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Mr. Massimo Pacetti

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•(0835)

[English]

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

This is the first leg of our eastern tour. I want to thank you for having us here in Moncton. You have to give some credit to Charlie, because we usually go to Halifax, but Charlie mentioned that we should go somewhere else. He wanted us to go deep into the woods, but I didn't think we were ready for that yet. But we settled on Moncton, and I'm glad we made that decision. We'll see if we're still happy by the end of the day, but for now I'm happy that we're here.

We're here, pursuant to Standing Order 83.1, for the pre-budget consultations for 2005. The way it works is that I'll allow you a seven- to eight-minute opening brief or opening comment. I don't want to interrupt your briefs, because I know they are important to you, but the members are going to want to ask questions and we have to stick to the time that we have here on our sheet.

Without further ado, from the Legislative Assembly of New Brunswick, Mr. Graham.

Hon. Shawn Graham (Leader of the Official Opposition, Legislative Assembly of New Brunswick): Thank you very much for the committee being here in New Brunswick today. I'd like to welcome

[Translation]

all the federal members who are here today. It is indeed good to see such federal representation.

[English]

I'd like to thank you, Mr. Chair Massimo Pacetti of the Standing Committee on Finance, and your committee members for the opportunity to speak to you. I'll keep my remarks brief so as to allow committee members time to ask questions.

The standing committee's theme for this 2005 pre-budget consultation is one that has a special interest to me. Your theme, enhancing productivity growth in Canada, has special significance for New Brunswick and for Atlantic Canada. It has been stated many times that productivity growth in Atlantic Canada lags behind the other regions of our nation and contributes significantly to some of our regional disparities. Following on your invitation to exchange ideas on such economic variables as entrepreneurial capital, human capital, and physical capital, I will give you my thoughts this morning.

The first point I would like to make today is that the Atlantic region lags behind other regions of Canada because we do not consistently present our requirements on a regional basis. Instead, we feel that we are in competition with each other, rather than presenting a common front. I think we have to look at the three economic variables—entrepreneurial, human, and physical capital—from a regional perspective, and not as a subset of four individual provinces.

The second point I would like to make is that the federal government and the private sector sometimes play one Atlantic province against another. Unfortunately, the provinces have facilitated this approach by competing against each other for economic initiatives and federal funding. I would like to see more initiatives in the federal budget formulated on a regional basis, as opposed to a provincial basis. A highway agreement in Atlantic Canada, for example, should represent the four provinces and be directed at integrated, common Atlantic region objectives. The proposed east-west corridor highway link, from Calais, Maine, through the New England states, would provide direct economic benefits to the entire Atlantic region. New Brunswick may require new funding for necessary highway infrastructure. However, Nova Scotia may receive the biggest economic impact from this investment.

A stronger and more economically prosperous New Brunswick and the Atlantic region need an active economic development structure strategy. If we learn to work together as a region and as a regional economy, as opposed to four provincial economies scrambling for federal program dollars and tax initiatives, we would start to move forward and reach parity with our sister regions. However, I want to clearly stress this morning that this is not another pitch for maritime or Atlantic union. We are four distinct provinces, but we do occupy one region.

In formulating your next budget and continuing with the regional theme, I would like to stress that a link to our future growth and success lies in strong cost-shared federal programs that allow us to build on our strengths and address our current concerns.

I would now like to address some of the key economic factors identified by your committee.

On the population strategy, I know you're aware of the major deficiency we experience in attracting and retaining immigrants in this province and the Atlantic region. The problem is not that our region is unattractive. Instead it seems that national immigration policies, or lack of policies, result in most immigrants coming to Canada and settling in two or three core urban areas.

I know the solution is not a few minor adjustments to federal programs and the creation of some provincial programs. The issue of immigration to the Atlantic region must be addressed on a large macro basis over the long run. Anything less could be a waste of time. At the moment, immigrants coming to New Brunswick have a tendency not to settle in our province. In determining this phenomenon, we understand that immigrants prefer to move to areas where there is better support for themselves, their family, and their culture. For New Brunswick to be able to keep its immigrants, more federal dollars are needed for the settlement program. With this additional financial help we could provide better support services to immigrants and their families.

We need to work with our federal partners to set high but realistic targets for immigration to our region. This objective must be in harmony with our strategy to keep Atlantic Canadians at home. I'm very interested in addressing our weak population growth by keeping our young citizens in New Brunswick and our young Atlantic Canadians in our region. I would like to see some federal cost-sharing programs that would support this initiative. Perhaps they could be addressed through specific sectors of the economy such as health, education, natural resources, and industry, because disparity in services leads to disparity in opportunity. Should I become premier of this province, I certainly intend to address this issue.

● (0840)

I intend to make it easier and cheaper for New Brunswick students to attend university and community colleges, and I intend to introduce measures that will keep them in this province and this region to enhance the growth of Atlantic human capital and productivity. I would appreciate any help this federal committee could provide.

The next area of discussion is economic development. In a global economy, partnerships are an essential element of an economic development strategy. Working closely with the federal government will provide us with numerous opportunities to showcase our province and the Atlantic region as an excellent place to do business. With our geographic partners we need to work as a team to promote our quality of life, our competent and available workforce, plus our creativity and competitiveness as strong incentives for future entrepreneurs to live and invest in our region.

We also believe fundamentally that whether you invest, live, or work in rural or urban centres of the province, given the opportunity, our economic development policies and programs and services will provide each and every one with opportunities for growth.

The next federal budget must include some simplification of the tax system for transferring a business from one generation to the next. In my view there's a serious problem with young people going into business in New Brunswick, and we have to do everything we can to encourage young people in New Brunswick to become entrepreneurs. One concrete step would be simplifying the present long and complex rules required when transferring a family business asset to a family member. This change would provide an incentive for young people to continue the family business. There is a specific federal taxation program that, with changes, could enhance investments in this area. For small- and medium-sized businesses, there is a real need in Atlantic Canada to simplify the tax program to

help with succession planning for family-operated businesses. In New Brunswick we have a large number of small- and medium-sized family-operated businesses, and I would like to see more innovative programs where younger generations can continue to operate family businesses without incurring large debts in order to buy out family members. We certainly would love to work with federal officials at this table today on such a program.

In maintaining Canada's standard of living, its competitiveness, and prosperity, a well-educated, trained, and skilled workforce is a crucial requirement. Atlantic Canada faces a challenge with the aging of our population and the projection of weak population growth. Broad-based investments in education, especially in skills, are a must to maintain and enhance our productivity growth. In Atlantic Canada, because we lag behind other regions, it is even more essential that this area be addressed by a federal budget.

Investment in community infrastructure is another area that the next federal budget must continue to address. With the federal government's participation as a major partner, we can work with our communities through investments in roads, water, sewage treatment and other needed projects. Let me just say that if I had the power to sign the gas tax rebate agreement, we would be investing that money in this province today.

One of our goals is also to provide opportunities for New Brunswickers to make better use of communication technologies to enhance their standard of living. We need to ensure, with the help of the federal government, that all New Brunswickers, especially those in rural areas, have the opportunity to utilize modern technology to its fullest potential as a means of improving their standard of living and productivity.

● (0845)

[*Translation*]

And finally, on tax measures. There is a need for some changes to the tax system for businesses in Atlantic Canada. If we create a significant investment tax credit program unique to Atlantic Canada, coupled with an accelerated depreciation program for businesses, this could lead to a significant Atlantic advantage. This would also create growth and increase the number of jobs created and put more money in government coffers, providing the necessary funds for better services to citizens.

Another idea that I will give to you this morning is the concept of a "business RRSP". I would like to see the federal government review and explore a concept whereby small and medium-sized business could set aside year-end profits into a type of RRSP where they can be saved for future investments. Given the large number of small and medium-sized businesses we have in Atlantic Canada, this would certainly enhance economic growth and productivity to our local economies.

