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CANADA

## **Standing Committee on Finance**

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**EVIDENCE**

**Thursday, February 18, 2016**

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**Chair**

**The Honourable Wayne Easter**



## Standing Committee on Finance

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•(1105)

[English]

**The Chair (Hon. Wayne Easter (Malpeque, Lib.)):** We'll call the meeting to order. This is the fifth meeting of the Standing Committee on Finance, and pursuant to Standing Order 108(2), we'll be continuing pre-budget consultations for budget 2016.

Before we begin with witnesses, we have a little bit of housekeeping to take care of or we won't be able to follow-through on our commitment to provide assistance to witnesses getting here from afar.

You have a budget before you. It's on that long sheet of paper. It's a budget for \$55,150. It was budgeted for basically 44 witnesses. You do know that we have 92, but it's based on those that will be asking for travel or the video conference costs. There are many national organizations on short notice that are in Ottawa and are able to come at maybe a taxi chit expense, if that.

Are there any questions on the budget? If not, I require a mover to put a motion that the proposed budget in the amount of \$55,150 for the study on the pre-budget consultations 2016 be adopted and that the chair present the said budget to the liaison committee.

**Mr. Steven MacKinnon (Gatineau, Lib.):** I so move.

**The Chair:** Any further discussion?

(Motion agreed to)

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

Turning to the witnesses, thank you all for coming. I know it was fairly short notice, especially for some who got a call late last evening.

We'll start with the Canadian Pharmacists Association.

Mr. Eisenschmid.

**Mr. Perry Eisenschmid (Chief Executive Officer, Canadian Pharmacists Association):** Mr. Chair, committee members, thank you very much for the opportunity to appear before you today to present some of our priorities for the 2016 federal budget.

We strongly believe that a healthy population is key to ensuring a vibrant and productive economy, both now and into the future. The Canadian Pharmacists Association is the national voice for pharmacy in Canada, and we're focused on advancing the health and well-being of Canadians through excellence in pharmacist care.

There are 39,000 hard-working pharmacists who work in community and hospital pharmacies across the country, and they

are often the first point of contact for patients and their families within the health care system. Over the past 10 years we've seen pharmacists' scope of practice expand significantly beyond simple drug dispensing, and Canadian pharmacists are now world leaders in advanced pharmacy practice.

Today we would like to offer three recommendations for the committee's consideration. These recommendations are not only essential to the future sustainability of our health care system, but also critical to ensuring that pharmacists across the country can provide the best possible care to their patients.

The first area is improved drug access. We recommend that the federal government work with the provinces and territories, health care professionals, and other stakeholders to ensure that Canadians have access to the medication and pharmacy services they need to be healthy. As front-line health care professionals, pharmacists see the devastating impact on their patients when they are not able to afford the drugs and services they need.

We acknowledge that there are pros and cons to every potential pharmacare model. So far, a universal single-payer model has dominated the discussion; yet according to a study we released this past January, such a model would cost taxpayers an additional \$6.6 billion per year. Furthermore, it could dramatically decrease the number of medications currently covered and increase wait times for new medications to receive coverage.

The Canadian Pharmacists Association believes that our first priority should be addressing the existing gaps in coverage between public and private systems to protect Canadians from undue financial hardship. In the next few weeks we will be releasing a major report looking at four potential pan-Canadian pharmacare models. This report will provide not only the costs and potential cost savings of each model, but also the qualitative benefits and trade-offs of each.

However, the cost of drugs is only one part of the puzzle. Prescription drugs represent only 13% of total health spending in Canada, and the growth in drug spending has slowed in recent years. A singular focus on cost containment instead of on improving care and health outcomes or on value for health dollars risks missed opportunities for cost savings in other areas of the health system—through effective prescribing and medication adherence, to name but two.

Pharmacare has to be about more than just the cost of drugs. After all, we're talking about pharmacare, not pharma cost. To ensure appropriate pharmacare, access to essential pharmacy services must also be part of the solution. Ensuring appropriate prescribing and medication adherence are key to overall patient health and to the long-term sustainability of any pan-Canadian pharmacare model.

The second issue of importance is e-prescribing. Our second recommendation is essential to ensuring that the right drug gets to the right patient at the right time. We recommend that the federal government invest in the development of a seamless pan-Canadian e-prescribing system. Much as it sounds, e-prescribing is the secure electronic sharing of prescription information between health providers. It is a means of communicating important prescription information between pharmacists, physicians, nurses, and other relevant providers.

When properly implemented, e-prescribing reduces the possibility of errors, it reduces back-and-forth communication between health care providers, and it allows for the integration of safety and alert systems when prescriptions are issued. Such a system will save lives and reduce health care costs. This is why we urge the federal government to work with key stakeholders, including the provinces and territories, to develop a common national standard for e-prescribing and then develop a plan to implement that standard.

Finally, the last area is improving immunization rates. We recommend that the government move forward with its election commitment to invest an additional \$15 million per year towards improving immunization rates in Canada. We are very concerned that, according to recently released national data, child immunization rates in Canada are falling short of herd immunity, and we are pleased to see the government's commitment to improving immunization rates for children.

We believe that pharmacists have an important role to play in providing immunizations to Canadians. To give you just one example, between 2010 and 2012, when pharmacists were given the authority to provide flu vaccinations in Alberta, vaccination rates in the province increased almost 20%.

• (1110)

The existing national vaccination strategy must be revamped to increase public awareness of the importance of vaccinations and include a comprehensive approach that would further expand pharmacists' scope of practice to administer vaccines.

Thank you again for this invitation to appear. I will be happy to take questions later from the committee.

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

We'll turn to the national centre for electrochemistry and environmental technologies.

Ms. Déziel.

[*Translation*]

**Mrs. Nancy Déziel (Executive Director, Centre national en électrochimie et en technologies environnementales):** Distinguished members of the committee, thank you very much for inviting me today.

The Collège Shawinigan's Centre national en électrochimie et en technologies environnementales, or CNETE, is a college technology transfer centre that is part of the Réseau Trans-tech and one of Natural Sciences and Engineering Research Council of Canada's (NSERC) technology access centres. Our scientific outreach is well known all over Quebec.

The Centre's mission is to contribute to the region's economic development through technology transfer in electrochemical and environmental technologies. We are recognized for our work in industrial bioprocesses, green chemistry, nanotechnologies, renewable energy, carbon management, membrane filtration—both liquid and gas—and electrochemistry.

CNETE has a team of 51 experts, researchers and technicians, all knowledgeable about the industrial reality within which businesses operate.

In the last five years, CNETE has seen its revenues increase by 460%. The centre has completed more than 450 projects with 250 companies and partners in Quebec, the United States, France, Brazil, the Netherlands and Mexico.

CNETE has successfully conducted technology transfer in 85% of its projects. We were honoured to receive Hydro-Québec's prize for research in technology on five occasions, as well as four other recognition awards from the Association pour le développement de la recherche et de l'innovation du Québec and from NSERC.

CNETE collaborates actively with a number of leaders in the field of innovation, universities, government research centres and colleges across Canada.

In terms of the Government of Canada's budget preparations, CNETE would like to draw your attention to the importance of the following three recommendations.

The first recommendation is to prioritize the entire research and innovation chain.

Basic research feeds applied research in a three- to six-year cycle, depending on the extent of its technological maturity that adapts it and transfers it to industry. Applied research, often conducted regionally, reduces the time taken for innovations to come to market and therefore to drive small and medium-sized businesses towards greater competitiveness and the maintenance of their highly skilled workforce.

Basic research is supported by NSERC to the tune of approximately \$1 billion annually. It is important that this amount be maintained. The budget for applied research in colleges is currently \$50 million for Canada as a whole. Given the tangible benefits and results with industry, it would be appropriate to increase this budget in order to be able to serve the pool of SMEs and allow them to take a sustainable position vis-à-vis the competition from around the world.

The second recommendation is to invest in the Government of Canada organizations that support applied research.

CNETE has seen its operations and its outcomes expand greatly over the last five years. The federal support organizations making major contributions are NSERC, the Canadian Foundation for Innovation, and Canada Economic Development. Maintaining their budgets and their regional offices is extremely important so that companies can develop and become competitive. CNETE would not have been able to help as many Canadian companies without those programs of support for research and for the acquisition of high-tech equipment. Canada's position in the global knowledge economy depends on it.

The third recommendation is to allow colleges to have access to the Government of Canada's research support fund.

Twenty-five years ago, applied research centres in colleges were mainly involved in small-scale technical assistance projects that required much more modest infrastructures. Since then, their research operations have evolved into cutting-edge applied research and technological development. Quebec now has 49 college technology transfer centres and there are 30 or so technology access centres in Canada. These are very high-tech centres and laboratories of excellence that are positioning Canada in a leadership role in their various fields.

The operation and maintenance of these infrastructures require corresponding funding. Universities have access to the Government of Canada's research support fund, but colleges do not if they receive project funding from NSERC. It is critical that colleges have access to the Government of Canada's research support fund if the research infrastructures in colleges are to endure. The equipment and the applied research centres in colleges support innovation in SMEs and Canada's economy benefits as a result.

CNETE is extremely grateful for the Government of Canada's support. We take seriously our role as a Canadian leader in environmental technology. Our intent is to be dynamic in continuing our industrial research projects so that we are recognized as a catalyst that allows innovations to be developed, adapted and speedily brought to market, thereby enhancing the productivity of SMEs in Canada.

• (1115)

In our CNETE i+ project, the PLUS stands for perfecting products and processes, launching new products and companies, uniting colleges and universities with industry, and simplifying procedures for SMEs. The project puts CNETE into the roles of both a host at the door and, together with our partners, a guide to better accompany the SMEs and reduce the risks that come with development and the time it takes to bring innovation to market. This completes the technology transfer chain so that the companies and the Canadian economy can benefit.

Thank you for your attention.

[English]

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

We'll turn, then, to Colleges and Institutes Canada.

