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—
Chair

Mr. Massimo Pacetti

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•(0835)

[English]

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

Thank you for having us. Thank you to Judy for hosting us.

And Joy, I understand this is your place of, not worship, but your home—or maybe both; I'm not sure.

We've been to four cities, and this has been my favourite so far, because last night I went for a walk and decided to go see a hockey game. For me—I hope there are no cultural groups here—that was the event of the western tour. I love those Moose.

Without further ado, we're here pursuant to Standing Order 83.1 on pre-budget consultations, 2005.

I'll allow you seven to eight minutes for your opening statement or brief. I don't want to interrupt you, so I'll ask that we keep to that time slot, because the members are going to want to ask questions after everybody is done.

I have a list here. I have the Canadian Association of Student Financial Aid Administrators.

Ms. Brunette, you're first up.

Thank you.

Ms. Suzanne Brunette (President, Canadian Association of Student Financial Aid Administrators): Thank you.

Bonjour. My name is Suzanne Brunette. I'm the president of the Canadian Association of Student Financial Aid Administrators. On my left is Judy Dyck, our past president. We would like to thank the standing committee for this opportunity to share our insights with you.

CASFAA is the national professional association representing financial aid administrators at Canada's colleges and universities. Our members administer student financial aid programs, including the Canada student loans program, various provincial student assistance programs, institutional scholarships and bursaries, and work-study programs. Because of our roles within our educational institutions, we're uniquely positioned to directly witness not only the success of the Canada student loans program but also the gaps that seriously compromise the academic potential of a great number of students.

The theme of the 2005 consultations is of particular relevance to our members. As noted, "a positive relationship between a nation's

productivity performance and its standard of living...is, perhaps, the single most important factor influencing a nation's long-term economic growth potential". Investing in human capital through post-secondary education will ensure our citizens are equipped with the skills needed to generate ideas, products, and jobs that will ensure the prosperity of our nation.

Recent changes to the Canada student loans program, through increased loan limits and new non-repayable grants, coupled with funding provided to students through the Canada millennium scholarship program, have provided much-needed assistance to students. It's necessary, however, to continue to build on the progress made over the past few years.

CASFAA applauds the federal government's recent increase to the weekly loan limit from \$165 to \$210. While providing some measure of relief, it does not cover the entire gap between educational costs and available funding. As educational and living costs continue to rise, the value of this additional assistance is quickly eroded. We would recommend that a review process to adjust the weekly assistance limits be implemented and that such a review be undertaken at a minimum of every three years.

The recently implemented grant for students from low-income families is a building block for the academic success of many students who might otherwise not have undertaken post-secondary studies. This grant currently covers up to 50% of tuition for first year students only. CASFAA feels that providing non-repayable funding for low-income upper year students is crucial and would do much to support their retention and to encourage timely completion of their programs. We would therefore recommend that the Canada access grants for students from low-income families be extended to students in subsequent years of their programs up to a maximum of four years. Additionally, we recommend that this assistance be provided in addition to the weekly assistance limits.

Under Canada student loan need assessment calculations, parents and students are expected to contribute to students' educational costs based on their respective incomes. The reality is that many parents are unable or unwilling to assist the students to the level expected under Canada student loan calculations. Students find themselves in the difficult position of trying to compensate for these shortfalls. However, student income that exceeds a designated amount reduces the amount of government assistance the students receive. Furthermore, the Canada student loan need assessment does not recognize, nor is able to fully meet, many exceptional expenses and costs faced by students and their families. We strongly feel that students should be permitted to seek alternative sources to replace these expected contributions through additional work or institutionally administered need-based awards.

The following recommendations address these concerns: that the Canada student loans program in-study work exemption be increased to \$100 per week from the current \$50; that a federal student work-study program be implemented—in addition to contributing necessary financial support, these programs also provide valuable career-related experience—and that all institutionally administered need-based awards be exempted from the Canada student loan need assessment calculation.

As noted previously, many families are unable to provide the expected contribution as calculated under the Canada student loans program. Many have encountered unforeseen expenses and may not have sufficient savings to provide their children with the required financial support. An unsubsidized parental loan program would be an effective alternative. Consequently, we propose that the federal government implement an unsubsidized parental loan program to fund post-secondary educational costs.

● (0840)

All stakeholders must recognize that student loans are an investment in human capital that ultimately enhances our nation's productivity and consequently should be treated differently from consumer loans. Many jurisdictions charge interest rates that are significantly lower than the Canada student loan rates of prime plus 2.5%, floating rate, and prime plus 5%, fixed rate. Ontario and Manitoba, for example, charge 1% above prime while Quebec charges prime plus 0.5%. We would therefore urge the federal government to reduce the interest rates for Canada student loans to prime plus 0.5%, floating rate, and prime plus 3%, fixed rate.

Information sharing between post-secondary institutions, governments, service providers, financial institutions, and students continues to be fragmented. There is no comprehensive system to support the delivery of the student financial aid programs across the country. This makes it virtually impossible for us to counsel students with respect to retention, accumulated debt load, repayment, and default prevention. It's imperative that the federal government, in conjunction with stakeholders, implement a comprehensive information system to support all aspects of the delivery of student assistance in Canada. This information warehouse would contain all information relating to student assistance at federal and provincial levels and would be accessible to students, government, service providers, and post-secondary institutions.

Since 2000 the Canada millennium scholarship foundation has delivered more than half a million bursaries and scholarships worth more than \$1.5 billion to students across Canada. Students in all jurisdictions have benefited from non-repayable financial assistance provided by the foundation. Many students have been able to significantly reduce their debt load. Further, the foundation has produced and continues to provide a wealth of vital research on student financial assistance in Canada. The knowledge gathered by the foundation plays an important role in policy decisions at all levels. We therefore strongly encourage the government to continue the foundation's mandate beyond 2010. If the foundation's mandate is not renewed, we recommend that the federal government create a program that would provide non-repayable assistance at the level currently being disbursed by the foundation.

Since 1998 the federal government has spent increasingly on student assistance through fiscal measures introduced in the tax system, such as scholarship and bursary exemptions, credit for tuition fees, and an allowance for each month of enrolment, as well as contributions to RESPs. These tax credits are distributed almost entirely without reference to financial need and represent almost 40% of all federal and provincial student financial aid expenditures, disproportionately benefiting families with higher incomes. They do little to assist high-need students and underrepresented groups such as students from low-income families, students with disabilities, aboriginal students, and adult learners to enter our post-secondary education system.

We believe that a means-tested student financial assistance program that is accessible through a simplified application process and that delivers funds at the time expenses are to be incurred represents the most effective use of taxpayer dollars. We recommend that the federal government review its education-related tax credits and give serious consideration to redirecting a portion of the funding towards means-tested programs that support high-need and under-represented groups.

[*Translation*]

We thank committee members for allowing us to make a presentation today.

[*English*]

CASFAA is grateful for the opportunity to share our ideas with the standing committee.

Investing in post-secondary education through measures such as those we have recommended will strengthen our country and give our nation a competitive advantage that will lead to economic growth.

Thank you.

The Chair: Thank you.

From the Canadian Federation of Students, Manitoba Component, Mr. Gagné.

Mr. Mathew Gagné (Provincial Chairperson, Canadian Federation of Students - Manitoba Component): Good morning. My name is Mathew Gagné and I'm the Manitoba co-chairperson for the Canadian Federation of Students. With me this morning is Amanda Aziz, Manitoba's national executive representative of the federation.

We'd first like to thank the committee for the opportunity to discuss the priorities of Manitoba students and provide suggestions and solutions for the 2006 federal budget and beyond in enhancing Canada's system of post-secondary education, reducing student debt, and creating an educated citizenry.

