectations are extremely high. However, the office of the national science adviser requires a stable support staff to deliver on its responsibility to provide quality advice to the highest levels of federal decision-makers, and the office must have direct access to those levels.

So we have a simple recommendation here: that the government provide adequate and stable support to the national science adviser's office and facilitate its access to the highest levels of decision-makers.

Our second issue is somewhat more complex: balancing research capacity in academia, government, and industry. Starting with support for university research, and perhaps echoing some of the things you've already heard, we congratulate the government on the establishment of multi-year funding for the granting councils. However, the increasing funding pressures mean diminishing success rates of grant applications, including—disturbingly—those by new recruits.

In addition, balancing Canada's research capacity requires commensurate funding for operations and maintenance to support the numerous projects made possible by the infrastructure leveraged by the Canada Foundation for Innovation.

We have here two recommendations: that the government strengthen the capacity of the granting agencies by enhancing the rate of increase of their funding allocation; and that the government invest additional funds in the Canada Foundation for Innovation and make improved provision for associated operating costs of the infrastructure funded by this program.

The second item here is about government science capacity, concerning which we make three points.

Science-based departments and agencies are vital components of the nation's capacity for innovation; however, their effectiveness has been diminished in recent years by the erosion of their A-base funding.

Our second point is, in previous submissions we've strongly recommended that the government evaluate its recent investments and prioritize its future funding of government science. In this regard, we commend the government, or at least those departments that have aligned their S and T with government issues and priorities. Now is the time for all federal departments to follow suit.

The third point is that Canada's vast land mass presents daunting logistical and financial challenges for scientific research. We commend the government for its renewed investments in this regard; however, the costs of research are beyond the capabilities of existing organizations, and the logistical support for Canadian researchers operating in remote parts of Canada needs to be better coordinated and broadened.

Hence we have three recommendations here: that the government reinforce the mandate and the means of the national science adviser to review, rationalize, and focus research in government laboratories; that the government provide adequate A-base budgets to the relevant government departments; and finally, that the government create an inter-agency body to provide coordinated logistical support for scientific research conducted in Canada's vast remote lands and oceans.

Finally on this issue is support for research in industry. The government must dramatically increase the proportion of research and development carried out by industry, an area in which Canada lags in comparison with its international competitors.

We have here a three-fold recommendation: that the government strengthen existing programs and establish what we're calling a small business innovation research fund to support research by Canadian small businesses; that the government review the highly successful scientific research and experimental development tax credit program with a view to expanding its reach further downstream towards the marketplace; and that the government monitor seed funding programs to ensure they are market-driven and led by the private sector.

Our third issue is improving capacity to participate in international research programs. Inadequate funding often hampers Canadian participation in international initiatives, even those that are carried out within Canada. Funding needs to be promptly available, sufficient to facilitate participation, and of similar duration to international programs.

The productivity payoff from access to the leading-edge research resulting from programs much larger than those Canada could afford alone is potentially enormous.

We have a double recommendation here: that the government establish a mechanism for supporting Canadian participation in international research programs, open to all researchers from academia, government, and industry; and specifically, that Canada should create a European Union opportunities fund of at least \$25 million a year that Canadian researchers could access to become eligible for even more significant support from European Union funding programs.

• (1810)

A final and fourth issue here is future capacity in S and T, and this we present in two points.

Firstly, for young scientists and engineers, given the increasing international competition in attracting and retaining highly qualified personnel, it's imperative that the government continue to strongly encourage the post-graduate and post-doctoral training of young Canadians. We congratulate the government on the Canadian grad school program.

However, small and medium-sized enterprises need highly qualified personnel in order to build their capacity for innovation and improve their productivity. Our recommendation on this point is that the government create through the granting agencies 600 competitively funded Canadian post-doctoral fellowships that could be held in universities or in industry especially, including small and medium-sized enterprises.

Our second and final point here is on collaboration in strategies and mechanisms. The rapid pace of global competition in innovation requires that Canada develop more efficient ways to transform research results into new products and technologies. Systematic approaches to removing barriers to collaboration must be found, including public-private partnerships and research industry clusters.

Countries that have been successful in building and maintaining their productivity and international competitiveness based on the rapid commercialization of research have benefited from the building of industry-research clusters that go beyond the notion of networks or centres of excellence. The value of such clusters needs to be more explicitly recognized and supported by the various players wherever appropriate local industries are willing to take the lead.