Ms. Amyot, welcome.

**Ms. Denise Amyot (President and Chief Executive Officer, Colleges and Institutes Canada):** Thank you, Mr. Chair.

I am presenting this morning on behalf of Canada's extensive network of colleges, CEGEPs, polytechnics, and institutes that serves over 3,000 urban, rural, and remote communities from coast to coast to coast.

[Translation]

In the current economic climate, we recognize that the government must give priority to its investments in order to better meet the needs of Canadians.

[English]

I will therefore focus my remarks on three specific ways that colleges and institutes can contribute to Canada's economic and social success in the short term.

Our recommendations for budget 2016 are all in line with the government priorities. They are as follows. First, make targeted strategic investments in infrastructure at colleges and institutes to ensure that Canada has the training and innovation infrastructure to support economic growth and social development. Second, increase funding for college applied research, as the other witness spoke about, to strengthen the innovation capacity of small companies and communities. Third, provide funding to support more co-op and internship opportunities and expanded pre-apprenticeship training to improve the employability of young Canadians.

I also want to mention to this committee that we have submitted a written brief to the committee. You will note that the key priority for colleges and institutes is increasing access to post-secondary education and skills upgrading for indigenous peoples as essential to support reconciliation.

In regard to infrastructure funding, our members recommend that the government establish a dedicated envelope for post-secondary institutions to address deferred maintenance and infrastructure needs to meet the increased employer demand for college and institute programs and make a difference in their community.

A recent CICan study found that 60% of existing infrastructure currently exceeds its 40-year life cycle and requires replacement or significant maintenance. Aging infrastructure limits enrolment capacity at colleges and institutes, resulting in wait lists for programs in high-demand fields such as trades, health care, and engineering technologies.

• (1120)

[Translation]

Although the 2009 knowledge infrastructure program was of great assistance, the needs continue to grow. At the moment, the colleges and institutes are ready to launch 800 maintenance projects, valued at \$1.6 billion. We feel that 75% of those projects will allow the institutions to increase their energy efficiency and to reduce their environmental footprints. In addition, 200 new construction projects, valued at \$6 billion, are ready to be launched and are just waiting for funding to be available.

[English]

Second, as the government works to fully develop its innovation agenda, we want to highlight two specific investments in college and institute applied research that will immediately strengthen the innovation capacity of small businesses and communities across the country.

The tri-agency college and community innovation program and the SSHRC community and college social innovation fund pilot are two key programs that support college and institute applied research. These granting agency programs are not meeting the growing demand from industry and community partners for applied research services, nor are they leveraging the substantial untapped capacity among faculty and students.

We recommend that the government increase the annual budget of the CCI program by \$17 million per year so that colleges and institutes are not required to turn away so many requests from small and medium enterprises for innovation support.

We also recommend that the SSHRC social innovation pilot of \$5 million be made permanent with an increased budget of \$10 million per year. The early results from this program are very exciting but the pilot funding will be tapped out when the second competition is completed this spring. It has responded to a huge pent-up demand from community partners who see great opportunities for social innovation related to education, crime prevention, environment, and responding to the needs of newcomers to Canada.

Finally, in difficult economic times we must all do more to improve employment opportunities and outcomes for young Canadians.

[Translation]

So we recommend that the government design new programs to encourage employers to offer more internship opportunities and co-op programs.

[English]

As primary providers of pre-apprenticeship training programs, colleges and institutes are ready to ramp up their offerings, in particular, for high-demand Red Seal trades.

[Translation]

We hope that our recommendations will be of use in the committee's work. Colleges and institutes are ready to work with the Government of Canada in order to encourage skills development in response to the labour needs in growth sectors, to support innovation for SMEs and communities, and to stimulate youth employment.

Thank you.

[English]

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

Mr. Marshall, with the Mining Association of Canada, the floor is yours. You have five minutes, please.

**Mr. Brendan Marshall (Senior Director, Economic and Northern Affairs, Mining Association of Canada):** Mr. Chair,

[Translation]

distinguished committee members,

• (1125)

[English]

clerk, and fellow witnesses, my name is Brendan Marshall and I am the senior director of economic and northern affairs for the Mining Association of Canada. MAC is the national voice for Canada's mining and mineral processing industry, representing 38 members engaged in exploration, mining, smelting, and semi-fabrication across a host of commodities.

Our president and CEO, Pierre Gratton, was unable to be here today as he is currently in Botswana delivering a workshop on our "towards sustainable mining" initiative. He sends his regrets.

The global mining sector is struggling through a significant downturn in commodity prices, triggered by economic volatility and the consequences of an oversupplied market during the lengthy upswing of the past decade.

While adept at controlling costs and steering through uncertainty, the downward pressure on mineral prices is real and companies are feeling it. Many commodity prices have declined. From winter 2011 highs, both nickel and copper have fallen, losing nearly 70% and 50% of their value respectively. Similar trends with subtle variations are seen in silver, uranium, and potash, with the most dramatic swings in iron ore and coal.

While downward pressure is pervasive across many commodities, some sectors of the industry are seeing improvements. For example, the price of gold has jumped nearly 15% from roughly \$1,050 an ounce in early December to \$1,210 an ounce in mid-February. The important context is the impact on the low Canadian dollar trading at 73¢ U.S., providing relief where costs are in Canadian dollars and revenues are in the greenback.

Despite challenges, the Canadian industry remains an economic stalwart, contributing more than \$57 billion in GDP. That's 3.4% of the national GDP in 2014, employing 375,000 people, and paying an estimated \$71 billion in taxes and royalties to governments over the decade leading through 2012. Canada remains home to the greatest number of publicly listed mining companies in the world. Government has contributed positively, in some respects, with policy developments and investments supporting the growth of Canada's mining sector.

While the government should stay the course in these developments, proactive policy measures are needed to maintain the Canadian mining industry's global leadership into the future by enhancing the already strong synergy between mining and indigenous Canadians.

Mining companies have developed progressive relationships with many indigenous communities. Over the past decade, the Canadian mining industry has increasingly embraced the signing of impact benefit agreements. Beyond employment and training, more recent IBAs promote business opportunities through set-aside contracts and joint ventures. They also provide for environmental monitoring and include direct payment and resource sharing arrangements, among other provisions. Partially, as a result of the strength of this growing partnership, and partially due to the nearness of 1,200 aboriginal communities to 180 mining operations and 2,500 exploration properties, proportionally, the mining industry is the largest private sector employer of indigenous people in Canada.

We commend the new government's commitments to renew Canada's relationships with aboriginal peoples and support its election platform's commitment to increase funding for indigenous education and training. Moving forward with a reconciliation agenda, the government should renew and enhance funding for the skills and partnership fund and the aboriginal skills and employment training strategy after they expire in March 2016.

The government has stated it will review a resource development regulatory permitting processes to enhance public confidence. We look forward to working as a constructive partner to government in carrying out this policy directive. The 2012 changes in federal environmental and regulatory legislation did not reduce federal oversight of mining projects but created transition problems. The resulting uncertainty, delays, and costs fell disproportionately on the mining sector. In all these processes, mining projects account for 70% to 100% of total applications. To avoid such problems, it is critical that any future changes be informed by meaningful consultation and make adequate provision for transition and departmental capacity to manage transition and deliver implementation.

With regard to clean technology and innovation, in 2013 Canadian mining and metal companies invested \$677 million in research and development, surpassing that of the machinery sector, the pharmaceutical sector, and the wood products and paper sector. In 2013 the industry employed 4,560 people in research and development. This is more than the pharmaceutical and forestry sectors, which both receive extensive financial and policy support from the government.

Canadian Mining Innovation Council is a non-profit organization that was created by industry, government, and academia to fundamentally transform the minerals industry through innovation. CMIC created an innovation strategy for industry called "towards zero waste mining". The business case and resulting technology road maps identify transformational goals and projects that will lead to significant reductions in mining waste in the next five years, including greenhouse gas emissions reduction and clean technology development.

The government should allocate \$50 million to CMIC as a component of the \$200-million campaign commitment to support the development of green technology.

In regard to addressing the costs of operating in remote and northern Canada, as Chief Clarence Louie wrote in the National Aboriginal Economic Development Board's recent report:

Canada's North is facing a significant infrastructure deficit—one that is a major barrier to improving the quality of life in northern Indigenous communities and acts as the predominant barrier to economic and business development in the region....

Bold investment in large nation-building infrastructure is required alongside increased investment in community level infrastructure to support Northern communities.

The mining industry is ideally situated to generate significant and meaningful employment, business, and other social and economic opportunities for indigenous and northern Canadians. Overcoming the infrastructure deficit is key to unlocking these opportunities.

As a priority, government should establish a remote and northern fund within the context of the proposed Canada infrastructure bank, designed on the highly successful Alaska Industrial Development and Export Authority, and also consider ways that fiscal policy can level the playing field for companies that operate in remote and northern regions.

Thank you for the opportunity to be with you today. I look forward to taking any of your questions.

● (1130)

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

We'll turn to the first round of questions. Given that we have a fairly tight time frame, we'll cut the seven minutes to five for the first round. We'll get everybody in.

Go ahead, Mr. Sorbara.

**Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.):** Thank you, Mr. Chair.

Good morning, everyone. Thank you, panellists, for your insightful comments.

If I may, in my reduced time, I will focus on you, Perry. I don't want to mispronounce your last name.

We ran on a platform in which we spoke about a patient-centred approach or a patient-centric approach for the delivery of home care services and moving the health care model to such. In our platform, we committed \$3 billion over four years for improvements in home care delivery in working with the provinces. I wanted to get your feedback on how those types of investments would improve the quality of care for patients and when working with the pharmacists as well.

**Mr. Perry Eisenschmid:** Well, it's an important move. Strategically, I think health care investments have to move from the acute care model, which I think our health foundation has been built on, into community care. We think pharmacists can play a very important role in that. We have a lot of pharmacists right now who are actually visiting their patients in their homes, looking at issues of medication adherence, and doing a full med review to make sure that all the medications that are being taken are appropriate.

