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Chair

Mr. James Rajotte

Standing Committee on Finance

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• (1530)

[English]

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

This is the 77th meeting of the Standing Committee on Finance. Our orders of the day, pursuant to Standing Order 83.1, are to continue with the pre-budget consultations of 2012.

We have two panels here, colleagues. On our first panel we have five organizations.

First of all, we have Canada Without Poverty; next we have the Canadian Cancer Society; next we have the Canola Council of Canada; *ensuite le Mouvement Desjardins, et après ça, le Réseau Solidarité Itinérance du Québec.*

I want to welcome all our witnesses here today. You have five minutes for an opening statement. We will start with Canada Without Poverty and make our way down the row.

Ms. McLachlan, please begin your opening statement.

Ms. Harriett McLachlan (President, Board of Directors, Canada Without Poverty): Thank you, Chair Rajotte and honourable members of the committee, for allowing us to present today.

My name is Harriett McLachlan. I'm the president of the board of directors of Canada Without Poverty. It's a board that's made up of individuals who have lived the experience of poverty.

Before I get to my recommendations, I'd like you to know that I have a master's degree in social work and I have worked with various population groups, many of whom have lived in poverty and experienced poverty. Even though I'm a professional, I've lived 35 years in poverty. I've lived 10 years with rats and I've scrambled to make ends meet and to eat. I want to say that as a preface.

That said, there are four recommendations we want to make today.

One is to direct resources for creating and implementing a federal plan for poverty elimination that's based on our human rights obligations, a plan that complements provincial and territorial plans and sets targets and timelines for poverty reduction and elimination.

The second is to establish a low-income refundable tax credit equal to the gap between a person's total income and the value of the low-income measure of applicable households.

The third is to create an anti-poverty competitiveness tax force and an anti-poverty impact test similar to the business impact test now done by departments to evaluate regulations and regulatory burden.

The fourth, in anticipation of the significant spike of food prices due to the catastrophic 2012 North American drought, is to establish a special national emergency fund for food security to assist low-income individuals and families in meeting their food requirements.

Within that scope, I'd like to remind this committee that the federal government's obligation is to, in part, fulfill the Constitution Act, which in part III says that without altering any legislative authority, the government will promote equal opportunities for the well-being of Canadians, furthering economic development, reducing disparity of opportunities, and providing essential public services of reasonable quality to all Canadians. What must be noted here is that it is the duty of the federal government to do so.

I think what's also important is that when we think of putting in place some measures and strategies, we must start with those who are most vulnerable, those who are living in poverty, those who are on the fringes of society.

Thank you. I am open to questions.

The Chair: Thank you very much for your presentation.

I will now go to the Canadian Cancer Society, please.

Mr. Daniel Demers (Director, National Public Issues Office, Canadian Cancer Society): Good afternoon. Thank you very much for inviting us to speak today.

As many of you know, the Canadian Cancer Society is a national community-based organization. We have over 170,000 volunteers across the country who work in communities, providing services. Our vision is to create a country in which no one fears cancer. We do so by focusing on the eradication of cancer and the enhancement of the quality of life of individuals facing cancer.

We do this primarily through research, by providing information, and by providing services, but also through advocacy and prevention. That's where I really want to focus my remarks today.

Today I want to try to draw some linkages for you between cancer and Canada's economic prosperity, in particular as we face an aging society and an aging labour force. From our perspective, preventing disease just makes good economic sense. The bad news is that another Canadian is diagnosed with cancer every three minutes. In fact, in this country, this year, another 186,000 Canadians will find out they have cancer. Not only does this have a devastating impact on patients and their families, but it also affects the health care system, our workforce, and our economy.

But there is encouraging news. We know that prevention is key to reversing the alarming trend in the growth of cancer incidence. In fact, about half of all cancers can be prevented through healthy living and policies that help protect the health of Canadians. At the Canadian Cancer Society, we believe it is important to look at the entire continuum of care for cancer patients, from prevention to end of life.

I want to focus on one part of this continuum in particular, namely prevention, for it offers the greatest positive impact and the greatest return in terms of impact on peoples' lives and on our economy.

We strongly urge the government to emphasize prevention as a means to curb the incidence of cancer and other chronic diseases and their impact on our economy. Investments in cancer prevention are also investments in the prevention of other diseases such as diabetes, respiratory diseases, and cardiovascular disease. The four major risk factors, as we all know them—tobacco, alcohol, physical inactivity, and unhealthy diets—all contribute to cancer and to these other chronic diseases and the impact of these diseases on our economy.

The good news is that Canada is already shifting its focus to prevention. In September of last year, Canada signed on to the UN political declaration for the prevention and control of non-communicable diseases, or as they are more commonly called, chronic diseases.

We are encouraged by Canada's leadership role in the declaration and the ongoing work since the declaration was signed. In a speech at the UN General Assembly, the Minister of Health referred to Canada's own declaration on prevention and promotion as having been endorsed by the federal, provincial, and territorial ministers of health and as serving as a guiding document.

Minister Agluqqak further reiterated Canada's commitment to promoting healthy living, preventing diseases, and reducing health disparities, and in many areas Canada is recognized around the world as a leader in innovative health policies and practices. Now showing the world that we're investing in prevention as a way of controlling the human and economic impacts of cancer and chronic diseases will help maintain Canada's leadership in global health care.

Therefore, we urge the federal government to increase investments in prevention research and to integrate this research into policies and programs that will help empower Canadians to make healthy decisions.

We believe that a multi-sectoral approach is of key importance to addressing chronic disease and that NGOs, governments, and the private sector are all key players in this fight. We ask the federal government to take a leadership role in bringing these groups

together to advance shared practices and to advance our common goals.

For example, workplace wellness programs are known to have a tremendous impact on individual cancer rates and the productivities of the companies that the individuals work in.

In the United States the CEO gold seal program and a recent study here in Canada by the Conference Board of Canada clearly demonstrate that by investing in prevention and sharing best practices, companies and even governments can see a 3:1 return on their investment. Clearly, prevention makes sense. This return on investment includes reduced absenteeism, more productive workers, and reduced health insurance and related health care expenditures. Workplace wellness is the kind of partnership among governments, the private sector, and charities that will be a key to addressing the challenges of an aging workforce.

We believe that by investing in prevention and health promotion, we can reduce the negative impact of premature disease and death on our aging workforce and ensure that all Canadians have the opportunity to contribute to Canada's economic growth.

Thank you.

• (1535)

The Chair: Thank you very much for your presentation.

We'll now hear from the Canola Council of Canada, please.

Ms. Patti Miller (President, Canola Council of Canada): Thank you very much, Mr. Chairman and committee members.

My name is Patti Miller. I am president of the Canola Council. I really appreciate the opportunity to be here today and update the committee on our industry and our priorities.

In just a few decades, canola has really become a major driver in the Canadian economy. It's now Canada's most valuable crop. It generates one-quarter of all farm cash receipts, about \$7.3 billion in 2011. Beyond the farm gate, it is an economic powerhouse. It contributes \$15.4 billion to the Canadian economy and generates more than 228,000 jobs and \$8.2 billion in wages. Industry investment has resulted in 13 crushing and refining plants in Canada, with new plants and expansions under way, adding value-added processing in Canada.

The Canola Council is the voice of the industry. Our organization is unique because we represent the entire value chain, from the farmers who grow the crop to the companies that process and export to customers around the world. Teamwork really is our strength. We bring together 43,000 canola growers, crop input suppliers, and grain-handling companies, exporters and processors, all pulling together to help the industry grow.

Our core funding comes from stakeholders in the industry. It's a voluntary levy, paid by farmers, crushers, exporters, and the life science companies.

In 2006, our industry set a goal to increase annual production from 9 million tonnes to 15 million tonnes, which would contribute additional billions of dollars to Canada's economy, and to do that by 2015. This year, farmers seeded record acreage, and we're getting very close to that goal, except for a few rough spots this summer. Having said that, canola is a big winner in the marketplace. An average farmer saw a 30% increase in revenues from canola, and domestic crush went up 30%.

In terms of our partnership with the federal government, we work very closely with Agriculture Canada, with the Department of Foreign Affairs, with the Canadian Food Inspection Agency, and with the Growing Forward program run through Agriculture Canada, which is our main source of federal investment. Our focus areas with the government have been on research, market access, and market development.

In Growing Forward 2, the next round of this agreement, we really hope to see the federal commitment in these areas continue.

Research, market development, and market access all working together can transform market potential into jobs and wealth for Canadians. Clearly we need the research to be able to continue to grow and improve the productivity of the crop and to uncover the numerous health benefits of our product. However, over 85% of our Canadian canola is exported, so if doors to global markets are closed, a resilient crop and superior products do us little good. We need market development and market access programs to ensure that this crop remains profitable for the industry.

Investment in market development has yielded great returns for us. Investment in the U.S. canola oil promotion program has improved awareness in that key market for us and increased market share of our products. This program has also helped us expand our reach in existing key markets in Japan, Mexico, and China, and it has opened doors in new markets.

Market access programs keep those doors open, though. When we talk about market access, we talk about getting the most value we can out of the product that's grown and processed here. Threats to access includes things like differential tariffs. For example, China has a 9% tariff for canola imports and only 3% for our biggest competing commodity, which is soybeans, and there are technical and non-tariff barriers. An example is China's 2009 restriction on blackleg. These threats have to be continually addressed.

One of the reasons we've been able to overcome access issues is the support of both trade and agriculture, and specifically the ministers and their departments participating with us and travelling to these key markets. They are able to open doors for us that we might not have been able to open ourselves.

Agriculture is one of the most exciting sources of economic development for Canada in the years ahead, and we think canola is one of the most promising commodities of all.

Thank you.

• (1540)

The Chair: Thank you very much for your presentation.

[*Translation*]

We will now go to the presentation by the Desjardins Group representative. You have the floor.

Mr. Bernard Brun (Director, Government Relations, Desjardins Group): Thank you, Mr. Chair.

Desjardins Group thanks the Standing Committee on Finance for the opportunity to meet with members of the committee during the 2012 pre-budget consultations.

With current assets of 194 billion dollars, the Desjardins Group is the largest cooperative financial group in Canada. Its main network of caisses is in Quebec and Ontario, with branches found around Canada. Desjardins Group offers expertise in wealth management, life and health insurance, property and casualty insurance, personal services and business services. It has 5.6 million members.

Recognized in 2012 as the top corporate citizen in Canada and ranked among the 100 best employers in Canada in 2012, we focus on the skills of nearly 45,000 employees and over 5,400 elected officers.

It is also worth noting that Desjardins Group offers an education and cooperation program for its members, but also for the general public. In addition to responses provided earlier this year during written consultations, we would like to draw the committee's attention to avenues that fit with issues related to the economic recovery, i.e. growth, job creation and economic stability.

The year 2012 is the International Year of Cooperatives, as declared by the United Nations and supported by Canada. The year has seen many cooperative events including, more recently, the first International Summit of Cooperatives held last week in Quebec City. This event brought together over 2,800 participants, representing over 91 countries. Regulations on cooperative banks were also published this year, and a special committee on cooperatives was struck and published its report a little earlier.

All of these measures, and the International Year of Cooperatives, have highlighted a plural economy. Diversification, which most of our economists advocate, is not only about different sectors but also about different types of businesses. The cooperative structure deserves to have its place in the Canadian economy. It is an excellent complement to the traditional structure of equity companies.

To illustrate the economic role of cooperatives, there are 9,000 cooperatives in Canada, representing 18 million members. There are over 150,000 jobs through them. The survival rate of cooperatives is twice as high as that of traditional equity companies; they are more resilient and perform better, particularly during times of economic stress. They also serve regions and categories of clients that are not served by traditional business and they are highly adaptable.

Nevertheless, financial cooperatives and all cooperatives are facing particular issues including capitalization issues, which also lead to demutualization pressures. Even more importantly, cooperatives need a high-quality representative within government. The significant reduction to the Rural and Co-operatives Secretariat a little earlier this year, as announced in the previous budget, sent a mixed message to all cooperatives from the government. It can be interpreted either as a lack of interest or, on the contrary, as an opportunity for renewal and transformation. We fervently hope that it is the latter that is planned.

In conclusion, the federal government can greatly contribute to spreading the cooperative model for the benefit of all. Transfer and responsibility for cooperatives from the Department of Agriculture, where it is now, to the Department of Industry is essential in our eyes for cooperatives to be able to benefit from all policy and program support.

Finally, we invite the government to ensure there are safeguards to prevent all unjustified enrichment, particularly for demutualization applications.