[English]

I think one of the most important areas we could look at in the health care field on a joint program basis is a new program to help Canadians purchase medical supplies and travel for medical purposes. We know that health technology is virtually changing on a weekly basis, and the cost-benefit analysis for such technology would be positive when compared to the cost reduction for hospital care. The point I want to make to you today is that this new technology will be of little value if we can't help people take advantage of it.

Another idea I want to leave with you today for your consideration is the need for the federal government and all governments to effectively measure the cost benefits of many of our social programs, both current and future. In Canada we have done a poor job, and in some cases no job at all, in measuring these types of benefits.

Last year our office prepared and released a cost-benefit analysis of a small methadone program that was operating in Fredericton. The analytical results of this cost-benefit study showed that on a consecutive basis, a payback of seven to one in net present value terms for such a program exists. In other words, for each dollar invested now and discounted into the future, a program of this nature would pay back \$7 in health and justice savings. The point I want to make is that if we designed our social programs and investments using this type of research through a cost-benefit analysis, we would know exactly what our most beneficial social programs were doing for us.

I've always believed that social programs can be as great an investment as a lot of our economic development programs. I suggest to you that we develop a federal-provincial agreement on evaluations and assessments of our social programs.

Thank you very much, Mr. Chair.

● (0850)

The Chair: Thank you, Mr. Graham.

Next, from the Atlantic Provinces Community College Consortium, is Mr. McMillan.

Thank you.

Mr. Brian McMillan (President, Holland College, Atlantic Provinces Community College Consortium): Good morning. It's a pleasure to be here.

These are very exciting times for our country in general and Atlantic Canada in particular as we embrace the knowledge economy—all of these things in a changing environment of globalization, demographic shifts, and economic transformation. We believe colleges in Atlantic Canada are critical and well positioned to address these challenges.

We really have a twofold purpose in being here today. The first is to share with you the importance of colleges to the growth and development of Atlantic Canada. The second is to identify some of the challenges that are impeding our ability to carry out our mandate.

We provided you with a series of handouts. I'll give you some demographic information about the college system in Atlantic Canada.

We have four major colleges: New Brunswick Community College; Nova Scotia Community College; College of the North Atlantic, in Newfoundland and Labrador; and Holland College, in P. E.I. We have over 50 campuses spread out across these four Atlantic provinces, in addition to another 20 to 25 learning centres. We support 25,000 full-time students and 60,000 part-time learners in a population base of about 2.4 million. As you can tell from where we're located, we are a little different from universities in that we tend to be in smaller rural communities. We're also different from universities from the following perspectives.

First, our job is to prepare people for work. Second, to do that we take our direction from business and industry. They tell us the skills that are required in order to be successful in the world of work. Third, we also tend to be competency-based or outcomes-based. It's important to be able to do things, not just be able to talk about how to do things.

In looking at the social-economic impact of the college system in Atlantic Canada, we hired some researchers who were experts in this entire area. They told us that there's a 14.43% return for taxpayers on money invested in education. Students get to enjoy 10.5% annual benefit from their tuition fees and contributions. There's a \$1.5-billion overall contribution made to the Atlantic economy as the result of educating our labour force. There are social program savings, as you would expect, of \$51.7 million because there are fewer requirements for health care, social assistance, and EI.

Post-secondary education, the college system, is an industry that contributes \$228 million in salaries and benefits. Looking at where the jobs are, there's a graph we provided for you. In the last ten years, 179,000 new jobs have been developed for people who have post-secondary education. Of these, 62% require college credentials, while only 29% require university credentials. It's little surprising that in our colleges today over 20% of our students either have a university degree or university education.

Looking at our mandate, it has changed substantively. We are more than just trainers. We are closely involved in partnerships with industry. We have evolved in applied research and innovation. We are presently doing over \$30 million worth of research. We're also involved in business incubation, where we invite industry to come to our campuses to learn about multimedia and IT.

Internationally, we are in a number of countries, including China, where we are either providing educational services or training, which then opens the door to invite new Canadians to come to Canada.

Finally, we are the engine for economic development in Atlantic Canada.

At this point I'd like to pass it over to my colleague, who will talk about some of the challenges and solutions we face.

Dr. Joan McArthur-Blair (President, Nova Scotia Community College, Atlantic Provinces Community College Consortium): Thank you.

In order to meet this progressive mandate, I think the community college system has some particular challenges in front of it in Atlantic Canada. We want to share those challenges with you today and hopefully open a discussion around some of the solutions to those challenges.

The first is infrastructure renewal. The community college system is an enormous and growing undertaking in Atlantic Canada. As Dr. McMillan said, we serve a large range of students across some very complex programming. We need funding into the future to maintain and renew our infrastructure and equipment, and it has not kept pace with our needs.

The Council of Atlantic Premiers, which I'm sure you're familiar with, recognizes that post-secondary infrastructure renewal is of critical importance to Atlantic Canada, and they've demonstrated that commitment by proposing a cost-shared arrangement. Currently we estimate that the community colleges in Atlantic Canada have an infrastructure renewal need of \$175 million, and we think this could easily exceed \$200 million if we take into account inflationary pressures.

One of the things we want to put before you respectfully this morning is that we have this need, and if we're going to contribute to this progressive mandate we need to look to our infrastructure renewal difficulties.

The second issue has already been touched on by our first colleague this morning, and that's literacy and under-education. In order to meet the mandate of business and industry into the future, we need to encourage people into post-secondary education who have never come to post-secondary education. We have a profound issue in Atlantic Canada of literacy and under-education, and to meet that we need to begin to look at how people can access funding to come to school.

We encourage the federal government to help people pursue educational opportunities by looking at the student loan systems, access to EI, and the types of education available for funding; to look at issues for aboriginal young people to access post-secondary education; to review all funding mechanisms that allow people to return to work; and to help business and industry get the right workers for the future.

The third area is applied research and innovation. When one thinks of community colleges, I think one underestimates the amount of work we do in applied research and innovation. We are right there with business and industry, particularly working on taking research to commercialization. This is an important piece of our work into the future. I think we're poised to play a much more important role than we have historically.

Currently in Atlantic Canada we're involved with some \$30 million of research, yet we struggle to fit the research parameters in Canada. Often community colleges are not considered for federal funding in applied research. We need to understand how federal granting agencies can be encouraged to look at how community colleges can access grant projects and chairs.

Immigration was also touched on by our first colleague this morning. Atlantic Canada community colleges play an important role in working with international students and international projects. In order to meet the needs of industry and business into the future, we need to be able to encourage people to come, stay, and find a place in Atlantic Canada. In order to do this we need reviews of policies that ensure maximum benefits are derived from college international education activities, including how students access visas, what students can access visas for, and how they can stay and work in Atlantic Canada when their education is finished.

The last area I want to touch on quickly this morning is access to skills training. We put a quote in our undertaking this morning from Ralph Goodale. He said, "Knowledge is the road to economic progress and individual opportunity, and education is the bridge to take us there." I think community colleges are that bridge to take us there, and we have some particular challenges in front of us.

● (0855)

We need to ensure that colleges are appropriately funded through more directed federal post-secondary education transfer. We need to look at policies for Indian and Northern Affairs Canada to ensure that access is increased for aboriginal Canadians. We need to review EI policies to ensure that employees and employers receive maximum benefit for retraining. And we need to look at technology, equipment, and infrastructure needs into the future.

Mr. Brian McMillan: In closing, there are a couple of remarks we want to make.

First, we believe we have the solutions to respond to the labour force challenges that face Atlantic Canada and to prepare us for the knowledge economy.

We are also more than pleased to be accountable for our actions, and we provide an excellent return on investment, not only for taxpayers but for the learners themselves. In particular, we are there in the small rural communities to help them also prosper.

The college system reaches out. We do not require people to come to us. So if we can get some more support, we believe we can help Atlantic Canada prosper and grow for the next generation. In particular, it's important to recognize that we're not asking for a handout; we're asking for a hand up. I think there is evidence to support the fact that investment in the community college system will provide a great return for the general public.