We think investments that are shifting out to community care are very important. Whether it's nurses, physicians, or pharmacists, the front-line health professionals all have a very critical role to play in ensuring the success.

**Mr. Francesco Sorbara:** Thank you.

I think Denise wants to comment.

Please go ahead.

**Ms. Denise Amyot:** If I may, what is important to remember is that eight people out of 10 who work in the health sector are studying or have studied in colleges and institutes. People forget that. Who is better placed than the people who work and study in colleges and institutes to again look at innovative approaches through applied research or a social innovation fund in order to help? We would be pleased to help you meet the mandate.

**Mr. Francesco Sorbara:** Thank you.

I believe there are two million Canadians receiving some sort of home care help for a variety of reasons, so it's a pressing issue. With the demographic changes that are occurring, which we're all well aware of, it's going to become more so. Our government is committed to tackling this and also to working with the provinces in making sure we have the appropriate services.

I'll ask for just a quick comment from the Canadian Mining Association. We all know where the commodity cycle is and about the transition going on in the Chinese economy. What's your outlook for commodity prices? You can draw a line at copper and the Canadian dollar, and it almost moves one to one. I'm curious to hear more of your outlook on that. With limited time, I'll leave it at that.

**Mr. Brendan Marshall:** Thank you.

Well, if I had a crystal ball, I can tell you that I wouldn't be sitting before this committee right now.

**Voices:** Oh, oh!

**Mr. Brendan Marshall:** All kidding aside here, look, it's a complex situation and there's no simple answer. Canada produces over 16 minerals and metals. We're a top ten producer in the world of over 10 minerals.

Demand cycles for those materials vary, so you can't say with one fell swoop that the industry is up or the industry is down. I can tell you that some commodities, particularly iron ore and coal, are at very low periods right now. I can tell you that some other commodities, such as gold and zinc, are on an uptick. As for whether that has staying power, we'll have to wait and see.

As a general message, to answer your question, I'd say that the industry is a cyclical industry. When it's high, nobody looks down, and when it's down, nobody thinks you're going to be on top again, but one thing that stays true is that it will come back. It always has. It always will. This is a particularly challenging downturn, but based on some of the presentations I've seen from commodity experts, people think we are at the trough of it now and looking forward. Some predictions forecast improvements in pricing points as early as 2016.

• (1135)

**The Chair:** Ms. Raitt.

**Hon. Lisa Raitt (Milton, CPC):** Thank you very much.

I have a very quick question for Mr. Eisenschmid, and then a general question for Colleges and Institutes and the electrochemistry centre.

By the way, I have a master's in chemistry so I'm really pleased to see you here today. It almost makes me remember what I left behind.

Mr. Eisenschmid, I have a very quick question. Does your association have a point of view with respect to a proposal to remove GST from consumer health products, specifically over-the-counter medications? Have you guys talked about that at all?

**Mr. Perry Eisenschmid:** We've been involved in some of those discussions. I'm not sure we're at a point where we actually have a perspective on that, but we have been engaged with our fellow association on that matter.

**Hon. Lisa Raitt:** When you get to that point, I'd appreciate it if you would send me a letter on it, just so I can gather some information on it. Obviously, I've been approached from another association.

For Colleges and Institutes and the centre for electrochemistry and environmental technology, one of the things we're doing very well in Canada is that we have attracted students to go into post-secondary or tertiary education. In fact, we're number one in the OECD. You probably know that. I'm even more proud that 66% of women between the ages of 25 and 34 actually have tertiary education. I think that's a great thing.

You're doing well in terms of attracting people to colleges and universities. That doesn't seem to be the problem. If we flip it to the other side on innovation, we're really struggling. We're 13 out of 16 peer countries on innovation. What I've read in the past about it is that it comes down to two things: we're not as strong in entrepreneurship and we're not as strong on commercialization of our research.

If you don't mind, why don't you both, in the time we have, give me your perspective on how we deal with that side of our education system? It isn't about attracting people. It's about preparing them for entrepreneurship and encouraging them for entrepreneurship, and then for the second piece, for the commercialization. We need both of those things firing for innovation to happen.

**Ms. Denise Amyot:** Applied research in colleges and institutes means automatically helping students with respect to entrepreneurship and developing entrepreneurship skills, as well as helping small and medium-sized enterprises to develop new products or new services for commercialization.

Let me give an example. I'll use an example from P.E.I., if I may, because the chair is from P.E.I. It's a very simple example. You all have been to P.E.I., I'm sure. Blueberries are very popular in P.E.I. As for what happened, there was a person who was selling blueberry juice in P.E.I. The problem was waste. On an island, waste is a big issue. That person knocked on the door of Holland College and asked for help with all that waste. Guess what? This individual now sells seven products. One is the blueberry juice, which in fact has less vitamins and minerals than his six other products.

Now this person has seven products. That's a concrete example of how the funding that the Government of Canada provides colleges and institutes helps small and medium-sized enterprises. While they learned about that, as I said, they also learned about entrepreneurship skills.

Nancy also has a great example, which I had the chance to hear about and visit. You'll see the difference that she's making in the community.

**Mrs. Nancy Déziel:** I will answer in French, because I'm more fluent in French.

[*Translation*]

We work with small and medium-sized business. We take what universities design, we reduce any risks, we scale the designs, we assist with commercialization, and we cut down the time it takes to put them on the market.

I will give a concrete example. We are working with a company called Bio-K+ International. The company wants to get into the American market, where there was interest in products for children. So we worked with them on a probiotic for children. As a result, 70% of the company's sales are now in the United States. The probiotic is produced in Quebec. We have been working with the company to perfect the product for three years.

Another example of a business we worked with is Nemaska Lithium, that wants to produce lithium of the highest purity. The company has a mine in Whabouchi and wanted to design a membrane electrolysis process. We developed that process. We suggested that the company set itself up in our city of Shawinigan, which has been hit hard by recent plant closures. They agreed to open their plant in Shawinigan and they will be creating 150 jobs in the next three years. That all started from college-based research.

We take what already exists in universities, we adapt it and we partner with companies in scaling-up and commercialization. That is why we want budgets for applied research in the colleges to be increased. We have concrete examples. We should point out that 85% of the projects we have developed in the last 10 years, almost 1,000 projects, have ended up on the market. Products were designed, processes were improved and new technologies were inserted. The money that the government invested in us has allowed us to provide a lot of tangible help. Even without the economic benefits, you should know that, for every dollar invested in us, we manage to find another five in order to complete the project.

• (1140)

[*English*]

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

Mr. Caron.

[*Translation*]

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

Mr. Eisenschmid, I really enjoyed your presentation. You know that we support a pharmacare program for the entire country, in negotiation with the provinces that will manage it. There are

problems in Quebec, British Columbia and Ontario. There are different models.

What I took from your presentation is that you do not necessarily support a pan-Canadian public program. You are more in favour of a mix of public and private, like what we have now.

It wasn't clear from your presentation that, should Ottawa and the provinces make an agreement, if you would be in favour of a pan-Canadian organization that would negotiate bulk drug purchasing for all the provinces and their hospital medication distribution system.

[*English*]

A single-payer system....

**Mr. Perry Eisenschmid:** No, we haven't said we're against a universal pharmacare program. All we're saying is, to date, that has been the one model that has dominated the discussion, and some of the economic modelling around that has turned out to be inaccurate.

Our most recent study showed that it would actually lead to a transfer of costs from the private sector to the public sector of an additional \$6.6 billion. We're not against it. It has its merits. What we're suggesting is this is Canadians' hard-earned taxpayer money and we want to make sure that governments invest it wisely. We're about to come out with some research on different models of pharmacare, because pharmacare means different things to different people. Moving forward, we want to make sure that government is making an informed decision about the right implementation path.

[*Translation*]

**Mr. Guy Caron:** Let's take the pharmacare system without the single-payer component, an organization that can buy in bulk and negotiate the purchase of necessary drugs in one go. Including or excluding this component makes quite a difference.

People often talk about New Zealand, where there are some interesting things. There, an organization can negotiate the purchase of medication. The prime example in the studies I have read is Lipitor. In Canada, one year's worth of Lipitor for an individual costs \$811. In New Zealand, the cost is \$15. The generic version of Lipitor costs \$140 in Canada, while brand name Lipitor costs \$15 in New Zealand.

Under the current system in Canada, generic drugs cost 79% more than the average for the same drugs in all OECD countries. The cost of generic drugs in Canada is four times higher than the best prices in all OECD countries. As for brand name drugs, they cost 30% more here than in countries like the United Kingdom, which has a bulk drug purchasing system.

When we talk about a pharmacare program, a public system, we are also talking about a component that would help to reduce the costs through bulk purchasing by an organization negotiating on behalf of Canada's hospital and healthcare system.

Do you agree with those numbers? Do you think a system like that could be an advantage for individuals who need prescription medication?

• (1145)

[English]

**Mr. Perry Eisenschmid:** That's a very powerful description you gave, and there are a number of different elements that I need to respond to in that.

First, without question, the greater the volume of drugs any purchaser is acquiring, the lower the price will be, generally speaking.

You mentioned the New Zealand model in some of those price comparisons. We have another research study coming out in the next few weeks. Some of the problems with the PMPRB studies that do these global comparisons is the ex-factory price. It's not the end consumer price. We've commissioned a study that's looking at the actual cost to the payer, whether it's the government or the private sector or the patient him or herself. There are great disparities when you look at it from that perspective, compared to just the ex-factory price. That's point number one.

Point number two is that there are also qualitative issues when you go to a central sole-source supply as New Zealand has done. We've done a lot of comparisons there, and there are some unintended consequences. For example, we know that to get innovative medicines approved by their purchasing plan, the time frame is about twice as long as it is in many other countries. People who are relying on critical new medications are seeing undue delays. We see significantly fewer drugs being listed by New Zealand than in other countries.

