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Mr. Massimo Pacetti

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• (1040)

[English]

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

We're here, pursuant to Standing Order 83.1, for pre-budget consultations for 2005. Thank you for having us, and for coming here and taking time out of your day.

The way it works is that we basically provide you with a seven-to-eight-minute timeframe for your opening statement or opening brief. I have a list of the groups here. I hope I have the proper list, because it's all scribbled.

The Association of Saskatchewan Regional Colleges, Brenda Machin.

Ms. Brenda Machin (Executive Director, Association of Saskatchewan Regional Colleges): First of all, thank you for the opportunity to address the committee today.

On behalf of Bill McLaughlin from Northland College, I'd like to express his regrets that some personal issues came up and he's not able to be here today.

To provide you with a bit of background on the regional colleges, there are eight regional colleges in the province, operating in over 40 locations in both rural and northern Saskatchewan. We also offer courses through Lakeland College in Lloydminster, which is Alberta-based but serves Saskatchewan residents.

The colleges provide adult basic education, GED, job skills training and counselling, trades training, and university classes. These are done in partnership with industry and business, government, SIAST—whom you will be hearing from shortly—and both the University of Saskatchewan and the University of Regina.

Given our focus on education and training, my comments will primarily address investments in human capital.

One of the suggested questions addressed the trade-off between health and education. To my mind, this is not an either/or question: basic health and nutrition play a key role in positioning students to succeed in their educational endeavours. This is demonstrated in school meal programs, for example, where children who receive a healthy breakfast or lunch are better able to learn. How this relates to the regional colleges is that we deal, in part, with some of the results of not addressing health and nutrition at an early age.

The adult basic education programs offer a second chance for adults to gain employable skills. There are many reasons why individuals require these programs, but difficulties in early life are often a contributing factor.

We also see the importance of offering education in smaller communities. Students benefit from maintaining ties to family support. Flexibility to continue employment while upgrading skills also contributes to stability; it allows employers to maintain valued employees while supporting their continued education. Enabling the family to stay intact while its members pursue studies supports the target groups of children, women, aboriginal Canadians, those with disabilities, and even seniors, through continued availability of family assistance.

One of the things that we find from first-year university classes—and people can complete their first year through a regional college—is that the success rate is very high for those who do not have to leave their community.

The balance between taxation and program spending has also been identified. The short-term expense of enabling adults to pursue education, versus the long-term gains in productivity and earnings potential, will benefit individual communities and Canada. Adults with the financial resources to pursue education and training serve as role models to youth by demonstrating the importance of life-long learning.

In looking at the three areas that you're examining, I would point out that we're facing a labour shortage in Saskatchewan, as new entrants to the workforce will not be sufficient to replace retiring baby boomers. Opportunities in our resource sector are creating new employment opportunities. The trade sector is already facing shortages. Just as a personal example, I've been on a waiting list for four months just to get my roof fixed.

Investing in people will enable them to actively participate in these opportunities. Providing local training will assist in developing the labour force required, especially in the northern part of the province. Partnerships that include industry, governments, and individuals result in support beyond just financial considerations.

In the north the population is largely aboriginal. People there want the training to enable them to actively engage in developing their wealth of resources. The stability of employees who are committed to the north adds to the success of these developments.

Some students, if given the educational tools they require, will go on to create businesses. Assistance in establishing entrepreneurial enterprises will be key for many of them. Financial programs are an obvious part of fostering innovation, but equally important for long-term success are mentoring and counselling for new businesses that go beyond the initial start-up phase.

While it is identified as being separate, human capital, in terms of education, goes hand in hand with entrepreneurial capability. Again, partnerships involving government, educational institutions, and business will increase the success of the initiative.

The final area is taxation policy, which can be used to encourage individuals and business development. However, for many in the identified target groups, income—not taxation—is the limiting factor. Coordination among governments and between the various support programs available should be examined jointly.

The process for accessing support for continuing education or upgrading skills should be as simple as possible for those requiring assistance. For many adults, returning to school can be a difficult and even intimidating decision. The bureaucracy should not create roadblocks to those who want to improve their capacity to participate in the Canadian workforce and economy.

In summary, investments in human capital form the foundation of a vibrant economy. People must have access to the educational tools that enable them to actively engage to the extent of their individual abilities. For some, this will be based on university education, which is an important component of the educational system that deserves support; however, so do those who provide basic education and training for the trades. The contribution of those who pursue opportunities in the trades sector and service industries must also be acknowledged and valued in policy and programs, and in society in general, to ensure the balance necessary for successful individuals, communities, and the country as a whole. The level of education required for basic entry is becoming a university degree, while the trades are often downgraded as manual labour—yet the need for the trades is increasing.

The Saskatchewan regional college system supports individuals and businesses by offering educational programs where people live and where companies operate. It is an important component in ensuring that citizens can enhance their knowledge and skills to benefit themselves, their families, and their communities.

● (1045)

The Chair: Thank you.

From the Northern Alberta Institute of Technology, Mr. Janzen or Mr. Shaw.

Dr. W.A. (Sam) Shaw (President, Northern Alberta Institute of Technology): It's good to see you again. It's nice to be here in Saskatchewan.

One of the things I'd like to chat about is one simple component that I believe the federal budget must address. That is the challenge of the shortage of skilled labour; it is well documented.

I'd like to take you back to June of 2002, when we had, out of HRDC, *Knowledge Matters*, a report that actually said we should target doubling the apprenticeship side. Then in February 2004 we

had, from the throne speech, upgrading their skills and lifelong learning. This was very encouraging. On October 5, 2004 we had the throne speech looking at a workplace skills strategy.

Then in the budget of February of this year, we had again some indications around looking at apprenticeship, with \$125 million for workplace skills; however, we've not seen one cent. At NAIT we do 57% of Alberta's apprenticeships, we do 50% of the Northwest Territories' apprenticeships, and we do 19% of Canada's apprenticeships.

It was nice to see also in that budget that in fact one institution got \$126 million. That was the University of British Columbia. The question is, are we starting to favour, in the budget, universities over colleges and technical institutes? Clearly, looking at the challenge of skilled labour, it is absolutely critical that the next federal budget address this.

As we look at Bill C-48, we're very optimistic. We saw \$1.5 billion that will be dedicated to training.

As we look at those years and at indications of addressing the skills shortage and looking at skilled labour, we need to see action. The problem is looming, and it's being complicated by the fact that we have a retiring population and a decline in the demographics. We need to address this drastically.

The solution? Let's have the federal government work with the provincial governments and business or industry to increase access. Access is critical to looking at the skilled labour shortage. We proposed, in our proposal, to have 126,000 apprentices added to the system. We've been working with HRSD and with Andy Scott's ministry for aboriginals.

Our recommendation is simply to act. Invest in projects such as NCAT, the NAIT Centre for Apprenticeship Technologies. Use it as a model not only for other provinces and territories but for other colleges and technical institutes. Our financial policy, which we've been recommending to the Department of Finance, is to leverage the provincial funding: match it.

There are examples of creating centres of excellence across the country. The most recent one is in nanotechnology, for which the federal government gave \$30 million and the province of Alberta gave \$30 million. We need to be looking at those kinds of funds if we're going to address the problem.

