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Chair

Mr. James Rajotte

Standing Committee on Finance

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• (0830)

[Translation]

The Vice-Chair (Mr. Hoang Mai (Brossard—La Prairie, NDP)): Good morning, ladies and gentlemen.

We are here for a pre-budget consultation. This is the 22nd meeting of the Standing Committee on Finance. We are in Toronto. Although I am not from this city, I want to welcome you all here.

Today, we will be meeting with representatives of the Canadian Vehicle Manufacturers' Association, the Canada Company, the Canadian Energy Pipeline Association, Electric Mobility Canada, Spectra Energy and Financial Executives International Canada.

[English]

You'll each have five minutes to present your brief and then after that we'll have a round of questions from the members.

We'll start with Canadian Vehicle Manufacturers' Association.

Mr. Mark Nantais (President, Canadian Vehicle Manufacturers' Association): Thank you very much, Mr. Chairman.

Good morning, members of the committee. My name is Mark Nantais. I am president of the Canadian Vehicle Manufacturers' Association. We're certainly pleased to be here and certainly welcome your comments on our recommendations for the federal budget 2012.

In 2010 CVMA member companies Chrysler, Ford, and General Motors produced 65% of all vehicles manufactured in Canada and accounted for roughly 50% of all vehicles sold. Currently our member companies produce 22 different light-duty vehicles in six high-volume assembly plants along with a variety of high-volume components, including engines and transmissions, at four additional facilities. Through their sales, assembly, and research activities, as well as their head offices, CVMA companies directly employ 35,000 Canadians and support an additional 50,000 retirees. For every one assembly job, seven other jobs are created in the economy. We know of no other sector that has such a high job multiplier.

Our suggested budget actions are as follows.

Recommendation one: Budget 2012 should re-introduce competitive, flexible automotive investment funds to attract new automotive investments as well as investments that upgrade and retain the existing Canadian automotive footprint. Company decisions are now being made every three years or less, and the next horizon for new investments is already upon us. The existing competitive challenges facing Canadian manufacturers related to a high Canadian dollar, high commodity prices, and high energy costs will all affect

the auto industry's ability to compete for new investments. Given that the automotive innovation fund is scheduled to sunset soon and that Canada must compete globally for automotive production mandates, an automotive investment incentive program that is not just equal to but better than competing jurisdictions around the world remains a necessity. We actually have examples if you wish to get a sense of these types of incentives.

Recommendation two: Budget 2012 should eliminate the green levy excise tax and focus on policies that deliver environmental benefits through measures aimed at getting the oldest and most polluting vehicles off the road and encouraging the use of clean and renewable fuels. The green levy was introduced in the 2007 budget under the vehicle efficiency incentive before the new fuel efficiency standards were to take effect in 2011 in order to achieve revenue neutrality of the auto eco-rebate program, which was actually established in that same budget. Two significant milestones have since occurred. First, the government has eliminated the eco-auto rebate program in 2009, no longer requiring the green levy to achieve revenue neutrality. So what we now have is the introduction of a new additional tax on vehicles that have some of the best fuel economy and segments equipped with the most advanced and comprehensive safety systems. The auto industry has consistently argued against the adoption of the so called "feebate" programs, such as the green levy, given the inability to meet the stated environmental objectives, not to mention suppressing new vehicle sales. This view has been supported by the National Round Table on the Environment and the Economy and Natural Resources Canada.

Second, as mentioned, the government implemented this past September much more stringent vehicle greenhouse gas regulations for the 2011 through 2016 model years, and further expressed its intention to regulate even more stringently for model years 2017 through 2025. This measure will drive significant improvements in new fuel efficiency and reduce greenhouse gas emissions of the fleet, as all vehicle segments will be required to improve performance and reduce emissions. Underscoring the urgency of the elimination is the fact that under the green levy consumers will soon be paying even more tax, even though the vehicle's performance may have improved or remained unchanged. Natural Resources Canada actually intends to adopt new vehicle fuel consumption testing protocols and label values, which will determine how much tax is paid in order to facilitate testing of more advanced technologies and provide fuel consumption values that are actually more meaningful to consumers and world driving conditions. This will have the effect of increasing the public's fuel consumption values and increase the tax.

Recommendation three: Budget 2012 should introduce a consumer incentive for a defined period to encourage the purchase of advanced vehicle technologies with complementary incentives that promote the necessary refuelling and recharging infrastructure to support the introduction of a broad range of alternate renewable fuels and a greater electrification of the vehicle.

In closing, we understand you receive a wide range of policy proposals as part of the budget consultation process and we would suggest full economic studies and corresponding public consultations before implementing major policy shifts. One such example is the unilateral tariff reductions under the guise of harmonization with the United States, of which the impacts on local industries may be uncertain. Given the importance of trade to Canada's economic health, the only time tariff reductions should be considered is in the context in negotiating bilateral or multilateral free trade agreements that result in new market export opportunities for Canadian-produced products.

● (0835)

Unilateral action would undermine Canada's current bilateral negotiations, which are intended to provide market access benefits to both of the involved parties under negotiated and mutually agreed upon terms, conditions, and timelines.

Thanks very much, Mr. Chairman.

The Vice-Chair (Mr. Hoang Mai): Thank you, Mr. Nantais.

Next is the Canada Company.

[Translation]

Mr. Blake Goldring (Chairman, Canada Company): Thank you, Mr. Chairman.

Good morning, everyone.

[English]

On behalf of Canada Company, with "many ways to serve", I very much appreciate the opportunity to appear before you today.

My name is Blake Goldring. I'm the founder and chairman of Canada Company. Our organization was created in 2006 to bring

business and community leaders from across Canada together to support our Canadian military and their families.

Canada Company is apolitical, and we take no government money.

Some of our initiatives that you might know include our camps for the children of deployed soldiers, and also the scholarship fund, which provides post-secondary school funding for children of military parents who have been killed serving on an active mission.

Today we're here to seek your support for a fair and effective compensation program for the employers of Canada's military reservists. We believe that such a program is necessary to recognize the sacrifices made by both reservists and their employers and to strengthen a relationship that is vital to Canada's safety and security. Most important, this program will send a strong signal about the importance of reservists' public service by sharing its true costs across society.

The Canada Company submission is based on recommendations made by the C.D. Howe Institute that were recently endorsed by the Pratt report and the Canadian Defence & Foreign Affairs Institute. This institute is supported by major employer groups, including the Canadian Chamber of Commerce, Canadian Council of Chief Executives, and the Canadian Federation of Independent Business.

Whether serving in peacekeeping or nation-building efforts or in combat zones, military reservists are a growing component of Canada's security at home and abroad. Last year the C.D. Howe Institute issued a report that showed that existing federal and provincial job laws created to protect jobs of deployed reservists actually dissuade employers from hiring reservists. We believe that the stick, as embodied by the current patchwork quilt of various employment legislation across provinces, must be accompanied by a carrot, our proposed compensation program. By that I mean that incentivizing employers and covering their true costs will improve overall conditions for reservists and signal to employers that their efforts and costs are important to our society.

The costs incurred by employers include recruiting and training a replacement, overtime costs to cover absences, productivity loss, and retraining costs of returning soldiers. These costs are particularly challenging for smaller businesses, which find them more difficult to absorb within their operations. That is why our proposal is tailored primarily for smaller companies.

Reservists are also affected by the current system, sometimes choosing not to deploy in deference to employer opposition, hiding the reservist's status, and finding fewer employment opportunities. The conclusion of both the C.D. Howe Institute and the Pratt report found that the system needs to be changed, or else the employer pool will be eroded and will further increase pressure on our military planners to recruit and retain reservists.

Our proposal incorporates the best of the learning from the programs in the United Kingdom and Australia. Based on 2011 deployment levels, the C.D. Howe Institute projects that a fair and effective employer compensation program can be implemented at the per annum cost of \$8 million. This cost-effective program will more equitably distribute employee deployment costs across society rather than a small number of employers; second, it will ensure a vibrant pool of reservists by improving their reservist employment opportunities and working conditions; it will ease reservist deployment and transition back to civilian life; it will enable DND to make better personnel decisions and plan for the future; and most importantly, it will send a clear signal that the public service of a reservist is noble and a good thing to do.

In conclusion, the men and women who serve as military reservists make many sacrifices to protect Canadian values at home and abroad. We think the time has come to implement an employer compensation program that demonstrates our appreciation for this essential public service.

Mr. Chair, we thank you and the committee members for your consideration of this important initiative and for your continued support for Canada's military.

Thank you.

• (0840)

The Vice-Chair (Mr. Hoang Mai): Thank you, Mr. Goldring.

Now we have the Canadian Energy Pipeline Association.

Ms. Brenda Kenny (President and Chief Executive Officer, Canadian Energy Pipeline Association): Thank you.

Good morning. I appreciate this opportunity to present to the committee and to share with you perspectives from the Canadian Energy Pipeline Association.

We represent companies that transport 97% of all the oil and natural gas produced and used in Canada. Our membership currently operates more than 100,000 kilometres of pipelines in North America.

Pipelines are the only feasible and by far the safest means to transport large quantities of oil and natural gas over land. We know from many energy forecasts that we will need to deliver that energy for a long time to come. These energy highways are the means through which Canada achieves lucrative energy revenues and trade and energy security for its citizens.

I'm here to speak to you about the 2012 budget, but just for some background I'd like to lay a brief foundation first. The Canadian economy, during the recent period of uncertainty it has come through, and the 2011 budget have turned the federal government toward a more long-term outlook. Minister Flaherty has stated that our long-term focus is now shifting from protecting jobs and output to creating the right conditions for more long-term jobs and stronger growth.

Canada is in a more favourable position than many countries, in part because of the government's having chosen a prudent approach. Economic recovery is a big part of that. CEPA's proposals for the

next budget will enable economic growth and job creation while representing the goal of fiscal restraint.

Our recommendations fall into two main categories. The first is to continue reform of regulatory processes and laws to ensure that public interest decisions, including environmental protection, are achieved through timely, efficient, and predictable processes. The processes must focus on effectiveness and efficiency and guarantee the necessary capacity within government to move private sector projects through government decision making in a timely manner. This will enable job creation and economic development to the benefit of all Canadians.

The second recommendation category is that for existing pipelines we must ensure that the regulatory capacity and tools are in place to safeguard critical infrastructure, protect communities, and enable reliable energy security and trade as well as environmental protection.

With that in mind, our first specific recommendation is to renew funding and the mandate of the Major Projects Management Office for a three-year period. This is a critical function, which allows executives across government to continue their work on the whole-of-government approach to regulatory coordination and crown consultation. The funding is necessary to advance modern and efficient regulatory practices and enable reporting on results across departments and jurisdictions.

I urge the government to maintain this commitment and to ensure that appropriate personnel are in place. A failure to adequately resource the MPMO and key regulators will undermine the timeliness of decisions, placing hundreds of millions of investment at risk. We ourselves are forecasting close to \$40 billion in projects for the next several years.

The second recommendation is to focus environmental legislation to improve regulatory performance. Canada's existing laws related to energy and environment have been assembled over many years and are somewhat of a patchwork quilt. Some of those include the Canadian Environmental Assessment Act, the Fisheries Act, the Species at Risk Act, and the Migratory Birds Convention Act. They've each been developed and implemented one at a time to address specific issues. Today we need an updated framework of legislation so that all of the individual decision components can make sense together.

We believe that the reforms should include an integration of decision-making processes to pursue optimal environmental incomes, to support efficiency gains and timeliness within government, to direct resources where they have the greatest effect, and to ensure that crown consultation for aboriginal peoples is in place effectively.

Third, we must protect that infrastructure. In particular, we need the National Energy Board to have in place the enforcement tools and capacity to ensure that "call before you dig" is mandatory and that the right tools are there to encourage appropriate behaviour for excavators.

Do I have one minute?

• (0845)

The Vice-Chair (Mr. Hoang Mai): You have 40 seconds.

Ms. Brenda Kenny: Ninety percent of the NEB's costs are recovered, so these are costs we're inviting for ourselves, and they're important for safety.

In closing, as I mentioned, we are aware of a number of pipeline proposals, on the order of \$40 billion. They are there to transport hundreds of billions of dollars of investment and revenue from the upstream sector to meet energy security downstream. The recommendations we have put forward to focus on regulatory reform are critical to creating the jobs, and that level of investment is profoundly important as a privately funded stimulus package for Canada.

Thank you.

The Vice-Chair (Mr. Hoang Mai): Thank you very much.

Electric Mobility Canada, please.

Mr. Michael Elwood (Chair of the Board of Directors and Vice-President, Marketing, Azure Dynamics, Electric Mobility Canada): Thank you very much, Mr. Chair.

Good morning, everybody, and thank you for having us here.

I'm the chairman of Electric Mobility Canada. I've been in this position for about six years now, and we've been advocating for the use of electric traction as an alternative to fossil fuel and as part of Canada's future for transportation. Over the past number of years electric traction has become very popular around the world. In fact, most G-8 countries around the world have adopted strategies and initiatives to put electric vehicles into everyday transportation use, both for consumers and commercial application. However, we've not been in that position here in Canada, and today I'd like to just go through a few things: some environmental economic opportunities, and then four recommendations, as proposed.

From an economic point of view, we've already heard that Canada has a very lucrative business in the development of OEM vehicles. We do know that very well. Our opportunity, and with electric traction as we go forward, is to continue to maintain those jobs and actually increase them. In the last little bit, the Chevy Volt has come out, and 20 companies in Ontario participated in the development of the Chevrolet Volt by providing components and engineering to that vehicle. The Ford Transit Connect electric vehicle was developed in Vancouver. It has created jobs in Vancouver and it continues to create jobs in this country.

A number of others have been announced. Toyota will be developing their RAV electric vehicle in Ontario. So we're really there as a player. We know we have the capabilities from a personnel point of view and our capabilities are great that way. We need to continue on with that by supporting it.

From an environmental point of view, electric vehicles, even in a province where we are not purely hydro, still produce a 30% improvement to the actual tailpipe. There are four provinces in the country where hydro-electricity is used. In that case we see a 95% improvement at the tailpipe. So from an environmental point of

view, considering that transportation is about 28%, I believe, of gross GHGs, if we really want to make an impact, for sake of a better term, it's low-hanging fruit for us to really look at transportation as an area where we can make an impact today.

As far as the electric grid goes, back in 2009, with the grace of Industry Canada and Natural Resources Canada, we were championed to put together Canada's electric vehicle technology road map, which we delivered in 2010 and handed off to the Deputy Minister of Natural Resources. In that, we called for an aggressive target of 500,000 plug-in vehicles on the road in Canada by 2018, and this both in consumer and commercial application. If that were the case, we consulted with all of the utilities across the board, and there would be absolutely no need for any additional supply. What we would need is distribution. We need charging infrastructure and we need infrastructure, but we don't need to develop anything additional right now to get us to our early target. As we go down the road, yes, there will be a need for more. What we would like to see there is more renewable energy use.

The Government of Canada has been effective. They've worked with us on things, and we're thrilled that they've been there. They've also introduced a couple of programs that have supported the electrification of vehicles.

One other area is Canada's green highway. We're looking for Canada's green highway to go from coast to coast to coast and produce alternative fuel stations.

These are our recommendations, very quickly:

Number one is codes and standards. We need codes and standards and we need them quickly to get vehicles into the marketplace.

Number two is charging infrastructure. We would like to see a program put into place where home charging and commercial charging are supported by the federal government.

Our third recommendation is really a simple one, and that is that the federal government lead by example. In other jurisdictions fleets in the federal governments have really been looking at plug-in electric, battery electric, or hybrid electric vehicles in the best category.

• (0850)

Last is the promotion of the green highway from coast to coast to coast, building alternative fuel stations.

Thank you very much for your time.

The Vice-Chair (Mr. Hoang Mai): Thank you, Mr. Elwood.

We will now hear from Spectra Energy.

Mr. Tim Kennedy (Vice-President, Federal Government Affairs, Spectra Energy): Mr. Chair and members of the committee, thanks very much for the opportunity to be with you this morning.

I'd especially like to thank the clerk for scheduling us so early so I can get home to carve pumpkins this afternoon with my kids.

Spectra Energy is the leading North American natural gas delivery company. Headquartered in Houston, we have deep roots in Canada. This year Union Gas, a Spectra Energy company that serves over 1.3 million customers and more than 400 communities in Ontario, is celebrating its centennial.

Spectra Energy Transmission West, also known as Westcoast Energy, operating in British Columbia for over 50 years, is engaged in a \$1.5 billion expansion.

Maritimes and Northeast Pipeline, a Spectra Energy joint venture, continues to deliver natural gas to Atlantic Canada and the U.S. northeast.

In total, Spectra employs 3,400 people in Canada and pays close to \$300 million in annual taxes in the country. We also have a unique perspective on North American energy issues, as our president and CEO, Greg Ebel, is a Canadian, who was once chief of staff to Deputy Prime Minister Don Mazankowski.

For the 2012 budget, Spectra Energy has submitted a concise brief for the committee's consideration. We have asked for two things: first, that the committee support proposed changes to part VI.1 of the Income Tax Act and other related provisions, specifically to address the disparity that now exists between the corporate tax rate and the tax treatment of dividends from certain preferred shares.

Utilities, and Spectra Energy in particular, have large capital programs and often use preferred shares as part of the mix of debt and equity to finance that spend as well as their ongoing operations. Under part VI.1 of the act, imposing taxes on certain preferred dividends paid by the company, to offset the cost of this tax companies are also entitled to a tax deduction. The original intent was that the value of the tax deduction should equal the value of the tax companies pay under part VI.1. The rate of the part VI.1 tax and the related deductions were set at a time when corporate tax rates averaged 40%. Since that time, corporate income tax rates obviously have come down, and the changes to the part VI.1 tax and the related deduction have not kept up with these changes. This situation has been acknowledged over the years by various governments, and beginning in 2003 legislation was proposed to deal with this issue, but it has never been passed.

Second, we ask that the committee support the flowing of investment tax credits to partners other than the general partner in a limited partnership under the SR and ED, the scientific research and experimental development program. We believe this proposed change can be addressed quite easily and will assist with increasing innovation in our sector.