So we make a double recommendation here—and this will end my presentation: that government optimize existing tax measures intended to encourage the formation of public-private research consortia and private sector contributions to support university research; and that government create a new tri-council cluster development program, led by industry but with participation by NSERC, CIHR, SSHRC, plus the National Research Council, NRC.

Thank you for hearing us this evening.

The Chair: Thank you, Mr. Hanmer.

We're going to go to the members. We'll start with Mr. Penson.

I just want to remind the witnesses that the members only have five minutes for questions and answers, so if we could keep the answers to a brief intervention, I think the members would appreciate it.

Mr. Penson, you have five minutes.

Mr. Charlie Penson (Peace River, CPC): Well, Mr. Chairman, being a politician, I can hardly get started in five minutes, so I'm not sure how this is going to work.

I do want to ask Mr. Fisher, from the Federation for the Humanities and Social Sciences, about your recommendation 3, which calls for an average of 40% of the indirect costs associated with research to be funded by the three research agencies. I know we've made that recommendation before. Has that to do with the concern that even though there are grants for research in universities, they don't cover the indirect costs of operation?

•(1815)

Dr. Donald Fisher: Well, the transfers for indirect costs go directly to the universities, and the recommendation from this committee was that the level should be set at 40% and that would be the real costs, the direct and indirect costs to the universities.

Mr. Charlie Penson: But the point I'm making is that it's one thing to get the money to start a new research project, but it's another thing to pay for the operational costs. Is that what you were referring to?

Dr. Donald Fisher: Yes, and the two grants, of course, are very different. What happens is, as you know, the government transfers the money directly to the university in proportion to the funding the university is receiving from the major granting agencies. At the moment the rate is somewhere between 25% and 27% of the real costs, and what we're suggesting here is that the grants be increased to bring it up to that 40% level.

Mr. Charlie Penson: Can you give us a dollar figure on what that might be, the difference?

Dr. Donald Fisher: Well, at the moment the best estimate is that the dollar figure is about \$260 million for 25%. I haven't done the calculation, but it would be 15% more.

Mr. Charlie Penson: That's helpful.

How much?

Dr. Donald Fisher: My colleague tells me \$420 million would be the amount, so it would go from \$260 million to \$420 million.

Mr. Charlie Penson: Thank you.

I'd like to ask Mr. Courtois a question. You're probably familiar with the Conference Board's recent report on productivity, performance, and potential. It deals with a lot of factors. One of the things it talks about, which I think you were referring to, is that we have some problems in some areas, such as investment.

What we've been hearing in this committee is that one way to enhance our productivity is to get a lot more investment in Canada and therefore better jobs and a better standard of living. I think I heard you say the tax side is a bit of a problem. Can you expand on that a little bit? I didn't quite catch it.

By the way, I don't have your brief. It would be helpful if at least we could get it afterwards.

Mr. Bernard Courtois: Yes, okay. I thought we had provided it already.

There's a problem of both investment and deployment, because the productivity comes when you buy and deploy technology, but very often you have to change the way you do things to really take advantage of it.

There's a puzzling gap between Canada and the U.S. in investment in the technology that drives productivity. There are various studies—the C.D. Howe Institute and so on—and people say we have a higher tax level. That gap is 58%, and what we're finding is that in addition to these tax issues—you can't really relate everything—there seems to be a behavioural difference. Whether Canadian businesses were affected first by the artificially low dollar and then by the rising dollar, or whether it's something about the size

of the market or the risk-reward relationship, something is needed to kick-start Canadian firms' incentives to invest in technology.

Mr. Charlie Penson: We've heard quite a bit in this committee about the need for changes in the capital cost allowance. Is that one of your recommendations?

Mr. Bernard Courtois: One of the things that can be done is.... First of all, we've made considerable progress in having capital cost allowances catch up with the real life of assets. For a while, what other countries have done—Japan, the U.K., and others—is actually put in accelerated depreciation. We seem to need to wake up the behaviour of our firms from a competitive and growth standpoint, so sometimes you do a little bit extra and for a while give accelerated depreciation. That's one way of doing it.

Mr. Charlie Penson: So that's an investment tax credit?

Mr. Bernard Courtois: Yes.

Mr. Charlie Penson: That's helpful. Thank you.

The Chair: Thank you, Mr. Penson.

Monsieur Clavet is next.

[Translation]

Mr. Roger Clavet (Louis-Hébert): Thank you, Mr. Chairman.