Thank you.

• (1545)

The Chair: Thank you for your presentation.

I will now give the floor to the representative from Réseau Solidarité Itinérance du Québec.

Mr. Pierre Gaudreau (President, Réseau Solidarité Itinérance du Québec): Ladies and gentlemen committee members, my name is Pierre Gaudreau. I am the president of the Réseau Solidarité Itinérance du Québec and the coordinator of the Réseau d'aide aux personnes seules et itinérantes de Montréal. We would like to thank you for hearing us on issues related to the next federal budget.

The Réseau Solidarité Itinérance du Québec is an association comprising 13 homelessness associations from various regions of Quebec.

Before taking another look at the issues in the next budget, as we outlined in the brief we submitted, I would like to talk to you briefly about the homelessness situation in Quebec.

As some of you may have read in yesterday's edition of *La Presse* on pages 1, 2 and 3, we are now seeing the new faces of the homeless. The articles referred to men, baby-boomers, who have lost their jobs and who are now out in the street as a result of various personal problems that cause all kinds of people to be on the street.

In Quebec, we are talking about three aspects of homelessness. It has been said that we have seen an increase, something borne out unfortunately in the various shelters both in Montreal and in the

other regions. It has also been said that there has been a deterioration, because the situation of the people, their states, lives and experience have caused them to go through greater difficulties. Obviously, there is a lack of housing, which applies to all of these people. Those are the features of homelessness, but there are also other problems that people are going through: mental health issues, drug addiction, legal problems, exclusion, and so forth.

The previous government of Quebec came up with a definition of homelessness which is very accurate because it does not tie homelessness to one issue alone. Indeed, there are all kinds of convergent causes that lead to homelessness, one reason weighing no more heavily than the others. As a result, the situations are very diverse. We are seeing more faces now. We are starting to see people from the cultural communities in Quebec, which was not the case previously. We are seeing more and more aboriginal people on the streets. As I said, this is not occurring only in Montreal, we see this happening in the other regions. This phenomenon is occurring in more and more cities, throughout the province. This week on Friday, October 19, the 23rd Nuit des sans-abri will be held in 27 cities and regions of Quebec to create more awareness and solidarity. Homelessness, both in Quebec and Canada, is therefore a significant issue.

A federal program was established further to a strategy adopted by the government in 1989. The program is now known as the Homelessness Partnering Strategy. The government renewed the program for five years in 2008, namely from 2009 to 2014. We are very pleased with this initiative taken by the government, which recognized the usefulness of this program and enables us to deal with various situations through a variety of solutions, including housing, shelter, intake and reintegration support.

This program also plays a vital role enabling organizations to establish social housing projects in cooperation with the Government of Quebec program. This is a very strong program because it is rooted in the community. It is the communities, as established through the government agreements, that determine what the needs are in Montreal, Gatineau or Quebec City.

We must underscore one negative aspect regarding this program. Its budget has been frozen since it was implemented in 2001. This sector is being asked to do more—and this is the case throughout Canada—to deal with a problem that is growing throughout the country and becoming increasingly costly. I am not talking so much about the costs incurred by people working in the sector. Rather, I am talking about the property costs. Setting up social housing projects, improving facilities, saving rooming houses, all costs a great deal of money.

The federal government's Homelessness Partnering Strategy is essential but it has not curbed the increase in the number of homeless people. When the program was set up, people said that not enough investment was going into social housing. I would like to point to another good move made by the government. From 2009 to 2011, the government's economic action plan included investments in social housing which led to the construction of social housing throughout the country, in Montreal and in the other regions.

We are therefore asking that the next budget include an increase from 20 to 50 million dollars in the Homelessness Partnering Strategy budget for Quebec for 2014, and that this money be provided over several years, in order to consolidate the activities of the sector. It is important that this announcement be made quickly because we have to continue pursuing our activities, maintain ties with people on the street, and consolidate the work of our organizations in order to get people off the street. Such an investment would be profitable for the government.

• (1550)

[English]

Stephen Gaetz has shown in his report, published in September, that the cost of homelessness is very big in Canada. It is between \$4.5 billion and \$6 billion per year. He was asking in the title of his report whether we could save money by doing the right thing. It has been shown that the answer is yes. In Quebec, in the network of groups working together and among people out on the street, we also say yes, and the next budget should go ahead in that way.

Thank you.

The Chair: Thank you for your presentation.

We'll begin members' questions with Ms. Nash. You have five minutes, please.

Ms. Peggy Nash (Parkdale—High Park, NDP): Thank you to all the witnesses for being here. We wish we had more time to ask you more questions.

I want to begin with Ms. McLachlan.

A question I asked yesterday to a group of witnesses mostly from the business sector was about the latest issue of *The Economist*, which is focused on the global increase of inequality. I wondered what your specific recommendations would do to decrease inequality in this country.

Secondly, more specifically, you talk about a federal plan for poverty elimination? Can you give us an example of a country that has effectively introduced a strategy for poverty elimination with targets and timetables that has been effective in reducing poverty?

• (1555)

Ms. Harriett McLachlan: Thank you for your questions.

If I understand the first question about inequality, it's more an example of a federal plan in another country. It's a very technical question. I have the new director of Canada Without Poverty here, Leilani Farha.

Ms. Leilani Farha (Executive Director, Canada Without Poverty): I'm Leilani Farha, the executive director of Canada Without Poverty. I was originally one of the panellists, but they said there wasn't room at the table. Here I am.

I have an example, to answer Ms. Nash's question, about another country that has an anti-poverty plan in place with measurable timelines and goals, a plan that has actually been successful. In actual fact, the United Kingdom does have a plan in place that resembles what we might call a national anti-poverty strategy. They were reaching their targets and their measures until the recent change in government. At this point they're not exactly sure whether they

will make those targets. There has been speculation that they won't, but until the change in government, they were on target with their plan. Their plan was very much in keeping with international human rights obligations that this country has, which are very similar to those back here in Canada.

Ms. Peggy Nash: Okay, thank you.

I also want to ask a question of Mr. Brun and perhaps Mr. Gaudreau about cooperative housing.

You talked about *le mouvement coopératif* and the importance of investing in cooperatives. I don't see any expansion in investment in cooperative housing, which to me seems like a smart way to deal with the issue of affordability and homelessness, but also the affordability of housing. I'm wondering if you have any recommendations or thoughts on what the federal government could do specifically around co-op housing, again getting back to the issue of reducing inequality, but also addressing affordability for families.

The Chair: We have about one and a half minutes.

You wanted both gentlemen to answer. Who would like to start?

Mr. Pierre Gaudreau: The economic plan of the government between 2009 and 2011 did direct money for social housing. In the province of Quebec the money was used to make some new co-ops. As you pointed out in your questions, social housing or co-op housing is one of the ways to prevent homelessness, because it satellites people into housing and gives a way of life whereby people can pay their rent because it's affordable housing. The government did do it in the economic plan, and it was a great move. They should do it again.

The Chair: You have 30 seconds.

Mr. Bernard Brun: I will just add one point. There is an issue regarding housing co-ops, which is more regarding CMHC and the program. I don't want to get into too many details, but they have an issue regarding refinancing with this specific program. This has been an issue. I know the government has been aware of it and there is still a lot of work, but the answer has not been given yet on that.

Ms. Peggy Nash: Thank you for raising that point.

The Chair: Okay, thank you.

Go ahead, Mr. Hoback, please.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair, and welcome to everybody here this afternoon. It's great to see you out there, and your testimony is very important for the budget process.

Unfortunately, I only have five minutes. I am going to be very quick and probably just deal with one witness here today. That will probably be you, Ms. Miller, given that canola is such an important factor in Saskatchewan.

What has gone on in the canola sector is such a strong success story. Folks, this is an industry that has really been born and bred in Canada. It started off, actually, in my riding. Shellbrook was one of the first areas where canola was planted in Canada, and it has grown from there to be planted right across the Prairies.

If you look at the Canola Council and how that industry works, you see the growers, the industry, and the input suppliers all working together to develop a market and a network for the product all the way through the system. It is a really good business model that I think other associations should look at, because it has been very successful.

In terms of what's going on in the industry, Camrose was an exciting place a couple of weeks ago. There was a nice announcement there of a new crush plant. We have a crush plant in Clavet, one in Nipawin, one in Lloydminster, a couple in Manitoba, one in Lethbridge, and of course there may be a few more coming down the road too.

It's just another success story of good economic policy and good business cooperation between the farmers and through this network. However, one thing that is very important, and you touched on it, is the trade side of things.

In your opinion, how important is trade with India or through TPP or CETA? What impact do you see trade has on the canola sector, and what benefits does it bring? How do we help you when we look at the budget process?

• (1600)

Ms. Patti Miller: Those kinds of trade agreements are critical to our success. More than 85% of the canola crop is exported, and so the profitability, the jobs, and the investment in Canada really rely on those export markets and secure, predictable access to them.

We spent most of the earlier part of this day meeting with representatives from Agriculture Canada, foreign affairs, and CFIA, talking about market development and market access issues and the number of agreements that are under way and about how we're going to tackle those markets and secure and close the trade deals so that we can continue to profit from the export market.

Mr. Randy Hoback: You touched on the blackleg issue in China. That's a good example of an area where industry and government can work together. Can you elaborate on what that situation was and how we helped you in that situation?

Ms. Patti Miller: Blackleg is a crop disease in Canada that affects the yield. It doesn't affect the quality of the product at all. China does not have that disease in their country and they don't want to see it introduced, so they restricted our exports to their country.

We worked with Agriculture Canada and with CFIA and made a significant investment in research to address some of their concerns, and were able to secure a guarantee of four million tonnes of market access to that country. We're continuing to try to resolve some of those issues. We feel that our opportunities there go well beyond four million tonnes, so our efforts are continuing there.

Mr. Randy Hoback: As we look for new trade agreements such as TPP, what do you see as the opportunities, and what markets are helped? What would the impact be?

Ms. Patti Miller: The importance of an agreement such as the TPP, with 11 countries around the table, is that you're talking about negotiating in areas where we can secure access and where we have really predictable science-based regulatory environments in which to trade, and it's not only the partners who are participating in TPP now; it's partners who may come in later as well.

Mr. Randy Hoback: Under TPP and trade agreements like that, low-level presence and items like that, which are important to our sector, would also come—

Ms. Patti Miller: Absolutely. There are a number of areas where we look at tariff and non-tariff barriers. Low-level presence of genetically modified crops, sanitary and phytosanitary issues—those are all really important aspects for which, in a trade agreement, we can come up with a secure and predictable environment for our exporters to work in.

Mr. Randy Hoback: You have producers and you have industry players. In your opinion, what would be the impact of a carbon tax on the sector? Do you see that as having any positive impact of any type?

Ms. Patti Miller: Thanks for that one—

Mr. Randy Hoback: You're shaking your head. I know my farmers would definitely would not like to see a carbon tax. I'm sure you're hearing the same things through the whole sector. Would you not agree?

Ms. Patti Miller: I'm not sure I can answer that one at this time. I'm sorry.

Mr. Randy Hoback: Then you don't have a position on a carbon tax?

Ms. Patti Miller: We don't right now, no.

Mr. Randy Hoback: Okay.

I'll leave it at that, Chair.

The Chair: Mr. Brison is next, please.

Hon. Scott Brison (Kings—Hants, Lib.): Well, it would have been interesting if the witness had had a position on cap and trade back when the Conservatives proposed it a couple of years ago, but that's a different issue.

I appreciate all of you joining us today.

I'd like to start off with the issue of income inequality and the issue of inequality of opportunity. This is being raised not just in Canada, but globally, as an important and growing issue.

In Canada we have people such as Roger Martin, dean of the Rotman business school at U of T, raising it as an important issue, and Mark Carney, Governor of the Bank of Canada, who said this summer that those who say income inequality is not an issue are wrong and those who say it should be one of class warfare are wrong: that the focus should be on equality of opportunity and on underpinning Canadian society.

I have a quick question. I'll start off with Canada Without Poverty. When we introduce measures such as tax credits that are non-refundable and are not available to low-income Canadians, does that actually exacerbate the situation? Should we be making those tax credits fully refundable, such that they would benefit low-income Canadians?

•(1605)

Ms. Harriett McLachlan: I think the best plan is support for low-income Canadians, so I'm with you there, and I also think that we must think not just about tax credits. I think that's important, but I think money also needs to be invested in social skills, for example, and support given toward those programs, because we know they're successful and we know there are barriers.

