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Chair

Mr. James Rajotte

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• (1530)

[English]

The Vice-Chair (Hon. Scott Brison (Kings—Hants, Lib.)): Good afternoon. Welcome to the 84th meeting of the Standing Committee on Finance. Pursuant to Standing Order 83(1), we are continuing our pre-budget consultations for 2012.

I want to thank all the witnesses for joining us here today.

We have two panels of witnesses. In the first panel, we have five organizations that are presenting: Karen Leibovici, from the Federation of Canadian Municipalities; Andrew Van Iterson, manager of the Green Budget Coalition; Terrance Oakey, president of Merit Canada; Serge Buy, the CEO of the National Association of Career Colleges; and Nobina Robinson, the CEO of Polytechnics Canada.

We welcome all of you here today and look forward to hearing from you. You each have five minutes for your opening statements, and then we will have questions from the members.

We begin with Ms. Leibovici.

Ms. Karen Leibovici (President, Federation of Canadian Municipalities): Thank you very much. It's a pleasure to be here this afternoon on behalf of the Federation of Canadian Municipalities, representing almost 2,000 member communities across this great country of ours. We represent 90% of the Canadian population.

[Translation]

I would like to thank you all for working to create jobs and making critical infrastructure repairs in the last few years.

[English]

Right now, the federal government is developing a new long-term infrastructure plan to replace the Building Canada plan, which expires in 2014. This new long-term plan is a once-in-a-generation opportunity to build the on-ground conditions for a strong, growing, and competitive economy. It's also a chance to give Canadians what they need: good roads, clean water, and solutions to the traffic gridlock that costs our economy billions of dollars every year.

There is no surer way to create jobs today and strengthen our economic foundations of tomorrow than investing in municipal infrastructure. When provincial, territorial, and local partners bring money to the table, no other investment goes as far or achieves as much. With the right long-term plan, we can put an end to the long decline in Canada's municipal infrastructure once and for all.

[Translation]

However, local governments don't have the tools to do it alone.

[English]

We have to do this together. We own and operate 60% of Canada's core economic infrastructure, but we collect just 8¢ of every tax dollar paid in Canada. In a couple of weeks, the FCM will be releasing a formal proposal with fully costed recommendations, but in the short time that I have here today I want to tell you where things stand right now.

The government has said it will have new infrastructure programs in place for the 2014 construction season. To meet that deadline, the new plan must be part of the 2013 federal budget and must be a plan that we can all endorse.

Getting the plan ready and making sure it meets the needs of our economy and our communities has been FCM's top priority. We've worked with the government, other stakeholders, and thousands of municipal leaders in every province and territory. Based on all that work, I want to share three points with you today.

First, there is broad support for an affordable plan that achieves the key federal objectives of supporting job creation and long-term economic growth, leveraging matching dollars from other orders of government, and expanding the private sector's role where it benefits Canadians.

Second, there's a strong agreement that the new plan must make the most of every tax dollar that we invest together. Also, it must show Canadians measurable improvements in the state of Canada's infrastructure, build the capacity of local governments to maximize efficiency through best practices and innovation, and minimize bureaucracy, red tape, and costly project delays.

Third, the final and most important point is that the new plan must make secure, reliable, and truly long-term investments in Canada's local infrastructure that are flexible enough to meet different regional needs. Every city and community is facing an infrastructure challenge. The nature of their needs may vary, whether it's roads, water, or traffic gridlock, but in every case the solution is long-term planning and long-term funding. Without investments it can count on, no community can meet its infrastructure needs.

Also, in a world full of economic uncertainty, Canadians want to know that we're taking action to build the conditions for a competitive economy and strong communities. As well, Canadians want to know that all orders of government are working together to make progress on practical priorities.

The new long-term infrastructure plan must benefit Canadians.

[*Translation*]

Local governments have worked closely with our partners in the last few years, and we want to keep working together for all Canadians.

• (1535)

[*English*]

We want to keep Canada on the road to jobs, growth, and a future we can count on.

I'd like to thank you for your time. I look forward to your questions.

[*Translation*]

Thank you very much.

[*English*]

The Vice-Chair (Hon. Scott Brison): Thank you very much, Ms. Leibovici.

Now we're going to hear from Andrew Van Iterson, from the Green Budget Coalition.

Mr. Andrew Van Iterson (Manager, Green Budget Coalition): Mr. Chairman and honourable committee members, thank you for inviting the Green Budget Coalition to speak to you today.

I am pleased to be joined by Nathan Lemphers from the Pembina Institute. I expect Alison Woodley, the national conservation director for CPAWS, the Canadian Parks and Wilderness Society, to be here later. We can all answer your questions.

The Green Budget Coalition, or GBC, is unique in that we bring together the expertise of 16 of Canada's leading environmental and conservation groups, collectively representing over 600,000 Canadians, including groups such as Ducks Unlimited, the Nature Conservancy of Canada, and the Pembina Institute. Our mission is to present an analysis of the most pressing issues regarding environmental sustainability in Canada and to make a consolidated annual set of recommendations to the federal government regarding strategic fiscal and budgetary opportunities.

Please note that my presentation today reflects revisions and more details with respect to the brief online submission that we made at the start of August. All the details were in this preliminary set of recommendations, which was sent to you on September 25 and again last Thursday.

We want to thank the government again for its progress in Budget 2012, including funding for renewing the Species at Risk Act and funding for the Great Lakes, the Rouge National Urban Park, and Lake Winnipeg. These are all important steps forward.

To build on this progress, for Budget 2013 we have identified and developed four feature recommendations as well as seven com-

plementary recommendations. Our feature recommendations address the national conservation plan, subsidy reform in the extractive industries, green infrastructure in first nations communities, and federal environmental law and science capacity.

First, we are recommending that Canada's national conservation plan—a throne speech commitment that was affirmed by the House environment committee's report in June—focus on scaling up efforts to value and conserve nature for the benefit of current and future generations of Canadians and on ensuring that all parties work together in a coordinated way to achieve this goal. We have specific recommendations addressing oceans, national parks, and migratory birds.

Second, to build further on the government's subsidy reform momentum and to increase tax neutrality and support the government's strategy of responsible resource development, the GBC recommends three targeted measures: enabling the Canadian exploration expense only for unsuccessful exploration; removing the accelerated capital cost allowance for the mining sector, as the government has done for the oil sands; and not renewing the mineral exploration tax credit for flow-through shares. These were all identified as subsidies for potential reform by the Deputy Minister of Finance in a March 2010 memorandum.

Third, there are major opportunities to further pursue economic health and quality-of-life benefits for first nations communities by integrating green infrastructure thinking into the programs and policies that are needed for planning, building, updating, and repairing first nations infrastructure. While progress has been made in many first nations communities, there are still dire needs around improving drinking water systems and housing stock. Our recommendations address water and waste water systems, deep measures residential and non-residential energy conservation and efficiency programs, and reducing dependence on diesel fuel through increased green energy use.

Fourth, we want to emphasize that the Government of Canada's environmental laws and science capacity are fundamental to its ability to protect Canadians' economic prosperity, health, and quality of life, and the ecosystems and natural resources on which they depend. To support these laws and this science capacity, the GBC recommends establishing a comprehensive web-accessible and continually updated database of all federal environmental enforcement and compliance data, and financially supporting the provinces and territories, where intergovernmental agreements are in place, to effectively deliver environmental laws in their jurisdictions.

We also have further complementary recommendations in our document addressing energy sustainability, climate action, and healthy communities, including Canada's infrastructure future, as my colleague just highlighted. We will send you our final recommendations near the end of November.

To close, I would like to quote the man who will be delivering the budget, I assume, four or five months from now, the Minister of Finance, who emphasized that

...the environment and the economy are inextricably linked, and that by ensuring that Canada has a clean and healthy environment we will be able to build an economy strong enough to maintain the enviable standard of living Canadians have come to expect.

Thank you.

• (1540)

The Vice-Chair (Hon. Scott Brison): Thank you very much, Mr. Van Iterson.

We're looking forward to hearing from Terrance Oakey from Merit Canada.

Mr. Terrance Oakey (President, Merit Canada): Thank you, Mr. Chair and members of the committee. I'd like to thank you for this opportunity to add Merit Canada's voice to the pre-budget consultations.

You will be pleased to know that, unlike many organizations and witnesses you've heard at this committee in the past, I am not here to seek more government spending or more of your money. I am here, though, to ask for your assistance in ensuring that the money you do spend creates maximum value for taxpayers and creates more jobs.

First a little bit about Merit Canada. We are the national voice of Canada's eight provincial open-shop construction associations. Open-shop companies and their workers build more than 70% of the industrial, commercial, and residential construction projects from coast to coast. Simply put, employees in open-shop companies build Canada, and we are proud of their record.

I am here today to speak to an issue of fairness for hundreds of thousands of these workers who choose not to belong to the building trades unions. Some of those workers may choose to be union-free or belong to another union such as the Christian Labour Association or other independent unions. Unfortunately, in many cases these workers are barred from working on projects that are funded with their federal tax dollars.

Our message is very simple: when government funds infrastructure, all qualified contractors should be allowed to bid on those projects. Unlike the building trades unions, we are not asking for rules to be written so our employees have a greater chance of working on these projects; we just want the ability to compete. We believe that fair and open competition is what ensures the best project for the best price.

A degree in economics is not needed to understand what happens when you shut out 70% of the construction industry from competing on public infrastructure. Costs increase and quality decreases. Some U.S. studies suggest that closed tendering rules increase the cost of construction between 12% and 18%.

Federal procurement rules would never allow union-only schemes for projects that it exclusively funds, but this is not true across the country. Far too many jurisdictions have rules that limit competition. For example, the federal government recently contributed \$28 million in stimulus funding to a project for the City of Hamilton. Of the approximately 260 qualified contractors, only 17 had workers

registered with the union that the city rules require, so the other 243 contractors, or 94% of the available workforce—some of your constituents—were not even allowed to bid on this project. We believe this is unfair, and it only serves to increase costs and keep some of your constituents from working on these projects.

Recent media reports about the Toronto District School Board's problems with repair work show all too well the consequences of such restrictive bidding. Costs are inflated: \$143 was billed for installing a pencil sharpener. Productivity is reduced: bills were inflated to pay for people who didn't even bother to show up for work. Taxpayers are ultimately the ones left paying the price.

Closed tendering rules ultimately harm workers. Companies they work for aren't even allowed to bid on these projects, and we must remember that it is their tax dollars that are paying for these projects. Therefore, those employees are at a significant disadvantage.

All Canadians pay for federally funded projects; therefore, we believe that all Canadians should have at least an opportunity to provide services that these tax dollars pay for. It makes no sense for federal funds to be spent, with restrictions put in place that would never be allowed on a project that was exclusively funded by the federal government. In the end, fewer projects get funded and fewer jobs are created.

We all have a responsibility to hard-working Canadian taxpayers to ensure that each dollar the government spends goes as far as possible. Therefore, our members feel that the federal government should ensure that all construction projects financed with federal funds be tendered in an open and competitive manner, and that union-only schemes should not be allowed, as they simply drive up the cost and harm the majority of workers in the industry.

The Canada–Nova Scotia Building Canada Fund Communities Agreement could easily serve as a template. Let me quote from that agreement under schedule A, “Mandatory Criteria”:

The contract award process will be competitive, fair and transparent (e.g., no sole-source contracts, no union-only processes).

Our members and their employees could not agree more with this language, and we think this clause should be inserted in all agreements with the federal government.

Thank you, and I'd be happy to answer your questions.

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Oakey.

Now we'll hear from Serge Buy from the National Association of Career Colleges.

Mr. Serge Buy (Chief Executive Officer, National Association of Career Colleges): Thank you, Mr. Chairman.

Good afternoon, ladies and gentlemen. I would like to thank you for allowing the National Association of Career Colleges to make this presentation on such an important issue, the 2013 budget and how it can help our country move forward.

Let me first thank this committee and this government for the work done in previous budgets, especially the measure that in 2011 enhanced and extended the eligibility for the Canada student loans and grants programs for part-time and full-time students.

For the past 116 years, the association has represented career colleges in Canada. We are the oldest post-secondary educational association in our country. We represent over 500 career colleges located throughout our country.

Career colleges in Canada fill a need; they train students for jobs that exist. Our students range in age and socio-economic and ethnic backgrounds. They're the young person coming out of high school who wants a career as a skilled tradesperson, the unemployed single mother who would like a career in officer administration, or the lawyer trained in another country who wants to use his legal knowledge and become a paralegal in Canada. The average student is 29 years of age. While their backgrounds differ, they are all united by the same desire: to succeed in a new career and have a better life.

Our 160,000 students have chosen to attend our institutions. They've made a conscious decision that is based on the access to our programs in the region in which they reside, the types of programs offered, the quality of the institution, and the availability of condensed programs.

A graduate from MC College Group based in Edmonton, Mr. Chairman, is well known for being the hairdresser of a number of senior ministers in Ottawa.

• (1545)

[Translation]

Graduates of the Trebas Institute regularly win prestigious awards, such as Jutra Award and Grammy awards, and they occupy important positions, such as production manager for Céline Dion.

[English]

Others work on the oil platforms near the shores of Newfoundland, in the skilled trades sector in Saskatchewan and Alberta, in health care in British Columbia, and in business in Ontario. Our members' programs were accredited by professional bodies, such as the Law Society of Upper Canada, the Canadian Medical Association, and many others.

Employers come to us, as our members' programs are current. Their instructors still work in their profession, and their graduates are uniquely qualified to immediately apply their skills in their new careers.

We are a dream partner to a government that wishes to get unemployed Canadians back to work or that wants to help underemployed Canadians obtain more productive positions.

You would think that we would support students who wish to quickly re-enter the workforce by upgrading their skills and attend institutions that offer condensed programs. However, that's not the case. The Canada student grants program will offer a grant to the

student who wishes to attend a program of 60 weeks or more in length. But low- and medium-income students attending institutions that offer condensed programs that allow students to graduate within 60 weeks are not eligible for the Canada student grants program. We believe that needs to be changed. In a society increasingly focused on getting things done now in a very competitive world, it is our opinion that the government should be encouraging students to get back to work faster and not discriminate against them.

What's the cost? We estimate this measure would benefit the government by diminishing reliance on social assistance programs and by allowing Canadians to become more productive members of Canadian society faster, and therefore pay more taxes.

We presented a proposal to HRSDC, and to date they have not contradicted our numbers. Actually, it was fairly well received.

Our members are regulated by provincial governments. They do not receive grants or contributions, and they do pay taxes.

We're not asking for a special deal. We're just asking for fairness for our students. We're asking that you help us get our students to employers who need to fill jobs in important sectors, such as the skilled trades and the health care and IT sectors.

On another topic, we know this government has put special emphasis on attracting international students to Canada, and we agree, but if this committee is going to make a recommendation regarding the funding of the government strategy to attract international students, we hope the recommendation will include a statement about the need to include funding for the private educational sector. Too often our sector is ignored or receives crumbs, when compared with our colleagues in the public sector. However, an international student attending a career college benefits Canada the same way had he or she attended a public institution.

When the government states that it wishes to promote education, it should state that clearly, and it should state that the private education sector should not be ignored or given ridiculously low support when it comes time to fund initiatives.

In conclusion, we respectfully ask that this committee recommend that the 2013 budget include measures to reduce the number of weeks for the Canada student grants program to match the Canada student loans program and to fund a strategy to recruit international students with no difference between the public and private sectors.

Merci.

