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## **Standing Committee on Finance**

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**EVIDENCE**

**Monday, October 22, 2012**

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**Chair**

**Mr. James Rajotte**



## Standing Committee on Finance

Monday, October 22, 2012

• (1530)

[English]

**The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)):** I call this meeting to order.

This is the 80th meeting of the Standing Committee on Finance. Our orders of the day are pursuant to Standing Order 83.1; we are continuing our pre-budget consultations for 2012. I want to thank all our witnesses for being here today.

We have two panels. In the first panel, six organizations are presenting. First of all, we have the Canadian Association of Petroleum Producers. Second is Canadian Doctors for Medicare. Then we have the Public Service Alliance of Canada.

[Translation]

We will hear the representative of the Regroupement des jeunes chambres de commerce du Québec, and then the representative of the Société de transport de Montréal.

[English]

Finally, we have the University of Saskatchewan.

You will each have five minutes for your opening statement, and then we will have questions for members. We will begin with the Canadian Association of Petroleum Producers.

**Mr. David Collyer (President, Canadian Association of Petroleum Producers):** Thanks very much, Mr. Chairman and members of the committee. We very much appreciate the opportunity to appear before you.

My name is David Collyer. I am the president of the Canadian Association of Petroleum Producers, or CAPP. We have representatives from Encana and Shell also in attendance at the committee this afternoon, reinforcing the importance of our submission.

We have a single recommendation for your consideration in the next federal budget, that being a change in the federal tax treatment of liquefied natural gas, liquefaction, or LNG liquefaction facilities to tax class 43, which is a 30% declining balance, from tax class 47, which is an 8% declining balance.

In our view, this reclassification would do several things. First, it would harmonize the treatment of LNG liquefaction with other comparable manufacturing and processing facilities and equipment, for example, straddle plants. It would enhance the competitiveness of the Canadian LNG export industry, thereby encouraging economic growth. It would positively influence near-term final investment decisions for LNG liquefaction facilities.

As the committee is aware, the natural gas market is undergoing significant change. Shale gas supply is abundant, and it will provide Canadians with a long-term, reliable supply of an affordable, cleaner-burning fuel. This abundance of supply relative to demand has put downward pressure on natural gas prices and increased the imperative for Canada to develop new international markets through LNG export opportunities, particularly from the coast of British Columbia. This will provide both additional demand for western Canadian natural gas and provide access to global natural gas pricing.

Canada's LNG export facilities will be among the greenest in the world. LNG exports to Asian markets will displace the use of more carbon-intensive fuels in those markets. For all those reasons, we think it's in Canada's interest to develop a sustainable LNG export industry.

I turn now to the specific tax treatment for LNG liquefaction facilities.

In our view, LNG liquefaction is a manufacturing and processing business, not unlike straddle plants. These facilities are complex, and much more technical detail is provided in our submission. The bottom line is that LNG liquefaction facilities process input sales gas, resulting in changes to both chemical composition and physical characteristics in order to manufacture marketable LNG and NGL products. In doing so, they meet the test of M and P, which means they should be included in tax class 43 rather than in tax class 47.

We presume LNG liquefaction was not contemplated when class 47 was amended to cover the much simpler regasification process of LNG import facilities, as the potential for export of significant volumes of natural gas from Canada was not contemplated at the time those changes were made.

Very briefly, in a global competitive context, as you aware, the world demand for LNG continues to grow, especially in Southeast Asia. Canada can participate in those markets, but it's fair to say we face stiff competition as well in terms of supplying Asian markets, competition both from established LNG exporters in Australia and the Middle East as well as from emerging LNG suppliers. The current class 47 tax classification puts Canadian LNG liquefaction facilities at a significant disadvantage relative to competitors in both the U.S. and Australia. It takes about 27 years to write off 90% of an asset under class 47 as compared to about 13 years in the U.S. or Australia, and about seven years under the proposed tax class 43. That said, class 43 would make Canadian LNG liquefaction facilities much more competitive on an international basis.

Timely development of Canada's LNG export facilities is also an imperative. As you are aware, a number of proposed facilities are on the books. We're operating in a very competitive international market. This tax class reclassification would positively influence those upcoming investment decisions.

To summarize, in our view Canada has a unique opportunity to diversify its natural gas markets through development of a sustainable LNG export industry. This will support investment and jobs in Canada, and supply reliable, cleaner-burning natural gas to the growing economies of Southeast Asia. I believe we can compete with the best in the world. The tax reclassification we are talking about for LNG liquefaction facilities will help to enable those significant investments in Canada.

• (1535)

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

**The Chair:** Thank you for your presentation.

We'll now hear from Canadian Doctors for Medicare.

**Dr. Danyaal Raza (Board Member, Canadian Doctors for Medicare):** Good afternoon.

Thank you, Mr. Chair, and thank you to the rest of the committee for having us here today.

My name is Dr. Danyaal Raza, and I'm a family physician here in Ottawa. I'm here on behalf of Canadian Doctors for Medicare.

We're an organization that represents physicians across Canada as well as citizens who support a strong public health care system. We conduct research, advocacy, and education activities in support of an equitable, accessible, and improved public health care system.

In regard to the federal government's next budget, we have three main recommendations for improvement.

First, we believe this government should commit to establishing a 2014 health accord.

Second, we believe the Canada Health Act should be enforced across the country.

Third, we believe the federal government should commit to a strong role in promoting health care innovation.

All three impact our ability to have an efficient and sustainable health care system that provides the best value for taxpayer money.

With respect to our first recommendation, we're concerned that the federal government has walked away from its role in a 2014 health accord. Health care is about more than dollars and cents, and our country is more than a collection of provinces.

There is a role for the federal government in health care. It helps ensure that Canadians can count on quality care wherever they live and wherever they travel within the country. Without national leadership, the quality and levels of service of health care in Canada will depend on each province, not on the universal health care system that Canadians expect to be there for them.

The 2003-2004 health accords were landmark developments in Canada. Over the past 10 years there's been mixed progress. For example, in some parts of the country there has been success in reducing wait times for certain procedures, but this has not happened uniformly across the country. There's been little progress on a national pharmaceutical strategy to reduce costs and increase access to drugs. In addition, there was weak accountability for results. The accord provided for large transfers of money to provinces without enforceable conditions for delivery outcomes.

We urge the federal government to initiate the timely development of a new 10-year health accord, negotiated jointly to ensure that it reflects the needs of all regions and also reflects the priorities that we share as Canadians. We would also add that moneys from any new accord should be conditional on adherence to the Canada Health Act.

This leads to our second recommendation, which is the need to enforce the Canada Health Act with respect to illegal extra billing. The evidence is mounting that many for-profit providers of health care are charging patients for additional services tied to their medically necessary and already publicly insured services. In some cases, private surgical facilities such as the Cambie clinic in B.C. are making millions of dollars by openly charging patients to jump the queue ahead of other needy patients on public wait-lists. We know many Canadians feel that wait times are too long, and we agree. In fact, there is evidence that wait times can improve. Allowing those with the ability to pay to jump in front of the line is not a solution.

The federal government has a responsibility to ensure that all Canadians have equitable access to care, and Canadians expect the laws of their land to be enforced. Extra billing is expressly prohibited in the Canada Health Act, and the federal government has a responsibility to work with provinces to ensure that this practice does not take place. We ask the federal government to meet this expectation.

Our final recommendation asks for federal leadership to help identify smart innovations in Canada and scale them up across the country so that our best practices are not limited to isolated projects in single hospitals or clinics. For example, in a pilot project, the Alberta Bone and Joint Health Institute was able to reduce wait times for hip and knee surgeries from 82 weeks to just 11 weeks, and with better patient outcomes. In Saskatchewan they're learning from the experience of Nova Scotians and their success with a collaborative emergency centre system in rural areas that is helping connect patients to doctors and in fact cutting wait times to see doctors from six weeks to three days.

• (1540)

**The Chair:** You have one minute.

**Dr. Danyaal Raza:** Thank you.

These are key successes, and there are more. We need to scale up these innovations. The federal government is in a key position to push for this kind of reform to a renewed health accord.

We also see room for national leadership in evidence and translation to provide the highest quality care possible. For example, according to the Canadian Association of Radiologists, as many as 30% of CT scans and other imaging procedures are inappropriate or contribute no useful information. A national body tasked with continuously reviewing the evidence and issuing guidance to health care providers, similar to NICE in the U.K., would likely improve the quality of Canadian health care and save money.

The federal government must be involved in setting standards and applying the best of our knowledge across the country. We urge the committee to consider these issues as it develops the next federal budget.

Thank you for your time. I look forward to answering any questions you may have.

**The Chair:** Thank you for your presentation.

We will now hear from the Public Service Alliance of Canada.

**Mr. Chris Aylward (National Executive Vice-President, Public Service Alliance of Canada):** Thank you, Mr. Chair and committee members, for allowing me the opportunity to present to you today.

My name is Chris Aylward. I'm the national executive vice-president of the Public Service Alliance of Canada. The Public Service Alliance of Canada represents the majority of federal government workers in Canada, more than 172,000 people who deliver crucial services and programs to Canadians across the country.

Since the 2012 budget was tabled in the spring, more than 18,000 of our members have been told they may lose their jobs. They are anxious for their futures and for their families, but they are also worried about what these cuts mean for those who rely on the services and programs they deliver.

Mr. Chair, committee members, I'm here today to call upon you to do two things. First, we want this government to reverse course. Federal government cuts are bad for Canadian families, communities, and the economy. Second, we want this government to start listening to Canadians before making decisions.

We were encouraged to learn last week that after hearing from communities about how their economies would be hurt, the government backed off on its decision to cut the seasons for Canada's waterways and canals. That was a good first step. Now we need the government to do the same for all of Canada's national historic sites and parks, because the communities that depend on them are saying their economies are going to suffer as well.

Mr. Chair, it is clear that public services and the workers who provide them are a major contributor to the prosperity of our families and communities. Economists estimate that the last federal budget could amount to the loss of 55,000 public sector jobs and 61,000 private sector jobs across the country. That's bad for our economy.

The government needs to listen to people like Mayor Claude Elliott of Gander, Newfoundland and Labrador, who says that losing 30 Service Canada jobs there means losing about \$1.5 million per year from their economy, and that's in salaries alone. He put it best when he told us, "When you're out there trying to expand and grow by attracting new businesses to the community, it doesn't give businesses a good sense of profitability when the federal government is out cutting jobs."

Brad Barkhouse, the owner of a bookstore in Gander, who told us, "When the cuts hit here, it's going to affect my customers. All of the businesses will be affected. There's a snowball effect, and it takes money out of everyone's pocket."

The government also needs to listen to Canadians about how these cuts are undermining our health and our safety. As of last week, we had 15 confirmed cases of illness caused by food contaminated with E. coli, food that came from XL Foods' slaughterhouse in Brooks, Alberta. This follows a \$56 million cut to the Canadian Food Inspection Agency's budget.

The government says it has hired 700 new inspectors, but refuses to give anyone a breakdown of where they are. What we do know is that none of these new hires went to inspecting slaughterhouses like the one at XL Foods. What we also know is that this government continues to push for less hands-on inspections and more self-regulation by the industry. That is putting lives at risk. The government needs to listen to Canadians and recognize that this is not the time to cut back on food safety.

The government also needs to stop ignoring people who live and work along Canada's coasts. Last year we spoke to this committee about lives being put at risk by the shutdown of the St. John's and Quebec City search and rescue stations, and now B.C.'s fishing, tugboat, and pleasure boat communities are protesting the government's decision to shut down the Kitsilano Coast Guard station in Vancouver. They say that lives will be at risk because calls for help from Vancouver harbour will now go to the Sea Island station in Richmond, 17 nautical miles and 35 minutes away. The government needs to listen to what the experts there have to say and reverse that decision too.

The government needs to listen to Canada's veterans and reverse its decision to shut down nine Veterans Affairs district offices across Canada. That includes the one and only office in Charlottetown, Prince Edward Island. One of our local presidents there told us, "The Charlottetown district office has the highest ratio of walk-in clientele in Canada. We deal with veterans who are young and old, but depending on their different abilities and disabilities, a trip to New Brunswick may not even be possible for them."

If I had more time today, I could talk to you about so many more examples of how the economy, families, and communities are being hurt by this government, or I could talk to you about the cuts to the fisheries habitat staff and the shutdown of the internationally renowned Experimental Lakes research centre. What will that mean for our environment?

• (1545)

I urge you to read our full submission, which was mailed directly to you, Mr. Chair, back in August, which we have distributed here today.

Thank you. I look forward to your questions.

**The Chair:** Thank you for your presentation.

[*Translation*]

We will now go to the representative of the Regroupement des jeunes chambres de commerce du Québec.

**Mr. Guillaume Dubreuil (Vice-President, Regroupement des jeunes chambres de commerce du Québec):** Thank you, members, for having us here today.

For over 20 years, the Regroupement des jeunes chambres de commerce du Québec has been supporting and growing a strong network of young people's chambers of commerce and youth sections throughout the province. The RJCCQ represents more than 7,000 young entrepreneurs, businesspeople and professionals aged from 18 to 40 from 34 different organizations. In addition to covering a vast territory, the RJCCQ represents eight culture-specific organizations, which gives it a unique perspective and allows it to defend its members well.

It is in indeed in our role as representatives and advocates that we have noted some concerns. At the RJCCQ, we believe that the demographic and economic changes of the next few years will have major repercussions. Furthermore, we believe that we must take on these changes properly and maintain Quebec's financial momentum. In order to do so, we suggest three strategic points.

The first is to consolidate. Canada's economy is based largely on a comprehensive and dynamic system of small and medium enterprises, working in all areas of business from the primary sector to the service sector. These companies are finding it increasingly difficult to maintain a competitive position on the world stage, not to mention that Canada is beginning to see its rate of entrepreneurship decrease compared to its international partners.

Without diminishing the role of big business, the RJCCQ continues to believe that Canada's economic strength lies largely in this complex web of small and medium enterprises. They are the cornerstone of our economic system. Today in Canada, 97.9% of firms have fewer than 100 employees. Unfortunately, many of these companies are destined to disappear or fall into foreign hands over the coming years. The reason is very simple: our entrepreneurs are growing older and approaching retirement. At that point, they will transfer the business as profitably as possible. Unfortunately, we are seeing more businesses being sold than businesses who have the next generation ready. We believe that this outcome is unacceptable. That is why we suggest that means of promoting the transfer of businesses to young entrepreneurs be implemented.

For the past few years, the RJCCQ has been advocating the introduction of a Business Ownership Access program. This BOA program would allow a young entrepreneur to use the funds in his or her RRSP to finance the purchase of a first business, without incurring penalties or taxes. The entrepreneur would then be required to repay the amounts within 10 or 15 years, ensuring he or she will not be penalized at the time of retirement.

As you know, the issue of credit, of a downpayment, is the main obstacle for people who want to buy a business, and the Home Buyers' Plan already exists. Buying a house is certainly a safe investment. Buying a profitable company is even more so. We therefore suggest that a similar program be created for purchasing a business.

We also believe—and it is our second strategic point—that we must invest in youth. The RJCCQ believes that the main challenge that stems from the aging of the Canadian population is ensuring inter-generational equity. Previous generations have enjoyed substantial benefits that are unsustainable now that the number of workers is decreasing. The RJCCQ is fully aware that it is impossible for the new generation of workers to enjoy the same benefits as previous generations, but we also believe that we must make sure that we do not have to pay the price.

To do so, the current government's efforts to return to a balanced budget must obviously be maintained. We congratulate the government for implementing a plan that is certainly bold. It requires a lot of sacrifice, I'll admit, but we believe that for the future of the country and the next generation of workers, it is the right path.

However, we also believe that we must take it a step further. Once the budget balance is restored, it will be important to prepare for the future by developing a plan to repay the national debt. The RJCCQ believes that the country's debt is a heavy burden to carry and undermines Canada's economic development.

• (1550)

**The Chair:** You have one minute left.

**Mr. Guillaume Dubreuil:** Fine.

Our last strategic point is using all our resources. Canada has long relied on its vast natural resources to act as an engine of economic development, but we now believe that we must promote the use of natural resources in accordance with the most stringent environmental standards. We also believe that we must put in place the necessary measures to diversify into new and important sectors of Canada's industry.

Let us therefore favour a gradual shift towards a better-developed knowledge-based economy. Investments in education are of utmost importance, as are measures to promote partnerships between the private sector and our research institutions, such as universities. In that regard, the RJCCQ supports some of the recommendations of the Jenkins report.

Moreover, the RJCCQ believes that Canada's greatest resource is its diverse pool of expert workers. Unfortunately, many of these young professionals say they feel they are victims of discrimination. We believe this issue should be looked into a bit more.

Thank you very much. It will be my pleasure to answer your questions.