Thank you very much.

● (0900)

The Chair: Thank you, Mr. McMillan.

[*Translation*]

We will now welcome Mr. Cormier, from the Fédération culturelle canadienne-française.

Mr. René Cormier (President, Fédération culturelle canadienne-française): Good morning, Mr. Chair, ladies and gentlemen.

As president of Fédération culturelle canadienne-française, which represents 200 cultural and artistic organizations in the Canadian francophonie from Moncton to Vancouver, I would like to make a number of remarks and recommendations this morning concerning the preparation of the upcoming federal budget.

I should say from the outset that arts and culture were in no way mentioned in the paper this committee produced on the theme of this year's consultations: Enhancing Productivity Growth in Canada. This is not surprising. For some reason or another, the arts and culture are rarely taken into consideration when it comes to finance and the economy. And yet, in 2001, Canada had more than 131,000 artists who spent more time pursuing their artistic endeavours than any other professional endeavour. About 740,000 Canadians work in the arts and culture sector, thereby totalling more than 4 per cent of the total active labour force. As far as economic spin-offs are concerned, in 2001, the sector generated \$38.5 billion, or 3.8 per cent of GDP.

Despite being forgotten about again, arts and culture already contribute to the development of Canada's human and entrepreneurial capital, by producing citizens who make a substantial contribution to the development of our society. The federal government, its departments and agencies simply need to recognize and better support this contribution to enable the sector to do even more.

When it comes to human capital, your paper refers to education, training, health, the tax system and compensation as factors which play an important role in the country's productivity.

The FCCF carried out a study in 2004 in the area of education and training which demonstrated that including arts and culture in a child's education is beneficial in many ways for the student's development. Exposure to the arts and culture help students to develop critical and creative minds, self-discipline, imagination, and the ability to communicate clearly and to work as a team.

The Chair: Mr. Cormier, could you please slow down a little, the interpreters are having trouble keeping up.

Mr. René Cormier: Certainly.

These are some of the most sought-after skills, by post-secondary institutions, businesses, and other labour force organizations.

Francophone and Acadian schools also play a leading role when it comes to integrating new arrivals, and they provide a gateway to our culture. To do this, these schools use the universal language of arts and culture, accessible to all, in order to promote and foster the social integration of these new Canadians who enrich our communities by their presence, their know-how and their creativity.

Such observations are not new, Mr. Chair. Other Canadian and international studies carried out in the United States, England and Australia, and by UNESCO, confirm these findings. By the way, I should point out that several of Canada's francophone communities, especially in western Canada, still don't have access to university-level arts courses in French.

In the area of health, the Canada Public Health Agency confirmed that at each stage of a person's life, their health is determined by a complex interplay of numerous socio-economic factors, the physical

environment and the individual's behaviour. These factors have been designated as "health markers". The agency lists 12 such markers, including culture.

To quote from the agency:

Some persons or groups may face additional health risks due to a socio-economic environment which is largely determined by dominant cultural values that contribute to the perpetuation of conditions such as marginalization, stigmatization, loss or devaluation of language and culture and lack of access to culturally appropriate health care and services.

Despite the limited financial resources available to it, the arts and culture sector of francophone and Acadian communities plays a role, through its artists and organizations, in enhancing the visibility of these artists' language and values, thereby enabling them to avoid marginalization and the devaluation of the French language and culture.

As we can already see, the artistic and cultural community, and in particular its francophone and Acadian component, already contribute actively to Canada's productivity. And yet the fact remains that our country is not quite so generous in return.

And so despite the fact that the manpower in this sector is highly educated and bigger than that of the computer industry, it remains disgracefully underpaid compared to the Canadian average. There are major discrepancies, from 25 to 50 per cent depending on the region, between the average income of artists and other workers. Craftspeople, dancers, or other performing artists and painters earn roughly \$10,000 per annum. By way of example, a performer in Ontario French theatre gets an annual artistic wage of \$4,800.

Meanwhile, the federal government continues to put off recognizing the self-employed status of artists for tax purposes. Twenty-one per cent of artists are self-employed, compared to 8 per cent of the general population. The government still hasn't changed the employment insurance system, despite the fact that it is flush with funds, to enable artists to qualify. And this is despite the oft-repeated requests from the artistic and cultural community.

The contribution that arts and culture make to the country's productivity is not limited to human capital. They obviously also contribute to its entrepreneurial capital.

And so, quite unexpectedly, a hundred or so Canadian municipalities belonging to the Creative City Network have decided to make a commitment to the arts and culture.

And why? Because by investing in human capital and creativity, these municipalities build vibrant and attractive communities, diversify and strengthen their economic base, improve residents' quality of life, enhance their competitive edge and foster their uniqueness.

Indeed, the arts and culture stimulate the development of start-ups and contribute to increasing demand for services tied to the physical and mental well-being of the population.

●(0905)

As outlined in your document, physical capital includes community infrastructure. We would hope that such infrastructure would include establishments such as school community centres, and cultural and artistic centres which sprouted up 30 years ago in francophone and Acadian communities.

In many cases, the federal government made a contribution in building these infrastructures. However, the government didn't follow through when it came time to pay the management and maintenance costs of these buildings.

To conclude, we have four recommendations to make.

Whereas francophone and Acadian artistic and cultural organizations operate, in many respects, on a volunteer basis and in the absence of permanent infrastructure, oftentimes with access to scant or limited sources of funding; whereas the French-Canadian creative arts community has managed, over recent years, to build itself a number of national platforms whereby it supports community-based companies and artists; whereas the distribution structures are an essential link in the chain connecting artistic production and community life; whereas the presence in communities of gathering places aside from schools is essential in fostering real local cultural life, the FCCF makes the following recommendations.

The FCCF recommends that the Official Languages Action Plan include an arts and culture component with the aim of strengthening concrete examples of culture at work in francophone and Acadian communities, and to make other government agencies and departments, including the Department of Canadian Heritage, more accountable when it comes to the Canadian francophonie, and not just the official languages sector.

The FCCF recommends that the Official Languages Action Plan reflect these observations, encourage the implementation of projects which may resonate culturally in the aforementioned areas, and be improved accordingly.

The FCCF joins the Canadian Coalition of the Arts in asking that the Canada Council for the Arts' budget be doubled. The federation also recommends that the Tomorrow Starts Today initiative receive the status of permanent program and that its budget be increased, with an assurance in both cases that Canada's francophonie will get its fair share.

The FCCF recommends that immediate measures be taken to give Canadian artists self-employed status, thereby giving them access to the resulting tax deductions as well as to employment insurance.

In conclusion, it would be remiss of us to conclude this presentation, Mr. Chair, without commending the Government of Canada on the important role it played in the adoption of the Convention on the Protection and Promotion of the Diversity of Cultural Expressions during the UNESCO General Conference held in Paris, on October 21. The federal government thereby undertook to protect and promote the diversity of cultural expressions and to create an environment conducive to the creation, production, dissemination and distribution of artistic works and cultural products, both worldwide and at home. The upcoming federal budget must therefore be consistent with this important achievement.

This commitment to the diversity of cultural expressions must also be present within francophone and Acadian communities. It is in this spirit that we make our recommendations.

Thank you, Mr. Chair.

●(0910)

The Chair: Thank you, Mr. Cormier.

[English]

Next, from the Halifax Regional Municipality, is Mr. English.

Mr. Dan English (Acting Chief Administrative Officer, Halifax Regional Municipality): Thank you.

Mr. Chairman, committee members, I'm pleased to be here today on behalf of Mayor Peter Kelly, who is unable to attend today's session. Thank you for the opportunity to discuss HRM's current economic and financial situation and our new and growing relationship with the Government of Canada.