• (1550)

The Vice-Chair (Hon. Scott Brison): We will hear from Ms. Robinson from Polytechnics Canada.

Ms. Nobina Robinson (Chief Executive Officer, Polytechnics Canada): Thank you, Mr. Chair.

My greetings to the members of the committee as you undertake your important annual deliberations.

I'll dispense with the 101. You have our final submission from August about Polytechnics Canada and our members.

Polytechnics Canada suggests that the urgent priorities you must consider are the talent needs of our employers and the innovation needs of Canadian firms.

The five targeted solutions we propose are designed to link the benefits of the polytechnic model of applied education to the persistent challenges of innovation and of skills. The talent I refer to is the people who innovate, make high-value products, deliver high-quality services for the country, and work at jobs that will stay here. Currently, federal programs are doing a poor job of supporting these people. The firms I refer to are the 1.1 million small and mid-size firms in all industrial sectors, with an average of six to seven employees, who need encouragement to grow, to commercialize products and services, and who are underperforming when it comes to global competition.

Many of the challenges of mismatched skills and innovation lag emerge from policies and programs that exclude these people and businesses from access to important government support, either through benign neglect or outdated assumptions and, frankly, models that no longer work.

Let me list a few of these broken models and suggest the fixes. That basic research alone will get you innovation is a broken model. Canada does a poor job of commercializing the results of billions of dollars invested in basic research each year. The current 20-year-old model of academic-industry partnerships pushes ideas onto the private sector—whether they have asked for them or not—in hopes that industry will be able to turn them into commercial successes. Yet the payoffs are elusive. The next budget needs a laser-like focus on business innovation.

The first fix is to invest in the sole program in the granting council suite that addresses market pull, solving industry-identified problems: the college and community innovation program administered by NSERC. It is bursting at the seams. The very modestly funded program cannot keep up with demand from industry for applied research solutions that colleges provide. A modest \$15 million increase in CCIP's budget will enable the program to meet the backlog of demand from SMEs forced to put innovation on hold because the program ran out of annual funding.

A second fix for innovation is the national voucher program for late-stage commercialization support at approved R and D service providers. SMEs are cash-strapped. The SR and ED tax credit doesn't cover late-stage applied research. Investors won't open their wallets unless there is a guaranteed return. Commercialization vouchers require companies to put a skin in the game, leverage that contribution to get the R and D project done on an accelerated timeline, and get the innovations to market where customers with cash in hand are waiting. It works in Alberta and in other provinces as well. It is used by the Dutch and the Australians. A national version with national definitions, but delivered regionally, will help Canada bridge the commercialization gap. The OECD recommends this.

Now to turn to skills. The brain drain is no longer the problem. It's yesterday's fight that today's programs are still trying to win. Critical concerns about the complex labour market conditions facing new entrants to the labour force—chiefly, the low completion rate for mature learners enrolled in our apprenticeship programs and the lack of connection to the work world for graduates of general arts and science university programs.

The fix? We need to develop the same sense of urgency for the skills shortage that we had for the brain drain of the nineties. The mistake back then was leaving skilled trades people on the sidelines when all the investments were targeted at post-secondary attainment and building top talent. As we advocated last year, we need to treat apprentices as post-secondary learners, not employees, and provide them with access to the same supports that other students receive.

There are three specific fixes: adjust the terms of the Canada student loans program; offer tax credits to companies willing to see an apprentice through to completion of their certification; and ensure that procurement projects award points to firms that maintain registered apprentices as part of their teams.

● (1555)

Finally, the bias that BA degrees are the purview of the university sector alone needs to be broken. Today, 144 bachelor degrees are on offer by the entire college sector. Those students should be eligible for the same support as other undergraduates, be it through granting council research awards or international scholarships.

Some of you have inquired about the German model of post-secondary education and training. Features of that German approach to talent development that are relevant to our considerations are a highly differentiated education sector that is responsive to the needs of industry and an economy that values practical experience and instruction and respects applied education. As with Germany, Canada needs a manufacturing culture built on engaging a wider pool of talent for innovation.

I look forward to your questions. Thank you.

The Vice-Chair (Hon. Scott Brison): Thank you very much, Ms. Robinson.

And thanks to all of you.

Now we'll have the questions from members.

[Translation]

We will start with Mr. Caron.

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Thank you, Mr. Chair. I would like to thank all of you for your presentations. They were very interesting and quite varied. I will start with Ms. Leibovici.

First, congratulations on your assessment on infrastructures. It was very interesting and very complete with respect to the needs of municipalities.

You spoke about an immediate bill of about \$20 billion for infrastructures that included roads, water supply systems, wastewater, transportation in general, bridges and water facilities.

Over how much time could this amount be spread out? It obviously wouldn't be \$20 billion in one year. Are you thinking of four, five or six years?

[English]

Ms. Karen Leibovici: The timeline we're looking at is somewhere between 15 to 20 years, in terms of our long-term infrastructure program. When you look at asset managers and what makes sense, it is more than a three-year or a five-year program. Assets that we're looking at developing are for a much longer period of time, in terms of how long they're around. A bridge, for instance, lasts 50, 60, 70 years. So when we say "long term", we mean a long-term infrastructure program.

I'm not sure where that \$20 billion figure comes from. Perhaps you can clarify. I know when we talked about waste water, we indicated that our initial calculations on what it will take, over a 30-year period, to meet the waste water demands in this country are somewhere within a \$20 billion and a \$40 billion range. So I'm not sure where your \$20 billion comes from.

[Translation]

Mr. Guy Caron: I was basing it on your presentation. I think it was the immediate bill for the municipalities' most pressing needs.

If we are talking about \$20 billion, we are talking about an infrastructure replacement program over the longer term. In fact, we need not only to restore what is in a poor state, but we also need to ensure that, gradually, we can ensure the quality of the infrastructures. A plan over 15, 20 or 30 years would be ideal.

However, your suggestions deal only with the municipalities. If we think about what is in between the municipalities, we're talking about highway overpasses, for example. Anything that isn't the responsibility of the municipalities is included. If we're talking about infrastructure deficit in the country, it goes beyond what you are talking about.

Is what you are talking about only for municipalities?

[English]

Ms. Karen Leibovici: What we're referring to is municipalities, but we're also referring to a partnership. We really believe this is a once-in-a-generation opportunity to work together with provincial-territorial governments and other stakeholders in looking at what our infrastructure needs are for the long term, and determining what the appropriate amount will be in order to meet those long-term needs.

We also believe that we need to be able to show how we're making progress in meeting the infrastructure deficit we have across the

country, and having a measurable is very much part of meeting that particular need as well.

• (1600)

[Translation]

Mr. Guy Caron: Thank you very much.

How much time do I have left, Mr. Chair?

[English]

The Vice-Chair (Hon. Scott Brison): You've got a minute and a half.

[Translation]

Mr. Guy Caron: Mr. Van Iterson, you probably know that there's been a little game being played since the session resumed in September. In fact, there are three possible carbon policies for dealing with climate change.

The first is imposing a carbon tax, which was favoured by the Liberals and others in 2008.

The second is instituting an emissions cap and a carbon exchange, which is the solution favoured by the NDP.

The third is a sector-by-sector regulatory approach, which the Conservatives have decided to set up, but that is not free, and the partial costs to date have been estimated by *The Canadian Press* and by *Maclean's* at over \$16 billion.

Do you think the sector-by-sector regulatory approach, as advocated by the government, is the solution to go with? Should there instead be a price on carbon, as put forward by the NDP? It would be a carbon exchange with an emissions cap.

[English]

Mr. Andrew Van Iterson: Thanks, Guy, for your question.

We appreciate that the government is making efforts to deal with climate change. As we have also said, we believe that a price on carbon, be it via a carbon tax or cap and trade, would be a more efficient and cost-effective way to more quickly and rapidly reduce greenhouse gas emissions across Canada.

[Translation]

Mr. Guy Caron: Could you please give us some more details on this and tell us why this approach would be more—

[English]

The Vice-Chair (Hon. Scott Brison): That's all the time.

[Translation]

Mr. Guy Caron: I'm sorry. Thank you.

[English]

The Vice-Chair (Hon. Scott Brison): Now we're going to hear from Ms. McLeod.

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

Thanks to the members.

I'd like to focus on the Federation of Canadian Municipalities and some of the issues around infrastructure. Certainly, as a former mayor, I remember waiting desperately for a program to come along when there was need. I think the fact that we had a program and that we've started the planning for the next one is going to be very significant. I'm really pleased with that.

I also recall with our economic action plan a number of very important programs that needed to be done. But I can also remember the municipalities and the provincial governments saying, "Halt, we have no capacity." So they were actually not in a position....

Could you speak briefly about the provinces and the municipalities and whether there are challenges that are going to come to fruition as we look at the long-term infrastructure planning?

Ms. Karen Leibovici: Definitely. It's one of the aspects on which we've been working with our membership, as well as with the provincial and territorial governments.

What I think makes this different is that we've had the time to plan for the long-term infrastructure plan. In the past there hasn't been as much lead time to work with our provincial and territorial partners and the federal government in developing a plan that meets the long-term needs of municipalities across the country. That really is a key element in working together in partnership to develop something that will work.

Mrs. Cathy McLeod: I appreciate that. When the opposition is saying "spend money now", you are actually feeling that to do it comprehensively and methodically is going to be helpful. Of course, it's in the not too distant future that we hope to roll out the next phase.

The other thing I'd like you to talk briefly about—you did mention P3 in your opening comments—is red tape and bureaucracy. Could you share a bit about what that does to municipal projects in terms of the ability to move forward in a timely way?

Ms. Karen Leibovici: Again, that's part of looking at what the new long-term plan will be at the end of the day. We recognize that there is sometimes an overlap of responsibilities and roles, but we feel very strongly that there are many times when we have to submit forms that in fact duplicate work that's been done before.

What we found through the economic action plan was that we were able to submit the forms that were required in order to obtain the money, and everything worked very smoothly.

It's very much an issue of cutting through that red tape, but also looking at what we are going to require together to build the foundation we need for the new long-term plan.

•(1605)

Mrs. Cathy McLeod: I'm sure we'll have you here on Bill C-45, on navigable waters, as an example, but that's a conversation for another day. I'm sure that as an organization you will have lots to say.

Mr. Buy, you said "less than 60 weeks". Were you talking 10 weeks, 20 weeks? What is the normal length for your programs?

Mr. Serge Buy: It varies immensely, depending on the trade or the sector. You're looking at the Canada student loans program right now, which funds programs that start at four weeks. What we're saying is that on one side the federal government recognizes

programs that can be very short, and on another side, with the grants, it does not recognize those programs.

I would say that the average program at a Canadian career college is about 26 weeks. That would be the average. Our position is that to make it easy, the federal government shouldn't be looking at program A, B, and C and creating a whole bureaucracy to evaluate programs. It already recognizes a program; it is four weeks with the Canada student loans program. Why doesn't it take the same measure with a program that is a sister program to the Canada student grants program and use that?

Mrs. Cathy McLeod: Do I have more time?

The Vice-Chair (Hon. Scott Brison): You have about 20 seconds.

Mrs. Cathy McLeod: Okay. I won't push it. Thanks.

The Vice-Chair (Hon. Scott Brison): Thank you, Ms. McLeod.

I will be taking the next round.

I'd like to start with a question for Ms. Leibovici on the issue of infrastructure and funding.

Going back quite a long time, most programs have required three levels of government to invest equal amounts. That has been a way to help validate projects—the municipal and the provincial—so I understand that. But with the disparate fiscal positions of Canadian provinces and the growing fiscal imbalance between individual provinces—and recently the report came out from the Macdonald-Laurier group on this issue—is there a risk that federal money will go only to provinces that are in really good fiscal condition, and that potentially we will make the gap between provinces greater if we continue to rely purely on this formula or this approach?

Ms. Karen Leibovici: Again, this is an opportunity for all of us to work in partnership towards an end goal. The end goal is to be able to provide good infrastructure for Canadians across the country. Through our provincial and territorial associations, we've been working very closely with provincial and territorial governments to look at what makes sense within their own jurisdictions in regard to the rollout of the new plan.

We are hopeful that the new plan will be in place and that we will know what it is in Budget 2013. It's very important for us to know this so that we don't miss the construction season. The arrangements between the provincial and territorial governments and ourselves can then take place at that point in time—and the federal government.

The Vice-Chair (Hon. Scott Brison): But are you hearing from some of your members in provinces like Quebec or Nova Scotia, which have a very different fiscal situation than, say, a province like Alberta, that in fact we should be concerned about federal money only being made available to those provinces that can afford to match those investments?

Ms. Karen Leibovici: What's interesting is that in Kananaskis, when the ministers of municipal affairs met in I think June or July of this year, they in fact were all able to come to the same conclusion in support of the need for a long-term infrastructure plan. In the municipal sector, that was very encouraging for us to hear. I've had an opportunity to meet with some of those ministers in the last couple of months. They have all been very supportive of the fact that we need a long-term infrastructure plan.

The Vice-Chair (Hon. Scott Brison): Thank you.

Mr. Buy—and I also have a question for Ms. Robinson, too, in terms of learning—your members are all regulated through provincial organizations across the country.

Mr. Serge Buy: They're regulated by provincial governments, yes.

•(1610)

The Vice-Chair (Hon. Scott Brison): That's right, provincial governments. Do most provinces and territories have very similar standards?

Mr. Serge Buy: They're fairly similar, but as an example, the programs have to be approved by the provincial governments, and there's a number of standards.

The Vice-Chair (Hon. Scott Brison): So when you suggest that perhaps student grant programs and other federal funding that is made available to post-secondary students be made available to your members, it's not a free-for-all. Your members are already part of regulated bodies through the provincial governments.

Mr. Serge Buy: Yes.

The Vice-Chair (Hon. Scott Brison): That's important for the committee to recognize: that these private colleges are in fact already regulated and have to perform to certain standards.

Mr. Serge Buy: The regulations are immense, Mr. Brison. They include having your programs registered and reviewed by the provincial government. The instructor has to have been approved by the provincial government. Every career college has to put in funds, on the side, by the provincial government, etc.

The Vice-Chair (Hon. Scott Brison): Thank you very much.

Ms. Robinson, your reference to the German model and to apprenticeships is something that I think a number of members of the committee are quite interested in. We've a situation now of people without jobs and jobs without people, and that skills gap is significant and growing. We also have challenges with young people in terms of opportunities.

Do you believe that we need a national learning agenda, working with the provinces, and that there should be a more robust approach taken in terms of federal leadership? There's no constitutional barrier to federal leadership in this area.

Ms. Nobina Robinson: Well, on the whole national strategy issue, we hear it every year, and yet it doesn't happen, so I'm becoming more and more pragmatic about what we can do within the fact that there is this shared jurisdiction.

One of the things is that we should look to the U.K. and to Australia, and not just to Germany, because Germany is a very different model—you can't just transport Germany into the Canadian

model—and we should convene expert panels for the problems that we're trying to solve.

If the problem is skills shortage, every Tom, Dick, and Harry will tell you that there's a skills shortage, but what kind of skills shortage? Now we're getting into where the shortage is: it's in the trades, and it's in skilled production workers, in technicians and technologists. Let's convene expert panels to go at those sorts of issues.

The Vice-Chair (Hon. Scott Brison): And restore the honour of skilled trades in Canada.

Thank you very much.

Now we're going to hear from Mr. Hoback.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Mr. Chair.

I'd like to welcome you all here this afternoon. It's great to see you.

I'm going to direct my questions to Mr. Oakey and Ms. Leibovici. I'll be referring to one or the other.