**The Chair:** Thank you for your presentation.

We will now hear from the representative of the Société de transport de Montréal.

**Mr. Bernard Blanchet (Board Member, City Councillor, Lachine Borough, Montréal, Société de transport de Montréal):** Good afternoon Mr. Chairman and committee members. I would like to begin by thanking you for allowing the STM to speak to you during your pre-budget consultations.

My name is Bernard Blanchet. I have been a board member for 10 years and I am responsible for two committees, the environmental and infrastructure assets maintenance committee and the operations committee.

I'm going to begin with the three recommendations that we are making to the federal government.

We propose that public transport remain a part of the eligible category for the purposes of the general infrastructure program that will be replacing the Building Canada Plan and that the amounts allocated be sufficient to meet those needs.

We also propose that all federal excise taxes on fuel, that is 10¢ per litre, be transferred to the Gas Tax Fund.

Last, we suggest that the next long-term Canadian infrastructure plan be initiated without further delay.

The STM is appearing before you as a public corporation that is committed to the economic development of Montreal, Quebec and

Canada. The STM is an engine for prosperity and wealth creation throughout the country and it wants to be an important partner of the Government of Canada. With more than 9,500 employees and a \$1.2 billion budget, the STM is the second biggest transporter in Canada, the 14th biggest business in Quebec, and ranks among the 70 biggest employers in Canada.

In 2011, the STM reached a 405 million ridership record, that is an 11.4% increase in five years. It beat a record going back to 1949. The STM's goal is to reach 540 million by 2020. Besides improving its service, maintaining its infrastructure is a particularly important challenge that the STM plans on making its priority.

The pre-budget consultations are taking place in an uncertain and risky global economic context; we are quite aware of this. The Government of Canada has to balance its budget while supporting job creation, economic growth and long-term prosperity.

Practically speaking, that means that government expenditures have to be reasonable, strategic and targeted. Those expenditures must generate maximum economic benefits, generate employment, stimulate our productivity and improve our competitiveness. The STM can be a partner to get there. In fact, we believe that investment in public transportation is one of the best ways to meet those goals.

The brief that we are presenting today focuses mainly on economic recovery, job creation and productivity, all issues at the heart of this committee's concerns and all part of the online questionnaire provided to Canadians.

The first issue is economic recovery. The Governor of the Bank of Canada, Mark Carney, stated last April that household debt was the main domestic risk for the Canadian economy. Canadian household debt now represents 166% of income, an enormous number.

In supporting public transit, the Government of Canada can put money directly into the pockets of Canadians and help them to reduce their expenditures.

In 2010, Canadians spent an average of \$11,000 on transportation, 21% of their income. That is huge. That is the second highest household expenditure after housing, which is 28%. Of course, using public transport is much less costly than travelling by car; on average it costs three times less. Even for a car owner, it costs 40% less to leave the car at home whenever possible. In short, we need to help Canadians cut their costs. The STM can be a partner to do that.

The second issue is job creation. In these times of economic downturn, strategic investments in infrastructure can stimulate growth. In fact, that is what Canada is doing. The Building Canada Plan contributed to this country's good economic performance. That has to be continued. Public transit should be a priority amongst infrastructure investments.

Canadian bus, train and subway manufacturers are very high value-added innovative export businesses. In total, the Canadian public transportation industry supported 80,000 direct and indirect jobs in this country, according to the Canadian Urban Transit Association. Furthermore, the annual economic benefits of investment in public transportation are estimated at \$1.5 billion.

Last week, a traffic congestion report showed that Vancouver, Montreal and Toronto were among the five most congested cities in North America. In Montreal, costs related to road congestion are estimated to be at least \$3 billion, and in Toronto, at least \$6 billion. Funding should therefore be dedicated, recurrent and indexed.

Thank you.

●(1555)

**The Chair:** Thank you for your remarks.

[English]

Last, we have the University of Saskatchewan.

**Dr. Ilene Busch-Vishniac (President and Vice-Chancellor, University of Saskatchewan):** Good afternoon, ladies and gentlemen, and thank you for letting me address your committee today.

I am Ilene Busch-Vishniac, the president of the University of Saskatchewan.

As one of the medical-doctoral, research-intensive universities in Canada, the U of S is extremely interested in the strategic and financial impacts of the next federal budget. We were pleased with the strategic directions taken in 2012 and hope that the Government of Canada continues to recognize the importance of post-secondary education and research in advancing our country's innovation agenda.

Our written submission contains a number of observations and recommendations, but today I wish to focus on three key recommendations, those being continued support for research and development, funding of national science facilities in the long term, and investment in addressing the educational gap for Canada's aboriginal peoples.

Canada's investments in R and D as a percentage of GDP are lower than the OECD average, and much lower than countries such as Israel, Sweden, and the U.S. If Canada wishes to be internationally competitive, we should explore increasing R and D investments to levels well above the OECD average, and it is this that we recommend.

University research attracts talent and has tremendous social and economic impacts. For example, U of S researchers at the Canadian Light Source are developing new drugs, new materials for energy storage, and new ways to diagnose and treat serious medical conditions such as cancer and heart disease, but Canada must also recognize that R and D investments made today do not bear fruit immediately. Instead, they lay the foundation for the new discoveries we make tomorrow.

Canada's efforts to increase business investment in R and D and develop new industry partnerships are important, but these efforts must be coupled with investments in fundamental research. The U of S is very privileged to be the home to both the Canadian Light Source, Canada's only synchrotron facility, and VIDO-InterVac, an international vaccine centre. These facilities enhance our capacity to innovate, create employment and wealth, and solve global issues that affect the most basic of human needs: water, energy, food, and health.

But buildings do not innovate; people innovate. In order to grow our human infrastructure in Canada, we need to be able to attract and retain the best and the brightest scientists and thinkers from around the world. This brain gain will occur only if we can provide the necessary research environment and equipment to enable these researchers to do their work, which frequently spans decades. This is why it is so important to ensure that national research facilities like CLS and VIDO-InterVac have stable, long-term operational funding in place, and that is the nature of our recommendation.

On aboriginal challenges and opportunities, the measures outlined in Canada's economic action plan 2012 to improve first nations education will help to reduce the existing gap between Canadian aboriginal and non-aboriginal people, particularly in the K-12 system, but we need to find effective mechanisms that reach all aboriginal people. At the U of S, we have the highest proportion of self-declared aboriginal students of any medical-doctoral institution in Canada, but we recognize that we need to do more to increase the number of aboriginal graduates, teachers, researchers, and organizational leaders.

New approaches are being explored to enhance aboriginal education and partnering. These efforts would go much faster with federal investment in such strategies. Investing in aboriginal education and employment is not only a moral imperative, it is a sound investment. Studies have shown that closing the education and labour market gap between aboriginals and non-aboriginals by 2026 would lead to cumulative benefits of \$400.5 billion in additional output and \$115 billion in avoided government expenditures over the period from 2001 to 2026.

●(1600)

In summary, Canada needs a national innovation strategy that supports human, physical, and technological capital through investments in advanced education, research, knowledge transfer, and business development.

It also needs to optimize the sustainability of our national research facilities and strengthen the capacity for all Canadians to contribute to the economy.

This is not only the right thing to do, but the smart thing to do, and now is the time to do it.

Thank you.

**The Chair:** Thank you for your presentation.

I should also have said congratulations on behalf of the committee on being named president of the University of Saskatchewan, and welcome.

We've certainly been to the Canadian Light Source and VIDO, so we understand the work that is being done there.

We're going to start members' questions with Ms. Nash. You have five minutes, please.

**Ms. Peggy Nash (Parkdale—High Park, NDP):** Welcome to all of the witnesses, and thank you for your presentations.

I'd like to ask everyone a question, but I'm not going to get there, so let me start with Dr. Raza.



On this side of the committee, we certainly agree with you about renewing the Canada health accord. We see that as a priority for Canadians. We are concerned about growing inequality in this country and about the social and economic impact of that growing inequality.

I'd like to get your take on what the physicians see as the impact of inequality and rising poverty in terms of the demands on health care.

•(1605)

**Dr. Danyaal Raza:** Thank you for the question, Ms. Nash.

There has actually been quite a remarkable focus within the medical community on social inequality's implications for health. The recent Canadian Medical Association meeting in Yellowknife, in fact, made this its theme. Physicians are speaking out more on how this social inequality can actually decrease patient health outcomes and cost the health care system more money in the long term. I would certainly agree that it plays a key component in keeping Canadians healthy.

With respect to inequality, I would bring it back to access to health services as well. One of the things we mentioned in our brief is the impact of increased for-profit delivery on access to care. In fact, deliverers who are delivering for-profit health care will only go where they can make money.

It's difficult to make money in remote communities, aboriginal communities, and marginalized urban communities. It's also difficult to make money delivering complex chronic care or difficult emergency care. All of these have implications for equity and for Canadians living at or below the poverty line.

**Ms. Peggy Nash:** I assume that reducing inequality would actually save our health care system money. I don't have time to ask you a question about that, but I'm making that assumption.

I'd like to ask a question to Mr. Aylward.

Your comments made me think about the Parliamentary Budget Officer. When he was here at an earlier time, he talked about the cuts to the public sector in this budget as a drag on our economy and on economic growth and said that it would cost us more in the long term. I've heard you talk about the numbers of public sector and private sector jobs that you've seen cut.

I know Paul Krugman, the Nobel Prize winner, has said that reducing government expenditure in times of a slowing economy actually works to slow the economy further, so it may work against our best interests in terms of job creation and keeping our economy moving.

I want to ask you specifically about cuts to food inspection. Of these supposed 700 food inspectors that the government has told us they have hired, do I understand correctly that your members have not seen any of these newly hired food inspectors at XL Foods?

**Mr. Chris Aylward:** Thank you for the question.

Specifically in XL Foods, no, not at all. As a matter of fact, there have been no new inspectors put in slaughterhouses since 2006. We don't know where these inspectors are going.

We do know several of them went to a program called the invasive alien species program, which basically works to keep harmful

organisms out of Canada. That's not directly related to food safety at all.

With respect to where the 700 inspectors went, we don't know. We're certainly not seeing them.

**Ms. Peggy Nash:** There have been no new inspectors since 2006, and now Canadians find themselves with the largest meat recall in Canadian history and people are falling sick from E. coli.

**Mr. Chris Aylward:** That's right, and I just want to specify that in that particular program, called the meat hygiene slaughter program, which is directly related to food safety, there have been no new inspectors hired.

**Ms. Peggy Nash:** As it was a problem with hygiene that was the cause of the E. coli contamination, I draw the conclusion that it seems as though these cuts are in fact costing us more in the outcomes. Do you agree with that?

**Mr. Chris Aylward:** For sure.

Canadians from coast to coast to coast are agreeing with us that these cuts are having a terrible, detrimental effect on local economies. Earlier this summer, I had the privilege of being in Saint Andrews, New Brunswick, where—

**The Chair:** Unfortunately, we are over the member's time, so just briefly wrap up.

**Mr. Chris Aylward:** I agree. Canadians are telling us the same thing, especially in small-town Canada, which is being greatly affected by these cuts.

**The Chair:** Thank you.

Mrs. McLeod, go ahead, please.

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

Thank you also to all the witnesses. There were very diverse presentations today, and so you can imagine the challenges that we as a finance committee have in coming up with the right decisions to move forward in a positive way.

My first question is to Mr. Collyer, because your recommendation was fairly succinct.

First of all, there would probably be a cost to the change of classification. Have you analyzed not only the cost but also....

If this change were made, you would expect that it would also increase competitiveness. Have you done any scoping out of costs and increased competitiveness and volume?

•(1610)

**Mr. David Collyer:** Yes. I would make a couple of comments in response to that question.

The first is that over the longer term, investment in these LNG facilities will deliver significant economic benefit. We have included in our submission, based on 5 bcf per day—which is a reasonable estimate, I think, of what might come forward in B.C.—\$500 billion in GDP, three million person years of employment, and \$150 billion in taxes and royalties if we look back upstream as well, so there are some very significant economic impacts.

There is no question that there is a competitiveness dimension of this. I mentioned how the tax treatment in Canada differs from that in the countries with which we're competing, Australia in particular. On any particular project, there would definitely be an accelerated near-term tax writeoff. If you compare the 30% to the 8% declining balance, I think in the fullness of time, that's *de minimis*. That's relative to the relative economic benefit that would come forward.

**Mrs. Cathy McLeod:** Okay, thank you.

I have another probably complex question with hopefully a fairly quick answer, because I want to ask Dr. Raza a question afterward.

You talked about a recovery driven by the private sector, and our government agrees with you in the private sector's having to move things forward. We have created within our budget some modest reductions of 5% to 10%. You listened to other people in how the government chooses to spend its money and how we actually create the revenue to fund all the programs we dearly want to have, whether they be in health care or education. Can you give your quick insight into that area?

It's complex. It's a quick question, and then hopefully I'll have time for Dr. Raza.

**Mr. David Collyer:** I'll give you a very quick answer.

The oil and gas sector creates huge revenue streams to government and Canada, both provincially and federally. That allows governments to fund numerous programs, be they health care, education, or others. By creating a competitive tax environment that attracts investment to Canada, a significant generation of revenue will allow funding of other programs.

**Mrs. Cathy McLeod:** Great. Thank you.

Is there still some time?

**The Chair:** You have nearly two minutes.

**Mrs. Cathy McLeod:** That's perfect.

Dr. Raza, we're quite proud that as we're moving through these challenging times, we made commitments to increase transfers to provinces at 6% to 2016-17, and then 3% after that. It's one area that we really have protected as a federal government in terms of moving forward with the health care transfers.

I absolutely agree that innovation provides a huge opportunity. My first question is this: were the different projects you talked about funded through Health Infoway Canada, or were they funded provincially?

Second, you talked about the federal government role. The Canadian Nurses Association came forward and suggested that we select five health and system indicators and that we set up this collaborative pan-Canadian work with the professionals and with the provinces in creating those five indicators—

**The Chair:** You have 30 seconds left for him to respond.

**Mrs. Cathy McLeod:** Maybe go with the last one first.

Would you support that idea? Would it be something we could do?

**The Chair:** Give a brief response, please, sir.

**Dr. Danyaal Raza:** I think that's a great idea.

One of the very exciting things that's happening in health care is interprofessional care. Nurse practitioners are taking a more active role in providing patient care, and pharmacists are administering vaccines in Ontario. There are all these ways that we can understand each other's scope of practice and, in fact, improve care while maintaining or reducing costs. Something like that sounds like a strategy along the same lines, and that's something that I think is certainly worth the effort.

**The Chair:** Thank you, Mrs. McLeod.

Mr. Brison is next, please.

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

I'd like to start with the Canadian Association of Petroleum Producers.

This is my first question. With shale gas opportunities across Canada, does a progressive policy around shale gas represent an opportunity to geographically diversify petroleum wealth in Canada, which typically today is associated with a fairly small geography?

Ms. Nash spoke about issues of equality, but one of the things is equality of economic opportunity. Does the shale gas opportunity potentially give us that capacity?

• (1615)

**Mr. David Collyer:** I think the short answer is yes.

I would make a couple of observations. The first is that a healthy gas market that works for both producers and consumers is what we need. That will attract investment, and it will attract investment across the country in areas where there is the shale gas opportunity.

Our view is that at the moment, given the abundance of shale gas in terms of supply and the oversupply relative to the markets, enhanced market development—be that through conversion of coal-fired generation in the U.S., be that through other market initiatives in Canada, or be it through LNG exports—is going to make for a healthier natural gas market in Canada that will benefit both consumers and producers and allow more diversity and supply development.

**Hon. Scott Brison:** Some see shale gas in the U.S. as contributing to the eventual U.S. recovery in two ways. One of these is cheaper energy, which is good for the economy broadly, but there's also the creation of jobs associated with it. I think that's something we have to watch and be aware of in Canada.

On the health care side, Doctor, I appreciate your intervention and your saying that you'd hope that the government moves quickly on the 2014 health care accord. I'd say it's very late in the game. Leading up to the 2004 health care accord took a lot of negotiation with the provincial governments, a lot of consultation, a lot of work. I was speaking with a provincial finance minister earlier today, who expressed to me that there's very little dialogue going on currently. He actually expressed that in the government's unilateral decision to reduce the growth of transfers to the provinces for health care, the government in fact lost an opportunity to leverage on that discussion in order to demand greater accountability.

Do you see that as the federal government actually pulling back from its traditional role not just in funding, but also in terms of accountability?

**Dr. Danyaal Raza:** I don't know if I'm able to comment on its traditional role, but I certainly agree that the federal government's role should not be limited to just writing cheques to provinces. There's an important role for setting national standards.