By way of background, as you might know, HRM came into existence in 1996 as the result of the amalgamation of the former cities of Halifax and Dartmouth, the County of Halifax, and the Town of Bedford. Ours was one of the first of the many municipal amalgamations that took place across the country, beginning in the 1990s.

As a regional municipality, we have a rich history and culture. We are unique in many respects. We are Canada's largest municipality geographically, covering more than 5,600 kilometres, an area larger than the province of Prince Edward Island. Unlike many other urbanized municipalities, we have a very large rural area. With a population of about 380,000, four out of ten Nova Scotians reside within HRM.

Our economy is strong and diverse. We have one of the largest deepwater ice-free ports in the world. It's one of the top three ports in Canada in terms of traffic, which it handles through its intermodal facilities. It is the regional centre for government, post-secondary education, research and development, medical and health services, and the financial and business community.

Despite a lack of growth in the public sector, employment continues to grow. The unemployment rate of 5.3% is among the record lows, and is well below that of most major Canadian cities, including Toronto, Vancouver, Montreal, and Ottawa. We are currently developing an economic strategy that will serve as a blueprint for our economic future. Growth predictions are expected to be steady over the next 25 years. We've also spent the last two years undertaking an extensive regional plan to ensure that our growth over the next 25 years is sustainable, environmentally friendly, and supported by the development of a new and exciting transportation system. The regional plan will direct the growth in a manner that is financially sustainable and makes economic sense, helping to manage and guide any new infrastructure needs.

On the financial side, we continue to make progress against the difficult issues that the Halifax region and most other Canadian municipalities face. Like many municipalities, HRM is also experiencing tremendous pressure on the property tax system. I want to point out at this time that HRM has among the highest dependencies on property taxes as its primary source of revenue of any municipality in Canada. Currently it stands at about 70%.

We've made considerable progress in reducing our infrastructure deficit. Three years ago we estimated it would cost about \$70 million a year just to maintain our existing asset base. That's without providing any new services. Today, through careful financial planning and good budgeting, we have reduced that figure to \$50 million.

Inflationary pressure on construction costs is significant, growing far more rapidly than our revenue. For instance, in the last 10 years, the local consumer price index has risen just over 20%. Over that same time, the cost to resurface a kilometre of streets has risen over 100%. Sidewalk renewals are up over 150%. Insurance costs have more than doubled. There is a growing gap between CPI and the cost to provide municipal services. Pressure like this makes it even more challenging to slow the growth of the infrastructure deficit. Adding to this pressure is the dramatically rising cost of fuel and the subsequent impact it has on municipal operations.

One of the truly bright spots in the last two years has been the growing positive relationship between HRM and other Canadian municipalities with the federal government. We appreciate greatly the relief that has been provided from the 7% federal GST and the sharing of a portion of the federal gasoline revenues. Relief from the GST provides HRM with \$5 million a year in new revenues, and the gas tax agreement will provide nearly \$8 million to HRM in the first year. These funds are all at the margin. With only \$70 million of unconditional capital funding this year, funds such as this to HRM are critical. We want to ensure that these funds go toward dealing with our infrastructure gap, environmental and green issues, and expanding our transit fleet.

● (0915)

HRM welcomes this opportunity today. We would appreciate any further opportunities to discuss with you in more detail specific municipal priorities before funding decisions are finalized.

Some of HRM's greatest pressures are being felt in the areas of environmental sustainability, transportation, and the continued support of economic, social, and cultural infrastructure.

Long-term sustainability is a key issue facing every Canadian municipality. According to the federal 2005 *Project Green* report, climate change is the greatest sustainability issue facing Canada today. Greenhouse gas emissions are the leading contributor to climate change and global warming. HRM, like other progressive Canadian cities, has made a commitment to be a healthy, sustainable, vibrant community, with clean air, land, water, and energy options for our citizens. This commitment also includes greenhouse gas emission reductions. Enabling funding from the federal government will help to dramatically move forward many of the related public transportation, infrastructure, planning, and related activities to reduce greenhouse gases and meet the federal, provincial, and local goals and mandates.

Halifax dates back to 1749, and like many older Canadian cities, it is striving to keep its aging infrastructure in working condition. Water systems, waste water collection and treatment facilities, streets and roads, and other infrastructure form the foundation of all cities. In order for cities to function and grow, this infrastructure must be maintained in a sustainable manner. Water and waste water systems in particular must be consistent with today's standards and today's regulations, so as not to impact on public health and on the environment. The federal government's commitment to municipal infrastructure is vital. Enhanced municipal funding will go a long way toward achieving improved infrastructure for all citizens.

Our \$330-million harbour solutions project, which was enabled through federal and provincial funding, as well as municipal, will be the largest cleanup of any saltwater body of water in Canada, and it is well under way. When completed in 2008, the water quality in most parts of the harbour and adjacent waters will be suitable for recreational uses. The harbour solutions project is supported by a comprehensive HRM pollution prevention program that has been put in place to further protect our waste water infrastructure and our water resources.

Just recently, HRM's first bus rapid transit system, the MetroLink, went into service. The buses run on biodiesel fuel, a mixture of fish oil and diesel that burns cleaner than conventional fuels. The new service has reduced the commute time from the Cole Harbour area of Dartmouth into the downtown core by half, or down to about 20 minutes in total. This service would not have been possible without the federal transportation showcase initiative. Within the next couple of years, HRM hopes to extend the MetroLink fleet and service area.

A priority project we are pursuing is an expansion of our existing ferry fleet through the addition of a high-speed ferry service in Halifax Harbour and beyond. The HarbourLink project supports a strategic approach to linking future settlement patterns with transportation investment. We expect a positive environmental and economic impact from the addition of this service and related facilities, but federal support of this project is critical to its success.

As I mentioned, HRM is home to a very successful port operation. However, having an active container port located in the midst of our busy downtown core has resulted in freight movement delays, increased greenhouse gas emissions, and risks to the community. Working with the Halifax Port Authority and Transport Canada, we have developed some intermodal solutions, and we look forward to working with those same partners in implementing them.

Our goal is to modernize our transportation system, reduce the number of vehicles on the road, avoid costly and unnecessary road construction, and protect our environment. Therefore, I cannot tell you how timely the new transportation infrastructure program is to us. Every cent of it and more can be used to help push our community forward and allow us to make an even greater contribution to the Canadian economy while also protecting our environment. In combination with the municipal rural infrastructure fund, these programs will enable us to make progress on some of the significant infrastructure issues being faced throughout our region.

● (0920)

Investments in social and cultural amenities are imperative to ensuring a strong economy. In the past, investment in this kind of infrastructure has been minimal. Today there is recognition of the need to invest in the urban heart of our community. It is imperative to our region's success to focus on quality of life and to reinvest in the social side of the community. Increased collaboration and commitment between all levels of government is necessary for more effective and sustained investment in arts, culture, and heritage.

HRM is working toward obtaining the federal cultural capital program. It's an important program and can provide significant opportunities for municipalities with goals toward improved cultural amenities. HRM is also working to have sites in our community recognized as part of the historic spaces program. This collaboration with the federal government is critical for the continued protection of these important heritage resources. Increased federal support for programs such as these is imperative to a community's continued growth and success.

A significant economic issue in HRM's rural areas is the availability of high-speed Internet access. In an age of worldwide instant communications, many rural communities throughout Canada continue to be disadvantaged without affordable access to broadband network services. Through the success of BRAND, e-learning, e-health, e-government, and e-business projects have been able to be delivered in rural and northern Canadian communities.

Federal initiatives such as the BRAND program have a direct impact on minimizing the digital divide between rural and urban communities. The BRAND program continues to increase the productivity of Canadians and, as a result, to improve their quality of life and equality of opportunity. I want to impress on the members of the standing committee, as outlined in the report of the National Broadband Task Force entitled *The New National Dream: Networking the Nation for Broadband Access*, the need for immediate and ongoing funding to continue support of this very successful initiative for all Canadians.