Mr. Oakey, you talked about transparency in the tendering process. Of course, you understand that a lot of times the federal government is the sole provider of the financing for a tender, and then the province or the municipality will go out and actually be the contractor, for lack of a better word, in the tendering process.

How would you see the government getting involved to that level? How do you see that working? What would that look like?

Mr. Terrance Oakey: There are numerous examples where the federal government does insist on that. I referenced the Nova Scotia agreement. There are many that involve the Province of Alberta.

From our perspective, it's simply including a provision that would not allow union-only contracting, to ensure that most of the industry is able to bid on those projects. It's in many agreements now, so it's not something new.

Mr. Randy Hoback: This is something the government is doing in other areas. Is that fair to say?

Mr. Terrance Oakey: Yes, and with certain provinces.

Mr. Randy Hoback: Ms. Leibovici, in that scenario, how would the municipalities react if the government were to put in a provision that tenders didn't have any type of selection process as to whether it was union or non-unionized, that it went to the best person, the best qualified, with the best price? How do you see that working through your network?

Ms. Karen Leibovici: What we're looking for in terms of the plan is that it's long term, sustainable, and flexible to meet the needs of the individual municipalities. Again, these are details that would need to be worked out in terms of the plan on a go-forward basis.

Mr. Randy Hoback: I don't mean to cut you off. I have only five minutes.

How would the municipalities that you represent react if the federal government were to come down and say it wants to make sure the tendering process is done in such a way that everybody is included in the tendering? How would you react to that scenario?

Ms. Karen Leibovici: Again, municipalities have their own needs, which they meet. Within each province, those needs are different as well. The trade agreements are different, too, so that's something we would obviously need to look at.

The key with regard to the long-term infrastructure plan is that it has to be able to meet the needs of the individual municipalities, which may well be different from the needs on a national basis.

• (1615)

Mr. Randy Hoback: Can you give me a reason why we wouldn't include an open tendering process? Why does there need to be a tender where only union members are allowed to bid on a project?

Ms. Karen Leibovici: Municipalities have autonomy when it comes to certain areas. In terms of the individual circumstances of a municipality that may wish to have a different tendering process, that is allowable under all the trade agreements that we currently have. It might be something they need to have.

Mr. Randy Hoback: So it's fair that some municipalities might have trade agreements with the unions already that insist on union-only shops being able to bid on jobs within the....

Ms. Karen Leibovici: I couldn't answer that. It may well be.

Mr. Randy Hoback: I'm simply trying to think of an example—Mr. Marston, you might be able to help me with that—of why there'd be a situation such that only unionized workers would be allowed to bid on a job. I have a hard time understanding that. It could be ideology, and that's fair, but in the same breath, we have only so many dollars to spend every year and we want to be as efficient with that money as possible and still provide the services that Canadians have come to expect.

I say you can do it with a unionized shop or without a unionized shop; I'm not making a preference either way. I'm simply trying to figure out why we would be gerrymandering a tendering process to favour one over the other.

Mr. Oakey.

Mr. Terrance Oakey: Sir, if I could comment, that's exactly what I'm here to convey. We're not asking for rules that would allow only our members or the open-shop sector to bid. We simply want the ability to compete, and let the best bid win.

Mr. Randy Hoback: Thank you. And thank you, Karen.

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Hoback.

We're now going to begin a new round, starting with Mr. Marston.

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP): Thank you, Mr. Chair.

Mr. Oakey, we probably could have a fairly spirited discussion around unionized shops, since I was 44 years in the trade union movement before coming here.

You mentioned a Hamilton contract. As I represent Hamilton East, I really have to speak to the fact that good, solid union wages built our city. Good union wages put our workers' kids through college,

and through university, in a lot of instances, where they would not have been able to do that. But I don't want to get into that. As I say, we could have a coffee and do that sort of thing.

Who do you see as your direct competitors? Are they other companies? From listening to your presentation, it sounded as though you were describing unions as your direct competitors as opposed to companies.

Mr. Terrance Oakey: No, in terms of this specific issue that I'm talking about with open tendering, certain people we compete with have gerrymandered the system so that we can't actually compete with them. They're not our competition.

Generally, Merit Canada doesn't necessarily have competition. Each of our members go out into their local market to build buildings and build schools. They compete locally, sometimes with other open-shop companies, sometimes with union shops. As the market works, sometimes they win those competitions and sometimes they lose.

Mr. Wayne Marston: As you were likely very aware, just last week we were having a discussion here, studying Bill C-377. I wish you had been here for that.

Mr. Terrance Oakey: I'll be here next week on that.

Mr. Wayne Marston: Great. Well, I'll tip my hand right now.

Have you been engaged in ongoing lobbying activities relative to this?

Mr. Terrance Oakey: Yes. All of my meetings with MPs from the Conservative—

Mr. Wayne Marston: No, I'm sure you would tell us the truth. I wasn't implying that you were hiding anything.

Mr. Terrance Oakey: Okay.

Mr. Wayne Marston: Don't misunderstand me. We don't have the record sitting in front of us, and I just—

Mr. Terrance Oakey: I can provide it. I actually brought it with me because I anticipated the question.

Mr. Wayne Marston: No, that's fine. Your answer is fine with me. We're not headhunting here or anything like that. I was just curious.

Could you, for the benefit of the committee, describe your business model, how you function relative to the jobs that you put in the field, the controls in this that you would have?

Mr. Terrance Oakey: Sure. Just to be clear, Merit Canada is not a construction company. We're an association of eight provincial open-shop construction associations. So we represent every province other than Quebec. As you may or may not know, open-shop construction is not allowed in Quebec. It's all union. If you don't have a union card, you can be fined or jailed in the province of Quebec, which is unfortunate, so we don't represent anyone in that province. But we represent workers in every other province, other than Prince Edward Island, which is something we are currently addressing as well.

Mr. Wayne Marston: How much time do I have, Mr. Chair?

The Vice-Chair (Hon. Scott Brison): You have two and a quarter minutes.

Mr. Wayne Marston: You were questioning earlier the relationship some governments have with unions, a closed shop. Let's speak to Ontario. You have the legal right in Ontario, as an organization, to negotiate those.

• (1620)

Mr. Terrance Oakey: Absolutely, and we respect that.

Mr. Wayne Marston: The reason that began—to go back to Mr. Hoback's question—was that for a long time there was a superior skill level with the unionized workers. As part of being part of a union, workers had their training in-house and they got to a Red Seal level of training, which provided a broad range of skill sets that many people would like to use and contract in for the long term.

They don't represent housing. They just represent the construction trades for big developments and manufacturing.

By putting that on the table, nobody is saying the workers you employ are not skilled workers, but that was the reason for those original contracts; it was to lock them in.

The other problem you have in the eastern part of the country, as we know, is the loss of these workers headed west now. There is a real effort on the part of unions to match up the work here that still needs to be done, so there is plenty of work to go around now.

I think that does my time.

The Vice-Chair (Hon. Scott Brison): You have 20 seconds.

Mr. Terrance Oakey: Do you want me to respond?

Mr. Wayne Marston: That's fine, if you feel—

Mr. Terrance Oakey: I will just respond quickly. Merit contractor associations across the country spend millions of dollars on apprenticeship training. We also support public training that ensures that all of our workers are held to the same high standard as in any closed shop.

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Oakey, Mr. Marston.

Now, Mr. Adler.

Mr. Mark Adler (York Centre, CPC): Thank you, Mr. Chair, and thank you to the witnesses for being here.

I want to pursue my initial line of questioning with Ms. Leibovici. You mentioned in your submission that the property tax is a 19th century tool, and I would tend to agree with you there. The sort of golden era for Canadian cities I guess lasted up until about 25 years ago. I remember certainly in Toronto where we had garbage pickup

twice a week, recycling once a week, and city services were all there, all free—well, paid through the property tax. But for a variety of reasons over the last 20, 25 years or so, cities are finding themselves with less and less cash.

As you know, in Toronto now, within the 416, the land transfer tax is double. They've been able to generate a lot of money through the doubling of the land transfer tax. Cities are having to become more and more creative in ways to raise revenue in order to deliver the services that citizens require. We also hear in Toronto that they're talking about a casino to raise money.

Could you talk a bit about the ways in which cities are going to have to think outside the box in terms of raising revenues to maintain the existing infrastructure, but also to expand the infrastructure they have currently, plus maintain a quality of life that the citizens of each city have been accustomed to? Could you please discuss that a bit?

Ms. Karen Leibovici: That's a tall order for however much time we have.

You're right in terms of the property tax base. The ways cities raise revenue is an old model, and there's lots of discussion happening with our provincial governments with regard to different forms of revenue sharing.

With regard to the infrastructure plan, one of the areas that we're looking at is the asset management capabilities of communities across this country. If we can measure and define the condition of assets across the country, then in fact we can start to look at how we deal with the infrastructure deficit that's there. Not all municipalities are doing that now.

However, it's something that is starting and is a good move forward. I think Ms. McLeod mentioned the three Ps. It is not a solution to every way going forward with a project, but it is perhaps one way that can be looked at in terms of moving forward in meeting our infrastructure needs. Obviously, some thinking out of the box and looking at innovative ways to do that will hopefully be part of a new plan as well.

• (1625)

Mr. Mark Adler: Are there any examples that you have seen where cities have come up with unique and innovative ways to raise revenue?

Ms. Karen Leibovici: I don't know if it's unique, but I know in my own city of Edmonton we have analyzed our infrastructure needs and in fact we have a tax that is a line item for meeting our infrastructure needs for neighbourhoods throughout the city of Edmonton. Is that innovative? I'm not sure, but it's getting the job done.

Mr. Mark Adler: How do we compare to American cities on that score?

Ms. Karen Leibovici: American cities tend to have more federal funding and access to federal funds. They can raise bonds, where Canadian municipalities can't do that. They have different financing options from what we do here in Canada.

Mr. Mark Adler: Are we restricted? Could you talk a bit about the bonds that cities are restricted from in order to raise money?

Ms. Karen Leibovici: We can't raise bonds.

Mr. Mark Adler: Is that provincial legislation?

Ms. Karen Leibovici: I think so, yes, under our local government acts.

Mr. Mark Adler: Mr. Oakey, could you talk a little bit about—and you had some anecdotal evidence at the very least—how the requirement to hire unionized labour has led to inferior—

The Vice-Chair (Hon. Scott Brison): Mr. Adler, that's five minutes actually.

Mr. Mark Adler: Am I done?

The Vice-Chair (Hon. Scott Brison): If you could finish very briefly, Mr. Oakey can have a brief response, and that would be fine.

Mr. Mark Adler: Okay.

Talk about how the requirement to hire unionized labour has led to an inferior product.

Mr. Terrance Oakey: Sure. I have a long list here. I don't have the time to go through it now, but I'm happy to table it with the committee.

Mr. Mark Adler: Thanks.

[*Translation*]

The Vice-Chair (Hon. Scott Brison): Mr. Mai, you have the floor.

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

I would like to come back to what my colleague, Mr. Caron, was mentioning when he was addressing Mr. Van Iterson.

Actually, I would like to get some clarification. In your brief, you said:

[*English*]

“Implementing a price on greenhouse gas emissions, through a cap-and-trade system or/and a carbon tax....” Just to clarify—I think some of my colleagues are a bit ill-informed—can you tell us if there's a difference between a carbon tax and a cap and trade system?

Mr. Andrew Van Iterson: Yes, there clearly is a difference between a carbon tax and a cap and trade system. A carbon tax puts more of a fee on—

Mr. Hoang Mai: Everything.

Mr. Andrew Van Iterson:—fuel through the whole system. A cap and trade effectively does the same thing by requiring emitters to buy permits to pollute, and the clean energy companies—and there are a lot of leaders in Alberta that would be able to make a lot of money out of cap and trade—would be able to sell their permits and make some money from that. I think it's a very efficient way to implement the market mechanisms to put a price across the economy.

Mr. Hoang Mai: I guess that's why in 2008 the Conservatives were pushing for cap and trade, and so were we.

Again in your brief you mentioned there is \$1.3 billion in terms of subsidies for oil and gas. Can you expand on that? We were saying that it still exists, but the Conservatives are saying it no longer exists. Can you tell us what's happening right now?

Mr. Andrew Van Iterson: The government, to its credit, has reduced subsidies in three of the last six budgets. We appreciate that, and we're highlighting three mechanisms that I mentioned we'd like to see for this year's budget. Those would help reduce another \$300 million or \$400 million, the key being the Canadian exploration expense. If you successfully find oil and gas, it no longer should qualify as an exploration expense; it's just a cost of doing business.

The second is the accelerated capital cost allowance for the mining sector. Clearly this government very credibly eliminated or is phasing out the ACCA for the oil sands. It makes equal sense to do so for another type of mining, for the mining sector.

The third, the mineral exploration tax credit that we're talking about, was introduced more than seven years ago. It's been renewed year by year, but it was brought in as a short-term mechanism to support the mining industry. Evidence has found that its use declines when the mining industry declines, so that benefit doesn't seem to be there.

● (1630)

Mr. Hoang Mai: I'd like to continue more on investing in technology for reducing energy use. In my riding of Brossard—La Prairie there is a company called Distech Controls. They actually invested in headquarters. They're doing a great job internationally in terms of promoting the technology for reducing energy use.

Unfortunately, I don't have much time left.

I have a question for the FCM. You say in your brief that investing \$1 billion in infrastructure can create 10,000 jobs. Obviously those are jobs here in Canada. We've seen that with the corporate tax cut that the government has been pushing forward, now companies are sitting on \$500 billion of dead money. Can you tell us why we should invest in infrastructure, and why is it that money that is sitting in those private companies is not helping the economy?

Ms. Karen Leibovici: The reason to invest in infrastructure is that's what makes our economy grow. When you can't get goods and services across the city because the roads are congested or the roads are in need of repair, that hurts the economy. When you are in communities that can't rely on their water systems or on their storm water systems, that hurts the economy.

The fact is, to have the economy grow, which in fact creates jobs, you have to have a good solid infrastructure. It's the backbone of what makes this country work. That's why it's so important.

[Translation]

Mr. Hoang Mai: Mr. Buy, when you were talking about the current policy, you said that it "...hinders the ability of people to get retraining and be better productive members of the society." I very much agree with you. Would you like to take a few seconds to tell us more about that?

Mr. Serge Buy: Absolutely.

Making changes to the Canada scholarships program is a very easy and very simple solution. It would cost nothing and would allow people to become more productive more quickly.

[English]

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Mai.

Now we have the lovely Mr. Van Kesteren.

Voices: Oh, oh!

An hon. member: You're so nice in the chair. It's unreal.

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

Thanks for coming here. It's been a great discussion.

Ms. Robinson, as a federal government we spend about \$2.5 million through the provinces and territories for transfers for the labour market agreement.

What's your analysis? Is it effective? How can we measure their success?

Ms. Nobina Robinson: That's a huge question and I know a very topical one, because our colleagues at HRSDC currently are thinking this through in many ways.

Where I am best suited to answer is to tell you that as part of the stimulus spending through the LMA, things were done to encourage, for example, pre-apprenticeship programs getting into secondary school, promoting the awareness of the trades.

The problem with all of this is that it's chaotically delivered. There isn't a national standard. There isn't a national outcome. It's that whole decentralized nature of the spend, and the shared jurisdiction issue, which came up in my discussion with Mr. Brison.