In closing, we need to have the trades if we're going to have vibrant industries in forestry, oil and gas, automotive, manufacturing, hospitality, and the list goes on. Invest in colleges and technical institutes. We can be your best solution. Again, if you're looking at a budget in terms of productivity, we can be there for you.

Thank you.

● (1050)

The Chair: Just to clarify, most of what you're talking about here is provincial jurisdiction, when it's skilled labour, is it not?

Dr. W.A. (Sam) Shaw: It's similar to health. Health is a provincial jurisdiction, and yet through medicare... We could have educare as well. But one of the key things in labour adjustment and so forth is that there can be components on the federal side. Let me hasten to add that NAIT, Northern Alberta Institute of Technology, was actually created with federal funding, going back 44 years ago, under the Vocational Training Act. So there are instances where in fact in this country we've had a skills shortage, we needed to do something about it, and federally there was some good leadership around it.

The Chair: Thank you.

From the Saskatchewan Institute of Applied Science and Technology, Ms. Hanson or Mr. McCulloch.

Mr. Robert McCulloch (President and Chief Executive Officer, Saskatchewan Institute of Applied Science and Technology (SIAST)): Good morning, sir. Thank you very much for the opportunity.

I'm pleased to speak on behalf of the Saskatchewan Institute of Applied Science and Technology, more commonly known as SIAST, and I'm delighted to be able to follow my colleague Dr. Shaw, from the Northern Alberta Institute of Technology.

I'd like to speak to three areas that we particularly would encourage you to consider support for, as we outline in our brief.

The first is the area of innovation and support for innovation in skills training. I think there are lots of good examples where the federal government has supported the universities in unique areas. I send kudos your way for the support of CFI and related areas. We think a similar support would be ideal for colleges and institutes across the country.

The second point I'd like to speak briefly about is related to essential skills—and I would add the word “literacy”. And then, finally, I'd like to speak briefly on the important role that the federal government can play in support for aboriginal students, an area of great potential, particularly in our home province of Saskatchewan, but I suggest, across the country.

Before getting into some specifics, I'd like to give a little bit of personal and organizational context so that you understand why we're focusing on these three areas.

From a personal context perspective, I've been blessed to work in post-secondary education for almost 30 years, the first 26 of which were in the university sector, and the last almost four years at SIAST. I'm very proud—and we should all be proud in Canada—of the work that we do in post-secondary education, but with due respect, I suggest that the underappreciated area is in technical and skills training, and we look to the federal government for some support in that area.

To give you an idea of the scope of our operation at SIAST, we have four campuses. They are located in Prince Albert, Saskatoon, Moose Jaw, and Regina. They are four of 900 campuses in the regional institute and technical institute network across this country of Canada. We have over 12,000 full- and part-time students, we have almost 30,000 course registrations, and indeed we graduate 4,000 students a year. So the scope of our operation is very important. We think it's fundamental to the productivity agenda for

this country and the economic success of our province of Saskatchewan.

So with that in mind, just allow me some brief comments, please, on those priority areas.

As I said in my opening remarks, I commend the work for the support of the universities and in research areas. I think the model of research chairs, the model of the CFI, is just ideal, and I would encourage the panel to consider a similar model where we in the technical institutes could establish skilled chairs, support for innovative planning. I think there's a lot of good work there, but I can say sincerely that if we had some support from the federal government, this would allow us to really shine and move forward on some great opportunities in applied research and areas where we have some strengths.

In our brief we talk about pre-employment. We talk about apprenticeship training. Again, as Dr. Shaw indicated, this is an area in which, if we really are to meet the productivity demands in our country, we need the support of all levels of government. We need the levels of government to support the businesses in apprenticeship training, and we need support from an institutional perspective.

I'll give you one specific example of an area where we would love to see federal support. This would be around a very creative mode of training, simply a mobile lab. Again, there are examples across western Canada. We're working to develop a mobile training facility that's essentially a semi-trailer that would be set up. It would allow us to do training in remote regions in the north. We think it's an ideal area that's paralleling our theory of innovation in skills training.

I would encourage the panel to consider also the other end of the educational spectrum, around essential skills and literacy. I would encourage you, if you get a chance, to come to one of our campuses to see how we have stood up to the challenges of re-entering the educational field for adult learners who are out there. For whatever reason, so many adults have dropped out of the K-to-12 system, and they're coming back to the institutes, looking for re-educational opportunities.

● (1055)

We think that is an area, again, that really will solve that issue of essential skills. We think then the people can flow into other training opportunities. So I would just encourage the panel to think about contributing to the essential skills agenda, and I just wanted to add that word “literacy” as well.

Last but not least, I just wanted to highlight opportunities that abound in our province for aboriginal education. We're very proud that over 18% of our student population and, as you'll see in our report, almost 2,300 of our students province-wide are of aboriginal ancestry. At our Woodland campus in Prince Albert, 40% of our students declare that they are of Indian and Métis ancestry. I think this is a wonderful opportunity for us. Obviously, if you know the demographics of Saskatchewan—as Ms. Yelich well knows—this is an area we need to start to face in our province. We think the post-secondary sector, specifically skills and technical training, may be one of the answers to look at.

In particular, I would encourage the panel to consider transition funding for aboriginal students. Specifically, what I mean by that is there is indeed a good support base for students coming into full-time programs, but we're not able to get funding for students who we think could use a couple of weeks or even longer for some transition education, perhaps some math upgrading, or just, quite frankly, transition back into the education system. So consider transition funding.

And please know that for us to really be successful in aboriginal education is a very costly venture. We think it's a worthwhile venture. I acknowledge the work of the federal government in support of aboriginal education, but I hope you will consider some creative opportunities in there as well.

Friends, those are our three areas that we highlight from SIAST, and I thank you very much for the opportunity.

The Chair: Thank you, Mr. McCulloch.

The University of Saskatchewan Students' Union, Mr. Gardiner.

Mr. Gavin Gardiner (President, University of Saskatchewan Students' Union): Thank you.

Good morning. My name is Gavin Gardiner. I'm the president of the University of Saskatchewan Students' Union, as well as Saskatchewan's representative on the Canadian Federation of Students, and the prairie director for the Canadian Alliance of Student Associations. Presenting with me today is Michael Kowalsky, vice-president, external affairs, of the University of Saskatchewan Students' Union.

On behalf of the USSU, thank you very much for providing us with the opportunity to present to you today. We'll attempt to provide a little bit of guidance on what can be done by the federal government in the 2006 budget, as well as into the future, to help Saskatchewan students and their families.

The affordability of post-secondary education is fast becoming a top priority of concern for governments and citizens alike. Here in Saskatchewan, we have seen an increase of over 227% in tuition fees over the last decade and a half. This represents the second-largest increase in the entire country. Average tuition fees have gone from \$1,545 in 1990 to over \$5,000 today.

Saskatchewan has some unique demographic factors, which have been touched on by the last several speakers here, that make these above-average costs even more of a barrier than perhaps in other provinces. For instance, over half of all Saskatchewan university students live farther than a commuting distance away from either the University of Regina or the University of Saskatchewan—the only two university-degree-granting institutions in the province. Saskatchewan is the only province with that issue. This raises the cost of attending post-secondary education for rural families. Added to this is that low-income, rural students are six times less likely to attend post-secondary education than their upper-income, urban counterparts. We have a crisis in access for rural families.