In Manitoba the federation represents over 40,000 students, including members of the University of Winnipeg Students' Association, the University of Manitoba Students' Union, the University of Manitoba Graduate Students' Association, Brandon University Students' Union, and l'Association étudiante du Collège universitaire de Saint-Boniface.

For the last six years in Manitoba the provincial government has made accessibility to post-secondary education a priority by freezing tuition fees. With predictable and sustainable funding from the federal government made possible through a dedicated transfer payment, we can ensure that Manitoba can maintain access policies such as a tuition fee freeze and move ahead with further reduction in tuition fees.

Due in large part to the tuition fee freeze, Manitoba's institutions have seen enrolment increases of over 33% in the past six years. Unfortunately, however, not all students have been protected in the same way under the tuition fee freeze. As is the trend across the country, fees have been allowed to significantly increase in many professional and graduate programs as well as for international students.

Financial barriers are on the rise in Manitoba due to the introduction of ancillary fees. Fee increases of between 15% and 19% were approved at most provincial institutions last spring. Joint work between students and the province reduced these increases for this year only.

As you will note, the focus of this presentation revolves around access to post-secondary education and who is being shut out of the system. Research shows that those from high-income backgrounds are twice as likely to go to university as those from low-income backgrounds.

• (0845)

Ms. Amanda Aziz (Manitoba National Executive Representative, Canadian Federation of Students - Manitoba Component): Since finances are overwhelmingly listed as the primary barrier to accessing post-secondary education, the federation has a number of recommendations to the committee.

Because the costs associated with attaining a post-secondary education degree are prohibitive, the creation of low-income grants is a good first step in increased financial assistance to assist students in getting their foot in the door. However, like our colleagues here beside us, we agree that the grants program is limited in reach and scope and thus needs to be expanded to cover the full cost of tuition fees for low-income students and made available to students outside

of their first year and upper years. Research on student financial assistance consistently shows that disbursing aid through upfront needs-based grants is the most effective way to increase access for low-income students.

We recognize the importance of low-income grants in improving access, but equally important is an increase in federal investment in core funding for post-secondary education. Though some funding has been restored by the federal government, per capita student funding in real dollars is still lower than it was in 1993. Without adequate federal funding for post-secondary education, the cost of education will continue to rise as students are placed with more and more of the burden of costs associated with obtaining a degree. Of course, any such increases in cost also compromise other efforts to improve access, such as the low-income grants.

With our call for increased federal funding comes a need for sustainable and predictable funding made possible through a dedicated transfer payment to the provinces administered via a national education act. Such a transfer and act should ensure transparency and accountability in funds for post-secondary education and must include provisions for increasing access through reduced tuition fees and increased quality to address things such as reducing class sizes and reinvesting in core academic programming.

There are a couple of significant areas where the federal government is currently spending large sums of money with little gain. One such program is the registered education savings program. This, together with other post-secondary education tax credits, represent over \$1.15 billion in federal spending. These programs have very little impact on the majority of students, and in fact the vast majority of those benefiting from such programs already earn over \$80,000 per year. These programs are effectively helping those students who require the least amount of financial assistance, and we recommend transferring the funds that are currently distributed through tax credits and RESPs into the low-income grants program.

Another such significant area where the government could more wisely spend its money is with the millennium scholarship foundation. Created in 1998 ostensibly to reduce student debt, the foundation is far from meeting its mandate in many provinces across the country. Students in provinces such as Saskatchewan, Nova Scotia, and Ontario have seen virtually no benefit from the foundation due to the lack of enforceable agreements for the transfer of funds.

While students in Manitoba have been luckier than many of our peers across the country in actually receiving these grants, the disbursement of grants in Manitoba is due to the commitment of the provincial government and not to the foundation. The foundation is unaccountable in its structure and does not act as a body concerned with reducing student debt but rather as an agency with a very biased research agenda, and we have some examples if the committee wishes to discuss those after.

We believe that the funds that have been dedicated and endowed to the millennium scholarship foundation would be much better placed and distributed through the Canada student loans program in the form of low-income grants. Under no circumstances do we think this federal government should consider any extension of the foundation and in fact should instead consider an immediate winding down of the foundation in favour of additional publicly administered grants. We do believe, however, that the same level of funding endowed to the foundation needs to continue through these low-income grants.

We would like to conclude with the mention of a rather unjust piece of legislation, the one prohibiting students from declaring bankruptcy on student loans for 10 years after completion of their studies. While Bill C-55 would reduce the limit from 10 to seven years, providing an acknowledgment of the discriminatory nature of this provision of the Bankruptcy and Insolvency Act, we urge this committee to consider getting rid of the provisions entirely. According to Saul Schwartz, the leading expert in bankruptcy law, the average income of those declaring bankruptcy with student loans as the primary debt was \$14,000 per year, which counters the myth that this law was first put in place to prevent doctors and lawyers earning upwards of \$300,000 from declaring bankruptcy on student loans.

To wrap up, I would like to reiterate the importance of the role the federal government has to play in setting a long-term and sustainable vision for post-secondary education in the country, including their role in increasing access and providing opportunities for all Canadians. We look forward to working with you in a more effective delivery of post-secondary education in the country and hope the federal government takes the leadership role that is needed to build a post-secondary education system that will foster a more sustainable economy and healthier society.

We thank you again for this opportunity to share our comments with you, and we look forward to a discussion and questions.

● (0850)

The Chair: Thank you.

From the Manitoba Association of School Trustees, Ms. Furgala.

Mrs. Ruth Ann Furgala (President, Manitoba Association of School Trustees): Thank you, Mr. Chairman.

Beside me is Executive Director Carolyn Duhamel, and in the audience are vice-presidents Yolande Dupuis and Tom Parker, supporting our presentation.

MAST has prioritized four critical areas to address to the Standing Committee on Finance. We view these areas as of common interest to the federal government, and we believe we can successfully work together to ensure the success of the initiatives. We certainly appreciate the opportunity to present to this committee and we applaud the federal government for providing this opportunity.

The Manitoba Association of School Trustees is a voluntary association of public school boards in Manitoba. Its mission is to ensure quality public education for Manitoba students through effective, locally elected boards of trustees.

Although MAST's direct mandate relates to the education of elementary and secondary school-aged children attending public schools, our indirect mandate is much broader and reflects the concern of school trustees for the well-being of children of all ages. With that in mind and in light of the current federal government budget surpluses, we make the following recommendations for the consideration of federal legislators in the development of the next federal budget.

Early childhood learning and care: School boards recognize the critical importance of the early years in setting the stage for a child's development, learning, and success in later life. A study undertaken by the Kellogg Foundation in the state of Michigan into predictors of success at the age 18 found that the quality and quantity of dialogue in a child's home before the age of five were four times more important than any other factor. Peer groups and individual reading were also found to be more significant than the role played by elementary schools. Clearly, dollars spent on providing quality early childhood learning and care are dollars that are well spent.

MAST continues to work closely with government agencies and the child care sector to support better linkages and enhanced collaboration between the preschool and school panels. As well, MAST applauds the strides made by the Governments of Manitoba and Canada in providing additional resources in this area. In light of the positive current federal financial picture, MAST recommends that the federal government accelerate its existing commitment to provide additional funds to the provinces for early childhood learning and care so a maximum number of children can benefit from this initiative as quickly as possible.

Support for immigrants and refugee students and families: Immigration numbers in Manitoba have risen significantly in recent years, a situation that is mirrored across much of Canada. Increased resources are needed in the areas of language training and social services for both students and their families to ease the transition and integration of newcomers into Manitoba's diverse cultural mosaic.