I would say that as we look at renewals for the labour market agreements, one of the things is to come to some common data sets as to what is the problem and what is the goal that we all want. For example, there is a lot of concern right now around the issue of, well, we have to get more young people interested in the trades. That is valid, but it's equally important to get the people in the third and fourth year, before they get their ticket, to complete.

There could be targeted uses of the LMAs if we could agree on the problem.

Mr. Dave Van Kesteren: I see what you're saying. It appears to me, though, that there seems to be a problem that stems from the very root. Am I correct?

Ms. Nobina Robinson: Yes.

Mr. Dave Van Kesteren: I threw this question at another panel here last week, when we talked about streaming. Of course, the

German approach is streaming, and they're very successful. There's a cultural difference, though, isn't there, with Canadians? There seems to be a real aversion to that sort of suggestion that we should....

I'm getting a nod from Monsieur Buy.

Would you comment on that? Should there be a public discussion in education that would include the feds, and an honest discussion about where our education is taking us and whether or not we need to make some real changes?

• (1635)

Ms. Nobina Robinson: Oh, I absolutely agree with you. I think the issue that comes down—I talk about this issue all the time—is that there are very distinct motivations for the different actors in the education systems. We've actually tried to peanut-butter the problem and ascribe to every single actor the same motivation.

Universities are motivated by something very different from colleges and different from unions in training, but we all have something to contribute. If we understood a highly differentiated system, which is the German system, I think we'd actually get collaboration and better outcomes.

I will tell you on the streaming issue, though, and this is anecdotal, that we actually do a kind of streaming in our secondary school systems. The high school teacher decides, well, you're not so good at math, so you do the lower-level math; and you, you're going to go to university.

We're making some streaming decisions in grade 10. I know. My brother-in-law is a grade 10 math and grade 12 math and science teacher. Who is making those decisions, and why haven't we then said to that student who is going to the lesser math, hey, did you know you could do X, Y, Z that is also productive?

When you get into the data that 69% of parents want their kids to go to university and only 15% of the parents want their kids to go to college, and yet we don't have the labour market information in the hands of the parents and the high school counsellors, that is the kind of national discussion we need in terms of the long-term bias.

Mr. Dave Van Kesteren: Do we have time for Mr. Buy, Mr. Chair?

Mr. Serge Buy: I will need just a few seconds.

I think you raise an interesting question. The problem we have I think is that with education having many players, including the provincial government, it's going to be really hard to change everything. However, the government has the ability and the capacity to direct funding where education is needed and workers cannot be found for jobs that exist. In Alberta we have employers who cannot find workers. In Nova Scotia we have companies that now, with the huge shipbuilding that is happening, are scrambling to find education.

In terms of our funding for the Canada student loans program and the Canada student grants program, we're going to keep giving money to people who are making their choice to go to universities and get a degree and a diploma where no jobs are there. In articles in the media, you have journalists asking why we are funding professions where there are no jobs—

The Vice-Chair (Hon. Scott Brison): Thank you very much, Mr. Buy.

Go ahead, Mr. Brahmi.

[*Translation*]

Mr. Tarik Brahmi (Saint-Jean, NDP): Thank you, Mr. Chair.

Through you, I would just like to ask some questions of the two witnesses who spoke about the importance of education.

They mentioned to what extent there was a disconnect between the skills available among the people looking for work and the skills being sought by businesses that cannot develop because they don't have enough qualified staff.

Ms. Robinson, you fairly rightly mentioned that there are two aspects that the federal government should act upon. I will stay in the context of the budget because this is the finance committee and because it is important to focus on these issues. So there were scholarships. You also mentioned something interesting about tax credits for businesses willing to help students who take this training in order to improve the labour market.

Could you tell us more about this?

[*English*]

Ms. Nobina Robinson: I didn't get into too much discussion in my statement today about the scholarship issue, but it is in our submission, and this is the case. Currently the federal government has supports for undergraduates, but when you get into the fine print, it's for university undergraduates. There is an industrial undergraduate student research award program at the Natural Sciences and Engineering Research Council, and college undergraduates of four-year college degrees are to date not yet able to apply for that, yet they are the ones working on applied research and development for companies.

For me, the scholarships for undergraduates are an inequity. Treat undergraduates equally. A college undergraduate from a publicly approved four-year degree is as important and as relevant as a university undergraduate. Similarly, if the government considers funding a new undergraduate scholarship program for international undergraduates, my concern is that it be open to undergraduate programs in colleges and polytechnics as well. So it's a question of equity on that one.

On your second one, I think we need to narrow it down. The issue here is for the world of apprentices, so this is the world of the various Red Seal trades. We have said that the country created an employer job creation tax credit of \$2,000. That's getting the apprentice in the door. We believe that if the issue is how you get the apprentice to complete, then we should probably incentivize employers to get that apprentice to complete their certification under their watch and offer a tax credit for an employer who sees that apprentice through to certification. Does that make sense?

• (1640)

[*Translation*]

Mr. Tarik Brahmi: Yes.

Mr. Buy, do you have anything to add?

Mr. Serge Buy: Yes, absolutely.

In fact, there are people looking for work who want to improve their skills, and there are employers who are desperately looking for employees. There is also a certain amount of snobbery where we must only support certain programs offered by a given university for a certain number of weeks, and so on.

I have no objection to continued support for those programs. However, if you are training an engineer to work on an oil rig, but there is no one to install the pipes, the plumbing and the electricity, that engineer will remain without work. In Alberta, in Ontario, in Quebec and in the west, some sectors need people whose skills can be applied rapidly, be it in private colleges, polytechnic schools or elsewhere. What's important is that it be done rapidly. These programs should be easily recognized. To do this, it should only require a very simple change in the budget. It would involve recognizing programs where the number of weeks of learning is not as long. This investment wouldn't cost the Canadian government a thing.

Mr. Tarik Brahmi: Ms. Robinson, you also mentioned—

[*English*]

The Vice-Chair (Hon. Scott Brison): I think that's it for time. Merci.

Now we have Mr. Jean.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you, Mr. Chair.

Thank you to all the witnesses who attended here today.

I'm interested in the Red Seal program, and of course the situation regarding getting people from one part of the country to another. First of all, Red Seal, I believe, gives taxpayers the best return on investment if they see those people through.

I was very interested to hear about the tax credit for employers. I think that's a great idea. How would you see that working, exactly? Could you give me 20 or 30 seconds of information?

Ms. Nobina Robinson: We're trying to deal with the issue around poaching, which we haven't talked about either.

Mr. Brian Jean: I understand that.

Ms. Nobina Robinson: Where an employer, a company, has a tradesperson who's a third-level apprentice in that Red Seal trade and needs to go back to that block release training in education, but doesn't want to let that person go because business is tight, you have to keep working, and for the student there is no incentive to give up the job to go back for training...if that employer knew that if you get him through to the next level you'll get another tax credit, then we think that might deal with some of that completion problem.

It's not a solution for all things, but I think part of our problem with post-secondary education in general in Canada is that we think one size fits all. With 300,000 apprentices currently enrolled, we're finding there are different solutions for the different problems with this apprenticeship issue. One kind of solution works for a young apprentice, but the average apprentice is 25 years old. The older apprentice who is carrying all sorts of debt may not be able to go back to complete, so let's get the employer to take ownership of that problem too.

Mr. Brian Jean: That's a great idea.

Mr. Buy, you also mentioned tax credits in some form relating to having people complete. You talked specifically about the grant program, of course, and making them eligible for that. I do understand the Canada grants program is for the lower- to middle-income earner, so it's not specifically for a return on investment to taxpayers, I guess.

Would you see it as better to expand the loan program than to try to expand the grant program in particular? It's not made for that type of career path.

•(1645)

Mr. Serge Buy: The loan program is there. If you are going to look at the loan program, I think the expansion should be in the amounts that are given. It is my belief that at this point the federal government has not increased that for a number of years, and all the costs are rising. Everywhere throughout this country, tuition costs are rising and students are finding themselves in a difficult place. I think if you're looking at the loan program you're looking at this, and you should be looking at increasing the amounts that are potentially given.

If you're looking at the grant, I think the simple solution is to change to fewer than 60 weeks.

Mr. Brian Jean: The FCM, of course, is very interesting. You appreciated the economic action plan. You came out with rave reviews for this government from 2006, when you first...

You talked quite a bit about the \$123 billion infrastructure deficit across the country. We haven't solved that infrastructure deficit, but how would you describe, in two sentences, the government's performance from 2006 to today in relation to, first of all, our cooperation with provinces, territories, and municipalities, things like making the gas tax permanent for municipalities? Just the rollout, the one-page application form for infrastructure projects—how would you describe the overall program in two or three sentences?

Ms. Karen Leibovici: In two or three sentences, we've appreciated the partnership and we look forward to continuing it.

Mr. Brian Jean: And the success of the program?

Ms. Karen Leibovici: The programs have been successful in meeting some of the infrastructure needs across this country, but we need to do more.

Mr. Brian Jean: Exactly, and indeed if you'd comment further, if the government does come forward, after negotiations and consultations, which of course we're doing now, with a suite of programs that are similar in nature to the economic action plan, to the economic stimulus programs, etc., how would your organization feel about that?

Ms. Karen Leibovici: Obviously what we're looking at is continuing the dialogue and the partnership and looking at meeting the needs of Canadian municipalities across the country.

Mr. Brian Jean: Do you think at that stage, when we come out with that program and you applaud it—hopefully—that all levels of government, including all parties in this place, should support that program as well and vote for it?

Ms. Karen Leibovici: We're very hopeful that that will occur. In fact, it has to occur.

Mr. Brian Jean: It must have been disappointing for your organization seeing the last votes on the economic action plan and the NDP's position on that, voting against it every time.

The Vice-Chair (Hon. Scott Brison): Okay, thank you.

Mr. Brian Jean: I see you're nodding your head in agreement. Thank you very much.

Ms. Karen Leibovici: I wouldn't want you to interpret anything in that.

Mr. Brian Jean: Thank you, Mr. Chair.

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Jean.

Could the analysts let us know at some point—no rush—who brought in that gas tax idea? I'm just curious.

We'd like to hear from Ms. Glover.

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

I'm going to start, first of all, with Green Budget Coalition. I appreciate everything you've said today about the differences we've made in three subsequent budgets with regard to oil and gas. I just want to point out very quickly that this government has never introduced any kind of tax incentive favouring the oil and gas sector. That's correct, is it not, sir?

Mr. Andrew Van Iterson: I'm not expert enough to comment on that.

Mrs. Shelly Glover: I can assure you it wasn't this government, but this government has in fact, as you've said, in three budgets now, tried to level the playing field. The Income Tax Act right now does not include any tax preference for oil sands producers. We have, as you said, phased out in the latest budget the Atlantic investment tax credit. We've also phased out the corporate mineral exploration and development tax credit, which you were speaking about. Of course, we did also put through an accelerated capital cost allowance for clean energy.

I just wanted to make sure that Canadians who might be listening do know what you were talking about when you were commending us about three of the budgets that we've used to actually level the playing field.

I do want to ask you about other countries. As we know, we're trying to meet, and now we are meeting, the G-20 commitment we made. I just wonder if you know how other countries like the United States are doing in meeting that commitment compared to Canada.

Mr. Andrew Van Iterson: I'm honestly not an expert on other countries' subsidies.

I did want to clarify something, which is that in the latest budget your government phased out the corporate mineral exploration tax credit; however, there is a mineral exploration tax credit that remains in place, which we are encouraging your government to phase out or not renew. They are two separate pieces—

Mrs. Shelly Glover: All right. I will look in to that. I know the ACCA that you were talking about is still there.

Nevertheless, Merit, I want you to have an opportunity to dispute what Mr. Marston said about union workers being more highly skilled and perhaps your companies aren't because you don't have the Red Seal. I don't know if you have the Red Seal trade thing.

Mr. Terrance Oakey: Absolutely.

Mrs. Shelly Glover: That was what I understood, and I just want to give you an opportunity to clarify. If I misunderstood, then I apologize, but that seemed to be what was being said.

• (1650)

Mr. Terrance Oakey: I just want to be clear that I didn't interpret the comments that way, but I will just speak to our member companies. They spend millions of dollars on apprenticeship training, scholarship refunds, and also in most provinces apprenticeship is public.

The one problem, though, that I will highlight around apprentices is the ratio. We've been calling, and our provincial associations have been calling, for a 1:1 ratio between apprenticeship and journeymen. There are members just in the Ottawa area that tomorrow would hire probably five or ten more electricians, but they can't because the provincial government says you need to have three journeymen for one apprentice. This is a position that's been supported by the building trades union. I don't know why they support keeping young people out of the industry when we have such a shortage of workers. If we could get rid of that ratio—and I know that's not a federal area, but if we could get the provinces just to simply have a 1:1 ratio, that would fix a lot of our problems.

Mrs. Shelly Glover: That's interesting.

To go back to the questions Mr. Hoback was asking, I don't understand why the municipalities insist on having these rules in place to favour union members, and unions being invited in. I learn a lot from Mr. Marston when he talks. He's well educated on all of this. I didn't mean to suggest he said something inappropriate. That's just how I understood it.

I'm trying to understand why municipalities are hesitant in saying we should have an open competition.

Mr. Terrance Oakey: I don't think they are. I think they're bound by decades-old certifications that may or may not still be relevant. If there was an easy decertification process, perhaps they wouldn't still be bound by those processes.

Mrs. Shelly Glover: So far in committee I have heard from no witness who has convinced me that there is a positive, plus reason for limiting open contracts. I don't get it.

Mr. Terrance Oakey: Because there isn't.

Mrs. Shelly Glover: Unless another witness comes forward to suggest otherwise, I think this ought to be a recommendation, because so far no one has told me why it's better to do it the other way.

May I ask you, Mr. Buy, for a list of those programs that are the 26 weeks or under 60 weeks that would actually address the skills shortages? I'm open to considering your proposal. However, I need to be convinced that they will actually address the skills shortages. Could you provide a list of those programs? That would be evidence that might sway us one way or another. I'm at a loss when you compare Canada student loans to Canada student grants, because a loan is repaid and a grant is not.

Have you costed out how much it would cost the government in revenues for that?

The Vice-Chair (Hon. Scott Brison): Thank you, Ms. Glover.

Mrs. Shelly Glover: Can you just answer?

The Vice-Chair (Hon. Scott Brison): Actually, we've gone beyond the time, but we'll have some opportunity to discuss the recommendations later.

Mrs. Shelly Glover: You can submit it in writing.

The Vice-Chair (Hon. Scott Brison): Yes, thank you very much, Ms. Glover. Time marches on.

We appreciate each of your interventions today. It will help us as we draw together recommendations for the upcoming budget as part of these pre-budget consultations, so thank you very much.

We're going to have a five-minute break.

•(1650) _____ (Pause) _____

•(1700)

The Vice-Chair (Hon. Scott Brison): I call the meeting back to order.

Welcome to our witnesses, and welcome back to our members. We're going to resume the 84th meeting of the Standing Committee on Finance.

Welcome back, Mr. Turk. It would have been tragic if the representative of the Association of University Teachers was late for class. You are always punctual, and we're looking forward to hearing from you.

We have today from the Association of Universities and Colleges of Canada, Paul Davidson. We have Mr. Turk from the Canadian Association of University Teachers. From the Canadian Cooperative Association, we have Shawn Murphy. We have Jay Myers from the Canadian Manufacturers and Exporters. And we have Terry Audla from the Inuit Tapiriit Kanatami. Welcome to all of you today.

You have five minutes each, and we're looking forward to hearing from you.

We're going to start with Mr. Davidson.