The current SR and ED application system penalizes the limited partnership structure and unnecessarily restricts innovation investment. Generally, all taxable income, losses, or other tax attributes generated by a limited partnership are allocated to all partners. However, under the Income Tax Act, where a limited partnership carries out SR and ED activity, the corresponding investment tax credits flow only to the general partner, as do the SR and ED deductions when the limited partnership is in a loss position. This condition can make it difficult or impossible for the general partner to use the investment tax credits, as usually a general partner's only

source of income is the income allocation from the limited partnership.

We, like many other companies, use the limited partnership model because Canada does not have consolidated tax filing. This issue likely would not be a problem if there were consolidated tax filing, and we urge the committee to continue to support Canada's moving in this direction.

There is one final issue we would like you to consider—and I'm going to echo my colleague Brenda Kenny—which is not in the pre-budget submission but which is a matter of urgency for you as policy-makers. With the U.S. domestic natural gas supply set to potentially displace traditional Canadian supplies—and we're looking at a pretty narrow window, in the next 10 to 15 years—Canada must find new international markets. Unless Canada takes swift action in the face of intense international competition, thousands of jobs and billions of dollars in economic activity, in British Columbia in particular but in the rest of Canada as well, are threatened with being locked in.

Substantial reform is needed for our project approvals process to help Canada compete. Such reform does not mean lowering our standards but only reducing unnecessary duplication now built into the system, which deters investment.

Spectra Energy's three proposed areas of improvement include requiring time limits on all large projects; having a single comprehensive crown consultation with first nations; and continuing jurisdictional departmental coordination to reach the one project, one assessment goal.

We ask that each of you and each party support these recommendations in order to make Canada's regulatory system the best in the world. We are committed to being constructive partners in this process.

Thanks for your service to Canada and your time today.

I look forward to your questions.

• (0855)

The Vice-Chair (Mr. Hoang Mai): Thank you, Mr. Kennedy.

We'll now go to Financial Executives International Canada.

Mr. Michael Conway (Chief Executive and National President, Financial Executives International Canada): Good morning, Mr. Chairman and committee members.

I'm Michael Conway, chief executive and national president of Financial Executives International Canada. FEI Canada is a voluntary membership association comprised of 2,000 chief financial officers and senior financial executives from across Canada.

The recommendations we present to you today are the result of the collective efforts of FEI Canada's tax committee, whose chair, Peter Effer, VP tax at Shoppers Drug Mart, is with me here today.

FEI Canada understands the critical importance of maintaining stability while the government works to achieve its fiscal policy goals. We agree with the government's continued commitment to fiscal prudence. It is imperative that the government focus its resources to achieve maximum impact for its spending. In order to be able to continue offering many of Canada's current social benefits, the escalating cost of which is driven by aging demographics, Canada needs to continually strive to get a better bang for its buck.

In our written submission to you, we highlighted three initiatives that FEI Canada believes the government should adopt, as they will be critical to achieving an efficient tax environment.

First, FEI Canada believes the government should encourage innovation. FEI Canada agrees with the Jenkins report that innovation is the ultimate source of long-term competitiveness of business and quality of life of Canadians.

There are various ways to encourage innovation through funding. Tax credits could be provided to angel investors who fund qualifying innovation expenditures. Help can be provided to companies that incur costs that lead to innovation.

In this regard, one efficient way to encourage innovation would be to use a mechanism the government already has that works well, and that's the scientific research and experimental development program, or SR and ED. But improvements need to be made to it, as the SR and ED credit is currently too complex and narrowly focused. It should be recognized that innovators need support beyond the early R and D stage, and that activities leading to product commercialization should be eligible for SR and ED claims. After all, it's commercialization of research that leads to economic activity.

The current program discourages small private corporations from accessing public capital by reducing the available tax credit from 35% to 20% when a company becomes public. FEI Canada recommends that public companies be entitled to the same tax credit entitlements as private companies.

Finally, we like the Jenkins report recommendations to simplify the SR and ED program by basing the tax credit for small and medium-sized enterprises solely on labour-related costs.

Mr. Chairman, that point makes a good segue into a request we made to the committee last year. For the benefit of both business and government, we need to reduce the complexity of the taxation system and its compliance requirements. In my appearance before the committee last year, I compared Canada's first tax act to the rather hefty volume we have today. The government should do exactly what it did last year to review red tape in R and D spending—namely, a task force could be established to thoroughly review the federal Income Tax Act. Tax simplification will cut the administrative burden shouldered by both business and the government, which funds the CRA. Having more clarity will reduce the number and cost of tax disputes for both sides.

This will be particularly helpful for small and medium-sized businesses, and will help this key sector of the economy, which employs millions of Canadians and generates the majority of Canada's GDP. The best way to start simplifying the tax system would be for the government to continue work commenced last year on the taxation of corporate groups.

As we stressed in our comments during the consultation process, a tax loss transfer system for corporate groups would make the system far more fair, as tax planning is generally not affordable to small business. Allowing companies to file one consolidated tax return would further reduce the administrative burden for everyone involved—corporations and the tax department.

In conclusion, we believe our recommendations will foster innovation, streamline government, and reduce time spent on compliance so we can focus on generating economic activity and job creation.

Thank you.

● (0900)

The Vice-Chair (Mr. Hoang Mai): Thank you, Mr. Conway.

Now we'll go to members for questions.

We'll start with Mr. Julian.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you very much, Mr. Chair.

I would like to thank the committee members for their welcome this morning. This is my first meeting with the finance committee.

I would also like to thank the witnesses for coming.

Mr. Nantais, I appreciated your presentation on the automotive innovation fund. Of course the NDP were strong supporters in putting this proposal forward and putting in place the innovation fund.

I would like you to speak just a little bit more to what the impacts have been in terms of the automotive sector generally, including job creation and investment, as a result of the fund over the last few years.

Mr. Mark Nantais: Mr. Julian, thank you for your question.

Indeed, the AIF has been essential to new automotive investment in this country. Were it not for some of that investment fund being made available, some of the new investments in flexible manufacturing facilities and research and development activities in Canada would not have happened, pure and simple.

Now, as global companies, manufacturing incentives are probably more important now than ever in our history. Any country that either has an automotive industry now or wishes to have an automotive industry is providing huge incentives to attract new investment or maintain what they have. Just look south of the border in the United States. The most recent example is the Volkswagen plant in Tennessee. It got 57.7% of its total investment paid for. That is huge.

If we want to be competitive and retain jobs and the spin-off benefits associated with an auto industry, we need to be competitive. In fact, we need a competitive edge when it comes to manufacturing incentives. That is why we continue to recommend that the AIF be re-established, and that it be flexible and have sufficient capacity to compete with these other jurisdictions that are very successful, with the incentives they are providing. So the AIF, from our perspective, is essential for Canada's auto industry.

Mr. Peter Julian: You talked about global investments of \$7 billion with the multiplier effect. Do you have any sense of the impact on jobs?

Mr. Mark Nantais: From roughly 2002 through 2009, Chrysler, Ford, and General Motors invested almost \$9 billion in new investment. So we were able to retain the roughly 35,000 direct jobs in this country for those three companies.

Other incentives that went to Toyota primarily also generated new jobs at both the Cambridge plant and the Woodstock plant. These are all good things for all manufacturers. When you look at the seven-to-one job multiplier and the spin-off effects through our supply chain, jobs go on to be much greater than that.

• (0905)

Mr. Peter Julian: Thank you.

I'm struck by the similarity between your presentation and the presentation of Mr. Elwood. He was speaking about an overall investment of about \$79 million over a two-year period. In your presentation you talked about a competitive consumer incentive. Do you have any sense of what the fiscal impact would be of what you're proposing? Is it similar to what Mr. Elwood is proposing?

Mr. Mark Nantais: We haven't tallied it up per se, but if you took the incentive that is available to consumers in the United States of \$7,500 and multiply it by the number of projected sales, it would give you a sense of what that would mean in total. Mr. Elwood could probably speak more to that issue.

We're talking about incentives not just for the electrification of vehicles, but for various technologies that will be necessary to achieve the GHG reduction standards we are now facing. That will include everything from ethanol from cellulosic processes to natural gas vehicles, but it will be inclusive of plug-in hybrids, as well as dedicated electric vehicles. That's what we will need to do to meet these new very stringent standards on a go-forward basis.

Mr. Peter Julian: Thank you very much.

Mr. Elwood, do you have a sense of the impact on jobs from that investment in electric vehicle capacity?

Mr. Michael Elwood: Thank you for your question. It's a very good one.

The Aspen Institute has put numbers down that for every 10,000 vehicles that go out on the road, there are 250 jobs. So based on our road map, the 500,000 vehicles that would hit the streets of Canada would probably account for 125,000 direct jobs. We're not sure about indirect and downstream jobs, because it all depends on how much we assemble in the country and what work is done in the country. That's about the number.

The Vice-Chair (Mr. Hoang Mai): Thank you very much.

Now we'll go to Mr. Adler.

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

I'd like to begin by welcoming all of my colleagues to Toronto, home of the Stanley Cup-bound Toronto Maple Leafs this year.

The best thing about being in your hometown is you can sleep in your own bed and not in a hotel.

I would like to make a comment that the great frustration with five minutes is that you have so much that you want to speak about to all of the witnesses, but it's not possible within the timeframe.

I would like to begin by saying, Mr. Goldring, that what you're doing with the Canada Company is absolutely extraordinary. Over the weekend, with the death of another Canadian soldier and with Remembrance Day coming up next week, we saw how important the work you do is. Our men and women in uniform are truly heroes, and because of what they do, we're allowed to do what we do here, so it's always important to keep that in mind.

I would like to begin with Mr. Conway.

Some have said, and we heard just this morning from Statistics Canada, that our economy grew by 0.3% in August, so it seems like we're on the right track. There is a lot of potential danger out there, in terms of what is happening in Europe—particularly in Greece and now with Italy, a G-8 country that could potentially also have issues.

Some have said we should be raising taxes and going into deficit spending. What is your opinion on that? Do you agree that this would be killing jobs, that it would be detrimental to our economy? Or do you think that is a road we shouldn't be going on and that we should maintain the track we are on in getting our deficit under control and balancing our budget by 2015–16?

• (0910)

Mr. Michael Conway: Thank you for that question.

One of the things I mentioned in my discussion was the need to look at the spending, because for Canada's current social benefits that everybody treasures, there is an escalating cost driven by demographics. We're not getting any younger, I unfortunately have to note. When you go into the details of the fiscal accounts, you note that there are old age security benefits and health transfers and the like, escalating at a pace far faster than all other spending. We certainly don't want to cut those, so in order to be able to continue to afford Canada's current social benefits we have to be prudent.

The last recessionary cycle put Canada in good stead because it entered in a far better position than many other countries in the G-7. Well, cycles happen, and you could have all the economists in a room and probably they'd all have a different opinion as to when the next downturn is going to be. You correctly point to the dangers in Europe. Business doesn't like uncertainty—that could trigger something else. It's a long way of saying that I think Canada has to maintain fiscal prudence so that it remains in the good position it had going into the last downturn. That's quite important.

Mr. Mark Adler: You would agree, then, that our government is following the right economic policy at the current time vis-à-vis other countries?

Mr. Michael Conway: Yes, we agree that there should be government's continued commitment to fiscal prudence.

The Vice-Chair (Mr. Hoang Mai): You have less than 30 seconds.

Mr. Mark Adler: Ms. Kenny, could you talk a bit about the Keystone XL Pipeline and how that would be of benefit to our country in terms of jobs?

Ms. Brenda Kenny: In ten seconds, I will say that it would be very good for jobs in Canada and secure ongoing trading. Let's not forget the quantity of revenue derived from that trade for various governments across the country. That's very important.

The Vice-Chair (Mr. Hoang Mai): Thank you very much.

We'll now go to Mr. Brison.

Hon. Scott Brison (Kings—Hants, Lib.): Thank you for appearing before us today and for your informative presentations.

Some of you have presented changes to the regulatory frameworks, which are incredibly important from a public policy perspective. But since this is a pre-budget consultation, I'm going to focus on more of the fiscal measures this morning.

Mr. Goldring, you've done great service to Canada in your work with Canada Company. The Australian model was first introduced in 2001 and the U.K. model in 1997. You have proposed some combination of the two in terms of a specific public policy ask. Can you provide us with the impacts of these programs in those countries, in order to help us fortify the case for the very specific, and I think very sensible, ask that you have put before the committee?

Mr. Blake Goldring: Yes, and thank you for the very good question.

Certainly our Commonwealth partners were ahead of us in dealing really with the redressment, making sure that all society bears some of the cost for our reservists when they serve our nation both here and abroad.

In the Australia case, they ended up building a program whereby they apparently gave a cash reimbursement to employers, where in some cases employers actually made money with reservists. In other words, they would actually try to encourage people to become soldiers and sign up, and employers made a profit.

This is not the intent of what we propose. Our proposal is to basically scale it so that smaller employers receive the median wage in Canada. So we take a look at between \$50,000 and \$60,000 and

we say that we will pay a small employer 80% of that—so that the employer is still sharing some of the burden—and we scale down for a very large employer to receive, say, 40% of that median wage. In so doing we will avoid the problem the Australians had.

The British have a far better reimbursement government-rebate-type program and that makes an awful lot of sense. What we are suggesting is that HRSDC perhaps administer this program. That's what we advocate.

Thank you.

• (0915)

Hon. Scott Brison: Right, and if you could get back to us with the impact of those programs on those countries, recognizing there is a difference between the specific asks, that would be helpful. I appreciate very much your sensible proposal.

I was saying earlier today to Ms. Kenny that over the weekend I was speaking with Hal Kvisle about pipeline issues. And one of the things he reminds us of is that 85% of GHGs are produced more on the consumer, household, and vehicle side and not in the production and processing of fuels.

So that bridges to the electric car discussion and the car discussion in general. I wasn't aware of the specific U.S. \$7,500 incentive. And for both your industry and of course the electric car industry, it seems to everyone I'm speaking with that the internal combustion engine is not going to be the way we get about in 20 years or 30 years, and that the electric vehicle is the future. I was in Israel a few weeks ago in Tel Aviv at Shai Agassi's facility there.

In addition to the \$7,500 incentive you're proposing.... Is your organization seeking that specific proposal?

Mr. Michael Elwood: No, that's the U.S. proposal. The U.S. tax incentive is \$7,500 across every state.

We're proposing a really different type of... We haven't really put out anything as far as an adoption piece per vehicle. What we've said is that the provinces have been looking after that and that we need to look at something more unified across the country.

Hon. Scott Brison: Well, I know that Hydro-Québec is looking at....

The problem is that this is where we get into the situation in Canada where we have our energy systems balkanized across the country and it's very difficult from a federal perspective without deep involvement on the provincial side.

I'd like to see a more specific federal financial ask that would help. And I think this is the challenge and an opportunity for both Mr. Nantais' group and your group, Mr. Elwood. It would be nice to have real guidance in terms of what we could put in the federal budget that would help make Canada a global leader in these vehicles of tomorrow.

Mr. Michael Elwood: In two provinces right now, Ontario and Quebec, there are programs for electric vehicles that actually lap the U.S. programs. In both provinces it depends on the battery size of the vehicle, but the maximum in Quebec is \$8,000 and the maximum in Ontario is \$8,500. We would be happy to submit something.

The Vice-Chair (Mr. Hoang Mai): Thank you.

We will now have Mr. Jean.

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

Thanks to the witnesses for coming today.

On that particular line of questioning, I understand that you were actually the lead in the electric mobility roadway consultation for Canada. Thank you for your service on that. I know it was non-profit, at least for yourself.

Now, how do we compare to other jurisdictions internationally with our technology, after you had that little jaunt across the country looking at our technology?

Mr. Michael Elwood: Thank you very much. It's a great question.

I address this light-heartedly, but the reality is, as you're well aware, that doing a technology road map is an onerous undertaking, and we spent a little bit more than a year and a half doing so. When we submitted it in 2009, it was prior to the American reinvestment act and the stimulus act, and Canada was in a very good position. As companies, technology leaders, we were in a really strong position globally.

In fact, I went to Brazil and I spoke at a conference in Brazil, and the Brazilians, along with about four or five other countries, came to me saying that they applauded us on our road map. They asked us how we were doing on the implementation side of it, which embarrassed me a little bit, but I thanked them very kindly. And the only things the Brazilians did was they added cane sugar and copied. They knocked off our road map. So what we should have done, from a business point of view, is licensed it.

So we really made an impact globally on the road map, but we haven't really implemented it as such in our own country.

• (0920)

Mr. Brian Jean: I understand that, and that goes on to my next question then. I'd like to focus a little bit on Canada Company, and also on the pipeline, because of course I'm from Fort McMurray, and we do have this resource up there called oil. I'm particularly interested in the Keystone pipeline, but also in the comments made in regard to the aboriginal conservation process. I agree 100% with you that we have to streamline that process for both parties involved, for the people of Canada, as well as for the aboriginals and bands involved. It's a bit of a mess right now, and I think we are working on something like that.

But in particular, how safe is the Keystone pipeline project? We hear rumours, we hear speculation. Look at what's going on in Nigeria, with rivers flowing full of oil, and at conflict after conflict in Russia, where I think 10% to 15% of the oil actually hits the ground before it gets anywhere in the pipes. Do we have these problems in North America? How safe is the oil? How safe is the environment?

What are our standards compared to the rest of the world, and compared to 15 or 20 years ago in Canada?

Ms. Brenda Kenny: The results are good news for Canadians. We have a pipeline system here that is among the safest in the world. The statistics over the last 20 years have borne that out. It's very, very safe, whether you measure it per kilometre or total number of major incidents, and the safest in the world.

As far as the Keystone, it is compounded by the application of current technologies and very, very advanced protection techniques, so it will be even safer than a normal pipeline. And we have advanced technologies for internal inspection that are helping us continue to make those better over time.