First, I will apologize for having to say that the following formula is an insult to our intelligence. There are so many brilliant people here! All that must be translated in a few words, or better yet perhaps in a few billion dollars, in the federal budget. It is a challenge for you, just as it is a challenge for us.

In its presentation, the Canadian Association of Science Centres emphasized the importance of focusing on knowledge. Indeed, this panCanadian network composed of science centre associations is working quite well indeed. In the Quebec City area, where I am from, there is no science centre. I see that you are from Science Nord in Sudbury. That research centre is now accessible to the public. There may be economic spinoffs as a result. I had noticed this when Science Nord was just starting off, about 20 years ago. In the beginning, people hesitated.

I use this case as an example in order to ask if it would be possible to extend the network to Quebec City which is the seventh largest city among 20 communities. Yet Quebec City does not have a science centre. Could a project such as *Boîte à science* be implemented in Quebec City as it is elsewhere in Canada.

•(1820)

Ms. Tracy Ross: I take it that you are asking why Quebec City does not have its own science centre, just as Sudbury and Toronto do. I am not entirely familiar with the situation in Quebec City. However, I know that several science centres were created during the 1980 and that some headway was made during the early 2000. I believe that a lot of energy has been invested to create a culture of science and technology from one end of the country to the other.

Currently, there are approximately 40 science centres. Yet, in some large cities, such as Quebec City and Charlottetown, Prince Edward Island, there is none.

Mr. Roger Clavet: I read in the magazine *Forces* that for senior citizens of the third millennium, the most valuable natural resources, scientifically speaking, would be grey matter. That is an interesting analogy. In addition, the 2004 Speech from the Throne contained the following statement:

The greatest economic investment in Canada will be made in human capital.

It also said that our ideas and innovations must not be ignored. In your opinion, is Canada's contribution to research enough, given the federal surplus.

Mr. Bernard Courtois: Our industry will always support the government in its efforts to improve our education system, as well as research and technology. Canada has made great progress. This type of investment must be ongoing.

However, investment must not be mistaken for marketing. We have already noticed that successful companies such as RIM turn to our graduates and have been very successful throughout the world. Commercial activity is the domain of businesses. We should not be over concerned that businesses entirely devoted to public research are not as much involved in marketing as we would like to see.

Their role is to develop grey matter capacity, which would then be used by businesses. It's not that we are unsuccessful at selling already formulated ideas. It is not what we are selling. Trading companies need clients. Therefore, we locate the grey matter in order to solve this problem. That is what marketing is about.

Mr. Roger Clavet: We spoke to people and we concluded that investment in research was still inadequate, even for university research. Everybody wants more money, but it is important to invest in the knowledge economy.

My question is for one of the organizations present, either the Canadian Federation for the Humanities and Social Sciences, the Centre for Science in the Public Interest or any one else. Do you feel that there is a discrepancy between what is said and what is done?

[English]

Mr. Simon Hanmer: In our presentation, the point we were making was not so much about how much the Government of Canada is investing in research, but the balance of its investment. And the points we were making were, for example, as concerns university research, that there's been an enormous thrust in investing in infrastructure, but at the same time there's been a lag in the increase in operating funding in order to use that infrastructure.

Another point we were making was that while there's been a major investment in university research in the past decade, there's been a lag in the reinvestment by the federal government in its own science-based departments and agencies, both in terms of infrastructure and in terms of their operating budgets.

And then finally, the point we also made was that there's an imbalance, certainly compared with our cousins to the south, in terms of the encouragement for the investment by the private sector in research and development in this country.

• (1825)

[Translation]

Mr. Roger Clavet: Do I have 30 seconds to ask one last question?

The Chair: Yes, but Mr. Fisher wanted to add something.

[English]

Mr. Roger Clavet: Okay, go ahead.

Dr. Donald Fisher: I want to come back to the question of imbalance. If you look at the new research funding since 1997, a total of \$9 billion has been invested by the government across the three granting councils. Of that, only 11% went to the human sciences. So we are arguing, don't decrease the amount that's going to the other disciplines in the fields, but do increase the amount that's going to the human sciences.

[Translation]

The Chair: Thank you, Mr. Clavet.

Mr. Bell.

[English]

Mr. Don Bell (North Vancouver, Lib.): Thank you.

Again, as has been said, thank you all for coming. It's always a challenge when we have so many very interesting groups and so little time.