Again, there are advantages to single sourcing or at least to volume purchasing, but there are some unintended consequences that people need to consider before they commit to that kind of model. We are about to release some research to help inform that opinion.

**The Chair:** Thank you both.

Mr. Grewal.

**Mr. Raj Grewal (Brampton East, Lib.):** Thank you, Mr. Chair, and thank you to all of you for presenting to us today.

Perry, a lot of the testimony we've heard over the last couple of days has mentioned a national pharmacare program. What percentage of the population doesn't have drug coverage through their private employer?

**Mr. Perry Eisenschmid:** From all the research I've seen, about 10% of the population is not taking essential medications for cost reasons, so about 10% of the population is affected by that.

**Mr. Raj Grewal:** What's the cost to the government to cover that 10%, hypothetically, let's say?

**Mr. Perry Eisenschmid:** Again, our research that is coming out will look at a catastrophic coverage model, which will look at that gap. We don't have that research yet, but that information will be coming out in the next four weeks or so.

**Mr. Raj Grewal:** If you can send that to the entire committee, that would be greatly appreciated.

**Mr. Perry Eisenschmid:** Definitely, we'd love to do that.

**Mr. Raj Grewal:** Thank you, sir, and thank you for your submission.

Denise, I couldn't agree with you more on the importance of post-secondary education. As a recent grad myself, I know what education has done for me and I'm here because I had an opportunity to receive post-secondary education.

A lot of my younger cousins are now not going on to university but to colleges, and specifically the trades, but they're having a lot of issues getting apprenticeships. Our federal government has come out with this very ambitious infrastructure investment plan. What percentage of apprenticeships should be involved in each project that the government approves?

**Ms. Denise Amyot:** What percentage? I think no project should go ahead if it doesn't have apprenticeships. That would be my easiest answer for you.

To establish a ratio would not be fair because different parts of the country have different realities, so you would need to take this into account because it's very important.

One of the things we are suggesting is to have an incentive for employers to ensure that they both take and encourage the apprentice to finish their year three and year four. Very often they do not have their Red Seal because they have good pay after years one and two, and unfortunately they leave. That's part of our submission, to ensure that they will have an incentive to continue their studies. Then automatically if you have this extra benefit of having the infrastructure that is required to have apprentices, I think a lot of construction companies would certainly have an increased incentive to pursue.

• (1150)

**Mr. Raj Grewal:** I used to be a co-op student way back when at Bell. I know what co-op did for my resumé in getting my first full-time job as an analyst in the finance industry.

From your perspective, what can we do to encourage Fortune 500 companies to take on more co-op students, apart from the initial tax incentive we provide when hiring students?

**Ms. Denise Amyot:** We could have tax credits, maybe. That would be one way to increase it. Or for each student they take, they could have one who is sponsored, if you like, with payment for that.

Unfortunately, a number of youth do not have the chance to have internships or co-ops, because in some communities there's a lack of opportunity. That's why we're asking for some incentives for those companies, to make sure that we provide jobs like the one you had, which in fact helped you get a permanent job later on.

**Mr. Raj Grewal:** Thank you very much.

Thank you, Mr. Chair.

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

We'll go to Mr. McColeman and Ms. O'Connell for four minutes each. Then we'll have one quick question from Mr. Liepert and Mr. MacKinnon in order to get everybody on.

Mr. McColeman.

**Mr. Phil McColeman (Brantford—Brant, CPC):** Thank you, Chair.

Mr. Marshall, I have great empathy for the ups and downs of your industry. I was once in an industry that was either boom or bust, and that was the building industry. I know the bad times and I know the good times.

That said, how important is accelerated capital cost recovery to some of the companies that are doing mining?

**Mr. Brendan Marshall:** Thanks for the question.

The difference between a capital cost allowance and an accelerated capital cost allowance is that, with the latter, you can write off in three years what currently would take 14 years. If you're looking at development of a project in mining, where all of the costs are up front, keep in mind that companies have zero revenue stream relative to investment until they process and bring to market the first pound, ounce, or tonne of material that they've extracted from the ground. That means they're the most over-leveraged, from a cost investment standpoint, relative to revenue stream at the point of production.

If you look at how quickly it takes a company to recoup and become profitable after that investment, an accelerated capital cost allowance can accelerate and therefore improve project economics for projects moving forward.

**Mr. Phil McColeman:** Obviously that creates jobs, and it produces revenue for the government with the faster recovery of tax dollars once the project comes to fruition.

**Mr. Brendan Marshall:** That's right. Tax and royalty formulas operate based on profitability. When profits are high, taxes and royalties are higher. When profits are low, taxes and royalties are lower. When there are no profits, there are no royalties.

The more quickly a company can move into a more profitable point of production, the greater the return to the government on investment for credits like that.

**Mr. Phil McColeman:** Thank you.

Ms. Amyot, having been involved in university and secondary education in a deep way, as a governor of Wilfrid Laurier University and in building a new university in my community—and a background of apprenticeship, which was brought up by my colleague across the way—this is a provincial jurisdiction. I wonder, through you, whether your organization would be willing to advocate to this new government...

They're continually talking about how they're somehow building new relationships with their provincial partners in various ways. I'm just seeing an opportunity here, and I'm asking if your organization would be willing to go to, say, the Province of Ontario and ask them to reduce the ratio of apprentices to tradespeople to appropriate levels, as it has in other provinces.

In Ontario right now, under provincial regulation, many of the trades are 1:1. Why don't people get into apprenticeships? Why is it hard to get the training out on the job site? It's because the Province of Ontario requires one tradesperson for one apprentice. Many other provinces are 4:1, 5:1, 6:1.

Is that something you think would benefit people who are in the trades in terms of getting solid jobs in the future? Is that something your organization would be willing to back?

●(1155)

**Ms. Denise Amyot:** This is certainly something we would love to examine with the different associations that look after those matters.

I know that the Atlantic provinces, for example, have put in place very interesting initiatives to have better harmonization of the trades. They're starting with a certain number of specific trades, and then, by a certain date, the four Atlantic provinces will have the same prerequisites.

I hope the wave will come from the Atlantic and in fact go west so that there is better harmonization.

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

Ms. O'Connell. You have four minutes.

**Ms. Jennifer O'Connell (Pickering—Uxbridge, Lib.):** Thank you very much.

I had the same question as Ms. Raitt in regard to the GST on over-the-counter. If your association does take a position, maybe you could share it with the whole committee. I'm sure many of us have been approached on that.

With regard to your submission about immunization, I don't know if I didn't understand it correctly, and I don't know if it's in provinces other than Ontario. I know pharmacists now can provide flu shots for example. Is that the case across the country?

**Mr. Perry Eisenschmid:** Right now in Canada it's a patchwork of approvals. In the territories and Quebec, pharmacists are not allowed to provide immunizations. In certain provinces, for example in B.C., they can provide more than just flu immunizations. They can provide travel medicine vaccinations. There are different regulations, and it's a patchwork around the country.

The other thing is that reimbursement rates differ as well. I think Ontario has the lowest reimbursement rates for pharmacies providing the flu vaccine, at around \$7 to \$8 per. I think it's \$25 in Alberta at the high end.

**Ms. Jennifer O'Connell:** Okay.

Does that part of your submission create more of a national standard in terms of pharmacists and immunizations, or was there something else?

**Mr. Perry Eisenschmid:** A number of things have to be done on a national immunization strategy. It's about putting in place the proper registry, and the proper tracking and reporting on effectiveness of immunization programs, so there's a consistent schedule of immunizations across the country. There are a lot of things the federal government can do to try to harmonize and make that program more consistent around the country.

**Ms. Jennifer O'Connell:** Is part of this a type of "eHealth" system? I know that's the Ontario usage, but is it the overall electronic tracking of medical records with immunizations through pharmacists? I see a pharmacist more consistently than a doctor, especially being in Ottawa. You have to go where you can, but I know my pharmacist is always the same.

Is it that kind of access, with the pharmacist knowing your immunization records, that is the kind of standard you're looking toward?

**Mr. Perry Eisenschmid:** It's not just the practitioner knowing what your immunization program is, but also nationally tracking it so we know where there are pockets of poor immunization rates and you can target programs to boost those rates. That also allows you to track the effectiveness of these immunization programs.

It all starts with a core set of data that is currently not being captured in a reliable way.

**Ms. Jennifer O'Connell:** Thank you, that clarifies a lot.

My next question is in regard to colleges and universities. I don't know if both or either of you can answer, but in terms of having our aboriginal skills and employment training strategy, I'm wondering if you have any thoughts on how we can improve this program or enhance the ability to attract aboriginal and first nations into colleges, universities, and skilled trades.

**Ms. Denise Amyot:** I will not talk about universities. I do not represent them.

It is extremely important to increase the funding available for post-secondary students that are indigenous. As you know, that population has increased tremendously in the last 10 years, but unfortunately there has been a cap of 2% increased funding that clearly does not service the demand. What is important is to renew and expand the aboriginal skills and employment training strategy, or ASETS, because our members are training a lot of that clientele. That often is their first entry to the job market, or if they go to universities, they often come back to colleges.

Some of you may not know, but 22% of our student clientele in colleges have a background from university. Some people are saying that we are becoming the finishing school more and more, and we are very proud of that.

• (1200)

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

We'll have a quick question from Mr. Liepert.

**Mr. Ron Liepert (Calgary Signal Hill, CPC):** I have a quick comment.

Perry, I don't want you to leave the table, despite the passionate plea from our NDP colleague who sits next to us here that somehow pharmacare is the panacea for all of what ails us in the health care system. I think there is a lot of work to be done in that area yet, and there are a lot of options that I hope the pharmacists association will continue to push.