For instance, it took me 10 years before I could get my master's degree. In the sense of even starting the process, I didn't know how to communicate. As you know, there's a lot of fallout from an abusive, violent home, so access.... If I applied for a job, there was no way that I could put my thoughts and concepts in a sentence. Just simple things like that, I think, are very important.

I underscore what you said about having whatever full tax benefits low-income people can have, but I think that has to be coupled hand in hand with support programs.

Hon. Scott Brison: How important is affordable early learning and child care to breaking multi-generational poverty in families?

Ms. Harriett McLachlan: I think it's critical. I think that if you invest \$1 in early childhood education, you save \$9 down the road. It just makes good, sound sense. There are nutritional programs, early education programs, and a whole comprehensive package that needs to go with that. In a lot of ways, they're simple to put forward.

On that note, I think Canada wastes a lot of money, in that 5% to 6% of our GDP is actually invested in maintaining poverty. I think that if we use our money smartly, we will see the results in the long run. By using money to do the right thing, I think for sure we'll save money.

Hon. Scott Brison: In terms of the issues of housing and affordable housing across Canada, are there some provinces that are doing a more effective job than others, and can we learn from best practice models?

To tie it in with Monsieur Brun's presentation as well, to what extent are the cooperative movement and cooperative housing more robust in some provinces than others?

The Chair: You have one minute.

Hon. Scott Brison: What can we be doing as federal legislators and government to share those best practices?

Mr. Pierre Gaudreau: I don't want to compare the actions of all the provinces. I'm from a Quebec-wide network, but I know about some of the things happening elsewhere.

As I said, co-op housing is a way to help people who are in deep need or who are in the streets. Non-profit housing, which is another form of social housing, has also proved that supportive housing can help people who have big problems, such as drug addiction and mental health problems—*des problèmes de désorganisation*—to stay in housing. Then, as was said, it saves money for society, because they will spend less time in jail, in the courts, and in hospital. They will be in their housing. In some cases, with help, they can go back to work or back to school.

The Chair: Okay—

Mr. Pierre Gaudreau: In Quebec, when the federal government got out of the financing of social housing in 1994, the government,

first the Parti Québécois—but then the Liberals did also go on with it—created their own program for social housing, co-op housing, and non-profit housing. It has proven that it helps. It's not enough, but it helps poor people and gets people out of the streets.

The Chair: *Merci.*

Thank you, Mr. Brison.

Mr. Van Kesteren is next, please.

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

I want to thank all of you for appearing before us and for the very interesting discussion we're having. I don't think there's anybody at this table who doesn't recognize the need to help people out of poverty. We may have some different ideas about the best way to do that, but I think all of us would agree that the best thing we can offer somebody in poverty is a lifestyle that can lift them out of poverty. I know that there sometimes are things that have to be done before that becomes a reality, but a job is definitely something that is the best thing we can offer people.

I want to congratulate you, Mr. Brun, on your organization. I think it represents in Canada what we do so well—banking—but also that cooperative spirit. Your organization has been very successful in Quebec and in that area.

I would like to ask you what you see as some of the things that we are doing right. I'm not just asking for a pat on the back, because I'm also going to ask—there's a sequence to it—what are some of the things that we can do better to help create...? I'm thinking in terms of corporate tax cuts, of course, but also in terms of red tape reduction and things that hinder businesses from hiring and expanding. What direction have we gone in that is correct, but where can we improve on that and possibly make that a greater reality?

•(1610)

Mr. Bernard Brun: Thank you for the question. This is a very wide question. I'll try to focus on maybe one or two aspects.

We just have to realize that cooperatives are basically people taking care of their own, because there is the shared capital, and typically the other companies are not addressing the issues or not providing the services. The cooperatives are really grass-rooted in the community, both in Quebec and anywhere else in Canada. Cooperatives are really grass-rooted in their own communities.

That means a lot of decentralization, so one of the things we can do is exactly this: provide a framework where the cooperative can grow while being and staying as decentralized as possible. For example, the Desjardins Group was really successful—maybe a lot more so than the other financial cooperatives—because it's a federation. In fact, it's not one financial institution: it's 425 individual financial institutions within a federation with specific powers.

By having those types of decentralization and those types of powers, we were able to grow the power of the whole network a lot, but at the same time remain really connected to the community—

Mr. Dave Van Kesteren: May I interrupt you for just a second? I just want to understand this. When you talk about decentralization, are you talking about a lessening of the top-down so there's more control and, in essence, a shrinking of government, thus allowing the organizations like yours to do what they're good at?

Mr. Bernard Brun: Well, for example, as you know, there are the banks, and the banks are really centralized organizations. They have a head office, and all the major decisions are made at head office. They have branches, and the branches basically execute the orders, the directives, from head office.

In a co-op, the governance is really different. We also have to adapt the rules regarding good governance, because it is quite different from what you would see in a bank. At the same time, when you look into a co-op, if we say "decentralized", it's the individual co-op in the whole region, but you need to have a structure with real powers at the same time. For example, in the federation we have those kinds of powers, so it helps us throughout the whole model, but then we have challenges.

For example, you were talking about red tape—

The Chair: You have 30 seconds.

Mr. Bernard Brun: —in financial institutions. We've talked about money laundering. It's very hard for us to address all those issues with every individual financial institution or every individual co-op, so we've asked the government to let us be able to answer to or to comply with the rules from a group level. That would help a lot. That would help a lot in every different type of co-op.

The Chair: Thank you.

[*Translation*]

Mr. Caron now has the floor.

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): My first question is for Mr. Brun.

I read your brief and the answers to the questions raised.

Firstly, I am interested in the issue of Canada's productivity. This has been a problematic issue for some time now, even prior to the free trade agreement with the United States. Moreover, one of the arguments in favour of signing the free trade agreements, both the agreement with the United States and then NAFTA later on, was the lessening of the productivity gap between us and the United States. This did not occur. The gap has grown despite the various measures that different Canadian governments have tried to implement.

You mentioned that the service sector was one that was really lagging behind in terms of productivity. This is true, but there are not necessarily many productivity gains that we can expect to achieve in this sector because of its structure and its very nature.

We know that services and natural resources are probably the two sectors that are growing the most and that the manufacturing sector is on the decline. How can the government deal with productivity in a constructive manner through budget, tax or general economic measures?

•(1615)

Mr. Bernard Brun: An example of a general economic measure would be the support programs for research and development. We

will always need these types of programs. We are strongly urging the government to continue its efforts in this area and implement programs to promote research and development.

As for productivity, this is an extremely complex issue and one that is difficult to resolve. Even the economists do not all agree about the exact causes. We know that we have an aging population and that labour is becoming increasingly rare. One theory based on these factors purports that companies sometimes prefer to keep a certain pool of employees for fear that they will not have enough appropriate human resources. Maintaining these employees has an impact on productivity.

So we have to encourage companies, those in the natural resource sector among others, to increase production and investment. The Governor of the Bank of Canada has mentioned several times that companies are sitting on significant amounts of cash. Investing more would have an impact on this productivity.

Mr. Guy Caron: My next question has to do with the nature of your co-op. One of the elements you mentioned here interests me. I've asked different people to answer several questions about this matter during meetings in Rimouski and elsewhere. The idea is to make Industry Canada responsible for co-ops, rather than Agriculture and Agri-Food Canada. It's one of the recommendations made by the special committee studying cooperatives. I would like to hear from you in particular about the advantages and the benefits of making Industry Canada responsible for co-ops, rather than Agriculture and Agri-Food Canada, which is as it stands now.

Mr. Bernard Brun: I would like to thank you especially for this question. This is an extremely important issue that has not received enough attention. There are historical reasons explaining why cooperatives fall under Agriculture and Agri-Food Canada's mandate. There are very large co-ops in Canada's agricultural sector. Co-ops have diversified and they've taken on many aspects. It is time to stop reducing cooperatives to the type of services or products that they offer their members, and start thinking of them as corporate structures. They are a distinct type of business, which is profitable, which creates a lot of jobs, and which offers a great deal of stability, because their structure is different from that of the share capital model.

Why should this be Industry Canada's responsibility? Because it's important that the government, when it examines its programs and policies, take into account the co-op structure in order to make programs accessible to them in the same way. It is not a matter of favouring one model to the detriment of the other. It's simply offering the same access. Industry Canada's portfolio is considered to be the best place.

How should this be done? That's another significant issue. To deal appropriately with the issue, Industry Canada should not set up a small entity or a subentity. Instead, it should create a co-op secretariat within the department.

The Chair: You have 15 seconds.

Mr. Guy Caron: Very well, thank you.

The Chair: Thank you, Mr. Caron.

[English]

We'll go to Mr. Adler, please.

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

I thank all the witnesses for being here today.

I'd like to focus my questions on Mr. Brun. I have before me a copy of the speech Mark Carney gave yesterday in Nanaimo, in which he said—and of course I paraphrase—that Canada's public finances are sound and our financial system showed itself to be among the most resilient in the world through the crisis. One thing Canadian businesses can expect is that their financial system will be there if times get tough again. He went on to say that in this uncertain world, Canada is rightly viewed as an attractive investment destination.

I was wondering if you could comment on the governor's remarks yesterday in Nanaimo.

Mr. Bernard Brun: Well, we pretty much agree with what Governor Carney says. We believe—and it's actually a fact—and we are glad that Canada is in a really good economic position. However, for the mid-term, we think the government should pursue the objective to have a balanced budget. That is one of the major points that he has to reach.

Also, yesterday the Bank of Canada issued a statement and new data regarding the indebtedness of people. It's again on the rise. Household debt, which we thought might stay at the same level, is still on the rise. We have to be really careful with this level of indebtedness, which basically might challenge the economy.

• (1620)

Mr. Mark Adler: Yes, and a prime-plus-5% cap on credit card interest rates, as proposed by the NDP in the last election campaign, wouldn't help that, would it?

Voices: Oh, oh!

Mr. Mark Adler: I think you'd say no to that. Thank you.

I want to talk a bit about Dutch disease, but before I go to that, our government, as you know, has been very active in cutting red tape and in lowering corporate tax to 15%. Could you talk about how helpful that has been to your clients, to the business community in general, and to the economy and job creation?

Mr. Bernard Brun: Well, cutting the red tape for small and medium-sized companies is a major issue. For example, in the financial sector we know that by having a cohesive group with the federation, we were able to manage a lot of the compliance issues, but for small credit unions red tape is something major that we have to address.

Some steps have been made, but I think there are still new measures that can be taken. For example, we're saying that we would like to comply as a whole group, as a federation, instead of 420 financial institutions that are federated. That would help a lot. This is something that we keep working on.

Mr. Mark Adler: So we're certainly moving in the right direction

Mr. Bernard Brun: Yes.

Mr. Mark Adler: —which is what you're saying.

How much time do I have, Chair?

The Chair: You have a minute and a half.

Mr. Mark Adler: I just want to turn for a bit to the so-called Dutch disease. For those who don't know what it is, it means being completely reliant on one industry at the expense of others. Our friends across the way have said that because we rely too much on a resource-based economy, other sectors of our economy are suffering as a result.

How much stock do you put in that? Do you consider that to be sound in terms of Canada's economy, as diverse as it is?

[Translation]

Mr. Bernard Brun: If you don't mind, I will answer the question in French.

With regard to Dutch disease, one must be very careful. Theories that apply to one territory or country cannot necessarily be transferred in their entirety to another. An important part of Canada's economy depends on its resources, but services also represent a significant part of it. In my opinion, it is important to diversify the economy and to further encourage its diversification. We've talked about corporate structures. This means placing greater emphasis on the cooperative model in order to counterbalance the share capital model. The same applies to diversifying the economy in general and to geographic diversity.

[English]

Mr. Mark Adler: Thank you.

The Chair: *Merci.*

Thank you, Mr. Adler.

Monsieur Mai, vous disposez de cinq minutes, s'il vous plaît.

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

I'll start by talking to my colleague across the way. I was very disappointed that we started with questions regarding a carbon tax when you know full well that you're making up this stuff and when the NDP is supporting cap and trade. We know it's different. It's one thing to make up stuff, but to involve witnesses and to take their time when they have issues.... They come here to talk about issues, and when you make up stuff, it's really disappointing.

My question is for Canada Without Poverty.

You say that Canada has previously made some commitments or that it came out saying that we would end child poverty by 2000. We have a lot of studies that say poverty costs Canada close to \$24 billion, or something like that. How would you grade the government's action in terms of fighting poverty for the past 10 years, let's say, or even more?

• (1625)

Ms. Leilani Farha: Thank you for the question.