I presume the Lung Association has submitted a brief. I don't have a copy of it. Is it in translation?

Ms. Deirdre Freiheit: We can give you an English copy, but the French is being translated.

Mr. Don Bell: Okay, so we'll have that. I've made some notes on your presentation, but I won't get into it because I haven't got that to refer to, other than your comment that there's no federal program dealing with lung illness, which I noted.

The other is the one from the Information Technology Association.

Mr. Courtois, you have submitted it, but it may not have been translated either, I guess.

Mr. Bernard Courtois: That's right, yes.

Mr. Don Bell: Okay.

And you made the reference to the 58% gap, with Canada paying only 42% on it, and then you're suggesting a tax credit.

I wanted to go to the National Pensioners and Senior Citizens Federation and Mr. Kube.

If fact, you're from Surrey, aren't you?

Mr. Arthur Kube: Yes.

Mr. Don Bell: I thought I recognized you, Art.

Your main thrust in your presentation seems to be about the problem of poverty, particularly with women and the poverty level of women. Therefore, the further increases you're suggesting for the GIS are simply recognizing that of the aging population, the female population represents a higher percentage, I presume.

Mr. Arthur Kube: The gap is closing, by the way. Men are living a little bit longer now. But it's still very largely elderly women, and also surviving spouses. As you know, there's a pretty large reduction in income, but the expenses in terms of housing and so forth are still the same.

Mr. Don Bell: We don't have time obviously...all these briefs are fairly extensive and good. The reference I want to recognize is home assistance, the less expensive preventative home care, which I think is a worthy point.

You also make reference to the challenge between corporate tax cuts and cuts to social programs. As a government, we have attempted, of course, to provide a balance. As always, that's the challenge: to try to provide stimulants for the economy. This is what corporate tax cuts can do; we have found they can have a beneficial effect. At the same time, there is the value of the social programs, which we don't want to see cut. In fact, they need to be expanded, not cut.

Mr. Arthur Kube: Mr. Bell, I'm old enough to remember when we used to get an amount from corporation taxes that was equal to the amount we were getting from income taxes. So I have a little bit of a hard time digesting further tax cuts to corporations while at the same time corporations advocate for cuts in social programs.

Mr. Don Bell: I applaud your recognizing the importance of funding for post-secondary education and the value that has as well.

I just wanted to comment on Tracy's reference to science centres. Of course, you know we have Science World British Columbia, which is one of the ones you made reference to. It's done a pretty outstanding job. The value that I particularly see in these is in the interactive field, as opposed to the static displays we've traditionally had in museums. One of the things that Science World does so well has been to stimulate interest in young people particularly, but adults as well, through very innovative, interactive projects, whether it's been space or others. I know it really helps to demonstrate it, so I applaud that. I note your request.

The other reference I had was to the references promoting, celebrating, and inspiring innovation. We have put a real emphasis on innovation and the public interest investment in research and development. We're continuing to put money in that. I was just involved in a ceremony to recognize R and D money that is going into the hydrogen highway and hydrogen development as an alternate source of fuels.

The other one was the recommendation from Mr. Fisher on the humanities and social sciences. You made reference in your recommendation number two that we change the formulas to put more money into the humanities. You say, on average, 11% flows to research on the humanities and social sciences out of this \$5 billion direct investment in university research, and the amount of funding for humanities ranges from a low of 3% in CFI funds to 20% in the Canada research chairs and up to 60% in the Canada graduate scholarships. You noted the exception is the 60% that goes to the Canada graduate scholarships and the other 40%, being 30% and 10%, for NSERC and CIHR.

Why do you think that is? What brings about that difference? Is there something in there that could be used to increase research in the humanities and social sciences?

• (1830)

Dr. Donald Fisher: The principle that was used for the Canada graduate scholarships was the principle that funds would be divided in proportion to the faculty in our universities—60% of the faculty are in the humanities and social sciences.

Our recommendation is that this principle is a good one and should be extended to existing and new research programs.

Mr. Don Bell: How does that compare with the U.S.A.?

Dr. Donald Fisher: It's probably around the same, but I don't have that data in front of me. It would have to be very similar, I would think.

Mr. Don Bell: So it's not that Canada is necessarily worse than other countries. We may be comparable. Are we better or worse or...?

Dr. Donald Fisher: Oh, I see. I misunderstood. I thought you meant the proportion who are in the humanities and social sciences.