Before concluding, I would just like to note that HRM is supportive of the private member's bill, Bill C-273, to provide volunteer firefighters with a \$2,000 tax break against income tax.

HRM has the largest number of volunteer firefighters of any municipality in this country.

As a municipal government, it is our responsibility to maintain and expand the collection of municipal services and infrastructure within our boundaries. However, we also have broader responsibilities toward the environment, the economy, and the nation as a whole. We have made considerable progress toward achieving many of our goals. Along with our federal and provincial partners, we hope to continue to move forward and look for new tools and funding where our issues converge, such as in sustainable planning, environmental management, economic growth, and green infrastructure.

Thank you.

The Chair: Thank you.

I'm having a hard time here with the time. I really don't want to interrupt, but you've all gone over ten minutes. I don't know whether you've been told you have ten minutes or fifteen minutes.

I know it's the last group now and I'm going to allow you the time you need, but can I just know how much time you were told you would have?

A witness: Eight minutes.

The Chair: You were told eight minutes? Well, every group went over ten minutes, but I just hate to interrupt. And I don't mean to lecture you, but the members need to ask questions, so I'm having a hard time. I also hate to do this to the next group, because you guys are entitled to your time.

We'll hear from Symphony Nova Scotia, and Ms. Cargill or Ms. Mombourquette. Please go ahead.

● (0925)

Ms. Mary Pat Mombourquette (Managing Director, Symphony Nova Scotia): Hi, my name is Mary Pat Mombourquette. I'm the managing director of Symphony Nova Scotia. This is my colleague Susan Cargill. She's the director of marketing and development.

Thank you for the opportunity to speak here today. I'm speaking on behalf of the orchestral community across Canada to request that federal funding for Canada Council be increased to \$5 per capita, effectively doubling the current annual contribution.

I want to spend a little time explaining what we do and why funding orchestras at a sustainable level is of benefit to our Canadian communities. We take the dollars Canada Council invests in our orchestras and invest them in the cultural life of our regions, making for stronger, more vibrant communities. Orchestras are usually the largest cultural organization in any area, and because symphonies anchor a core group of highly trained, highly skilled musicians in a community, they support a diversity of cultural activity, economic activity, and educational activity.

I'm now going to speak specifically about Symphony Nova Scotia. However, the examples I will give you are not unique to Symphony Nova Scotia; they are common to the broader orchestral community.

Some examples of cultural events and organizations that exist in the Maritimes solely due to the presence of Symphony Nova Scotia are the Maritime Conservatory of Music, the St. Cecilia Concert Series, the Nova Scotia Youth Orchestra, the Scotia Festival of Music, the Indian River Festival, and the New Brunswick Festival of the Arts. None of these organizations would exist without my musicians providing core infrastructure. Even the Charlottetown Festival depends upon 15 of my musicians who spend their summer hiatus in the Confederation Centre pit.

We partner with Mermaid Theatre and Halifax Dance on an annual production of *The Nutcracker*. With project funding from Canada Council, we have engaged a conductor in residence, Dinuk Wijeratne. This talented young Canadian is receiving on-the-job training with our symphony so that he will be prepared to take a position with a Canadian orchestra on any podium. Again with project funding from Canada Council, last year we commissioned a piece for orchestra and oboe by internationally renowned Canadian composer Christos Hatzis. Hatzis' piece *Telluric Dances*, along with another one of his pieces, has been recorded by Symphony Nova Scotia and is available for distribution through CBC recordings.

Here are some examples of economic activities stimulated by Symphony Nova Scotia. By contributing to the cultural fabric of the community, Symphony Nova Scotia aids the Halifax Regional Municipality and the Greater Halifax Partnership, which is the HRM's economic development agency, in attracting and retaining businesses and top management personnel. Symphony Nova Scotia makes a significant annual investment in the development of many Maritime musicians by creating market-ready products for individual artists. Unique orchestral arrangements and complete programs have been created for such artists as Natalie McMaster, Rita MacNeil, Gordie Sampson, Matt Mays, the Barra MacNeils, and many more.

These concert packages have made it possible for artists to build tours with ready-made symphonic concerts that can be exported across North America and overseas. These artist packages stimulate sector growth, build individual careers, and create a perception of the Maritimes that is based on our cultural output. We also helped build the careers of exceptionally fine classical musicians such as Denise Djokic and Measha Brueggergosman. Future classical musicians are taught by our symphony players, and then as their skill develops they share the stage with Symphony Nova Scotia as part of the Nova Scotia Youth Orchestra. Then as talent and ambition play out, they may be guest artists with our symphony. Both Measha and Denise took this route and now have international careers.

Now here are selected examples of how Symphony Nova Scotia contributes to educational activities. Our musicians are instructors at Dalhousie, Acadia, the University of Prince Edward Island, St. Francis Xavier, and Mount Allison universities, and at the Maritime Conservatory of Music. Our musicians are private music teachers. On average, they teach six hours per week with an average of eleven students per week up to a maximum of sixty students per year. They estimate that they've taught over 1,300 students since Symphony Nova Scotia existed and of those 83 are now professional musicians.

Symphony Nova Scotia also focuses on working with schools both inside and outside of the HRM. We offer in-school performances, workshops, open dress rehearsals, and programs such as Adopt a Musician. The Adopt a Musician program entails our musicians working with the schools to develop compositions that reflect the students individual realities. For example, at Joseph Howe Elementary School, which has a large black population, the students wrote a composition about Viola Desmond, a black woman who was arrested for sitting in a whites-only section of a movie theatre.

● (0930)

We run the Symphony Nova Scotia musician apprenticeship program with the music department at Dalhousie University. This is a full-credit course given to senior music students at Dalhousie. Our guest artists teach master classes at Dalhousie and within the public school system. Nova Scotia Youth Orchestra relies heavily on us: we audition their players, we coach them, we run sessional rehearsals, and we run their summer camps. Without us, Nova Scotia Youth Orchestra would just not exist.

Over the last 15 years, public support for Symphony Nova Scotia has been reduced from 48% of our budget to 36% of our budget. We have managed to sustain our operations by cutting staff, freezing wages, reducing overhead, and eliminating unprofitable and expensive programs, and increasing prices. Most of the unprofitable and expensive programs are family and children's programs and touring programs. Family and children's programs need a lower ticket price to be attractive to families, yet these concerts cost as much as regular concerts, so Symphony Nova Scotia has to subsidize these concerts. During tight budgetary constraints, they are the first concerts to be cut.

The second initiative we cut is run-outs and tours. Run-outs and tours bring symphonic music to a broader audience in the Atlantic provinces. In the past we regularly toured throughout New Brunswick and Nova Scotia, but we can't recoup the costs of taking 50 musicians and crew on the road through ticket sales.

With appropriate levels of funding, we would be able to increase accessibility, affordability, and inclusivity. We would provide more opportunity for Atlantic Canadians to experience symphonic music at affordable prices.

The Chair: Thank you, Ms. Mombourquette.

I have just a quick question. In terms of funding, how is it broken up? Do you receive funding from other levels of government?

Ms. Mary Pat Mombourquette: Yes, we do. We receive 21% from Canada Council, and the rest is from the province. The municipality doesn't register.

The Chair: The municipality covers the rent, or does it provide money?

Ms. Mary Pat Mombourquette: It's so small that it doesn't register as a percentage.

The Chair: Okay, so your entrance or admission fees represent about 50%?

Ms. Mary Pat Mombourquette: Our earned income is about 36%.

The Chair: Thank you.

We'll try to go to six minutes each.

Mr. Moore will be first, and then Mr. Loubier.

Mr. Rob Moore (Fundy Royal, CPC): Thank you for the very interesting presentations.

This question is for Mr. English.