We are a bit late in the game, perhaps, but I certainly would encourage the federal government to reach out to provinces. It's something that provincial premiers were asking for when they met in Halifax not too long ago. Some provinces are starting to discuss bulk buying agreements of pharmaceuticals to reduce costs, and in fact the health minister has indicated interest in doing it for the areas of health care that the federal government is directly responsible for: aboriginal health and the Canadian Forces.

There are some areas for overlap, and we would encourage this committee to consider those when they develop their recommendations and take them to the Minister of Finance and when they have conversations with the Minister of Health.

**Hon. Scott Brison:** Mr. Aylward, the recovery in Canada, or what recovery we're seeing, is pretty uneven. A lot of it is based on provinces with natural resource wealth, Saskatchewan and Alberta having more robust growth than, for instance, the Maritimes. Do you see the cuts to the public service and the public service jobs as contributing to the growing inequality in the regions?

Those represent a bit, if you will, of an equalization of opportunity: good, well-paying jobs in the regions. Is there a risk that a lot of those cuts will be felt more strongly in the region without Ottawa being cut as much? Would it actually be the regions that really need those jobs?

**The Chair:** If we want our witnesses to answer, we do need to give them some time. Mr. Aylward, you have about 20 seconds.

**Mr. Chris Aylward:** For sure, small-town Canada is being hit tremendously hard by these cuts. When you take federal jobs out of communities like Montague, Prince Edward Island, or Saint Andrews, New Brunswick, it has, as I said, a devastating effect on those local economies because there's a trickle-down effect. The coffee shop owners are going to be out of business within months when you take federal jobs out of communities like that. Store owners and service workers are going to be out of work due to these federal cuts. There's a tremendous trickle-down effect, especially in small-town Canada.

• (1620)

**The Chair:** Thank you.

We'll go to Mr. Hoback, please.

**Mr. Randy Hoback (Prince Albert, CPC):** Thank you, Chair, and thank you, witnesses, for being here this afternoon.

Chair, I'm going to straighten out the record on some misinformation here, and then I'll get to questions for the University of Saskatchewan, because that's a very important facility in the province of Saskatchewan. They do great work.

You know, I'm very disappointed that the NDP and their union bosses keep proceeding with this fear-and-smear campaign in the red meat sector. They've spread information here today that's not true. In fact, I'll straighten out the record right now. I hope anybody listening to these meetings will listen to what I have to say.

You know, 170 of the 700 new inspectors are in the meat program. None of the cuts to CFIA were front-line food safety inspectors. In Establishment 38, the one in question, there are 40 inspectors and six vets, and that's a 20% increase since 2006. If you want the facts—and I tell the NDP to do this—go to [www.inspection.gc.ca](http://www.inspection.gc.ca). It's right there and it's transparent; you can see it. I find it really frustrating that they'd try to use fear of the food system to create a political advantage, which is surely disappointing.

I'm going to go to something more positive, and that's the University of Saskatchewan, a positive school. I think you'd understand—

**Mr. Chris Aylward:** Could I respond to that, please?

**The Chair:** It's the member's time. It's Mr. Hoback's time.

**Mr. Randy Hoback:** It's my time, just as I gave you your time—

**Mr. Chris Aylward:** Will I get an opportunity to respond?

**The Chair:** It's up to the members how they want to use their five minutes.

**Mr. Randy Hoback:** You talked about attracting the brightest and the best. What can we do for programs to attract the brightest and the best from around the world? In what we're doing now, are there things we need to change in the program? Do you have any ideas that would be positive?

**Dr. Ilene Busch-Vishniac:** Yes, and in fact that was the nature of two of the recommendations I was trying to make. To attract the best and the brightest, we not only need the best facilities, but we need to know that those facilities have the operating funds to continue and funds to improve as technology improves. We don't build the building once and then expect everyone else to maintain it and never provide any funding for upgrading equipment or maintaining operations.

**Mr. Randy Hoback:** Is there more that we could be doing outside of having first-class facilities at the University of Saskatchewan? We've got a great community to live in, a great environment to raise a family in. Is there something we should do in the tax structure or in the promotion abroad that would attract these bright people?

**Dr. Ilene Busch-Vishniac:** I won't speak about the tax issue because I'm simply not qualified, but there is much we can be doing to make ourselves more visible nationally and internationally. One of the things that Canada has not done is create a federal science policy. If we had a federal science strategy that included what we were going to fund, how we were going to do it, and how we would make sure we were using all the facilities effectively and efficiently, and in that way attracting the best and the brightest to Canada, then that would really have a dramatic impact on what all of the research-intensive universities are doing.

**Mr. Randy Hoback:** You talked about aboriginal students. In the riding of Prince Albert we have a fair number of aboriginal students coming to start their first and second years of post-secondary education, whether it's university or trade school. One of the things is transition, and the extra support they need at the start. What are you doing at the University of Saskatchewan to provide that support?

**Dr. Ilene Busch-Vishniac:** You're absolutely right. Our aboriginal students at the University of Saskatchewan find they have the hardest time, not with their preparation for university academically but with the cultural dissonance they encounter when they suddenly arrive on a campus and there is no longer a majority aboriginal population.

We are not only providing services that ease that transition, but—what works best—we are working with families rather than working just with students. We are introducing new students to aboriginal communities in and around our campuses. We're also in the very early stages of talking about creating residence facilities for families, rather than simply for students. That will have a disproportionately big impact on our aboriginal students who come to campus.

**The Chair:** You have about 20 seconds, Mr. Hoback.

• (1625)

**Mr. Randy Hoback:** I have a quick question.

In *The Economist* on October 6, there was a comment by Mark Carney about “dead money” in the business community. Is the University of Saskatchewan doing anything with the business community to attract some of that dead money into investments in research and development?

**Dr. Ilene Busch-Vishniac:** Yes, absolutely. In fact, the University of Saskatchewan ranks number two in the country in terms of the revenue we generate through our patents and intellectual property. That's because we have traditionally had a very strong relationship with the business community. We intend to continue to do that. We have been the beneficiaries of a wonderful relationship, some of it philanthropic.

**The Chair:** Thank you.

Thank you, Mr. Hoback.

[Translation]

Mr. Caron, you have the floor.

**Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP):** Thank you.

[English]

I'll start with Mr. Hoback's drive-by smears. It's actually a fact that of the 700 inspectors that were hired, 170 were meat inspectors, none of them in slaughterhouses; they were in processing plants. XL Foods is a slaughterhouse.

It's also a fact, as reported by Sarah Schmidt from Postmedia, that in April, 59 meat inspectors were cut following the budget, with 800 staff at the CFIA actually receiving notice that their positions were in danger. There was no way of knowing which jobs. She asked repeatedly. The department would never give her an answer.

Mr. Aylward, can you actually confirm what I'm saying?

**Mr. Chris Aylward:** Yes, sure, exactly, and the issue is the slaughterhouse issue. That's the problem. For months now, the Public Service Alliance of Canada has been telling Canadians that our food safety is at risk. This government said that we were misleading Canadians. It's obvious now that we at the Public Service Alliance of Canada were not the ones misleading Canadians.

**Mr. Guy Caron:** Thank you.

In another silly game...and I'm sorry to bring in this kind of silly game that we're playing since we came back from this summer, but my next question will be to Mr. Collyer. The issue about carbon is that you can use carbon pricing or you can use regulations to address climate change. There are three ways, actually, to address climate change: one is a carbon tax, one is cap and trade, and one is the regulatory approach.

Liberals have favoured a carbon tax, we have favoured a cap-and-trade market system, and the Conservatives have chosen the regulatory approach, which is actually fairly expensive. Canadian Press and *Maclean's* actually reported that their approach so far is probably costing consumers close to \$16 billion.

Can you confirm that the Canadian Association of Petroleum Producers is on the record as supporting carbon pricing as opposed to the regulatory approach?

**Mr. David Collyer:** Let me just make a couple of comments.

The first, I think, is to always keep in mind that action matters. There's a lot of work being done in industry, in our industry, to reduce carbon emissions, and the broader use of natural gas I think is an opportunity to do that.

Second, there are a variety of mechanisms by which one can implement carbon policy. You've touched on all of them. There's no strong consensus among our membership as to which of those is the best. They can all be applied. I think the issue is how they're applied. There's no ideal mechanism.

We've been working with the government to proceed with carbon management and a policy framework for the oil and gas sector. We'll continue to do that. I think it's important that we move forward with policy, but more importantly, that we move forward with action.

**Mr. Guy Caron:** I was referring to the Shawn McCarthy article in *The Globe and Mail*, which I'll quote:

Individual business groups—from the Canadian Council of Chief Executives to the Canadian Association of Petroleum Producers—have urged Ottawa to move forward with a market-based system that would create certainty for companies that have to make long-term investment decisions.

That was as opposed to the regulatory approach.

**Mr. David Collyer:** Yes, I think there have been various representations by various groups in the past about which form of carbon policy is preferred. I think it's also fair to say that the current government is moving down the regulatory path and we're working with them to try to find something that works for the oil and gas sector.

**Mr. Guy Caron:** So there's no way of knowing at this point.... Because honestly, Sustainable Prosperity, which is a group that tracks various groups' positions, also says that you're in favour of carbon pricing as opposed to the regulatory approach, so there must have been some declaration or some statements made by your association to that effect.

**Mr. David Collyer:** Yes, as I said, we have said in the past—and I think if you looked at our membership today, they would also say broadly—that a market-based system of some kind over the longer term is something that our members would prefer, but we've also been very clear that we want to work with the government to put something in place in the near term.

**Mr. Guy Caron:** I understand. Thank you.

[Translation]

I feel a little badly for Mr. Dubreuil and Mr. Blanchet because I barely have enough time for one question and I will be putting it to Mr. Dubreuil.

I think the suggestion to use RRSPs to start up a business is interesting. However, I do have one concern. It's all very well to purchase a profitable business, but many small businesses are not very profitable and will even fail. The rate of failure is quite high and it's quite risky.

• (1630)

**The Chair:** Please ask your question.

**Mr. Guy Caron:** What would happen if RRSPs were used to purchase a business that then went bankrupt? There would no longer be a way of paying back those RRSPs in the manner in which you're proposing.

**Mr. Guillaume Dubreuil:** Actually, I think there's always a way to pay back RRSPs and that's why there would be a fairly lengthy timeline to allow for that. In other words, if for whatever reason that business went bankrupt, the individual would still have enough time to turn things around. That is why we want to provide for that lengthy timeline.

The main idea is that in all investments and expenditures, there can be ups and downs. Under the Home Buyers' Plan, a house can be purchased with RRSPs. Who's to say that two weeks after the

purchase of a new property, a hog facility, for example, or a factory won't be built beside that property, which would end up in a loss of value. There is no way of being completely protected from that.

[English]

**The Chair:** I'll just remind members to allow witnesses enough time to answer. I don't want to be cutting off dialogue, but I will indicate to you how much time you have left.

We'll go now to Mr. Adler.

**Mr. Mark Adler (York Centre, CPC):** Thank you, Chair.

Witnesses, I want to thank you all for being here today and making representation before our finance committee.

I'd like to begin with Mr. Collyer. We have an overabundance of liquid natural gas and natural gas. We have a window right now to take advantage of this opportunity, but we currently don't have an export facility to export liquid natural gas. Is that correct?

**Mr. David Collyer:** That is correct, yes.

**Mr. Mark Adler:** The Americans have one, south of the 49th parallel. Correct?

**Mr. David Collyer:** Yes.

**Mr. Mark Adler:** We need to build those export facilities in order to take advantage of the low price of liquid natural gas so we can export to developing markets. Do you have a plan in place for how we can create these export facilities, particularly on the west coast? Have you determined the jobs that this would create and how beneficial it would be to the economy?

**Mr. David Collyer:** It is extremely important that we develop these facilities.

From a policy standpoint, there are several things the government has done that have been helpful. The review of the regulatory process has been helpful. Some of the work that's been done with respect to workforce—temporary foreign workers—has been helpful. A number of initiatives such as the foreign trade missions and the numerous visits to China, Korea, and Japan to promote Canadian products have been helpful as well.

The fiscal element would be helpful in the near term and would put us on a much better competitive footing relative to the people we're competing against. It would also treat these facilities in a manner comparable with those of other processing facilities in Canada.

Therefore, the government can be helpful, but at the end of the day, these are private sector investments that need to be moved forward. The job of government is to create a fiscal environment that attracts investment and allows us to proceed.

**Mr. Mark Adler:** Yes, and we've been fairly successful at doing that.

The manufacturers are in favour of a lower price for natural gas. The exporters are in favour of a higher price for natural gas. Do you see these two as conflicting?

**Mr. David Collyer:** The market has to work for buyers and sellers—that is the simple answer.

However, there are a couple of points I'd like to make. One is further to Mr. Brison's earlier comments. This is good for the development of natural gas; it's also good for expanding the use of natural gas as a fuel and in making industry more competitive across North America, so it will benefit the economy in both ways and create significant jobs and economic growth.

It would be extremely helpful if the government were to make this fiscal change, which is effectively a reclassification to treat these facilities like others that are doing similar things.

• (1635)

**Mr. Mark Adler:** How am I doing for time, Chair?

**The Chair:** You have one minute and 20 seconds.

**Mr. Mark Adler:** Thank you.

In terms of skilled labour, you're facing a shortage, are you not?

**Mr. David Collyer:** Yes, we are.

**Mr. Mark Adler:** Okay. I assume I have a minute left, now, Chair?

**The Chair:** You have one minute five. Do you want me to do a five-second countdown?

**Mr. Mark Adler:** I have a question for Mr. Aylward. I'm looking at the Constitution of the Public Service Alliance of Canada right now, and it says that your objects are to unite all workers in a single, democratic organization; to obtain for all workers the best standards of compensation and other conditions of employment; and to protect the rights and interests of all workers—terrific—and to maintain and defend the right to strike.

Those are all wonderful objectives, and consistent with the objectives of a union. However, I'm also looking at your website, and I'm seeing under the media section that you've issued a number of statements criticizing Israel for defending itself from rocket attacks into the southern part of Israel.

How is that consistent with defending the right to strike and creating a democratic organization in the Public Service Alliance of Canada?

**Ms. Peggy Nash:** I have a point of order, Mr. Chair.

**The Chair:** There is a point of order for Ms. Nash, please.

**Ms. Peggy Nash:** With respect, I'm wondering what foreign policy and foreign affairs have to do with our finance discussion. It seems we're in pre-budget hearings, and I'm wondering if we should bring in our foreign affairs critics here.

**The Chair:** As members of this committee know, I am very flexible, as all speakers in the House are, with respect to relevance. Pre-budget consultations are very broad, so the question has been asked. I think we should allow Mr. Aylward an opportunity to respond to the question.

**Mr. Chris Aylward:** Thank you, Mr. Chair, although I thought I would be addressing questions concerning how these cuts are affecting Canadians. Unfortunately, that wasn't the question.

First of all, I'm not a union boss—

**A voice:** This is embarrassing.

**Mr. Chris Aylward:** Can I answer the question?

**The Chair:** Mr. Aylward, you have the floor.

**Mr. Chris Aylward:** First of all, I'm not a union boss; I'm a national vice-president of my union. I was elected the same as all of you were. We believe in social justice everywhere.

**The Chair:** Okay, thank you.

Thank you, Mr. Adler.

Mr. Marston is next, please.

**Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP):** I just heard Mr. Hoback use the term, "It's embarrassing". Yes, it is embarrassing, as far as I'm concerned. It's troubling.

All of us have personal opinions about people, maybe even those who wind up being our witnesses here. When witnesses come before us, these labour leaders are duly elected through the processes of the union movement, which is guaranteed by our charter. To have them come before a parliamentary committee like this to be insulted is embarrassing. As was just pointed out, they're elected by the same people who elect us.

Why in the world do we have to get into insulting them? It's beyond me.

**The Chair:** I hear a point of order. Is it Mr. Hoback or Mr. Adler?

**Mr. Mark Adler:** I have a point of order.

**Mr. Randy Hoback:** Like us, if they are elected, they can be criticized and challenged, just as the voters will challenge us.

**The Chair:** That's actually a point of debate, not a point of order. Mr. Marston, continue, please.

**Mr. Wayne Marston:** Yes, they can be challenged, but they can be challenged in a more dignified way than what I've been seeing here.

Anyway, Mr. Aylward, I don't want to eat up the time here—

**Mr. Mark Adler:** I have a point of order.

**The Chair:** Go ahead on a point of order, Mr. Adler.

**Mr. Mark Adler:** Mr. Marston said that these are personal opinions. These are on the Public Service Alliance of Canada website—

**Mr. Wayne Marston:** That's not what I'm referring to—

**The Chair:** Order.

Is this a point of order or a point of debate?

**A voice:** It's debate.

**Mr. Mark Adler:** I'd prefer a point of order.

**Voices:** Oh, oh!

**The Chair:** What I'm hearing is a point of debate and not a point of order.

When a member has the floor, let's not have comments from either side of the table. Mr. Marston has the floor; let's let him have his question.