Mr. Brian Jean: Now, on that—just so people understand—this isn't just a pipe in the ground that sits there and flows oil from some source back and forth. Could you give us an indication of some of the advanced technologies you're talking about?

Ms. Brenda Kenny: Well, they're similar to what you've all experienced with medical technologies that give you a chance to get an early detection before there's a problem. Those are the sorts of things we apply inside pipelines today, and we do advance maintenance and integrity programs. We have been able to bring down the number of incidents quite dramatically by doing that.

I want to talk specifically about your question with regard to the oil from Fort McMurray. There have been some allegations by American NGOs. For some reason, they believe bitumen to be dangerous in pipelines, which is patently false. All of their results point in the opposite direction, and the track record of pipelines carrying bitumen shows it is in fact extremely safe. So we've got to be very careful in pipeline safety, and recognize that there are facts and then there are allegations for some hidden cause.

The other thing I would just state for the record is to keep in mind that many of our companies are themselves investing in renewables, and advancing alternatives beyond oil and gas. Any of the long-term energy forecasts point to an active use of those fuels for a long time to come. And certainly, even in terms of this table today, I would personally support many of the requests for incentives. It's this industry that's actually generating hundreds of thousands of jobs and tens of billions in revenue.

Mr. Brian Jean: I was going to ask the Canada Company just how we get more people to Fort McMurray to work after they've been in the military. That would be my next question.

A voice: Good question.

Mr. Brian Jean: It's a great program.

The Vice-Chair (Mr. Hoang Mai): Thank you.

Mr. Marston.

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

Mr. Goldring, I really appreciate your choice of ties. It gets my attention right away.

I was in the military in the sixties. When I came out in 1965, I was a reservist for a time. I had to give it up because of complications with my employer. So you're right on the mark with that one.

I'm not going to ask you a question. I just had to acknowledge that tie.

Mr. Elwood, I had a person come in to my office recently. He wanted to set up charging stations in Hamilton. He had nowhere to go and nobody to talk to. Are we finally getting organized on putting together a plan nationally?

• (0925)

Mr. Michael Elwood: Yes, we are. The road map that we've spoken about addressed strengths, weaknesses, opportunities.

Mr. Wayne Marston: Is there a place for this person to go to now?

Mr. Michael Elwood: Absolutely: Electric Mobility Canada. The person can go to our website. It's all there.

Mr. Wayne Marston: Okay, that's great. Thank you.

Mr. Conway, I love to get a person here who has the connection with the CEOs of our country that you have. I've been working on a couple of things. One of them is Bill C-331. It addresses the status of pensions during CCAA and bankruptcy and insolvency. Under the current legislation, pensions have no standing whatsoever. And we're trying to move them up the line.

We had Bill C-506 in before, which was asking for super-priority. This current one is not. It's putting us at the top of the unsecured debt, which would protect workers. We saw the Nortel situation, where they lost 37% of their pensions when the company had \$2 billion in cash and \$4 billion in other assets, not to mention the patents that sold later.

I was wondering what your reaction would be. Under the previous edition of this, there were concerns about companies being able to get investment if this were the law.

Mr. Michael Conway: Thank you, Mr. Marston.

Pensions are a complicated topic. There needs to be review of many of the elements of pensions to make them equitable on both sides, from the point of view of who pays for the deficit in the plan, if there is one, and who gets to keep the surplus, if there is one.

Mr. Wayne Marston: More specifically, we're talking about a company that's going into CCAA or bankruptcy, one or the other, which is a little further down the line in that process.

Mr. Michael Conway: The establishment of a plan has to start upstream, with equitable rules for employers and employees through the piece. We've made previous representations related to the funding of pension plans and the current imbalance in some of the use of the surplus entitlements.

Mr. Wayne Marston: One of the problems is that there's a difference of philosophy. For workers, these are deferred wages that are put aside for them. Sometimes the way they're treated by some companies is that it's just another pool of money to pay creditors off.

I'd like to take us a little bit further, though. We've talked about a phased-in doubling of the Canada Pension Plan, primarily because over 60% of working Canadians today have no savings and no pension plan. Now the government has put in the RPP, which is a voluntary program.

Our concern is that we need to have something mandatory. We see the Canada Pension Plan, which is portable, is in every province, and is owned by Canadians, as the best vehicle for doing that. The cost to an employer would be 2.5% after the phase-in period. That's going to be harped on as being another tax, but if we don't take care of Canadians going forward, in 30 or 35 years they're going to hit a wall where we'll wind up paying anyway. Under our proposal, at least the workers will be able to put something in and carry some of their own responsibilities.

I'd like your reaction to that.

Mr. Michael Conway: I agree. It is a shared responsibility. It shouldn't be a one-way plan. Anything that incents Canadians to make their appropriate savings, so that we won't have a problem as that demographic curve extends, is helpful.

The Vice-Chair (Mr. Hoang Mai): Thank you very much.

Ms. McLeod.

• (0930)

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

First of all, I'll start with a practical question. Being from British Columbia—in particular, on the island—we seem to have all these imports of right-hand-drive cars. Mr. Nantais, do you have any comments on that? Obviously it's people buying cars locally, but I wonder about the hazards. It's a funny question, but an important one too.

Mr. Mark Nantais: It is an important one, certainly from a safety aspect. When we start importing used vehicles from other jurisdictions—especially something unusual like that, a right-hand vehicle—it creates many problems. If you look at large-scale importation of used vehicles, it can actually be very disruptive to the domestic auto industry. We saw that when the New Zealand industry basically dissipated as a result of Japanese vehicles entering that market. In this particular case, we're seeing more of this happening.

Provincial jurisdictions, particularly in British Columbia, have been very concerned about the safety elements of this. It's really a question of what we will or will not accept in terms of trade on used vehicles.

Mrs. Cathy McLeod: Certainly, in terms of the safety aspect, I have huge concerns. Do you have any recommendations there?

Mr. Mark Nantais: We haven't made any specific recommendations, but I know the dealers associations have made recommendations against the continuation of allowing such vehicles into the country, simply because of safety and potential environmental issues as well. When you look at the number of vehicles that come in that don't meet our standards, it could be equivalent to environmental dumping on a large scale. These are concerns that need to be addressed.

Mrs. Cathy McLeod: Thank you.

I had the opportunity a few weeks ago to attend some meetings, in terms of the LNG trucks and Westport and some of the trucking companies who have headed down that path. It sounds like there are some great opportunities in terms of costs and decreased emissions. Then I'm hearing about the electrical car—and I think I could guess where Mr. Elwood's thoughts are going. If we had some sort of broad vision, in terms of what we'll look like in Canada 10 to 15 years down the road, is there going to be some sort of complement of electric and maybe LNG? Could we do a bit of pie-in-the-sky in terms of our whole transport system down the road? I'll ask anyone to jump in.

Mr. Mark Nantais: Sure, and maybe I can start there.

One of the key drivers here involves the new regulations for greenhouse gas reductions. They will apply not just to light-duty vehicles, but heavy-duty vehicles as well. Right now in Canada, we're in the process of finalizing the heavy-duty regulations as well.

In order to actually achieve some of these very stringent targets—and by the way, we're kind of the only industry right now that is being regulated in terms of greenhouse gas emissions—with personal transportation making up 12.5% of greenhouse gas emissions in Canada and total transportation being about 27%, the fact of the matter is we're going to need all technology, a full slate of technology. So you will see the NG being part of that. You will see clean diesel being part of that. You'll even see improved internal combustion engines being part of that as you move through 2016, 2017, and ultimately 2025.

Electrification of the vehicle will come along through that process as well. The question will be, where will that stand relative to all these other jurisdictions as we go forward—particularly when you look at diminishing reserves of oil, for instance? I say that's perhaps even more important on a global basis, when you look at developing countries and their thirst for oil.

All these technologies will be absolutely necessary. So you will see, from my perspective, I believe, a complement of different technologies, and they'll be applicable to both personal transportation as well as commercial transportation such as heavy trucks, as in the case of compressed natural gas.

Mrs. Cathy McLeod: Ms. Kenny or Mr. Elwood?

Ms. Brenda Kenny: Much like the results of the electric vehicle road map, there was also a natural gas vehicle road map completed last year with NRCan, and it could answer a few of your questions on that front.

Mr. Michael Elwood: If we're going pie-in-the-sky, one of the things that we recommend is Canada's green highway. Canada's green highway addresses exactly what you were saying and exactly

what Mark was talking about, and that is building what we call alternative energy stations where you would pull in, whether it's from coast to coast along our main arteries or within cities. It would have a full offering of electrons, biodiesels, liquid natural gas, and fossil fuels, because they all are part of the solution. It's going to take us a long time, especially where vehicles are going. Vehicles are becoming very, very efficient.

The Vice-Chair (Mr. Hoang Mai): Thank you very much.

Monsieur Giguère.

[*Translation*]

Mr. Alain Giguère (Marc-Aurèle-Fortin, NDP): Good morning, Mr. Chairman.

I want to thank all the speakers. My first question is for Michael Conway.

Canada's current tax legislation is very complex. There are what are called tax avoidance and abusive tax planning schemes. These two relatively legal practices are common among tax experts, as a result of which a person who has earned \$250,000 in Canada over a period of 30 years may have paid the same amount of tax as another who has earned only \$50,000. This situation indicates a weakness in the act, a certain excessive complexity. And I would say that encourages tax unfairness.

At the present time, does the act really need to be exhaustively reformed or does it merely require some superficial corrections?

● (0935)

Mr. Michael Conway: Thank you, Mr. Giguère.

[*English*]

It's certain that it's been a long time since our tax act has undertaken a comprehensive review. It's been decades.

Subsequent governments have put in various incentives for a particular point in time, but there hasn't been a comprehensive review of whether all portions of the tax act are providing the incentives they were originally planned for, whether they're still needed—basically, from a business form, whether the business case still makes sense. There are sections in the tax act that conflict with each other.

There's a need for a comprehensive review of the tax act, one that has not occurred—as you know, as a *fiscaliste*—for a very long time.

This would also address what Mr. Adler talked about. I talked about the need for maintaining fiscal prudence, and I talked about the need for a better bang for our buck. There are savings. There is a capability for simplifying the tax act that would reduce the administrative burden.

The type of administrative spinning of wheels that occurs between taxpayers and the government on CRA discussions because the underlying tax act is unclear and it takes armies of tax auditors and tax specialists to figure it out is not really useful for Canadian productivity.

I think that undertaking such a review would have a capability of eliminating a lot of waste and turn around some of that savings into more productive use of the moneys.

[Translation]

Mr. Alain Giguère: My question is for the Canada Energy Pipeline Association.

Currently in Quebec, we have a serious problem regarding Portland-Montreal Pipe Line. They want to reverse the traffic in order to export Canadian oil to the Atlantic market.

Questions are being raised about old pipelines. Is the Canadian pipeline industry dealing with infrastructure problems? Is there a risk of a break, given the age of the infrastructure and its lack of maintenance? Is there an imminent threat? Is there a chance or a major risk of a natural disaster?

[English]

Ms. Brenda Kenny: Thank you for that question.

The Canadian pipeline systems are among the safest in the world, and safer, by far, than other means of moving liquid or gaseous fuel. We also routinely inspect the inside of those pipelines, which is a standard above regulation, to look for any defect and replace them proactively before there is a problem.

I cannot guarantee that there will never ever be a break, just like when we fly in an airplane, I cannot guarantee there will never be a crash. But I can tell you we are deploying state-of-the-art technologies above and beyond regulations. We pursue the advancement of those, as well as encouragement for continued improvement on standards, each and every day, and the results are very positive.

• (0940)

[Translation]

The Vice-Chair (Mr. Hoang Mai): Thank you, Mr. Giguère.

[English]

We'll go to Mr. Hoback.

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

Welcome to everybody here this morning.

It's great to be out on a Monday morning in Toronto. It's always great to be here in my colleague Mr. Adler's riding and area. He does such a great job on the finance committee, and I just want to make sure that you guys understand that he's doing a really good job for us and for you.

There are so many questions I'd like to ask. I wouldn't mind going into corporate governance with Mr. Conway. There are things I'd like to go into with Mr. Goldring, but we have only five minutes, unfortunately. So that will be another day, hopefully. But I want to commend you both on the work you're doing.

I'm going to kind of tee off on Alain's question about the gas line. Where my farm is in Saskatchewan, there's actually a gas line that crosses our farm. It's a line that goes from Beacon Hill to Prince Albert. I think it was put in during the late sixties or early seventies. Just about four years ago we had them put a pig in the line. Is that the right terminology? On my farmland they actually dug up about four or five areas where they inspected and rewrapped the line and made sure that everything was proper. So I can attest that I've witnessed

what you guys do. Again, nothing is ever 100%, but I commend you for that kind of work.

Nobody wants to see our environment ruined. Nobody wants to see those types of impacts or those leaks or anything like that. Again, we want to make sure that we have the proper regulatory framework for any new projects that go forward. In the same breath, we don't want to overdo it. We don't want to let the system become politicized, which I think is what's happened in the States. That's the danger in any project. Politicians get their fingers involved and make decisions based on politics, not necessarily on sound science or the facts placed before them.

Ms. Kenny and Mr. Kennedy, I'll let you both talk to this. From the National Energy Board and the process they go through to approve a new pipeline, up to the regulatory process you go through—you talked about the framework—what are all the different hoops you have to step through, whether it's the Department of Fisheries and Oceans or Environment Canada?

Can you tell us what impact the Supreme Court decision on the Red Chris Mine, in Terrace, B.C., has had? How is that going? I guess I'm looking for recommendations. Is there a way we could still have the same results and maybe make it a more efficient process?

Ms. Brenda Kenny: Well, as you said, we could have a full day on just this, but let me try to be very brief.

First of all, Canada lived through politicization of pipeline projects, and it led to the fall of a government in the House of Commons in the 1950s. That resulted in the creation of the National Energy Board Act. Since that time, we in Canada have used a very rigorous, fact-based, quasi-judicial process to engage public participation and to hear evidence from all parties. Last year this government enabled the National Energy Board to include public funding for intervenors for the first time, and our industry was supportive of that. They now can fully duplicate what is done by the Canadian Environmental Assessment Act in a fact-based way. Canada's best defence against slippage is to safeguard that evidence-based process and to make sure that it's open to the public.

That said, the permitting that follows can unintentionally trigger a whole other round of environmental assessment and crown consultation and can lead to expensive delays and even more uncertainty, in terms of investment.

It's those components put together. We need good environmental assessment in early planning. We need facts. We need transparency. We need timeliness. We need concrete decision-making, and, as you said, we need to keep it away from being a political decision and rely on good science and facts.

Mr. Randy Hoback: Mr. Kennedy, you talked about liquefied natural gas and the importance to the Canadian economy of seeing that being shipped out. I assume that you're talking about the pipeline to Kitimat. Just give us an idea of what you see as far as the safeguards we're putting in place to make sure that a pipeline is absolutely safe.

Mr. Tim Kennedy: Sure.

I think all companies are aware of the public interest in any pipeline built now. There's clearly a lot of attention on the Keystone Pipeline and the Northern Gateway Pipelines project, which is Enbridge. Those are oil pipelines.

There's been less attention given to LNG, although I think attention will be given, because natural gas has a different nature if there are any issues with the pipelines.

Spectra itself has spent a lot of money in the last four years. Spectra actually became known as Spectra in 2007. Before that it was Duke Energy and Westcoast Energy, as I said.

Lots and lots of resources are put into safety. We've spent over \$260 million a year over the last four years on the safety and integrity of our pipeline system. As Brenda has said, we really do focus on the best technology we can put into it to make sure that there's integrity in the system.

• (0945)

The Vice-Chair (Mr. Hoang Mai): Thank you very much.

Mr. Julian.

Mr. Peter Julian: Thank you, Mr. Chair.

I appreciate the witnesses coming forward today. Many of you are speaking about investments in the next budget, and that puts you on the same wavelength as the official opposition. We've been saying that because of the economic slowdown that's anticipated over the next few months, this budget has to be a budget that looks to investment in a number of key sectors in order to push a jobs agenda.

I want to come back to Mr. Conway and Mr. Kennedy, because both of you have spoken about the scientific research and experimental development program that exists. As you know, according to the Jenkins report, we've seen a real failure in research and development. Canada is the last among industrialized countries in direct investment in R and D. We're last among industrialized countries in the development of PhDs, and we're among the last industrialized countries in patent development. So there's been a real failure in R and D, there is no doubt. And if we want to have an innovation economy, we need to make significant changes.

I'd like you to speak to the changes you are proposing for the SR and ED program. Number one, what would the fiscal impact be? And number two, I'd like you to speak to the government's failure around the development of PhDs and the development of higher education and access to higher education as well as the fact that we're last among industrialized countries for direct investment in R and D.

We've had a number of presentations that have obviously called for more direct investment in R and D by the federal government, but to what extent do you think the federal government should be

investing directly in R and D so that we can stimulate that innovation economy?

That's directed to Mr. Kennedy and Mr. Conway.

Mr. Michael Conway: Thank you, Mr. Julian.

There are lots of ways the spend can go better, and can go smarter. The Jenkins report did mention—and it dovetails with our other recommendation about simplification—that it's a whole lot simpler for small businesses to base the SR and ED credit on labour-related costs than to do the plethora of record-tracking based on the proportionate use of their machinery and the like. So that just makes sense. If it's simpler, it costs them less to track it, it costs them less to have high-priced advisors to fill in the claims, and it gets the money to the people who need it to continue the innovation.

On the innovation front, the current spend stops too early. When you look at the term of scientific research and experimental development, it really is experimental. If there is a certainty of outcome, then the funding is denied. The vision is of smoking beakers and lab coats, but in actuality it's commercialization that drives jobs. It's taking that idea and making it into a product that gets sold to employ more people. That's what produces jobs.

The last point we made was that small private companies certainly have the most difficulty finding funding. We do an annual survey on credit availability, and it just confirms that there are no big surprises, that the smaller companies have more difficulty finding funding. And if they're looking for a longer-term type of funding, that's even more difficult to get.

So getting seed capital for a small company is really tough.