Out of the recent discussions and debates over some of the things we've been dealing with in Ottawa, such as revenue sharing of the gasoline tax and so on, has come the issue of the developing divide between urban and rural areas across the country; they're sometimes seen as competing interests. You mentioned that the Halifax Regional Municipality is the largest municipality in Canada. I know that in the municipality in Ottawa, there are some challenges between rural interests and the more urban interests.

I'm wondering if you can comment on the type of programs the federal government delivers and how you see the type of funding and infrastructure funding impacting on a regional municipality that includes large rural and urban areas, like yours does, and whether you feel both areas are being equally served by the type of programs now available.

Mr. Dan English: Thank you.

Basically we're dealing with that through the municipal rural infrastructure program, and this is the first year we've received funding from it. The ironic part is that we're receiving that infrastructure funding because we're urban; 80% of the funding goes to rural and 20% to urban. We qualify because we're an urban municipality, yet we're taking the bulk of that funding made available to HRM and are directing it toward the rural infrastructure needs. Although the funding from gas tax is not application-based, we will be linking some of that funding to rural areas as well.

It is a challenge; it has been a challenge. The federal MRIF program is really assisting us in providing some needed focus to those rural infrastructure challenges.

Mr. Rob Moore: Thank you.

I have a question for Mr. McMillan and Ms. McArthur-Blair.

You mentioned student loans. I'd like to know what you're hearing from students. I know that usually we hear that their student loans are too big. Are you hearing any suggestions about how the federal

government can have a role in giving more students access to community college? I have three questions. One is on the student loans and what specific recommendations you're hearing, maybe, from students.

You mentioned that you're competing a bit with universities. There are some different revenue sources and so on for community colleges and universities. Specifically, I want to hear about the issue of employment insurance, because sometimes you hear of people who are coming out of the workforce, going to community college, and receiving employment insurance. The vast majority at university, I would suggest, are not receiving employment insurance. Can you comment on that difference?

Also, what are you doing, or what can be done, for consideration? You mentioned research funding, but mostly I'm interested in those first two points.

• (0935)

Mr. Brian McMillan: With regard to student loans, we're finding that students are finding the cost of education to be a burden. It's impacting on their ability to attend, which I think ties in to your second question about EI. What is happening is that some individuals are opting, when they graduate from high school, to find work for a while, become EI eligible, and use that as a venue to access support to help offset the cost of tuition. That's a dangerous thing to do, because what happens—and the stats are pretty clear—is that if you take a couple of years out of high school, the probability of your going back to post-secondary education diminishes, because you start to take on responsibilities, such as car payments and a number of other factors.

With regard to the student loan question, a lot of this is based on our operating budgets. I know that at Holland College, when we start a new program now, we have to cost out the operating budget and divide it by the number of students, and that becomes the tuition. At our college we haven't started a new program in the last seven years that's been under \$6,900. Once again, this gets into our transfer payments and how much funding we need to maintain our facilities and operations.

As we mentioned earlier, we do respond to industry. It's not a question. Industry tells us the standard. If you want to come and work in their shops, you need to have CNC equipment and modern technology. So we need to stay in step. Unfortunately, a lot of these costs are being passed on to the students.

I would like to speak to the research side for a minute. Colleges, I think—and I know, I worked at a university for nine years—are in a better position in many ways to conduct research. The reason for that is that there's evidence to indicate that when a post-secondary institution partners with the private sector, the probability of commercialization increases about six- or sevenfold. Because we work closely with industry and we're used to having those partnerships, I think we've had more success. Most of our research does involve industry partners in an advisory capacity or as part of our research.

Where we're being challenged now is that there's an uneven playing field. The requirements for NSERC and SSHRC grants ask you to produce your track record of publications. Well, if colleges are just getting into the arena of research, they're not going to have an abundance of publications. So it does disadvantage us. Now, there have been some positive steps taken by SSHRC, which has set aside some funding—but it's a minimal amount of funding—to give colleges an opportunity. What we'd like to see are programs established that could take advantage of the college system and what we have to offer, and equal the playing field, if you will, from a policy perspective.

The Chair: Thank you. Time is up. I forgot to mention to the witnesses that the members only have six minutes for questions and answers, so the answers can stay concise and brief.

Thank you, Mr. Moore.

Mr. Loubier, then Mr. Godin, then Mr. Hubbard, and then Mr. Solberg.

Thank you.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Thank you, Mr. Chair. I won't take up a lot of time, thereby giving more time to my colleagues from the region. I do however have one comment to make and one question to ask.

My comment is directed to Mr. Cormier. My colleague, Maka Kotto, who is the culture critic for the BQ, gave his unconditional support to your organization concerning the Council of the Arts, Tomorrow Starts Today, tax status and changes to the employment insurance system. When I say tax status, I mean with respect to income averaging, as an artist may earn a very high income one year, and then about \$4,000 or \$5,000 for the next couple of years. I agree with you when you say that this puts artists in a terrible situation, and you have our support on this.

My question is directed to Mr. McMillan or to Ms. McArthur-Blair. Are you aware of the request made by the Canadian Federation of Students? The federation asked Mr. Martin to honour the promise he made during the last election campaign and that he invest \$4 billion more in post-secondary education, i.e. colleges and universities. Failing this, would you be prepared to join forces with the Canadian Federation of Students by calling on Mr. Martin to invest these additional funds?

• (0940)

[*English*]

Dr. Joan McArthur-Blair: We are aware of the request and, I think, are supportive of that direction.

Community colleges are in a particular position to provide for the needs of business and industry into the future. The additional funding in some of the areas we've touched on really is at the heart of getting us there, from where we are doing the incredible work we're doing into the possibility of the future.

Mr. McMillan may have a comment on the amount, but we've put some numbers before you today. There's a huge need in community college education for an infusion of dollars that would allow us to get where we need to go compared to where we are today.

[*Translation*]

Mr. Yvan Loubier: Thank you, Mr. Chair.

The Chair: Thank you, Mr. Loubier.

Mr. Godin.

Mr. Yvon Godin (Acadie—Bathurst, NDP): Thank you, Mr. Chair. I'd like to take this opportunity to welcome you to New Brunswick, one of the most beautiful provinces in Canada. There aren't quite enough jobs, but apart from that, everything is great. I'd like to welcome the witnesses appearing before us today.

Mr. Graham, you said that you might be the next premier of New Brunswick, and in your statement, you referred to a corporate tax cut. I didn't hear you asking the federal government for transfer payments to the provinces to help people on social assistance or those making use of the agreement on affordable housing. These envelopes haven't been increased in New Brunswick since 1992. People are living in terrible poverty with \$265 a month. People with families, and disabled persons, live on \$460 a month. I just can't understand how these people get by.

In your opinion, should some of the money from transfer payments to the provinces in the next federal budget be allocated to the least well-off in our society?

[*English*]

Hon. Shawn Graham: Thank you very much, Mr. Godin.

[*Translation*]

I appreciate your comments.

[*English*]

Today in New Brunswick we're at a crossroads in a number of industries, the forest industry being an example, and in your area of the province this is a large generator of employment.

What I am proposing today is not a tax cut, as you've stated. What we're talking about is an investment tax credit program, an opportunity to allow industries to reinvest their profits to keep the industry sustainable. There are 15,000 New Brunswick families today who rely on this vital industry to put food on the table, and what I'm saying today is we need to create an environment for investment of these profits back in New Brunswick so we can be—

[*Translation*]

Mr. Yvon Godin: Excuse me, Mr. Graham, but my question was specific. I asked about transfer payments for people... I said that you spoke about this, but that you didn't follow up on the issue. That's what's happening again. I'd like to know your opinion on what the federal government should do to help the poorest families.

Hon. Shawn Graham: You mentioned the affordable housing agreement, which is very important.

[English]

There are two agreements that have been signed in New Brunswick today for affordable housing. The first one was for \$30 million and the second was for \$15 million. New Brunswick was the last province to sign the affordable housing agreement in Canada, and the \$15 million still in place from the second agreement has not been utilized. What we're saying today is there is a need for over a thousand affordable housing units in the province of New Brunswick. There is \$45 million of federal funding that is available to the province right now, and we've only begun to tap into this important fund.