**Mr. Wayne Marston:** I'd like to turn to our witness. Since we've drawn attention to Mr. Aylward again, we'll go a little further.

It's my understanding that the 2012 budget already slashed 10%. There are concerns about how that's affected air safety. There are concerns how the self-management system is affecting things; we've raised that in the House. Transport Canada apparently is changing the way it monitors air carriers and their compliance to the point where we're understanding that at least 11 or so of the inspectors are fearing the loss of their jobs.

Would you like to expand on that, sir?

• (1640)

**Mr. Chris Aylward:** Mr. Marston, because I don't have the information at my fingertips, and to make sure we get it right for the committee members, if it's okay, I would like to ask our people who actually represent those members to provide the committee members with that answer, in writing, for the record.

**Mr. Wayne Marston:** That would certainly be appreciated. If those cuts are that deep, it's important for us to know that as a committee.

I believe the same can be said for Fisheries and Oceans. We're hearing that B.C. has lost a lot of its inspection capacity and that the habitat offices in Prince George and Smithers have been cut back. When you consider that's the area where there are discussions about a potential pipeline and the impact on those habitats, it would seem to me that it would be all that more important to have inspectors there.

Again, would that be an area you'd like to expand on, or perhaps supply more information to us?

**Mr. Chris Aylward:** The cuts to Fisheries and Oceans in British Columbia in 2012 have left the department with half the habitat staff that it had a decade ago. The fisheries habitat offices that are closing, and those in Prince George and Smithers, would have taken the lead in assessing the Northern Gateway pipeline's impact on fish habitat.

The government says that science will guide decisions about the pipeline, but it's cutting the programs that will actually provide the science.

**Mr. Wayne Marston:** How is my time, Mr. Chair?

**The Chair:** You have just under two minutes.

**Mr. Wayne Marston:** On the prairie shelterbelt program, my understanding, again from some notes I've made here, is that it's been in effect since 1901. It has been producing and distributing tree seedlings for planting on agricultural land in Alberta, Saskatchewan, Manitoba, and Peace River, B.C. It has provided over 650 million seedlings to more than 700,000 farmers since its inception and still sends out more than three million trees a year.

You might be surprised, but the reason this struck me is that I planted trees—it feels like a hundred years ago—when I was young. That reforestation is so important across the country because of the soil erosion and the damage that can be done.

Do you have more information on that than what I've been able to glean?

**Mr. Chris Aylward:** In respect to that specific issue, the conservation approach costs very little. It protects crops from wind and reduces soil erosion and soil moisture evaporation.

Again, the cuts to this particular program will have a devastating effect. It makes no sense to us as to why this program is being cut.

**Mr. Wayne Marston:** Thank you.

**The Chair:** Thank you.

We'll go to Mr. Van Kesteren, please.

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

Thank you, all, for coming before us.

Mr. Dubreuil, some of these things you talked about are astounding. I don't know if anybody else was thinking the same thing when you gave us these statistics: it's just over a million businesses that have under 100,000 employees, and almost 98% are under 100 employees. That's incredible.

That's incredible. Our unemployment rate is just over 7%, but it constitutes about 1.4 million people. In essence, if we can get it right with regard to some of the things you talked about, we have the capability. If we just had one more hire in every one of those businesses, we could wipe out our unemployment rate.

**Mr. Guillaume Dubreuil:** That's certainly one way to look at it, for sure.

**Mr. Dave Van Kesteren:** That's something that I know we've.... I myself have mentioned it as well when speaking to people about wanting those big factors. It really is the small business that is the main engine and the main driver.

You've spoken about the importance of free trade and free trade agreements. I wonder if you could tell us the importance of these and why they're so fundamental in building businesses and achieving that goal.

**Mr. Guillaume Dubreuil:** There's no doubt that developing new export, and even import, markets is of the utmost importance for the development of that network of small and medium-sized businesses. What I believe is most important is to conserve and to build on that network. When one piece falls, it certainly will affect three, five, or ten people in a community; it will not affect a whole community or small town where there is a factory where everyone is employed.

I think that's the importance.

• (1645)

**Mr. Dave Van Kesteren:** Training is fundamental. We had a witness with us last week from post-secondary education, and I appreciate what Ms. Busch-Vishniac was saying, as well, about the fact that we need a strategy.

Can you give us some ideas about how we can be more successful and effective in post-secondary education for the jobs of tomorrow? Do you have some ideas? Then I'm going to switch that question over to you, because I have a small segment I want to get to.

**Mr. Guillaume Dubreuil:** There is no doubt that the University of Saskatchewan is a great example of what's going on and what has to be done. We strongly believe that universities and private businesses have to work hand in hand to develop new technologies that will benefit everyone.

**Mr. Dave Van Kesteren:** Would universities agree to a government suggestion to change course content under certain circumstances? Mr. Jean will tell you today how many people are needed in his riding and how many are needed in the extraction sector.

But are you keen on a government suggestion of that kind?

**Dr. Ilene Busch-Vishniac:** We are very keen to interact with businesses. We know that our students, when they graduate, wish to be employed, so we have traditionally worked very closely with businesses, particularly in the extractive industries.

We do think it's important, however, to recognize that as a university we do not exist to replace the training that must exist within businesses so that students can be certified on specialized equipment.

**Mr. Dave Van Kesteren:** Mr. Blanchet, you've properly pointed out how important the transit industry is in your riding. We all know how many areas are affected by that employment. Can you talk to us a little bit about the public-private partnerships in greater Montreal? I understand there is a construction maintenance centre for commuter trains in Lachine. Can you talk to us about that and how effective it is?

**Mr. Bernard Blanchet:** Yes, it was done with Alstom. We worked with a group of engineers. We worked as three groups: our own employees, the engineers from outside firms, and the suppliers.

We did the same thing for our new system, a system called iBus. We hired people who know the technology, and now we are bringing them to our system. We put the people together so that when they leave we will know how to run things and achieve the assets. Afterwards we can do it in-house. That is the way we're doing it. We're working with a lot of universities to accomplish some things with our employees.

**The Chair:** Thank you.

Thank you, Mr. Van Kesteren.

[Translation]

Mr. Mai, you have the floor.

**Mr. Hoang Mai (Brossard—La Prairie, NDP):** Thank you, Mr. Chairman.

I'd like to come back to something Mr. Van Kesteren said about the importance of small businesses. There are several small businesses in my riding, Brossard—La Prairie, and they are absolutely essential.

Our position is that taxes on small businesses should be reduced from 11% to 9% rather than taking the side of big businesses. In fact, as even my colleagues mentioned, their attitude can lead to significant sums of money being left inactive. That is money that is not reinvested in the economy. That creates problems, especially for youth.

Could you speak to the fact that the level of unemployment amongst youth is currently twice that of the average unemployment rate? What can we do to improve that situation?

**Mr. Guillaume Dubreuil:** There is no doubt about it, this is a huge problem throughout the country. Young people are finding it increasingly difficult to find a job. That is, moreover, why we would like to see some measures encouraging entrepreneurship.

If people could create their own jobs and be part of a network of small businesses instead of waiting to find a job, or if they could, by banding together, purchase a business from an individual who is getting ready to retire rather than seeing this person close shop or transfer it to foreign hands, this would indeed be very positive.

**Mr. Hoang Mai:** Do you think that the NDP measure to reduce the tax rates for small businesses could improve things in that area?

• (1650)

**Mr. Guillaume Dubreuil:** I think that this measure would give businesses a little bit of breathing room. However, this measure will not resolve the serious problem of entrepreneurs who retire and who, one day or the next, close their business, regardless of the tax rate.

**Mr. Hoang Mai:** Thank you very much.

Mr. Blanchet, my colleague Olivia Chow has introduced a bill calling for a strategic national public transport plan. We want to provide stable long-term funding and do away with this case-by-case approach for individual projects. We know that the government has not supported this bill.

Is this an idea that you support? Would you be in favour of having a national plan in order to invest in public transport, which would create jobs?

**Mr. Bernard Blanchet:** Indeed, the entity that resulted from the merger of 22 cities that occurred a few years ago under the mayor of Montreal at that time has already taken steps along that line. Partnerships have been established with the Federation of Canadian Municipalities and the Canadian Urban Transit Association.

This is exactly what we see in the last CUTA platform. Regardless of which method is used, we are seeing more and more cohesion to work together towards attaining one goal. We have done our homework. Everyone has presented business plans or strategic plans. We know where our assets are located. We know exactly what we need. In every location throughout Canada, in each of the provinces, we know exactly how to meet our public transit needs. It's the same as it is for any other sector: if the service exists, people will use it. That is exactly what is occurring now. In the absence of a specific policy on this issue, it is important that we work together, and that is what we are seeing now. All of the parties have realized that everyone is rowing in the same direction.

**Mr. Hoang Mai:** That is great.



[English]

Dr. Raza, I don't know if you've seen the leaflet. The government's really proud to have cut refugee health care. We've seen the member from Saskatchewan come out really proud of that action. Is it something that you support? Again, that means downloading the problem to provinces because we know that provinces will be picking up the tab at the end.

Can you maybe comment on that, and maybe Dr. Ilene Busch-Vishniac also?

**Dr. Danyaal Raza:** What we're being told is that the cuts are to equalize the delivery of health care for refugees as for other Canadians, but the reality is that across provinces most Canadians on social assistance had the same level of benefits as refugees did before the cuts. Now that the cuts have happened, we're getting stories across the country about how refugees are being denied care.

There have been mixed messages from Citizenship and Immigration Canada, which have resulted in a lot of confusion amongst health providers as to exactly what is covered. In fact, even after the cuts, some refugees who would be covered are being denied services because health providers just don't know what to do.

It's a significant problem. We pride ourselves on a country that is welcoming to newcomers, is a refuge in stormy times overseas, and delivers health care equitably. Unfortunately, that's not happening for refugees coming to Canada.

**The Chair:** All right, thank you.

Mr. Jean is next, please.

**Mr. Brian Jean (Fort McMurray—Athabasca, CPC):** Thank you, Mr. Chair, and thank you, witnesses, for attending today.

I want to spend most of my time with CAPP. It does lead the country in jobs, with 500,000 Canadians employed directly or indirectly, and you see that number rising possibly by up to 110,000 to 130,000 in the next seven years, so it's a very important part of our economy.

I first want to compliment CAPP for taking the lead in something that happened this summer. In Fort McMurray we had a fundraiser, and CAPP came to lead that fundraiser to send over \$1 million in medicines to the third world. I want to congratulate you for that, and both Syncrude and Suncor. It was amazing to see the come-together of the community—oil resources, in particular—in sending that money overseas in the way of medicines. I know my colleagues appreciated, as did my constituents, being part of that.

I want to ask you this hypothetically. On page 4 of the NDP's platform, there was an advocacy of a carbon tax that would be an additional tax of \$21 billion for fossil fuels, in essence, and to raise that \$21 billion from oil sands producers in particular. Who would ultimately pay that increase of taxation?

• (1655)

**Mr. David Collyer:** Well, I think, ultimately, the consumer pays.

**Mr. Brian Jean:** That's why I want to ask you the next question. Consumers ultimately pay the price of fuel, and I want to talk about how we can get lower fuel prices for Canadians.

I think there are only two ways to do that. One is in the short term, in regulation and control of a competitive environment, which ultimately doesn't work, and we've seen that in many countries around the world. The other is to increase and grow the economy of the particular country that's producing it and have a better quality of life with more disposable income, so it's less of an impact.

Is that fair to say? Those are the only two ways: you either control it through regulation or you grow the economy and have a robust economy.

**Mr. David Collyer:** Well, it won't surprise you to hear us say that we believe the market works and competitiveness matters. The other thing that matters a lot is technology and innovation.

**Mr. Brian Jean:** In fact, the only two threats I see in relation to growing our economy are the chronic skilled worker shortage we have—and you've identified that in your recommendations to us—and the constraints of pipeline capacity and distribution. I think it's no surprise that I would recommend as one of my top five recommendations what you've suggested here, which is to change the classification of that LNG to be able to boost productivity and ultimately our economy. That's what your goal is, is it not?

**Mr. David Collyer:** Our goals are to make sure that we've got a competitive investment climate to attract investment and allow us to invest in and grow the economy. That's going to create jobs and it's going to create revenue for governments that can then be used, as was the point that was made earlier, to fund health care, education, and various other services.

**Mr. Brian Jean:** In fact, right now, we actually sell our oil at a discount of between 20% and 40% to the United States, because it's our only customer for 99% of that. Isn't that fair to say?

**Mr. David Collyer:** I think there's an issue on the oil side and on the gas side with respect to our not being attached to international markets. In doing so, there's a discount on both products at the moment.

**Mr. Brian Jean:** If we don't expand our distribution channels, we're going to constrain our marketplace, and we won't have those 130,000 jobs that we're counting on in the oil sands, for instance.

**Mr. David Collyer:** We won't grow, we won't create revenue, we won't create jobs, and we won't be able to fund the kinds of things the revenue from our industry funds today.

**Mr. Brian Jean:** Are you suggesting that this is the largest threat that our economy faces? It seems to me, based upon the number of jobs we produce—and the oil sands generate 8% of the economy itself—that this constraint is not only restricting the funds we get today in the neighbourhood of, I think, between \$2 billion and \$4 billion a year because of the discount we give to the United States, but it is also going to threaten our economy in the future.

**Mr. David Collyer:** Absolutely. Market access is the biggest single issue in front of us today.

**The Chair:** You have about one minute.

**Mr. Brian Jean:** I was very curious about some other things that you suggested, because I'm from Fort McMurray. As Mr. Van Kesteren told you, I clearly am concerned with employment. I represent more unions, I think, than any other person in this place as well, being from Fort McMurray, and the largest threat that I hear from all of my retailers and my industry people is mobility of workforce and workforce generally. Why did you not pick that as your number one issue?

**Mr. David Collyer:** To go back to my previous answer, we think market access is the single biggest issue facing the industry at the moment. The workforce issue is a significant challenge. It's not an issue easily addressed. It's going to take a multi-faceted response. I think the government, as I said earlier, has done some good things on the immigration front.

We have to provide jobs for Canadian workers as well, so training, development, workforce mobility, and under-represented groups in the workforce all have to be part of the answer.

**The Chair:** Thank you.

**Mr. David Collyer:** It is extremely important.

**The Chair:** Thank you.

Go ahead, Ms. Glover, please.

**Mrs. Shelly Glover (Saint Boniface, CPC):** Thank you, Mr. Chair.

I want to thank the witnesses as well.

I'm going to try to do this as quickly as possible.

I wanted to start with Dr. Raza. Thank you very much, by the way, for the service that you provide to the community. We do think it's very important and we stand by our attempts to try to rectify this situation.

St. Boniface Research Centre and St. Boniface Hospital were here a couple of weeks ago and were pointing out the ineffectiveness of the health care system. In fact, in their document they say that 70% of nurses' time is actually spent looking for the tools, equipment, and things they need to do their job, which obviously is costly. They've got a system called the lean system, which they've copied from an automotive industry sector, that is geared to reducing costs and that kind of thing. The government is trying to find ways to provide the health care that Canadians need in an effective manner, but, of course, hospitals and the provinces have to do their parts to try to find those.

We are trying to do something about paying for it, but the reality of it is that when GDP is only growing by 2% and a little bit, 6% increases are not going to last forever. We certainly don't want to see the country fall into a situation in which we cannot afford the basics that we have. I just wanted to point that out, and I encourage you to speak to the St. Boniface Hospital about that, because I'd love to hear from you after this as to whether or not you might support something like that.

Having said that, I want to turn to Monsieur Dubreuil to ask him about some things that were mentioned. I don't want to be partisan here, but when we look at the platforms and we look at the different suggestions made by the parties, we do the same thing among

politicians as we do when we hear from witnesses; we compare them, right? You can't just pluck one thing out of a platform and ask, "Hey, if we reduce small business tax, do you think that would help?"

Let's not forget that the NDP also wants to double CPP. They want a 45-day workyear that would cause EI premiums to go up. They want to increase all the corporate taxes back to at least 19%, if not more. They have a \$21.5-billion carbon tax that, again, would be paid for, as Mr. Collyer said, by consumers.

Do you think that those things are good for small business, when you look at the whole of it and not just pluck one thing out of a platform, or do you think that balancing the budgets, making sure we pay down debt, providing hiring credits for small businesses to proceed with creating jobs are better ways to go?

I don't want to put you in a position where you pick one party over the other—

**Voices:** Oh, oh!

**Mrs. Shelly Glover:** —but now that you know the story—

● (1700)

**The Chair:** Order.

**Mrs. Shelly Glover:** Now that you know the story and it has filled in the blanks a little bit, do you still agree with that whole story and with decreasing to 9%, along with all the doubling and the tripling of everything else?