Mr. Paul Davidson (President, Association of Universities and Colleges of Canada): Thank you very much, Chairman.

[*Translation*]

Good afternoon, everyone. I am very pleased to be here today. I would like to congratulate the committee for the advice it provided to the government on the budget.

[*English*]

Last week, 65 university presidents from across Canada came to Parliament Hill to show how universities are putting ideas to work for Canadians. I'm pleased to say there was widespread recognition of the role universities are playing in communities across Canada in conducting leading research, fostering innovation, and ensuring that Canada has the talent we need to succeed in the global knowledge economy. Our members were joined by university champions from the private sector—from student entrepreneurs building “born global” companies to CEOs who have invested in higher education for their workforce to up their company's game in a competitive world.

Universities are centres of ideas and innovation. Whereas a 20th-century Canada could prosper from its natural bounty, today's global knowledge economy demands that we must compete on our brains. Canada's students and their families know this and are making smart choices. Over one million students are pursuing an undergraduate education in 2012.

[*Translation*]

The 2013 budget gives the federal government the opportunity to make strategic investments that will allow universities to continue to increase Canadian economic prosperity within the global knowledge and innovation economy. The AUCC specifically recommends that the federal government invest in university research, international

education and renewing post-secondary education for aboriginals in the 2013 budget.

•(1705)

[*English*]

Specifically, we recommend enhancing support for the federal research granting agencies and the Canada Foundation for Innovation, including the institutional cost of research. Quite simply, these are foundational to everything that universities can do.

We also recommend more graduate student internships and employment experience in a broad range of interdisciplinary sectors. This would enable more companies to take advantage of the highly talented graduates that Canada's universities produce.

As you've heard from several witnesses, the recent Council of Canadian Academies' report highlights the outstanding quality of Canada's university researchers and points to Canada's growing influence on global knowledge. Additional investments are required to sustain and accelerate the pace of research.

Canada also needs a strong national and coordinated approach to international education, one that involves governments working in concert with the education sector. International education should be a pillar of the Government of Canada's foreign policy and economic growth objectives.

Over the course of the summer, you may have seen a recent report from DFAIT that indicated international students contribute close to \$8 billion a year to Canada's economy. When I say that, I'm thinking of communities like Nanaimo, Kamloops, Brandon, Sudbury, Chicoutimi, and Moncton, which all benefit from international students. International students actually contribute more to Canada's economy than the export of softwood, wheat, and aluminum. To think of this sector as a lever for Canada is important, especially in new and emerging markets.

Attracting international students to Canada gives us an edge in global commerce and trade. But it's about much more than attracting international students to Canada. We must also ensure that this generation of young Canadians gains study abroad experience to prepare them to meet the needs of the global economy. We think of ourselves as an open global nation, but American students are twice as likely to study abroad as Canadians, and German students are three times as likely to study abroad. We have lots of work to do.

We also need to position Canada as an international leader in higher education, not only as a recruiter but as a partner in education and research. International research collaboration amongst universities, governments, and industry builds the strong people-to-people ties needed to attract the best and brightest talent and to expand our trade and investment ties around the world.

To support international higher education, Canada should implement the recommendations of the Chakma report. In brief, these are funding international research collaboration at scale, investing in initiatives to support study abroad opportunities for Canadian students to gain global skills, and investing in initiatives to enhance marketing and branding efforts to attract international students to Canada and leverage existing investments.

Our final recommendation is to invest in post-secondary education for aboriginal people. If I can, let me be blunt for a moment. I have come before this committee four years in a row now, saying that this is an urgent national priority. We welcome and support the government's efforts and the crown-first nations gathering, and the particular focus on the K to 12 system, but we have to do more. Canada needs to go further and we need to go faster.

Universities have also made strides in attracting and retaining aboriginal students over those four years. We have proven projects that can be scaled up to increase aboriginal participation and graduation rates. Action and investment are needed now.

AUCC recommends advancing aboriginal post-secondary education measures that can be delivered by a third party with a proven track record in aboriginal matters in conjunction with private sector partners. The partnership of aboriginal leadership, universities, and the private sector will help close the higher education gap between aboriginals and others in Canada.

Thank you, ladies and gentlemen. Canada will benefit from these investments.

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Davidson.

Welcome back, Mr. Turk.

Mr. James L. Turk (Executive Director, Canadian Association of University Teachers): Thank you, Mr. Chair. There's nothing like having five minutes to concentrate the mind.

I begin by observing what I'm sure everyone in this room agrees with, and that is the importance of post-secondary education and training, not only for the future of our economy, but also for the future of our society. We're not only training people who are going to be making economic contributions, but we're also educating people who are going to be family members, community members, and citizens.

Something everyone would agree with, I assume, is the vital role the federal government plays in post-secondary education and training, both in the transfers to the provinces for post-secondary education and training and in funding research.

We congratulate the government for sticking to its commitment of having a 3% escalator in its transfer for post-secondary education on a continuing basis. But we would note that with the rising costs—that is, with inflation and with the increasing enrolment—that 3% escalator is not keeping up with the costs that provinces, universities, and colleges are facing.

With respect to the spending on research—and this is where I'd like to focus my remarks—again, the government deserves credit, because it has been spending more on research than its predecessor, but we would suggest that it's been investing that money badly. I don't know who the government's advisers are and how it should be

spending research money, but I'd strongly urge you to get new advisers. It's time to get a new crew to give you advice.

Let me give you a few examples. The government allocated close to \$200 million for 19 Canada excellence research chairs. Each gets \$10 million over a period of time, as well as more money provided by their own institutions, and there are another 10 in the works. This is a huge amount of money concentrated in a very small number of people. We'd suggest that this is not the best way to advance science. It's the same mentality as some sports teams who think that by spending the bulk of their capital on a few high-priced stars, they will build a sports franchise. It doesn't work.

For example, instead of \$10 million per, some very vital research centres have had to close, for example, the Polar Environment Atmospheric Research Laboratory, which is closing because it can't get \$1.5 million a year. That money supported the work of 60 scientists doing a vast range of high Arctic research. Given how expensive it is to do research in the high Arctic—it does cost money—what's being lost is not only the work of those 60 scientists, but also the \$8 million or so in equipment that the government has financed for that centre.

There is the Experimental Lakes Area, the best in the world in freshwater study. It's been compared to closing the world's most powerful astronomy telescope, or closing Los Alamos. The cost is \$2 million a year.

There is also the Kluane Lake Research Station, a legendary research centre more than 50 years old, uniquely positioned to study the largest non-polar icefield in the world and the effects thereon in global warming. That costs a million dollars a year, and yet we have \$10 million per person for each of the Canada excellence research chairs.

The Minister of Industry... I can make available to committee—and hopefully you've seen it—a letter signed by more than 48 of the top scientists in the country deploring the kinds of cuts that NSERC had to make that resulted in these closures. The NSERC website is very clear that it's having to make these closures because of the government's cut to its funding.

A second area is in terms of the funding of the three granting councils: the Social Sciences and Humanities Research Council, NSERC, and CIHR. Over the last six years, since this government has come to power, in terms of real dollars—that is, after inflation—the funding for all three granting councils has fallen: SSHRC by 12.9%, NSERC by 3.1%, and CIHR by 6%, and indirect costs have fallen by 2.5%.

In terms of who gets funded with granting council money, if you look at NSERC, where we look at the balance between targeted research—that is, research directed by third parties—and basic research, the amount in real dollars that is being spent on basic research has fallen by about \$80 million since 2006-07, while that being spent on targeted research has increased by an equivalent amount.

We also see the destruction of our knowledge base, the dismembering of Library and Archives Canada, the serious cuts to Statistics Canada that are crippling a lot of social science research, and the cuts to Parks Canada, which looks after 167 historic sites as well as countless archaeological artifacts.

● (1710)

In short, you're spending a lot of money. You could spend it better. We encourage you to put in an initial \$500 million from the three funding agencies, have the funding agencies be more at arm's length, and introduce the Canada Post-Secondary Education Act, as we recommended in our submission to you. And we join with AUCC in encouraging much more substantial funding for aboriginal education.

Thank you, Mr. Chair.

The Vice-Chair (Hon. Scott Brison): Thank you very much, Mr. Turk.

Now we'll hear from Mr. Murphy.

Mr. Shawn Murphy (Manager, Government Relations, Canadian Co-operative Association): Thank you, Mr. Chair.

I wish to begin by thanking you and the committee members for inviting the Canadian Co-operative Association to appear before the finance committee as you undertake your pre-budget consultations.

[*Translation*]

As you are undoubtedly aware, the Canadian co-operative sector has received a lot of attention over the past months. In May, the House of Commons debated a motion to establish a special committee to look into the co-op sector.

To our surprise, the committee was formed in June and they held numerous hearings over the summer. In September, the special committee tabled their report in the House. The report and the recommendations from the special committee have been very well received by the co-operative sector, and we see this as an opportunity to develop and grow our partnership with the federal government.

The special committee report made eight recommendations; however, CCA believes that there are three that stand out.

● (1715)

[*English*]

The first recommendation was that the government study the possibility of consolidating the responsibilities for cooperatives under a suitable department such as Industry Canada. We are not looking for another study, but rather we would like to see co-ops housed in Industry Canada. Currently co-ops are housed under Agriculture and Agri-Food Canada—not a natural fit.

So why should we go to Industry Canada? Cooperatives are businesses—businesses in your riding. They employ Canadians, they pay taxes, and they create jobs. Cooperatives can be found everywhere, including your riding, small villages, big cities, and every region of Canada. They exist in virtually every sector of the economy, from retail and financial services to agriculture, housing, and health care.

Cooperatives are more durable than other types of businesses. Research has shown that new co-ops are more likely to remain in business than other new enterprises and are more resilient in economic downturns.

Finally, cooperatives are rooted in their communities and in your ridings. The jobs and wealth they create remain in the communities in which they are located.

These are a few reasons why we believe the co-op sector can help Industry Canada deliver on its efforts to create jobs, stimulate growth, and invest in the future.

The Special Committee on Co-operatives also recommended that the government explore the feasibility and cost of allowing Canadians flexibility to invest RRSP funds in cooperatives. The current RRSP rules do not encourage investment in the cooperative sector. The so-called 10% rule prevents members of certain cooperatives from using their RRSPs as investment vehicles to recapitalize their co-ops. Therefore, in the spirit of the committee's recommendations on RRSP contributions, I would suggest that you revoke the RRSP measures enacted in the 2011 federal budget.

[*Translation*]

The third recommendation revolves around capitalization of cooperatives. Co-ops are businesses. However, because of their unique business model, co-ops often find it difficult to raise capital.

The special committee recognized this and suggested that potential solutions could be found. One solution could be a national investment fund. The fund would be a national pool of financing available to support the growth and development of existing and new individual co-operatives.

[*English*]

Our sector is already moving forward with the development of a national investment fund. This would be a great opportunity for a partnership between co-ops and the federal government.

Finally, if you remember nothing else from my submission, I want you to remember our three recommendations that would create jobs, stimulate growth, and invest in the future: first, the co-op sector belongs within Industry Canada; second, we suggest that you revoke the RRSP measures enacted in the 2011 federal budget; and third, the development of a national investment fund.

Thank you, Mr. Chair.

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Murphy.

Mr. Myers.

[*Translation*]

Mr. Jayson Myers (President and Chief Executive Officer, National Office, Canadian Manufacturers and Exporters): Thank you, Mr. Chair.

I am very pleased to be here today to make a few observations about Canada's economic recovery.

[*English*]

As you know, the Canadian economy is slowly recovering from the impacts of the steepest collapse that global asset markets have experienced since the Great Depression. Canada's manufacturers and exporters were particularly hard hit, but since 2009, Canada's manufacturing and exporting sectors have been on the rebound.

Government tax policies have played an important role in supporting Canada's economic recovery, because the profitability of Canadian businesses determines the employment prospects of Canadians. Every percentage point increase in after-tax profits as a per cent of GDP leads to a 0.8% decline in Canada's unemployment rate. Corporate tax rate reductions have made businesses more profitable, and that's a good thing. If tax rates had not been reduced, Canada's unemployment rate today would be higher than that of the United States, and about 200,000 fewer Canadians would be employed.

Now, with consumers and governments needing to borrow less and growth in international markets slowing down, business investment has become the critical factor in sustaining and strengthening economic growth in Canada. When companies invest in productive assets, new value-adding production technologies, new product development, and workforce training, they boost their productivity and become more competitive in domestic and export markets. They grow their businesses and employ more Canadians in high-paying jobs.

Fiscal policy is a decisive factor in influencing business investment decisions and our economic future. Deficit reduction and responsible financial management are essential to maintaining investor confidence. Our lower business taxes have made Canada a more competitive location for investment, but countries around the world, most notably the United States, are taking aggressive steps that will further reduce effective tax rates on business investment.

We need to stay in the game, and in order to do that, Canada's fiscal policy must ensure that our tax treatment of business investment remains internationally competitive. We must encourage businesses in Canada to invest more in new and improved products, processes, technologies, and skills training, and we need to reward the companies that are taking the risks to make these investments.

Business investment is highly dependent on operating cashflow performance. Since the recession, all businesses, and manufacturers in particular, have had to rely more heavily on cashflow in order to finance investments in new facilities and in machinery and equipment. While the cash balances of manufacturers and many other businesses have increased, so too have their investments in value-adding capital assets.

Cash is not "dead money". It is what businesses use to pay off short-term liabilities and invest in—or finance their investments in—new facilities, machinery, and equipment.

The accelerated capital cost allowance for investments in manufacturing and processing machinery and equipment that was introduced in 2007 has been instrumental in assisting Canadian manufacturers to make investments in the new technologies they've needed to survive the recession and to grow. The ACCA encouraged investment and capital turnover by raising the after-tax rate of return on eligible investments by 10.4% during the first three years of use.

Since 2007, the ACCA has contributed about \$2 billion in additional cashflow to manufacturers, and it has generated an estimated total of \$3.1 billion in additional investment. The annual level of manufacturing investment in machinery and equipment has increased by \$5 billion since 2010.

It's important to note that other countries, most notably—again—the United States, have also implemented rapid writeoffs for their manufacturing sectors. Short of providing an investment tax credit, accelerated appreciation is the most important tax measure the government has to encourage direct investment in new technologies.

CME recommends that the ACCA for manufacturing and processing machinery and equipment now be made a permanent part of Canada's tax system. Our recommendation is supported by 50 other industry associations that are members of the Canadian Manufacturing Coalition, by other business groups, and by labour leaders.

We also need to take steps to strengthen business investment in innovation. Recently, the government introduced legislation that will change Canada's scientific research and experimental development—SR and ED—tax credit system. It will, among other things, reduce the tax credit rate from 20% to 15% and eliminate eligibility for capital expenditures.

These changes will significantly increase the taxes paid by Canada's top R and D performers, especially for more capital-intensive manufacturers, and it will erode the international competitiveness of Canada's tax system for business investment. For companies using SR and ED, the cost of investing in R and D will increase by 5.9%, dropping Canada from 13th to 17th position among 30 OECD nations in terms of international tax competitiveness for R and D investments.

We're working closely with Finance officials to develop alternative mechanisms that will encourage businesses to invest in research, development, and commercialization, and to do that in Canada. To that end, we recommend that CRA simplify the SR and ED tax credit program. An accelerated writeoff should be provided for investments in capital equipment used in R and D. The SR and ED tax credit should be made partially refundable.

• (1720)

As well, direct funding should be made available for supporting strategic manufacturing and technology investments, and a voucher program should be established to allow businesses—

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Myers.