We have a persistent and stubborn poverty problem in this country. It has been going on for more than a decade. We know that there are up to 4.5 million people in this country—that's all the people in the Maritimes, times two—who are poor. We know that every month in this country 900,000 people use food banks to make ends meet. We know that there are at least 250,000 homeless people in this country, so let me ask you: what is Canada's record on poverty, homelessness, and hunger?

I would say that the only answer we can give at this point is a failing grade, and not because poverty, homelessness, and hunger are worse here than in Zimbabwe or Somalia, but because we are—and we just heard it from the Governor of the Bank of Canada—a wealthy, rich, and stable economy. We have the means and the money to make these social issues disappear.

Not only do we have the means, we have the legal obligation—not just the moral obligation but the legal obligation—to do so. Why? Because we've signed and ratified international human rights treaties that are clear, treaties that clearly say we have an obligation to ensure the most disadvantaged people in this country have adequate housing, an adequate standard of living, and adequate food.

Mr. Hoang Mai: Thank you very much.

[Translation]

Mr. Gaudreau, you've spoken of the fact that we are seeing new faces. In my riding, Brossard—La Prairie, some people who work, who have a job, are using food banks. I repeat it often: users' faces have changed.

Organizations have also had to reduce their services. Could you tell us more about the funds that were promised to these organizations, and the delays affecting the payment of those funds? In your statement, you mentioned that there were also delays in approving those organizations' subsidy requests. How significant are these delays, and what are the consequences for both those organizations and for the public?

Mr. Pierre Gaudreau: The first thing to say is that the federal program, the Homelessness Partnering Strategy, remains useful and relevant. This is a good source of funding, but, in fact, there are problems. The government promised to cut down on red tape, but the management of this program has not improved. The program is now approximately 15 years old. There have been delays from the start, and those delays have increased. To illustrate the consequences of these delays, let's discuss the organization that presented, a year and a half ago, an offer to purchase a rooming house and which asked for bids to renovate it. The offer is no longer valid, obviously, nor are the bids, because of inflation. Funds that should have been available are no longer there.

These delays reduce the efficiency of government investments. Organizations have nearly lost very good projects to help street youth. Shelters wish to add on to their facilities, but they can't do it, because they can't spend the money as long as there is no departmental signature. There was also an unfortunate case, that of the organization for which I work, the Réseau d'aide aux personnes seules et itinérantes de Montréal. The organization did not receive departmental approval for its project, which had been endorsed by the community, by the City of Montreal, by the federal government, and even by a federal-provincial committee.

The fact remains that the nature of the program is sound, and that it must continue. However, red tape must be reduced and the budget must be increased to help, as you said, those new faces, those who are about to become homeless. They need help to remain stable, by providing them with housing. They need to be helped through the process when, at 40, 50 or 60 years old, they have to face new problems. Furthermore, those faces have become more diverse. In Quebec, an increase in the age of the homeless population has become quite noticeable. The need exists to maintain this program and to improve it, so that there are no delays and so that there is more action.

The Chair: Thank you, Mr. Mai.

[English]

We'll go to Ms. McLeod, please.

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

I'd like to thank all the guests, but I will focus my questions and my intervention on Mr. Demers.

Of course, I think that there's probably not anyone in this room who hasn't been touched by cancer. Certainly moving forward in the many important areas that you've indicated is a priority. I have a health care background, and I think I've seen a lot of programs come and go. I've seen a lot of money spent, and I think there's a pretty good awareness of what we actually need to do in terms of prevention. The implications of chronic disease are such that if you look at any hospital, you'll see that nowadays probably 70% or 80% of their budget is spent on dealing with issues around chronic disease.

Maybe I'll give you time to articulate your brief more clearly. You talked about three areas, but you didn't talk specifically about what you'd like to do and how much money you think it would cost. I'll give you time to articulate a lot more clearly the prevention agenda and making prevention a priority.

We've talked about research capacity and the integration of research into policy and programming, which seems to have some real challenges, and then putting policy into practice, partnering with charities, and government leadership. Can you spend some time exploring all these ideas?

• (1630)

Mr. Daniel Demers: Thank you.

Yes, indeed, I think everybody in this room knows that 40% of people will have cancer in their lifetime. Most of us have family members on whom it has had a major impact. It is a huge issue for our country. Particularly within the issue of an aging society, if we want to ensure that people have an opportunity to contribute, then preventing them from getting chronic diseases is important public policy.

As far as the three aspects go—the investment and research, the transfer of that research into policy and practice, and then its impact on individuals—this is an area in which there has been some investment, though not nearly as great as that into the treating of diseases or the management of chronic illnesses, so we look at it as a real opportunity for Canada, particularly with an aging society, to say, “How can we invest in understanding what changes individual behaviour? What can be done to actually prevent diseases from occurring in the first place?”

We all know that we should be eating healthily, but what stops us? Why don't we eat healthily? Why is it that our children are eating so much and maybe not exercising? What is it in our infrastructure programs? What is it in our school systems? What are those things that are preventing us from doing the right thing?

We looked and saw that there wasn't actually that much research done into the actual practices that public policy could then take up and individuals could then use to empower themselves to make individual change. We think much more research needs to be done, not only into the hard sciences of prevention—for example, on how a certain chemical affects the biochemistry of the individual—but much more so into the sociological sides of research. What actually causes someone to change the actions they take? If that research is done, it's great, but what if it doesn't get translated? What if it doesn't make it into public policy?

We not only have to do the research but also have the commitment of governments to say that prevention is important, that we are going to learn, and that we are going to apply best practices from other jurisdictions.

I mentioned, for example, that in the United States the corporate sector has taken a tremendous leadership role in the provision of prevention at the workplace. That involves organized labour, it involves CEOs, it involves companies, and it involves government. We have to do the research to know what we should do. We have to translate it into policies and practice in governments and organizations such as business, but then we have to go to the next step, and that's working with charities.

We have tremendous reach into communities. We have a lot of people who come to us and say, “I want to do the right thing, but I just don't know what to do” or “If I'm going to do it, and push comes to shove, and it's Saturday night, and I don't know what I'm going to eat, I'm going to eat the easiest thing for me.” How do we get the information out to those individuals so that they make informed, intelligent choices? How do we empower them with the research that governments can support, that organizations such as charities can help get out to people, and that we can then measure the impact of at the community level?

We think there's a lot of room as far as an overall approach on prevention goes. There's actually a lot of ground to be gained.

The Chair: You have 30 seconds.

Mrs. Cathy McLeod: I'm always concerned that we don't use research from other countries and apply it. We duplicate and reduplicate. Are there any outstanding countries that are doing work in this area?

Mr. Daniel Demers: Certainly in some very specific areas of prevention, such as prevention against UV radiation, Australia's the leader. There are certain countries.

As an example, in New York City they're taking a lot of leadership in looking at healthy diets and nutritional labelling. We think there are best practices. I think when the government signed the UN declaration, it was a commitment to learn from other countries and to bring those lessons and apply them here.

Mrs. Cathy McLeod: Thank you.

The Chair: Thank you very much, Ms. McLeod.

We'll go to Mr. Marston, please.

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP): I want to thank our guests for being here today.

Ms. McLachlan—I know I didn't pronounce that correctly. Am I close?

• (1635)

Ms. Harriett McLachlan: Yes.

Mr. Wayne Marston: It's a miracle.

When the campaign to end child poverty by 2000 first started, I chaired the first meeting in Hamilton. Sometimes it seems like 100 years ago now, given the way I feel. Fraser Mustard wrote something very similar to what you said earlier about how by investing a dollar in a child's early development, you save nine. I thought he said seven, but I'm certainly not going to quibble. It's there.

As you sit here observing the committee functions, I have to ask you a question. How do you feel coming before a parliamentary committee, expecting to offer the best advice that you have to all of us, only to have some government members putting forward their spin about a carbon tax?

Ms. Harriett McLachlan: I think it's a waste of our time, if that's the question. We're here and we've displaced ourselves and we've travelled a long distance to be here—

Mr. Wayne Marston: That's exactly my point. I'm sorry to interrupt you, but it's exactly my point. The point's been made. There's no need for us to go into it, but the reality is that each and every one of you has given up your time, and this is a significant and important chance for you, and time was used up for that. I think that's reprehensible, actually.

I want to ask you a question. Either one of you is free to answer. How have the corporate tax breaks in Canada benefited people who live in poverty?

Ms. Harriett McLachlan: That's a very interesting question.

It's very evident to me that it actually does not help people in poverty. It helps people who are working in corporations. If the answer to not being in poverty is a job, then those who work in corporations benefit. It's interesting because poverty is a complex thing. Very often people think, well, you just need a job. There are a lot of people who are poor who have jobs. I've worked as a professional social worker for a long time, and I've lived 35 years in poverty. A job is not the solution.

I would propose to you that a comprehensive federal plan is what we need, because if we tweak here and tweak there, it's piecemeal and it doesn't work. We know that it doesn't work because that's the system we have today. We need all levels of government, federal and provincial. We need all sectors. We need business sectors and civil society. We need to bring ourselves together to work collaboratively on this to end poverty in Canada, period.

Mr. Wayne Marston: I agree with you.

In the eighties and into the early nineties in Hamilton, we lost a lot of manufacturing jobs. We had to bridge people to whatever jobs there were. They couldn't just get them. They had to be retrained and have a number of things.

I'll move now to RSIQ. Hamilton industry is what I wanted to talk about.

It's about the homeless situation in the U.S. today. I just saw a report recently on television; people are lining up their cars at parking lots to be able to sleep in their car in a parking lot to be safe, and the parking lots have a waiting list. That's how bad it's getting. Allow that to sink in for a second. You can no longer just park your car. It's that bad.

We've heard warnings from a variety of people of how many Canadians working today are practically addicted to their credit cards and lines of credit. The banking community has given to Canadians, as a whole, credit way beyond their means. I'm not about to assign blame to that, but at the macro level, we have to do something to get an investment occurring in this country.

We heard during pre-budget consultations last year that \$500 billion in corporate money is sitting stagnant right now. We need to get that money into action.

The Chair: You have one minute, please.

Mr. Wayne Marston: Would you have any thoughts on that?

[*Translation*]

Mr. Pierre Gaudreau: The issue you raise with regard to the increase in homelessness in the United States is entirely relevant. It's been observed in Quebec, as well as in Canada. We're talking about an increase of shelter bed nights. However, these are not bed nights at the Château Laurier or at Château Frontenac. The people involved have no choice but to sleep in those shelters. You also mentioned people sleeping in their cars. That happens here as well. Obviously, since we are in Canada, it's cold, but people take the risk of sleeping outdoors, or of squatting in abandoned houses.

As for using existing financial resources, an increase in the prosperity gap has been noted. There is wealth in Canada — in fact, the country's overall economic situation is not bad — but the problem lies in the redistribution of that wealth.

We are among those who ask all governments, within the context of their budgetary activities — indeed, that falls within the mandate of the committee's work — to reduce tax measures that benefit corporations and high-income individuals. Recently, in Quebec, debates were held on this matter. Quebec's government threatened to further tax high-income taxpayers, but that caused a huge outcry.

However, if we wish to see fewer people in the streets, we must take action through taxation, the source we all hold in common.

• (1640)

[*English*]

The Chair: Okay.

[*Translation*]

Mr. Pierre Gaudreau: For decades, a decrease in the use of taxation as a tool to redistribute wealth has been observed. But to fight both poverty and homelessness, we have to turn to that again.

[*English*]

The Chair: *Merci*. Thank you.

We'll go to Mr. Komarnicki, please.

Mr. Ed Komarnicki (Souris—Moose Mountain, CPC): Thank you, Mr. Chair.

It is good to be back here on the committee. I note just a bit of partisan sniping there, but we will try to stay out of that. My comments will be addressed to Mr. Gaudreau.

I come from Saskatchewan. I am a member from Saskatchewan. They take a fairly aggressive approach with respect to housing. I know there are many dimensions to poverty, and housing is one of those. In Saskatchewan, of course, it's not only at that level of homelessness; low-income families and even middle-income families are having issues with housing.

Saskatchewan has taken an approach that is probably multifaceted. I am not sure if you are aware of some of the recent programs they have had. One of the programs that I was particularly involved in, just in the past week, was a special program for private developers to build housing for low-income families that would be provided a forgivable loan over a period of 20 years, provided the housing unit was used for that purpose.

I believe the program design is by the province. It administers a number of suites of programs. The federal government basically dealt with a federal-provincial agreement. They said housing is a provincial responsibility, so they let it stay there and just dealt with the federal contribution. That's one model.