Do you agree with it or not? It's a simple question.

**Mr. Guillaume Dubreuil:** I think it's a simple question, but not necessarily a simple answer.

**Mr. Robert Chisholm (Dartmouth—Cole Harbour, NDP):** Or do you agree with it as presented?

**The Chair:** Order.

**Mrs. Shelly Glover:** I think it's my turn.

**The Chair:** Ms. Glover has the floor.

Order.

**Mr. Robert Chisholm:** I wanted you to know I was here.

**Mr. Guillaume Dubreuil:** As I was saying, I think it's a simple question; I'm not entirely sure it's a simple answer. I think some of what you're mentioning will certainly hurt a certain type of business and might help some other types. It's very hard to say.

The situation we are faced with and what we're looking at right now is problems with entrepreneurship. The fact is that there is a very high unemployment rate, people cannot find jobs, and businesses are going under because their owners are either shutting them down or selling them. There are many consequences to that type of thing, and that's the question that we really want to have addressed.

**Mrs. Shelly Glover:** Big Brothers was here just the other day. They also made a suggestion about a mentorship program, putting students into positions with businesses to try to teach them different things. I would suggest that you might want to speak with them, because it sounds as though you have a common interest in that.

[*Translation*]

Mr. Blanchet, I would like to thank you for your presentation.

On page 3 of your document, you discuss the federal government's contribution to mass transit, stating that:

Barely ten years ago, the federal government was not even contributing to public transportation. Today, its contribution reaches almost \$1 billion a year through various infrastructure programs.

This clearly shows that, since forming the government, the Conservatives have invested significant amounts in this sector. However, there is no mention that this is really a provincial issue. It should be pointed out that, since forming the government, the Conservatives have allocated, on average, amounts representing 43% to all the provinces.

What would you say about that?

**Mr. Bernard Blanchet:** As you know, the way in which Canada works with the provinces can vary enormously. For our part, we recognize that substantial efforts have been made. What has been done is significant, and it must be maintained. You are in the process of preparing for the 2014 infrastructure projects. We want the investments in the budget to be recurrent and indexed. That is important to us.

Of course, there is also work to be done collectively, with our provinces. That is basically what I was saying earlier on. Nationally, everyone has to make adjustments with their province. On the other hand, I can tell you that things went very well for us. I am thinking particularly of Quebec's green plan. There was an objective to be met

**The Chair:** Thank you—

**Mrs. Shelly Glover:** Quebec got 70% more from the federal government.

[*English*]

**The Chair:** We're well over time here.

[*Translation*]

**Mrs. Shelly Glover:** Thank you.

**The Chair:** Thank you, Ms. Glover.

[*English*]

I want to thank all of our witnesses for being here responding to our questions. We appreciate very much your interesting discussion.

Colleagues, we will suspend for two minutes to bring the next panel forward.

Thank you.

• (1705) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1710)

**The Chair:** I call this meeting back to order.

I ask all witnesses to take their seats, and important people like Richard Dunn to take their seats as well.

We are going to resume our 80th meeting of the Standing Committee on Finance for our second panel today on pre-budget

consultations. We have another six organizations presenting on this panel, whose names I will read in order of presentation.

We have the Alberta Chambers of Commerce, the Canadian Convenience Stores Association, the Canadian Federation of Nurses Unions, the Canadian Steel Producers Association, the Canadian Union of Public Employees, and McGill University.

You each have five minutes, maximum, for your opening statement, and then we'll have questions from members of the committee.

We'll start with Mr. Severin, please.

**Mr. Brad Severin (Chair Elect, Alberta Chambers of Commerce):** Thank you, Mr. Chair, and committee members. Thank you for inviting us to present our recommendations for budget 2013.

My name is Brad Severin, and I am the chair-elect of the Alberta Chambers of Commerce.

Our organization represents 126 chambers of commerce, representing 23,000 businesses. We are Alberta's largest business organization.

In submitting information for your July budget survey, we touched on numerous topics. For the purposes of this presentation, I will highlight three priorities, all of which relate to Canada's changing demographics and business realities. These topics involve enhancing foreign worker programs, encouraging older workers to remain in the labour force, and reinstating severance transfers to RRSPs.

I'll begin with foreign workers and their importance to sustaining Alberta's economy. The growing labour shortage is a constraint to our province's, and therefore our country's, economic growth. The Alberta government estimates that by 2019 Alberta will have 114,000 more jobs than workers. The shortfall takes into account interprovincial migration, immigration, and greater labour force participation by underutilized segments of our population.

The temporary foreign worker program was established to serve temporary labour needs for both skilled and unskilled employees. Many Alberta businesses rely on this program, especially for unskilled workers in the industrial, agricultural, and retail sectors, as they offer a stable, diligent workforce.

Because temporary foreign workers are vital to sustaining our economy, employers want to ensure the program continues to operate as efficiently as possible. The Alberta Chambers of Commerce appreciates the steps the Government of Canada has recently taken to improve the system, and today we are offering suggestions that will make it even more efficient and reflective of our businesses' labour needs.

We believe the temporary foreign worker program should be used to address immediate shortages while enabling foreign workers to use other immigration programs for permanent residency. Specific concerns Alberta employers express with the temporary foreign worker program relate to labour market opinion approvals declined without justification, the lack of an appeal mechanism for Service Canada decisions, changing application processes and vital information, national occupancy classification codes that do not adequately recognize and differentiate between skill levels, and barriers to transitioning temporary foreign workers to permanent residency.

Our recommendations in this area are highlighted in the pre-circulated brief, and we draw your attention to those.

Another pool of labour that greatly interests Alberta businesses is its older workers. As evidenced in a 2011 Statistics Canada study, Canadians are delaying their retirement. The Alberta Chambers of Commerce is keen to ensure the Government of Canada takes all measures within its powers to remove tax and other disincentives that discourage older workers from continuing to work past the age of 65, because many Canadians clearly want to do so.

Federal retirement programs and policies such as the Canada Pension Plan, tax-assisted private savings policies, and part-time pension policies do not reflect our country's current demographic retirement and life expectancy realities.

We are recommending policy changes that address each of these realities. We recognize that these recommendations will have fiscal implications; however, with increasing life expectancies, removing financial disincentives for older workers to participate in the labour force could increase the age at which people choose to retire, thereby increasing federal employment income tax revenues and reducing overall government retirement program liabilities.

We first recommend that the Government of Canada expand the current 60-70 age range at which people are eligible to access their CPP benefits to 60-75, and provide progressive deferral incentives for individuals who access the pensions during the newly expanded range.

Second, we recommend that the government amend RRSP policies to provide greater flexibility for Canadians to save for retirement after age 72.

Third, we recommend that the government develop harmonized and flexible part-time pension policies that provide incentives for Canadians to transition out of the labour force after age 65.

• (1715)

**The Chair:** One minute is remaining.

**Mr. Brad Severin:** The final issue we would like to raise with this committee is severance transfers to RRSPs.

Until the mid-1990s, provisions allowing for transfer of severance to RRSPs permitted employees faced with difficult career changes to plan for their future. In 1995, however, the Government of Canada changed the provisions related to the transferability of severance payments to an RRSP, citing the maturation of pension plans, the increase of RRSP limits for those not in pensions plans, and the ability to carry forward unused RRSP limits. Since then, employees who are faced with receiving severance pay as the result of job losses

are also faced with large income tax bills, because severance payments are taxed in the year they are received. A mechanism to defer tax on severance by allowing transfers of amounts related to post-1996 employment to RRSPs can resolve this issue of undue tax burden.

The Alberta Chambers of Commerce recommends that the Government of Canada reinstate provisions allowing for the rollover of severance to an RRSP without impacting the employee's otherwise-earned RRSP room, thus ensuring that the amount of severance an employee is allowed to transfer to an RRSP is updated by reference to today's contribution limits.

Thank you, committee members, for inviting us to Ottawa to address these issues in person. I look forward to any questions you may have.

**The Chair:** Thank you, Mr. Severin.

Mr. Scholten is next.

**Mr. Alex Scholten (President, Canadian Convenience Stores Association):** Good evening. My name is Alex Scholten, and I serve as the president of the Canadian Convenience Stores Association.

On behalf of the 23,000 Canadian convenience stores in Canada and the 183,000 people they employ, I want to thank you for taking time to listen to our concerns.

It may surprise some of you to know that convenience stores contribute more than \$39 billion to the Canadian economy each year. We buy more than \$26 billion in goods and services, and we serve over 10 million Canadians on a daily basis. We're an important small business stakeholder, with unique challenges facing our owners and operators.

I'll outline three main issues facing our industry, followed by our recommendations for this committee.

The first issue is the persistence of contraband tobacco in our communities, owing to the continued trafficking and sale of contraband tobacco. There are three main impacts.

Number one is lost revenue for government. There are millions of dollars lost by federal and provincial governments as a result of tax avoidance in this illegal industry. The Department of National Revenue has estimated this to be as high as \$2.5 billion per year.

Number two is that tobacco becomes more accessible to youth through contraband sales. Convenience stores must follow strict tobacco control measures designed to prevent tobacco sales to minors. Responsible retailers train their staff and ensure that they perform complete age verification checks. Contraband traffickers will sell to anyone who is willing to buy their products, and they often do so in schoolyards. Furthermore, because contraband tobacco is sold without collective federal and provincial taxes, the price is more attractive and the product is more accessible to youth.

Impact number three is that contraband tobacco supports organized crime, putting communities at risk. As some committee members may know, the RCMP have identified over 175 criminal organizations that participate in this illegal activity. With seizures of contraband, police forces have confiscated large quantities of drugs and illegal weapons. The Canadian Convenience Store Association is pleased to see the Government of Canada take the contraband problem seriously; however, we need to ensure that previous commitments, particularly with regard to enforcement, are followed through swiftly.

We're also very concerned with the proposal to move the Cornwall border crossing. This will significantly affect contraband tobacco activity. We're not alone in this concern, and we have spoken extensively with provincial governments and the RCMP. If this move is made, increased enforcement around the Cornwall area will be absolutely critical in order to prevent what we believe to be a significant increase in contraband availability in Canada.

The second issue we would raise is credit card fees, which negatively affect convenience store income. Canada's retailers currently pay some of the highest credit card swipe fees in the world. This has resulted from the anti-competitive practices of the credit card companies. Convenience stores and convenience stores with gas stations net over \$39 billion in national sales. This has led to approximately \$825 million in net debit and credit card fees, which is almost as much as Canadian retailers make in pre-tax profits on an annual basis. The Canadian Convenience Store Association estimates that average annual costs in net credit card charges and commissions are in excess of \$36,000 per year per site. This not only results in low profitability and higher operating costs, but also contributes to slower economic growth and low employment rates within the industry.

The third issue we would raise is overregulation within the convenience store industry.

• (1720)

**The Chair:** You have less than a minute left.

**Mr. Alex Scholten:** Okay.

Regulation within Canada continues to expand annually, and this has resulted in declining growth and prosperity for small business owners. We've identified over 517 federal and provincial laws that impact the convenience store industry.

Despite government's strong dedication to reducing regulation through the federal red tape reduction commission, our industry continues to face many new provincial and federal regulations that will have an impact on our operations. While we're not discounting the need for certain regulation, we certainly believe there's a need to also consult with industry when regulation comes in.

In conclusion, we have three recommendations: first, that the Government of Canada follow through on commitments made in 2010 to establish a new RCMP anti-contraband task force by the end of 2013 and to implement mandatory jail time for repeat offenders by the same date; second, that the Government of Canada re-evaluate present regulations on credit card fees—

**The Chair:** Thank you. Let's wrap it up very quickly.

**Mr. Alex Scholten:** The third is that the government follow through on their one-for-one rule announced in the red tape reduction strategy, ensuring that equally onerous laws are removed for every new law introduced, and that the federal government take the lead on these initiatives with their provincial counterparts.

Thank you.

**The Chair:** Thank you for your presentation.

Go ahead, Ms. Foster, please, with your five-minute opening statement.

**Ms. Pamela Foster (Policy Advisor, Canadian Federation of Nurses Unions):** Thank you.

I am Pamela Foster and I am a policy adviser with the Canadian Federation of Nurses Unions. I apologize on behalf of Linda Silas, our president, who was hoping to be here tonight but wasn't able to come.

I'd like to thank the standing committee for the opportunity to share our views.

We represent 156,000 nurses and student nurses across the country and we work in hospitals and communities, in long-term care, and in homes.

I want to focus on three issues today. I want to talk about improving patient safety and outcomes by addressing nurse staffing standards, moving beyond the hospital walls to support changes not only in Canada's aging population but in Canada's population health, and the importance of investments in early childhood education and care.

Hospitals across this country are working at 100% capacity or more, yet the generally accepted standard of safe hospital occupancy is 85%. The results of overcrowding in our hospitals include compromised care, high rates of hospital-acquired infections, and unnecessary rates of hospital readmission. Another result is dangerous levels of nursing workload and the resulting vicious circle of nurses working short.

Two decades of national and international research have consistently demonstrated a clear relationship between inadequate nurse staffing and poor patient outcomes. Hospital-acquired pneumonia, urinary tract infections, sepsis, hospital-acquired infections, pressure ulcers, gastrointestinal bleeding, medication errors, falls, failure to rescue, and longer-than-expected length of hospital stays have all been measured as a result of overwork.

The link between nursing workloads and patient safety is as clear in long-term care as it is in the acute care sector. The more direct the care, the better the resident outcomes. This includes lower mortality rates, improved nutritional status, better physical and cognitive functioning, better lower urinary tract infection rates, fewer incidents of pressure sores, and fewer hospital transfers.

By now I'm thinking some of you may be asking yourselves what the federal government has to do with nursing workload and safe staffing standards.

We are requesting that you consider implementing the Senate committee recommendation from their review of the 10-year accord that asked that the federal government establish a Canadian health innovation fund to identify and implement innovative and best practice models. This would include safe staffing models in health care delivery and the dissemination of those examples across the health care system.

We'd also encourage the federal government to work with the provinces and territories on the development and deployment of data indicators to track nursing workforce and workload, including undertaking regularly the national survey of the work and health of nurses that was done by Canadian Institutes of Health Research, Health Canada, and Statistics Canada in 2005.

The innovation fund should also support workplace models that improve patient safety, support the kinds of innovations identified by the premiers' working group on health-care innovation, and support innovations that involve integrating care beyond the hospitals.

You've heard at this year's budget consultation, and in previous years, about the calls for a healthy aging strategy and a continuing care strategy. We echo that recommendation.

As part of the national strategy for continuing care, we would be remiss not to look once again at pharmacare and access to affordable, safe medicine. We were encouraged that the federal health minister expressed interest in joining the premiers on bulk pharmaceutical purchasing, following the FPT health ministers' meeting last month, and we hope to see some indication of federal leadership on bulk purchasing in this federal budget.

Last, we recommend funding for a national early childhood education and care program. The nurses first passed a resolution calling for a national child care program at their convention in 1991. Fast forward to 2012.

I have three children. I live here in Ottawa. I spend \$29,000 a year on child care. I'm able to do this, and I work four days a week, so I'm not even full time. I'm spending over 50% of my take-home pay on child care.

Research shows that public investment in early childhood education and care pays off for governments and it pays off for families. Quebec has a child care program that serves about half of Quebec children under the age of five. Nationally, Canada is about 20%; Quebec is at 50%. The Quebec program has allowed an additional 70,000 women with young children to enter the labour force, which has led to a 3.8% increase in women's employment overall. The ripple effect of this is incredible, with \$5.2 billion added to the provincial economy, increasing Quebec's GDP by close to 2%. Furthermore, the impact of working mothers increases purchasing power and taxes and means that Quebec recovers \$1.05 for every \$1 it invests in child care, and Ottawa another 44¢.

Nurses join with others in recommending that the universal child care benefit be pooled across the population and that savings in terms of direct transfer then be used to assist provinces and territories to expand their accessible, affordable, and quality child care spaces.

● (1725)

Thank you.

**The Chair:** Thank you, Ms. Foster.

We'll hear from Mr. Watkins, please.

**Mr. Ron Watkins (President, Canadian Steel Producers Association):** Thank you, Mr. Chairman.

My name is Ron Watkins. I'm president of the Canadian Steel Producers Association, and we welcome this opportunity to present our recommendations for budget 2013.

The CSPA represents Canada's steel producing industry. The steel producing industry employs some 25,000 Canadians, with steel mills in five provinces. We generate over \$13 billion in shipments, but our impact goes much further. We are integral to the major supply chains, such as automotive, energy, construction, and mining. That is why we call for pro-manufacturing policies that will strengthen all industrial sectors.

CSPA is a founding member of the Canadian Manufacturing Coalition, which last week released a five-part manufacturing action plan for Canada. The elements are to support manufacturing investment, productivity and innovation; to strengthen Canada's labour market; to strengthen Canada-U.S. economic integration; increase value-added exports and ensure a rules-based trade; and reduce regulatory burdens.