Mr. Jayson Myers: It would allow businesses to direct funding to college, university, and R and D support services that best meet their needs.

Thanks.

The Vice-Chair (Hon. Scott Brison): Thank you very much Mr. Myers.

Mr. Audla.

Mr. Terry Audla (President, Inuit Tapiriit Kanatami): *Unukut.*

Thank you very much for the invitation to appear today. I will take a few moments to summarize the major themes of our written submission, and then I would be more than happy to take your questions.

As many of you know, Nunavut, the Inuit homeland in Canada, makes up approximately one-third of Canada's land mass and half its shoreline. This area, governed by a set of five modern, constitutionally protected treaties, contains much of Canada's non-renewable and other natural resource potential. The Government of Canada is relying heavily on resource development projects to propel economic growth in Canada, including increased wealth, expansion of employment, and improved levels of productivity. In the Arctic, such projects must strike an appropriate balance between economic development, social development, cultural continuity, and environmental protection, and they must actively engage Inuit.

This is starting to happen, particularly in Nunavut, where I'm from. But the federal government has the power to enhance Inuit contributions to Canada's economic performance. The key is education and training. Parliament and the federal government have the authority and capacity to take far-reaching and imaginative measures to bring about greatly improved Inuit education and training outcomes. This authority and capacity is drawn from a variety of constitutionally anchored sources, including Parliament's power to make laws in relation to Inuit under section 91.24 of the Constitution Act, 1867; special federal powers in the territories over

such things as marine areas, fisheries, and cross-boundary matters; and Parliament's unqualified spending powers. A radical improvement in Inuit education and training will not be achieved without the use of targeted federal funding. The scope of what is needed is large.

In 2006, a federally appointed conciliator reported during the process of updating the implementation of the Nunavut Land Claims Agreement that even a five-year effort aimed at making modest headway in Inuit participation in the Nunavut workforce would require \$100 million in federal funds. That projected undertaking was just in relation to Nunavut. Other regions of Canada have similar needs, and existing funding is simply not enough to meet these needs.

The Inuit population in Canada is much younger than the general Canadian population. While fertility rates are gradually declining, the number of Inuit in the prime employment cohort aged 20 to 60 will show steady growth in coming decades. This presents both a challenge and an opportunity. It is a challenge in that public sector policies and private sector initiatives need to be fashioned so as to generate adequate employment and other economic opportunities for Inuit, particularly young Inuit joining the workforce for the first time. It is an opportunity in that successfully attracting and sustaining optimal Inuit participation in employment and other economic opportunities can contribute in tangible and important ways to both Inuit economic self-reliance and Canada's overall economic performance.

There is one other aspect of Arctic demographics that needs emphasis. This aspect is effectively summarized in the text of the Circumpolar Inuit Declaration on Resource Development Principles in Inuit Nunaat, released in May 2011, which says:

Inuit are committed to safe-guarding Inuit culture against excess adverse pressures and impacts that could be brought on by an overly ambitious, ill timed, or poorly planned and implemented staging of major resource development projects, particularly insofar as such a scenario precipitated a major influx of non-Inuit while failing to impart the technologies, skills and training, and business opportunities needed by Inuit.

Inuit are among Canada's youngest citizens, with a median age of 22, about half the Canadian median age of 40. The bulk of this population is now moving through the education system, yet too few are graduating. The stark reality of Inuit education today is that roughly three-quarters of the children are not completing high school, and many who do graduate find that their skills don't compare with those of non-aboriginal graduates.

Low educational outcomes are associated with adverse social implications, including greater unemployment, greater numbers of youth entering the criminal justice system, and greater incidences of illness and poverty. Existing socio-economic conditions will worsen unless more Inuit children graduate from high school with equivalent skills and the same opportunities to succeed in post-secondary education as their non-Inuit peers.

● (1725)

There's a long, graphic, and unhappy list of economic and social development indicators revealing the pronounced and enduring gaps in basic well-being between Inuit and other aboriginal peoples on the one hand and the general Canadian population on the other.

To conclude, the growing international interest in the rights, interests, and conditions of indigenous peoples should give Parliament and the Government of Canada added incentives to improve economic circumstances for any aboriginal peoples, a core reference point in determining and measuring the economic circumstances of Canada.

I'll leave it at that.

● (1730)

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Audla.

Now going to members' questions, we'll begin with Mr. Marston.

Mr. Wayne Marston: Thank you.

I was just wondering, Mr. Turk, if we should tell people how long we've known each other. Is it 30 or 40 years?

Mr. James L. Turk: It's on the lower end of that, I hope.

Mr. Wayne Marston: I noted from your answers to the written questions under "Other Challenges"...you wrote about youth unemployment. That's something that has rippled through almost all the presentations we've had here. The last presentation was great, speaking very directly to the youth of the north.

Committee members will tell you that I go on and on about the \$128 billion infrastructure deficit we have, and how we believe there's a place for the federal government to take a leadership role in that. Coming from a labour background, I talk about craftspeople. If they're working on these jobs and they have apprentices with them, they can give them on-the-job skills training you can't get elsewhere.

Countries like Germany—we had a previous speaker, Ms. Robinson, talking about how it shows, at least I believe, a right mix of public investment with market solutions in a green economy.

What measures do you feel the federal government should take to move Canada more in that direction—the greening of our economy?

Mr. James L. Turk: You began by observing the need for training our young people to deal with that issue. The federal government has a very important role. As several of us mentioned, part of it is in better education and training funding for aboriginal students in this country. In the Prairies, they are the largest demographic.

English as a second language training: the federal government has been moving more toward a voucher system, which has privileged the private, for-profit trainers who often have less qualified teachers, a high turnover rate among their teachers, and uneven programs, at the expense of public colleges that have built up a wealth of experience and credibility and high-quality educators over a period of time. The federal government is investing public dollars, and we think one of the ways you can get more bang for your buck is to see that they go to public institutions.

You also made reference to apprenticeship. Measures have been taken to assist those in the Red Seal trades—the apprenticeship

incentive grant that gives a \$1,000 each year for the first two years, and a completion grant for when they complete their apprenticeship training. More needs to be done in that regard. There are a number of important trades in Canada that are not under the Red Seal that need to be recognized, whether it be X-ray technicians or whatever.

In addition to reaching beyond the non-Red Seal trades, I think the federal government also has to provide more of an inducement for employers to take on apprentices. As a country we've lagged in apprenticeship for as long as you and I have known each other. One of the reasons is that it was always cheaper for industry to bring in a skilled tradesperson as an immigrant than to train a young person. I think there have to be more incentives for business to take on apprentices so that we grow our own and provide opportunities to our young people to acquire these trades.

Mr. Wayne Marston: Thank you.

Mr. Davidson, we've also heard concerns about low productivity in Canada. In your presentation, you talked about the lack of R and D investment in Canada. Would you say that has a negative impact on our productivity?

Mr. Paul Davidson: One of the things AUCC has worked quite closely with has been...we contributed to the recommendations of the Jenkins report last year, which focused on how we increase private sector investment in R and D. The record shows that government investment in research has been quite sustained and quite large, but it's really attracting additional research investment from the private sector that's most important in terms of getting Canada up to international levels. In that connection, the recommendation of the Jenkins report provides some path forward. In the discussions we've had this afternoon, there's some debate as to which are the most effective.

Mr. Wayne Marston: Mr. Audla, I appreciate your presentation about the needs of your community; it was very clear and very concise. We've had speakers, just here today, talking about the fact that across our country we have a built-in pool of people from first nations communities and from Inuit communities who need jobs. The loaded question would be: how receptive is it on the ground? I mean, you have to go out and access these dollars for sure—and there's a responsibility on all of us to provide—but on the ground, what buy-in do you think you have?

● (1735)

Mr. Terry Audla: When it comes to education and employment opportunities?

Mr. Wayne Marston: Yes, you talked about the dropout rate.

The Vice-Chair (Hon. Scott Brison): That's it for your time, Mr. Marston.

Very briefly, Mr. Audla.

Mr. Terry Audla: Well, there is buy-in, and we have submitted a report on the “First Canadians, Canadians First” national strategy on Inuit education. Based on the number of projects that are happening up north, there is buy-in among the locals to try to get themselves positioned to take on the jobs that are being made available.

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Marston.

Thank you, Mr. Audla.

Now we'll hear from Ms. McLeod.

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

I would like to start with Mr. Davidson. You made a brief comment about internships. Could you tell me what you were thinking in your opening comments?

Mr. Paul Davidson: Our recommendation, in recommending increases in research spending and innovation spending, is that there be more opportunities for university students, both undergraduate and graduate, to work in the private sector as part of their program. There are programs like the Mitacs initiative that have been very effective at linking small and medium-sized enterprises with graduate students doing real work in real time that is creating value in the local economy and providing the students with important research opportunities.

Mrs. Cathy McLeod: I'll just use my daughter as an example. She did a co-op program through university, and it linked her for a number of different terms. The federal government played no role there, and it seemed to be very effective. Are you saying that we should be jumping in and interjecting in something that seems to be working pretty well between the universities and the private sector?

Mr. Paul Davidson: One of the important recommendations of the Jenkins report is to look at finding ways of engaging the private sector more thoroughly and earlier on in issues of research development and innovation. It's interesting that, in the American experience, there's far greater flow between graduate students and the private sector. The private sector understands and values those graduates even more highly, and we don't lose graduate students to other jurisdictions.

On the question of internships, one of the things I'm really pleased and proud about is that over half of all Canadian university students now have a co-op service learning, or internship, experience as part of their undergraduate program. It was not that long ago when it was the preserve of one or two institutions, but now it is an integral part of many students' undergraduate formation.

Mrs. Cathy McLeod: My next question is to both Mr. Myers and yourself. It sounds like you would be in a debate in terms of the changes made to the SR and ED credit, because obviously those were recommendations out of the Jenkins report. Could you both give me a sentence or two in terms of supporting the changes versus concerns about the changes?

Mr. Paul Davidson: In the consultation process we recommended that there be a shift from tax measures to direct spending measures, to targeted initiatives that would enhance these sorts of outcomes. We are pleased to see the recommendations in Jenkins. We recognize it's a difficult terrain for the government to make choices, but we would support the recommendation of Jenkins in that regard.

Mr. Jayson Myers: We also support a number of recommendations in the Jenkins report. I guess our concern, though, is the dilution of the SR and ED tax credit system and the impact that has on our top R and D performers in the country that are looking at, not necessarily whether or not they're going to do R and D, but whether or not they're going to do R and D in Canada. We're competing for every cent of investment.

We would have liked to have seen the Jenkins panel look at other direct funding mechanisms and how we can work more closely in collaborative research with the universities and colleges. I think there's a very large pool of government money that is going into supporting academic research that could also be used to leverage business collaborative research and development.

Mrs. Cathy McLeod: I'll stick with you, Mr. Myers.

Certainly a number of manufacturers have had challenges in the last number of years, and we're hearing from the opposition, in terms of wanting to raise the taxes, that some industries are diseases and others are better.

Can you first of all talk about why competitive tax rates are important for your businesses? What would happen if we did raise taxes?

• (1740)

Mr. Jayson Myers: Today, especially for manufacturers and exporters, the two sectors that were hardest hit by the recession, it has become very difficult to raise financing. Working capital is really at a premium. It's cashflow that drives investment activity, whether that's in training, or R and D, or in new technology.

The tax measures the government has taken are leaving more money in the hands of the businesses making these investments, and I think that has been extremely important.

Mrs. Cathy McLeod: I think your comment was “cash is not dead money”.

Could you talk a bit further in terms of that particular concept and thought?

Mr. Jayson Myers: With regard to the cash balances that are growing on the part of businesses, and manufacturers as well, some people say there are better uses than holding cash. Some people have referred to this as “dead money”.

I don't see that at all. What companies are doing is borrowing more. They have more short-term liabilities. They need cash to be able to—

The Vice-Chair (Hon. Scott Brison): Mr. Myers, that's it for Mrs. McLeod, but luckily, out of respect for Mrs. McLeod, I'll continue with the same line of questioning. I have this round now.

Mr. Myers, we've had both the Governor of the Bank of Canada and Minister Flaherty speak of this dead money that you're not investing. Despite lower corporate taxes, ample incentives for investment, including accelerated capital cost allowance and the SR and ED program, the Governor of the Bank of Canada and the finance minister for Canada refer to dead money in the corporate sector.

Are you saying they're wrong?

Mr. Jayson Myers: When they say that businesses have more cash balances on hand, that's true. When they say that's dead money or that businesses are not investing, that's not true. Companies are making investments. In fact, today they need to hold more cash because that's the only way the banks are financing investment—on higher cash balances.

If you look at figure 5 on the graphs that were distributed, what you see in manufacturing is that cash balances are up slightly. But what is really up are the net capital assets of the sector. These are the investments that are taking place.

The Vice-Chair (Hon. Scott Brison): If the Canadian Bankers Association were here representing chartered banks, would you say they are being more conservative in their lending now, and that these cash balances are required in order to do debt financing, as an example?

Mr. Jayson Myers: There are a number of reasons that I think banks have become more conservative. That's not in all cases, and not necessarily on all projects. But companies have also been drawing from their lines of credit, and that's why they need the short-term assets in the form of cash.

The Vice-Chair (Hon. Scott Brison): Citizens have been as well.

Is there a risk in moving towards direct funding and away from, say, the SR and ED program, where governments will be making decisions in terms of which types of research to invest in, as opposed to companies?

Mr. Jayson Myers: I don't think governments always make the best decisions in terms of the types of technologies that should be supported. The SR and ED program was a program that provided, and could provide, direct support for foreign companies that are making investments in light of the best use of their assets and the best type of research for the businesses they're undertaking.

I am concerned by a move into more direct spending programs. Some of those are very important strategic investment funds. I think they are very important today, in a targeted way. But I think we need to be very careful in the way we construct these, so we do not construct something that is overwhelmed by bureaucracy and administrative costs and overhead, and is not flexible and not responding to business requirements.

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Myers.

Mr. Murphy, I'm intrigued by the idea of using RRSP amounts to liberate some of that foreign investment into cooperatives. That's something we could take a look at as a committee.

I have a question on the education side, because we have university teachers here, colleges and universities represented, and we also have Mr. Audla's presentation. I think it's important.

Regarding Inuit people and the aboriginal and first nations people in Canada, this whole issue of education and the imperative of having your fastest growing and youngest population—also the most economically and socially disenfranchised.... What level of investment does it really take to fix this? If we don't fix it now, it's a time bomb, demographically, socially, and economically. Do we need to go back to a Kelowna-type discussion again? Call it what you may, but do we need that kind of partnership again, and what level of investment is it going to take to really address this in a substantive way?

• (1745)

Mr. Terry Audla: I can try to answer that. I mentioned earlier, in answer to Mr. Marston's question on the strategy, that ITK is trying to work with the different jurisdictions across Inuit Nunangat. You have the Northwest Territories, Nunavut, northern Quebec, and Newfoundland and Labrador. There have been great strides made towards implementation of the strategy, but we still need federal buy-in to try to get that off the ground. We are working continually to try to get Minister Duncan and the Department of AANDC to work with us, but again, jurisdictional matters get in the way. This is where we're trying to make headway.

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Audla.

I apologize to the other witnesses. The chairman can't allow Mr. Brison's round to go longer than the other members, and Mr. Brison can be very verbose from time to time.

In any case, perhaps Mr. Hoback wants to continue Mr. Brison's questioning.

Mr. Randy Hoback: Yes, it's a pass-off. Actually I will, but I'm going to go after the financing of cooperatives.