In addition to the rural population impacted by the dramatically increasing costs of post-secondary education, aboriginal students continue to have lower participation rates than any other group in society. The federal government's post-secondary student support

program administered through band councils to individual students has been capped for 15 years, despite the fact that there are skyrocketing costs.

For both of these groups, the overarching issue is the rapidly increasing cost of a post-secondary education. Research, both domestic and abroad, has shown the negative consequences of enrolment as costs spiral out of control. Saskatchewan is a great case example for such a study. University enrolment in this province has declined by 2%. We are the only jurisdiction in the country that has seen declining participation rates in university.

Meanwhile, in neighbouring Manitoba, with similar demographic issues and where tuition fees are \$1,400 a year less, enrolment has increased by 29% over the same period. The chronic underfunding and the resulting dramatic tuition fee increases have led to an inaccessible post-secondary education system for many Saskatchewan students and their families. The federal government has the ability, and I believe the responsibility, to address the crisis in post-secondary education, not only in this province but across the nation.

In our brief time here today, we will present three immediate steps that the federal government can take to ensure an affordable and accessible post-secondary education system. This will undoubtedly stimulate unprecedented economic growth and innovation nationwide.

First and foremost, steps must be made to acknowledge the tremendous investment in post-secondary education by the provincial government and also to ensure the accountability of that investment. This summer, premiers made such an acknowledgement at the first ministers conference in Banff, where they committed to laying the groundwork for a dedicated transfer to post-secondary education. The best way to ensure long-term, predictable funding for our colleges, technical institutes, and universities is the establishment of such a dedicated transfer, along with the Canada post-secondary education act.

In the new economy, the federal government must be a global leader in its investment education. In order to ensure a national standard, that investment must be dedicated exclusively to post-secondary education and training.

Secondly, student financial assistance must be addressed. Traditionally, Canada has relied on a system of loans to facilitate access to higher education. This has resulted in an entire generation of severely indebted citizens. Graduates today face an average debt load of over \$25,000. Aside from the effect that a mortgage-sized student debt has on an individual, research demonstrates that loans do not facilitate access for debt-averse, low- and middle-income earners.

The introduction of the low-income grant program is a positive first step away from regressive, loan-based policies. Unfortunately, the program is not far-reaching enough to have any real impact on accessibility.

• (1100)

Our second recommendation is for an increase to the low-income grant program and an expansion of the program to cover the full costs of tuition fees for low-income students.

Thirdly, the federal government could more effectively use existing areas of post-secondary education spending to increase access and reduce student debt. Programs that distribute post-secondary education tax credits, such as the registered education savings plan, represent over \$1.15 billion in federal spending, yet they have little effect on the access for students to the system. In effect, this funding is going to the students who need student financial assistance the least. Transferring the funds that are currently distributed through tax credits and RESPs to a low-income grant program could result in a huge reduction of student debt by up to 40%, in our estimate, and a huge increase in the accessibility for low-income students and students across the board.

Perhaps the best example of ineffective spending at the federal level in post-secondary education is the Canada Millennium Scholarship Foundation. The foundation was created in 1998 to reduce debt load by up to \$12,000 per student. Unfortunately, the reality for Saskatchewan students, as well as students in many other provinces across the country, has been no debt reduction whatsoever. The students who need debt relief the most would be better served by the foundation's dismantlement and by having that money put into the Canada student loans program. We certainly recommend to this committee that the foundation not be extended beyond its current ten-year mandate, as it has proven entirely ineffective.

Saskatchewan's relationship with the Millennium Scholarship Foundation is one of the worst. For the first year of the program, none of the money went to students; rather, it was included in an increase to the operating grant to the provincial institution. There's nothing wrong with that, but it was deemed to be for student financial assistance. Since its inception, money has gone to students. However, dime for dime, Millennium Scholarship Foundation money has replaced pre-existing provincial grant money. The result has been absolutely no increase in support for Saskatchewan students.

Finally, the federal government must address the inherent inequity in the current Bankruptcy and Insolvency Act. Recent movements around Bill C-55 will continue to discriminate against young adults in the most difficult of financial situations. The elimination of the bankruptcy and insolvency provisions is only fair.

To sum up, I would like to restate the important role that the federal government can play and must play in increasing access to post-secondary education. I also want to stress the urgency of reassuming this role. Massive tuition fee increases and chronic underfunding have created a system of significant barriers to access for low-income and, more recently, middle-income students.

Saskatchewan students are looking to the federal government to provide leadership in increasing access, providing stable funding for which the provinces are accountable, and making existing spending in the post-secondary education more effective.

We're happy to answer any of your questions after the rest of the presentations.

Thank you.

• (1105)

The Chair: Thank you.

From the Canadian Fertilizer Institute, Mr. Mulhall.

Mr. Dennis Terry (Chief Executive Financial Officer, Canadian Fertilizer Institute): Actually, I'm Dennis Terry, and I'll kick it off.

The Chair: Please, go ahead.

Mr. Dennis Terry: Good morning, everyone.

My name is Dennis Terry, and I'm chief financial officer of Saskferco Products Inc. Located near Regina, Saskferco is one of North America's largest producers of urea and ammonia fertilizers. We are proud of our state-of-the-art production facility and our highly productive workforce, many of whom, I should add, are hired directly from SIAST and a number of other technical colleges in Saskatchewan and beyond.

Saskferco is one of the largest consumers of natural gas in the province of Saskatchewan, utilizing over 24 billion cubic feet of gas as feedstock in producing one million tonnes of nitrogen fertilizer per annum.

With me today is Al Mulhall, director of market research, Potash Corporation of Saskatchewan.

Mr. Al Mulhall (Director, Market Research, PotashCorp; Canadian Fertilizer Institute): Thank you, Dennis.

We certainly appreciate the opportunity to address the committee today.

PotashCorp is the world's largest fertilizer enterprise by capacity, producing the three primary plant nutrients: potash, phosphate, and nitrogen. We're the world's largest potash company, with 23% of the world's overall capacity.

The Canadian Fertilizer Institute is an industry association representing manufacturers and wholesale and retail distributors of fertilizers. Our member companies currently employ 12,000 Canadians, contribute over \$6 billion to the Canadian economy, and export to more than 50 countries.

Mr. Dennis Terry: We believe there are six major areas in which governments can encourage productivity growth for the fertilizer industry. First, reduce the tax burden on the fertilizer industry, which continues to face higher tax rates than competitors in other countries. Second, develop an energy plan that will secure future supplies of natural gas that nitrogen and potash producers depend upon. Third, ensure that targets and regulations to reduce greenhouse gases under the Kyoto protocol do not undermine the competitiveness of industry. Fourth, implement smart regulation principles throughout government. Fifth, address a skills shortage that is affecting all resource industries, as attested to earlier this morning. Sixth, establish transportation policies that will encourage investment in Canada's rail and ocean freight capacity and provide service to shippers at the lowest total cost.

Details are included in our brief, which was submitted to the committee in advance. We would like to highlight a few of those points.