I wanted to ask Denise a quick question. One of the dilemmas I see—and your association is probably as good an example as any—is when the federal government starts to decide what kinds of projects to fund. We've heard a lot in the presentations about shovel-worthy projects, but I know that in the case of Alberta a lot of money has been spent in the last decade because the resources were there to upgrade facilities. Elsewhere in the country, there probably wouldn't be those same situations so the need is probably greater. At the same time, the dilemma the government has is whether to invest in infrastructure where people are now out of work.

How does the government balance need with what I think would be an objective of the government, putting people back to work?

**Ms. Denise Amyot:** What is very interesting is that when commodity prices are low and there are less jobs in the industry, people go back to school. They go back to acquire increased skills because they realized while they were working that they could be better and they could aspire to a better career if they were better skilled.

What we are seeing right now in Alberta is a huge increase. Guess what? There are waiting lists right now for trades. There are waiting lists in the health sector. Alberta would still be able to get their fair share, I believe, because there are so many needs in Alberta. If I just look at the needs that our Alberta colleges and institutes have identified, it's about \$200 million in deferred maintenance and \$1.6 billion in infrastructure for new projects.

I can give you an example. Red Deer is a place that most people probably know. There is a big need right now for a centre for health, wellness, and sport for \$90 million. The difference this building would make to Red Deer would be incredible for the community.

I could give you another example. I have a full list here.

**The Chair:** I have to cut you there, Denise.

You have the full list across the country, but we're going to have to cut you. We are out of time. I would certainly like to thank the witnesses for their presentations on short notice, the good information, and the forthrightness of their answers. Thank you.

We will suspend for a few minutes to bring up the next witnesses. We have a Skype presentation and a video conference.

We will suspend for four minutes if we could.

• (1200)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1210)

**The Chair:** We will come to order for our second series of witnesses on pre-budget consultations. We have two individuals by either Skype or video conference.

We'll come to order, because we are going to run very tight on time.

We'll start with Ms. Forget, who's a professor at the University of Manitoba. Guaranteed annual income is the topic.

Go ahead, Ms. Forget. The floor is yours. We'll have to cut it at five minutes.

**Dr. Evelyn Forget (Professor, University of Manitoba, As an Individual):** Thank you very much.

I'd like to thank you for giving me this opportunity to come and talk to you all today.

I'm an economist. I'm a health economist at the University of Manitoba. I'm here with a very simple request today. I'm going to ask you to set aside a very small amount of money in this budget exercise going forward so that you can work with the provinces to facilitate a series of guaranteed annual income experiments, or pilots, across the country.

As you may know, there's a surge of interest in guaranteed annual income from around the world. Finland and several cities in the Netherlands have just initiated pilots. Switzerland is about to vote on a citizens' referendum later this year. In low- and moderate-income countries, experiments are flourishing. In Canada a number of organizations, including the public health agencies of Canada and Ontario, the national association of food banks, the Canadian Medical Association, the Canadian Association of Social Workers, along with many others, have endorsed the idea of a guaranteed annual income. Mayors and councils of several large cities, including Calgary and Edmonton, have endorsed the idea, as have some provincial governments.

In Canada when we talk about a guaranteed annual income, we usually present it as a refundable tax credit based on income, similar to that of the national child benefit or the OAS and GIS. In a sense, what we're asking for is to see what happens if you extend the ideas behind the national child benefit to working-age benefits, or adult benefits. Both of these, by the way, are forms of GAI—the OAS, GIS, and the national child benefit. As family income increases, the guaranteed annual income would decline, but less than proportionately. This of course creates a work incentive, but it also establishes a minimum level of income for all Canadians. The proposed guaranteed annual income would stand in place of the current arrangements for adult or working-age benefits in this country. As such, it would form a coherent part of a progressive state.

Interestingly enough, some of the best evidence for how a guaranteed annual income would function in a high-income country comes from this country, from Canada. In the mid-1970s the federal government, in partnership with the Province of Manitoba, established a project called “Mincome”, which ran for four years in the city of Winnipeg and the town of Dauphin, Manitoba, which had a population of about 10,000. The project ended without a final evaluation after the provincial government changed, but I and others have been able to go back to find out what happened to the participants in the experiment and what the consequences were.

It turned out that many people at the time were worried about a reduction in employment—if you give people a guaranteed income, why wouldn't everybody stop working? There was a small reduction in terms of numbers of hours worked, primarily because women used the guaranteed annual income to buy themselves longer maternity leaves at a time when the state guaranteed four or six weeks, and partly because boys, young adolescents, took their first full-time job at 18 instead of 16. One of the major findings of my project was that Mincome was associated with an increase in the high school completion rate, particularly for young boys.

I looked at the health data and found that hospitalizations fell by 8.5% relative to a matched control group, largely because of improved mental health, as did visits to family doctors.

The likely benefits of a guaranteed annual income are many. We can look at improved physical and mental health, and improved quality of life for low-income people, including the working poor. Current adult benefits do a very poor job of dealing with the working poor. We can look at a system of social benefits better attuned to the economic changes we've seen over the past 30 or 40 years associated with the rise of precarious employment and the rise of inequality. We also can look at increased education and job training, which leads to

greater productivity and less use of other social services; and reduced use of allied public services that are worsened by poverty, such as health care, special education, criminal justice.

I actually work at a downtown hospital at the University of Manitoba. As you walk through the hallways, it's very easy to see that what we treat in that hospital is very largely the consequences of poverty as opposed to bad luck. We'd also see a more efficient delivery of social services, less intrusive social services, and a reduction in the stigma associated with income support, all of which are associated with better family functioning and better child development outcomes.

Mincome took place 35 years ago and the wise government might want to update its findings. This is a pretty big change in the way we deliver social benefits in this country. Any government committed to developing an evidence-informed public policy could do much worse than to support the many calls and initiatives that have come from provincial and local governments across the country, from professional organizations across the country, and from the public at large.

●(1215)

Thank you.

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

Do you by chance have copies of that evaluation which you could provide to the clerk?

**Dr. Evelyn Forget:** I can provide it for you.

**The Chair:** If you could provide it to the clerk, she will give it to committee members.

We are going to the Business Council of Canada.

Mr. Kingston, please.

**Mr. Brian Kingston (Vice-President, International and Fiscal Issues, Business Council of Canada):** Thank you, Mr. Chairman.

Committee members, thank you for the invitation to take part in your pre-budget consultations.

The Business Council of Canada represents the chief executives and entrepreneurs of 150 leading Canadian companies in all sectors of the economy. Our member companies employ 1.4 million citizens, account for more than half the value of the TSX, contribute the largest share of federal corporate taxes, and are responsible for most of Canada's exports, corporate philanthropy, and private sector investments in R and D.

The Canadian economy is undergoing a complex transition. Low commodity prices are complicating the economic outlook, while a weakened Canadian dollar is rebuilding capacity in the non-resource sector. At the same time, the global economic environment is weighing on Canada's prospects. The IMF has downgraded its 2016 forecast, and just as I came here this morning, the OECD also downgraded their global outlook.

This uncertain economic environment is putting pressure on government revenues, even as demands to increase spending become more persistent. The government's recent economic and fiscal outlook has confirmed that the fiscal situation has deteriorated since the last federal budget. But while growth is weak, it is important to note that Canada as a whole is not in recession. The real economy is actually growing, albeit modestly. There is evidence that Canada's economy is pivoting and becoming more diversified, and there are positive signs that our export economy is benefiting from the recent fall in the value of the Canadian dollar as well as from rising U.S. demand.

Any proposed fiscal intervention must be appropriate to these circumstances and targeted towards the areas of our economy where help is needed most. At the same time, we believe it is important that the government follow through with its commitment to balance the budget by the fourth year of its mandate while pursuing the goal of a 25% debt-to-GDP ratio by 2021.

Fiscal discipline matters. When governments commit themselves to an explicit debt-to-GDP ratio, it provides a frame of reference against which to judge the numerous demands for increased spending. A low debt-to-GDP ratio also serves as an insurance policy against future downturns. Given the fragile state of the global economy, the government should strive to ensure that it has the fiscal capacity to respond to another sharp downturn.

Equally important, we encourage all members of Parliament to recognize that our country's future prosperity depends ultimately on our ability to compete for jobs, investment, and talent in a rapidly changing global economy.

In the time remaining, I will highlight a few measures the government can take now to strengthen our competitiveness.

First, invest in infrastructure. Canadian exporters must be able to deliver their products efficiently to global markets. Modern, efficient, and world-class infrastructure enables this. Productivity-enhancing infrastructure projects that have a direct and measurable impact on the Canadian economy will provide the greatest return in future economic activity and jobs. While we recognize and respect the need for robust regulatory and approval processes when reviewing proposed projects, we urge the government to ensure that such reviews are adequately funded and capable of being completed in a timely fashion.

Second, reform Canada's tax system. When Canadians and their political leaders debate potential changes to the tax code, the discussions generally focus on the rates paid by different individuals and businesses and the various tax exemptions and credits that are eligible. We believe the time has come for a comprehensive review of Canada's tax system, one that answers the very simple question: if

we were designing a tax system today from scratch with the goal of maximizing long-term growth, what would it look like?

Our current tax system is essentially a product of the last century. Today we are one of the most open economies in the world, highly dependent on trade, open to foreign investment, and welcoming of immigration. We need a tax system for the 21st century, and one that ensures Canada's continued success in the global economy.

Third, boost innovation. We welcome the government's commitment to invest in incubators, accelerators, and research facilities. But to make the most of these investments, the government should set clear funding objectives, with a premium placed on strengthening competitive advantages and regional strengths and encouraging collaboration and new models of engagement. As part of the government's innovation strategy, we recommend revisiting the review of federal support to research and development that was chaired by Tom Jenkins. There are a number of very good recommendations in it that are worth considering, including making business innovation a key element of federal procurement.

I'll just note that when crafting new innovation strategies it is important that they be designed in such a way as ensures that they do not have unintended consequences.