Mr. Don Bell: I did. I'm referring to that 11%, that small amount for research in the humanities and social sciences. Do you have knowledge of how we compare—Canada and the U.S.?

Dr. Donald Fisher: I don't have that data, I'm afraid.

Mr. Don Bell: Thank you.

The Chair: Thank you, Mr. Bell.

Mr. Martin is next, and then Ms. Minna.

I will ask the witnesses to hang on for another 10 minutes, tops. Thank you.

Mr. Martin.

Mr. Tony Martin (Sault Ste. Marie, NDP): Thank you.

I have a question for Mr. Kube.

I appreciate your coming and speaking on behalf of our retired population, our seniors. We have a couple of groups in my own community, Sault Ste. Marie. We have CARP there, and—

• (1835)

Mr. Arthur Kube: You have SOAR.

Mr. Tony Martin: —SOAR, yes, for the steelworkers, and a local group called SHAC, the Seniors Health Advisory Committee. They get themselves involved in everything, and it's mostly their own ingenuity and energy and time they have available to do that.

I understand you're asking for support to do more lobbying. We have a country that seems to be dividing itself between those who have and those who do not have. This morning we had a report from the National Council of Welfare, and they made a couple of comments that I thought were telling:

Social inequality is increasing in Canada and in our view the benefits of any tax cuts in the federal budget for 2006 must be targeted to low-income citizens.

That would be our seniors, in some part.

It says here:

A look at the income statistics between 1980 and 2001 suggests that the market is doing a very poor job providing incomes for the poor and a very good job providing incomes for the rich.

You make a reference in your presentation to the guaranteed income supplement and seniors' concerns. You ask for an increase. In fact, there is going to be a little bit of money distributed in the next little while by the government in view of the tremendously high increase in the cost of home fuel to seniors, and it's going to flow through the GIS. According to Statistics Canada this week, there are 200,000 seniors who do not get the GIS, even though they qualify for it. Have you done any analysis of that and what we can do?

I tabled a private member's bill in the House yesterday suggesting that, as is the case in Quebec, here the GIS should be something that's automatic—first of all, you should know about it, and second, you shouldn't have to run around trying to figure out how you apply for it. When you apply, if you've not been getting it and you've been entitled to it for five or ten years, which is some people's situation, it should be retroactive.

I just want some comment from you on that.

Mr. Arthur Kube: Mr. Martin, the point I'm trying to make—when you worked at Algoma Steel at one time, you lived to be 67.5, and then you died. Okay? Today's seniors are living longer and staying healthier, and they have a contribution to make. They can make a contribution by, for instance, being advocates for other seniors, by getting caregivers to other seniors, but these things have to be organized, and they have to be really organized by seniors themselves. That's the reason we need strong organizations; that's the reason we have to participate again in public life in a more meaningful way—because we are alone much longer. We're basically saying that if you really want seniors' input, you're going to have to assist us to bring that about.

For instance, in British Columbia, we have trained now, under the New Horizons program, 34 senior advocate trainers, who will then go into the communities and train other senior advocates, who are going to be able to assist the senior who doesn't have the knowledge of how to get, for instance, an entitlement that government now provides. They'll be able to get that. If they're home-locked, they're able to get to them, to get them help, and—more important also—get them to stay healthy. The biggest danger to a senior's health today is isolation, loneliness, and depression. We know 80% of all seniors go through that period. The question is really whether we can get them out of it through participation or whether we leave them to die a very miserable death and their quality of life just doesn't exist.

What we're saying here is to give us the ability to have proper public input. All the other groups have it in society. Why shouldn't seniors? At one time maybe we didn't need it, but we need it today because we live longer.

The Chair: Thank you, Mr. Martin.

Ms. Minna, quickly, please.

Hon. Maria Minna (Beaches—East York, Lib.): I'll try to be quick, Mr. Chairman. I know it's late.

I want to start with Mr. Kube again.

Thank you for coming. I appreciate your coming today.

First of all, I want to say I am proud that I and some of my colleagues were able to push an increase in GIS. It took us a while, but we got that piece going.

• (1840)

Mr. Arthur Kube: I commend you for that.

Hon. Maria Minna: The work is not done, and we need to do more in that area. That actually started in the Liberal women's caucus—I think you might be interested to know—and then we continued with it. But I digress.

There are two things I want to say. First of all, I agree with you entirely on what you just said with respect to the isolation and the need for us to strengthen the New Horizons program, give it a stronger—

Mr. Arthur Kube: And broader.