The first area is energy. An important economic issue for our industry is the high cost of North American natural gas relative to other producing regions around the globe. North American natural gas prices are putting our industry at a global competitive disadvantage. Natural gas is essential in the production of nitrogen fertilizer products, both as a raw material and as an energy source. Potash is the most significant user of natural gas in the non-metals mining sector.

If Canada is going to maintain existing value-added in energy-intensive industries, we must encourage natural gas exploration and speed up approval of the Mackenzie Valley pipeline. Liquefied natural gas terminal facilities need to be developed to provide access to world supplies of natural gas. Governments must also encourage development of new sources of energy, such as coal bed methane.

Next is Kyoto. Kyoto is another important factor for future Canadian productivity. The fertilizer industry supports the goal of greenhouse emission reductions, but we believe it must be done in a way that protects the international competitiveness and productivity of our industry. We are concerned that proposed government targets for emission reductions, along with a rigid and bureaucratic offset system, will discourage investment that will maintain or increase productivity. The Canadian fertilizer industry is already among the most energy-efficient in the world. Arbitrary targets that are not achievable will put our industry at a competitive disadvantage in the global marketplace.

• (1110)

Mr. Al Mulhall: On taxation, an internationally competitive tax regime is critical for the fertilizer industry, given our dependence on exports and intense competition in our global markets. The tax incentives for capital investments announced by the Saskatchewan government in April were very welcome by the potash industry. The resulting investment and increased production announced by potash producers is a prime example of the value of appropriate tax reductions to the economy.

The potash industry also supports and appreciates the policy direction on resource taxation set out in the 2003 federal budget and Bill C-48 in the last session of the previous Parliament. The committee should recommend expediting full phased-in implementation of these changes prior to the planned 2008 timeframe. We agree with many other industries that the general income tax burden on corporations will still be too high despite planned reductions. We support calls for a fast-tracked move to a 17% rate.

Regarding smart regulations, our industry supports the vision and principles for a smart regulation strategy for Canada. The fertilizer industry is directly affected by a wide range of federal and provincial laws and regulations related to product quality, environmental protection, taxation, labour standards, health and safety, transportation, trade, and security. All these regulations must be designed, implemented, and operated to minimize unnecessary burdens on industry that stifle productivity growth.

On the skills shortage, as mentioned previously, a skilled workforce is critical to productivity. The potash industry supports the findings of a recent report by the Mining Industry Training and Adjustment Council of Canada called *Prospecting the Future: Meeting Human Resources Challenges in Canada's Minerals and*

Metals Sector. The study found that the mining industry is facing a serious labour supply gap of up to 70,000 workers over the next ten years. Evidence of this challenge is very clear in Saskatchewan, where an aging population and out-migration of youth is creating challenges for industries such as potash, which is expanding.

In regard to transportation, given that 95% of potash and over 60% of nitrogen fertilizer is exported, governments need to support the transportation infrastructure that allows us to serve our export customers. Governments at the federal, provincial, and local levels are all facing new challenges relating to logistics and transportation. They must balance the need for stronger and tighter regulations and laws to protect our citizens and industries from future terrorist attacks, and at the same time ensure that our goods and products continue to move smoothly and efficiently into and out of our ports and across our borders with as little disruption as possible.

Mr. Dennis Terry: In conclusion, I want to emphasize that Canada's fertilizer industry has made prudent investments and sound management decisions that have made it highly productive and well positioned to take advantage of historic opportunities in the marketplace. The fertilizer industry is challenging governments in Canada to act on the industry's recommendations related to taxation, energy, greenhouse gas, smart regulations, skills, and transportation.

Thank you for your time and consideration of these matters.

The Chair: Thank you.

From Hemophilia Saskatchewan, Ms. Katzman.

Mrs. Faye Katzman (Representative, Hemophilia Saskatchewan): Thank you.

There is a hepatitis C epidemic in Canada, and the question is how are we going to deal with it? The past often predicts the future, and the Canadian record of compassionately compensating everyone who was a victim of the tainted blood scandal has not been settled. There have been flurries of activity recently that would suggest to the public that this is being addressed and that compensation has expanded, but this hasn't happened; right now, there is legal wrangling.

So I'm suggesting that the past often predicts the future. I think we need to act with integrity to right the wrongs of the past, and I think we have to act with integrity to adopt an ongoing comprehensive and coordinated strategy to manage hepatitis C in Canada.

Our challenge is to maximize health outcomes with minimal resource expenditures. Hepatitis C costs the Canadian health care system \$500 million each year. By 2010 this will have doubled to \$1 billion. There are 250,000 people who are HCV positive; approximately one-third of those people do not know that they have the infection, and they are unwittingly passing the infection along. There are 5,000 new cases of hepatitis C each year, and the medical costs from diagnosis to death are \$1 million per person.

We can anticipate a cost spike, because a surge of hepatitis C is anticipated, relating to complications from those Canadians infected during the last 30 years. This is a slowly developing, insidious disease whose symptoms take time to manifest themselves.

In order to have an effective strategy to deal with the epidemic, we need to understand the uniquely insidious nature of hepatitis C, a very complex disease that is difficult to prevent, to diagnose, to monitor, and to treat. We have been hearing from everybody about Saskatchewan's geography and demographics: we have languages, cultures, and education levels to consider. Each province and each territory in Canada is different. We have co-infection issues to deal with: of the 50,000 people in Canada living with HIV, 23% of them are also hepatitis C positive.

The access criteria for treatment are very restrictive. Of the 20% of people who have been indicated for treatment for drug therapy, only 8% receive that therapy. Of those people, 20% drop out of or abandon the program, because the cure is worse than the disease; it's very difficult to live with the treatment, as the protocol is debilitating.

And of course we have an inadequate supply of livers for transplantation. I believe there are about 400 livers available annually in Canada. So the need far outstrips the supply.

The greatest challenge to the health management strategy is the attitude of the Canadian people. First of all, there is less talk in the media about hepatitis C, so people's education levels about hepatitis C are dropping. We're not aware of it, or are ignorant and confused about it. We know that hepatitis A and hepatitis have vaccines, but some people don't realize that there is no vaccine for hepatitis C.

•(1115)

And of course there's the stigma. We often associate hepatitis C with the incarcerated, with indigenous people, and with the drug culture. So we're not being realistic about what's really happening. This isn't healthy for anybody. Although I am with Hemophilia Saskatchewan and my experience is with people who contracted hepatitis C because of dirty blood or tainted blood products, I'm here today to say we have to let the past go and deal with what we have now.

Canada's response to date is we've spent \$50 million over five years for the hepatitis C prevention, support, and research program. This came to an end in 2003. There was such an outcry from the hepatitis C community it was extended for one year and extended again, but it's going to be dismantled in March of 2006. This timing could not be worse.

We have an opportunity to deal with this. Hepatitis C is preventable, and if we were to invest strategically in an ongoing comprehensive coordinated strategy, there would be enormous

payoff. Every prevented hepatitis C infection saves \$1 million in medical costs and in productivity. I think the program needs to be national, not territorial and provincial. Over the past seven years I have dealt with the hepatitis C prevention, support, and research program, and have experienced the competition and fragmentation that comes when lots of organizations are going after the same dollars. I think that with a national approach we could have more collaboration and greater cohesiveness, and that's what we would need.