Elementary and secondary education is a provincial responsibility, and MAST has raised its concern about the need for settlement supports with the provincial government. However, the federal government does bear responsibility for immigration matters and for helping ensure that those individuals arriving from abroad, whether they do so by choice or of necessity, are able to successfully integrate into Canadian society. To do otherwise is to court both a human and an economic tragedy. Therefore, MAST recommends that the federal government earmark additional funds for language training opportunities and social supports to ease the transition of immigrant and refugee students and their families into mainstream Canadian culture.

The third item is Year of the Child commitments. Poverty damages the health, educational outcomes, and future productivity of children. In 2003, 22.1% of Manitoba children lived in low-income families. This was virtually unchanged from 1989, when it was 22.5%, the year the House of Commons unanimously passed a motion to end child poverty, and was an increase from the rate in 2002, when it stood at 20.8%.

Government initiatives in this area, such as early childhood learning and care, can help ameliorate the negative impact of child poverty, but more is required. Job creation, the development of affordable housing, and income support for parents of vulnerable children are all needed if we are to live up to the House of Commons' 1989 commitments. Neither the federal government nor any other level of government can resolve the issue of children living in poverty all on its own. However, until our elected officials at all levels commit to matching actions and dollars to words, children living in poverty in one of the world's wealthiest nations will continue to be our sad reality.

● (0855)

The fourth item is GST rebates for the educational sector. Elementary and secondary education is a provincial jurisdiction. However, the federal government could offer significant financial support to this critical social enterprise if it were to rebate 100% of the goods and services tax paid by the educational sector. A 100% rebate has been promised to Canadian municipalities; our school system and our students deserve no less. In 2004, 38 Manitoba public school divisions paid \$5.5 million for their 32% of the GST. That's significant funding for public schools to have to absorb.

There are a number of issues of federal policy we have not addressed today, but we would be pleased to respond to any questions from your panel or to provide information at a later date.

Thank you.

The Chair: Thank you.

For your information, the committee just passed a motion to waive the GST-QST for schools and hospitals, but I'm not sure what the finance department is going to do with that. We'll be writing a letter to them; it's in the hands of the finance department after that.

Mrs. Ruth Ann Furgala: That is wonderful news. Thank you very much.

The Chair: From ACTRA, Ms. Bajer.

Ms. Sharon Bajer (President, ACTRA (Manitoba)): Good morning, Mr. Chair and honourable members of the committee. My name is Sharon Bajer. I'm president of the Manitoba branch of ACTRA, the Alliance of Canadian Cinema, Television, and Radio Artists.

Our membership at ACTRA Manitoba has doubled in the last five years and continues to grow steadily. I know that by now you're very familiar with our national concerns, having heard from some of our representatives in other provinces, so I'll attempt not to repeat points you're already aware of.

I want to use my short time with you to address our regional issues, and the best way I can do that is to speak from a personal standpoint. I have been a self-employed actor, writer, and active member of the Winnipeg arts community for 16 years. I am raising two children with their father, a Manitoba composer and musician who is also self-employed. Our family is directly affected by federal funding to the CBC, the Canadian television fund, and Telefilm and by the tax credits that are currently in place to stimulate production. The recommendation in ACTRA's written submission is for the government to include a five-year commitment to the CTF, Telefilm,

and the CBC, along with set increases to be reflected in the next budget.

When the CBC's funding was cut in the nineties, we were no longer able to rely on being hired for radio dramas or concerts because production became so reduced in Manitoba. When provincial tax incentives for film and television production were introduced, it translated immediately into jobs for us. Our membership has benefited from projects initiated by the Canadian television fund and Telefilm, but we have no way of predicting how long they will be in place, and I want to begin by urging you to support ACTRA's recommendation to stabilize these bodies.

Our nation is so heavily influenced by American film, television, and advertising that it becomes difficult for a young person to sift through it all to discover what makes Canada unique and unified. When my children were little, we got rid of cable and only watched or listened to the CBC. Because I work in the industry, they were exposed to Canadian music, theatre, and film on a regular basis. As a result, they know who they are and what it means to be Canadian.

My children are proud of our country, and it really excites them when they see made-in-Manitoba television productions such as *A Bear Named Winnie*, *The Adventures of Shirley Holmes*, or *Tipi Tales*. It makes me proud they identify the provinces by what kinds of music are created there. They know who Tommy Douglas, Margaret Laurence, and Stan Rogers are. They even know who Charlotte Whitton is.

I fear that media influences on youth will continue to be primarily American and dominate our screens if our industry doesn't continue to grow. I fear that having children grow up without a strong cultural identity will lead to a society with enormous problems that may ultimately cost taxpayers more. One of the biggest influences on Canadian youth is what they see in movies and on television. A long-term commitment in this industry today will shape who Canadians will be generations from now. The recent lockout at CBC demonstrated just how important the CBC is to all Canadians.

Unfortunately, I am aware that our family is in the minority when it comes to their exposure to Canadian film and television, and I want that to change. I think Manitoba could be a leader in that change. Winnipeg is already known nationally not only for the cold winters but for our vibrant cultural scene. As the visiting Governor General commented on her recent visit, we may have a cold climate, but we are a warm people with a richness of spirit, a spirit in which culture plays a huge role.

The artistic contribution our province makes to Canadian national identity can only exist with your continued and stabilized support to culture. Not only is this fundamental to our quality of life and the shaping of our citizens, but a healthy cultural industry generates growth and stimulates our local economy.

The preservation and prosperity of Canadian culture are also vital to my family's livelihood. When our employment depends so heavily on the fluctuations of film and television production, it can often feel like it's all out of control: feast or famine. It's very difficult to maintain a household and raise a family when the incomes vary so much from year to year.

ACTRA National is asking that the Government of Canada institute a system of income averaging over a five-year period in order to provide fair and equitable tax treatment for self-employed Canadians. Tax averaging was abolished before I became an income earner, but I know that it would make a huge difference to my family's level of stress, and I'm not alone. Many of the members we represent are unfairly burdened by this ongoing financial uncertainty.

● (0900)

I managed to save my RRSPs for 11 years, and then due to a painfully slow production year, I had to cash them in to pay the bills and the income tax from the relatively successful year before. This is all too common among self-employed artists.

I have made a lifelong commitment to my province and my country by continuing to struggle through the uncertainty of my profession because I believe that what I do is essential. It's important that the contribution performing artists make to enrich the lifeblood of our society not be taken for granted. Continued and enhanced government funding and tax incentives for our cultural industry will allow it to prosper and grow, which in turn will enhance the quality of life for all Canadians.

Thanks.

The Chair: Thank you, Ms. Bajer.

From Manitoba Opera, Mr. Desrochers.

Mr. Larry Desrochers (General Director and CEO, Manitoba Opera): Good morning. I'm Larry Desrochers, general director and CEO of Manitoba Opera. I appreciate the opportunity to meet with you today and to share our organization's views on how Manitoba Opera, the Canadian opera, and indeed the performing arts sector contributes to the vitality of communities across Canada. In doing so, I'm pleased to explore with you the questions you posed about the productivity of our country and how our recommendations relate to raising the living standards we enjoy in towns and cities across Canada.

While this is my first opportunity to meet with the Standing Committee on Finance, I wish to underline Manitoba Opera's support and thanks for the recommendations this committee has made in support of Canadian arts in the cultural sector. This committee's strong endorsement of continued federal support for arts and culture is important to organizations like Manitoba Opera as we work to serve our communities and audiences.

I'm Manitoban by birth. It's been my privilege to work and participate in the breadth of Winnipeg's arts community for over 20 years. While there are jokes about cold winters, and extremely large mosquitos are abundant about Winnipeg, it is the quality of the arts that has come to characterize the national identity of this city. Every day I work with committed colleagues like Sharon here, and with artists, volunteers, donors, and devoted audience members, to create a Canadian expression of the human experience.