In my opening remarks I will highlight certain fiscal proposals that are in this plan and in CSPA's own submission to this committee.

First is to extend the accelerated capital cost allowance, or ACCA. We have strongly supported this measure since it was first introduced in 2007. It is a direct incentive to product and process improvements in manufacturing that will enhance our overall industrial competitiveness. The ACCA has been successively renewed at two-year intervals and is set to expire again in 2013. To provide the planning certainty necessary for large capital expenditures, it should be extended for at least five additional years. This will help Canada win new investment against other jurisdictions, because increasingly we are competing for that investment globally.

Secondly, in the area of innovation support I'll talk about the SR and ED tax credit. The SR and ED tax credit is a broadly based incentive to industrial innovation. Budget 2012 introduced many changes to the S and ED that, while designed to improve support for SMEs, can reduce the effective support for more capital-intense projects in larger manufacturing businesses. We are thus seeking measures that will restore support for such innovative projects, including the introduction of refundability provisions. Alternatively, the government could introduce R and D programs that would be applicable to such capital-intense large performers, thus helping to address the gap that has developed with the changes that were made.

The third area is skills training. The growing skill shortages in Canadian industry are broadly based and well documented, and I sense this committee has already spent a lot of time talking about those. It is an increasingly expensive challenge for industry not only to attract new workers but to retain and upgrade the skills of the current workforce as industrial processes become more complex and sophisticated. We therefore call for a new training tax credit, to be financed from EI premiums, that would help industry invest in further skill development of its existing workforce, thus preparing it for the competitive challenges of the 21st century.

Fourth is to maintain an effective trade remedy system. The government has embarked on an ambitious round of free trade agreements and other trade initiatives.

We actually support the direction of that policy when it will benefit, on a net basis, Canadian industry, but global trade is two-way, of course, and there is a corollary requirement, and that's to ensure that market-based trade will prevail in our own markets. We must, and do, compete at home under agreed trade rules, but exporters in many other countries, notably China, seek to achieve their goals by dumping products into our market. Left unchecked, such trade practices threaten Canadian jobs and jeopardize future investment.

• (1730)

**The Chair:** You have one minute.

**Mr. Ron Watkins:** Over 20,000 Canadian jobs and \$7 billion in production are at stake.

Both the Canada Border Services Agency and the Canadian International Trade Tribunal play key roles in restoring market-based trade. It is vital to Canadian industry that these agencies be adequately resourced to investigate unfair trade, to determine the appropriate remedies, and to enforce those findings against customs circumvention.

That concludes my opening remarks, Mr. Chairman. I'd be pleased to respond to any questions.

Thank you.

**The Chair:** Thank you, Mr. Watkins.

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

**Mr. Toby Sanger (Senior Economist, Canadian Union of Public Employees):** Thank you. My name is Toby Sanger. I'm an economist for CUPE.

CUPE represents more than 600,000 members who work on the front lines to deliver quality public services in thousands of communities all across Canada.

The average annual salary for CUPE members is about \$40,000, close to the Canadian average. The average pension, for those who have it, is about \$17,000. It's hardly gold-plated.

Public services are important for our members, not just because they take pride in providing them but also because they depend on quality public services for their quality of life.

Unfortunately, we are now in a situation in which federal and provincial governments claim that we need to cut public services, lay

off workers, and reduce wages and benefits for fiscal and economic reasons. We know this isn't true.

Canada's economy is growing much more slowly than it should. GDP is expected to grow at barely 2% this year and in the next four years. This is half the rate of previous recoveries. Job growth is expected to remain slow and unemployment to remain high.

None of this is necessary.

Austerity measures are slowing down the economy and increasing unemployment around the world. Even the IMF and the OECD are now telling governments to slow down on spending cuts because of the damaging economic impacts.

Canada is in an increasingly fragile economic situation for two reasons.

Unlike other countries, we haven't had a housing price correction. A housing price bust could easily drag our economy back into recession. Canada avoided a deep housing bust like that of the U.S. thanks in part to our publicly run mortgage insurer, CMHC. Privatizing the CMHC, as the finance minister is allegedly planning, would be folly.

The other major threat arises if the United States proceeds with deep spending cuts and goes off a fiscal cliff early next year. This would cause another recession in the United States and likely one in Canada as well.

Canadian corporations have more than half a trillion dollars in dead money that they aren't investing. With public spending cuts and slow wage and job growth, the demand isn't there. It's simple economics, and no amount of urging by the finance minister will change that.

High rates of inequality helped cause the financial crisis and are holding back the recovery. It's not just us saying this anymore; it's the IMF, the OECD, and even the Conference Board.

Then how can we achieve sustained economic growth? It's not that complicated. We need to increase public investment and create jobs.

The federal government needs to maintain and expand public services and launch a major public investment program to create jobs, increase long-term productivity, stimulate economic growth, and address social and environmental goals.

The budget must include a program of long-term funding for public infrastructure with the provinces and municipalities in order to meet existing and emerging needs. Incentives and requirements to engage in public-private partnerships should be eliminated, as these just increase costs for future taxpayers and generations.

The budget should also include investments in affordable housing, public transit, and affordable child care, and should include a national energy retrofit program.

Public service cuts in recent budgets have led to damaging human and economic costs, reducing services for Canadians, and they are fiscally unnecessary. As the Parliamentary Budget Officer recently reported, the federal government is now in a \$25 billion structural surplus. We could also raise another \$25 billion through some fair tax measures.

We also need to support wage and income growth. Canadian workers and families are in an increasingly precarious financial situation. Household debt ratios are at record levels because wages haven't kept pace with the cost of living.

Measures in the last budget requiring EI claimants to accept lower and lower-paid jobs, allowing businesses to import and exploit thousands of temporary foreign workers at lower wages, and requiring seniors to work longer to receive—

• (1735)

**The Chair:** You have one minute.

**Mr. Toby Sanger:**—old age security pensions will suppress wage growth while allowing corporate profits and CEO compensation to keep on rising.

The EI system needs to be improved by increasing benefit levels. CPP and OAS need to be strengthened, not weakened. Doubling CPP benefits on a fully funded basis could provide all Canadians with decent and secure retirement incomes.

To address the skills gaps, we need to invest more in training and education, particularly in national workplace training programs and in education for aboriginal Canadians, and ensure decent work opportunities for women, racialized workers, and disabled Canadians.

We need to diversify our economy to become less dependent on exports of barely processed resources by providing support for manufacturing and for development of key value-added industry sectors, as my friend here has talked about, so that Canadians have the opportunity to work in decent jobs close to home.

Instead of trade deals that sacrifice the rights of Canadians to foreign investors, we need fair trade deals that support strategic value-added industries and support higher wage growth with improved labour and social standards, in Canada and around the world.

**The Chair:** Okay—

**Mr. Toby Sanger:** Canada is a country of enormous potential and wealth in our land, our communities, and our people. There's no reason that we can't all share in growing prosperity.

**The Chair:** Okay, thank you. I'm trying to keep the time fair so that I can have members' questions.

Go ahead, Ms. Goldstein, please.

**Dr. Rose Goldstein (Vice-Principal, Research and International Relations, McGill University):** Thank you, Mr. Chair, and thank you to the standing committee for the opportunity to present to you.

My name is Rosie Goldstein. I'm the vice-principal for research and international relations at McGill University.

Canada's universities are strong contributors to the science, technology, and innovation agenda of our country. The top 15 research-intensive universities, also known as the U15, win the majority of competitively allocated Tri-Council funding awards. In 2010-11, this amounted to a total of 74% of funding, or \$1.4 billion.

In 2009, these universities graduated approximately 55% of master's students in Canada and 75% of all Ph.D.s.

Our universities also have an enormous impact on the economic well-being of this country. A 2010 SECOR study estimated the economic impact of McGill alone on the Quebec economy to be \$5.2 billion, and this has grown since that time

Over the past several years, the Government of Canada has recognized and supported research and talent through investment in numerous seminal programs. While this support has been welcome, there are additional steps we can take to ensure that our universities are able to continue to contribute to our society.

In particular, we would ask you to consider support to research, infrastructure, and international partnerships. I will take each one of those topics in turn.

On the research side, Canada's three federal granting agencies—the Canadian Institutes of Health Research, the Natural Sciences and Engineering Research Council of Canada, and the Social Sciences and Humanities Research Council of Canada—as well as funding organizations such as Genome Canada and the indirect costs program, provide the foundational funding critical to supporting Canadian research.

This funding allows students and researchers to explore a great variety of issues, such as treating memory loss in Alzheimer's patients, studying how baby boomer managers and corporate leaders are crafting their pathways in firms and businesses, and exploring the links between living conditions in childhood and the effects on DNA that persist into middle age and beyond.

Support for the three granting agencies has been variable over the last couple of years. Last year's budget announced reductions to the agencies over two years—that is, for 2012 and 2013. Budget 2012 also announced reinvestments in the three councils' research programs that offset the 2012 budget reductions; however, for 2013 the councils are facing \$37 million in cuts.

We would ask for renewed, stable, and predictable support for these funding agencies, which are so critical to Canada's ability to address pressing health and social questions.

On the infrastructure subject, in spite of recent investments by the federal government, McGill is confronted with an enormous infrastructure challenge caused by the disproportionate costs of deferred maintenance of its buildings.



More than 30% of McGill's buildings were constructed before 1940. The last study, which dates back to 2007, estimates McGill's deferred maintenance deficit to be \$648 million. We expect that amount will be revised to more than \$1 billion when the next Quebec-mandated study on deferred maintenance is conducted in 2015. McGill's two historic campuses are therefore in serious need of sustained investment.

Support for research infrastructure through the Canada Foundation for Innovation, or CFI, is essential for universities. Similarly, the 2009 knowledge infrastructure program, or KIP, provided much-needed support for our infrastructure, and a second round of this program would be very appreciated and welcomed by the university community, as would a more long-term infrastructure program.

Finally, I want to talk about international partnerships and their importance.

McGill is one of Canada's most international universities. More than 20% of McGill's students are international, almost 8,000 students in all. In the last decade, McGill attracted more than 1,100 outstanding new professors, almost 70% of whom were recruited from outside Canada. More than 150 of these recruited from outside Canada are what we call "repatriated Canadian stars" who had been recruited away from Canada in the earlier decade.

We have an opportunity to capitalize on these international connections, but this requires key investments in internationalization, such as supporting study abroad programs for Canadian students, providing seed funding to support international research collaborations, and funding bilateral or multinational research initiatives. These efforts would allow undergraduate and graduate students to gain the international experience and learning that is necessary today in our global society.

We could also build international and intersectoral partnerships, allowing us to strengthen not only the links between Canadian and international universities but also between Canadian universities and businesses abroad.

• (1740)

**The Chair:** Okay, just briefly wrap up, please.

**Dr. Rose Goldstein:** In closing, we ask the committee to consider renewed and growing support for direct and indirect costs of research through the federal granting agencies; continued support for CFI, and additional mechanisms for funding knowledge infrastructure, such as another round of the knowledge infrastructure program; and funding for international partnerships through support for student and faculty mobility, seed funding for collaborations, and funding for multinational initiatives.

Thank you.

**The Chair:** Thank you very much for your presentation.

We'll begin members' questions.

[Translation]

Mr. Caron, you have the floor.

**Mr. Guy Caron:** Thank you very much, Mr. Chairman.

I will begin with you, Mr. Watkins. No, perhaps I'll begin with Mr. Scholten, to give you time to prepare.

Mr. Scholten, you mentioned the issues concerning credit card merchant fees. You stated that they are among the highest in the world.

Could you make a comparison between the actual costs for businesses in Canada and for those in countries that have economies similar to ours?

[English]

**Mr. Alex Scholten:** From what we understand the rates to be across the world, the United States pays the highest rates anywhere in the world. Canada is a close second, and other countries have lesser rates. The information that we have on our industry at \$36,000 per year per site is very high. Unfortunately, we don't have comparative numbers for retail anywhere else in the world, so I'm afraid I can't give you that information.

[Translation]

**Mr. Guy Caron:** Do you have any comparative figures? We are talking about the retail sector here, is that right?

[English]

**Mr. Alex Scholten:** From what we understand, in the United States the rates are about 0.25% higher than in Canada, and below Canada it would fall somewhere in the range of about 0.50% to 0.25% as well, going up.

• (1745)

[Translation]

**Mr. Guy Caron:** What do you attribute that difference to?

[English]

**Mr. Alex Scholten:** Actually, I can't answer that. I don't know.

[Translation]

**Mr. Guy Caron:** Mr. Watkins, I liked your presentation. This is an issue that interested me when I was my party's industry critic.

However, there is one component that you did not touch on concerning economic development. In fact, we probably touch on it indirectly when we talk about productivity. It concerns infrastructure, particularly in the manufacturing industry, including steel, among others.

I think you would agree with me that you are in direct competition with emerging countries. We are talking about China, India, Brazil and several countries with whom we have to compete. However, as far as infrastructure is concerned, my sense is that we are currently lagging behind some emerging countries. These countries seem to invest massively whereas, comparatively speaking, our investments are rather tentative.

Could you comment on the Canadian infrastructure situation, particularly for the manufacturing industry with regard to exports or general production, compared with the countries that we are competing with, whether they are emerging markets or industrialized?

[English]

**Mr. Ron Watkins:** I apologize I wasn't ready a bit earlier. That's a multi-part question, really. I'll try briefly to address each of the components.

First of all, with the respect to the importance of high-quality infrastructure, there's no question that's important to Canadian manufacturing because it can also improve logistics flows. This reduces shipping times and enables a just-in-time economy. We have certainly paid attention to studies that have tried to demonstrate where those gaps are, the magnitude of those being economic studies. There was a report released earlier this year by the Federation of Canadian Municipalities about the importance of infrastructure investments. Of course, infrastructure investment is very important to us as an industry because it consumes a lot of steel.

With respect to emerging markets and their infrastructure investments, again they have certainly invested heavily. Of course, part of that is they're investing for the first time in a lot of that infrastructure. In our country, we have a well-established infrastructure system, granted repair and improvement are necessary, but it's a little bit of apples and oranges on that score in terms of relative magnitudes.

Third, do we have to compete with those countries for selling, whether it's rebar, whether it's structural steel, whatever it may be? Absolutely; we have to compete with them every single day in our market, and we do so. That is why I also emphasized in my remarks that we're quite prepared to compete on a fair market basis and in accordance with market-based trading principles. What we can't compete with are dumped and subsidized imports coming in from other countries.

**The Chair:** I will go to Ms. McLeod, please.

**Mrs. Cathy McLeod:** Thank you, Mr. Chair.

Mr. Scholten, you had a number in terms of the cost of contraband tobacco. Where did you say that number came from?

**Mr. Alex Scholten:** The Minister of National Revenue has advised us of the number of lost tax dollars at state of the industry addresses that we've had, so in 2010 Minister Blackburn gave us that number.

**Mrs. Cathy McLeod:** I recognize it's a significant problem, but I wondered where that reference came from, so if you have that and you could table it with the committee or send it to the clerk later, it would be appreciated.

Our government introduced a code of conduct, and I know it was very well received, and of course we just recently expanded it to include mobile payments. First of all, is that having some good effect for your industry, and are there enhancements to the code of conduct that you might recommend?

**Mr. Alex Scholten:** We believe the code of conduct did have some very positive effects. The concern we have is that it's done little to impact the high rates of credit cards. The practices that we've seen the credit card companies continue to operate under, such as bundling of services and imposing contracts that aren't negotiable, whether you're a small independent or a large chain, have resulted in very high rates that we have very little ability to negotiate.

● (1750)

**Mrs. Cathy McLeod:** Thank you.

I have a topic of conversation that's probably much too long for the few minutes I have remaining. I have to make a quick comment in terms of child care. Also as a mother of three children who lived

in a rural community, I know providing choices for parents is very important. The other thing I think it's important to recognize, and I didn't realize this until more recently, is that the provincial government provides significant subsidy and support for the children of our low-income parents to go to licensed, quality day care. I was quite amazed at how significant the support was in that area.

I'd really like to shift, because that's perhaps a much larger conversation than we could have right now. I appreciated your comments about challenges for nurses and the role of the federal government, and I perceive that we've done a number of things, including the forgiveness of student loans for rural nurses and doctors. Has that been helpful? Have you as an organization had any feedback on that?

**Ms. Pamela Foster:** We welcomed that initiative and would like to see it expanded for other nurses and health care providers—not just for those working in rural and remote areas, but for those in other areas upgrading their nursing degree to become nurse practitioners, for example. I'm curious about the uptake and I'm wondering if the federal government also has data on whether or not that program has been used.