Last, develop a coordinated approach to addressing climate change. Canada's business leaders are ready and willing to work with the federal and provincial governments to ensure that our country makes a responsible contribution to global efforts to reduce greenhouse gases. An effective and credible national plan must involve enhanced efforts from all segments of Canadian society, and it must be drafted in partnership with the provinces and territories.

With that, I conclude my remarks. I'd be happy to answer any questions.

Thank you.

• (1220)

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

We turn, then, to Halifax, Nova Scotia, to Ms. Baldwin, who is with the Public Service Alliance of Canada.

Welcome, Ms. Baldwin.

**Ms. Jeannie Baldwin (Regional Executive Vice-President, Executive Office, Public Service Alliance of Canada):** Thank you for the opportunity to appear before the committee.

The Public Service Alliance of Canada represents 180,000 members. Most of them are employed with the federal public service and its agencies.

The previous Conservative government cut billions of dollars a year from public services. Our members know how these cuts have affected services. In a moment I will talk about how some of these have affected the Atlantic region and the country.

During the last election, the Liberal Party campaigned on an anti-austerity theme that Canadians clearly supported. We encourage the government to follow this approach. This is not the time to further weaken the economy by subjecting the federal public sector to further austerity measures.

As a large employer and a key provider of social infrastructure, the government should lead by example by investing in public services and the workers who provide them. The Liberal election platform promised to improve the quality of public services, including reducing wait times and increasing access to in-person service. The only way this can be achieved is by reinvesting in the federal public service to ensure that staffing levels meet Canadian needs.

Don't be distracted by claims of greater efficiencies and better service simply through improving technology. Inspecting food or aircraft, processing EI and pension claims, helping small businesses understand their tax obligations, protecting our fish stocks, or maintaining our national parks, to name just a few services, these require people.

We are pleased that the government is following through on the commitment to reopen the Veterans Affairs offices that have been closed, several of them in Atlantic Canada. But this is just a start to repairing the damage.

Parks Canada's Cape Breton Highlands Links was privatized. This is a historic site. Residents of the community were expropriated from their lands in order for this park to be created. In return, they were promised good-paying jobs. Parks Canada issued an RFP and placed Highlands Links, a world-famous golf course, into private hands. Privatization of the park will end up costing taxpayers millions of dollars more than if the facilities had remained in public hands.

Three years ago, the Conservative government closed a number of search and rescue stations, in spite of the warnings from communities on both coasts. Again, we acknowledge the government's commitment to reopen the Kitsilano coast guard station on the west coast and St. John's marine rescue sub-centre in Newfoundland. The big question is whether there will be the necessary staff to ensure proper coverage. We believe our union should be among the stakeholders who provide the advice on how these facilities can best respond to the communities' needs, as our members are among the experts who deliver these services.

As a last example, I have to mention the workers who provide benefits, such as employment insurance, Canada pension plan, and old age security. These workers provide a lifeline to the most vulnerable Canadians. Wait times for Canadians to access their hard-earned benefits are simply too long. The government must reinvest in service delivery and ensure that there are enough people employed to deliver these important benefits in a timely manner.

Our federal services cannot be allowed to deteriorate any further. We believe this government can and must consider progressive taxation measures to increase revenue that will allow it to invest in

public services and programs that stimulate economic growth—programs such as a national child care system and the expansion of the Canada pension plan.

Corporation tax levels must be examined. Cuts to corporate taxes have not resulted in private sector reinvestment but have helped to starve the public treasury. It's public knowledge that there is considerable lost revenue in offshore tax havens alone, yet the Canada Revenue Agency has cut auditor positions, the very people needed to help ensure that everyone pays their fair share.

Our members expect to see tangible evidence in this upcoming budget of this government's commitment to restore federal public services.

Thank you.

● (1225)

**The Chair:** Thanks very much, Ms. Baldwin, for sticking right on time.

We'll turn then to the Sheldon Kennedy Child Advocacy Centre and Ms. Johnston.

● (1230)

**Ms. Bonnie Johnston (Chief Executive Officer, Sheldon Kennedy Child Advocacy Centre):** Thank you for this opportunity to present to the Standing Committee on Finance. We're very honoured to be part of the discussion today.

My name is Bonnie Johnston. I am the CEO of the Sheldon Kennedy Child Advocacy Centre in Calgary.

In my short time today I would like to focus on three areas: the social and economic impact of child abuse across this country; the emerging successes of the Sheldon Kennedy Child Advocacy Centre's integrated model of practice; and the opportunity provided by the centre and our partners to engage, with federal assistance, in a groundbreaking research study that has the potential to transform our understanding of the impact of child sexual abuse and identify and develop high-impact interventions and treatments with local, national, and global implications.

The impact of child abuse is profound. Children who have been abused are 30% less likely to graduate from high school, four times more likely to be arrested as a juvenile, 26 times more likely to experience homelessness, and four times as likely to report self-harm or suicidal ideation.

Child abuse costs Alberta \$2.4 billion every year and an estimated \$21.5 billion annually within Canada. We now know through research that child abuse is a form of trauma and that prolonged trauma or toxic stress can impact the developing brain. If we do not deal with the impact of early childhood trauma, our country will continue to deal with the resulting outcomes of increased poverty, homelessness, mental health, and hopelessness, or as Sheldon Kennedy would say, “the outer layer of the onion”, which is not sustainable over time.

The need to do better for our children and think differently led to the development of the Sheldon Kennedy Child Advocacy Centre. The centre is a not-for-profit organization, working in partnership with six government organizations. Our practice is integrated, wrapping around the child and family. We serve all sexual abuse cases in the region and the most severe and complex cases of physical abuse and neglect. We assess 124 new cases per month, and over 34 months have assessed over 4,000 infants, children, and youth who have been impacted by severe child abuse.

As a result of our model of integrated practice, the following outcomes are being achieved: an estimated annual value of over half a million dollars in productivity improvements was achieved in just one of our working teams at the centre; prevention and intervention for vulnerable pregnant women has decreased child protection involvement from 31% to 17%; physical and sexual abuse exam time has been reduced by up to 50%; and therapy wait times were reduced from eight months to one and a half months, and a child only tells their story once.

Our leading practice and strong partnerships have positioned the centre to support research that will help us better understand and continually improve services for child abuse survivors, their families, and communities. Research allows us to connect the dots and understand the true impact of child abuse in our society. We have proposed research partners: the Cumming School of Medicine of the University of Calgary, the Hotchkiss Brain Institute, and the Willamette University College of Law to establish a multidisciplinary, longitudinal study of sex abuse survivors. Participants will be evaluated clinically and from a neurobiological perspective over a 15-year period. This study would be the most comprehensive study of sex abuse survivors conducted with global relevance.

Financial support to conduct the study is needed. We respectfully ask the federal government to consider supporting this research. It is estimated that over 15 years the projected cost would be \$23 million, or \$1.5 million per year. By taking action now and supporting this research, the federal government can position Canada as a global leader, and most importantly, accelerate our efforts to end child abuse and support the full recovery and reintegration of survivors into their communities as productive and engaged citizens.

Thank you.

**The Chair:** Thank you very much, Ms. Johnston. I think I neglected to indicate that you had been streamed in from Calgary, Alberta. Is that correct?

**Ms. Bonnie Johnston:** That's right, thank you.

**The Chair:** Turning to questions, we'll have to do as we did last time. The first round will have to be five minutes, starting with Mr. Ouellette.

**Mr. Robert-Falcon Ouellette (Winnipeg Centre, Lib.):** Thank you very much, Mr. Chair.

I appreciate all the guests coming today. I thank you very much for all the information you brought.

I'd like to go back to the guaranteed income. This is an idea that's been around for a century at least. It's been promoted by conservatives, socialists, neo-liberals, liberals, and even with Social Credit members. Even a former premier of Alberta, William Aberhart, talked about this. I've heard that Hugh Segal was in favour of this at one point. A poll in 2013, in November, found that 46% of Canadians were in favour of this and that 42% were opposed. It's an idea. Perhaps its time has come to be studied a bit more.

In the 2015 election I was in the working-class neighbourhood of Weston in Winnipeg centre, which is technically a Conservative area. I came across a retired lady. She told me she usually votes Conservative, but she also told me about Mincome and the impact it has had on her life. She was a young mother with no education, from Dauphin, where one of the project sites was. She used that income to get an education. She didn't become super rich. She's still working class, but she has three sons who all have families. One is an engineer with a master's degree, one works for the city and has a master's degree in urban planning, and the third one has his own business and is very successful. They all support their families, they are all great citizens, and they provide income to the state through their taxes.

I was wondering what would have happened if this experiment had continued on for a longer period of time.

**Dr. Evelyn Forget:** That's an interesting question, certainly among the researchers. When this project was introduced in 1974 there was a belief that Mincome was a pilot project that would be rolled out across the country by the end of the decade. It was seen as very much like Medicare, and a lot of the conversation I'm hearing now about guaranteed annual income is much like the old conversation about Medicare. It's something whose time has come. We need to think about it a bit.

In terms of how this affected people's lives, I have all kinds of anecdotes. When we interviewed people and we went to talk to participants in the study.... I have two favourite stories. One involves a small business. It was a family farm and they relied on a truck to take their material to the farmers' market to sell their vegetables. When Mincome came along it supported small business people as well. It was available to everybody in the community. It depended solely on the amount of income coming into the community. When the truck broke down, they were out of business. Mincome didn't have the kind of asset tests that provincial welfare had at the time, so they were able to use that money to invest in an asset that allowed them to get back on their feet.

My other story involves a librarian, and very much like your example she was a single mother with two daughters. She was on mother's allowance, on provincial social assistance, when Mincome came along. She had always been treated respectfully by the welfare system, but she was frustrated because she wanted to undertake job training and her case worker kept saying, "You go home and take care of your kids and we'll take care of you." When Mincome came along she transferred to the program, engaged in some job training, and got a part-time job that turned into a full-time job. When I talked to her she had just retired after a 25-year career as a librarian and was incredibly proud of having modelled a different kind of life for her daughters. She had graduation pictures on the walls and the daughters had both become quite independent on their own.