What are the lessons and legacies? One of the darkest chapters in Canada's history was the tragedy of the tainted blood products. But we have learned some lessons. We know with education and support, infected people stay healthier longer, and they suffer fewer complications. We know for sure that investments in sustained public education do pay off in behavioural changes. We have also learned that when the at-risk population is involved, the programs are far more effective.

So in the future, what could we do? We suggest we address six areas: disease prevention, which would mean a culture-appropriate educational approach; community capacity building, in which we share learning and resources, and we collaborate instead of compete; a nationwide awareness campaign; care and treatment support, such as organ donation promotion, and we need more hepatologists—I believe there's not one hepatologist in Saskatchewan, but we have several gastroenterologists who look after our hepatitis C infected patients; program management, so there will be innovative pilot projects; and also, reduction in the duplication of effort. This would cost us one-tenth of the moneys that are spent for medical expenditures. I think it would be a wise and compassionate investment.

I look forward to your questions.

•(1120)

The Chair: Thank you.

Members, you have seven minutes.

Witnesses, again, it's seven minutes for questions and answers, so if you could keep your answers concise, we'd appreciate it.

Mr. Penson, go ahead.

Mr. Charlie Penson (Peace River, CPC): Thank you, Mr. Chair.

I'd like to welcome the panel here this morning. It's a very interesting panel. Unfortunately, we don't have very much time for such a big group, so I'm going to confine my questions to just two.

Mr. Gardiner, I think you made the point that the millennium scholarship fund is a program you'd like to see dismantled, or not continued. I think you made the statement that in Saskatchewan there's really little or no benefit to students. Is that because the Saskatchewan government is backing off its funding to about the same corresponding amount?

Mr. Gavin Gardiner: Yes.

Mr. Charlie Penson: Okay. We've heard these concerns a number of times on the RESP as well, so we've taken note of that. Thank you for your presentation this morning.

I'd like to go to the Fertilizer Institute next. I think you're in a bit of a unique situation, especially with the nitrogen fertilizer, in that natural gas is not only an energy source to produce it, but it's a feedstock that is more important to the product itself. I note that you have asked for a reduction in the corporate taxes as well as capital cost allowance acceleration.

You talked about your industry exporting a lot of product in the potash sector. Where does that product go to? Does it go offshore, or does it go to continental North America? Where does it go?

Mr. Al Mulhall: Speaking for my company, PotashCorp, approximately 55% of the product that we ship goes into the offshore market, which is China, India, and Brazil, largely, as well as other south Asian countries like Malaysia and Indonesia. About 5% goes into the Canadian market and the rest goes into the U.S. market.

• (1125)

Mr. Charlie Penson: So in that context, that's the reason you're asking for improved transportation at port facilities, is that it?

Mr. Al Mulhall: That's correct, yes.

Mr. Charlie Penson: And is there a bottleneck currently? Is it Vancouver that you're dealing through, or where?

Mr. Al Mulhall: We have two ports on the west coast to ship. We have the option to ship through either Vancouver or Portland, and we go either way, depending on a number of factors. We are finding that the railway transportation between here and the coast is becoming quite congested, so dealing with bottlenecks both in the railway transportation system as well as at the coast would be appreciated.

Mr. Charlie Penson: Is the congestion partly due to all the product that's coming in on container ships out of China and other places?

Mr. Al Mulhall: I can't address that. I'm not sure.

Mr. Charlie Penson: Well, we had a presentation from the Vancouver Port Authority, and they were talking about much the same problem, that they need to have a massive expansion there, so I understand that would be part of it.

What about on the nitrogen side? Where is your export to, mostly?

Mr. Dennis Terry: Predominately the United States.

Mr. Charlie Penson: What percentage of your product—

Mr. Dennis Terry: Roughly half of our product would go south of the border.

Mr. Charlie Penson: And is that a profitable operation?

Mr. Dennis Terry: Again, without getting into specifics, the northern tier of the United States is our primary target market. It is

limited in terms of the transportation costs as to where our company or any other nitrogen company can make profitable sales.

Mr. Charlie Penson: It would be distance-related, then?

Mr. Dennis Terry: Indeed. As an industry in North America, nitrogen is a net importer of the product, so all of the product that gets made in North America itself is consumed in North America, plus there are millions of tonnes extra imported, predominately through the New Orleans-Mississippi River system.

Mr. Charlie Penson: And is transportation a problem on the nitrogen side as well?

Mr. Dennis Terry: To the degree that shipments are flowing, to my knowledge... Again, I have to put it in context. I've been with the industry some six months, so maybe I should just defer.

Mr. Charlie Penson: I'd just like to explore. I'm sure you've noticed that our theme this year is productivity, and we've heard a lot about it. The Minister of Finance has taken an interest in the last while. We had corporate tax cuts in last year's budget, and then they got bumped, thanks to the NDP, of course. Then the minister served notice that he was going to reintroduce them this year, but it looks like that's not going to happen. But I understand that's still a high priority for your organization.

I guess just to follow that a little bit further, if we were to look at one thing on the tax side that could be accomplished in this year's budget—only one—where would you rate capital cost allowance changes, further reduction of the capital tax, corporate tax rates? What would be your top priority?

Mr. Al Mulhall: The position of the CFI is that we encourage the government to address all those areas. The current corporate tax rate is onerous. We much appreciate the movement towards the 17% level and encourage that it go as quickly as possible. We also look forward to having tax relief in the capital sector.

Mr. Charlie Penson: What about capital cost allowance?

Mr. Al Mulhall: Capital cost allowance, yes.

Mr. Charlie Penson: So you're not going to raise it for us today?

Mr. Al Mulhall: Pardon me?

Mr. Charlie Penson: You're not going to prioritize for us today? I know it's all important, but it is important that we get some sense of what is your top priority.

Mr. Al Mulhall: Possibly we could address it later. I could ask the CFI to present you with what we feel, in comparison of the two areas.

Mr. Charlie Penson: Okay, thank you very much.

The Chair: Thank you, Mr. Penson.

Mr. Bouchard, then Ms. Wasylycia-Leis.

[Translation]

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Thank you, Mr. Chairman. And thanks to all of the witnesses for your excellent presentations.

My first question is for the Northern Alberta Institute of Technology.

You mentioned a shortage of skilled labour and the fact that the federal government is not participating in the centres for apprenticeship program. It has already been pointed out that the population of Canada is aging, but it is worth repeating. You also say that currently, only the provincial government is funding you. You suggest that the federal government should provide financial support, as the province is doing. In your opinion, that would pave the way for an increase in the number of students, which in turn would enable businesses to continue to grow.

Are individuals making sufficient investments in training and apprenticeship? I would also like to know, since you mention federal government involvement, whether that should take the form of transfers to the provinces?

• (1130)

[English]

Dr. W.A. (Sam) Shaw: Thank you very much for the question and the opportunity to respond.

There are a couple elements to your question. For the federal government participation, there are different mechanisms that could be allocated—certainly using the health mechanism, where there is specific funding for health. You could do the same thing for post-secondary, in looking at that component.