Another model would essentially be for the government itself to be directly involved with developers through tax credits, tax breaks, or some other form to enhance the availability of housing. Those are two different models. Do you have a preference for one of those two models?

My second question is this: do you find the approach that I mentioned with respect to the Saskatchewan program relating to private developers acceptable?

[*Translation*]

Mr. Pierre Gaudreau: Thank you. This is a very relevant question.

Homelessness and poverty are not simply a housing problem, but housing is key. What is being done in Saskatchewan is interesting. No matter the kind of measures used, incentive or coercive, to bring contractors to build affordable housing for families and people living alone, either within their projects or by giving money — some initiatives were explored in Montreal but there were problems — there has to be government action leading all of this. In a way, it is a means of obtaining money or investments for low-income housing.

As for models allowing for the use of tax shelters to promote housing construction, a long time ago the Trudeau government oversaw the construction of multi-unit residential buildings or MURBs. Those who are my age or older will remember these. These incentives did promote housing construction, but did not ensure that it remained affordable. Housing construction was promoted but, because it was private housing, it stopped being accessible to people with low incomes.

We favour a model that is not unique but that the government has established in its action plan. The model consists of allocating funds to social housing to ensure that we have social housing and that it remains affordable.

[English]

Mr. Ed Komarnicki: I'm not sure I fully got which you prefer, but having said that, I want to move to another area quickly, because I have a question for Ms. McLachlan as well.

With respect to homelessness, would you agree with me that program design should be primarily at the community, non-profit, faith level as opposed to being designed at the federal level?

Second, it seems that many models developed in communities are similar. No matter where you are in Canada, the issues are the same, but there's not an adequate exchange of program information and data. Might it be an area of interest to try to link all of these different communities together for information-sharing purposes and develop something from that?

[Translation]

Mr. Pierre Gaudreau: It's a...

[English]

Mr. Ed Komarnicki: Do I have more time?

The Chair: You have about 30 seconds.

[Translation]

Mr. Pierre Gaudreau: The role of Canada's National Secretariat on Homelessness is to promote dialogue, but it could be doing more in this regard. We would like the government to increase its promotion of discussion around this in Canada. We can learn things from different models. There is some communication that is not happening at this point.

That being said, we want to call on the government to help this sector through the upcoming exercise. Yes, we have things to learn, but what we are missing are ways to help people based on solutions identified by communities. These resources are not enough to prevent people from ending up on the street and getting mired in poverty.

• (1645)

[English]

The Chair: *Merci.* Thank you.

Madam Glover has the final round.

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

Welcome to all the witnesses. It's been an interesting round.

To the folks who eloquently described the problem with poverty, I want to express...and reassure you that the government cares intimately about poverty, which is why we have some programs in place like At Home/Chez Soi, which in my part of the world, Winnipeg, has helped 600 homeless people with a home. It's a housing-first approach that doesn't just give them a house.

This is a Conservative government initiative, but it's not only that. The Mental Health Commission of Canada helps us to do these things, and there is a significant amount of funding that goes to it. There are things such as the Nutrition North program, which is reducing prices for our northerners, which is absolutely essential to helping end poverty, and things such as improving employment opportunities for our people with disabilities, because they typically are vulnerable.

I have to do a plug here. There is a call for proposals open right now for organizations that can connect people with disabilities with jobs. These are initiatives by this Conservative government. There are things like cutting taxes in 140 ways. That has helped people who are under the line of poverty to get over the line of poverty.

Increasing the GIS for seniors is tremendously beneficial to our seniors who are living under the poverty line. As a result of the measures taken by this Conservative government, 380,000 seniors have been lifted or removed from the tax roll.

As well, I'll tell you we are doing a charity study. We haven't finished the report, but it is this government that has made all of the moves toward tax advantages for charities so they can continue to do good work to help people who face poverty. The ThirdQuarter project came out of pre-budget consultations, and that is a project run out of the Manitoba Chambers of Commerce to help connect seniors with jobs.

All else aside, I want to reassure you that it is on our agenda and it is something that's important. I don't want to leave you with the impression that it's not important. It doesn't matter who voted for it or who didn't vote for it; what matters is the outcome, and the outcome has been very positive.

Having said all of that, I need to table something before I proceed. I don't want to run out of time.

I would like to table a copy of the platform from the NDP, which says, "We will put a price on carbon through a cap-and-trade system" and says on page 4 that revenues by year for that are \$21.5 billion, because we will not be called—I'm not going to use the word. We will not be told we're misleading. I'd like to table it for the committee. I didn't appreciate the comments made by Mr. Mai.

Let's get back to the facts. In your submission you mentioned your science cluster program. I wonder if you can tell me what the successes of the science cluster program have been.

Ms. Patti Miller: That's a really great question. I appreciate the opportunity to talk about it, because, as I said in my presentation, for us the link with innovation, market access, and market demand is critical to our success.

The science cluster program had two main areas of focus. One was looking at a number of issues that impact crop production—some of the disease pressures, some of the yield issues. There were 30 individual projects within that science cluster that we're starting to get results from just now.

The other area that science cluster has made a big investment in is studying the health benefits of this crop. Again, it is a really integral part of our market development program. As we uncover and discover more and more health attributes of canola, we're able to use that science to promote the health benefits in markets around the world. It's a critical investment.

Mrs. Shelly Glover: Is there anything we can do in budget 2013 to help push that forward to make sure investments in that area can help you to move forward?

Ms. Patti Miller: At a very high level, our key message is that we really want to continue to see investment in innovation and market access and market development. As I said, we're just starting to get the results from this first round. That's the one thing about science—it does take a long time to come to fruition. We will have recommendations based on this first round of programs, and we're developing those right now.

• (1650)

Mrs. Shelly Glover: Very good. Excellent.

We did have \$1.1 billion in budget 2012 dedicated to research, technology, and those kinds of things. A number of other things were put forward to the tune of tens of millions of dollars in other, smaller projects for innovation and that kind of thing.

Any ideas for budget 2013 that would actually lay out how we might successfully improve in those areas are very welcome. It's well and good for witnesses to come here and say to eradicate poverty or provide more research, but we need tangible programs.

The Chair: Thank you, Madam Glover.

I am just going to explain what we're going to do. We have another panel at 5:00 p.m. We also have votes. We have bells at 5:15 and votes at 5:45. The votes are going to take at least 35 minutes.

It's up to the committee to decide what it wants to do. My recommendation is that we start with the other panel and try to get as much done as we can, even when the bells are ringing. I know that technically we're not supposed to do that unless we have unanimous consent. We are looking at changing some of the committee times to accommodate votes on Tuesday and Wednesday.

Ms. Nash, you wanted to make a point.

Ms. Peggy Nash: I have a quick point of clarification. I wanted to inform the members opposite that a cap and trade system is not a carbon tax—

Mrs. Shelly Glover: That's wrong.

Ms. Peggy Nash: However, we're happy to have our platform tabled, because it has so many anti-poverty measures and measures that are good for Canadian families. We're happy to have our platform from the last election tabled with this committee.

Thank you.

The Chair: Okay. We will have that platform tabled.

I'll just point out—

Mrs. Shelly Glover: Table two pages.

The Chair: —that we don't actually have points of clarification; we have points of order. Technically, that's not a point of order, but we will table that order.

I want to thank all of our witnesses for being here. I want to thank you for your presentations and for responding to our questions.

Merci beaucoup.

We will suspend the meeting and bring the next panel forward as quickly as possible.

• (1650)

(Pause)

• (1700)

The Vice-Chair (Ms. Peggy Nash): We will get started with the second panel today. Mr. Rajotte had to step out, so I'll be chairing.

I'd like to welcome all of the witnesses. Thank you for being here today.

I warn you in advance that we are expecting bells to start ringing. That will interrupt this session for a vote, but we'll deal with that when it happens.

Let me just introduce the witnesses.

Monsieur Luc Godbout is here as an individual. Welcome.

The aerospace association is listed on our agenda, but unfortunately they cannot not be here.

From the Canada-Israel Industrial Research and Development Foundation, Dr. Henri Rothschild is here. Welcome.

From the Toronto Board of Trade, Mr. Juan Gomez is here. Welcome.

From the University of Manitoba, John Alho is with us this afternoon.

Welcome, gentlemen. You each will have five minutes to make your presentation. Then we'll begin questions and answers.

Mr. Godbout, would you please begin with your five minutes?

[*Translation*]

Prof. Luc Godbout (As an Individual): Thank you very much for this invitation.

I would like to quickly go over the results of a study on implicit tax rates that will be published tomorrow. I am the author of this study with Michaël Robert-Angers, and we will be publishing it tomorrow.

Implicit taxes do not represent most of the taxes people pay on various incomes; rather, it is the variation in income taxes that you have to pay if you make \$1 or \$100 more. I have prepared some presentations. I don't know if everyone has a copy. We are talking about variations in the tax burden based on variations in income. Differences in the tax burden are of course a result of increases in income taxes, increased social security taxes if you make more money, but also the decrease in tax benefits. It's very important to understand that.

Let's go to slide 3 on page 2 of this presentation. You will understand that the analysis is based on average income. In Quebec, the average income is \$39,697 while in Ontario and Canada, it is nearly \$43,000. How does making 1% more than the average income, \$1 more than the average income, translate into the fiscal burden? How much more do you pay in income taxes, how much more do you pay in social contributions, and how much less do you get back in tax benefits from the federal and provincial governments?

The Vice-Chair (Ms. Peggy Nash): We don't have the document in English.

Prof. Luc Godbout: It was sent at the same time as the French version.

The Vice-Chair (Ms. Peggy Nash): Okay, we will check.

Prof. Luc Godbout: May I continue?

The Vice-Chair (Ms. Peggy Nash): Yes, please continue.

Prof. Luc Godbout: As you will see, the problems we identified are much more obvious for single-parent families. When children are part of the equation, the problem of implicit taxes becomes much more serious. Basically, what we did was base our calculations on half of the average income up to three times the average income, and we tried to see what happened each time the income was 1% higher than the average income. What we wanted to know was how much goes back to the federal and provincial governments when you earn \$400 more.

And here we see that there's a problem. The study did not cover all of the provinces in Canada, but it did cover two provinces, Quebec and Ontario. What we saw was that the implicit tax rate — when you make \$400 more — has a bigger impact on people with low incomes, namely those whose income is lower than the average income and who make less than \$40,000. If you make \$400 more, you pay more in income tax and in social contributions and get fewer tax benefits. This is not really because of increased income tax, since we use a progressive scale. It has more to do with the tax benefits you lose for every dollar more you make.

I have prepared some images, since it is more difficult to explain without images. Let's take the case of a single-parent family with two children. For Quebec, let's take the average income of \$40,000. If the family makes \$400 more, the government takes back 80% of that. So the family is making \$400 more but gets only about \$86 in its pockets, especially because of lost tax benefits.

The results in Ontario are similar. A single-parent family making \$400 more will lose \$111 in benefits from Ottawa, \$91 in child tax benefits and \$20 in GST credits. These two things mean that there is

little incentive to work. You will see that from the document. These same problems exist for two-parent families.

Does this situation that exists in Quebec and Ontario also exist elsewhere in the world? I ran the numbers for the U.S. and the results are not the same. They do not have the same problems of high tax rates for people with low incomes in the U.S. I also ran the numbers for the other G7 countries. In the study that will be published tomorrow, you will see areas in which Quebec and Ontario have the highest numbers among the G7 countries in terms of variations in income taxes. I looked at the numbers for the Scandinavian countries, which, as we know, have high taxes. Their benefits do not decrease as their incomes increase. The result is that, in some small segments of the population here in Quebec and Ontario, taxes are higher when people earn \$400 more.

In closing, I believe we have to study this problem further. We have to try to understand whether having the highest taxes for some income groups when they make \$400 more could become a trap leading people into poverty. Could this become a disincentive to work? We have to try to understand how many taxpayers are impacted by this and ensure that the federal and provincial governments hold consultations to improve this situation. I believe this is a priority.

● (1705)

The Vice-Chair (Ms. Peggy Nash): Thank you very much.

[English]

Thank you very much.

Mr. Rothschild, you're the next witness. You have five minutes, please.

Dr. Henri Rothschild (President and Chief Executive Officer, International Science and Technology Partnerships Canada, Canada-Israel Industrial Research and Development Foundation): Thank you, Madam Chairman, and members of the committee.