• (1235)

**The Chair:** Thank you.

Robert, we have about a minute for a question and an answer. Go ahead.

**Mr. Robert-Falcon Ouellette:** One of the things people often think is that people are going to stop working, but the way the Mincome was set up, every time you earned a dollar you would see a reduction in 50% of the income received from the state. Is that correct?

**Dr. Evelyn Forget:** That's right.

**Mr. Robert-Falcon Ouellette:** Okay. I guess at the end of the day if you're on social assistance you wouldn't see a benefit, but it might give you more incentive to go out and start working.

**Dr. Evelyn Forget:** That was the intention, and among primary earners there was little reduction in terms the number of hours worked. The reductions were among teenagers and women who reduced the number of hours they worked in a specific way associated with childbirth.

**Mr. Robert-Falcon Ouellette:** Thank you.

**The Chair:** Thank You.

Ms. Raitt.

**Hon. Lisa Raitt:** Thank you very much.

While you have the microphone, Professor, on the guaranteed annual.... My colleague is right; Senator Hugh Segal is a big proponent of guaranteed annual income.

But from the other side of the ledger could you say that in the study, in the pilot projects there would be room for us to analyze the

effect on simplification of processes within the bureaucratic system? Is that something that could also be looked at?

**Dr. Evelyn Forget:** It would certainly be possible with a new pilot. It wouldn't be possible given the information that was collected

**Hon. Lisa Raitt:** Agreed. But the new pilot going forward, if you were to be successful—

**Dr. Evelyn Forget:** The new pilot, absolutely.

**Hon. Lisa Raitt:** —we'd be able to take a look at efficiencies in the market as well.

**Dr. Evelyn Forget:** Absolutely. That's a big potential benefit.

**Hon. Lisa Raitt:** Great.

I've always supported studying the issue so I hope that they're listening on the other side, and I hope you get somewhere with it.

**Dr. Evelyn Forget:** Thank you.

**Hon. Lisa Raitt:** For Mr. Kingston from the Business Council of Canada, *The Globe and Mail* is reporting today that the government is considering raising the excise tax on gasoline and diesel. You talked a little bit about taxes. What's your point of view on moving in that direction?

**Mr. Brian Kingston:** Thank you for the question.

Specifically on raising the excise tax on gasoline, we don't have a view on that yet. What I will say, related to my comments around tax reform, is that we've surveyed our members. We survey them every year to see the number of taxes that they pay, and on average, a large Canadian company is taxed at 56 different points. This is looking at municipal, provincial, and federal levels. They're spending about \$4 million and employing 20 full-time employees just to comply with these taxes.

The point I would make is that we need to look at all of the various taxes that companies are exposed to and find a way to streamline them because this is extremely costly and it's inefficient for the economy.

**Hon. Lisa Raitt:** Very good. Thank you.

Ms. Baldwin out in Halifax, I know that you mentioned the privatization, but I just want to be clear. What we're talking about is a 42-year lease to manage a golf course in the Cape Breton Highlands National Park. You're not suggesting that the previous government actually privatized Cape Breton Highlands National Park, because we both know that's not true.

• (1240)

**Ms. Jeannie Baldwin:** You can call it contracting out or a 42-year lease, but it was privatized. It was a private company that got that, and the workers were not protected. So yes, your government did privatize the Highland Links.

**Hon. Lisa Raitt:** And that's a golf course.

**Ms. Jeannie Baldwin:** That land was taken away, expropriated from the community, and the community was guaranteed good-paying jobs, which has not happened.

**Hon. Lisa Raitt:** I just want to be very clear so that the viewing public understands what you're saying.

You are saying that the golf course and spa are going to be operated by a private company from Ontario. That is the fact. We have not seen a privatization of a national park, which is what you're alluding to in your presentation. Can we be very clear on that?

**The Chair:** Ms. Baldwin.

**Ms. Jeannie Baldwin:** It was the golf course that was privatized.

**Hon. Lisa Raitt:** That's right, and I hope the record reflects that because that's a very different prospect from a national park. As you probably are aware, I am from Cape Breton and I know the area quite well.

I also had a question with respect to deficits. Given that you do take the point of view that taxes on taxpayers should be raised in order to pay for services, do you have a point of view on how big the deficit is and how big a deficit the minister should run in this budget? Is there any level that you think is too much in terms of an overall deficit?

**Ms. Jeannie Baldwin:** I believe that Canadian voters made a clear commitment because they elected the Liberal government knowing that they will come out with a deficit, but the message was that they want to make sure that Canadians are provided with the programs and services they deserve.

**Hon. Lisa Raitt:** Right, but the Liberals promised a \$10-billion deficit. That's what Canadians voted for. Wouldn't you agree?

**Ms. Jeannie Baldwin:** I'm not quite sure.

**Hon. Lisa Raitt:** Okay. Thank you.

**The Chair:** Okay.

Mr. Caron.

[*Translation*]

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

I will start with Ms. Forget.

I'm an economist by training, and I am progressive. For me, the idea of a guaranteed minimum income has always been very attractive. I followed the experiment in Dauphin to some degree. I am in no way against conducting a study, but I have the impression that a study in a municipality, like in the case of Dauphin, would not include all the components that would be needed if it was done at the federal level.

First, the definition of a guaranteed minimum income varies from person to person. Some say that, at the end of the day, it should be a tax credit offered to everyone or a minimum income, a negative income. Some feel that everyone should receive a cheque and that, then, as the person works, a portion of the cheque would be repaid through the tax system.

However, a pan-Canadian system presents a difficulty. A lot of people are not considering that, to have a meaningful guaranteed minimum income, almost all other aspects of social security would have to be eliminated. That means employment insurance, the basic exemption, social assistance. A number of models handle it that way.

First, I would like to know how much the guaranteed minimum income would be in a project like the one you are suggesting. Do you think that each home or each individual should receive \$10,000,

\$5,000, \$7,000? If it is a large-scale initiative, how might it be funded?

[*English*]

**Dr. Evelyn Forget:** You've asked some hard questions.

Yes, absolutely, a number of people...there are a lot of different models of a GAI out there. Most people who are seriously talking about this in Canada right now are talking about a negative income tax model or a refundable tax credit.

In terms of what other aspects, I mean, that's where the debate lies: which other programs get eliminated in order to introduce a guaranteed annual income? I've done some classing exercises, looking specifically at replacing adult benefits. We're talking about provincial welfare systems and INAC support on reserve, and looking specifically at that, keeping in place everything else except for a few minor little tax credits. We're keeping in place CPP, EI, and so on.

As to what level, obviously the more generous it is, hopefully the better the outcomes, but also the more expensive it gets. One reasonable thing to do is to say, well, suppose we decide that no adult should live on less than they would get if they qualified for OAS or GIS. We're talking about \$18,000 per individual, more or less, and \$25,000 for a family of two. If you cost that out with that kind of model, you come up with a total pan-Canadian cost of about \$30 billion net, having eliminated the provincial social assistance.

It's a net cost of about \$30 billion, which is about 10% of total federal government expenditure and a good deal less than we're currently spending on benefits for the elderly.

• (1245)

[*Translation*]

**Mr. Guy Caron:** I'll be quick because I would also like to ask Ms. Baldwin a question.

Ultimately, what you're saying is that the programs or social benefits that would be used to fund this program are all provincial, not federal. Should we leave this initiative to the provinces?

The initial project was carried out by the NDP in Manitoba under Ed Schreyer. Since no federal programs are included, the federal government should fund this program, but by including only the social benefits that fall under its purview.

Is that what you are saying?

[*English*]

**Dr. Evelyn Forget:** The difficulty with doing it on a provincial basis is that there is a big difference between provinces in this country. If you're talking about Ontario and Quebec, you can possibly talk about this provincially. If you're talking about P.E.I. and Manitoba, the story changes a little bit.

You're quite right that—

[*Translation*]

**Mr. Guy Caron:** I'm sorry but my time is short, and I also want to ask Ms. Baldwin a question. I'm sure we'll have an opportunity to continue this discussion. Thank you.

Ms. Baldwin, I would like to talk about the Coast Guard. As we know, there have been a lot of cuts. Several radio stations and search and rescue centres have been closed. At the time, Liberal MPs and Liberal candidates who are now MPs agreed and stated that the ideal response time for search and rescue centres should be no more than 30 minutes.

Do you agree?

I would also like to know what you think the current response time is, now that these facilities are closed.

[English]

**The Chair:** A quick response, Ms. Baldwin....

**Ms. Jeannie Baldwin:** I don't have that information, but I will get that information for you.

[Translation]

**Mr. Guy Caron:** I would appreciate that.

[English]

**The Chair:** You can send it to the clerk.

Mr. MacKinnon, you have five minutes.

[Translation]

**Mr. Steven MacKinnon:** Thank you, Mr. Chair.

First, I think that we have discussed the minimum guaranteed income in some detail. I would like to thank Professor Forget for being here today. We now have a better understanding of the matter.

I have a question for Ms. Baldwin, as well.

As you know and as my colleagues know, I represent many federal public servants here, in the National Capital Region. People have often spoken to me about sick leave. As we know, the previous government used an omnibus bill to pass a short-term disability or benefit system. We are now proposing Bill C-4, which aims to repeal these legislative changes.

Since we are putting things on the record, as my colleague Ms. Raitt said, I would like Ms. Baldwin to describe for us the Public Service Alliance of Canada's position on this issue.

[English]

**Ms. Jeannie Baldwin:** As you know, the sick leave benefits are there for a reason. It's like an insurance program. It's like car insurance. You use the sick benefits when you get sick. There are no federal government workers that raise their hands and want to be sick. These sick benefits are there to protect their families and it's also to protect them, to care for their family when they go off sick. This sick leave is not paid out when an employee retires. It stays on the books.