Mr. Murphy, this summer when you presented in front of the committee, you talked about investment institutions' and banks' lack of understanding about the role of cooperatives and how to properly finance, which was restricting the growth of some cooperatives in expanding their operations, obtaining capital for investments, for example, and buildings and other structures.

What would you tell this committee in regard to educating us on the education of the financial sector in the uniqueness of co-ops?

Mr. Shawn Murphy: Again, it's an age-old hurdle where we've seen some cooperatives succeed. They've figured out how to manage to raise the capital necessary in order to grow and prosper. Others simply, in trying to use—let's call them—traditional business models, fail miserably.

It's almost a case-by-case, person-by-person situation, where you approach one particular financial institution, whether it be a bank or a credit union, and you have people who understand your cause, and they are able to assist you and navigate you, and other people who might not understand the cooperative model, and therefore it creates the roadblocks. Even within current federal programs, there are many that are technically open to cooperatives, but when you start down that path, suddenly you face a lot of brick walls because the people asking the questions don't understand the cooperative model, or the idea of bringing all of these people around one table to bring forward an idea.

Mr. Randy Hoback: Have you looked at using the cooperative strengths across Canada to self-finance amongst other cooperatives? For example, the cooperative out of Prince Albert would maybe put forward some cash for a smaller cooperative in another region or area. Have you looked at those types of partnerships?

Mr. Shawn Murphy: By all means, there is cooperation among co-ops. A few years back there was—let's call it—a legacy where they were hoping to develop a \$100 million fund that would self-fund cooperatives. Obviously they were hoping at that time for the federal government to come to the table. We understand, as a sector, that the financial climate has changed dramatically. At the same time, we, as a sector, also have to come to the table and say that if we want to do something, we have to show a willingness. From our end at the moment, we're working internally to try to get a fund off the ground that would self-finance co-ops within and across the country, so that if someone wants to start one up, they could apply to receive a fund and receive capital that way, knowing full well that they still need to try other areas. It's not just, "Well, we want to go there."

• (1750)

Mr. Randy Hoback: Thank you, Mr. Murphy.

Mr. Davidson, you talked about the importance of foreign students coming to Canada and about how important it is for us to have our students go abroad. Are there any initiatives that need to be tweaked or changed to allow this to happen? Are there any hurdles that are preventing students from coming into Canada?

I know the Governor General was down in Brazil and in the Caribbean promoting Canadian universities. We are well respected around the world. But I'm just curious, is there anything we should be doing to make that even better?

Mr. Paul Davidson: First, as to attracting international students to Canada, we are known around the world for a very high-quality system. We can never lose sight of that. Things can be improved, but it's a very high-quality system. Second, it's an affordable proposition for families around the world to come to Canada. Third, they're welcomed into safe, secure, and welcoming communities right across the country. So those are elements of our competitive advantage in attracting international students to Canada.

I also want to underscore the importance of what those international students bring to Canadian classrooms. Students who will never travel abroad get the chance to meet people from another country, learn another language, and be engaged in research and learning activities.

With respect to opportunities, you mentioned the Governor General travelling to Brazil. We were delighted that he led a mission

to Brazil, along with 30 university presidents. It's interesting to see what Brazil is doing. The Government of Brazil committed 75,000 scholarships for Brazilian students to study abroad, and their private sector immediately kicked in another 26,000 scholarships. They're doing that because they recognize that to take their economy to the next level they need a generation of young people who have those kinds of international and transnational skills.

In Canada, we have a long way to go. In Amit Chakma's report this summer, the expert panel looking at an international strategy for Canada, he and his colleagues recommended that Canada aim by 2022 to initiate a program that would move 50,000 Canadian students annually internationally, and that's a goal that we endorse strongly.

Mr. Randy Hoback: On a per capita basis, that's a substantial number of students compared with Brazil.

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Hoback.

I can't be rude with Mr. Brison and then allow you to go on like that.

Mr. Randy Hoback: You're as tough as the other chair.

The Vice-Chair (Hon. Scott Brison): Monsieur Caron.

[Translation]

Mr. Guy Caron: Thank you very much, Mr. Chair.

Mr. Davidson and Mr. Myers, I would like to hear what you have to say about the scientific research and experimental development program. I understand the reasons and motivation for the Jenkins report. But by moving away from a tax credit and toward direct subsidies, I am concerned that, at the end of the day, we are asking the government to choose winners. Is this a concern for you?

[English]

Mr. Jayson Myers: Let me start off by saying it is a concern of ours. I think one of the reasons the SR and ED tax credit worked was that it provided additional assistance to the companies making their own decisions about where best to invest in research and development.

There are some strategic investments where governments should be playing a role. For example, the location of the microelectronic centre in Bromont, Quebec, was an excellent example of where the Government of Canada and the Government of Quebec both made investments and developed what I think is a world-leading centre in microelectronics research commercialization. It is a very important centre for business investment.

Governments have an important role to play, particularly as everybody else is competing for investment. We need to provide that funding, but we also need to provide an incentive for the companies doing the research and development. I'm not so sure government is in the best position to do that.

[Translation]

Mr. Guy Caron: I will come back to your comments, but I would first like to hear Mr. Davidson's answer to the same question.

[English]

Mr. Paul Davidson: Remember, in the mandate of the Jenkins panel, they asked for recommendations that were net zero in additional spending. So Jenkins was asked to move resources around within a fixed pot. If there were substantial additional resources, leaving SR and ED the same and putting more resources in another direction could be useful. In the work that it did, Jenkins found that the SR and ED was one of the most generous tax incentives in the world, and yet it's very difficult to attribute changed behaviour in research innovation using that tax mechanism. They didn't recommend abandoning the mechanism. They recommended adjusting the balance between the tax credit and the direct spend. And that's the recommendation we think would find merit in the research and development ecosystem we have in Canada today.

● (1755)

[Translation]

Mr. Guy Caron: Mr. Turk, what do you think?

[English]

Mr. James L. Turk: We've actually been looking at the question of what can be done to encourage more research and development spending by industry for more than 30 years. The problems have always been similar. That is, it tends to be the large corporations that do the bulk of the research and development spending. We have the highest level of foreign ownership. When Nortel went under, we lost the biggest R and D spender in the country. Right now I believe RIM is, and it's in some jeopardy.

I agree with Paul Davidson that the tax credits have proven to be a very blunt instrument, and although among the most generous in the world, they have not in fact changed the situation fundamentally.

There's a variant of direct expenditure, and that is for the government to put the money instead into a grant funding program to which companies can apply and an independent scientific review will determine who funds it.

[Translation]

Mr. Guy Caron: Thank you very much.

Mr. Myers, I would like to continue with the tax credit. I want to hear what you think about it because you mentioned it in your brief. I also saw it in the pre-budgetary consultations.

The Vice-Chair (Hon. Scott Brison): You have one minute left.

Mr. Guy Caron: What do you think are the consequences of excluding capital expenses in calculating the tax credit for research and development?

[English]

Mr. Jayson Myers: It's especially important for manufacturers and for companies like Pratt and Whitney, Bombardier, and Rio Tinto, who develop prototypes and invest a lot into capital equipment, to do that.

I just think we have to be very careful before taking \$1 billion out of the SR and ED, away from the companies that are making these investments. All of these companies can move their investment anywhere in the world. We need to compete for that, and the capital expenditures are a very important part of support for research and development through SR and ED for manufacturers.

[Translation]

Mr. Guy Caron: Thank you.

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Caron.

[English]

Now we have Mr. Adler.

Mr. Mark Adler: Thank you, Chair, and thank you to all the witnesses for being here today.

I want to begin my questioning with Mr. Myers, if I could.

I'm looking at page 6 of the management issue survey, and I'm seeing that in terms of relations with foreign markets.... As you know, we've been very aggressive on the trade front, negotiating nine free trade agreements since 2006, and we have a number of others in the hopper that are currently under negotiation.

What I'm seeing here in these two charts is exactly what I'm seeing in my home riding of York Centre, in that we have a lot of smaller manufacturers, not the General Motors kind, but very small kind of niche marketing manufacturers who are exporting more and more outside of the country. They're not relying so much on the domestic market. There's very aggressive growth beyond Canada's borders. I see that's a general trend throughout.

I assume you're seeing that throughout your membership?

Mr. Jayson Myers: Yes, we are. What we're seeing today is the need for companies to become very specialized in the products and services they're producing, whether that's new technology, new product, or new service. The more specialized you are, the larger your market has to be. They are looking for new market opportunities, and markets that fit the product and the service. Europe is an especially important one for them.

Mr. Mark Adler: Yes, and there is less and less reliance on the U.S. market, isn't there?

Mr. Jayson Myers: Less reliance and growth in the U.S. market, but again, the more specialized you are, the deeper you're able to go in the U.S. market. Take E.H. Price from Winnipeg. They've gained 30% of market share in the United States by continuing to invest in new products and development of new services over the past four years.

Mr. Mark Adler: So anything to enhance free trade, in your opinion, speaking on behalf of your membership....

How many members do you have?

Mr. Jayson Myers: We have about 10,000 across the country.

Mr. Mark Adler: It's safe to assume that probably 100% would be in favour of increased free trade.

● (1800)

Mr. Jayson Myers: Very much in favour of opening market opportunities, but also making sure that the rules of the game are followed, making sure we have good dispute settlement procedures in place.

Mr. Mark Adler: How would your membership feel about the \$21 billion carbon tax that the NDP is proposing to impose?

Mr. Jayson Myers: In short, not very good. The only way we are going to be able to reduce emissions is to increase the rate of investment in new technology that is going to get us there. So before we look at regulations and carbon taxes, let's make sure we have the right incentive system in place that enables companies to increase those investments in carbon-reducing technologies.

Mr. Mark Adler: Can I get your thoughts on the Canada-China FIPA?

Mr. Jayson Myers: I've read a lot of remarks in the press lately. A lot of the concerns are extremely overblown.

We're looking at an agreement where we would have a better sense of how Canadian investment will be treated in China and where we would know that Chinese investment, when it comes to Canada, will be subject to the laws and regulations here in Canada. That's the basis for any foreign investment treaty. This provides Canadian investors and Canadian companies operating in China with a lot more assurance that their businesses will be treated fairly in that market.

Mr. Mark Adler: We're seeing an increase in Canadian investment in China. Certainly, China is interested in the Canadian market. But the FIPA sort of codifies the natural movement of things, does it not? That's an important thing to do.

Mr. Jayson Myers: Yes, that's very important.

It also provides a basis.... Whether it's investment or trade, we have to see this as not simply a bilateral relationship. Canadian companies are now making investments around the world, but their market is global. They'll be partnering with a Chinese company, making an investment in China, or making an investment in Mexico, but working on a worldwide basis. We need a series of investment agreements that work together to give them the assurance that where they put their money, they will be treated fairly.

Mr. Mark Adler: How much time do I have left?

The Vice-Chair (Hon. Scott Brison): You have 18 seconds.

Mr. Mark Adler: I'll pass.

Thank you.

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Adler.

Mr. Brahmi.

[Translation]

Mr. Tarik Brahmi: Thank you, Mr. Chair.

First, I would like to say to Mr. Myers that a number of us feel uncomfortable because we tried to use you in a partisan war when, on the other side, you were asked to comment on partisan activities. Hearing them ask you to take part in a squabble when you are appearing to share your expertise is fairly embarrassing.

My question is for Mr. Murphy.

You mentioned in your intervention that co-operatives were sometimes required to request that their files be processed, but that they were not understood by the person they were dealing with.

The fact that you asked for a transfer of skills from one department to another, so from Agriculture to Industry, does that have something to do with your comment?

Mr. Shawn Murphy: Yes, that's somewhat the case. Going from Agriculture Canada to Industry Canada stems from the fact that, for several years, the government wanted to include co-operatives in a department. There were a lot of agricultural co-operatives. So it made sense that they come under Agriculture Canada.

But now, given the diversity within the co-operative sector in Canada, Agriculture Canada is no longer able to meet our needs. Also, in the last budget, the only federal program that had been around for 10 years was abolished. Agriculture Canada could not inject funds into co-operatives that were not tied to agriculture.

We considered it an opportunity to change our partnership with the federal government.

• (1805)

Mr. Tarik Brahmi: Thank you.

My next question is for Mr. Davidson.

You said that we should make more of an effort to attract international students to Canadian universities. I am all in favour of that.

There is another aspect that has perhaps been discussed less. It's the case in Quebec, but I don't know if this is the case in other provinces in Canada. I think we should try to attract more boys to Canadian universities.

Do you think this problem is typical for Quebec, or is it the same thing across Canada? Do you think the federal government, in its budget and through the Standing Committee on Finance, could help the provinces ensure that boys are more interested in going to university and that they drop out less, as is currently the case?

[English]

Mr. Paul Davidson: If I may, I'd say that one of the great advances in post-secondary education in the last 30 years has been the full participation of women in the post-secondary sector. In many cases, in many programs, women are outnumbering and in many cases outperforming men.

So that's interesting to observe. I don't know if there is an underlying sociological reason for that.

If I may, though, I would add that one of our biggest concerns is that there is a lot of discussion about whether we have too many people in PSE, too many people in university. The short answer is no. We need every student who is in the system now to stay in the system, and we need a whole lot more.

Yes, we have a skills crisis for skilled trades. We need to do more on the skilled trades side. But there are job shortages in Alberta right now because of their not being able to find the university grads who are needed for the economic conditions in that province.

With respect to the situation in Quebec, everyone should be concerned that the post-secondary participation rate in Quebec is amongst the lowest in the country. That's a challenge for Quebec. It's a challenge for all of Canada.

[Translation]

Mr. Tarik Brahma: How do you think the federal government, through financial incentives or other measures, could help re-establish that deficit that Quebec has, compared with other provinces, with respect to post-secondary education?

[English]

Mr. James L. Turk: I think the variation in the percentage of women and men in different programs is considerable. While there is, in education and nursing and certain other programs, a significant plurality of women, in other programs—chemistry, physics, engineering—fewer than 20% of the students studying in those fields are women. There is enormous variation.

I think the challenge is in how universities and how the government can assist universities and colleges in opening up programs to everyone and overcome some of these historical gender differences. Generally the message that's been coming out around employment equity hasn't been helpful. Effectively de-fanging the federal contractors program is not any encouragement to—

The Vice-Chair (Hon. Scott Brison): Mr. Turk, we have to move on. Thank you very much.

Thank you, Mr. Brahma.

Now we'll hear from Mr. Van Kesteren.

Mr. Dave Van Kesteren: Thank you, Chair.

Thank you to all for being here. It's good to see some of you again. You've been here a number of times.

Mr. Davidson, I want to touch on what you were just saying to Mr. Brahma. You mentioned that we don't have enough students. I'm looking for a clarification, because we've heard other testimony—and I think it's statistically proven—that we are having a large number of graduates out of universities who can't find jobs. Is the problem maybe that we're not putting them in the right programs?

I say that very carefully, because now we're almost starting to talk about social engineering, to some degree.

I see that Mr. Turk is agreeing with that as well.

How do we find that balance? I'll shift over to Mr. Turk later, but perhaps you could answer this question.

Mr. Paul Davidson: I welcome the question.

Let me just say, first off, in terms of jobs, that from July 2008 to July 2012 there have been 700,000 net new jobs for university graduates. There have been 320,000 jobs for college graduates. There have been 640,000 jobs lost for those with only high school. So we do have some issues to face.

The idea that university graduates are not getting jobs is not borne out by evidence: 94% of graduates in Ontario report having a job within six months of graduation.