**Mrs. Cathy McLeod:** In rural and remote areas you would perceive perhaps nurse practitioners, physiotherapists....

**Ms. Pamela Foster:** Absolutely, and I would see expanding the grants program, for example, to support RNs returning to school.

**Mrs. Cathy McLeod:** As a new program, obviously it will take some time to have the relevant data, so you do perceive that we'll have some good impact in terms of dealing with that very important rural and remote area issue?

**Ms. Pamela Foster:** Sometimes rural and remote aspects are important. It will be interesting to see what the uptake on that program is to see if it is a successful measure. Again, we would welcome further grant forgiveness for other nurses.

**Mrs. Cathy McLeod:** I know it would be nice to be looking at all the things in health care, because I think it's a very diverse and complex field. The Nurses Association came before us and suggested a very bite-sized approach, the approach being to look at five indicators and create some goals. Would you at the Canadian Federation of Nurses think that would be a good approach to at least starting to deal with some pan-Canadian bite-sized thinking?

**Ms. Pamela Foster:** The Canadian Federation of Nurses Unions is supportive of the National Expert Commission report, which includes the top five and five, and that would be approached. The CFNU is also interested in seeing a national conversation among the federal government, the provinces, and the territories on a health accord, which would have a scope longer than five years, but probably the top five and five could feed into what we would hope to see in terms of a renewal of the health accord expiring in 2014.

**Mrs. Cathy McLeod:** Thank you.

**The Chair:** Thank you, Ms. McLeod.

We'll go to Mr. Brison, please.

**Hon. Scott Brison:** Thank you, Chair.

Thank you, to each of you, for your presentations today.

Mr. Severin, you spoke of the importance of temporary foreign workers in Alberta, but I can also echo that in rural Nova Scotia, for our horticulture industry, temporary foreign workers are absolutely essential.

One of the arguments that farmers have made to me is this perception that they take jobs from Canadians, which actually does not bear out under scrutiny. When you evaluate it, often what happens is that there's a creation of more value-added jobs further up the chain. For instance, in the horticulture sector, as one example, if the crops aren't picked by temporary foreign workers, the value-added products can't be produced further up the food chain or the value chain. There are jobs created in that. I think that's an important argument.

The theme of access to skilled workers and to professional trades is interesting. One of the issues is this whole notion that training and retraining and lifelong learning are so essential, but over the last 20 or 30 years—and not just in Canada, but in a lot of the industrialized world—we have seen the diminution of the honour of skilled trades. We've moved away from that.

Do we need to have a national strategy in Canada aimed at restoring the honour of trade professionals and ensuring that when people are going through high school that trades are presented in a very positive way as a potential career track? Should we be dedicating more scholarships, more funding, aimed at changing people's attitudes toward professional trades? I'd be interested in your views.

• (1755)

**Mr. Brad Severin:** I think the economic and labour realities bear themselves out. The demand for these skilled labour participants is certainly not felt anywhere more than in the province of Alberta.

I can certainly attest to the demand for those spots in post-secondary education. Our technical institutes, such as the Northern Alberta Institute of Technology and the Southern Alberta Institute of Technology, are routinely taking wait-list applicants to gain entry to these positions. I think that labour attraction, moving from one geographic area to another in Canada, certainly would bear out the demand for these very valuable skilled labour positions.

Anything the government can do in areas where there are pinch points as far as labour need for skilled labour is concerned would be welcomed, particularly in our province.

**Hon. Scott Brison:** In terms of best practices, we could look at Germany's model around apprenticeship. Incidentally, Germany has less income inequality than a lot of other places, including Canada.

Are there any other thoughts on this imperative?

**Mr. Ron Watkins:** If I could comment briefly, first of all, I agree with the importance of exactly the point you're on, Mr. Brison.

I don't know what the full solutions are. Part of it, I think, goes back to the high school years. It's making this seem like valuable, positive work going forward, and a great opportunity.

In our industry and in associated industries, we certainly feel the need to get to a greater group of younger people earlier in their lives to get them to prepare for trades, to be technicians, to work in a lot of different areas.

**Hon. Scott Brison:** I'd like to hear from Ms. Goldstein on that issue as well.

Ms. Foster, you raised the importance of early learning and child care. We often think of how it helps children develop their cognitive skills and long-term competitiveness around—

**The Chair:** Could we have the question?

**Hon. Scott Brison:** You raised the issue of helping women participate in the workforce. There was an article in *The Economist* in April 2006 called "Womonomics".

The importance to working women and to greater access to skilled women, for instance nurses, I think is a really wonderful argument that we need to hear more of, for—

**The Chair:** Is this a comment? I ask because you've used up all your time.

**Hon. Scott Brison:** Oh. It's become a comment, yes.

**Voices:** Oh, oh!

**The Chair:** I'll just remind you that Mr. Brison has this wonderful habit of asking very good questions at the end of his time.

**Hon. Scott Brison:** It's because I'm so far away from the chair. I can't see you without my glasses on.

**The Chair:** Well, hopefully Ms. Foster will be able to return to that.

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

**Mr. Mark Adler:** Thank you, Chair.

I want to thank all of the witnesses for being here today.

I want to start with you, Ms. Goldstein. You talked in your submission about labour mobility and particularly about the challenges that new immigrants face when they come to Canada.

Could you talk a bit about how you see our role, as a federal government, in, number one, alleviating some of those challenges faced by new immigrants? Number two, how we can help in terms of interprovincial mobility, in terms of labour moving from one province to another, going to where the demand for labour is greatest? Could you please talk about that?

**Dr. Rose Goldstein:** Thank you for the question.

I think the federal government has several places to make an impact. One of them, I think, that's fairly obvious is where there has been progress but indeed there could be more. That's in terms of alleviating the barriers to immigration and to licensing for professionals. There's a lot of work that could be done.

You alluded to the mobility between provinces in alleviating the bureaucracy, frankly, and the complexity of accepting the qualifications of immigrants. At McGill, being a very international university, as I mentioned, we train foreign students, many of whom would like to stay here. I think we could make it a lot easier. The qualifications are usually accepted, but from the immigration point of view, I think we could definitely streamline.

As I say, there have been improvements, but I think there is room for improvement, certainly in the licensing.

•(1800)

**Mr. Mark Adler:** Could you mention specifically what you'd like to see?

**Dr. Rose Goldstein:** I probably could send you something—it probably would take longer—in terms of the kinds of programs and comprehensive improvements.

Certainly the licensing and training for professionals really have to be much more open and flexible. In some professions—I'm more familiar with medicine—we've done some of that, but there's a lot more to do in terms of evaluating external training in a reasonable amount of time and assisting immigrants with the complexities and the bureaucracy. I think that kind of program, that kind of support, would go a long way.

**Mr. Mark Adler:** Just switching gears a bit, in terms of the research and innovation that we've provided support for, we've put in place the pillars for laying a good foundation for research and innovation and development here in this country.

How do we compare with other countries on that score?

**Dr. Rose Goldstein:** In terms of the amount of funding that we as a country invest in basic research, we score quite well. I think you know that.

In terms of funding and performance down the pipeline in research and development, we score not as well. That's why there's a plea for the increased funding for partnerships, for international collaborations, where we don't score as well as other countries.

The output, certainly, of our basic research is also excellent. I just want to put in a little pitch here. We have set the foundation very well, and we appreciate that as universities, but it is threatened. It is not stable. The investment is being cut back, and I think that compares unfavourably with other countries.

For example, the European Union is roughly doubling their investment in basic research in their framework for 2020. We risk our position if we don't increase our investment.

**Mr. Mark Adler:** Yes, but we're certainly moving in the right direction, though, as a...

**Dr. Rose Goldstein:** Well, I think we have been moving in the right direction, but I actually think that in 2013, with the \$37 million reduction without any reinvestment to compensate for it, we're actually going in the other direction.

There are countries that are doing that, but I think it's not the wise thing to do. Certainly Europe and other countries are moving ahead, especially in these economic times, by investing even more funds in basic research and universities, because that's where the future lies.

**Mr. Mark Adler:** Thank you.

How much time do I have, Mr. Chair?

**The Chair:** You have one minute, Mr. Adler.

**Mr. Mark Adler:** Thank you. That's just what I was looking for.

I have a question for you, Mr. Sanger. I'm hoping you can really help me out here, because I have a real problem.

I was looking at your website, the CUPE website, and you have to tell me what.... You have to work with me here, because I have a real difficulty.

I'm seeing page after page after page of resolutions, of statements, of letters condemning Israel, from your union, year after year after year.

**The Chair:** Okay, ask a question.

**Mr. Mark Adler:** I don't see one condemnation, one letter, one word of condemnation of Syria. Can you please explain that to me?

**The Chair:** Okay, Mr. Sanger, answer briefly on that point, please.

**Mr. Toby Sanger:** That's funny, because I look at our website every day, and I frankly haven't seen pages after pages on that, and I don't think this is particularly relevant.

**Mr. Mark Adler:** No, it is relevant because I'm asking the question.

**The Chair:** Thank you, Mr. Adler. Thank you.

We'll move on to Mr. Marston for a five-minute round, please.

**Mr. Wayne Marston:** I need to take just a second, Mr. Chair, because we're living in real time, and I just got a real shock. I just got a text that a friend of mine passed away in an ambulance on the way to the hospital five minutes ago. I'm just a shade distracted.

This is an important opportunity for us. Mr. Severin, you talked about temporary workers, and Brian Jean talks about labour mobility. He's fighting for this and talking about it all the time.

We understand the short supply of labour in Alberta, but how can we call them temporary workers when there's just a cycle going around and around? Why don't we offer these people the opportunity to become Canadian citizens, to bring their families here and build?

Mr. Watkins hit on something I think is really important—and it's good to see you again, sir—Red Seal tradespersons, and this idea of a training tax credit to get them. I know that it's a critical need. For those who may not know Red Seal, that's the highest level you get, and it's a guarantee of the quality of service the employer is going to get from these workers. I want to thank Mr. Watkins for bringing that forward, and perhaps you two could have a conversation afterwards on it.

Everybody is agreeing these days about the volatility of the global economy and the potential risk to Canada's economic growth. This is an area again that's of significant importance to Alberta. What are your thoughts about safeguards that the federal government should put into place to protect us from the potential eurozone economic problems, or even the worsening of the American economy?

•(1805)

**Mr. Brad Severin:** I think that probably the greatest protection that can be afforded is one that's generated by true market movements.

If we have the opportunity for market diversity, I think that we create that protection. I think that by ensuring that we have the ability to open our economy, and particularly on the resource sector—not necessarily just bitumen- or natural gas-based resources, but developing a consistent Canadian energy strategy that provides for market diversification of all forms of our energy right across Canada, including oil, gas, potash, wind, and water—we could have an opportunity to diversify our markets. I think that is our greatest protection, and having markets move in a freely operative manner.

**Mr. Wayne Marston:** Mr. Sanger, we talked here just the other day. We had witnesses talking about the relationships in Germany between labour and the government and training. Germany is also showing us what I think is the right mix of public investment and market solutions into a green economy. Obviously education and training are part of that, and it's good to have an economist here because you can give answers to more questions than I probably have.

What measures do you feel the federal government should take to move the Canadian economy and our society to a more sustainable level?

**Mr. Toby Sanger:** That's a very good question, and I spoke a little bit in the presentation about that.

It makes a lot of sense for the government to increase investment in different forms of infrastructure. In terms of municipal infrastructure, I think we have a tremendous opportunity now to start to build a low-carbon infrastructure. These investments last for 30 to 40 years. The new deal for cities and communities did have a provision over cities' having to have sustainable development planning. That's really important.

**The Chair:** You have one minute.

**Mr. Toby Sanger:** The retrofit program that the federal government used to have was excellent. That can reduce the cost of energy as well, because you're making things more efficient. You're reducing the cost for users as well. A lot of countries have proceeded with that. I think it would be excellent to have a retrofit program focused on the public sector, but also on the private sector too, to achieve some of those gains.

**Mr. Wayne Marston:** Might that not be an area...? We have Mark Carney talking about dead cash. We've talked here about \$500 billion that's sitting there. On the refit program, they quote the NDP platform to us regularly. One of the things we talked about was refit across our country, having tradespeople as apprentices, and allowing some of that cash to get out and keep the economy going.

**The Chair:** Okay. Give a brief response, please.

**Mr. Toby Sanger:** Exactly. There's a great opportunity here, and this ties into the whole issue about a training strategy.

The federal government has retreated from that and devolved it to the provinces. It's really important, particularly if you're talking about interprovincial mobility, for the federal government to play a key role to bring labour and business together and to have a strategic view of the economy, rather than one that's only a reaction.

**The Chair:** Thank you very much.

Mr. Van Kesteren is next, please.

**Mr. Dave Van Kesteren:** Thank you, Mr. Chair. Thank you everybody for coming here. I hope I get a chance to talk to more than one.

We have five short minutes, though, and I'm going back to you, Mr. Sanger.

You're an economist. Would you agree that you don't share every economist's viewpoint in your presentation?

• (1810)

**Mr. Toby Sanger:** Well, I cited the IMF, the OECD, and a lot of mainstream—

**Mr. Dave Van Kesteren:** But you don't share. As a matter of fact, I remember Harry Truman once said that he looked for a one-armed economist because economists were always saying, "On the one hand, Mr. President, and on the other hand...."

I'm not an economist. I wouldn't want to get into a debate with you. You obviously know a lot more than I do, but from what I understand, there's the Keynesian school from John Keynes, and I think the Austrian school from von Mises. Those are probably the two mainstreams. Then there are people who go in different directions.

What would you say is an acceptable level of debt to GDP?

**Mr. Toby Sanger:** Actually, economics doesn't really provide an answer to that. What you want is something that's sustainable in that way. An economy can grow with a certain level.

A recent IMF report looked at a number of countries that had a debt to GDP ratio of over 100%, and—

**Mr. Dave Van Kesteren:** Don't you think that's a little excessive?

**Mr. Toby Sanger:** You might want to bring it down from that. Canada is in a pretty good situation—

**Mr. Dave Van Kesteren:** What's Canada's—

**Mr. Toby Sanger:** It depends on how you define the debt—

**Mr. Dave Van Kesteren:** Well, define it with combined debt with the three levels of government.

**Mr. Toby Sanger:** I don't have those figures with me right now.

**Mr. Dave Van Kesteren:** It's about 87%.

Do you know what Canada's national debt is, the federal portion?

**Mr. Toby Sanger:** Is it around...? You might have those figures. I don't see it being that important. It's about \$500 billion—

**Mr. Dave Van Kesteren:** I think it's about \$650 billion.

I don't want to criticize you or your credentials, but what I really wanted to hear from you is that the opinions you expressed were your opinions. Is that fair to say, or are you hard core in thinking you are absolutely right and this is the direction we should go? Would you say there's room for the possibility that you might be dead wrong?

**Mr. Toby Sanger:** Obviously there are different opinions, but what I was citing was the IMF and the OECD saying that deep cuts and spending cuts have led to lower economic growth. The Conference Board of Canada actually came out with a report today saying the same thing. It's not only me; a majority of economists in the mainstream are saying that deep cuts are not good for the economy and, in fact, in some cases such as the U.K., they've led to higher deficits.

**Mr. Dave Van Kesteren:** Again, these are opinions. I know I could probably cite people who say that we shouldn't be cutting, as our government is doing: they say we should be taking a chainsaw to our spending. There is obviously a difference of opinion, and that's the only thing I'm asking you to acknowledge. Would you agree that there is a difference of opinion as to whether or not we should be cutting, shouldn't be cutting, or even go one step further and saying we should be taking a chainsaw? Would you agree?

Go ahead.

**Mr. Toby Sanger:** I would say there are two points there. There's basically a macroeconomic one, which deals with the level of debt and deficit and the level of spending and how that affects the economy. The second point is how you spend your money. For instance, public spending has a stronger multiplier effect than tax cuts. It's not only quantity, but quality. Those are two important factors.

**Mr. Dave Van Kesteren:** The United States is at about 120% at this point. They have raided just about everything that they can raid, and they're at a tipping point. I would think most economists would agree with that. I'm very happy that in this country we haven't reached that spot yet. We've taken the decision that the people of Canada want us to wrestle this debt down. Industry would agree with that as well.

**Mr. Toby Sanger:** Debt interest costs as a share of GDP are about half of what they were in the 1990s. The big issue there for economists is the interest rate in relation to GDP growth. That's the big issue. We were told that as the debt and deficit increased, interest rates would continue to go up. They haven't; they have gone down.

•(1815)

**The Chair:** Thank you. Merci.

[*Translation*]

Mr. Mai, you have the floor. You have five minutes.

[*English*]

**Mr. Hoang Mai:** Ms. Foster, we had the Canadian Doctors for Medicare here just before you arrived. I asked a question regarding the cuts to refugee health care. From our side, we are opposed to those cuts. The government says that it's a cost-cutting measure, but we know that the costs for Canada are more expensive and that a lot of things are being downloaded to the provinces and municipalities.