Mr. Peter Julian: I'm sorry, I have only a few seconds left, so I'd like to refer the question to Mr. Kennedy as well.

Thank you, Mr. Conway.

Mr. Tim Kennedy: I hate to do this, but I'm going to ask Dennis Hebert, who is our tax guy, to come forward and give you a quick answer, because R and D....

Do we have time for that, Mr. Chairman?

• (0950)

The Vice-Chair (Mr. Hoang Mai): No.

Mr. Tim Kennedy: Okay.

Mr. Peter Julian: We don't?

Mr. Tim Kennedy: That's it. We can talk about it afterwards.

Mr. Peter Julian: What a tough chair.

The Vice-Chair (Mr. Hoang Mai): Mr. Van Kesteren, go ahead, please.

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

Thank you all for coming.

Mr. Brison, who has left the room, was commenting about the fact that the internal combustion engine is on the way out. I don't know. It reminds me of Mark Twain and the report that he had died; he said that the rumours of his demise were greatly exaggerated. I think the same thing may be true of the internal combustion engine.

I get excited about some of the developments in electricity. I keep seeing things like the \$7,500 incentive in the United States. I don't know if we're going to have time, because I'm going to redirect my question in a minute, but looking at the cost of that and the cost of that per job would make an excellent submission to this committee.

Mr. Kennedy, you've stated that natural gas has a very interesting history. We have managed to extract gas by fracking. As a result of that, at this point, how many years' supply would you say is in North America?

Mr. Tim Kennedy: On the estimates for shale gas—which many are saying is a game changer for the energy sector in North America—we're looking now at what we know after four years of increasing understanding. Even four years ago we were talking about importing LNG terminals to North America because we didn't have enough gas. Now we have a huge amount. We're looking at over a hundred years' supply, and for the next 10 to 15 years we're looking at very stable prices because of that huge supply. So it has really been changed.

Mr. Dave Van Kesteren: Talk to me about price. We've seen it spike to about \$9 a gigajoule. What is it today?

Mr. Tim Kennedy: It's certainly under \$4 now, and we're looking at a stable price. All the outlooks are showing about \$4 to \$6 over the next 10 to 15 years.

Mr. Dave Van Kesteren: So you expect that to be somewhat constant.

Mr. Tim Kennedy: We do.

Mr. Dave Van Kesteren: Mr. Adler, I don't want to pour water on your parade, because I think there are some exciting new developments in electricity, but in the natural gas trucking alliance there are some astounding results. We heard about a company in Vancouver that's a leader in natural gas engines. They made a submission last year for something along the same lines for natural gas filling stations. We were proposing something from Quebec City.... That was rejected, but an interesting thing has happened. The private sector has come forward and has started to install these things. As a matter of fact, Shell Canada has announced that they're going to invest \$250 billion in natural gas. From that, I'm reading that there seem to be some real possibilities in natural gas.

Mark, what are you hearing from your industry? I know that the trucking industry.... I might add that there are no tax incentives to buy these. I think they're \$60,000 more for a unit. What's happening in the auto industry? Are we seeing some movement toward natural gas?

Mr. Mark Nantais: We've certainly been there already. The technology is widely available. We know how to do it. One of the stumbling blocks so far has been a readily available refuelling infrastructure. That's what's needed for these types of fuels. Whether they're electricity recharging centres or natural gas refuelling centres, they must be coincidental in the market to be successful. When that

hasn't happened, progress on fuel for transportation has slowed or actually gone away in some cases. So we've missed opportunities.

As you've pointed out, whether they're commercial vehicles, large transportation vehicles, or even personal transportation vehicles, they will be part of the slate of technologies going forward. We cannot get around it, and we have a readily available source of fuel. It's a very good fuel. It will undoubtedly be part of the mix as we go forward.

I agree with you that the internal combustion engine is not dead yet. There are still opportunities for much greater improvement in that type of technology.

• (0955)

Mr. Dave Van Kesteren: Mr. Kennedy, you must be looking at some of these developments with interest. Obviously there are many more opportunities. Are you looking at other opportunities—locomotives and ships, for instance?

Mr. Tim Kennedy: Yes, we're looking at them.

The Vice-Chair (Mr. Hoang Mai): Ms. Glover, please.

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

I want to thank the witnesses for being here today.

I would like to start with Mr. Elwood. You said you liked some of the programs the government has put forward. I'd like you to name them and tell us the benefits.

Mr. Michael Elwood: The most recent one is the eco-energy program that's been implemented by Natural Resources Canada. It has identified electrification as one of the opportunities. So we have made submissions there. It has broadened the landscape.

Prior to that, as far as electrification went, we had to go through a number of different programs, but in kind of an obscure, abstract way. One in particular was Technology Partnerships Canada. It was an outstanding program and really helped in the initial stages of bringing on a number of companies—and not just in electrification, but it allowed for advanced transportation. There are a couple of really good programs there. We'd like to see more of them, and more dedicated to the commercialization and development of vehicles.

Mrs. Shelly Glover: Very good. Thank you.

Mr. Chair, I'd also like to make a suggestion, because I'm going to want to dispute some of the facts put forward by Mr. Julian. I'd like him to submit to the committee proof that we are last in R and D, because they're going to need that, obviously, to write this report. Based on the OECD main science and technology indicators, we actually rank first among the G-7 countries in terms of expenditures in research and development, especially in the higher education sector, as a share of the economy. We have to be careful not to compare apples to oranges. We have a population of 33 million, and not a billion, as some other countries have.

I want to turn my attention to Mr. Conway for just a moment. I liked what you said in response to Mr. Marston about incentivizing people to actually save. I want your opinion on the PRPP, the pooled registered pension plan, because I think it is an incentive for people to save for the future. I think it addresses some of the things Mr. Marston was addressing. How do you feel about the PRPP?

Mr. Michael Conway: The big advantage of the PRPP is you get economy of scale. It gives individuals with really small pension plans the opportunity to group lots of pension plans together, and they get the scale advantages that very broad pension plans have. So we're in favour of that.

Mrs. Shelly Glover: When you compare it to doubling of the CPP, what do you think?

Mr. Michael Conway: The difficulty is that there is always a trade-off in things, and one of the trade-offs on the CPP side is that the employer portion is effectively a tax, and corporations have only so many dollars to put around. If they put millions on this side, they won't have millions to invest on the other side. So that's a little bit of a trade-off that we're torn by. Consequently, if we are encouraging Canadians to look at the variety of ways to save, some of them are incentives by the government, and for some of them, it's really the responsibility of the individual to make appropriate arrangements.

Mrs. Shelly Glover: All right.

I'm going to turn my attention briefly to Mrs. Kenny. You talked a little bit about harmonization of regulations. I want you to tell me how you think that's going to promote trade with our biggest customer.

Ms. Brenda Kenny: We need to get more deliberate in Canada in making timely decisions on major investments. The Mackenzie Valley pipeline would be a good example of a second round of a major hearing that took six years and ended up with a decision that trailed the economic window.

We are dealing with a very competitive global environment in trade, and we can't be complacent about taking our time and fussing about trying to line up large trade deals. Timeliness is important. That in no way means rushing through and being second best in environmental protection, but it means being smart about how we plan for projects, assess them, get to go or no-go decisions. And intentionally, after you've hit a go or no-go, if you say yes, this is in the public interest, then make sure it happens. Don't let a permit slide for two years on something that is worth \$100 billion in total trade value.

• (1000)

The Vice-Chair (Mr. Hoang Mai): Okay. Thank you very much.

Thank you, witnesses.

We'll suspend for a few minutes.

• (1000)

_____ (Pause) _____

• (1005)

[*Translation*]

The Vice-Chair (Mr. Hoang Mai): Welcome, ladies and gentlemen.

We will now hear from the representatives of the Canadian Foundation for Climate and Atmospheric Sciences, Festivals and Major Events, Deloitte & Touche, the Canadian Trucking Alliance, the Investment Funds Institute of Canada, the Vaughan Chamber of Commerce and the Canadian Home Care Association.

Every witness will have five minutes. Then we will move on to questions by committee members.

We will begin with the Canadian Foundation for Climate and Atmospheric Sciences.

[*English*]

Mr. John Mills (Member, Board of Trustees, Canadian Foundation for Climate and Atmospheric Sciences): Thank you, Mr. Chairman, for the opportunity to speak to the committee.

I'm a member of the board of trustees of the foundation, and I'll be speaking to the brief we provided to you earlier. I'll just highlight a couple of items in that.

First of all, I want to identify that we had an error that slipped into that piece, which talked about the value of weather-dependent industries and businesses in Canada. I think it identified in excess of \$1 billion, and that should have been in excess of \$100 billion annually for the Canadian economy.

Weather and climate are very much economic issues that affect the basic needs for food, water, safety, and security. I think all Canadians know that the weather patterns have changed in the past, and they will continue to do so. So far Canada has been somewhat fortunate, in that it hasn't seen some of the more devastating impacts of weather change, like the flood that's currently going on in Thailand. But it hasn't escaped all of that. In 2010 major weather events caused over \$2 billion in disaster management and clean-up costs, not to mention the impacts on lives and livelihoods. In 2010 Hurricane Igor, on the east coast, cost \$185 million. The forest fires in B.C. and Alberta cost something in the order of \$230 million. And in July, a 30-minute thunderstorm in Calgary cost \$400 million.

In addition, I think the costs of inaction are substantial. A recent report by the national round table indicated that the cost to Canada from climate change could escalate to \$5 billion in 2020, and between \$21 billion and \$43 billion by the year 2050.

Climate change is presently a growing and long-term economic burden to Canada. Weather and climate will continue to change and will escalate. In that regard, we must not only understand that, but we must adapt to those changes to ensure that businesses and government have the tools they need for informed policy and operational and strategic decisions.

In that regard, we need knowledge. We need knowledge on the speed and severity of the changes of the conditions and their impacts on the Canadian economy. This requires targeted research by teams of experts from a multi-disciplinary approach, in universities, government labs, industry, and institutes—work that the foundation has been supporting up to now.

We also need to share that information, that data and knowledge, for the development of sound policies and practices.

In our brief the foundation has put forward its summation of what we need. We need targeted research to provide business and government and individuals with the tools they need to adapt to changing conditions, foster increased reliance, and the development of new business opportunities. It will save money by warning of new trends, reducing uncertainty, and justifying new policies, including updating building codes. It encourages technological advances, training, and marketing of Canadian development, all of which makes us more competitive internationally.

The foundation is recommending a proposal for a sustaining federal investment fund of some \$50 million per year, over 10 years. In addition, it recommends the establishment of a policy forum to allow for the knowledge transfer, the collection of that research, and the translation of that into information that policy-makers and decision-makers can use in their day-to-day businesses to make those policy and business decisions.

The last point I would make is that we certainly have information and research right now, which is absolutely necessary, but it is not sufficient to meet future needs.

Thank you very much.

•(1010)

The Vice-Chair (Mr. Hoang Mai): Thank you, Mr. Mills

We'll hear from Festivals and Major Events.

Ms. Janice Price (Chief Executive Officer, Luminato, Toronto Festivals of Arts and Creativity, Festivals and Major Events): Thank you. Good morning.

[Translation]

I would like to thank you for inviting us here this morning.

[English]

On behalf of Festivals and Major Events Canada, I'd like to thank the committee for the opportunity to add our voice to your national consultation on budgetary priorities.

FAME is a member-funded advocacy organization bringing together the knowledge and experience of Canada's major world-class festivals and events to speak with one voice and to advance the economic and societal importance of our sector. Formed in 2010 as the Canadian Festivals Coalition, we recently changed our name to be inclusive of the importance of our major international events.

Our submission contains three recommendations, including a request to review Canada's aviation cost structure and the funding model for the Canadian Tourism Commission. These items were presented to you in detail last week by the National Roundtable on Travel and Tourism, and I will focus my remarks today on recommendation one, related to investment in Canada's festivals and events.

Canada's major festivals and events are internationally recognized for world-class programming and the excitement that we generate, but we are so much more. Many associate our events with good memories, community engagement, and iconic Canadian moments, whether it's great theatre at the Stratford Festival, movie stars at the Toronto International Film Festival, or Bonhomme at Carnaval de Québec.

Today we're asking you to look deeper and associate us with economic growth, job creation, international competition, and export revenue. It is our hope that this presentation will help you to recognize our sector as a key driver of Canada's knowledge-based economy.

We have provided committee members with a copy of our 2010 economic impact study, which estimates that 15 of Canada's largest festivals attract 12,600,000 attendees annually, contribute \$650 million in GDP to their local economies, and support the equivalent of 15,600 full-year jobs nationwide.

I know you are presented with a lot of numbers at these events, but I will highlight that our presentation uses a methodology directed by Industry Canada and reviewed by the Auditor General.

This substantial economic impact is derived from both operational and tourism spending estimated at \$1.1 billion per year. The analysis also estimated that tourism and operational spending related to these events generates approximately \$260 million in tax revenue for all three levels of government. I'll remind you that these statistics reflect only 15 of Canada's larger festivals, and they are greatly amplified when taken within the broader festival ecology of regional events.

FAME recommends that the federal government create a new, permanent \$50-million annual investment fund for the economic development opportunities in Canada's major festivals and events sector. The new program would be developed in consultation with the industry and administered through Industry Canada.

We believe that this new program of matching public and private funds will have a catalytic effect on sectoral growth and generate a significant financial return to Canadians. An ideal funding program would invest \$30 million annually in Canada's major international festivals and events, to be allocated by merit-based economic criteria and not subjected to regional quotas or limitations. It would also allocate \$20 million annually to emerging and regional festivals and events that play an important role in their communities across the country. And it would provide for multi-year project funding to maximize opportunities for product development and return on investment.

Thank you.

The most recent federal initiative was funded through Industry Canada's marquee tourism events program, a two-year stimulus program ending in 2010. These recent stimulus investments enabled our sector to leverage additional partnerships, broaden marketing reach, and augment programming that attracted larger crowds and extended visits. The results were higher attendance, increased local business levels, and additional tax revenues for all levels of government, even during this recent time of global recession.

We are a growth sector with world-class product, operating in a highly competitive international market. We're not looking for government funds to subsidize our existing budgets. We're seeking a form of public sector venture capital to leverage earned revenue and increase private sector partnerships. This will facilitate incremental growth by augmenting spectacular programming and enhancing promotional events for visitors.

Thank you.

•(1015)

The Vice-Chair (Mr. Hoang Mai): Thank you very much.

We will now go to Deloitte & Touche.

Mr. Andrew Dunn (Managing Partner, Tax, Deloitte & Touche): Thank you very much, Mr. Chairman and representatives.

My name is Andrew Dunn and I'm the managing partner for tax at Deloitte in Toronto.

Canadians are blessed with a high standard of living relative to the residents of most countries. *Forbes* recently ranked Canada number one for doing business, and a key part of that ranking was the competitive and stable corporate tax regime. However, a key element of prosperity is productivity and Canada lags behind other major trading partners on that measure. In particular, the most recent ranking by the OECD put Canada at only 86% of the U.S. output per worker.

At Deloitte, our view is that we must close this productivity gap in order to stimulate prosperity in the future. For that reason we produced the study "The Future of Productivity: An eight-step game plan for Canada". I won't go through all eight of our recommenda-

tions, but the three elements of that study in which tax policy plays the major role are innovation, incubation, and population.

I'll just go very quickly through each of those key elements. On innovation, the government has demonstrated a commitment to reinvigorating the R and D regime as a key core element of innovation in Canada. We applaud the recent decision to appoint the Jenkins panel. It made a number of recommendations. One recommendation was to increase the availability of funds for start-up and later-stage companies. I'm going to come back to that when I talk about incubation, but in general, the limiting factor, the ground rules for the Jenkins report, was a cost-neutral approach.

We point out that 11 of the top 24 economies enhanced their R and D incentives over the last three years. Australia, China, Ireland, Italy, Japan, Russia, and Singapore increased their credit percentages. France, Ireland, and Japan increased their carry back and carry forward mechanisms. France, Australia, and Ireland introduced refundable credits. Some countries introduced patent boxes, and in fact there are two additional countries that are contemplating introducing a credit regime—they are Germany and Sweden. They are jurisdictions that are frequently mentioned as being grant-based in their support of innovation.

We believe in a mosaic, but we also believe that there is a value and a need for Canada to remain competitive in stimulating innovation.

One element in particular that we would suggest is the expansion of refundability for R and D tax credits. Just as a very quick example of why that is an important thing, first of all, it provides cash flow to early-stage organizations and organizations struggling to innovate. But I would also point out that a U.S. multinational by virtue of its tax regime is in a position only to get tax deferral, not tax savings, as a result of lack of refundability. If a U.S. multinational repatriates earnings on which there has been a tax credit, in effect the way the U.S. tax regime works is that the multinational pays the difference of the tax credit back in U.S. taxes upon repatriation, and that situation changes qualitatively when the credits are refundable. When they are refundable, it simply reduces the expenditure, and in effect, the U.S. multinational that repatriates a refundable credit gets to keep substantially all of the credit, and that stimulates the U.S. multinational to conduct R and D activities in Canada. We think that's an important difference.

We also think that, regardless of when a U.S. multinational repatriates, the accounting treatment reflects whether it is a permanent difference or a timing difference and so it has an immediate effect on earnings. We can make Canada a more attractive jurisdiction for innovation simply by making tax credits refundable on a broader scale.

One of the things I wanted to talk about briefly is the importance of early-stage financing for innovation. Currently Canada has less than half of the funding proportionately of the U.S. We like the angel tax credit approach that the British Columbia government introduced a few years ago with a 30% credit for up to \$200,000 annually.

I do want to give a quick example of a Quebec-based company that we spoke to, a life sciences company that is in second-stage financing. In order to get to third stage financing it needs to raise more capital. In order to raise more capital it can only find investors in the U.S. not in Canada—angel-stage investors are not around. Yet if it does raise money in the U.S. that will jeopardize its Canadian-controlled private company status and its refundable R and D credits.

Last, just very quickly, is the importance of population. A key element of improving Canada's gross domestic product is in fact to have more workers, and not just more workers but more highly educated, more highly skilled entrepreneurial workers.