The other element, though, is that as we look back on our history across this country we see that part II of the Employment Insurance Act got divided up and put to the provinces. Prior to that there was a lot of funding for apprenticeship, for training seats, for upgrading, for ESL, and so forth. I think we have veered away from that as a national strategy. One of the elements we're looking for in the federal component is leadership around the skills shortage that affects every province and every territory—Quebec, Alberta, you heard it in Saskatchewan, and so forth.

Are the students participating? Well, in Alberta we have tuition for apprenticeship; in fact, it was just brought in in 1997-98, and that was the first time apprentices actually started paying for their education.

But as we look forward.... One of the mechanisms the federal government has we discussed yesterday, the millennium scholarships. In Alberta, we brought in scholarships for apprentices; in fact, they're the first of their kind in Canada. What this did was raise awareness that apprentices are actually in post-secondary. So there are a couple tools that the federal government has at its disposal that could use funding to address the skills shortage in many ways.

I would also hasten to add that one of the other partners, I indicated, would be business and Industry. We've had tremendous support from Ironworkers Union Local 720, because of the skills shortage and how they need to invest in creating access. Access is

absolutely critical to the kind of training we need to do across this country.

[Translation]

Mr. Robert Bouchard: My second question is for the representatives of the University of Saskatchewan Students' Union. You spoke at length about accessibility, which is a real problem. I take it that you attribute that to the significant increase in tuition fees. You even drew a comparison with a province where tuition fees are lower and where there has been a significant increase. You also mentioned that Saskatchewan students are six times less likely to go to university. That statement, which is truly extraordinary, struck me.

You said of course that current loans don't promote accessibility. Finally, you referred to the famous Canada Millennium Scholarship Foundation, which I have heard discussed repeatedly. You are very realistic about that. As others did before you, you stated that the mandate of that foundation should not be renewed, given that it has failed in its task. Students are in just as much debt as they were before.

You advocate a reduction in tuition fees, but I'd like to know whether you think other concrete steps could be taken to improve access. I'm thinking here about the students you represent, but perhaps even about students in Canada in general.

• (1135)

[English]

Mr. Gavin Gardiner: Thank you for the question.

I think there are several concrete examples that can be given to address accessibility for students here in Saskatchewan, as well as across the country. They're touched upon in my comments, and they're investigated more in depth in the submission that we gave, but the first one is certainly the establishment of a national low-income grant, or a grant system in general on a national level. That's something that the millennium scholarship has attempted to do. It has failed in that attempt and the money is not getting to students in the manner that it should. That money can be invested in the Canada student loans program and can get to students that way, where it can address accessibility. That would go a long way.

In terms of rural access and the reality that low-income rural students are six times less likely to attend post-secondary educational institutions than upper-income urban students are, what has to happen on the provincial level is that we have to create some sort of granting structure that addresses equality in the system, so that there are grants for living expenses for students. That is something that currently doesn't exist in either the Canada student loans program or the integrated Canada-Saskatchewan student loans program. So that is another concrete example.

The final one is universal accessibility through the reduction of tuition fees, and I think the only way that is possible is proper funding of the post-secondary education system by the federal government. There needs to be that investment. We're in a situation now where post-secondary education is a national issue, and we're in a position where the federal government has retreated from its role in funding post-secondary education and access to it in the last several years.

Those would be the three concrete examples that I would give: a grant system for low-income students to increase their access by dealing with tuition fees; a grant system, perhaps on the provincial level, that deals with access issues around the cost of living; and more funding, which would be dedicated to the reduction of the upfront cost of tuition fees.

The Chair: Merci, Monsieur Bouchard.

Just before I go to Ms. Wasylycia-Leis, there are three groups. I just heard Mr. Gardiner say that he had submitted a brief, but we don't have his brief. We don't have a brief from the Association of Saskatchewan Regional Colleges, nor do we have a brief from Hemophilia Saskatchewan. So in case you guys want to send us your brief, you can still send it through the clerk's office.

Ms. Wasylycia-Leis.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Thank you, Mr. Chairperson.

And thank you to all of you for your time this morning. It's been very helpful to our deliberations leading up to the next federal budget, whenever that may be.

First of all, I wanted to say to Faye Katzman that I think many of us share your concern and outrage at the fact that we have yet to ensure that all victims of the tainted blood scandal receive compensation. You should know, and you probably do know, that the health committee passed a motion to make this a reality and that the House of Commons then passed a motion to try to get this addressed, but we're still not anywhere close to seeing some action.

Have you heard anything giving you any understanding that it will be a reality soon?

Mrs. Faye Katzman: We have heard for so long that this was being addressed, that this was an important issue, that the Canadian government would do the right thing, that I think it would be an understatement to say that credibility has been lost.

• (1140)

Ms. Judy Wasylycia-Leis: I think it's probably fair to point out that the movement in Parliament occurred when it became clear that the money was in fact available from the original compensation package, yet stubbornness, legalities, or liabilities keep getting in the way of human lives continue to be lost.

I thank you for appearing today.

For the rest, if we had time, we could have a wonderful debate about how we actually use scarce resources to get the most that we can in terms of a productive, healthy nation. I know the members of the fertilizer association really think investing in anything but corporate tax cuts is wrong at this point. You critiqued Bill C-48, which was the NDP's contribution to the budget process and allowed for money to be redirected from corporate tax cuts that didn't prove to be actually directly impacting on productivity in this country. The bill was a reallocation of that money for education, housing, and urban infrastructure. In all cases, those have proven to be important in terms of dealing with where this country sits in terms of the productivity scale.

My question to all of you is the following. We are dealing with scarce resources, and we have before us now not only a looming budget at some point, before or after the next election—who knows?—and a budget piece of legislation from the federal government suggesting a formula to divvy up any surplus that we have in this country. It's a formula that touts a division on the basis of one-third, one-third, one-third, but it's not really that balanced. In fact, it is a budget bill that says the first \$3 billion gets set aside for contingency, which means it goes against the debt, and then whatever's remaining will be divided one-third, one-third, one-third.

So look at it this way. Say you have a \$6-billion surplus, as forecasters say will happen next year and the year after, and \$3 billion already is gone to the debt. If you divide what's left, there's another \$1 billion for the debt—so that's \$4 billion to the debt—\$1 billion for tax cuts, and \$1 billion for investment. Now, I would like folks here to tell me how, with that remaining \$1 billion, we're going to actually deal with a productivity agenda when we've been so shortchanged on education, investing in students and training, and meeting the needs of aboriginal students to get access so that they can lead a productive life. How are we going to do so based on that, and what's your advice?

Let's start with the students and then work our way down.

Mr. Gavin Gardiner: You're not. It's not going to happen. I think that's quite obvious. It's a formula like what has gotten us into this position in the first place. In my opinion, and I think in the opinions of the people I represent, we haven't placed a priority on production, which is investing in not preventative measures but in proactive measures such as education. If we do that, if we invest that money up front—and not just the \$1 billion, but perhaps the other \$1 billion for tax cuts and maybe some of that other money that is going toward the debt, because that debt has been offloaded onto students, onto institutions, and onto other citizens in this country who haven't had the opportunity to participate to the full extent.... I would say it's not going to work under that framework, and we need to re-evaluate how we prioritize education specifically.

Ms. Judy Wasylycia-Leis: Thank you.