I know that on the other side we have the member for Saskatoon—Rosetown—Biggar, Kelly Block, who is really proud of that cut. What is your position regarding those cuts?

**Ms. Pamela Foster:** The Canadian Federation of Nurses Unions has participated in protesting those cuts. We've written to the minister about that. We will see the impact of these cuts in emergency rooms. It is a downloading to the provinces.

**Mr. Hoang Mai:** In respect of the provinces, do you think saving those amounts is going to result in greater wait times? You mentioned emergency rooms, but is it going to take more time and more costs for the provinces and for society in general?

**Ms. Pamela Foster:** I don't have the statistics here, but there have been studies in regard to preventative illness and injury and savings that could have occurred if the illnesses had been treated in the primary health care system instead of the acute care system. I would be happy to provide those.

**Mr. Hoang Mai:** The College of Family Physicians of Canada and the Royal College of Physicians and Surgeons of Canada are opposed to those cuts.

Coming from Quebec, we understand how important the child care plan is and how the provinces and municipalities have to work together to make sure it happens. That's something we agree with and also believe in.

Mr. Sanger, household debt is a big problem right now. The government is pushing towards temporary foreign workers. We have a law that says we can pay them 10% less than regular Canadians. From our position, it's a race to the bottom. In my riding of Brossard—La Prairie, we have people who have jobs but are now going to food banks.

Could you tell us what's happening with the way the government is going regarding corporate tax cuts and how that affects inequality and household debt?

**Mr. Toby Sanger:** I was very surprised that the last budget included a number of measures that were basically corroding wages. The temporary foreign worker program, as you mentioned, was one of those, and the new provisions on employment insurance did the same thing.

From both an individual worker's perspective and a broader economic perspective, it's the wrong way to go. We're concerned about reducing overall household debt. In Canada it's now higher than it was in the United States prior to the crisis. We need to reduce those overall debts, and there are a number of ways of doing it, but you also need to increase wages. I think we're getting into a very precarious situation.

There has been an incredible shift. Before, households used to run surpluses. We think of the federal government's deficits and surpluses. The same thing happens in other sectors of the economy. Before 2000, households used to run surpluses and lend that to the corporate sector. Since the year 2000, that has totally reversed, and the corporate sector has built up over a half a trillion dollars of surpluses, dead money that they aren't investing in the economy because people aren't buying their stuff.

• (1820)

**Mr. Hoang Mai:** Coming from Quebec, if I had more time I would ask you a question regarding investing in green technology and how that affects Quebec and McGill, but I don't think I have time.

**The Chair:** You are out of time, but perhaps we can follow up after the committee hearing.

Colleagues, I have four more members who would like to ask questions.

I will go now to Mr. Jean.

**Mr. Brian Jean:** Thank you. I'll take up where Mr. Mai left off, actually, with Mr. Sanger.

Is public transportation important?

**Mr. Toby Sanger:** Absolutely.

**Mr. Brian Jean:** Is it a great investment for the federal government to get involved with?

**Mr. Toby Sanger:** We agree with the Federation of Canadian Municipalities, and yes, it's an important investment.

**Mr. Brian Jean:** Did you have a chance to listen to the presentation by the public transit group that just came before us from Montreal, the Société de transport de Montréal?

**Mr. Toby Sanger:** I'm sorry, I didn't follow it. I wasn't here for their presentation.

**Mr. Brian Jean:** On page 3 of the document they presented to us just a few minutes before you came, it says, and I quote:

Barely ten years ago, the federal government was not even contributing to public transportation. Today, its contribution reaches almost \$1 billion a year through various infrastructure programs.

They indicate that between 2001 and 2005, the total amount invested in public infrastructure was around the \$900 million mark, and now, with the federal government's initiatives through the economic action plan, which is obviously from 2006 to 2010, that amount is almost \$4 billion a year now in 2010.

Were you aware of that?

**Mr. Toby Sanger:** The federal government has certainly increased its funding for infrastructure, and that's a positive move. The problem is that it's run out, and we need a long-term commitment.

**Mr. Brian Jean:** That's my question, because what you said was bleak and bleary about this government. I'm glad so see that you're applauding us for the \$1 billion a year in public infrastructure. I understand that's coming to an end. We're talking, of course, to our partners to rejuvenate that for another period of time. Obviously we will do what's in the best interests of the Canadian people.

My question is more driven towards the Alberta chamber, and as a past member of the Fort McMurray Chamber of Commerce for many years, and a director as well, I have to tell you that I was impressed that you came here today and said that we have a problem with labour.

With that, I'm going to take a different approach. I don't know if you heard CAPP earlier. It's good that you did. They indicated that although they recognize labour and labour mobility and bringing temporary foreign workers in, they recognize that without a distribution network for our natural gas and without a distribution network for our oil, we are in big trouble.

I'm going to give you some figures very quickly. They also indicated that to grow our economy is the only way to get a cheaper price, because it's a world-traded commodity. Is that fair to say? Do you agree to that?

**Mr. Brad Severin:** Absolutely. Market diversity for this nation, not necessarily just for the province of Alberta, is critical.

**Mr. Brian Jean:** Absolutely, and it's critical for the nation as a whole, because we all share in the great efforts of Alberta, Newfoundland, and wherever else we have a positive economy. Is that correct?

**Mr. Brad Severin:** Absolutely. The contributions made to the development of infrastructure, and extractive infrastructure in particular, whether in Alberta or anywhere across the nation, by the provinces of Ontario, Quebec, Manitoba, Saskatchewan are significant. All of those provinces certainly contribute significantly to milling the products necessary to build these things.

**Mr. Brian Jean:** With the extraction, my question is this. We have 2.8 million barrels a day being produced, and 1.7 million barrels a day produced in the oil sands, which is going to go up to 3.7 million barrels in the oil sands by 2020 and 4.3 million barrels by 2025 right across Canada. We're going to at least double the production and distribution of oil. How are we going to send it anywhere? We can't even send it now without discounting our oil to the Americans by up to 40%. That's \$40 a barrel. How are we going to distribute it without some mechanism of distribution?

**Mr. Brad Severin:** This really certainly brings into question the need for projects such as the Northern Gateway. We absolutely need some means of breaking into market diversity and creating that market diversity. In the absence of that, we are continuing to be price takers—

**Mr. Brian Jean:** By that, do you mean we take the price that the Americans give us for our oil?

**Mr. Brad Severin:** Absolutely, and all indications are that their move is towards greater energy independence by 2020. The potential for us to be in a further negative discount position by that point in time is certainly on the horizon.

**Mr. Brian Jean:** You would also agree that this is one of the biggest threats to employment and to Canada's GDP in the future. That's the first question.

I don't know if you've extrapolated the figures, but based on the oil production that we have today and the oil production that we're planning on having by 2025, that's 267,000 additional full-time jobs for Canadians. Does that trouble you at all?

• (1825)

**The Chair:** Be very brief.

**Mr. Brad Severin:** It certainly does. Without the ability to open our markets to create new customers for our resource products, certainly the ability for us to grow our GDP, to grow employment, and to grow household incomes is constrained and threatened.

**The Chair:** Thank you, Mr. Jean.

We'll go to Ms. Nash, please.

**Ms. Peggy Nash:** Thank you, Mr. Chair, and hello to all the witnesses. Welcome to the finance committee.

Mr. Scholten, I see you have recommendations here on credit card fees, which we certainly agree need to be reduced, but I want to ask you about contraband and how big a problem it is for convenience store owners, for your membership.

**Mr. Alex Scholten:** It's a tremendous problem for our retail members, for a couple of reasons.

First of all, we as responsible retailers comply with the laws and regulations regarding the sale of tobacco. We work very hard on that and make sure that we are a partner with the health authorities across the country to be able to enforce those laws.

Unfortunately, in the area of contraband, there's one law, but it seems to be applied differently in terms of those selling contraband. The Canadian government and the provincial governments are certainly working on that, but it does offer a great frustration for our retail members.

The second part of it is that tobacco as a category within our stores, a legal product for sale, contributes to the bottom line for retailers. Also, when someone comes into our stores and buys that product, they typically buy other products as well, so when they're not coming into our stores and they're not buying those products, retailers have a great challenge in surviving.

**Ms. Peggy Nash:** I assume this is essentially an issue at our borders with contraband coming into the country. Is it a problem that the government has cut hundreds of positions at border crossings so that there are fewer inspectors to be able to determine if there's contraband or—goodness knows—drugs or guns or other things at the border? Would that be a problem for your members?

**Mr. Alex Scholten:** We do have great concerns about that, yes.

**Ms. Peggy Nash:** Okay. Thank you for sharing that.

Mr. Watkins, it's good to see you. Can you talk to us about the importance of the manufacturing sector and about the importance of being able to plan in your sector, in the steel industry, for investments? I noticed in your brief that you're talking about wanting a five-year commitment to the accelerated depreciation allowance and about the importance of having a broader multi-year strategy rather than just quick hits and budget-to-budget.

**Mr. Ron Watkins:** First of all, it's at least five years, just to be clear on that.

We start with the very fundamental premise that manufacturing remains important to the 21st century economy. There are still over two million Canadians employed in high-valued jobs across the country in a multitude of sectors, so what we look for are policies that are going to support and strengthen the manufacturing base across the country in different sectors. We're not looking for measures specific to our industry; we're saying that if we can get a manufacturing direction in the economy, that's certainly beneficial to us, but it's beneficial to all Canadians.

To begin with, we look for a framework that starts with tax measures of the kind we've spoken about, a competitive tax system. We applaud the changes to the tax system that have been made to date, but beyond the basic fiscal or tax environment within which we operate, we look in areas such as innovation and skills, international trade, sound environmental policies, transportation policies, and so on. We think it's a package of things that has to come together.

**Ms. Peggy Nash:** Thank you very much. I'm sorry we have so little time.

Mr. Sanger, I heard you reference the IMF and the OECD. These are not just some people with opinions, but credible international organizations. In the case of the OECD, the largest developed economies belong to it. Would you agree with Krugman, the Nobel Prize-winning economist, for example, and the OECD that austerity and overzealous cuts are a drag on economic performance? That's certainly what the Parliamentary Budget Officer told this finance committee earlier this year.

• (1830)

**The Chair:** Please give just a brief response.

**Mr. Toby Sanger:** Absolutely, and I also agree with the IMF, which also said that. They said we need to focus more on growth, rather than cuts, in order to keep the GDP—

**Ms. Peggy Nash:** That's so people have jobs too, I assume, and can earn a decent income.

**Mr. Toby Sanger:** Yes, exactly, it's growth and jobs, and the IMF has actually called for progressive tax measures, as well, to reduce deficits.

**The Chair:** Thank you very much, Ms. Nash.

I have two more members who would like to ask questions, I and Mr. Hoback. Can I indulge the witnesses to stay for an extra few minutes? If you have to go, we understand that.

Perhaps I'll pick up where Ms. Nash left off.

Mr. Sanger, you talked about the need to avoid deep cuts. Can you tell me what a deep cut is? Just what per cent would it be?

**Mr. Toby Sanger:** Well, right now, I think it's inappropriate to have any overall cuts in public spending, as were instituted in the last budget, because that's slowing down the economy. Business is not picking that up, nor will it—



**The Chair:** So is any cut a deep cut, in your view?

**Mr. Toby Sanger:** Right now it's inappropriate for the government, from an economic point of view, to cut spending.

**The Chair:** I'm limited in my time. I'm just trying to ask very basic questions.

A 6% increase for health, a 3% increase for education, social assistance, increases in funding for research and development, and the infrastructure stimulus program that happened would not be cuts, would they? They would actually be stimulative investments in this country.

**Mr. Toby Sanger:** We supported those. The thing with the infrastructure program is that the money is all committed. Infrastructure spending is actually going down, as the Conference Board mentioned today.

**The Chair:** Okay.

I'm a former member of CUPE; this may surprise a lot of people. The problem I have, though, with unions like this is there is absolutely no balance. I understand you say you're critical in all sorts of areas, but why wouldn't you come and say that during tough economic times, increasing health spending 6%, increasing education spending 3%, increasing social assistance 3%, making increases in research and development funding, which the AUCC praised in the last budget.... Why not at least balance it and say that on those issues, the government is doing well?

Maybe that's a rhetorical question. Anyway, we can have this debate.

**Mr. Toby Sanger:** I've certainly commended this government on other things, for sure.

We've only got a few minutes, though.

**The Chair:** I look forward to those statements.

Okay, I want to move to the Alberta Chambers of Commerce. I thank you, Mr. Severin and Mr. Collyer, for being here today.

You see some of the challenges. When I go back to Alberta, every single business, small, medium, or large, says to me, "James, don't you"—meaning I and others in Ottawa—"get the labour challenges we're facing in Alberta? Don't you get it?"

I get it, but you see some of the challenges we have. There are an awful lot of people, for instance, who continue to believe the temporary foreign workers program allows businesses to take advantage of people coming from other countries.

Mr. Severin, I want you to deal with this head-on, because I know it's not true and you know it's not true, but there are a lot of people in this country who believe that's why businesses want to expand this program. Why are you calling for an expansion in this program in your brief here today?

**Mr. Brad Severin:** Very simply put, it's an Alberta reality. We cannot find the people we need in order to fill the jobs required for us to continue to be the economic engine in Canada, which is, again, another economic reality at the moment. We have not seen the interprovincial movement of labour we have seen in the past that may have filled some of those jobs we now look to fill with temporary foreign workers.

We do commend the government for the work they have done, particularly in the EI areas, to promote interprovincial labour movement, but we think those programs are going to take some time to gain traction and before we can start to feel the positive effects of those programs.

The raw reality is we need people. Come to Alberta, the land of opportunity.

**A voice:** Hear, hear!

**The Chair:** The other thing we're working out, frankly, is trying to get a lot of the work that's being done in Alberta moved out to other provinces. I took a tour of southwestern Ontario in June to try to move some of the work that's being done in Alberta out to southwestern Ontario. That's obviously one of the other issues.

I only have a minute left. I have a lot of other questions. On your severance transfers to RRSPs—we don't have time for it today—can you perhaps provide our committee with more information?

My last question is this: can you briefly address the issues with respect to RRSP policies? Are you recommending that we move the age of conversion to RRIF again upwards, as we did in moving it from 69 to 71? Is this what you're recommending in your brief here?

• (1835)

**Mr. Brad Severin:** Some of the recommendations we have around that reflect more of a staging, a ratioed approach, as opposed to a whole single-step movement to a higher age of transfer.

For example, for those who are continuing to be engaged in the workforce, as opposed to disincentivizing them and locking them into a transfer or a required transfer, it's potentially looking at a staged transfer over the years that they continue to be engaged in the workforce.

**The Chair:** If there's anything further on that, we'd appreciate it.

Mr. Watkins, we've met on the issue of trade, and you have given me, as an MP, some information, but if there is something further you want to share with the committee, I'd ask you to do so as well. I'm out of time right now, but if there's something further, you could send it to the committee.

We'll go to our final round. We'll go to Mr. Hoback, please.

**Mr. Randy Hoback:** Thank you, Chair.

I have just a few questions, and then we'll be done, folks.

Mr. Severin, I'm in Saskatchewan. I have the exact same problems. I'm happy you've expressed it the way you have for Alberta, but I can just copy it word for word and say it's the same scenario in Saskatchewan right now. That's why the frustrations that James feels, I feel, and I know Mr. Jean feels also: it's because what's limiting growth in Saskatchewan isn't opportunity or money, it's people, and that's a huge one.

Ms. Goldstein, we talked with the University of Saskatchewan about attracting foreign researchers, the type of people you really want in your research departments and education departments. Is intellectual property a barrier? At this point, is that a hindrance in bringing this research into Canada?

**Dr. Rose Goldstein:** Is it a question of whether intellectual property is a barrier to bringing the people in?

**Mr. Randy Hoback:** I don't mean as a barrier. Are people saying that our intellectual property rights aren't strong enough, so they're doing the research in countries other than Canada? Do you have any comment on that?

**Dr. Rose Goldstein:** I haven't heard that directly from researchers at McGill in Quebec, but we do hear it from businesses. We hear from other international partners that they would like to see a stronger IP framework. Within the pharmaceutical industry, I'm sure you know, that's something they talk about.

It is something that needs to be worked on in Canada. We need to be more progressive in our IP and also in our policies and our approach to IP, and I think we're doing that.

**Mr. Randy Hoback:** I'll leave it there, Chair. In light of the time, I think it's fair.

**The Chair:** Thank you very much, Mr. Hoback.

I want to thank our witnesses today. It was a very interesting and lively discussion. If there's anything further you wish us to consider, please present it to the clerk. We'll ensure that all members get it.

Colleagues, witnesses, thank you so much for today.

The meeting is adjourned.

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