• (1020)

A key part of that is immigration policy. But part of it is also tax policy, having a competitive jurisdiction, and having as competitive a situation on the personal tax scale as we have created on the business tax front. And we believe this could be done by simply indicating a point on the horizon, a 10-year to 15-year window in which we articulate a reduction in personal tax savings. And that can be done with little or no cost in the current term.

Thank you.

The Vice-Chair (Mr. Hoang Mai): Thank you, Mr. Dunn.

Now we'll go to the Canadian Trucking Alliance.

Mr. Stephen Laskowski (Senior Vice-President, Canadian Trucking Alliance): Thank you, Mr. Chair.

By way of background, we represent about 4,500 carriers from across Canada. Our membership, those who pay our dues, are the ownership and CEOs of the companies. Our industry remains the largest employer of Canadian males, so we continue to be an incredibly important industry in this country.

We still haul the bulk of the freight, whether it's east-west or north-south. As the trucking industry goes, the economy goes. If you want to know how the economy is going you don't need to read *The Globe and Mail*, just count the trucks on the 400 Highway or wherever you are. When the count is high, you'll know we're doing all right, and when the count starts dropping, we have some problems.

Understanding that we're in challenging times as an economy and that dollars are tight, I want to present an opportunity for the committee to put forward a recommendation that we believe will bring benefits on a number of fronts—the environmental front, the technological front, and the labour front. I'm talking about an

opportunity to develop Canadian technology and to grow Canadian manufacturing jobs by working with the trucking industry on the environment.

Trucking remains the only freight mode in Canada that's regulated from both an air quality perspective and a GHG perspective. The GHG regulation will be introduced next.

Starting in 2004, 2007, and 2010, trucks underwent a huge technology investment from the industry to virtually eliminate NOx and particulate matter. Those emissions result in smog as well as lung and respiratory issues.

Beginning in 2010, we eliminated that. How did we get there? With a heck of a lot of money. The other issue was that to get there we lost fuel efficiency. We don't have a lot of time to go into this, but to reduce emissions on the NOx and PM side, we actually had to create more GHG emissions.

So what are we going to do? Well, we're going to introduce another rule to address that. That rule will come into effect in Environment Canada in 2012. It will come into force in 2014-18 and be basically harmonized with the U.S. regulations.

What would the Trucking Alliance like to do? There is a big difference between the rule I explained to you and 2004 and 2010. There was no choice. You as a trucker went out and had to buy a certain engine. You could buy different kinds of engines, but the emission output would be the same.

The GHG regulation will not work like that. There will be loaded consumer choice. There will be a regulation but a lot of choice, so the consumer is going to make decisions and those decisions will be based on a whole bunch of issues, including cost, return on investment, and the belief that the technology that is put on the truck will actually work. In a GHG environment, if you reduce GHGs and improve your fuel efficiency, you get a return on your investment. The carrier, as a business person, will decide if that up-front additional cost is worth his return on investment.

So what is the alliance saying? We're saying you should work with us to introduce aggressive CCA rates—just as is done in manufacturing—to attract the trucking industry to tractors that are more GHG-compliant.

The other issue is the retrofitting. The GHG will work, in a nutshell, through aerodynamic devices. Aerodynamic devices will be added to the tractor. There will also be opportunities on the engine side, such as liquefied natural gas and hybrids. These are extremely expensive. There is a method to do this, just as there is in manufacturing—with incentives.

As for aerodynamics, we would like to point out that this is a growing sector. There are a number of leading small firms throughout Canada that make these devices. By providing incentives to our industry, you will grow an industry in Canada.

The last part I'd like to add for the committee is that there will be an additional regulation on the GHG side beginning in 2018. It will deal with the trailers. These aerodynamic devices are growing in Canada, and if we can get ahead with some small investments on the tax side, we can grow an industry while reducing emissions.

My final point is an example. Back in the early 2000s, there was a program to reduce emissions from trucking. On the tax side, the federal government spent \$6 million. It leveraged an additional \$31 million from our industry.

• (1025)

So we're not looking with our hands out. We're ready to come to the table with money. We're just looking for a little up-front cash to help make this happen.

Thank you, Mr. Chair.

The Vice-Chair (Mr. Hoang Mai): Thank you, Mr. Laskowski.

We'll go now to the Investment Funds Institute of Canada, please.

Ms. Debbie Pearl-Weinberg (General Tax Counsel, Canadian Imperial Bank of Commerce, Investment Funds Institute of Canada): Thank you very much.

My name is Debbie Pearl-Weinberg. I'm general tax counsel at CIBC. I'm also chair of the taxation working group at the Investment Funds Institute of Canada, commonly known as IFIC. I'm here today representing IFIC. My comments today don't necessarily reflect the views of my employer, CIBC.

To give you a little bit about IFIC, it is the national association of the investment funds industry. Canadians own approximately \$749 billion in mutual funds, with almost 80% of those held in registered plans. Almost 50% of tax-deferred wealth is held in mutual funds.

Now, because of this, ensuring adequate retirement savings for Canadians is a very important issue to IFIC members. My remarks today will be centred around two distinct themes. First is fairness in taxation around investment options, and the second is fairness in retirement funding options.

With regard to fairness in GST or HST among investment options, an inequity exists in the application of GST or HST to mutual funds when you contrast that with the application of GST and HST to other investment options. The structure of a mutual fund is such that it is a separate legal entity distinct from the manager. It is either a trust or a corporation.

The mutual fund has no employees. It pays its manager or third parties for all services provided to it, including asset management services. GST or HST applies to those services because it is levied on the management fee charged to the mutual fund.

Now, if you look at other financial investment options, most services are provided by employees of the issuer. The GST or HST does not apply to salaries paid to employees. It only applies in limited circumstances where an external service provider is used by

the issuer of the product. When the financial product is offered to the public, most fees charged are exempt from GST or HST.

Because of this difference in structure and because of the resulting difference of the application of GST and HST, mutual funds are subject to GST or HST in a disproportionate manner. The labour input to the offering of mutual funds is subject to GST or HST, and the labour input to other financial products is not subject to GST or HST.

This, in the end, will reduce the return to mutual fund investors, including the high number of RRSP and RRIF investors. This inequity always existed once the GST was implemented, but where HST now applies, the issue becomes much worse.

In order to alleviate this inequity and achieve more fairness in the taxation of investment options, IFIC recommends that there is a review; that the unfair and non-neutral application of GST and HST is changed; and that an equitable rate of sales tax is applied to management, advisory, and administrative services provided to funds. This would be consistent with the treatment of other investment products.

The second area I'd like to address is fairness in retirement funding options. There I want to talk a little bit about pooled retirement pension plans and RRIF income.

First, on pooled retirement pension plans, or PRPPs, IFIC wants to say that we very much support the initiative of creating PRPPs and the goal of providing accessible and straightforward retirement options to assist more Canadians to save for retirement. IFIC recommends that the investment of PRPPs should not be restricted to passive investment strategies, but much broader.

IFIC recommends that group RRSPs remain a true alternative to PRPPs. For instance, IFIC agrees that payroll taxes should not apply to any contributions to a PRPP. Consistent with this, IFIC recommends that payroll taxes no longer apply to contributions to group RRSPs to keep them on equal footing with PRPPs.

Finally, I'd like to address RRIF income. Canadians receiving income from RRIFs are not eligible for the pension credit, nor can they split RRIF income with a spouse until they reach age 65. This includes those individuals where their RRIF income comes from funds that were originally transferred from a registered pension plan. This can reduce the after-tax retirement income to those aged 55 through 64.

•(1030)

In contrast, those Canadians receiving income from pension plans are eligible for the pension credit, and pension income can be split with a spouse at age 55. This inequity is frequently brought up to our members by investors and investment advisors. In order to alleviate this inequity, IFIC recommends that the pension credit also be available commencing at age 55 with respect to RRIF income, and that income splitting also be available at age 55 for RRIF income.

Thank you very much.

The Vice-Chair (Mr. Hoang Mai): Thank you very much.

Now the Vaughan Chamber of Commerce, please.

Ms. Lynne Wallace (Chair, Policy Committee, Vaughan Chamber of Commerce): Good morning, and thank you for the opportunity to present, Mr. Chair.

My name is Lynne Wallace and I am a volunteer chair of the policy committee of the Vaughan Chamber of Commerce. This morning I'm accompanied by the chair of the Vaughan chamber, who's in the back row.

This is a consequence of a group of volunteers getting together with as many expert stakeholders as we could pull together to brainstorm around an issue that mattered a great deal to us in Vaughan: jobs of the future. When we started we didn't know where we would end up, but the remarkable thing that happened from a group of stakeholders that included academics, contractors, and manufacturers was that we ended up with a consensus recommendation, and that's what I'm going to read to you this morning.

The impact of the changing world economic reality has had a profound impact upon industry in Vaughan, as it has across this country. The loss of manufacturing jobs within Vaughan alone has seen a decline from 49,833 in 2006 to 39,415 in 2010. In a city with a population of a little over 300,000, the loss of over 10,000 jobs in only four years has had a profound impact.

Fortunately, the directed economic development efforts of the City of Vaughan have continued to attract new business. One of the emerging success stories from these new businesses is the growth of companies on the leading edge of the green energy industry, with a particular emphasis on solar. Within the region of York, we have gone from about 10 companies to 100 within two years—very rapid, to say the least. A significant number of these new businesses are in the city of Vaughan.

In attracting these businesses, Vaughan has competed against other business clusters, both within and outside of Canada. For the past several years, the combination of economic incentives and business opportunity has made Canada an attractive venue in which to build a global business that serves the enormous potential of the solar industry.

Recent initiatives of government at all levels have given great encouragement to the usage of green energy sources within this country. This potential for growth here can support the development of innovative research and development initiatives and sophisticated manufacturing operations to serve this market, as well as worldwide markets. With continued attention and nurturing of research opportunities, we can lead in innovation. With focused attention

on implementation, we can prove and demonstrate our evolving technological accomplishments for the world market.

We have a good foundation for the future, one with a thriving fledgling industry that needs to overcome a number of barriers in order to succeed. That is where our concern lies for the solar industry. We require a body that can pull together diverse players and set the standard for the future so that the rapid growth does not become uncontrolled and uncontrollable.

We see several issues that are creating barriers to the maturing of this industry. They include:

— The need for more support for coordinated research programs that bring industry and universities together to drive the future of the innovation-driven competitiveness for this industry.

— The need for standards and certification for the implementation and installation of solar projects. Today, everyone from electricians to general contractors claims to have the capability to install solar projects. The user cannot rely upon a standard of implementation that brings confidence in a substantial investment.

—The need to develop qualified engineers, technologists, service technicians and installers is not being met by our college system with a standardized curriculum.

—The consumer does not have ready access to information that can educate.

— Feed-in-tariff programs that were intended to motivate small users have not met with great support from many utilities.

We believe that Canada will be well served by the funding and establishment of an industry association that serves the following objectives:

1. Recognize the opportunity for Canada to be a world leader in the solar industry.
2. Promote multiple business opportunities associated with the solar industry.
3. Mobilize and consolidate the resources for a successful solar industry by (a) coordinating academic research and development funding in support of innovation; (b) by stimulating college curricula that will develop knowledge workers for this industry.
4. Develop accreditation standards for production, installation, and maintenance of solar products in order to coordinate industry input to the development of standards with both the Canadian Standards Association and other standards organizations, and ensure the adequate certification of trades.
5. Explore opportunities for public and private sector partnerships to further the solar industry.
6. Provide consumer education throughout the industry.

•(1035)

This industry association could evolve from existing organizations or, more appropriately, be established as a new entity charged with the future of Canada's solar businesses. We believe that successfully overcoming the challenges that exist within this young industry, through the association described above, is good for Vaughan, is good for Canada, and is a worthy investment for the Government of Canada.

Thank you.

The Vice-Chair (Mr. Hoang Mai): Thank you, Ms. Wallace.

I note that the Canadian Home Care Association is not present. It will be sitting at the next panel.

We'll start with the questions.

Mr. Julian, go ahead for five minutes.

Mr. Peter Julian: Thank you very much, Mr. Chair.

And thank you to each of the witnesses for coming forward today. You've given us very detailed briefs.

I appreciate, as well, the stress on investments. We, as the official opposition, believe that the next federal budget has to be an investment budget, given that we are starting to move into an economic slowdown, as the Governor of the Bank of Canada has said.

I'd like to start with you, Mr. Mills. I have lots of questions. I'll try to get them all in.

First off, I just wanted to clarify something from your brief. You said:

The 2011 federal Budget included \$35 million over 5 years...half the amount previously provided through the Canadian Foundation for Climate and Atmospheric Sciences.

So what was the amount provided prior to the budget, on an annual basis?

Mr. John Mills: Thank you.

There were actually two investments by the government over a 10-year period, one of \$60 million, which was a grant, and the other of \$50 million. So it was, in effect, just a little over \$10 million per year.

Mr. Peter Julian: So we went from \$10 million a year to \$7 million a year for 2011, so there was a substantial cut in those investments.

Anecdotally, you've raised a number of issues around the hail storm in Calgary and the costs of it, the 2011 floods in Manitoba, and of course the forest fires we've seen across British Columbia. Do you have a sense, globally, of the impact of climate change? I realize it's difficult to pinpoint, but roughly what do you think the cost of the continuing impacts of climate change—which are growing—has been to Canadians and to the Canadian economy?

Mr. John Mills: Thank you very much for the question.

I don't have the detailed numbers of that, although I think recently the national round table came out and indicated that for the year

2020, weather and weather-related events will cost the Canadian economy about \$2 billion.

•(1040)

Mr. Peter Julian: That's on an annual basis?

Mr. John Mills: That's on an annual basis.

Mr. Peter Julian: So that will be a cost of \$2 billion to the Canadian economy, and we've seen the government actually cutting back on investments aimed at getting a handle on the impacts of climate change. That's an important point.

You also raised the issue of the continuing uncertainty surrounding PEARL, the Polar Environment Atmospheric Research Laboratory up on Ellesmere Island, which provides fundamental and very important Arctic research. I think that's an important point to stress.

Can you tell us, then, if we don't look to that investment of \$50 million a year, given the global costs that the Canadian economy and Canadians will experience, what the cost will be of not making those investments and of continuing this process of cutting back and slashing funding for research into climate change?

Mr. John Mills: Thank you very much for the question.

I honestly don't have those numbers, the exact costs. But the escalating costs of inaction, as I indicated earlier, run from \$2 billion in 2020, up to \$40 billion in 2080. So that will be the cost of inaction. To say we are not doing anything is not correct. There are investments going on. The foundation believes that investment, however, is not sufficient to enable the Canadian economy to react properly.

Mr. Peter Julian: Thank you very much.

I'd like to move on to Ms. Price.

Your brief was very good as well. Thank you very much.

You're talking about a global investment—again, this is something that is very important for job creation—of what looks like \$50 million annually: \$30 million to larger festivals and \$20 million for emerging and regional festivals. You also talked about the cutbacks that have taken place in federal support for festivals and events over the last few years.

Can you give us a sense of what the impacts have been? I'm talking about the final paragraph of page 3, where you talked about Industry Canada's marquee tourism events program, which ended in 2010, the program that formerly provided federal support for festival events. What has been the impact of those programs not being there, and what is the impact, in terms of jobs, of providing these investments of \$50 million as per your recommendation?

Ms. Janice Price: Thank you.

We are very grateful for MTEP, the marquee tourism events program, because it did help to educate us about the power we can have as a singular sector. And it was a tremendous driver in getting us together and forming the former Canadian Festivals Coalition, now FAME, Festivals and Major Events, so we can speak with one voice about the very positive impact. We very much respected and appreciated the opportunity to work for two years with Industry Canada on what was rolled out as a stimulus program. We always knew it was a term-limited two-year program. We understood that, and respected that it had a sunset on it.

But our learnings from that and the aggregated research you've seen here have allowed us to very confidently state, as we did in meetings with parliamentarians from all parties last week in Ottawa, that we as a sector would guarantee in a new program a return on investment at a minimum of \$5 of additional annual tax revenue for every dollar of the \$50 million that is invested. Sadly, we heard, particularly from our colleagues in Stratford last week at those meetings in Ottawa, that they have had a significant decrease in tourist visits as a result of not having the extra marketing and programming clout they had from MTEP to help attract those visitors.

The Vice-Chair (Mr. Hoang Mai): Thank you very much.

Mr. Adler.

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

Thank you, witnesses, for appearing here today.

I'd like to focus my questions on the Investment Funds Institute of Canada.

Ms. Pearl-Weinberg, we all know that Canada holds the dubious distinction of being the only country without a common or national securities regulator, and our government has been working very hard with the provinces to institute one. Given all the market turmoil that's occurring in the world, the economic uncertainty that is occurring in other countries—and I know this is something your organization has a strong interest in—could you comment on how a national securities regulator would better protect investors, enhance enforcement of regulation, and attract new international investment?

•(1045)

Ms. Debbie Pearl-Weinberg: Unfortunately, I'm going to have to get back to you on that. That would be another group within IFIC. We do have a group that can address that, and I will get something back to you in writing on that.

Mr. Mark Adler: Okay. Thank you.

In that case, I'll move on to Mr. Dunn.

Our government has been very active in lowering taxes to individuals and lowering corporate taxes. As a result, we're seeing that corporate tax revenues are up for the government. We saw this morning that StatsCan said our economy grew by 0.3% in the month of August, and that Canada, as you had indicated, is considered by *Forbes* magazine to be the best place to be doing business in the world. We see in today's *Financial Post* that Canada has been named a hot spot for entrepreneurs.

Clearly Canada is doing something right, contrary to what a lot of others are saying, particularly the opposition, which is that we should be raising taxes and spending more. Could you comment on how that approach would not be beneficial to the Canadian economy at present?

Mr. Andrew Dunn: I'll see what I can do to comment on a few of the things you've mentioned.