Ours is a long tradition. For 6,000 years prior to the arrival of the Europeans, indigenous peoples gathered at the convergence of the Red and the Assiniboine Rivers to meet, to trade, to tell stories. In Winnipeg, we continue to live that legacy today.

Manitoba Opera is the only full-time professional opera company in Manitoba. We present two full-scale productions of opera and a concert each season. We have a young artists apprenticeship program to help young artists move from the academic to the professional world. We serve a region that extends from Regina on the west to Thunder Bay on the east, the Dakotas on the south, and Thompson in the north. In our audience, grandmothers sit beside schoolchildren. On our stages, international stars perform alongside emerging artists.

At Manitoba Opera, our mission is to change people's lives through the glory of opera. That's a grand statement, but it's what we strive for with every production. Opera is an art form with the sheer muscle to pull an audience into another world. In opera the power of drama told through song can lift you out of yourself, taking you beyond the appreciation of the beauty of the moment to become one with it. Aristotle called this moment of transcendence the sublime. This moment is most likely to happen in opera when music, voice, drama, character, and spectacle all converge to a single theatrical point. It touches your soul; it can change your life. This is why opera is important and why it has lasted for centuries.

Manitoba Opera does not work alone. We rely on our relationships with artists and other arts organizations throughout the city and the country. Locally we partner with the Royal Winnipeg Ballet, the Winnipeg Symphony Orchestra, Manitoba Theatre Centre, and Manitoba Theatre for Young People, to name just a few. We collaborate in numerous ways, and each contributes to the vital artistic ecosystem that makes Winnipeg unique in this country.

The Canada Council for the Arts is one of the most important mechanisms through which the federal government can connect to the culture of the nation. Unfortunately, support for the Canada Council has not kept pace with either the growth in cultural expression in the country, the changing face of production of culture, or the costs.

In our own instance, federal funding for Manitoba Opera has been continually declining since 1990. We now receive less support from the Canada Council than at any other time in the last 15 years. The cost to Manitoba Opera has been the elimination of one production, the underdeveloped infrastructure for the organization, and a disproportionate reliance on box office and charitable giving to pay for the work onstage and in the community.

Similarly, in the last few years opera companies in Hamilton, Montreal, and Edmonton have also had to eliminate a production.

The declining support from the Canada Council has also been felt in theatre companies across the country. The average number of actors hired in production has decreased dramatically over the last decade. The great plays of Chekhov, Shaw, and even Shakespeare are rarely performed on the stages of this country, because theatres cannot afford to produce them any more. Our own playwrights are afraid to write Canadian plays with more than three or four characters, because they know they will not be produced. The Manitoba Theatre Centre is now one of the few regional theatres in the country to maintain both a main and a second stage. It's the only one in the country to still produce a regional tour.

● (0905)

At Manitoba Opera, earned income and contributed revenue account for 70% of our total revenues. The Canada Council now accounts for less than 10% of our operating revenues. This is a similar percentage for many Canada Council-funded organizations across the country. We believe that the Canada Council is still the best instrument for the federal government to distribute taxpayers' dollars to the national arts community, but without a renewed investment in the Canada Council, its relevance and, by extension, the federal government's relevance to the art created in this country are greatly diminished.

Manitoba Opera supports the broader opera sector's call for an increase in funding to the Canada Council of \$5 per Canadian. Indeed, arts organizations across the country have joined together through the Canadian Arts Coalition to urge Ottawa to make this meaningful and important investment. Five dollars per Canadian: that's less than a penny and a half per day or the price of a latte—or nowadays a thimbleful of gasoline.

It's worth noting that Winnipeg's municipal contribution to the Winnipeg Arts Council is about \$4.48 per Winnipegger. The provincial government, through the Manitoba Arts Council alone, contributes approximately \$8.60 per Manitoban. One would hope that the federal government, operating with the national tax base, could keep pace with local and provincial governments.

We are delighted that the Minister of Canadian Heritage, the Honourable Liza Frulla, is one of our strongest advocates in this regard. She has made clear that increased funding to the arts in Canada is her priority. We salute her commitment to our sector and her passion for our work.

With an increase of \$5 per Canadian, the Government of Canada can demonstrate its recognition of the valuable role the arts play in defining a nation. It can stand side by side with other levels of government in nurturing a unique cultural experience in each region. It can serve the millions of Canadians who already recognize that the arts contribute to the health and quality of their lives.

In Manitoba increased investments in the arts will nurture a garden not yet in full bloom. For Manitoba an increase will allow us to extend our reach into the community, to return to a three-production season, to keep ticket prices affordable so more Manitobans can see our work, and to expand our school tour to reach even more young people.

The essence of opera is collaboration. The artists, the company, the community, and the audience all meet together in a darkened

room to be changed, even just a little bit, by the glory of opera. We depend on each other to play our role to the fullest. The Government of Canada is a partner in this process. We respectfully request that the federal government assume its full responsibilities as a partner so we can do away with the jokes about the cold winters and the large mosquitoes and celebrate together the legacy that was established in this great place 6,000 years ago.

Thank you.

● (0910)

The Chair: Thank you, Mr. Desrochers.

From Magazines Canada, Mr. Jamison.

Mr. Mark Jamison (Chief Executive Officer, Magazines Canada): Thank you. We appreciate being here today to speak.

Manitoba Opera talked about the Canadian Arts Coalition, in which Magazines Canada is also a participant. Next Tuesday, I know the members and senators have been invited to participate in a day on the Hill. I hope those who are here will take advantage of the fact that we're bringing 70 to 90 of Canada's leading artists, writers, poets, dancers, and actors to talk about the Canada Council. We certainly are very much behind it and are part of the organizing committee.

My name is Mark Jamison. I am with Magazines Canada. With me is Michelle Kuly, who is acting president of the Manitoba Magazine Publishers Association. Michelle is also a member of the publishing team at *BorderCrossings* magazine. *BorderCrossings* is Manitoba-based and internationally read, and the National Magazine Awards honoured *BorderCrossings* this year with its magazine of the year award.

Magazines Canada is a national consumer association whose members represent 90% of Canadian magazine sales in Canada. Of course, the vast majority of Manitoba publishers are also members of our association, because we have a real focus on the vibrancy of regional as well as national activity.

Canadian-owned, Canadian-content, consumer magazines number just over 1,000 in this country, accounting for 770 million copies each year going to Canadians. Canadian magazines are mostly small businesses independently owned. They are published in every part of Canada in both official languages, aboriginal languages, and many more, reflecting our country's evolving face.

Canadian readers love their magazines. Canadian-content magazines account for more than 70% of the subscription sales of magazines in Canada. Combined with the newsstands, our magazines have an overall market share of 41%. We have to put this in context: Canadian film has 3% market share; Canadian music has 10% market share; and books have about 33% market share. That's not a criticism; it's just the challenge of trying to be Canadian cultural industries dominated in the American environment. There is a chart that I have provided.

Michelle.

Mrs. Michelle Kuly (Acting President, Magazines Canada): Until now, the Government of Canada's main policy objective for cultural industries has been to ensure that original Canadian-authored content is available to Canadians across the country. Canada's magazines are obviously serving this goal.

The Magazines Canada submission addresses several issues, but this morning we want to focus on the publications assistance program, or PAP. The PAP is critically important to Canadian readers and content creators. It helps ensure that Canadians have access to affordable Canadian magazines in all parts of the country by helping to reduce the impact of soaring postal rates.

Magazines published in Manitoba, such as *BorderCrossings*, *The Beaver*, *Horizons*, or *Prairie Fire*, to mention a few, attract national audiences. Magazines with a more regional focus, like *Manitoba Gardener* or *Manitoba Business*, help build a strong community here and attract interest from elsewhere.