I represent both the Canada-Israel Industrial R and D Foundation and International Science and Technology Partnerships Canada, two organizations mandated by the Government of Canada to deliver an important economic development program which has relevance to budget 2013, and hence my presence here.

This program is aimed at connecting Canadian technology-based firms with counterparts in four countries: Israel, India, China, and Brazil. They were chosen because they're important trade, commercial, market, and technological partners. The rationale is simple: technological partnerships are effective ways of achieving a dual objective, thus staying at the leading edge of innovation through the pooling of know-how and accessing important new markets through strategic partnerships.

What have we achieved and learned?

Our initial experience with Israel, which began 10 years before the three other countries, has demonstrated that a modest but focused investment of only one million dollars per year by Canada, matched by our counterparts in Israel, has resulted in economic value defined by sales, investment, and market access that is estimated to be in the hundreds of millions of dollars, through the support of 90 bilateral R and D projects.

Just as a case study, of which we have many, SiGe, an information and communication technology company in Ontario, through a \$500,000 grant for a project with an Israeli semiconductor design leader, has gained 30% market share for laptop power amplifier applications. It generated \$10 million in sales per year, resulting in \$290 million in investment and acquisition and maintaining 60 jobs in Canada.

Indeed, our experience with Israel has shown that such a program has paid off in a manner that exceeds most, if not all, instruments of economic and innovation policy. We've applied this approach, still with very modest funding levels, to India, China, and Brazil. The results are early, but indicate the following—

The Vice-Chair (Ms. Peggy Nash): Excuse me, Mr. Rothschild. Could you speak a little more slowly for the interpretation?

Mr. Henri Rothschild: Sorry. I did submit.... Okay.

What our application in the other three countries has demonstrated is the incredible interest by the small and medium-sized community in this country in this kind of partnership. It's important for us to have presence in these countries with enormously growing markets, and it's very hard, especially for small companies, to do so. The partnership work that we do is very relevant to them.

For example, we've had over 500 expressions of interest of Canadian groups wanting to partner with China, representing 4,000 scientists and engineers at both ends. An important point to note is that 65% of the Canadian lead applicants are Canadians who have origins in China and recent origins in China. Most came as doctoral students, as post-doctoral fellows, or as other exchange students, reinforcing the recommendations presented by the report on international education, released just recently, on the value created by the international exchange of students.

Technology partnership leads to market application. We have a project with a company in Alberta, called Alta Genetics, which develops basically genetic testing of dairy herds to improve the safety and the quality of meat. It has already an investment of \$200,000 through our program, over \$7 million in revenue, and a presence in the Chinese market.

We've also determined that global partnerships stimulate the commercialization of technology from university to industry, as some 50% of our current Canadian applicants are themselves partnerships between academia and industry. This is important in the context of implementing the recommendation of the Jenkins report for trying to commercialize technology from academia to industry, an important issue for Canada.

This issue is something that's important for all governments around the world. Israel, a country with one-seventh the GDP of Canada, spends \$250 million every year to partner its technology-based companies with over 25 countries around the world.

The Chinese program, for its part, has increased 20-fold in the last eight years. That trend is continuing, to a point where it will be difficult to engage China commercially without engaging it technologically.

The current program is basically \$1 million per year per country. It doesn't come close to delivering on the potential and the opportunity.

Here we are in sync, in total sync, with experts in trade policy and senior officials in the Department of Foreign Affairs and International Trade in proposing a sustainable amount in the order of \$20 million a year for five years. Based on our experience, what will this deliver? It will deliver something in the order of half a billion dollars' worth of collaborative research effort between Canadian small and medium-sized enterprises and the four countries in question, representing an expected \$2 billion to \$3 billion in revenue, with hundreds of high-value-added jobs.

Members of the committee, technology leads to trade, not the other way around. This is a major shift in the realities of international commerce. This will increasingly be so in the years ahead, as advancing innovation has become the major force of change in the world. By building on our strengths and in fact our comparative advantages, Canada can make important inroads in the growth markets of the world with modest but strategic and highly leveraged investments, such as the program I described. This will give meaning to the definition of what constitutes an integrated trade policy, which is an important agenda for this government.

As we have heard from many wise sources, including the Governor of the Bank of Canada, our market competitiveness will no longer come from a lower dollar but from improved market presence in high-growth economies. Programs such as ours give practical action items that achieve this very objective.

Thank you.

•(1710)

The Vice-Chair (Ms. Peggy Nash): Thank you very much.

Mr. Gomez, you have five minutes.

Mr. Juan Gomez (Director, Policy, Toronto Board of Trade): Good afternoon.

My name is Juan Gomez. I'm the director of policy for the Toronto Board of Trade. Thank you for inviting me to appear this afternoon.

Founded in 1845, the Toronto Board of Trade is Canada's largest chamber of commerce, connecting 10,000 members and more than 200,000 business professionals and influencers throughout the Toronto region.

Next year, we'll be celebrating our 125th anniversary. The board advances the success of our members and the entire region by facilitating opportunities for knowledge sharing, networking, business development, and city building.

At the outset, I want to stress the importance of Canada's major city regions to the strength and vitality of our national economy. In the case of the Toronto region, its assets are a diverse economic base and robust labour and consumer markets. Accounting for about 45% of Ontario's and 20% of Canada's GDP respectively, the Toronto region's weight in national terms is comparable to that of other leading world cities. By way of comparison, greater London accounts for 19% of the U.K.'s total output, while the metro New York region produces almost 9% of American GDP.

Maintaining this economic dynamism is not easy, especially within an economic environment characterized by considerable political and economic uncertainty in key export markets like the U.S. and Europe. Key to the success of our region's and nation's economy is having both a credible fiscal plan and a clear strategy to drive private sector growth. As events in the U.S. and Europe demonstrate, not having a credible fiscal plan becomes a drag on economic growth, increases debt servicing cost, and threatens the ability of governments to pay for vital investments in human and physical capital. At the same time, without a clear strategy to drive private sector growth, government revenues are jeopardized, as is our ability to grow our economy.

Building our nation's economic competitiveness, and in particular our ability to compete globally in attracting foreign inward investment and acquiring new export markets must be a central focus of the budget and its spending priorities.

From the board's standpoint, a critical pillar to ensuring Canada's economic vitality is modern and well-maintained physical infrastructure. As economic research amply demonstrates, solid infrastructure is critical to business competitiveness and the success of our national and urban economies. We commend the government for recent infrastructure investments, including the federal gas tax fund, the economic action plan, and the Building Canada plan, and for making the gas tax fund permanent, all of which have strengthened Canada's infrastructure and economy. However, despite the progress made in addressing urban challenges, many still remain, whether it's public transit or physical infrastructure like roads and sewers.

Our first recommendation is to renew the Building Canada fund in order to support the infrastructure priorities of urban Canada. This should include maintaining the value of the gas tax fund to ensure it keeps up with rising costs. This could perhaps be achieved through an indexing or fixed percentage mechanism. We also see it as critical that there be long-term funding streams developed for core infrastructure like roads, ports, and public transit.

Our second recommendation is to ensure we build our nation's capacity to compete globally for trade and investment. Undoubtedly, successful negotiations on trade and investment agreements, including the European Union and India, and intensifying focus on high-growth countries in the Asia-Pacific region will directly benefit Canadian businesses and workers across Canada.

However, to fully take advantage of these opportunities, we must have firms that can compete with tough foreign competition and a business environment that is attractive to foreign direct investment. Critical to Canada's competitiveness is the strength of our regional business clusters. Clustered industries typically sell to markets beyond their local region and are more productive and innovative.

For this reason, cluster-based strategies are an effective way to foster innovation, improve productivity, and strengthen the international competitiveness of Canada's regions.

• (1715)

We therefore invite the federal government, perhaps through FedDev Ontario, to work in partnership with the Toronto Board of Trade in carrying forward an important initiative we are now undertaking to grow and strengthen key clusters in the Toronto region, such as the food and beverage cluster and health and life sciences.

The Vice-Chair (Ms. Peggy Nash): I'm sorry, but your time is just about up.

As well, I need to interrupt you. Can I get unanimous consent from the committee under Standing Order 115(5) that we remain until 5:30?

Some hon. members: Agreed.

The Vice-Chair (Ms. Peggy Nash): Thank you.

Do you have a couple of concluding words? Your time is just about up.

Mr. Juan Gomez: Lastly, at the same time that the government looks for efficiencies in the delivery of government services, we must ensure we don't weaken our federal export trade support infrastructure. A successful strategy for Canada must support Canadian firms that wish to go global, and we must ensure we coordinate inward investment promotion efforts between the federal government, provinces, and municipalities.

That concludes our recommendations.

Thank you.

The Vice-Chair (Ms. Peggy Nash): Thank you very much.

Mr. Alho, you have five minutes please.

Mr. John Alho (Associate Vice-President (External), Government Relations, University of Manitoba): Thank you, Madam Chair.

Good afternoon. I'd like to start by thanking members on behalf of Dr. Barnard, president of the University of Manitoba, for your kind invitation to appear before the committee. He sends his regrets for not being able to personally join us here today.

First I will provide some context. The University of Manitoba was established in 1877 as western Canada's first university. The university serves 28,000 students, making it the largest university in Manitoba. As one of Canada's leading research-intensive universities, it is a member of the U15 and is ranked 12th out of the top 50 research-intensive universities across our country.

The University of Manitoba feels a sustained foundation for Canada's economic recovery and growth stems from three primary areas in which the federal government should continue its investments. Those three areas are investments in research, investments in international education, and investments in aboriginal higher education.

The university believes that the government should continue its investments in research particularly by enhancing the core funding for the three granting councils and the Canada Foundation for Innovation, CFI. Tri-Council support is the essential pillar supporting research activity across our country. Funding from CFI provides a world-class infrastructure that allows our researchers to collaborate with industry and research partners around the world. Research funding, together with support for graduate students, creates the opportunities and the skill sets that grow the economy and improve Canada's productivity over the long run.

The University of Manitoba is a leader in fostering research partnerships with the private sector. Over the past decade, the university has garnered eight NSERC synergy awards for innovation that recognize outstanding university-industry collaboration. In accordance with the federal science and technology strategy and the findings of the Jenkins report, the university encourages further investments in partnership programs like those administered through the granting councils that foster research partnerships between SMEs and universities.

The second point I'd like to make today is that investing in international education is critical for the economic growth of Canada. The university provides post-secondary education to over 3,000—

• (1720)

The Vice-Chair (Ms. Peggy Nash): I was sorry to interrupt.

Mr. John Alho: The University of Manitoba has over 3,000 international students from nearly 100 countries. These students bring different perspectives to our campus and contribute to the local economy.

To attract the best and brightest from abroad, our first step is the coordination of marketing and branding of Canada as a destination for international study. The economic impact of such investment is quite significant. International students contributed over \$8 billion to the Canadian economy in 2010. Moreover, international students, upon graduation, form a highly trained pool of potential immigrants, and those who return to their home countries serve as an international network that can be leveraged by business and public sectors.

At the same time, we should enhance opportunities for Canadian students to enrich their education through programs for study abroad. These students gain a global perspective and are exposed to different ways of thinking. They develop knowledge of different cultural and business environments and, upon their return, increase Canada's international opportunities.

Finally, we would recommend that the government increase investments in aboriginal higher education. It's estimated that 1.5 million Canadians will be of aboriginal ancestry by 2026. One-third of aboriginal Canadians have not completed a high school diploma and only 8% of Canada's indigenous populations have earned a university degree. If this trend continues, many of Canada's aboriginal peoples will not have the opportunity to participate fully in the economy of tomorrow.

The University of Manitoba welcomes over 2,000 indigenous students totalling over 7% of our population. These are among the

highest totals in Canadian universities. Although the majority of these students enter the University of Manitoba through the usual high school programs, the university has established a suite of access programs that provide support for those who need it.

Reaching students in the K-12 system well before they enter university is crucial. The university works with high schools to demonstrate not only the value of post-secondary education, but also its feasibility. We believe that such reach-back mechanisms can transform the post-secondary situation and the lives of many aboriginal Canadians.

The federal government needs to support these types of university programs that address the unique needs of Canada's indigenous populations, while improving accessibility and quality of education delivered at the primary and secondary schools.

Greater federal investments in family and community and financial support for aboriginal students are of the utmost importance. By training a highly qualified labour force able to meet the emerging needs of our economy, and through research and innovation, Canada's universities play an important role in enhancing Canada's international competitiveness.