Mr. Robert McCulloch: If I can, I appreciate the question and I recognize that it's a key challenge for you, but I would suggest that the philosophy suggests that it would help if the federal government again just indicates that education is a key to the economic success of the country. I would suggest that there is a model, as I indicated in my remarks around targeted initiatives. I also recognize the conflict—if I may I use the word—between your role opposed to the provincial role.

There are successes out there. As I said in the brief, I think the CFI work, the research chairs, and those things have really been successful. I would encourage you to look at those and to stretch them across the post-secondary sector and to aboriginal students. Provide those kinds of opportunities. I think they have been successful. Again, success is evident in the tri-council areas, and I think it can be replicated across the education sector.

•(1145)

Dr. W.A. (Sam) Shaw: First of all, formulas don't work. The other thing is that we can say that at any point in history, there were scarce resources. It really comes down to priorities. What are our priorities? Quite frankly, if you start looking at priority as post-secondary education—and I would look at the K to 12 and the post-secondary together—we have a couple of issues.

One issue is that we don't have a completion rate out of K to 12 going into post-secondary, and when we talk about skills shortage, we need to invest in that. If you start looking at the aboriginal community, you see completion rates are so poor that we should be ashamed.

The second thing is, in terms of looking at targeted funding, I agree somewhat with my colleague. But again, I think the important element is to recognize that students coming out of colleges and technical institutes start tremendous businesses, small SMEs. So instead of looking at it on the expense side, we should be looking at it on the investment side.

In Alberta we did a study and we found that in fact the investment back to taxpayers is 16.7% when you start investing in post-secondary. We would be happy to share that study with you.

There is another element that I would hasten to add. Again, looking at Canada, we fail in comparison to the G-8 in terms of employer-sponsored training. You talk about productivity; you talk about innovation and creativity on the shop floor. Where are you going to get that? You're going to get it through learning. Therefore, we need to make that investment. As we see the gap in terms of productivity widening, we need to invest.

Thank you.

Ms. Judy Wasylycia-Leis: Could I hear from the Fertilizer Institute, and then I hope the chair will permit me a little flexibility, so I can hear from each of them.

The Chair: We always permit flexibility; you know that.

Ms. Judy Wasylycia-Leis: Thank you.

Mr. Al Mulhall: Thank you very much.

You mentioned funding for tax reduction, and as we mentioned earlier, taxes are very important to the fertilizer industry. We mentioned that 95% of our potash and 60% of our nitrogen is exported, and the cost of taxes plays a big part in our international competitiveness. So tax reductions are very important.

We talked about smart regulations, and some of the idea there is that at present, to get any changes to overcome problems requires a lot of dealing with a lot of different departments and a lot of different people. We feel if we could streamline that whole process, it would save the government money. It's not going to be a cost; it's going to be a reduction. So we think efforts in that area would provide a return.

In regard to skills shortage, we feel that investing in providing our country with skills is an investment; it's not a cost. It provides a return on a long-term basis and helps keep Canada competitive in the international marketplace.

Looking at transportation, we feel that's critical to Canada. We're still a large provider to the world from our resource bases, and that is emphasized by both our potash and our nitrogen. We feel that investing in and maintaining our transportation systems so that we can continue to provide to the export markets is critical and also provides a return, so we look forward to seeing movements in all those directions.

Thank you very much.

Ms. Brenda Machin: Thank you.

Certainly, to echo the comments of SIAST and NAIT, there's a lot of support for universities, and that's excellent. The research support is important as the country moves forward. But at the same time, where we're seeing a real shortage is in the people who do the real work—people in the mining industry, the forestry industry, the building industry, on and on. We're seeing such a shortage because of the focus on university, not only by government but also by individuals, by parents who say “Go and get a degree”, as opposed to “Become an apprentice, and you'll have a fine life. You'll make a good living.”

I think we need to value work, whatever the work is. It's more a mindset.

Ms. Judy Wasylycia-Leis: Thank you, I appreciate it.

The Chair: Thank you, Ms. Wasylycia-Leis.

Mr. Holland.

Mr. Mark Holland (Ajax—Pickering, Lib.): Thank you.

On the discussion of productivity, I'll address those who are here on the educational side of things first, because that's the majority of the speakers.

Obviously, education is key to productivity. We need to have students graduating not only from university but also from colleges and technical institutes. Gaining apprenticeships and learning skilled trades are obviously very key to our productivity. When we talk about a productivity agenda, they have to be central to that.

I can't recall which of the deputations made an intervention with respect to prioritization. I believe it was you, Dr. Shaw.

I think that's key. One of the things the government has been trying to do through its expenditure review process is reallocate existing resources. You're right. You're always going to have a scarcity of resources, so reallocation becomes extremely important. In the most recent expenditure review process, \$12 billion was freed up for additional program spending through reviewing where we were spending and looking at how we could move it to higher-priority areas.

Other than that, you also have ongoing growth in revenues, so a surplus isn't the only way to fund things. I don't want anybody to be left with the perception that there's \$1 billion to spend, so let's all cross our fingers and hope we can spread it around.

I think there are a lot of ways to do things, but we've got to be able to set priorities. I really think that education has to be central among them.

We all have to appreciate the importance of debt reduction. It's not a bad thing. The reality is that when we reduce the debt, we have more money to spend in perpetuity each and every year. We have \$3 billion a year more to spend now on programs because we've been paying down our debt. That's money we have in perpetuity. We need to maintain a balanced approach in terms of how we approach this.

I think that there also needs to be room for tax cuts, so that we make sure the people who are graduating are graduating into a competitive environment and there's going to be employment for them.

It's a difficult balancing act. All of them are important. Reaching them is something that is obviously difficult.

Mr. Gardiner, I want to come to something that you had mentioned that was really striking to me. You had mentioned that the participation rate was down by 2% and there was actually a decline in participation. I presumed you were speaking about universities.

My question is actually to the technical institutions and to the colleges in terms of the phenomena that you are seeing in Saskatchewan, as well in other forms of post-secondary education, in training. Is that a common trend? Is it something that's exclusively happening to universities in Saskatchewan?

I don't know if you want to start with Ms. Machin on the college side. Then SIAST could also respond.

• (1150)

Ms. Brenda Machin: I would have to get back to you on that.

Mr. Mark Holland: Okay. Is there anything from SIAST?

Mr. Robert McCulloch: I can add that, from a general direction, we have 170 programs, and they range from trades right through to highly technical paramedical kinds of programs. Our big issue is that we're chockablock. We are absolutely packed. I don't know what descriptor to use, but we have waiting lists. All of our construction trades are full, with waiting lists. Our challenge is in trying to accommodate that.

The other area that I'd like to highlight for the panel's consideration is the fact that our trends are upwards, but the other area that's really a challenge for us is the upward trend of students with challenges. For students with special needs, the demands are escalating expediently. That's the trend.

In summary, our trend is upwards. We're limited by capacity. Keep in mind as well that the area of students with special needs requires a push.