The PAP has been an important factor in making all this possible for magazines published here or in Yellowknife or Quebec or Halifax. PAP helps Canadian magazines achieve 70% of the subscription sales of magazines in Canada. Without PAP, we would face the same distribution nightmare Canadian films face.

Right now, Canadian magazines have only 9% of newsstands. Why? It's because newsstand product is based on the preference of U.S.-oriented distributors, while Canadian subscription sales are determined by the preferences of Canadians.

• (0915)

Mr. Mark Jamison: PAP is a relatively small program. It is a vital one and a productive one. Uniquely, PAP money is only triggered when the reader buys a magazine, unlike many other investments in cultural activity.

The investment in PAP represents less than 2.5% of the total investment of almost \$1.6 billion made by Canadian magazine publishers creating Canadian magazines.

With the stunning 60% accumulated increase in Canada Post rates over the last five years, combined with the declining PAP resources provided to Canadian Heritage, it is little wonder that the magazine industry is wondering whether the Government of Canada is abandoning a policy that encourages the development of Canadian readers and Canadian creators.

It isn't just about the industry that employs 18,000, with an investment in Canadian creators of \$350 million per year. With the ever-increasing impact and control of American media, the very availability of our own cultural activities, regional stories, and information is truly at risk. Is that what we Canadians want? I'm sure we don't.

We close with the principal recommendations in our submission, which I hope you will take time to look at.

We recommend that the federal government review the performance of its agency, Canada Post, with respect to that agency's mandate to be a portal for cultural product, and that the Government of Canada increase its investment in the publications assistance program to keep pace with rising postal costs and the increased

circulation of Canadian magazines that make Canadian content available to Canadian readers.

The Chair: Thank you, Mr. Jamison.

From the Canadian Booksellers Association we have Mr. McNally.

Mr. Paul McNally (President, Canadian Booksellers Association): Good morning. I want to thank the committee for allowing Canadian Booksellers Association to be part of this process.

My name is Paul McNally. I'm the president of Canadian Booksellers Association and I'm also the co-owner of McNally Robinson Booksellers, which is a locally owned independent bookseller here in Manitoba; we also have a branch in Saskatoon and one in Calgary.

The Canadian Booksellers Association represents chain bookstores, independent bookstores, and campus bookstores. Bookstores, as you may know, are one of those enterprises that straddle the cultural and private sectors. We are for-profit businesses but of course our product is a cultural one. I think it's probably arguable that our cultural product, the book, the work of great Canadian writers, is our most successful cultural export. We have a significant role to play in the cultural economy.

Canada's cultural economy contributes \$39 billion in economic activity, according to the Canadian Arts Coalition, and creates 600,000 jobs directly and countless jobs indirectly. The industry is responsible for festivals, events, and cultural products that generate millions in tax revenues. Ninety-one per cent of Canadians feel cultural activities contribute to the vitality and competitiveness of our cities. Vital, culturally rich cities attract strong and innovative workforces, and that is the strength of our economy.

Bookstores are a key indicator of the creativity of a city, a key indicator of its potential to attract the investments that come with a strong culture and strong cultural orientation. The more bookstores a city has, the more creative it is. What's more, bookstores act as the pivotal link between Canadians and Canadian culture. We're the ones who put Canadian literary material in front of Canadians. We are a strong factor in education and culture.

The Canadian Booksellers Association sees three tangible ways the federal government can enhance the bookselling industry as well as the arts and cultural industry as a whole. We'd like to speak to these three, namely increasing funding to programs that directly help the book industry, eliminating some anomalies in the tax realm, and increasing the funding of the arts through the Canada Council by \$5 per capita, a recommendation in which I join other submitters.

I would like to speak first to investments directly in the book industry. The key program here is Canadian Heritage's Tomorrow Starts Today arts and culture funding program, which was extended in Budget 2005 to a total of \$860 million over five years. We applaud this move towards building a culturally thriving, exciting Canada. The Canadian Booksellers Association asks that this committee recommend that the government invest further in Tomorrow Starts Today. This will be an investment in the programs that are important to our industry.

The main one is the book publishing industry development program, known to us in the industry as “Bippy Dip”. The program runs a number of initiatives that help booksellers reach their full potential. The key one, I think, is the supply chain initiative. This is an enterprise that allows the development of technology and the establishment of standards to allow a fragmented industry with many, many small producers of product to reach the Canadian public efficiently and productively.

The book publishing industry development program also includes a component for aid to industry and associations that supports marketing and promotional activities such as author events or promotional campaigns. It supports professional development programs to encourage the acquisition of up-to-date skills and knowledge, and it supports research that will advance the collective understanding of the Canadian book industry and of the tools and strategies that will strengthen the industry's capacity to publish and promote Canadian-authored books.

Currently, funding for the book publishing industry development program stands at \$38 million. The program currently enjoys the benefit of five years of guaranteed investment under Tomorrow Starts Today. We encourage you to recommend that the government make this funding permanent.

● (0920)

Second, there are a couple of anomalies in the tax realm. The first is the imposition of the goods and services tax on books. The creation of the GST represented the first time consumer taxes were placed on books in Canada. Provincial sales taxes do not apply; the old federal sales tax did not apply; the GST does apply. This is a longstanding request of the Canadian Booksellers Association and of Canadian publishers. It is a tax that in a very direct way is an impediment to thinking, an impediment to education, an impediment to culture. It is a mistake, and we hope that the mistake can be rescinded.

A more technical thing I hope the committee can look at is the imposition of the harmonized sales tax in the Atlantic provinces, the HST, on books that happen to have a CD stuck in the back cover. The booksellers of the Atlantic provinces are struggling with a situation where HST does not apply to books unless they happen to have a CD stuck in the back cover. This is a particular burden in campus stores. Again, it's about the kind of complication that tax on books can have. It's a direct tax on education because mostly it's textbooks that are affected. It's a little wrinkle in the law in the definition of what a book is. A book ceases to be a book if it has a CD tucked in the back page, according to the definition of a book under current law, and I hope that can be changed.

Finally, the CBA wishes to add its voice to the many voices asking for a general increase in the federal government's funding of the arts and cultural community. Clearly, arts and culture deserve to be a national priority. We would like to call for increased funding to the Canada Council for the Arts by \$5 per capita.

To sum up, I can say Canada's prosperity depends on a strong arts and cultural industry. The CBA urges this committee to recommend three measures that will mean further investment in the industry, particularly the bookselling component: increasing funding to programs that directly help the book industry, fixing anomalies in

the tax sphere, and increasing funding to the Canada Council by \$5 per capita.

Thank you again for the opportunity to present.

The Chair: Thank you, Mr. McNally.

We're going to go to the members, with six-minute rounds.

Mr. Fletcher, welcome to the committee. Are you ready?

● (0925)

Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC): Yes, and thank you. It's a pleasure to be here.

I'd like to thank all the presenters for taking the time to come out and talk with us.

There's a broad area of issues that have been raised. I won't be able to touch on all of them, but as a former president of the University of Manitoba Students' Union for a couple of years and as a former regional director and board member of the Canadian Alliance of Student Associations, I have a particular fondness for issues relating to education.

I shouldn't say that. The Conservative Party and I believe that education is the best investment society can make in an individual, and education is the best investment individuals can make in themselves. It's important that government make choices that will encourage education.

There were just a few comments that were made that I feel can't be left without comment. One dealt with the tuition freeze in Manitoba, which many people feel is a very poor public policy because it subsidizes those students who don't need subsidy the same as students who need much more financial assistance. I'd be interested to hear what the Canadian Association of Student Financial Aid Administrators has to say about those kinds of policies.