The University of Manitoba encourages the government to build on measures outlined in budget 2012 and elsewhere by investing additional funding in university research through the granting councils and CFI; by investing in international education, both to attract top talent to Canada and to provide Canadians with opportunities to study abroad; and by making additional investments in programs supporting aboriginal education.

Thank you.

The Vice-Chair (Ms. Peggy Nash): Thank you very much.

We'll now begin. I think we'll get time for one round of questioning only.

[*Translation*]

Mr. Caron, you have the floor.

Mr. Guy Caron: I thank all of you for being here today. The presentations were very interesting.

I will start with Mr. Godbout. It's unfortunate that I don't have the documents in front of me. It makes it difficult to wrap one's head around the idea.

Unless I am mistaken, the idea of implicit tax looks at the distributed benefits in addition to the tax burden in order to measure the impact on certain family groups. Is that right?

• (1725)

Prof. Luc Godbout: Indeed, it's very unfortunate that we don't have the documents. Everyone was looking at me questioningly. I think it was a bit of a waste of time to go through this exercise without the documents.

Implicit tax measures something specific. For example, if someone earns \$100 more, what is the tax burden on that \$100? Therefore it does not measure your average tax burden since there are other calculations that do that. It takes into account not only income tax, but also social security contributions to the Quebec Pension Plan, the Canada Pension Plan and employment insurance. What makes it unique is that it also takes into consideration any losses in tax benefits. It shows what tax benefits are lost if you earn \$100 more.

When we do this exercise with the richest people, for example those who earn \$250,000 or more per year, if they earn \$100 more, they will have to pay roughly 50% in taxes to the federal and provincial governments combined. They will not make any more social security contributions since those payments will already have been made. Since they have been ineligible for tax benefits for quite some time already, they wouldn't lose any additional tax benefits.

As for those who are less wealthy, particularly the income group between \$20,000 and \$40,000, we note that they start paying taxes and continue making social security contributions, but they lose tax benefits.

Mr. Guy Caron: I only have five minutes. I wanted to specify—

Prof. Luc Godbout: These people lose tax benefits, and that's what is important to underline here. That's why we have some areas with rates of 80% among single-parent families in Quebec and Ontario.

Mr. Guy Caron: That's interesting. I can imagine, for example, that a family or person who earns an extra \$400 on their \$20,000 salary will contribute a greater amount of social security taxes, along with losing tax benefits. You said that that is not the case in other countries. Yet, other countries like the United States and those in Scandinavia also have tax benefits.

Why is the impact felt more here than it is in other countries?

Prof. Luc Godbout: In the other countries, these benefit programs are universal. The tax benefits don't diminish as people earn more. In Canada, you may recall that there were family allowances up until the early 1990s. Everyone received \$20 and that amount was not reduced. A decision was made to distribute this money differently and to add more. Those who don't have a lot of money receive more, and those who are richer receive less, if any at all. That is completely acceptable. The problem arises when everything is reduced, but taxes increase and tax benefits diminish. That's when the tax burden on each additional dollar becomes very high.

Mr. Guy Caron: How do we go about addressing this issue? We've talked about universal benefits. We've talked about payroll taxes and income tax. Even if we discuss these things further, they are probably the least important aspect of this problem.

Prof. Luc Godbout: In this case, that's right.

I will give you two unsatisfactory solutions that are to be avoided. We should not try to deal with the implicit tax problem by eliminating tax benefits. People would be poorer but there wouldn't be this problem of implicit tax. That is not the solution.

Transforming it into a universal program available to everyone is not the solution either because that would be extremely expensive.

Among the richest people, there is a psychological threshold of 50% that they won't cross. In the same way, there needs to be this psychological threshold among the poorest people. There needs to be some kind of agreement between the government and the citizen that states that for each additional \$1 earned, losses in the form of taxes and fewer tax benefits will not exceed 50¢.

It's much easier said than done because there are two levels of government and a myriad of programs that aren't necessarily consistent with one another.

Mr. Guy Caron: I have approximately one minute left.

Mr. Gomez, I listened to your presentation and I've read it as well. You underlined the issue of infrastructure in Toronto. I think we agree that there's an infrastructure deficit in Canada. When I was the official opposition's industry critic, I spoke with industry representatives quite often. They were asking for corporate tax cuts and that's what the Conservatives gave them.

The industry representatives also wanted the government to invest in infrastructure. The corporate tax cuts resulted in Canadian companies sitting on \$500 billion in cash reserves. We can't have it both ways, so which one would you choose? Tax cuts or an infrastructure investment program to deal with that deficit and make us more competitive with emerging countries, for example?

[English]

The Vice-Chair (Ms. Peggy Nash): Mr. Gomez, you have 15 seconds to respond.

[Translation]

Mr. Guy Caron: You can answer that question later if you wish.

[English]

Mr. Juan Gomez: We think it needs to be a balanced approach. We think investments in infrastructure will pay huge benefits in the long term and also in the short term. We would see that as a priority for the government. Ensuring in the overall balance of spending that it is done wisely, obviously, this next budget needs to make infrastructure a serious priority and must allocate the necessary resources to it.

● (1730)

[Translation]

The Vice-Chair (Ms. Peggy Nash): Thank you very much.

Mr. Godbout, our apologies. I'm told that we're about to receive your presentation.

[English]

We're going to break to go to the vote. I'm reminding the members and the witnesses that we will come back after the vote to finish our meeting. I think Mr. Rajotte will be back by then.

The meeting is suspended.

• (1730) _____ (Pause) _____

• (1820)

The Chair: I call this meeting back to order. This is the 77th meeting of the Standing Committee on Finance. We are resuming our pre-budget consultations.

I want to thank the witnesses very much for their patience in waiting for the votes to be finished. I have a number of colleagues who wish to ask questions. If any of you would combine your time, I think the witnesses and others would see that as very appreciated, but obviously we will go in the order that I have here. I understand we are starting with Mr. Adler.

Mr. Adler, this is your round.

Mr. Mark Adler: Thank you, Chair.

I want to thank all of the witnesses for being here today. This was a very informative session.

I'd like to begin my questioning with Mr. Gomez.

I'm going to ask you a couple of quick questions.

You indicated during the course of your presentation that you have 10,000 members in the Toronto Board of Trade. Is that correct?

Mr. Juan Gomez: That's correct, yes.

Mr. Mark Adler: Thank you.

Of those 10,000 members, did any one of them indicate to you, implore you, that when you were coming up here to make representation to the finance committee today, you were to ask the government to impose a \$21 billion carbon tax? Did any one of them?

• (1825)

Mr. Juan Gomez: That was not presented to us in our consultation.

Mr. Mark Adler: Thank you very much.

Mr. Rothschild, I really enjoyed your presentation. You use the empirical evidence well. You presented your facts, the case for strategic partnerships, brilliantly. I was very impressed with the presentation, so thank you. I think it has a lot of potential for us here on the government side.

There was an article last year in *The Economist*, on the front page, talking about the magic of diasporas. Canada is well positioned as a country of immigrants, with large ethnocultural communities that could take advantage of exactly what you were talking about in terms of strategic partnerships with other countries. Could you elaborate on that and the position of Canada in the world in terms of its potential for doing so?

Mr. Henri Rothschild: Thanks very much, Mr. Adler.

I can on two counts. One is partnership with India and with China. Canada is not alone in having large segments of our population with origins in India and China. Other countries, such as the United States, countries in Europe, and Australia, have that. One of the things I did not specify is in our programs with India, China, Brazil, and Israel is that we work with counterparts in those countries, so on a daily basis

we work with an organization in India that's similar to ours and with an organization in China that's similar to ours.

One of the things that they have noticed is the degree to which Canadians of Indian and Chinese background are positioned in what I will call the innovation system of Canada, whether it's in academia, in companies, or in government institutes of technology. Without being corny about it, I will say that the meritocracy that characterizes the Canadian system has enabled a much faster tracking of capable, talented, educated individuals with origins from those countries.

Nothing reflects that more than the numbers I commented on regarding China. We had 500 expressions of interest. An expression of interest isn't a phone call; it's an actual application. We had a research project and a binational team defined, and the Canadian principal investigator in 68% of our applications is a Canadian of Chinese origin. When I say that, I mean 10 years or less in Canada, which means that they came here basically to pursue education, to connect with Canadian universities, and then stayed on either as doctoral students or PhDs and then became entrepreneurs. Similar numbers exist with Indo-Canadian communities.

This is a huge comparative advantage for Canada because it enables us.... First of all, they have maintained contact, which is true of all people with that level of education. Your community is in essence your discipline, your technological, scientific, and engineering discipline. This enables us to build partnerships with fast-growing technology development centres in India and China that others cannot do as well as we do.

It's very important because, again looking at China, one could argue that the really important news coming out of China is it has a dedicated commitment to being a science superpower by the year 2025 and is acting accordingly.

The Chair: You have 30 seconds.

Mr. Henri Rothschild: The numbers in terms of science productivity are very high. For us to engage China, we need to engage across that platform.

Mr. Mark Adler: I see that particularly in the riding that I represent, York Centre. We have the largest number of Russian-speaking people of any riding in the country, and there is a lot of business going back and forth.

I want to ask you one more thing. The Minister of Finance, in the last budget, said he was going to be refreshing the global commerce strategy. This is a perfect fit for that, is it not, in your estimation?

The Chair: Please answer very quickly.

Mr. Henri Rothschild: We think that an integrated commerce strategy or integrated trade policy or refreshed global commerce strategy all say the same thing. It means that technology, trade, and other aspects of international commerce have to be dealt with together as one package.

As I indicated before, technology partnerships now lead to trade, and we have a lot of case studies that give evidence to that.

• (1830)

Mr. Mark Adler: And trade means jobs.

The Chair: Thank you.

We'll go to Mr. Brison, please.

Hon. Scott Brison: Thanks to each of you for your interventions today.

I'll start off with Mr. Rothschild.

I'm a big fan of the book *Start-up Nation*, which I think is better than almost any other thing I've read. It really summarizes some of the successes in Israel.

What more can we be doing, in terms of investments, in strengthening alliances between Canadian research, Canadian entrepreneurs, and Canadian and Israeli universities? Mr. Alho may want to say something about it as well.

Mr. Henri Rothschild: Well, without appearing too self-serving, the kinds of programs I described are something we should do a lot more of, for a couple of obvious reasons. What I mean by that is to promote collaborative research between researchers where the objective of the research is commercialization.

Hon. Scott Brison: You told us the dollar figure that Israel is spending. What should be the appropriate dollar figure for Canada?

Mr. Henri Rothschild: I mentioned \$20 million a year, as opposed to \$5 million a year, for the four countries.

Where does that number come from? It comes from the number of applications we receive that are of high quality and that would enable us to make huge returns to the Canadian economy based on the results of those partnerships.

That doesn't mean we couldn't productively spend more, but on the basis of what we've seen so far, we don't think more than \$20 million is justified at this time. However, that amount, given the leverages we've already experienced, would be defensible, as far as what I would call good investment practices and good management of the public treasury are concerned.

Mr. John Alho: I would tend to agree as well. There is a lot that can be done, such as additional investments in partnership programming. Take the Connect program and the Engage program that are coming out of NSERC, for example. For relatively small amounts of dollars, new SMEs that have had no history of collaboration with universities are now applying for these dollars and for first-time research projects. They are working together with the academics to come up with solutions to real business problems. We would encourage additional investments of these natures to be made.

The IRAP is another good example of a program that is run out of the NRC and fosters collaboration between industry and our research centres.

Our position would be that we should encourage more of these types of programs.

Hon. Scott Brison: You mentioned that the University of Manitoba has a disproportionately high number—I think you said it was the largest percentage in Canada—of aboriginal and first nations students.

How important are scholarships that are aimed at helping break down the financial barriers? What would be some of the examples of

the best scholarship programs, particularly those aimed at helping to strengthen business capacity on aboriginal and first nations reserves?

Mr. John Alho: One of the leading determinants to accessibility at university is the history of families who have gone through the university system. That tends to be the largest single determinant of whether someone goes on to university or not. Unfortunately, in our aboriginal communities we don't have as many examples of that as we would like. I think I mentioned in my presentation that only about 8% of aboriginal Canadians have pursued a university degree.

Putting in place scholarships and measures to support aboriginal education is absolutely critical for the future of the country. When you keep in mind that over the next 20 years 400,000 aboriginal Canadians will be entering the workforce, we need to put in place measures that will provide assistance to encourage them to go on to university.

We have in place what we call reach-back programs that go into the K-12 system. At one point some of those programs were funded through the federal government, but they aren't any longer. We would encourage government to take a look at that.