Hon. Maria Minna: —and broader mandate and sustained funding, as opposed to looking at a new mechanism. I wanted to ask you if that was a good thing to do.

The other question I wanted to ask you concerns this. Some of my colleagues are thinking and talking about making the period of compassionate leave longer. Recently the minister expanded it slightly, but we're also looking at the possibility of giving it a longer period. Could you tell me what you think of the expansion, and what effect or benefit there was in the caregiver program, which was increased in the last budget from \$5,000 to \$10,000? Was this helpful, or was it not the right mechanism?

There are a couple of things.

Mr. Arthur Kube: If you look at the caregiver program, it's very limited. For instance, what the caregivers want is home support, because quite often they are older people who can't go inside the bloody stove and clean it. They can assist their mother or father to have a shower and so on. The way it works right now, you're prepared to pay for the shower, but you're not prepared to give some assistance to clean the inside of the stove, which is just as important.

Hon. Maria Minna: Mr. Kube, I went through that with my mother and father, so I know. I just wanted to get it on the record because it is silly. I agree with you 100%.

Mr. Arthur Kube: We're not saying you should set up a new program. We're saying go and tell the province—because the provinces have been cutting back, and it's penny-wise and dollar foolish—that if they are willing to extend the home support program, you're prepared to fund it additionally. Right now, you're not in the game at all.

Hon. Maria Minna: Okay. I understand that.

Was it the right policy to increase the caregiver program from \$5,000 to \$10,000, which is really what an individual senior can deduct? Are we spending in the wrong direction? Sometimes the tax credit way of dealing with policy is not the right way.

Mr. Arthur Kube: The caregiver program is already what you might call operative and post-operative work. To a great extent, if you look at the additional increases in health care, they've gone to operative and post-operative things. Basically, we're saying more emphasis has to be placed to keep seniors healthy—

Hon. Maria Minna: On the day-to-day—

Mr. Arthur Kube: Okay. And there, nothing is really happening.

Hon. Maria Minna: I agree. Thank you very much. I just wanted to get that on the record.

I have one last question, Mr. Chairman.

Mr. Jeffery, I wanted to say I know we haven't done it, and I know other countries have done it. You were speaking earlier with respect to taxing bad food and not taxing good food. That's my shorthand way of saying what you basically said earlier.

How complex is it to change our system to go to the system France or Germany has? How difficult would it be, and how long a period would that take to get done? Because we have a federation, we have provincial and federal taxes, and we haven't managed to harmonize the current sales tax, never mind now.... That's my major concern.

I suspect countries you were referring to are more unitarian in the way they are governed.

Mr. Bill Jeffery: That's true. I was talking primarily about the federal goods and services tax. I would make the same argument to provinces, and obviously they have control over their provincial tax regimes.

Essentially it would involve an amendment to the Excise Tax Act, so it has to occur in the House of Commons and Senate. What it requires is the Minister of Finance working with the Minister of Health to establish some credible nutritional criteria for distinguishing the taxable foods from the non-taxable foods—and essentially, the political conviction to make those changes. It's certainly a doable thing.

It seems to me we have to reconcile our health promotion policy with the fact we're essentially encouraging poor dietary choices through the tax system. If nothing has happened by next year and I come back, hopefully I'll have a financial assessment of the magnitude of the problem that's being caused by this tax policy.

Hon. Maria Minna: Maybe we'll talk before that, because I agree with you that it's a good idea, but just getting it done may not be quite as easy.

Thank you, Mr. Chairman.

The Chair: Thanks, Ms. Minna.

Thank you to the witnesses.

It's tough at the end of the day. I had a couple of questions, but I don't want to prolong this any more than I have to.

Thanks to the witnesses, but thank you to the members for hanging in. I want to thank everybody involved, because this is our last public, on television session. Again, thank you to anybody who's been involved.

We're travelling next week. So if there is anybody who wants to submit their briefs, or anything in addition to their briefs, you can.

Mr. Courtois, we did receive yours. We're going to get it translated. And I think there was somebody else. We did get the briefs for everybody on this panel; it's just that some of them haven't been translated.

If I find the e-mail, I just want to put on record how many groups we had. I can't find it now. I have so many e-mails. Oh, here it is. I just want to put on the record that once this committee is done, we will have received 424 groups and 628 witnesses.

● (1845)

There is a big job ahead of us, so just wish us luck.

Thank you.

The meeting is adjourned.

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