The issue of student fees was mentioned, and I think this would be helpful for the credibility of UMSU and other organizations. When I was there UMSU fees actually went down, but I note that since then they've gone up dramatically, and that's students taxing students on student fees. I think students would be well served by not trying to have it both ways, insisting that the governments keep the student fees down while the student organizations themselves increase their fees dramatically.

However, I do agree with the comments about accountability in the Canadian millennium fund and so on. As we know, the Auditor General doesn't have access to that trust fund as much as she should.

I wonder, the Canadian Association of Student Financial Aid Administrators, do you have any observations about the effectiveness of across-the-board tuition freezes, or should they be more directed to the students who are in need?

Ms. Judy Dyck (Past President, Canadian Association of Student Financial Aid Administrators): It's very difficult for me to comment on provincial policies in that regard. In our offices, no matter what the level of fees, we deal with the students who are having difficulty paying those fees. Whether it's the current level or whether it might be a different level, those are the students we deal with.

Certainly, if there were to be any kind of significant increase in tuition fees, I would hope and assume it would come with more resources for our offices or for the provincial program to assist those students in need. An increase in fees would certainly affect those students who are already having trouble and those students who potentially might be attending college or university but are not because of their concerns about fees. We would need some kind of offsetting increase in assistance to assist those people.

Mr. Steven Fletcher: That's fair.

There were some comments made about early childhood development. There's a specific area of early childhood development that has received a lot of publicity as of late; that is, children with autism. Investments in early intervention with children with autism or other special needs can pay huge dividends down the road in the quality of life of those individuals, and also economically, because the kids are able to better deal with life's challenges.

My question is directed at Ms. Furgala. Have you looked at the issue of autism or children with special needs?

Ms. Carolyn Duhamel (Executive Director, Manitoba Association of School Trustees): Thank you for the question.

Certainly the whole issue of children with autism is putting a lot of pressure on our school system, but it's also putting a great deal of pressure on our child care facilities because in most cases they do not have adequate resources and funding to be able to put special assistants and programs in place for those preschool children.

We're seeing more and more children identified with autism. I'm not sure why that is, but the numbers are growing. Neither the preschool child care facilities nor the school system has sufficient resources at this point to be able to meet the demand, neither financial resources nor human resources in terms of trained specialists and people who have the expertise in this area to work with children. So it is a pressure point both at the preschool and child care facility level and at the school level.

School boards are struggling as best they can. I think child care facilities are in even more desperate situations than school boards because they don't have additional resources. Their funding is very strictly controlled by the provincial government as to the fees they can charge parents. Many parents of preschool children are out there struggling on their own, and there's just nowhere for them to go.

That would certainly be an area where significant federal investment could perhaps support the preschool sector more directly in terms of addressing that issue.

• (0930)

The Chair: Thank you, Ms. Duhamel; thank you, Mr. Fletcher.

I just want to remind the witnesses that the members only have six minutes. That includes questions and answers, so if you could keep your answers concise, I think the members would appreciate it.

[Translation]

Mr. Bouchard

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Thank you, Mr. Chairman. Thanks as well to all of you for your excellent

presentations. My question is for the Canadian Association of Student Financial Aid Administrators.

You told us about the successes and deficiencies the student aid programs have had. You seem to me to be in favour of the Canada Millennium Scholarship Foundation. And yet, since the start of the week, a number of groups have told us they were dissatisfied with the Foundation. They said that, since it was created, students have remained as poor as they were or, at least, that their poverty or indebtedness had not declined. That's one particular point that I noted.

You also said that financial aid should be distributed on a needs basis. That's consistent with the remarks of the Canadian Federation of Students - Manitoba Component. From those students, I understood that the programs were not always aimed at those who needed them. Do you more or less share the view of that other group?

I'd like to know whether, in your view, the federal government and the provinces provided sufficient funding for the education system at the postsecondary level.

Ms. Suzanne Brunette: I don't completely understand your question. Could you repeat it?

• (0935)

Mr. Robert Bouchard: You emphasized that there were a number of programs and that financial aid should be distributed on a needs basis. The other group also told us that some programs put forward weren't always aimed at those who really needed them. In your opinion, is the postsecondary education funding system established by the federal and provincial governments adequate?

Ms. Suzanne Brunette: Not right now, no. In recent years, large amounts have been paid to students in need, but there are still food banks on all our campuses right across the country. I don't really know how to answer your question.

Mr. Robert Bouchard: All right.

My second question concerns students and is for the Canadian Federation of Students - Manitoba Component.

You're in favour of the freeze on tuition fees, which, from what I understand, is helping increase the number of students.

Does your request concern both the tuition freeze and a scholarship and bursary program that might be put forward? I believe I understood that you had two requests: a freeze on tuition fees and direct financial support for students.

Mr. Mathew Gagné: What is the question exactly? Can you clarify it a little?

Mr. Robert Bouchard: You mentioned that the tuition fee freeze was one important thing and that it had helped increase the number of students. I thought you were also asking for an increase in scholarships and bursaries for students.

Are those the two main requests you're making?

Mr. Mathew Gagné: At the provincial level, our main request concerns tuition fees. At the federal level, we want the government to recognize... Pardon me, my French isn't so good, so there are words I don't know.

I'm sorry, I'm just going to say this in English.

We would like that the federal government recognizes its role in funding post-secondary education. The tuition fee freeze in Manitoba has been very, very successful for Manitobans, and we do advocate for its continuation but that needs to be coupled with adequate funding, not just from the provincial government but from the federal government as well. So on top of the demands that you mentioned, that would be one that is more kind of in tune with what you folks are doing here today.

Is this enough of an answer?

Mr. Robert Bouchard: That's good.

I now turn to the representative from Manitoba Opera.

You mentioned that the grant you receive from the Canada Council for the Arts represents approximately 10 percent of your annual budget. You're also requesting an increase in the Canada Council budget so that it's equivalent to \$5 per capita in Canada. You also say that this increase could have concrete results for your organization in that you could maintain price stability for tickets and your productions.

Have you considered other forms of funding, such as tax credits that could be granted to businesses or individuals? I'll explain: a business or an individual who bought a production or creation would be entitled to a tax credit, which would reduce its cost. One can imagine, for example, a \$1,000 creation that would be paid for by an individual or by a business. If the individual was entitled to a tax credit, it wouldn't cost him \$1,000, but perhaps \$500 or less, depending on his tax.

What do you think of that kind of funding?

[English]

Mr. Larry Desrochers: I think that an increase in tax credits for donations would be useful, but donors give primarily based on the value of the art form or their connection to it, and a tax credit is very secondary. So you would not see the kind of stability or the kind of increase in support that organizations need to continue fulfilling their mandates, by shifting from a funding mechanism like the Canada Council to a mechanism that was based on tax credits from individuals or corporations.

Certainly that would help, but in the long run it would be a system that would be detrimental to Canadian arts organizations, because for most individuals and corporations, donations are given primarily for a value relationship, not for a tax gain.

• (0940)

The Chair: Merci, Monsieur Bouchard.

Ms. Wasylycia-Leis.

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

Thank you all for your very strong presentations this morning, and showing so clearly to all my colleagues why Winnipeg is the best city in Canada to live in.

Now, Mr. Chair, you took in a Moose game. I hope you're now convinced to take in some of the great cultural life. Perhaps you'll come back next Friday to see the opening of *La Bohème*, put on by the Manitoba Opera Association, or perhaps you might stay tonight and see *Dracula*, or the beginning of FemFest, plays written by women, beginning tonight. There's a whole host of activities.

Let me begin on the education front. I have two sets of questions, one on the education side and one on the arts-and-culture side.

With respect to education, keep in mind that the theme for our committee hearings is productivity. Everywhere we have gone, people have said education and training are the centrepiece of any productivity agenda, yet you'll know that the last federal budget had zero dollars for new education initiatives until the NDP, our small group of 19, managed to get this government to forsake its corporate tax cuts and invest in education, housing, the environment, urban transportation, and international aid—\$1.5 billion set aside for education over the next two years. For Manitoba that represents probably about—I would guess, based on per capita—at least \$55 million.