For sure it's true that Canada is an open economy. One of the reasons the reduction of corporate tax rates has resulted in some increase in corporate tax revenue is simply by virtue of the fact that we made it more attractive for corporations to carry on business in Canada. A multinational, in choosing where to locate and where to operate, is more attracted to Canada than it has been historically. And that's generally helpful to Canada's growth.

We do believe—and it's one of the points we tried to articulate in our submission—it's important not to look only at the corporate side of the tax system. It is absolutely true that making Canada more attractive for businesses improves employment. But ultimately, what has the highest effect on productivity is having more people come to Canada. So in that circumstance we need to devote the same degree of attention to the personal tax regime that we've devoted to the business tax case.

I would point out that when we reduced corporate tax rates we didn't do it suddenly. We didn't do it overnight. It was done over more than a decade. Simply selecting a point on the horizon and saying that is our target, that we want to move to combine federal and provincial rates of 25%.... In fact that was what was said, the last point on the horizon. Doing something similar on the personal tax side we believe could be very attractive to attract the world's most globally mobile employees, the most globally mobile entrepreneurs, and those who can have the single greatest effect on our productivity in Canada.

Mr. Mark Adler: As you know, our government has reduced taxes for the average family by about \$3,000. Would you recommend reducing personal tax even more?

Mr. Andrew Dunn: I think in that circumstance we see a need for lower personal tax rates in total. That doesn't have to be done immediately. One of the effects of signalling, by pointing to a target in the future.... People make decisions based on expectation of future state, not current condition, especially something like moving, changing jurisdictions. So in that circumstance, while we believe the target rate should be lower, we don't believe there is a need to act immediately. In fact, simply articulating that target is a strong indication that will have a positive impact.

Mr. Mark Adler: Thank you very much.

So a low-tax plan is the way to go to create jobs and a strong economy.

Mr. Andrew Dunn: Lower tax in the future will result in more revenue collected.

The Vice-Chair (Mr. Hoang Mai): Thank you very much.

Mr. Brison.

Hon. Scott Brison: Thank you, Chair.

Mr. Adler referred to the most recent GDP numbers from August. There was a slight increase, 0.3%, in August. But Statistics Canada also reported that GDP would have dropped had it not been for a 2.8% increase in the energy sector and that in fact wholesale trade, manufacturing, utilities, and tourism all declined. I don't think any political party or government can take credit for putting the oil and gas or the potash under the ground, or off in my part of the country, under the water off Newfoundland—that was Danny Williams.

But we have in Canada the emergence of what people refer to as the Holland example, the Dutch disease. We see a driving of the natural resource sector economy, and the crowding out of some of the traditional value-added jobs in manufacturing in some of the economic heartlands of the country, including parts of Quebec, Ontario, and the Maritimes. That's why I'm very interested in proposals, including SR and ED reform and angel tax credit, aimed at strengthening innovation sectors. While we've put a lot of money into research in Canada, the commercialization area is still lagging. So I like these proposals.

Why isn't there more focus in your package? Larry Scott sent me some of this a while ago, and I think it's a very interesting proposal. But what are some of the measures we could do on immigration besides just the tax side? What are some of the other approaches we could take to attract innovators, students, and researchers to Canada, and to stay in Canada?

• (1050)

Mr. Andrew Dunn: I presume the question is for me, so thank you for asking it.

There are a number of things that are positive attractions for immigrants to Canada. Part of it is stimulating the various provincial bodies across the country to accept broader ranges of foreign professional accreditation. In other words, when somebody has recognition of professional status in any particular field—be it medicine or law or accounting or whatever it happens to be—encouraging that recognition of foreign status as eligible for practising in Canada is number one.

The second point I would raise on that front is treating immigration as a competitive activity.

Hon. Scott Brison: So would you support—

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): Thank you, Mr. Brison; you're about four minutes over time.

I have you at 8 minutes, 30 seconds. Is that not correct?

Hon. Scott Brison: I don't think so, and I have a pretty good sense of this.

The Chair: I don't know. I just took the chair. Is that not correct?

Okay, I'll give you another minute.

Hon. Scott Brison: Thanks.

Would you support increasing resources to immigration in Canada, both to the processing of immigration cases but also to promoting Canada, to attract more immigrants?

Mr. Andrew Dunn: Population is a key driver of productivity, and we do see a need to do that, so I would support additional resources on that front.

Much of what we're talking about, though, in fact provides an attraction to Canada without much additional spending. That's clearly the first priority upon which we would focus.

The Chair: Sorry, there may have been a mix-up in the time. I apologize for being late.

Hon. Scott Brison: Is that it?

The Chair: You can ask a very brief question.

Hon. Scott Brison: Okay.

Ms. Price, what have been the economic spin-offs and benefits of pride festivals across Canada? Are these festivals important as economic drivers in communities? Should the government be investing, or reversing the decision to cancel funding for pride festivals?

Ms. Janice Price: You probably know that in 2014 Toronto will be hosting World Pride. This is comparable with the Toronto pride festival. Numbers have been generated and they have done their own report, which is consistent with the economic impact we see here.

We continue to refer to this proposed new program as an investment. We have made a minimum five-to-one guarantee of return in tax revenue, and this tax revenue happens within the same fiscal year, which is a unique benefit of these kinds of festivals and events. We are proposing criteria that we would work out with Industry Canada. We would hope they would consider festivals of all kinds. Our coalition includes arts festivals, pride festivals, fairs, the Royal Agricultural Winter Fair, etc. They are definitely economic drivers, big employers, and we would expect them to be considered as applicants for this new program.

• (1055)

The Chair: Thank you.

We'll go to Mr. Jean now.

Mr. Brian Jean: Thank you, Mr. Chair, and my thanks to the witnesses for attending today.

I would like to take up the line of questioning of Mr. Brison, in particular in relation to festivals and the recommendations made by your group. I live in Fort McMurray and I've lived there for a long time. There were 1,500 people living there when I arrived in 1967. Today there are about 140,000, including the people in the oil sands camps. We're seeing tremendous change, but the one thing I haven't seen a change in is the number of festivals that my constituency has, particularly in Fort McMurray.

We had a rodeo for a long time. We had a winter carnival, one of the longest-running winter carnivals in the world. We had the second-longest dog-sled race in the world at one time. All of them have fallen by the wayside because of funding. I saw our government spend a considerable amount of money on large festivals, but I'm wondering about the smaller festivals and the ones that operate totally with volunteers. How do we go about supporting them? What do you think of the support we've given as a government in the past? Some of my festivals got some funding for the first time in many years over the last year, and I was pleased to be able to advise them of that. They told me that they couldn't continue the festivals without funding.

Ms. Janice Price: Our research tells us that you have over 5,000 jobs generated in the tourism sector in your riding. There isn't a riding in this country that does not have some component. Our friends from B.C. have quite a few jobs in that sector, but it's important across the country. It's not just important for job creation and the kind of economic impact I've been talking about. It's important for our quality of life.

Mr. Brian Jean: I know that, but the smaller festivals—

Ms. Janice Price: As to the smaller festivals, we considered them in the course of the short-term MTEP program, and we learned that it was a challenge to have a proper balance in funding between the smaller community festivals, which are important in their communities, and the large festivals. That's why our proposal suggests that there be an allocation of \$20 million of the \$50 million we're proposing just for festivals that did not meet the past criteria.

Mr. Brian Jean: That was the point I was trying to make. Thank you.

My riding generates somewhere around 200,000 jobs in direct employment in the oil industry. Tourism is important, but we can't find enough workers. We have a lot of jobs up there. That was my next set of questions, in relation to productivity.

How do we work with mobility of workforce? We've had it for years. People from Newfoundland went down to New York and Toronto and built skyscrapers; many aboriginals from Ontario did the same thing. How do we get people from one part of the country to another to make our productivity rate better than the one in the U.S.? We have the ability to do so. We're bringing in foreign workers on a temporary basis. How do we get people from one part of the country to another and incent them to do that? Do you have any ideas on that?

Mr. Andrew Dunn: There's lots of research that suggests that Canada is simply a less mobile economy than the United States. That has an affect on productivity. It increases the structural unemployment rate. In other words, the longer somebody would remain unemployed, the less willing he would be to make a move.

We believe ultimately the key is to look for resources not just in Canada but globally as well. Canada is an open economy and can attract multinationals from a business perspective.

Mr. Brian Jean: Absolutely.

I agree with you, we have tons of engineers in Fort McMurray. We have tons of people from all over the world there, I think somewhere around 60,000 or 80,000 people who work indirectly there or in Calgary.

For mobility of the workforce in particular, and I'm talking about people in Ontario and Quebec, how do we get them and encourage them to come out to Fort McMurray to take up these great jobs, instead of giving them to somebody else? That's really what I'm interested in. I'd like to hear any ideas you have as far as incentives for unemployment insurance and other programs that we currently have in place are concerned.

Mr. Andrew Dunn: We believe an important element of productivity in general is actually education, and simply helping people be aware of those kinds of opportunities, of the benefits and costs of remaining, or what jobs may be available. Education is actually a very pervasive element of how there can be improvement on productivity. It's about methodology, it's about creating a culture for productivity, but in many cases, in the example you're talking about, it can break down the barriers for somebody who is uncertain about whether to move...about what the advantages or disadvantages may be. And there are elements of simply providing that information to people that can be positive.

•(1100)

The Chair: A very, very brief question.

Mr. Brian Jean: What do you think about the unemployment insurance program, and manipulating it to some degree, to offer incentives for people to move?

Mr. Andrew Dunn: We wouldn't have any view on that.

The Chair: Okay, thank you.

We'll go to Mr. Marston, please.

Mr. Wayne Marston: Thank you, Mr. Chair.

Ms. Pearl-Weinberg, I appreciate your comments. You were talking about the PRPP. New Democrats are quite concerned about the PRPP in the sense that it's open to the same market risks pretty much as RRSPs are. I will give some credit to the government; it is a step in an important change. But we believe there's still a gap that's got to be addressed for the rest of Canadians. They must get tired of hearing this from me, but over 60% of working Canadians today don't have any pension plan. I'm not talking about the small-business person in particular; I'm talking more about the person who's got just a regular job.

We've made the proposal here that another leg that could be changed, so to speak, is the CPP leg. Investing in the core assets of CPP over a 30-year period of phased-in investment would allow us to protect workers down the road who won't have anything else if we don't do this.

I'd like your response to that, if you would, please.

Ms. Debbie Pearl-Weinberg: I'm sorry, I'm not understanding exactly the question. Commenting on...?

Mr. Wayne Marston: On the development or the enhancement of the Canada Pension Plan by allowing people to invest in it. Right now there's a failure of people to invest in their own futures and there is a certain responsibility for people to put their money into something. So CPP, being mandatory, would allow for a push to these folks who aren't investing. Yes, it would increase the taxes on the employers to some degree to help co-fund this. But if we don't do this, in 30 years' time we're going to hit a very serious wall of people with nothing.

Just your comments, if you would, please.

Ms. Debbie Pearl-Weinberg: I'm hesitant to be positive about something that is mandatory on employers over and above what they're already contributing to CPP, especially the small business. Now, we're obviously hoping with PRPPs to have contributions both from the employee and the employer side, but making them mandatory—

Mr. Wayne Marston: I understand your point, but the reality has been that people are not investing, and if we don't have a mandatory type of investment, they're not apt to. But I appreciate your point.

Mr. Mills, I just want to say to you that I certainly support your brief's call for a very modest investment on the part of the government to start a science-based study of what's happening in the weather change in our country. It's very clear that each year the things that are happening to us seem to be more dramatic, more dynamic. I just wanted to let you know I support that. I'm not really asking you a question. It's a conversation we haven't had enough of, and that's why I highlight it.

Mr. Dunn, you talk about the portability of Canada's workforces. One of the things I've spoken here repeatedly about, again, is the red seal training program for labour, for electricians and such, where you get a competency level that's guaranteed across the country, so it allows the workers, if they so choose, to move to new jobs. That's going to require some investment on the part of the government.

Many provinces, and Ontario is the one I'll speak about, have withdrawn somewhat from apprenticeship programs. I was a school board trustee, and we had a dropout rate of 28%. You've got in that area the potential workforce, combined with our aboriginal communities, to fill a lot of your gap. It won't be the highly skilled technical type, but would you support a move on the federal government's part to invest there?

Mr. Andrew Dunn: Again, one of our eight steps to increase productivity is greater education. A key part of our finding on that front was our consideration of risk aversion among Canadian decision-makers. We looked at comparing executive decision-making between the U.S. and Canada. Risk-takers are very similar

in Canada and the U.S., but on risk aversion, those who don't take risks are much more conservative in Canada.

One of the key ways of breaking that barrier and mitigating that effect is education to provide methodology and training and show somebody what an outcome could be. So we support training programs. We believe they can be relatively efficient. They are a key part of building an environment in which productivity is increased.

• (1105)

The Chair: Thank you.

Thank you, Mr. Marston.

We'll go to Ms. McLeod, please.

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

I'd like to start with a question for Mr. Dunn.

I know you presented a very concise brief, but one of the threads we've taken from some of our other meetings is around the Income Tax Act and the technical changes. Many people bring the actual Income Tax Act, with the grey areas that have not been moved through the system. Do you have any comments related to that, in terms of whether we should be moving forward?

Mr. Andrew Dunn: Yes, we do. We believe that a key part of being attractive to any organization carrying on business—and any individual choosing whether to live in Canada or somewhere else—is stability. A key element of stability is having a legal framework in which the details are all laid out.

There is a backlog of legislation. There is a backlog of what are called comfort letters. When the Department of Finance considers an issue, reaches a conclusion that will be recommended to the minister, and that issue doesn't make its way to legislation, that's a comfort letter. There's currently a multi-year backlog of those comfort letters.

Deloitte takes that sufficiently seriously that we've actually loaned one of our great partners, Shawn Porter, who's a very strong technical resource, to the Department of Finance as a director for statutory framework. He is helping the finance department draft additional legislation in that circumstance. He's on secondment, cut off from the firm in that circumstance.

We believe it's important, and we believe we need to make progress.

Mrs. Cathy McLeod: Thank you.

We have tried through minority Parliaments, and of course that's always a challenge, but has the consultation been comprehensive enough? Are we ready just to move forward, or do you believe there's a requirement for more consultations?

Mr. Andrew Dunn: I think that's an excellent question. It's a broad question to answer. We believe it's valuable for there to be consultation on important acts of policy change. We also believe it's important to indicate a policy direction and then have a framework for that kind of discussion to take place.

Much of the legislation that's waiting isn't actually about major policy change. It is simply about putting in place details that are technical but voluminous and need to be put into the statute to provide that element of certainty for organizations.

There are a lot of spin-off effects from this. Organizations can't account for changes that are not in final legislation in most circumstances, particularly where those changes are just in comfort-letter form. So it affects capital markets to the extent that organizations have unresolved benefits or uncertain consequences that they have to present to their investment community.

The Chair: You have one and a half minutes.

Mrs. Cathy McLeod: I'd like to move to the Canadian Trucking Alliance. I appreciate your comments on GHG emissions. From your perspective and your organization's perspective, what are the challenges with the border crossings? As you are aware, we're looking toward the perimeter agreement, so could you give us a couple of quick comments on that issue?

Mr. Stephen Laskowski: The economy has done a pretty good job of cleaning up most of our border wait times, so the wait times at the border aren't as strenuous as they used to be.

On the perimeter agreement, we have a number of asks, and most of them are technical. Quite frankly, from a trucking industry perspective, a lot of them aren't very sexy issues. They're supply chain issues. They don't require a lot of investment, but they take a little bit of political manoeuvring on both sides of the border.

As far as ongoing spending, the alliance would like to continue to see maintenance of budgets with CBSA for not only physical infrastructure, but also on the electronics side, as we move to an electronic age.

• (1110)

The Chair: Thank you, Ms. McLeod.

[Translation]

Mr. Giguère, you have five minutes.

Mr. Alain Giguère: Thank you, Mr. Chairman.

I want to thank all the witnesses. You're providing us with highly relevant information.

I'm going to start with Mr. Dunn, from Deloitte & Touche. I'm quite familiar with the field of tax credits because I was an intern at Raymond Chabot Grant Thornton with Lucie Bélanger, who now holds a tax services management position in the SR&ED sector at PricewaterhouseCoopers. One of your requests is essentially that tax credits be granted to large public companies, regardless whether they are controlled by Canadians or not.

However, there is the issue of patent ownership. This is essential for Canada because patent ownership makes it possible to transform an invention into an investment and jobs. So why do you want to

expand this internationally rather than restrict it to what is extremely profitable, that is to say Canadian patents?

[English]

Mr. Andrew Dunn: Thank you very much for the question.

Your question was why are we focused so much on supporting innovation for large organizations and patents. There are a couple of things.

In 2008 the OECD ranked the incentives for R and D across all the major economies. Canada was third for small businesses, but ninth for large businesses. In other words, Canada is already doing a very good job of supporting innovation for small businesses, but it could do more for multinationals. And it's not true that only small businesses create patents. Nortel is maybe not the best example of a long-term, healthy company, but it had 4,000 patents. So we're not sure that we necessarily see a correlation between simple patent numbers and success, if I can articulate it that way.

Having said that, we do believe it's important not to be focused just on the creation of new patents. Productivity involves looking at all elements of commercialization. And that includes things like shop-floor development, looking at new processes, and sometimes looking at minor changes to a product or a process that can be commercially substantial. And that is also an element of innovation that can have a big impact on the economy and it is something we think needs to be an element of focus as well.

[Translation]

Mr. Alain Giguère: My second question is for Ms. Pearl-Weinberg, from the Investment Funds Institute of Canada.

According to the figures, in 2007, 85% of Canadians earned less than \$50,000. Only 13% of those people invested in an RRSP, and only 6% had RRSPs sufficient to enable them to retire.

One actuarial study indicates that, if this continues in the same manner, Guaranteed Income Supplement expenditures will increase from \$6 billion to \$23 billion, which is enormous. This indicates to us that we have an obligation of result.