For anyone who doesn't have a job, it is a terrible issue to face. There is more we can do to make sure that young people connect to the labour force. There is more that universities are doing to prepare students for careers. But to suggest that too many people are going to university is really a strategy not for success but for failure.

I might add, because we look at international rankings and standards, that university enrolment in Canada ranks 15th in the OECD. Although we've increased enrolment by about 60% in the last 15 years—the equivalent of creating the largest university in each province again, and then building another University of Toronto—other countries are increasing enrolment further and faster.

We're looking at our competitive countries. I spoke of a million graduates in Canada. China increased enrolment by a million graduates in the last 12 months.

• (1810)

Mr. Dave Van Kesteren: Those are interesting statistics, and I'm glad you shared those with us. Maybe you could provide the committee with those numbers.

Mr. Turk, I think we probably spoke back in Industry days. Part of the problem with a lot of the grant money... When we did a large, cross-country tour of some universities...there's obviously some great research. You hear the charge, and you've heard it probably more than me, "This is wonderful, but what's it good for?" There was always the issue of the government determining where the money should go, as opposed to the freedom that traditionally universities have in their research. How do we solve that? We've asked this question before. Could you give an answer for this committee?

Mr. James L. Turk: None of these questions that persist year after year is easy to solve. It starts with an analysis of where you think the most important outcomes arise from. It's a self-evident, but wrong, conclusion to say that the way you get those kinds of outcomes, whether they are commercial advances, innovation, or whatever, is by directing research to that target.

If one looks historically at most of the things that have come to be recognized as having commercial, economic, or even social value, they've come out of basic research, where the researchers at the time they undertook the research had no idea. One of the most respected scientists I know in the country says that every time they fill out a grant application, they have to lie because it asks where the research is going to lead. They don't know where it's going to lead.

We addressed this briefly in our report. The discoveries of X-rays, nylon, Teflon, GPS technology, and so forth, all came out of basic research. It's not just giving the money to let scientists do whatever they want; rather, it's giving the money to granting councils so there's a rigorous peer review process. It should be a scientific and research community that makes the determination as to what looks valuable, not political officials, not bureaucratic officials, and not bureaucratic university officials. It should be the scientific community that makes those difficult judgments.

Mr. Dave Van Kesteren: How much time do I have, Chair?

The Vice-Chair (Hon. Scott Brison): That's it.

Mr. Dave Van Kesteren: Thank you very much.

The Vice-Chair (Hon. Scott Brison): Thank you, Mr. Van Kesteren.

[*Translation*]

Ms. Michaud, you have the floor.

Ms. Éline Michaud (Portneuf—Jacques-Cartier, NDP): Thank you, Mr. Chair.

I would like to thank my Conservative colleague for raising the issue of basic research because that is also what I wanted to ask about. So Mr. Turk, could you continue?

In your presentation, you denounced the various cuts to university research and in the area of government scientific research. I usually sit on the Standing Committee on Official Languages. We can already see the effect of the cuts on Statistics Canada with respect to the reliability of data on mother tongue and on the language of use at home.

Mr. Turk, could you please elaborate a little on what your real needs are in terms of basic research in the university setting?

If anyone else has anything to add, they may do so.

[*English*]

Mr. James L. Turk: The federal government has an important role to play in facilitating creative, innovative research. It does that by giving money to the granting councils, it does that by giving money through other programs, and it does that by enabling the knowledge base in society. That's why we've been particularly concerned with what we see to be the dismemberment of Library and Archives Canada. The ability to study, and learn from, our history is being seriously damaged. We have a website—savelac.ca—that goes into considerable detail, more than I have time to even begin to address here. That's why we're so concerned about the elimination of the mandatory long-form census: there's all sorts of research and information that businesses, communities, and researchers need that just simply is not available. That's one side.

In terms of funding for the granting councils, I certainly understand from politicians' point of view how it makes sense to say that we have this need in this area, so let's concentrate our research dollars there. If one looks historically, there's just a mountain of evidence—I'm glad to share it with the committee—that says that ideas that are being investigated by some obscure researcher looking at molecular variations that seem irrelevant to anything turn out to result in a Nobel Prize and, for researcher Paul Burg at Stanford, to be the basis of the entire biotech industry today.

The difficulty here is pressure. You have limited resources. You want to make sure they're spent best. I guess what we're suggesting is that the best way you can achieve that objective is by giving the money through the granting council so that it is scientific and research expertise that makes those difficult decisions. It's virtually impossible for the rest of us to do that. That means also ensuring that the people you appoint to the governing councils of each of the funding agencies are active researchers and scientists. The

percentage of them who are has been diminishing over the last decade, and that's a concern.

• (1815)

Ms. Éline Michaud: Thank you. I'm sorry I have to interrupt. I did have another question for Mr. Murphy.

[*Translation*]

In your presentation, you mentioned the importance of setting up a national investment fund for new and existing co-operatives to help them in their operations, their development and their establishment. This is a topic that interests me a great deal. I am from the Portneuf—Jacques-Cartier riding where there are an enormous number of co-operatives.

Could you please talk a little more about this fund? What do you expect from the government to help you in your undertakings?

Mr. Shawn Murphy: As I explained, within the co-operative sector, we have known for several years now that obtaining funds for the development of new co-operatives or smaller co-operatives was our responsibility. In other words, it was up to us to begin the process.

Today, we would like to begin this process, to create a fund and start establishing it. In an ideal world, we would like to develop a partnership with the federal government, which could come to our table and, in a perfect world, bring money and increase the fund. The idea would not be to provide money every year, but to start to put money in the fund.

For example, in northern Canada, there is a fund. They started 15 years ago with \$2 million. Today, the fund is up to \$10 million or \$13 million. This was—

[*English*]

one shot and that was it.

[*Translation*]

After the start, things went well. The fund made headway and grew.

That is what we would like to do, but at a national level.

Ms. Éline Michaud: Okay, thank you very much.

How much time do I have left?

The Vice-Chair (Hon. Scott Brison): You're out of time.

Ms. Éline Michaud: Thank you very much.

[*English*]

The Vice-Chair (Hon. Scott Brison): Now for Mr. Jean.

Mr. Brian Jean: Thank you, and thank you to the witnesses for coming today.

Something you said, Mr. Turk, struck me. You mentioned technology and GPS, and I'm not sure if you mentioned fax technology and some other things. Most of those things, of course, were invented by the military complex of the United States. I'm wondering, you're not advocating for more military investment are you, sir, so that we get more inventions? That's where most of them came from, so I'm kind of curious.

Mr. James L. Turk: I want to tell you a quick story. I will answer your question directly.

Mr. Brian Jean: Okay.

Mr. James L. Turk: Noam Chomsky, who is not known as a friend of the military, gave a talk at Carleton University two years ago, where he talked about how he'd been at MIT for the last 35 or 40 years, and during the first half or two-thirds of his time, the bulk of the funding at MIT was from the Pentagon.

More recently, it's been corporate.

Mr. Brian Jean: You did say short.

Mr. James L. Turk: Yes.

The military funding funded basic research and allowed the scientists to pursue their research. He said one of the changes is that it's become more corporate research, and there have been more attempts to direct their research. In fact, many of these things did come out of military research, but they came out of military funding for basic research. It's what the military is funding.

• (1820)

Mr. Brian Jean: Are you advocating for more military investment?

Mr. James L. Turk: If it's for basic research, that's okay.

Mr. Brian Jean: You edited a book called *The Corporate Campus: Commercialization and the Dangers to Canadian Colleges and Universities*. Do you believe in what was in that book?

Mr. James L. Turk: I edited the book. I take responsibility for what I wrote. I don't necessarily agree with everything that everyone else wrote.

Mr. Brian Jean: Okay.

Mr. James L. Turk: I thought it was worth considering.

Mr. Brian Jean: Okay. I was just curious, because it struck me as....

Mr. James L. Turk: We believe in academic freedom and the diversity of voices to generate a discussion.

Mr. Brian Jean: I noticed there were about 10 authors, and you edited it.

Mr. James L. Turk: That's right.

Mr. Brian Jean: Some of the things that struck me as interesting were some of the comments made in it about the public interest needing to be protected and more or less that universities should be making the choices, and those who are educated in the field should be making the choices.

If I could finish—

Mr. James L. Turk: Okay.

Mr. Brian Jean: From my perspective, what I've seen be successful in my area of Fort McMurray, which I think.... Listening to Mr. Audla, it seems that he's 30 years back from where Fort McMurray was, or Fort McMurray 30 years ago was where his community is. I would encourage you to look at Fort McMurray's model.

Hard work, creativity, and results should be rewarded. I think that's ultimately what I take as a difference of opinion from what I

read in some of the book's contents. I'm wondering what your comment would be on that. Fort McMurray, for instance, just over the last little while, has the highest employment rate for aboriginals in the country—15% for some plant sites, and some have 10%. They employ literally thousands of aboriginals who have grade 12 or grade 10 educations, and they do a proactive aboriginal training program with the high schools and with the colleges, and in fact it is commercially driven.

The success rate, for instance, of aboriginal populations is tremendous. The highest household income in the country is there in Fort McMurray, and those are people who do not have university educations or jobs. They're adding 7% or 8% to the GDP.

I see Mr. Myers is nodding his head in agreement.

Could you comment on that, Mr. Myers?

Mr. Jayson Myers: I think we certainly need universities, and we need the highly qualified personnel coming out of universities. But I think we also need to be able to develop the technical and skilled production workers, and we need to be able to connect people who perhaps don't have technical skills to employment opportunities. Over the next 10 years, this country is going to be faced with a tremendous people shortage, not just a skills shortage. Yet we have these mismatches of people who have gone to school in one area and there are job opportunities in other areas. I think we need better mechanisms to connect—

Mr. Brian Jean: That was going to be my next series of questions, actually. I was wondering if you have any suggestions regarding mobility. Obviously reducing the barriers to mobility, like the Red Seal program, but travel tax credits, living tax credits—tax credits to drive people from one place to another, at least on a temporary basis.

I sit with literally hundreds of people every week, going back and forth to Fort McMurray, who are from all over the country. I talked to one gentleman from southwestern Ontario. He told me he makes \$200,000 a year there and he wouldn't make \$60,000 employed full time where he is currently located. He can't say enough good things about Fort McMurray, and the mobility, but he would like to have some form of tax credit or encouragement to involve him in different places around the country.

Do you have any comments or suggestions about tax credits, travel tax credits or things like that, that you've heard could be successful?

Mr. Jayson Myers: I think whether it's a travel tax credit or a tax credit for mobility, it might be a very interesting measure. One of the problems, of course, is that people flying from the Maritimes to Fort McMurray, or anywhere, are sitting on a house that they can't necessarily sell in the Maritimes. There are all sorts of reasons that we have mobility problems.

We're working in a number of areas, extending Red Seal to basic employability skills; we're doing that with the Canadian Labour Congress. They're trying to identify standards—product standards, work standards—that act as barriers to labour mobility. I think all of these are important.

We do need a concerted national approach to all of these issues.

The Vice-Chair (Hon. Scott Brison): Thank you very much, Mr. Myers and Mr. Jean.

Ms. Glover.

Mrs. Shelly Glover: Thank you, Mr. Chair.

Once again, thanks to all the witnesses for being here.

I'm going to continue with Mr. Myers for just a moment.

Mr. Myers, I appreciate the accelerated capital cost allowance suggestion you've made; the permanency of it is what you suggested. What I'm wondering is whether you can help us understand.... In a time when we're trying to return to balanced budgets, if we're going to inject a program like this that's going to require more funding, is there somewhere that you see we could scale back in order to afford this, without having to raise taxes and those kinds of things? Is there anywhere you suggest we might scale back, because the program we have in place just isn't working?

• (1825)

Mr. Jayson Myers: I think it's very important to understand that the accelerated capital cost allowance is a cashflow issue. It's not necessarily a major investment issue. Companies that depreciate all of their equipment then begin to pay tax, so the government begins to collect that tax after three years. The longer the measure is in place, the less money it actually costs the government to extend it.

Are there other areas where we can scale back? I think we do need what the Jenkins committee was intended to do, which is a full review of our support programs, not just for business investment in R and D, but for all federal investments in R and D here. For federal money going into R and D programs across the country, I think we really need to figure out what the objectives are, what we want as a result of those. Are we doing this in the best coordinated way? We should make investments in machinery, equipment, and technology part of that review as well.

I certainly see—

Mrs. Shelly Glover: I have a couple of other questions, so I'm sorry to interrupt. I'm interested in the voucher program that you mentioned in your recommendations. Your organization is fantastic at producing different charts and so on. Have you actually put down in writing the voucher program? It might save us some time. I'd really like to explore it. I'm not going to have time in two minutes—

Mr. Jayson Myers: Sure.

Mrs. Shelly Glover: —but I'd love to see how you envision it working, because it makes sense, just the suggestion, but I don't know how you would put it in place and how much it might cost.

Mr. Jayson Myers: I don't really think it would cost anything more than what is already being made available. What we're suggesting here is that instead of funding directly being provided to colleges or universities for research, at least some of that funding be

made available to businesses to then invest in the research or the support services they need for innovation. It's an issue more of redirecting funds than providing more money.

Mrs. Shelly Glover: I see.

Mr. Jayson Myers: All this is doing is providing the money to the businesses to make the decisions themselves, and to strengthen the demand for the good research that is happening in our universities and colleges, rather than trying to push the research out into the marketplace.

Mrs. Shelly Glover: Very good.

You mentioned international students. What are the barriers for us to attract those Brazilian students who now have the scholarships? How can we open up so we're receiving most of them?

Mr. Paul Davidson: Canada is doing very well on the Brazil file by having the Governor General, two cabinet ministers, a number of backbench MPs, and 30 presidents go there together. The governor of Brazil committed to send 12,000 students to Canada. We are the second largest beneficiary of the program, second only to the United States. It represents an investment by the Government of Brazil of about \$500 million to send their students to Canada. That's just one example.

You asked about barriers. One of the ongoing challenges is to ensure the successful processing of visas. It sounds mundane and mechanical, but we have seen significant increases in demand in India, China, Brazil, and other target markets. With that, resources are necessary to ensure that visas are processed in a timely way. We're in a competitive race with other countries in terms of issuing the visas and getting the students here. That's just one of the barriers.

I could go on, but I know time is—

Mrs. Shelly Glover: Is the Brazilian program the one where you mentioned about 75,000 scholarships and whatnot, and the 26,000 that came from the private sector? Do you know how much the scholarships are that they are providing? I'm curious to know how much it would cost us to do it.

Mr. Paul Davidson: I will get you a dollar figure, but it includes transportation, accommodation, and tuition for the year. It's a one-year scholarship. They need to return to Brazil. It's for both undergraduate students and for Ph.D. students.

Mrs. Shelly Glover: I would be very curious to see the stats on it.

Mr. Paul Davidson: Absolutely.

Mrs. Shelly Glover: And to see how we might be able to look at it.

Mr. Paul Davidson: Terrific. Thank you.

Mrs. Shelly Glover: That's awesome. Thanks.

The Vice-Chair (Hon. Scott Brison): Thank you, Ms. Glover.

Thank you to each of you for being with us today and for your interventions. It's a really great panel. I wish we had more time, particularly thinking about these issues around post-secondary

education, aboriginal and first nations people, and the honour of skilled trades. It takes more than an hour and half at the finance committee, but we really appreciate the quality of your interventions today, and we hope we can reflect that quality in our report.

Thank you. Members, that's it.

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