You mentioned business, and in particular I would refer to the Paul Martin foundation and some of the work the former prime minister has done in that regard. I think members of the committee are familiar with the work they've done. They encourage and provide training for students in the high school stream to go on some business education and business training, as well as providing some start-up funds.

• (1835)

The Chair: You can have just a brief question, Mr. Brison.

Hon. Scott Brison: Mr. Gomez, in a recent poll, your members indicated that access to skilled labour is critically important to them. How much of a skills gap, in terms of people without jobs and jobs without people, are you seeing in Toronto?

Mr. Juan Gomez: In a number of our key industry clusters, it's quite severe. We recently heard, as an example, from our food and beverage cluster. A lot of people might not know that Toronto has North America's second-largest food and beverage processing cluster. What many of our members are finding, in particular on the processing side of the food industry, is that there are considerable skills gaps. What we also are finding is that some of that demand is not being met by some of the programs in the colleges and universities. That's something we're currently working on and trying to address with partners in government and post-secondary institutions.

The Chair: Thank you, Mr. Brison.

We'll go to Ms. McLeod, please.

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

I, too, would like to thank the guests for their patience while we went to the votes.

I'm going to start with Mr. Gomez. I note your three items in your presentation. Certainly the Building Canada fund, which goes through to 2014, has been a critical program. A lot of those accelerated dollars are really important. The minister, of course, has indicated that he's sitting down with the FCM and the partners in terms of designing and looking towards what that next infrastructure program is going to look like. That piece of work is in process.

I found it very interesting that Mr. Rothschild was portraying a specific model, and you were talking more globally, in terms of the importance of increased capacity to compete globally and the cluster-based strategy. Can you talk to me a little bit about what your thinking is for moving that agenda forward? Then perhaps Mr. Rothschild could also respond.

Mr. Juan Gomez: With regard to the Toronto region economy and what our comparative advantage is, we clearly see from the benchmarking we've done that we have some of the leading industry clusters in North America. For example, in food and beverage, health and life sciences, auto parts, and aerospace industries, we're quite strong. We see those as areas we can grow substantially in terms of attracting inward investment. Also, businesses, working together, can improve the competitiveness of those clusters.

In Canada's promotion of its trade-off offer in terms of attracting inward investment, it is important to highlight these industry clusters as areas companies can invest in to grow their businesses and it is important in terms of the export supports we undertake. It's important that they have that regional focus and understand the importance of those industry clusters to the national economy.

In both attracting investment and promoting exports, we really think it's important that regional comparative advantages be understood, just as we understand the importance of energy, for example, in Alberta.

Mrs. Cathy McLeod: Would you say that you're both trying to achieve many of the same things and that they are just different models?

Mr. Juan Gomez: Absolutely. We absolutely support the types of partnerships Mr. Rothschild described. A lot of the work we do is to help businesses connect with those types of programs. That approach definitely could work within the Toronto region, through our universities. Part of what we're trying to do is encourage better relationships between business and universities, in terms of collaboration. These types of programs would be part of that mix.

Mr. Henri Rothschild: In terms of Canadians partnering through technology with other countries and other regions, we have three types of comparative advantages that for the most part are largely untapped. As technology becomes a key to opening up market opportunities, we need to be aware of it and build on it. This is what we've uncovered in the few years we've been running the programs I've described.

The first is demographic, as we've talked about, particularly in responding to the question from Mr. Adler. The immigrant mix we have in our country becomes a very powerful partnering platform.

The second is the quality of our science base. The report recently released by the Council of Canadian Academies shows that in the

area of science quality, we are really in the top ranks, based on all the metrics that measure scientific quality.

The third, often overlooked, is the fact that we adhere to good corporate governance. We're a transparent society. Sometimes it can be a detriment, but in the case of partnerships, everybody wants to work with us. This is because in many ways we adhere to terms of agreement on technological sharing, which may seem like a detriment to some people, but to a large degree, particularly in multilateral initiatives, Canada can become an important hub in developing certain advanced technologies that can help our industries and make us more competitive.

• (1840)

The Chair: Thank you.

Ms. Nash is next, please.

Ms. Peggy Nash: Thank you.

I don't have time to ask you a question, but I want to echo what Mr. Rothschild was saying Canada's advantages in terms of the multinational nature of our citizens, the tremendous human resources we have, and the security we have here in Canada, which is very desirable. I'm a former board member of Invest Toronto, which advocated investment in Toronto, but I think cities right across this country are very strong opportunities for investment.

I want to pick up again on the piece Mr. Gomez raised about infrastructure. Transit is a perpetual football in the city of Toronto. We talk a lot about it. We don't seem to get the needed resources in that area.

Could you talk a bit from a business perspective about what it means for businesses to be, I would say, decades behind where we should be in transit investment in that city? I'm sure it's the same in other cities across the country. What does it mean for the businesses that you represent at the Board of Trade?

Mr. Juan Gomez: In surveys we've done with our membership on the top policy issues, investment in transportation infrastructure and problems associated with transportation have been consistently our number one issue over the past five years. At a macro level there are studies that have shown—the OECD, and the Conference Board of Canada—the impacts annually. It's about \$6 billion of lost productivity.

We know this anecdotally from different businesses. For example, Toronto is a major logistics transportation hub. It's really increasing the costs of doing business deliveries. It affects a lot of our manufacturing industries that rely on just-in-time delivery. There are a number of bottlenecks throughout the transportation system from public transit, rail, and intermodal connectivity between those different types of transportation. It's a substantial impact on us economically.

We've advocated that the solution requires all three levels of government to cooperate. No one level can provide all of the funding. However, our members have said that with the right plan in place and with transparency in ensuring that tax revenues collected through various means, whether the gas tax fund or otherwise, are allocated for transport, they're prepared to pay. That gives you an indication of the priority it is for our members.

Ms. Peggy Nash: How serious it is. I noticed as well that the importance you put on indexing funding so that it doesn't lose value and also the importance you gave to having multi-year funding of plans so that there is reliability going forward and businesses and the community know what to expect in terms of the delivery of transit.

I certainly know it's a massive concern for businesses I speak to and for people in the community. I agree with you that it ought to be a priority right across this country. It's a key issue for our economy, the environment, and the community.

I think the Board of Trade has continued to make this a key issue and I really support you on that as we're trying to bring the government along. They voted against a measure that we put forward for a transit strategy, but hopefully they'll have another creative solution come forward so that we can address this important issue. I thank you for raising it.

I want to ask Mr. Alho about two things. First, are we doing enough basic research in our universities, and is that something we need to address? Are we doing well in that?

Second, while many of the training programs are run by the provinces, is there anything the federal government should be doing in terms of training to fit the skills to the jobs that are available?

• (1845)

The Chair: Please have two brief responses there, Mr. Alho.

Mr. John Alho: Certainly.

In terms of investment research, are we doing well? Yes, we're doing well. Can we do better? Absolutely. Do we need to do better to compete internationally? Yes, we do.

In terms of training programs, the federal government does administer some training programs in partnership with other organizations across the country, and we should be looking at that by looking at where the skill shortages are and putting some money into that. Universities provide a broad skill set, and graduates are flexible and tend to be very employable as a result of that flexibility.

Ms. Peggy Nash: Thank you.

The Chair: Okay, thank you.

Thank you, Ms. Nash.

Ms. Glover is next, please.

Mrs. Shelly Glover: Thank you, Mr. Chair

Thank you to all the witnesses.

I'm going to start with Mr. Alho as well. I'm proud of the University of Manitoba. I had a son who went there for a while. I'm reminded of a quote you provided following 2012's budget. Here is the quote: Budget 2012 included a number

of items of importance to the University of Manitoba. ... Budget 2012 marked a solid commitment to research and innovation. ... Budget 2012 also contained measures to enhance support for high-potential research collaborations between businesses and researchers. ... Budget 2012 also prioritized Aboriginal education and training, committing to introduce a First Nation Education Act to be in place by September 2014. This is to establish standards and structures for strong educational systems on reserves.

Therefore I'm a bit surprised at some of your comments today. There was \$37 million put in for granting councils. I need you to explain it to me. Are you asking for more money on top of what's already been committed?

Mr. John Alho: Yes, that's correct. Those are definitely significant investments, and we were very supportive of them and continue to be very supportive of them. My comments were suggesting that we need to continue that level of investment.

I acknowledged that budget 2012 and other measures were significant steps in the right direction, and we need to continue making those types of investments, both in the granting councils and in aboriginal education. The momentum is going in the right direction, and we just need to continue that.

Mrs. Shelly Glover: Okay.

The Business Council of Manitoba also receives money from the federal government.

Mr. John Alho: The business council?

Mrs. Shelly Glover: The Business Council of Manitoba. Some of your students get bursaries from it.

Mr. John Alho: That's correct.

Mrs. Shelly Glover: Right. That's not helpful?

Mr. John Alho: Yes, it is very helpful.

Mrs. Shelly Glover: It is helpful. Okay.

The urban aboriginal strategy that was renewed in Winnipeg helps aboriginal students mainly at the aboriginal centre with things like skills development. The aerospace industry has been connected with them in a partnership to train aboriginal peoples, which is something I think was absolutely essential. A number of things are happening in our city and in our province, then, that were results of Conservative government decisions through previous budgets. I wasn't sure if you were....

Mr. John Alho: My comments weren't intended to take away from any of those measures. The urban aboriginal strategy is a significant step as well. It's challenging at times to work within the urban aboriginal strategy; our experience with it has been that it's been difficult to access those dollars from a university perspective, but I never suggested that it was having a negative impact.

Mrs. Shelly Glover: Yes, I didn't think you meant that it was having a negative impact. I just wasn't sure if you knew about them

Mr. John Alho: Oh no, we're quite familiar, absolutely—

Mrs. Shelly Glover: —because when you were offered an opportunity to point out some of the good things, none of them came out, so I thought I would ask you if you still support them.

They include \$60 million for Genome Canada; for McMaster University, a \$6.5 million commitment in budget 2012; \$17 million over two years to advance the development of alternatives to existing isotope production; \$10 million for the Canadian Institute for Advanced Research; for the Canada Foundation for Innovation, \$500 million; and \$40 million went to support CANARIE's operation of Canada's ultra-high-speed research network. I can go on and on.

In fact, I would have thought the doubling of the graduate internships in innovative firms was something that you would have come out and said was great. If it's not, tell us, because we need to know.

• (1850)

Mr. John Alho: No. The Vanier scholarships have been wonderful. The Banting scholarships have been wonderful. There's no question about that.

The university community as a whole, and the University of Manitoba, are very supportive of all of those measures you've outlined. What we're suggesting, in response to the committee's question on what measures we can continue to do, is that we should continue to invest in research, we should continue to invest in internationalization by recruiting international students, and we should continue to invest in aboriginal education.

Mrs. Shelly Glover: Very good. If we had to decide which programs specifically would be enhanced with more funding, which ones would you pick? I've listed a number, and as I say, I could go on and on. Which ones would you pick? We need your expertise on this.

Mr. John Alho: Well, the core in this context would be the university research. All of them are important—there's no question about it—but we need to continue to make those investments in the granting councils and CFI. The long-term impact on the competi-

tiveness of the country is significant. That's not to take away from the very real needs of the aboriginal community, and it's not to take away from the very real opportunity that international student recruitment presents for this country.

Mrs. Shelly Glover: Sure, and we can always do more. That's absolutely correct. We try our best, as you know.

Mr. Gomez, you mentioned venture capital in your presentation, which seemed to suggest that you liked what you saw in budget 2012. You want to see the money flow. Do you have any ideas for us on what more we could do with that, aside from getting the money to flow more quickly?

Mr. Juan Gomez: I think the primary sort of feedback we got from our membership is around increasing the speed of the program. The general feedback we've heard is general support for the direction, in terms of more direct grants for firms involved in R and D. What I also think should be explored are the opportunities that may arise, through some of the initiatives we're undertaking with our business clusters, for partnerships with existing federal programs.

Mrs. Shelly Glover: Very good. Then venture capital is still something that you see as an important tool.

Mr. Juan Gomez: Absolutely, and that's something we've heard from a lot of our enterprises, especially the SMEs, the small and medium-sized enterprises.

Mrs. Shelly Glover: That's good. Thank you.

The Chair: Thank you very much.

Again I want to thank our witnesses very much for their patience, for their presentations today, and for responding to our questions.

If there's anything further you wish us to consider, please send it to the clerk. We'll make sure that all the members get it.

Thank you again for being with us here today.

Thank you, colleagues.

The meeting is adjourned.

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