My question to Amanda and Mathew is whether you have seen any evidence of how the government intends to spend that money—which, I might add, was intended to go directly to students to ensure better access for university education. While you're at it, you might respond to what I think were rather unfortunate comments made by Steven Fletcher, suggesting it's inappropriate for you, as students' associations, to raise money to provide necessary support services for students. You might want to explain why that is necessary, especially given the lack of federal leadership on the education file, in two minutes or less.

Ms. Amanda Aziz: Thank you for the question.

I think certainly students were a lot more hopeful when we did see the federal budget amendment happen in the spring—seeing, finally, some reinvestment in post-secondary education. Unfortunately, we have not yet seen any movement on those moneys. Our primary concern at this point is first to see the moneys flow to the provinces, and then to see that money go directly to students. Certainly we have gotten the impression that the money may not necessarily be going directly to reducing tuition fees or to grants, which would be the most direct way to ensure students are benefiting from that additional funding. We are encouraged by the fact the amendment did pass, and are now looking for some leadership to ensure the money does flow.

With regard to student association fees, I will comment in response to the tuition fee freeze. Over two-thirds of Manitobans support or strongly support the tuition fee freeze in Manitoba. With regard to fees, one of the things our associations do, obviously, is provide services to students; in doing so, we often will institute health and dental plans, which cost additional money for students. I think that's what Mr. Fletcher was speaking about, but I'm unsure.

In regard to funding for post-secondary education, we are waiting to see the transfer come. We maintain that it's very important that it come with a post-secondary education act to make sure there is control over it to direct it towards increasing access as well as increasing quality.

● (0945)

Ms. Judy Wasylycia-Leis: Thank you very much.

We have five organizations on the culture side. That area has not been seen as relevant to the productivity agenda. Most often we hear from economic analysts, business types, and corporations, who suggest this is really about improving Canada's production in terms of outputs—measuring inputs versus outputs, and how many widgets we produce—as opposed to looking at the whole life of a community and how you become a productive society.

We are hearing more and more from a government that says we need more tax cuts for large corporations, while the lifeblood, as I think Sharon put it, of our society is starved to death. I think I need to hear, from Larry, Sharon, Mark, Michelle, and Paul—from each one of you—just how important the area of independent bookstores is, and how having our own magazines, Canadian-made productions, the CBC, and our own opera are important to productivity in economic and social contexts. If I could hear a brief comment from each one of you, it would be great.

Ms. Sharon Bajer: I'd like to start.

The Chair: Excuse me. Could you make it short? We're over on time, so if you could make it short.... We want to hear from several witnesses, so it's 30 seconds, please.

Ms. Sharon Bajer: I wanted to talk very briefly about the audience base we have for theatre, and I imagine it's the same for film and television.

The majority of the season ticket holders are people who work in probably very high-paying jobs. Why would they go to theatre, and why would they want arts and culture, unless it helped them in their own lives to produce what they need to produce?

Mr. Larry Desrochers: Yes. I would echo what Sharon said. Surely arts play a role in the health and definition of the citizenry of a nation, and a healthy citizen is going to be a more productive citizen. Just stepping aside from the number of people who are employed in the arts and the whole economic argument, it feels good to take in an arts event. You feel a little bit different when you leave.

Ms. Judy Wasylycia-Leis: Sometimes sublime.

Mr. Larry Desrochers: Sometimes sublime.

Ms. Judy Wasylycia-Leis: Thank you.

Paul, and then Michelle.

Mr. Paul McNally: I think the book industry is absolutely important to education, both in the most pragmatic sense—because

of the information delivered through books—and in the Northrop Frye sense of the educated imagination and how that creates a great citizen.

If we do not have a culture, we will not have an educated citizenry, and if we don't have an educated citizenry, we won't be competitive—let alone productive.

Ms. Michelle Kuly: I think it's important to note that the cultural industry is still an industry, so while we're creating a sense of community with investment in the arts, and creating audience and appreciation for Canadian culture, we're also exporting it and showcasing it—not just across the country, but internationally. We have to keep that in mind.

An investment in arts and culture is also an investment in a product and an industry.

Mr. Mark Jamison: I have a figure: the value of arts collectively, of arts and cultural activities, is a \$39-billion impact on the economy. The government study was released a few months ago. That's the first thing. The second thing is that the overall investment of government in all programs, whether it's Telefilm Canada or the Canada Council for the Arts, is infinitesimal compared to the economic activity the arts generate.

You can make the argument from a financial level that it creates all this employment, all this economic activity—and oh, by the way, we get some operas and some great magazines and books out of it as a byproduct, almost. You can argue it from both sides. I think the economic case is made, so let's just get on with making sure we support it in a way that keeps us Canadian as long as we can.

Ms. Judy Wasylycia-Leis: Thank you very much.

The Chair: Thank you.

Mr. Holland.

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

Thank you to all those who presented today. There have been some great presentations. Unfortunately, only six minutes doesn't allow me to do justice to each of the issues you have raised.

Let me just start with the arts community. We've heard from a number of delegations on this particular issue. I'm certainly supportive of Minister Frulla's actions to try to ensure that long-term sustainable funding is added, whether it's exactly in the formula you present or in another way. I think I share that goal and ambition; I think it's extremely important.

Ms. Wasylycia-Leis talks about the vibrancy of the arts community in Winnipeg, and I know that certainly in my home region, the Greater Toronto Area, it exists as well. I think it plays a vital role in strong, vibrant economies; when we talk about productivity, I think it is important that we recognize the role the arts play.

We also have to say, as we support the arts on the one hand, that other measures also increase productivity, measures that ensure patrons have money to go and to be able to catch the productions you're doing and that the economy can support the arts in other ways. Of course, it can't be solely government funded. We also have to look at other elements of productivity, and ensuring we have a competitive tax environment is part of that.

I would like to start with the Canadian Association of Student Financial Aid Administrators, and also those who are here on behalf of the Canadian Federation of Students. One obvious challenge occurs when we recognize that, if we are going to drive productivity—not just in the near term, but in the long term—and ensure we have a viable and competitive nation, we have to make an investment in education. We have to particularly make sure we address the issue of accessibility.

When we're looking at various measures we can undertake—and I know there are ten recommendations here from the Canadian Association of Student Financial Aid Administrators, and you had also made some offerings in your submission—what do you think is the most important area for us to look at?

For example, take the Canada access grant for low-income families; I think we all acknowledge it has been a great success and really improves access. I'm hearing there's a desire to move it to four years at 50%, on the one hand, and a desire by student federations—not just in Manitoba, but across the country—to take it to four years, but for the entire amount, which is obviously not going to be a small amount. Should that be our principal focus? Alternatively, would you like to see more focus on just generally trying to bring down tuition rates across the board? It does have to be focused to some degree, so I would be interested to hear what you see as the larger of those two priorities.

• (0950)

Ms. Judy Dyck: From our perspective, the Canada access grants with the focus of upfront funding for students in need is very significant and very important. For years we've been arguing that a program that provides loans with the promise of some remission is not encouraging to people, whereas an upfront grant is. I would certainly say that would be our primary focus.

I should mention—it's not really in our submission, but beyond seeing that grant extended through several years, I think the definition of what a family is could be expanded as well. At this point, a family that consists of a single parent and children would not be considered for this grant. This is for the 17- and 18-year-olds living in a low-income family. There are other low-income families that need to be considered with respect to grants of this sort.

Ms. Amanda Aziz: It's obviously a good question, and one we struggle with.