Yes, we need to continue to enhance affordable housing. I'll use the example of Saint John Harbour, which I've visited recently. There is in that region of the province a need for over a thousand affordable housing units, just in that inner city core alone. So yes, more needs to be done, but we have to take a positive step to invest the current amount of money, because it's difficult for us to ask for more funding from the provincial level if we haven't invested the \$45 million currently available to us.

• (0945)

[Translation]

Mr. Yvon Godin: My other question, Mr. Chair, is directed to Mr. Cormier.

You talked about employment insurance. We know that there is currently a surplus to the tune of \$40 billion in the employment insurance fund sitting in Ottawa. You often hear that artists want access to the employment insurance system.

Do you have any ideas about how the system should work? One of the problems is that when performers aren't on stage, they're busy rehearsing.

Mr. René Cormier: We need to emulate certain European countries, in particular France, by recognizing artists as self-employed persons who, when not on stage, are nevertheless working. This work needs to be recognized and remunerated. In France, having access in an official and recognized way to the equivalent of our employment insurance system ensures that artists get a guaranteed minimum salary all year long. In practical terms, that would mean giving this sort of self-employed worker, in this case performing artists, a special status.

Mr. Yvon Godin: Let's stay on the topic of employment insurance. I understand that phase II of employment insurance changes would give the provinces money for economic development and for literacy agreements, for example. In New Brunswick, people at a Grade 7 or 8 level were eligible for employment insurance and could get assistance to enrol in literacy classes which potentially would bring them up to college level. Now, they are brought up to Grade 10 level.

Do you think that the program should be like it was before? I don't know how things work in Nova Scotia, but I know that in New Brunswick, it's Grade 10 and up. If a worker is jobless, should he qualify for employment insurance for the purpose of literacy and academic upgrading to college level, in an overall training and education focus?

[English]

Mr. Brian McMillan: First of all, I believe the money that now is being spent for academic upgrading to help people with their literacy skills for them to enter into post-secondary education is money very well spent. I'd also say I know from my personal experience in Prince Edward Island it has not only made a difference for these individuals to become gainfully employed and in some cases to start their own businesses, it's also helped business and industry.

This is the one place where I'd like to make a suggestion, and that is that it would be nice to see more flexibility in the ruling where people could, if they are, say, seasonal workers and might not presently be eligible for EI funding support for training, pick up some additional training. Then of course, in addition to support for those EI participants, it would be nice to see some more funding available for non-EI candidates as well, those people who are currently underemployed. They are working in areas where maybe their current salary is \$24,000 or \$25,000 a year, but they'd like to go back to school and get a new credential that could help them find employment in an area where there would be greater opportunity for them for larger salaries and incomes and to contribute to the knowledge economy.

I think we need to have some sensitivity to where those dollars are going.

The Chair: Thank you.

Merci, Monsieur Godin.

Monsieur Hubbard.

Hon. Charles Hubbard (Miramichi, Lib.): Thank you, Mr. Chair.

Six minutes isn't a lot of time, but certainly we're very glad to see that the committee is in Moncton, New Brunswick, this time. Traditionally Halifax has been the area they visited, and I know that we've had some excellent presentations.

You know, Mr. Chair, today is Halloween, and I hope that all the good presentations we've heard this morning will be rewarded when our writers put together the report for the budget this year. We've heard some good requests for the traditional treats, as Yvon would call them, on the Miramichi.

New Brunswick is very unique, and I was very glad Mr. Cormier was here. We have a large francophone community, about one-third of the province of New Brunswick, and of course the presentations here reflected the significance of New Brunswick.

As New Brunswickers, we are also an in-between province. Yvon called him our future premier, but Mr. Graham has indicated highways in terms of...I guess it would be called Route 1 between St. Stephen and Saint John, New Brunswick, which is the road, really, that would connect to Nova Scotia, by crossing by ferry to Digby, and the Atlantic seaboard. So highways in New Brunswick are very significant, and I know that New Brunswick has had definite highway agreements in the past, but most of those highways that were constructed with federal money were highways going from central Canada through New Brunswick to Nova Scotia, P.E.I., and Newfoundland.

I would hope that all of us on the committee would realize that there are other rural areas. As Mr. Moore said, the rural areas cannot be forgotten.

We talk about EI as a concern, and the community colleges have mentioned—I guess Mr. McMillan there—that we have Atlantic needs here in terms of EI. I know under labour force agreements a lot of this training has been placed, even though we pay for it federally, in the hands of our provincial governments.

Mr. McMillan, I was very glad to hear you say that perhaps people on EI should be able to draw EI and take courses. Quite often today it's limited in terms of your earning ability and so forth, and I think it's \$14,000 in New Brunswick. If you earn more than that, you're not eligible for EI under labour force training programs. Maybe you could just comment further on why you think it would be an advantage to us here in Atlantic Canada to have a little bit broader way of dealing with EI moneys to enable people to get better trained and to provide future opportunities for them.

• (0950)

Dr. Joan McArthur-Blair: There are a couple of critical pieces. The first is where the employment is and the education required for future employment. We're planning not just for people to be employed today, but for Atlantic Canadians to be employed in the long term in the new industries available to them. There is an important piece around training and retraining. It's not just about employment; it's about the right kind of employment for today and tomorrow. That is a critical piece.

Mr. Brian McMillan: As in the demographics we shared on the importance of a post-secondary credential today to prepare you for the knowledge economy, in Atlantic Canada 60% of our workforce does not presently have a post-secondary credential. By providing more opportunities for these individuals to pick up courses and work on a part-time basis—and if you notice, we have a large number of part-time learners in the college system—this would provide more opportunity for individuals to move on to new careers and become more involved in the knowledge economy.

Hon. Charles Hubbard: With the AIF, the Atlantic investment fund, you mentioned the concept of chairs within the community college programs. Under the new \$700-million investment fund, did you feel and do you believe the needs of community colleges are being addressed? Or are there opportunities being overlooked by ACOA in terms of relationships with the community colleges?

I know what your answer is; I'd like to put it on the record.

Mr. Brian McMillan: First of all, I want to comment that community colleges do have submissions before AIF right now. Our college has been the recipient of an award, as have some of the other colleges. We do believe the AIF helps us.

The point we're making about research is that we'd like to see more opportunity for the college system to get involved in research and commercialization. Right now, some of the other funding agencies are slanted more toward universities. If we could have some of those policies reviewed and have colleges eligible for chairs—universities are eligible to have chairs in certain areas and specialization—we have specialization in renewable energy and a number of areas where we could benefit.

Hon. Charles Hubbard: Finally for Mr. Graham, in terms of the forest industry in New Brunswick—in fact, across the country we're having difficulties in the forest sector—the forest companies indicate there are about five major areas they're concerned with in terms of the difficulties they're having under the present competitive process. Maybe you could mention a few.

You talked about investment tax credits. Are there others? For example, energy is a big cost, from 30%, to some of our pulp and paper mills.

• (0955)

Hon. Shawn Graham: My presentation today, Mr. Chair, centres on a regional development approach in three areas: entrepreneurial capital, human capital, and physical capital. I feel it is important that we start looking at economic development tools for this region as a whole versus pitting one province against another province.

At the outset of your comments, you talked about trade corridors and the importance of highway construction. Last week I had an opportunity to do a presentation before the Atlantic Provinces Trucking Association, and I'll use an example. Moosehead Breweries ships 1,300 truckloads a year to the U.S. market—minus one that went astray last year, as we all recall. It's important that we begin to look at the east-west corridor links from Calais, Maine, and that's going to have a very positive impact as well for trade in Nova Scotia and P.E.I. That's why I'm saying we need to take a regional development approach.