The Canada Pension Plan is currently the only plan that can assure us we will have pensions for seniors. This is not a tax. I would point out to everyone that these funds have are now money that must be invested immediately. This is not a tax; the Canada Pension Fund has investment capital. It's a public investment rather than a private investment. I would like to know how we can secure a 100% guarantee that people who are currently working will not be poor in 25 years.

[English]

The Chair: Just a brief response, please.

Ms. Debbie Pearl-Weinberg: A brief response. Okay, that is a big ask.

I don't know how we can get a 100% guarantee. I think the government is moving in the right direction with PRPPs.

One of the suggestions we have made about group RRSPs is helpful, because if you have an incentive for employers and small employers to be able to assist employees in contributing to RRSPs and to incent them to open an RRSP and perhaps save in an RRSP that is supplemented by their employer, that is a good start. But I wish I had an answer to how we could ensure 100%.

• (1115)

The Chair: Okay, thank you.

We'll go to Mr. Adler, please.

Mr. Mark Adler: Thank you, Chair.

I just wanted to follow up on my earlier question to Ms. Pearl-Weinberg about the national securities regulator, but I want to direct it to Mr. Dunn.

Can you comment on the importance of establishing a national securities regulator here in Canada, rather than having the 13 different regulators that we currently have?

Mr. Andrew Dunn: Our view on that subject is that it is an attractive feature to have one regulator on that front and one layer of regulation. The nearest comparable thing in tax policy, I would say, would be with respect to various provincial sales tax regimes. We do believe that having a harmonized sales tax—one regime across different provinces—is valuable in that circumstance, and it is directionally similar to be talking about a national securities regulator on that front.

And in the mergers and acquisitions world there can be enormous time spent dealing with the nuances between the different provincial regulators for an issue or in respect of a security. I would say sometimes the differences between the provincial regulators have nothing to do with the quality of the investment or the quality of the disclosure but are simply style differences between what needs to be presented. And the degree to which that can be simplified I think is attractive to foreign multinationals looking for access to public capital markets, or to big businesses operating in Canada as well.

Mr. Mark Adler: Yes. Okay, thank you.

Mr. Laskowski, I read your brief with great interest, but I do want to ask a follow-up to Ms. McLeod's question about the border. Is the current problem more of a regulatory issue right now, in terms of delays at the border, or is it more of an infrastructure issue, or a combination?

Mr. Stephen Laskowski: It depends on the day, and it also depends upon the crossing. I think the Government of Canada, over the ten years since 9/11, has done a nice job in attempting to respond to the various infrastructure issues. Plazas had to be completely rebuilt. The main struggle, and it's not without effort from governments all over, is dealing with the Detroit crossing. But aside from that, the infrastructure, the physical infrastructure, is going along the way.

The other side of the equation that I talked about previously has more to do with systems investment, also interpretation. Quite frankly—although I don't like this word, because harmonization gets used for all the rest of the reasons—working with the Americans in

terms of harmonizing data requirements and reporting requirements to cross the border is an issue. It's brought costs to the Canadian supply chain, where costs could be eliminated if we were able to convince our American counterparts to make some changes to be in line with what we currently allow.

We hope the perimeter and the better border discussions take care of a lot of what we'll call housecleaning issues, and we continue the investment approach that we're currently undertaking.

Mr. Mark Adler: Yes. But you can drive the 401 from Cornwall to Windsor up until the last mile without a stoplight, and then you've got—what is it...?

Mr. Stephen Laskowski: Nine of them.

Mr. Mark Adler: —nine stoplights in the last mile to the Ambassador Bridge.

Mr. Stephen Laskowski: Absolutely.

My answer with regard to the wait times is real today. Wait times aren't an issue because of the economy, but everyone in this room hopes that.... When the economy picks up, we will see problems again at that crossing, if we don't have a solution. It is the major link in the central trading system, so that remains an issue we need to get on with. Hopefully we can convince Michigan that is the case.

Mr. Mark Adler: Yes, and Matty Moroun.

• (1120)

Mr. Stephen Laskowski: Yes. That's code for Matty Michigan.

Mr. Mark Adler: Yes, I know.

Ms. Wallace, you're looking neglected, so I'm going to ask a question to you.

The 905 area is growing by leaps and bounds, so it's a question for the city of Toronto. The government's pursuit of a low-tax plan to create jobs and strengthen the economy, how has that helped your members? Would you suggest we take the route of what the opposition is calling for, in terms of increasing taxes, and how will it affect your members?

Ms. Lynne Wallace: Maybe I should have remained neglected.

I believe that lowering taxes does create incentives for small and mid-size business. We primarily speak for the small and mid-size business community, and I think there's no question they are the engine that can generate the greatest number of jobs for the future.

Incentives that we can create for R and D investment, and the creation of lower-tax and tax-break types of incentives will unquestionably impact on small and mid-size businesses in a positive way.

The Chair: Thank you.

Thank you, Mr. Adler.

[Translation]

Mr. Mai, go ahead, please.

[English]

Mr. Hoang Mai: I'll follow up with Ms. Wallace.

We, on this side, have been suggesting a reduction in the small-business tax rather than reducing corporate taxes for big companies that are more profitable. That's one thing we've been doing on this side, simply for your information.

Mr. Mills, in terms of cost regarding climate change in Canada, it has been estimated at \$2 billion for 2010. From this side again, we feel the government has not been addressing the issue, almost not at all, and what we're looking for is to have a bit more leadership.

I see that one of your recommendations is to establish a Canadian policy forum to engage business and government leaders in identifying weather and climate challenges. How does Canada compare with other countries on that issue?

Mr. John Mills: Thank you very much for the question.

I actually don't have specific information about how we compare with other countries, but I can give you some historical information and what I think is needed, going forward.

Canada, on the climate change and atmospheric science side, has always had a leading role internationally, and I think we have lost some of that over the past number of years. However, we still have a robust science community out there that is eager and willing to continue to get engaged.

Right now, one of the issues we're facing is a significant university community with post-doctorates or what have you, who are now having to look for jobs outside of Canada because we don't have the money to support them in Canadian universities.

The proposal we're making would maintain those skilled knowledge workers in Canada.

Mr. Hoang Mai: Thank you very much.

Mr. Laskowski, we've been telling the government that we need to invest in infrastructure. I know it's not a part of your recommendation, but being from the south shore of Montreal and having the Champlain Bridge there, we know that in terms of aging infrastructure the Federation of Canadian Municipalities has been talking about \$130 billion in connection with infrastructure deficit, and we've talked about the loss of \$2.1 billion per year for the Montreal region in terms of loss of productivity.

I'm sure that affects your industry, so can you tell us whether or not we should address the issue of aging infrastructure and if that would help your members?

Mr. Stephen Laskowski: First of all, we're obviously supportive of the bridge improvements in Montreal.

With regard to aging infrastructure, I think aging infrastructure is an issue worldwide, so one of the things our alliance has done is provide all levels of government with a list of strategic infrastructure. We're not going to be able to fix everything in one fell swoop, so one

of the things we're asking governments to do when looking at infrastructure projects is to try to de-politicize the process, if possible, and take a look at the economic benefits of building a road, perhaps, to somewhere up north because it makes a good ribbon-cutting ceremony, versus pushing the money over to trade routes for economic reasons. And that's always been a difficult issue for road spending, because it's twofold.

Mr. Hoang Mai: Thank you.

I don't have a lot of time, so I'll simply make a comment regarding investing in festivals and major events. I'm from the region of Montreal, so I know it's very important, and I think we should invest in that and I think additional funding would be required.

Thank you very much.

• (1125)

The Chair: Okay, we'll leave that as a comment.

Mr. Van Kesteren, please.

Mr. Dave Van Kesteren: Thank you, Chair.

Thank you all for appearing this morning.

Mr. Laskowski, I read your brief again. That's quite an impressive industry you represent. I think we oftentimes neglect to realize just how important trucking is.

You're faced with a lot of challenges. One, the border issue, has been noted by two of our panellists. I crossed one of the borders in Sarnia with your organization back in the winter of 2007 or 2008. It was quite an experience. I'm glad to hear that there has been improvement. When I drive through the border, and I drive through the border at Windsor often, I can see that we've managed to eliminate a lot of that. There are still a lot of problems.

One of the trucking industry issues you referred to was the enviroTruck. We've pretty much lost our manufacturing in this country. I know that a number of unions have suggested that if you don't build them here, you shouldn't be able to drive them. What would it do to your trucking industry if we had that type of policy in place?

Mr. Stephen Laskowski: Well, there would be no trucks. One or two trailer manufacturers are left in Canada, but the trucking industry has moved either south of the border or south of that border. It has been removed.

We are the largest mode of transportation for freight. That's a lot of equipment and a lot of opportunity. So one of the things we're saying is that it's the aftermarket devices, the devices on that equipment, and the engines that go into them that can be recouped by our country through a strategic plan.

Mr. Dave Van Kesteren: The industry has done an excellent job. You were required to reduce sulphates and pollutants in the air. I think we don't acknowledge that enough and give you and the industry enough credit for that. I always think back in terms of gallons. I think a truck years ago would get six to eight miles to the gallon. That obviously is a very important benchmark, because you lose your competitive edge.

I'm glad that you brought up the enviroTruck and the importance of the industries that surround it. We need to get you up to Ottawa with that enviroTruck so we can show it.

The other thing I'd like your industry to do, possibly, is find out where those are being created. I think you told me one time that to be competitive with the Americans, we need to really excel in this area, and we have been doing that.

We talk often about the cross-border issues with the United States. What about interprovincial borders? Are you experiencing some issues with regulations and such?

Mr. Stephen Laskowski: Interprovincial regulations in trucking have always been an issue. We're federally regulated, but really, most of the rules defining our weights and dimensions and how long drivers can drive are provincially regulated. That's where the rubber hits the road. Does the federal government have a role? It could have a role if it chose to. But over the last 30 to 40 years, the federal government has slowly faded into the distance with regard to bringing the hammer down with regard to harmonizing these types of rules.

The industry continues to struggle. For example, with this GHG regulation, certain types of tires that will reduce emissions anywhere from 5% to 9% will be mandated in the United States, and Ontario and Quebec will be allowed to use those tires. The other provinces won't be allowed to use these tires because of provincial regulations. That will mean that Ontario and Quebec carriers that go out of those provinces won't be allowed to use them either. That's just some insight into how our world operates and how provincial regulations that aren't harmonized interfere with productive configurations.

Mr. Dave Van Kesteren: I have a quick comment. I would suggest that possibly one of your recommendations be that the federal government continue to move forward with harmonization across provinces.

The Chair: Thank you, Mr. Van Kesteren.

We'll go to Ms. Glover, please.

• (1130)

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

I just want to thank the witnesses before we get started. I'm not going to have enough time for questions for everyone, but I will start with our festivals representative.

I just want to reassure you—I know you said during your presentation that you were hopeful that pride events will be considered—every organization that puts forward an application for funding, with this government anyway, is considered, and I'm very proud to have taken part in a number of pride events in Winnipeg. I think I've been to five as an individual and then several before that while providing security. I was partners with a gay and

lesbian liaison for the Winnipeg Police Service. I intend to continue to enjoy that festival in my home town, but I want to reassure you.

I also want to ask you a question about a recently announced federal tourism strategy. I don't know if you've had an opportunity to look at the strategy. It sets out about 30 different priority areas, such as increasing awareness of Canada, which you mentioned in one of your recommendations. It also focuses on facilitating access and travel to Canada, which was another recommendation you made, and encouraging development of extraordinary tourism experiences and so on and so forth. There are about 30 priority areas.

Have you seen the strategy? Have you assessed it, and if so, what is your assessment of it?

If you haven't, I will move on to another question.

Ms. Janice Price: We actually have a wonderful partner in the Tourism Industry Association of Canada and its CEO, Mr. Goldstein. We have been working very closely with them, and in fact he joined us for all our meetings on the Hill last Monday.

One of the key issues we're looking at there, which I would really like to bring to the committee's attention, is that we not only are recommending that this new investment strategy allow us to create the product and the marketing to attract more visitors to Canada, but that, as the strategy points out, we have a significant tourism deficit. We have a travel deficit.

One of the other things we want to address with marquee festivals and events, as well as festivals and events throughout our communities, is that this kind of investment and the way it will enhance our product offerings actually will help us to keep Canadians at home as well.

Mrs. Shelly Glover: I am not hearing an answer directly affiliated to the strategy itself. Is this strategy a good step forward or not?

Ms. Janice Price: Yes, we think it's a strong strategy, and we endorse it, and they in turn are endorsing our requests.

Mrs. Shelly Glover: Thank you.

I'm going to move to the Vaughan Chamber of Commerce for just a moment. We have put a number of measures in the next phase of Canada's economic action plan, and I'd like your comments on them. There are things like providing renewed funding of almost \$100 million over two years for research development and demonstration of clean energy and energy efficiency; expanding eligibility for the accelerated capital cost allowance for clean energy generation; and providing \$8 million over two years to promote the deployment of clean energy technology in aboriginal and northern communities.

I bring that up because in your recommendations you focus very much on solar energy and the solar industry. Do you think those three measures I just mentioned will help address some of the recommendations you've just made here in committee?

Ms. Lynne Wallace: There's absolutely no question that continued and growing investment in innovation is going to be the driving force for the jobs of the future, and those are really our driving mandate.

Our recommendation is a little bit different from what everyone else has come forward with today, in that it is a very pragmatic and practical "let's get this under control before it gets bigger than we can control" kind of thing. That is a very real fact that we uncovered as we went through this.

Mrs. Shelly Glover: Right, and the measures—

Ms. Lynne Wallace: I'm a scientist by training and by background, so I certainly would always advocate increased investment, but I also think we should leverage the coordination we can acquire between the university system and the college system in this country. There has been a very unfulfilled linkage between those two levels of education.

Mrs. Shelly Glover: You know we also have the linkages in the next phase. Do you like that measure the government has put forward?

Ms. Lynne Wallace: It's a start. What's really clear is that there's a growing appetite within the provincial structures across this country to start looking at cross-credit, to start looking at continuance of education from the college system to the university system, to start looking at really using the college system to fill accreditation to certified standards so that we can have reliable expectations of deliverables, of what we get from our professionals and our technical support people.

Mrs. Shelly Glover: Very good, excellent.

Would the \$2 billion gas tax fund becoming permanent in the budget be a measure welcomed by your organization?

Ms. Lynne Wallace: I'm afraid I don't know enough about that one to comment.

Mrs. Shelly Glover: Very good.

The Chair: You have ten seconds.

• (1135)

Mrs. Shelly Glover: Thank you so much for coming.

The Chair: Thank you, Ms. Glover.

I want to thank all of you for coming here and presenting your recommendations to us for our pre-budget consultations.

We'll have a very quick switch-over and then we'll have our next panel, so I'll suspend for a couple of minutes. I'll thank our guests and then bring the next panel forward.

• (1135)

_____ (Pause) _____

• (1135)

The Chair: We will begin our next panel. We have a very tight timeline, and I know members want to get their questions in.

We have six organizations with this panel. We have the Canadian Home Care Association; the Canadian Association of Retired Persons; the Canadian Caregiver Coalition; the National Marine Manufacturers Association of Canada; the Alliance of Canadian

Cinema, Television and Radio Artists; and we have the Canadian Association for Community Living.

Thank you all for being with us. As I mentioned, we are on a very tight timeline, so you have five minutes for your opening statement.

We'll begin with Ms. McAlister, please.

Ms. Marg McAlister (Director, Policy and Research, Canadian Home Care Association): Thank you.

Good morning, and thank you for the invitation to present to you today.

I'm the director of policy and research at the Canadian Home Care Association, and I'm here to address our recommendations regarding home care in Canada. The Canadian Home Care Association is a not-for-profit membership organization dedicated to ensuring the availability of accessible, responsive home care and community supports to enable people to stay in their homes with safety, dignity, and quality of life.

The association is governed by an elected board that has representation from every province, territory, and the federally funded programs. Members of the association are diverse and inclusive of all who have an interest in home care. We have provided you with a written briefing note, and the recommendations that I will address today are as follows. First of all, we recommend targeting funding to support the development and implementation of innovation and innovative technologies to optimize the delivery of home care and empower Canadians to become involved in their own health and wellness. Secondly, we recommend tasking an expert panel to articulate a set of harmonized principles for a national home care program, so that Canadians clearly understand their rights, options, and resources for home care. Our third recommendation is for the establishment of a caregiver strategy for Canada, as a framework for directing and coordinating measures to support family caregivers who assume extraordinary financial burdens in order to support the delivery of home care. This recommendation will be addressed by Nadine Henningsen from the Canadian Caregiver Coalition.

First of all, to clarify, home care is the term for the services and programs that Canadians of all ages use to recover or manage their health care issues in their home settings. For many of our seniors, home care allows them to age in place, surrounded by family, friends, and their community, to which they can continue to make a meaningful contribution. Home care helps keep communities intact.

Home care is a critical component of health care restructuring. It is cost-effective and care-effective for those with short-term, acute needs post-hospital, and for those with longer-term care requirements—typically the elderly, who as a result of home care can avoid premature placement in an institution, or a sudden health crisis requiring extensive interventions from the acute sector. Home care needs to be the first option for care in Canada.

A consequence of moving health care to the home has been a shifting of the responsibilities for cost from the public purse to the individual, disadvantaging a large number of Canadians. At a minimum, families assume the accommodation costs while a person is ill, and in some cases—depending on the jurisdiction—must finance equipment, supplies, services, and medication. These costs heretofore were borne by the health care system. It is a major reason that federal intervention is required.

To speak to our first recommendation, innovation and technology in home care in Canada is lacking. However, there is evidence that technology solutions increase efficiency and effectiveness, thereby enhancing health care and home care capacity. Innovative technology is an enabler to improving linkages between health system partners. Active and passive remote monitoring has been shown to effectively complement the home care practitioners, enabling access to care when the provider cannot be present in person.

Electronic documentation systems enhance the ability for providers to connect and share information in a timely way, thereby improving service and decreasing time spent on communication and redundant clerical activities. This electronic connectivity will be most effective when broadband coverage is available across all corners of the country. I think the effective technology will help to ensure that our health system is appropriately used.