I hope that answers your question.

• (1250)

[Translation]

**Mr. Steven MacKinnon:** Thank you, Ms. Baldwin. That does indeed answer my question.

[English]

I'd like to turn to Mr. Kingston. You talked about infrastructure and infrastructure has certainly been a running theme in the discussions of this committee.

Am I fairly characterizing your organization's position to say that you are in favour of what we would call "stimulus spending" on infrastructure?

**Mr. Brian Kingston:** We're absolutely in favour of infrastructure spending. We would caution, though, that it is in accordance with the economic situation. If we are into a recession period, then stimulus is required, of course, but it should be at the level that's appropriate as dictated by the economy.

**Mr. Steven MacKinnon:** One of the things we've been discussing is alternative financing or infrastructure banks, increased involvement by pension funds, other pools of capital in the development of infrastructure.

Could we have your perspective on that?

**Mr. Brian Kingston:** Yes, definitely, that is something that we support. Actually, there's a great report by Jack Mintz and Philip Bazel on establishing agencies that will look at infrastructure needs and find a way to prioritize infrastructure spending, and also looking at things, as you mentioned, like public-private partnerships and different financing models.

There's a huge need for that to ensure that we actually put money into the projects that are most productivity enhancing and will enable trade, frankly.

**Mr. Steven MacKinnon:** I'm sure I would be remiss if I didn't characterize Ms. Baldwin's view that the public-private partnership need not mean that we don't have public sector workers working on the particular project. You're obviously open to that.

**Mr. Brian Kingston:** Yes.

**Mr. Steven MacKinnon:** In terms of shovel-ready versus shovel-worthy—again, the running theme of this committee—in terms of your membership, what kinds of infrastructure do you favour? Is it transit, is it an innovation category, a social infrastructure category, or what?

**Mr. Brian Kingston:** We would favour a couple of things. First, trade enabling infrastructure is key, so ports, rail, roads, transportation. For example, Port Metro Vancouver is looking to expand its Roberts Bank terminal. That's a good example. That will help shipping flows to the Pacific, so it's very important. Energy infrastructure is also extremely important. Those would be two areas that we would prioritize right now.

**The Chair:** We'll have Mr. McColeman. Then we'll come back to Mr. Sorbara and close off.

**Mr. Phil McColeman:** Thank you, Chair.

Mr. Kingston, my colleague just spoke about infrastructure spending, but infrastructure spending, if it's to be effective.... Do you see it being effective in the short term from where we sit today? Do you think it's possible to get projects out the door fast to be able to make an impact? I know it's just to mitigate a slow-moving growing economy, but at a lower level.

What are your views on that?

**Mr. Brian Kingston:** We do not think that infrastructure spending right now.... The lag time is too long to counteract the current downturn. Most studies show that you need about 12 months for infrastructure spending to actually have an impact on the real economy. Obviously, this is debatable, but the multiplier effect can take some time.

Spending right now won't help the economy at this moment. There are long-term infrastructure needs, hence the reason we support investment there, but I wouldn't necessarily categorize infrastructure spending now as a stimulus to help our current economic issues.

**Mr. Phil McColeman:** In other words, I guess I relate it to some of the needier parts of the country, such as Alberta, Newfoundland, and New Brunswick, and to those types of communities where they need immediate help but infrastructure isn't going to do the job. Is that a fair analogy?

**Mr. Brian Kingston:** It's a fair analogy unless there are projects that are truly shovel-ready. We use that term a lot, but I think there are very few that are truly in that position.

**Mr. Phil McColeman:** You represent the business community. I know that one of the things that has been discussed at this committee, amongst other data that we're aware of, is that a lot of corporate wealth is sitting on the balance sheets of corporations.

In corporate decision-making, uncertainties are often some of the reasons why people sit and put that wealth on the balance sheet. They're not certain. They're not certain about the future of, let's say, taxation. Carbon taxes would be one thing, just to cite an example, as would environmental impact assessments if a corporation is going ahead with a project that would require something like that.

How do you see this affecting investment decisions, this kind of thinking within the corporate world?

**Mr. Brian Kingston:** You're exactly right. Certainty is what absolutely drives major business investment decisions. Look at the current downturn in business investment in Canada. A lot of that is stemming from the oil and gas sector, and it's obvious why that's the case. When the price of oil has declined and there seems to be no level at which it's going to stabilize, that will hold back major large-scale investment.

A clear economic environment and certainty around regulations and taxation, that's what helps businesses make those long-term investment decisions.

• (1255)

**Mr. Phil McColeman:** I'd like to move to Ms. Baldwin.

I want to go to that sick-leave days conversation you had with my colleague. In my past, I had the learning curve experience of being on a governance body of municipal employees. One of the challenges we had was the accumulation of these sick days, with people literally taking a significant amount of time before they retired to use up those sick days before they went into retirement. It was a systemic issue within the organization.

I have just a quick question. What are the statistics as far as the public service goes in terms of days absent from work versus the

larger private sector? Are the statistics the same? Do we see the same usage within the public service as we do for those who have these same programs in the private sector?

**Ms. Jeannie Baldwin:** Yes. Thank you for the question. It's the same.

**Mr. Phil McColeman:** Thank you.

That's it.

**The Chair:** Okay. We'll save a little time.

Mr. Sorbara.

**Mr. Francesco Sorbara:** Thank you, Mr. Chair.

Mr. Kingston, our platform advocated an infrastructure investment going from \$65 billion to \$125 billion over 10 years. What we've advocated for is long-term sustainable funding in social and green infrastructure. I do agree with you that we need to have infrastructure that allows goods and services to move to markets and to ports. Look at the gridlock that happens in the GTA every day and what the estimated cost is there.

I do think there's an argument for infrastructure to flow now. We just saw the OECD downgrade the economic outlook for the entire world, not just Canada. We're part of the world. We're an open economy. I do think that needs to be stated. It needs to be now, but it also needs to be flow-through for those few years.

I was interested in your comments on a review of the tax system. Can you expand on that front? Also, going back to infrastructure, would you not agree that it is an enabler for long-term economic growth?

**Mr. Brian Kingston:** To comment on your last remark, it absolutely is an enabler of long-term economic growth, for sure; hence the reason we support infrastructure spending.

Regarding tax, basically we've found that in the past 10 budgets, and going back even further than that, almost every government has introduced some sort of tax expenditure in one form or another. This has made the tax system very complicated, and not only for large corporations. It's made it complicated for everybody; I just see it through the lens of the large company. When they're dealing with this number of taxing points—as I mentioned earlier, there are 56 different taxing points—it just gets extremely expensive and complicated to comply with Canadian tax legislation.

We're calling for a comprehensive review where we look at the whole system. We are in a new global economic environment right now. Our economy has changed from the economy that our tax system was based on previously. If we could take, from scratch, a review of our tax system and design one that we think would help the Canadian economy into the future.... I think we should really embrace that and see.

**Mr. Francesco Sorbara:** Just quickly, I'd like the Business Council's view on the temporary foreign workers, or TFW program. We've had a lot of feedback on that program. I'm hearing it in my riding. It seems not to be working as it was designed. I'd like a quick comment there.

Then to Ms. Forget, are there some studies you can send us on this guaranteed income? I'm an economist by training, and I really want to look at that and read it. We believe in evidenced-based policy-making, so I would like to get more information on that.

**Mr. Brian Kingston:** Just for clarification, what element of the temporary foreign workers program are you asking about?

**Mr. Francesco Sorbara:** I'd just like your general view of the program.

**Mr. Brian Kingston:** I'm not the best-positioned person to speak on the temporary foreign workers program. I can say, though, that we continually hear the need for Canadian businesses to attract the best talent in the world. Our immigration system needs to be designed to allow that to happen.

**The Chair:** Ms. Forget, did you have anything to add?

• (1300)

**Dr. Evelyn Forget:** I can send that.

**Mr. Francesco Sorbara:** Yes, if you could.

**The Chair:** Okay.

Before I go to Mr. Liepert, on the stimulus spending through infrastructure, you left the impression that it really wouldn't create that stimulus until a little more long term. But with the massive layoffs in some of the energy sector and in others that have skilled workers, it would at least fill a gap in employment, would it not, in terms of some of those infrastructure projects?

**Mr. Brian Kingston:** It all depends on the speed with which the money can flow.

**The Chair:** Okay.

Mr. Liepert.

**Mr. Ron Liepert:** Mr. Chairman, I'll be very brief.

I just want to let Ms. Johnston know, in my home city of Calgary, that although no one has any questions, I do think I can speak for this

entire group around the table when I mention the great work the Sheldon Kennedy Centre does in Calgary.

**Voices:** Hear, hear!

**Mr. Ron Liepert:** I don't want you to take the lack of questions as any kind of any indication that you've been ignored.

I have one very quick question for Mr. Kingston.

There was a headline in the *Globe* this morning that said, "Investors flee Canadian markets at record pace". Just as a follow-up to Phil's question, if you were to just take oil and gas out of the equation, what would that headline read?

**Mr. Brian Kingston:** Thank you. It's a great question.

If you take oil and gas out of the equation, the Canadian economy is actually growing. We truly have a two-speed—

**Mr. Ron Liepert:** There's a difference between growing and investing, though.

**Mr. Brian Kingston:** Right. Yes, there is, but we see investment from our members in all kinds of sectors, including manufacturing, who are benefiting from the low Canadian dollar relative to the U.S. and surging U.S. demand.

If you take the oil and gas sector out, there are many examples of investment in the Canadian economy right now, absolutely.

**Mr. Ron Liepert:** Thank you.

**The Chair:** I'd like to thank the witnesses for their presentations.

Thanks to those in Calgary and Halifax, and to Mr. Kingston and Ms. Forget, who are here. Thank you very much for your presentations, some of them on quite short notice.

We will adjourn and reconvene at 3:30.

The meeting is adjourned.





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