One area today that is feeling a huge impact from global competition is the forestry sector. To make a comparison, today in New Brunswick, our forestry industry is equivalent to the oil fields of Alberta. In Ontario, the automobile industry accounts for 4.5% of that province's gross domestic product. Here in New Brunswick, our forest industry accounts for over 11% of our GDP. It's the number one employment generator. Over 15,000 families rely on this industry for their livelihoods.

As Mr. Godin pointed out, I'm not talking about tax cuts today for this industry. I'm talking about creating an environment for reinvestment of profits through an investment tax credit program.

Currently, the Atlantic Canada investment tax credit program stands at 10%. I'd like to see it bumped up to 20% and see an accelerated depreciation of the asset base occur. That means that when a company makes an order for \$200 million of new equipment, the tax credit doesn't take effect the day the equipment is commissioned; it can take effect the day the equipment is ordered. Accelerating the depreciation of the assets is also going to allow stimulation of modernization to occur in this important sector.

The energy sector is key, though. One paper mill today in Saint John uses more power than the entire province of Prince Edward Island, and that's why it's important that we maintain a competitive advantage with our energy costs. We have an advantage in New Brunswick with nuclear power. We're the only province in Atlantic Canada that's certified, that meets the regulations for nuclear power generation. We have an opportunity to look, through a feasibility study, at a CANDU reactor in the future, with cooperation from the other maritime provinces as well that want to be able to meet their base-load deficiencies.

The last point I raised was immigration. We do have a population decline here in New Brunswick. What's striking is that in the next 10 years in New Brunswick, student enrolment in our school system is going to drop by 25%, and in the next 20 years in New Brunswick, the number of New Brunswickers over the age of 65 is going to double. We are not alone. This is happening in the other provinces as well. But last year, with 8% of the population base in Atlantic Canada, fewer than 2% of the new immigrants arriving in New Brunswick came under the national immigration strategy. If you go into any embassy today across the world, there is literature on Toronto, Montreal, and Vancouver, but there is very little literature that exists on Atlantic Canada. We are saying that we need to create a much more aggressive approach to helping new immigrants who arrive in this region stay here.

It's a three-pronged approach, but I have to say that it will take a great deal of cooperation among the maritime and Atlantic provinces. But it's going to require a strong commitment from the federal government as well.

Thank you.

The Chair: Thank you, Mr. Hubbard.

Mr. Solberg.

Mr. Monte Solberg (Medicine Hat, CPC): Thanks very much, Mr. Chair, and thank you to all of you for appearing today.

I want to go back to the issue of training. I'm wondering if I could ask the representatives from the community colleges about the idea of an incentive for companies to send people back to community colleges for training in a way that won't add a lot of extra debt for people who are getting the training. Can there be something done, perhaps through a tax incentive of some kind, that would encourage people to come back—either a tax incentive for the individual or for the company?

Dr. Joan McArthur-Blair: I would speak in favour of both of those ideas, both a tax incentive for the individual and for companies.

Companies in particular are facing, in the face of skill shortages in particular areas, the need for retraining. How is it, then, that they have the capacity to release workers back to the community colleges for periods of time? I think the incentive for employers to be involved in the process of satisfying the skills shortage is huge. And it is also an incentive for individuals to have those opportunities and to have a tax credit system. I'd be supportive of both those ideas.

Particularly for business and industry, there is an opportunity for them to say they'll hire employees prior to their education, which helps them know they have an employee base and helps students make decisions about occupations. There are some real synergies in that idea that are really valuable.

• (1000)

Mr. Brian McMillan: There is just one other element where I think the smaller businesses and industries in particular could use some support with identifying the human resources requirements. Many of these institutions are fairly small. They don't have the time to do an analysis of what skills are required by which employees, how they move into the knowledge economy, and things like this. So this could be another role. I know the colleges do that now to some

extent. But if there were some funding set up to help them identify their training requirements, that would be helpful as well.

Mr. Monte Solberg: Let me follow up on that. Obviously you have people who sit on the boards of the individual colleges. Presumably some of these people are employers. Here's maybe a sensitive question, but for instance, would a big employer from the Alberta oil sands say to you that they need these types of workers, and do you work with these big industries outside your provinces? How does that work exactly?

Dr. Joan McArthur-Blair: We tend to work with employers inside the province more than outside the province. It might be interesting for the committee to note—and I'll give you the Nova Scotia community college statistics—that 88% of our graduates are employed. Of that 88%, 92% are employed in the province of Nova Scotia.

So we have this issue of export, most certainly in Atlantic Canada, but we're really trying to work with local industries to keep workers here. We work with local industries a lot around that question.

Mr. Brian McMillan: The other point too, Monte, is that when new businesses come to Atlantic Canada, they'll often come to the community college and ask what training opportunities we provide and whether we can provide new opportunities or training that will meet their needs. We're often part of those economic development discussions, which I think are imperative.

Mr. Monte Solberg: Okay.

Mr. English, time is short, but we had the Federation of Canadian Municipalities before the committee in Vancouver. I wasn't there, but I read their brief. One of the things they raised is the reliance of municipalities on property tax and the odd incentive that municipalities face, which is the incentive to sprawl, because the more ground you take up, the bigger your tax base.

Do you have any thoughts on better ways of raising revenue, just setting aside the current discussion on the allocation of fuel tax?

Mr. Dan English: Yes. We could talk about it all morning, actually. HRM is 70% reliant on property tax. There are only so many sources of revenue: user fees are one and unconditional grants from provincial governments are another. Part of the problem with HRM, to be quite frank, is that the Province of Nova Scotia is not in good fiscal shape and we get very little, if any, assistance from the provincial government. In fact, we don't receive any operating funding from the provincial government in Nova Scotia. Some of the other municipalities across the country receive unconditional provincial funding. So that's part of the problem.

We've reviewed our user fees. You have to deal with the development industry on that to a certain extent in terms of what we're charging for lot levies, building permits, development fees and all that.

The property tax system is rather regressive in terms of it being based on property values. Although the market values are going up and we have been reducing tax rates, the homeowner is still paying more because the market value is going up quicker than the inflation factor. We reduce our tax rates by that factor.

So we're currently working with the province to see if we can come up with some other basis for determining property taxes. Most would suggest it should be on the ability to pay rather than the value of the property, but that's going to be an ongoing discussion. As I say, we're heavily involved in that now with the Province of Nova Scotia, and hopefully we'll come up with something that would at least indicate it's an equitable and fair and predictable system.

•(1005)

Mr. Monte Solberg: I have a question for Symphony Nova Scotia.

You've heard all these pressing needs from other sectors about training and infrastructure, and on other panels it would be about the need to provide equipment for the military, etc. Some people would say the arts isn't that important. Give us your best sales job for funding the arts, particularly your symphony.

Ms. Mary Pat Mombourquette: I think it's all about the quality of life. It's like childcare and education: all of these things have to be supported. I'm for it a hundred per cent. The quality of life is based in the arts, and we make a strong case for that.

Also, we give people something to aspire to. There is more than what's down in the trenches. There is something to crawl out of the trenches for, and when you get out, you can see something. It sort of inspires people, it broadens them, and it allows them to dream. So

much of it is intangible. It's very hard to comment in economic terms that this is our value, because it's all about inspiration and dreams.

The Chair: Thank you, Mr. Solberg.

Great timing, the firemen are here.

Mr. English, do you have volunteer firemen in your area? Or are they not paid?

Mr. Dan English: Actually, Mr. Chairman, HRM has more volunteer firemen than any other municipality in the country, given our rural....

The Chair: Do you know how many that would be?

Mr. Dan English: I believe it's around—I know our chief is here—800.

The Chair: Okay, thank you.

Thank you to all the groups. It's tough when you have varying sectors, so it's tough for the members to even ask questions. We're under time constraints. But I want to thank you for taking time out in your day, and your being here was very informative for us, at least.

Once again, I want to thank the members from New Brunswick who had the idea to bring us here.

This meeting is adjourned.

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