Mr. Mark Holland: To continue with SIAST for a moment, Mr. McCulloch, in your presentation, I believe you talked quite a bit about aboriginal students and that in one of your campuses over 40% were aboriginal students, which is a remarkable figure. You mentioned transitional funding as one specific example of something you'd like to see the federal government doing in that area. You also mentioned that you thought there were a number of other creative

opportunities. Perhaps in the length of time that you had, you didn't have an opportunity to expand on that. I would be interested in your take on that.

Mr. Gardiner, what's your take on what the federal government could be doing on the university side to encourage aboriginal students?

Mr. Robert McCulloch: Remember, especially for our northern aboriginal students, the transition even to a small city like Prince Albert—and that's where our northern campus is, our so-called Woodland Campus—is a major step. Then for students who have to come to Saskatoon—again I recognize that, my goodness, people say well, Saskatoon's not a big city—please keep in mind that from Île-à-la-Crosse to Prince Albert or Saskatoon is indeed a quantum leap. So we're finding the adjustment to city life—and that's what I mean about transition—is more than just a transition to education, it's a life transition, and that's what we're trying to initiate. So that's the first of what I'm going to call the creative intervention that would really be helpful.

Other areas we're really trying to work on are... Again, because of the issues on cultural differences, we're trying to provide appropriate support. So we're trying to make sure that on our campuses we provide elder services. I think those kinds of efforts are really helpful. For whatever reason, our aboriginal students require a bit of support to get that leg up. Fundamentally, I think the key is once students enroll in a post-secondary program, we must give them every opportunity to succeed.

Sir, I hope I'm answering your question. I think it's all about fundamental supports. It might be just a typical kind of study skill, but so often with our aboriginal community, there are social and other cultural issues we have to keep in mind that I'm not sure as institutions we've really... We're trying to put our minds to it, but I think it's a positive stretch; it's a challenge to us. That's what we're trying to work on.

• (1155)

The Chair: Thank you.

Mr. Gardiner.

Mr. Gavin Gardiner: Thank you.

Yes, I would largely reiterate those comments. I think there are a few things the federal government can do to have a role in assisting first nations and aboriginal students not only to enter the system, but also to complete education in the system.

The first one I mentioned was the post-secondary students support program. There are an estimated 10,000 students who cannot receive the support they are entitled to under that program, because of the limited funding. I think that needs to be addressed immediately.

There has to be increased funding through the institutions so they can implement a lot of the services Robert was talking about around support programs. At U of S, you have an aboriginal first experience program, which has demonstrated retention rates that are significantly higher than in other non-support programs, where aboriginal students enter the system through specialized programming and support systems like a grant to assist in living to equalize the cost between an aboriginal student on a reserve and an urban student who can attend the University of Saskatchewan, or the University of Regina, or a regional college.

I think the fourth one is the most important, and that is addressing the completion rates at the secondary level. Right now, aboriginal students are more likely to be incarcerated than complete their high school education. There is something fundamentally wrong with that, and it has to be addressed first. Then if you look at the retention rates within university—the University of Saskatchewan has I believe the highest aboriginal student population in the country, but within the first two years, nearly half of those students drop out, whether because of costs or other non-financial barriers—there are major retention issues once people do get their foot in the door.

The Chair: Thank you, Mr. Gardiner. Thank you, Mr. Holland.

Mr. Mark Holland: Thank you for the time.

The Chair: Ms. Yelich, a question.

Mrs. Lynne Yelich (Blackstrap, CPC): Thank you.

This wasn't going to be my question, but I think I have to ask it, because it was brought up with Prince Albert. Weyerhaeuser is closing, so why would it be closing? You were talking today about forestry and all of the training going on out there, and perhaps suggesting some of the aboriginal education. Weyerhaeuser is pulling out for a reason. Does that have to do with productivity?

Maybe that goes back to where Judy was coming from, where she doesn't think tax breaks are important because companies will sustain themselves without tax breaks. But I'm assuming that Weyerhaeuser's pulling out because of the productivity or because of the profit. So would you care to expand on why Weyerhaeuser's pulling out of the north when in fact you have the students, you have the SAIT? What would you attribute that to?

Mr. Robert McCulloch: I don't work in the pulp and paper industry, but my understanding is that particularly on the pulp and paper side the margins are so thin that, for whatever reason, the economics behind it just aren't there.

Certainly it's an issue for us in northern Saskatchewan. Although there are still lots of other opportunities from a training perspective, I see great opportunities in the mining sector. I hope that after study there will be some other opportunities, about using forest products in a different way.

I hope I'm answering your question. Do we as an institution worry about that? Of course, because we have one of our campuses up there, but we'll yield to the wisdom of the business. That's one of the cornerstones of business in Prince Albert.

●(1200)

Mrs. Lynne Yelich: Yes, I'm trying to make the point about how important productivity is. Productivity is from the companies' expanding and growing, as with potash, and I think we have some

concerns about our mining. I think our mining has some concerns too about whether they're going to be able to sustain activity sometimes, with some of the tax regime we have in this province in particular.

However, I want to ask a question about aboriginal education. I think it goes back to the beginning, because it seems there are jurisdictional issues there. In my riding I have a reserve that would really like to start a school of protective services. It hasn't gotten anywhere yet. I would like to see something like this happen, but it doesn't look as if it is going to.

Do you talk to the chiefs? Do you team up with the chiefs to promote some of your education? I'm just wondering whether you work with them.

Mr. Robert McCulloch: Absolutely. We're particularly pleased with some of our linkages with the northern councils. We are very pleased with our relations with Prince Albert Grand Council, Saskatoon Tribal Council, and Meadow Lake Tribal Council. Our connections in the southern part of the province are not as strong, but absolutely we feel our links are critical. There need to be more connections between our institutions and the bands and councils, and we work very hard on that.

I have to be frank, that at times it's a bit frustrating dealing with the FSIN, the Federation of Saskatchewan Indian Nations, but we are able to work our way through that. We were able to work through the bands and councils quite successfully.

Mrs. Lynne Yelich: The reason I say it goes back to the younger years is because we have a high incidence of children who are not in the school system—the highest of anywhere in North America, I'm sure, because there are probably about a thousand children who are not in school and who are in elementary school years, they're saying, in this city alone—and that's because of the transition that doesn't take place. Our problems there go back much further than post-secondary.

The other thing is that the technical schools definitely have a problem, perhaps of perception. You alluded to it a bit. I really like your idea of examining a model that the university uses for research; I think that's great. But what do you do to attract the trades, the plumbers—which we're really going to be short of—and the carpenters or the electricians?

I think there has to be some sort of image out there that this is like university. I think you alluded to that: post-secondary education is not just about going to university. I think there's a lot to be done there, and perhaps the federal government does have a place, making sure you have high support to get that message out. What I was assuming or thinking is that we're going to have a lot of problems as far as being short of skilled labour is concerned.

Those are just some comments. I really got off track here, because I was starting to think of that Weyerhaeuser move. I'm really quite concerned about it.

Mr. Robert McCulloch: Yes, I understand.

The Chair: Thank you, Ms. Yelich.

I think that's it for today—not for us, but for you guys. Thank you for taking time out of your day and for being here.

The complexity of the groups just goes to show how complicated this country is. I think the members did a pretty good job. Some of you probably didn't have the questions you wanted, but we

appreciate your taking time out of your day and coming to give us your point of view.

Thank you.

The meeting is adjourned.

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