From our perspective, certainly the greatest factor driving higher student debt is higher tuition fees, so it would be our priority to see an increased investment in core funding for post-secondary education, hoping that if provinces and institutions have the money they need to invest adequately in post-secondary education, it would prevent fees from increasing and thereby reduce the necessity of grants. Of course, low-income grants are always necessary and would even be necessary if there were no tuition fees charged in the

country, but our primary objective would be to see an increase in core funding for post-secondary education, while at the same time ensuring there is enough support for grant programs. I do want to reiterate that higher tuition fees certainly drive the need for increases in student loans and increases in grants, so we need an increase in core funding to ensure that tuition fees can be reduced, or can stay low in provinces where they are low.

• (0955)

Mr. Mark Holland: Okay.

I'm going to direct the next question to the Manitoba Association of School Trustees. You started your presentation by talking about early childhood development in education, which I think is extremely important, and our government has tried to recognize that.

You talked in your presentation about wanting to see that accelerated, but you didn't specifically state the rate at which you wanted to see it accelerated or what you were specifically looking for there. Could you expand upon that comment and tell us if you had any thoughts about the rate of acceleration?

Ms. Carolyn Duhamel: Thank you for the question.

In Manitoba, given where we are positioned in terms of the partnerships that have been put in place and the provincial government's vision and very clear plan and strategy, we would like to see the dollars that are going to be phased in over a five-year period flow more quickly at the front end. We'd like to see more of those dollars come up front, so that we could move more quickly.

More generally, we'd like to see a much greater federal investment in this area than what has been already committed to this point.

The Chair: Thank you, Mr. Holland.

Mrs. Smith.

Mrs. Joy Smith (Kildonan—St. Paul, CPC): Thank you.

I just want to say a special thank you to all the presenters here today. Each of you gave very compelling presentations. Clearly, in your fields, you're very knowledgeable about the issues and the kinds of things that need to be done.

I have a couple of comments; there are a few things I want to clarify. The suggestion was made to remove the GST from educational materials. I have to say there was a motion put forward at the committee level by the Conservatives to do that; the NDP and the Bloc supported that motion, and the current government didn't, so it didn't get any further. I think that's something a lot of us feel is very necessary. I would bring forward your thoughts on that, bring it back to the powers that be, because obviously you're saying here today that it needs to be addressed.

Another issue we're hearing about on a constant basis is the educational system. I have a real bias here, because I was a teacher for 22 years and I'm a former author as well. My husband is also in the school system. I'm a real supporter of shoring up our educational system, because that's how we make lives better for people, whether it's children, adults, or anyone else. Of the presentations heard today, this is one of the most important that has been brought to us.

There's one issue I have been working on in the House of Commons. There is a copyright law, Bill C-60, that is going forward. It's a very important copyright law that protects creators. Certainly it's very important to do that, and we support it. There's one issue I take exception to; it is that we need an educational amendment in that copyright law to ensure schools don't have to pay for materials that would otherwise be free.

We're not talking about any specialized materials. We're not talking about schools downloading materials that we're trying to take from creators that wouldn't otherwise be free. What is happening right now, in the silence of Parliament—and this has not become an issue—is that if that educational amendment isn't put into the copyright law, every student who downloads materials for a project, for a science project, will have to pay for it. That impacts on universities and on libraries, for goodness' sake, all across this country. It's absurd. Those same people could walk down the street to their homes, download that free material, and have it. This is really going to tie the hands of professors, the hands of librarians, the hands of teachers.

I was scheduled for an adjournment proceeding on it this Monday night. I invited a lot of people to it and I just found out a couple of minutes ago that I've been bumped by some ministers on a take-note debate. I'm going to reschedule my adjournment proceeding because I didn't like the answer I got when I asked about it in question period.

Here today we're talking about all these issues being brought up. There are so many issues hitting our educational environment right now that it's really gratifying to listen to what you're saying.

I have two daughters in university right now, so we're hurting. I have another who just graduated from the University of Winnipeg last weekend, and we have two in the University of Manitoba, so we're covering the whole gamut here. I have to tell you that on a tuition-freeze basis, as a mom paying the tuition fees, I'm saying I like lower tuition fees.

There's another thing happening at the universities: professors are not being brought on board, because the money isn't there. There are very large classes; students taking their courses in math and science are watching big-screen TVs, and, boy, that's not fun. You need a real, breathing person in front of you, for goodness' sake, to get the point across. I had trouble when I taught junior high mathematics and science, I can tell you; can you imagine if those kids had a screen in front of them?

●(1000)

Here this morning we're looking at this. The practicalities of looking at issues like these are very important. When we hear about this GST issue this morning, our frustration is that the NDP, the Bloc, and the Conservatives tried to get this through so that the GST would

be removed from education materials. We're sitting here this morning.

As I say, I have to commend you. I don't want to digress too much.

The other issue I was hearing is early childhood education. When I taught grade 1 and kindergarten, we did great studies on child development. I would agree that all aspects of... Educating parents, teachers, and day care workers on childhood education is one aspect we're looking at right now, and that needs to be addressed.

I'm not so sure the nine-to-five day care plan put forward by our national government is the best way to go. It leaves out shift workers. It leaves out all kinds of people. We need to look at more things, not just that one thing right now.

There are some issues here today—

The Chair: Thank you, Ms. Smith.

Mrs. Joy Smith: Have I used all my time?

The Chair: All your time is up.

Mrs. Joy Smith: I'm cut off again; sorry.

The Chair: I have a couple of questions, but as this is a finance committee, I have one related to money.

Mr. Jamison, in relation to your presentation on the publications assistance program, what are we talking about in terms of money, with the rising postal costs? How much extra are you asking for, or how much does the program cost now? Do you have any idea?

Mr. Mark Jamison: The publications assistance program, in total, is \$49 million. That involves some 215 million copies of newspapers, community newspapers, as well as aboriginal and ethnic papers, as well as magazines. That's the current program.

The current-year shortfall, as a result of Canada Post rate increases, is going to be \$3.5 million, effective November 1.

The Chair: How does that work? Does the money come through the Department of Canadian Heritage?

Mr. Mark Jamison: Heritage has the program, yes. It administers the program and offsets the impact of the postal rate on the publisher on a per-copy basis.

The Chair: So even if the circulation goes up, the amount is fixed? Is that what you're saying?

●(1005)

Mr. Mark Jamison: As the circulation goes up, the scale goes down slightly. In other words, the smaller, emerging, newer publication has greater support. Once you get up to a very large-circulation magazine, the scale of support goes down, because presumably your financial factors are serving you better, but it's triggered by the consumer. The actual investment of PAP isn't front-loaded; it only happens because the consumer buys the magazine on subscription.

The Chair: Thank you. I have a quick question, both to the financial aid people and to the Canadian Federation of Students.

The financial aid people are saying they're in favour of the millennium scholarship assistance. The federation is saying they're not. What do we do with this? We're trying to voice your opinion. What do we do? Do you leave it to us? Do you leave it to the politicians?

Ms. Suzanne Brunette: Ultimately, we want the money to go into the hands of students. That's the best way to answer that one.

The Chair: All right.

That's okay with you?

Ms. Amanda Aziz: Yes, I think we would agree with that.

The Chair: I have a second one for the Canadian Federation of Students. In one of your replies, I think you stated that if we didn't charge students any tuition fees, then no aid would be necessary.

Ms. Amanda Aziz: I think you misunderstood me. It was the opposite: even if there were no tuition fees, aid would still be necessary.

The Chair: Okay. I didn't understand that part.

At any rate, thank you. These panels are tough. With seven groups, it's not easy; some witnesses had more questions addressed to them than others. I appreciate your time. Thank you for having us, and thank you for taking the time out of your day.

The meeting is adjourned.

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