I do want to draw your attention to the second recommendation, which is our national health care program, which is a source of pride, and we do believe that it's time for Canada to develop a set of harmonized principles that will support care at home.

Securing Canada's system of universal health care involves embracing a new paradigm. Health care treatments and options have evolved, and as a result, health care today is much broader than hospital and physician-based delivery. The introduction of a national home care program with a set of pan-Canadian principles would serve to preserve the social safety net that is intended by our publicly funded health care system. So we request that the government task an expert panel to articulate this set of principles for a national home care program.

• (1140)

The Canadian Home Care Association believes these recommendations align with the government's goal of prosperity and a high standard of living for all and that they are fiscally responsible. The return on investment for every dollar to support the provision of home care is financially enhanced by the in-kind contribution of families.

• (1145)

The Chair: Thank you very much.

We will now go to Mrs. Eng, please.

Ms. Susan Eng (Vice-President, Advocacy, Canadian Association of Retired Persons): Thank you very much.

CARP is a national, non-profit, non-partisan association. We have 350,000 members in 50 chapters across the country. We advocate for public policy changes that will improve our quality of life as all Canadians age. A top priority for us, of course, is our retirement security.

Canadians spend their working years building towards a secure and dignified retirement. As Canadians age, they want to provide for themselves and their families and to stay in their own homes as long as possible. For too many Canadians, this is a challenge they cannot meet alone. Government has a role to play. This was recognized in recent federal policy changes that top up the GIS to help the poorest seniors. The caregiver tax credit is certainly an important improvement in support for the estimated 2.7 million Canadians caring for loved ones at home. With regard to the pension reform proposals, we expect government leadership to help Canadians better save for their own retirement.

Nonetheless, we believe that each of these policy changes can be improved. The massive losses in retirement savings caused by the recession and concerns over the sustainability of the health care system require further government action to help Canadians help themselves to save for and maintain their standards of living in retirement, and to look after their own health and well-being in dignity. CARP therefore recommends the federal government target three major issues regarding retirement security.

The economic downturn has exacerbated fears of outliving our money. Hard-earned retirement savings have already been eroded in the market crash, and mandated RRIF withdrawals limit participation in the modest recovery. Claw-back rules punish those who try to help themselves, especially the most disadvantaged.

Income inequality in Canada has increased over the past 20 years. A recent Conference Board of Canada report on poverty identified seniors, especially women, as the most at risk of living in poverty. Between 2006 and 2009, nearly 128,000 more seniors became low-income. Of that number, an overwhelming 70% are women. Exacerbating the problems of single seniors is the fact that the OAS allowance for people aged 60 to 64 is not available to those who are single, divorced, separated, or married to someone who is not yet 65. Further, Statistics Canada reports that an astounding almost 160,000 eligible Canadians over 65 are not receiving their GIS. Effectively, almost 12% of those eligible are not receiving their GIS payments due in large part to the complexity of the process. We recommend auto-enrollment as a possible solution to that problem.

We recommend a comprehensive readjustment of tax and income support policies to facilitate and remove barriers to retirement security, including getting rid of the mandated RRIF withdrawals, certain OAS claw-back rules, improving the GIS eligibility rules, and providing an equivalent-to-spouse allowance for single seniors.

The second focus we have is on the retirement savings gap. Millions of Canadians without a workplace pension need access to a universally accessible and affordable retirement savings vehicle that will provide a reliable and adequate retirement income. A proposed pooled registered pension plan, PRPP, acknowledges that need and improves on the status quo but lacks important safeguards that will ensure an adequate retirement income. There is time and opportunity for us to learn from the negative experience of a similar system in Australia, and the positive example of the CPP.

CARP recommends that safeguards be implemented for the PRPPs, such as fee caps, and further consideration be given to providing target or defined benefits, such as through a supplementary CPP or a public option PRPP, to ensure Canadians have the best possible options to provide adequately for their own retirement.

Finally, I am in full support of the recommendations for providing a better aging-at-home strategy across Canada. We were pleased to provide our submission to the health committee last Monday. The one point I want to leave you with about home care, because it has been well covered, is that it presents a potential positive opportunity to divert a massive amount of demand on the health care system if we do home care properly.

Thank you very much.

The Chair: Thank you for the presentation.

We'll now hear from the Canadian Caregiver Coalition.

• (1150)

Ms. Nadine Henningsen (President, Canadian Caregiver Coalition): Thank you so much for the invitation to present to you.

The Canadian Caregiver Coalition is a national body, representing over 40 national and regional organizations that have identified caregiving as a priority. The Caregiver Coalition estimates that five million Canadians provide support for loved ones and friends who are in need of care because of age, disabling medical conditions, chronic injury, long-term illness, or disability.

Caring for family is not new; however, the context of caring in Canada today is very different. The number of Canadians who need help is increasing, families are smaller and more dispersed, there are more women in the formal workforce, marriage and childbearing often occur later in life, retirement is delayed, the population is aging, and there's an increased life expectancy, which likely will involve a disability or a chronic illness. The new reality is that caring for an aging parent or family member is becoming a normal part of life for an increasing number of Canadians. At the coalition, we say it's not if, it's when you'll become a family caregiver.

Women most often fulfill the caregiving responsibilities; however, 10% of all Canadian men are now family caregivers, and this number is increasing. Caregivers provide an average of 10 hours of care per week, with 60% of caregivers providing care for more than three years. The majority of caregivers have household incomes below the

national average. Only 35% of caregiver households report an income over \$45,000. Two-thirds of caregivers spend more than \$100 a month on caregiving responsibilities and costs. The economic cost to replace family caregivers with a paid workforce at current market rates would be \$25 billion.

The coalition believes that the federal government has a vital role to play as a catalyst and a partner in establishing a national caregiver strategy that includes five critical elements that have been identified by family caregivers across Canada: one, safeguarding the health and well-being of family caregivers and increasing the flexibility and availability of respite care; two, minimizing excessive financial burden placed on family caregivers; three, enabling access to user-friendly information and education; four, creating flexible work environments that respect caregiving responsibilities; and five, investing in research so that we know that numbers one, two, three, and four are actually being effective.

The federal government has implemented supports to minimize excessive financial burden placed on family caregivers in the form of three tax credits: the caregiver tax credit, the informed dependant tax credit, and the newly introduced family caregiver tax credit. The coalition congratulates the government and supports these tax measures; however, the challenge with the current tax measures is that they are non-refundable credits and will provide no assistance to modest- and low-income households that pay little or no income tax.

Additionally, the Canadians who could benefit from these tax credits are not aware of the resources. Two actions could enhance this financial support: first, convert the non-refundable credits to refundable credits, so that all Canadians with caregiver-related costs, regardless of income, will benefit from these tax measures; second, develop an awareness campaign to educate Canadians on the availability of these measures to minimize excessive financial burden.

Another element within the caregiver strategy that the federal government could play a critical role in is creating flexible work environments that respect caregiver obligations. Family caregivers must constantly balance the responsibilities at work with the demands of providing care. Employers bear these costs and this challenge through absenteeism, lost productivity, and loss of potential human resources. According to Stats Canada, over half a million employed caregivers missed one or more days of work per month because of providing care. Collectively, this equalled 1.48 million days per month of absenteeism. Over 313,000 caregivers reduce their work hours to accommodate caregiver responsibilities. Collectively, this equals 2.2 million hours per week. Together the employment consequences of family caregiving represents an enormous loss of productivity to employers and to the economy in general, the equivalent of 157,000 full-time employees annually.

As the fifth-largest employer in the country, the federal government should undertake to examine and ensure that its policies are supportive of employees with caregiver responsibilities. The federal government should establish and participate in a working group that will examine current practices and introduce rewards for companies that have caregiver-friendly policies.

The coalition is concerned that without a national strategy and a commitment of the federal government through the influence of tax and labour policy, Canadians, particularly women, will be compelled to compromise not only their employment status, but also their health and well-being.

• (1155)

The federal government has demonstrated that it recognizes the tremendous time and resources required of family caregivers. By adopting these recommendations the government will be responding to Canadians who are called upon to play a caregiving role for their loved ones, and who are experiencing first-hand the financial, emotional, physical, and mental costs of taking on this role.

Thank you.

The Chair: Thank you very much for your presentation.

We'll now hear from the National Marine Manufacturers Association of Canada.

Ms. Sara Anghel (Executive Director, National Marine Manufacturers Association Canada): Thank you, Mr. Chair and members of the committee, for the opportunity to be here today.

As background, the National Marine Manufacturers Association is the leading association representing the recreational boating industry. Our member companies produce more than 80% of the boats, engines, trailers, accessories, and gear used by boaters in North America.

The association is dedicated to industry growth through programs focusing on public policy development, market research and data, product quality assurance, and marketing communications. We represent about 100 members in Canada and an additional 1,200 members in the United States.

At the time of our last economic impact study undertaken in 2006, it was revealed that the recreational boating industry produced close to 400,000 jobs directly and indirectly in Canada. This includes close

to 7,000 well-paying manufacturing jobs. Our industry exports over \$600 million worth of product to international markets, including the U.S. As a job creator for the manufacturing sector, our industry provides employment in communities and regions of Canada that would not necessarily realize employment opportunities otherwise.

Our members, including companies like Stanley Boats in Parry Sound, Princecraft Boats in Princeville, Quebec, and BRP in Valcourt, Quebec, are all proud to continue to contribute and invest in our local communities.

Among others, our members believe that creating a competitive tax system that allows these Canadian-made products to continue to be manufactured in Canada is a key aspect of building economic strength and stability across the country. Nearly six million Canadians are boaters, and of those six million boaters, most are middle-class families hailing from communities such as your own. Therefore, another recommendation for government is to continue to pursue and create opportunities and access for families to get out and enjoy boating within their communities by enabling tourism initiatives for local communities to participate in and leverage.

On that note, on behalf of our industry I would like to congratulate the government on the recent release of its federal tourism strategy. Given the range of businesses involved in the recreational boating industry, including marinas, hotels, and tourism operators among others, issues and challenges facing the tourism sector are of real importance to our members. We welcome the launch of this new strategy and we appreciate the opportunity to participate in the newly announced initiatives and round tables, as I believe our industry would bring a unique perspective to the table, focused on regional development, local job creation, and enabling the growth and sustainability of small and medium-sized enterprises.

I'd also like to voice our support for the global opportunities for associations program, administered by the Department of International Trade. Through programs like this one, which provide contributing funding to national associations undertaking new or extended international business development activities, Canadian businesses can grow and expand their Canadian-made products beyond North America.

Our association recently also had the opportunity to participate in the Canada-U.S. manufacturing summit hosted in Montreal. Many issues of importance to manufacturers were discussed, including the issue of trade barriers. Our association supports the government's initiative to expand market access for Canadian industries through the negotiation of new economic and trade agreements with trading partners such as the EU.

I encourage the government to continue in its effort to simplify rules of origin, taking into account the nature of North American supply chains to lower the administrative burden on producers and manufacturers. Furthermore, I encourage the government in its ongoing negotiations with key trading partners to greatly reduce or eliminate tariff barriers as they apply to boat manufacturers in order to expand export opportunities for Canadian manufacturers in these markets.

Thank you for the time to be here before you today.

The Chair: Thank you for your presentation.

We'll now hear from Ms. Downey from ACTRA, please.

Ms. Ferne Downey (National President, Alliance of Canadian Cinema, Television and Radio Artists): Thank you.

Good afternoon. My name is Ferne Downey. I'm a professional actor and the national president of ACTRA, Alliance of Canadian Cinema, Television and Radio Artists.

It's a great honour to be here today as the voice of 22,000 professional performers whose work entertains, educates, and informs audiences in Canada and around the world. I'm also speaking on behalf of the 17,000 members of the Canadian Federation of Musicians.

Performers are embracing all the opportunities transmedia is opening up. In addition to television, film, and radio, we are now performing in video games, mobile apps, and webisodes. You name it, we're in it. The Cultural Human Resources Council has been indispensable in encouraging artists to get out ahead of the digital revolution by expanding the relevant skill sets, identifying deficiencies in current industry practices, and helping ensure creators are a fully integrated driver in Canada's digital economic strategy.

In fact, the CHRC released an excellent report just last week—the digital Culture 3.0, done in cooperation with Nordicity. It covers the impact of digital technologies on the whole creative chain, from creation to production to dissemination to preservation. Make no mistake, content is at the heart of the digital economy. The reason we buy PlayBooks and iPads isn't just because of their looks; it's because they deliver content.

Canadian content creation is a serious business. Our cultural industries directly contribute more than \$46 billion to our economy. The entire economic footprint of the cultural sector is \$84.6 billion, or 7.4% of Canada's total real GDP, and contributes more than 1.1 million jobs to the economy. Film and television production alone created 117,000 jobs in 2009, and \$1.7 billion in exports.

As you prepare the 2012 federal budget, we are here today to talk to you about job creation and building a mature digital economy infrastructure through smart investments in Canadian content. To that end, we propose three key planks for a sustainable digital economic plan: one, public investment in content creation; two, incentives to encourage private investment in content creation; and three, securing shelf space for Canadian content.

First, let's look at public investment in content creation. I commend the government for making permanent the budgetary commitment to the Canada Media Fund in the last budget. Thank you. The CMF is a crucial component when it comes to producing Canadian content for all screens—programs like *Flashpoint*, *Rick Mercer Report*, *Heartland*, *Republic of Doyle*, and *Combat Hospital*. The CMF also supports innovative interactive productions, including console and online games, software, web series, portals, and social networks as well as mobile apps, and it's helping our talent make the content that people want, here and all around the world.

Canadians are spending more time watching domestically produced English-language television than ever before. Shows like

Rookie Blue are breaking records in Canada and the U.S. and consistently winning their time slots. Last year CMF-funded programs were sold in 45 countries and regions spanning all continents.

This is an amazing start. It means we are sharing our own Canadian stories and we are creating jobs, but with our industry changing at a breakneck pace, we need to make sure the tools are in place to seize on new opportunity. So in addition to support for CMF, we urge you to commit to renewed long-term funding for Telefilm Canada, the CBC, and the National Film Board.

Telefilm Canada's Canadian feature film fund is critical to making sure Canadian films get made. Every dollar invested in a television production also triggers \$2 in additional financing for digital media projects and \$3 for feature film projects. It must be renewed.

CBC/Radio-Canada can be the leader in bringing original, distinctive Canadian digital content to the world. The National Film Board is recognized the world over. It's one of the great cultural laboratories for innovation. We must give these institutions the resources they need to flourish, to create jobs, and to make Canada a leader in digital content.

My second plank is increasing private investment. We don't want to rely on government funding alone. We need to build incentives to increase private investment in content creation. You can look at expanding the Canadian film or video production tax credit and the production services tax credits to count against the production's entire budget, not just labour costs.

My last plank is creating shelf space. Creating great Canadian content isn't enough. Our content must be given shelf space and it must be marketed and accessible.

● (1200)

We urge you to provide incentives to private companies to feature Canadian digital content on their websites. One way is to amend the Income Tax Act to give advertisers tax deductions for advertising on Canadian-owned websites that feature homegrown content. The idea is based on the existing section 19.1 of the act, which provides incentives for broadcasters to advertise on Canadian television stations instead of U.S. border stations.

Canadian culture is not a frill. It is a major industry based on renewable resources.

I thank you very much for your time today.

• (1205)

The Chair: Thank you for your presentation.

We'll now hear from the Canadian Association for Community Living.

Mr. Michael Bach (Executive Vice-President, Canadian Association for Community Living): Thank you for the opportunity to present to you today.

The Canadian Association for Community Living is the national association that represents the voice and interests of almost one million Canadians with intellectual disabilities and their families.

People with intellectual disabilities are one of the most stigmatized groups in Canadian society, often labelled in the past as people with mental retardation. People with intellectual disabilities have rejected that label and they have been looking for a rightful place in Canadian society.

Canada ratified the UN Convention on the Rights of Persons with Disabilities in March 2010. We're grateful to all parties for the all-party resolution of December 2009 in committing Canada to this ratification, the first human rights treaty of the 21st century. However, it is far from being realized in Canadian society.

Today young people with intellectual disabilities who are in their last year of high school—that's if they have even been included, and only 40% are fully included in regular education in this country—are most likely to come out of high school looking at a lifetime of poverty. There are 75% of adults with intellectual disabilities who live in poverty, and almost 50% of welfare recipients are working-age adults with intellectual disabilities. They are a group who face one of the highest rates of violent victimization in this country.

We think it's time, as a country, that we confront this tragedy, and that's exactly what it is for so many people. What we're recommending for the 2012 budget is that we begin to look at economic recovery in this country in a way that is not only sustainable but inclusive as well. We think we've laid out some practical strategies for doing just that.

First, we're recommending that we do a targeted investment in the transition of young people with intellectual disabilities from high school on to post-secondary training and education. Of the pilot initiatives in a couple of provinces where young people with intellectual disabilities have been included in a post-secondary education, even if they may not graduate with the usual certification, the very fact of their presence gives them an opportunity to learn and be connected to others. We're seeing employment rates of 80% of people who are graduating from the inclusive post-secondary education and training programs in Alberta.

We're recommending a targeted investment in young people with intellectual disabilities that we think could change the future for Canadians with intellectual disabilities in this country. If we fixed it for this generation, we could have a long-term impact, not only on those individuals but on their families. The reality for families with a

member living with an intellectual disability is that parents have to downgrade their careers, and in most households, one has to leave the labour market altogether.

We also see a much higher rate of family restructuring and breakdown when families have members with intellectual disabilities. This means that women who have been caregivers and mothers entering their senior years having cared for family members with disabilities—and as a member of the Canadian Caregiver Coalition, we fully support their recommendations—are facing a future of poverty.

We're looking for targeted investment. We also think that a working group on the disability tax credit in this country would be deserving of this government's attention. We've recommended a high-level working group to look at refundability of the disability tax credit to begin to address the poverty of Canadians with both intellectual and other disabilities.

Finally, if I could reference the announcement from the Honourable Diane Finley on Friday on new terms for grants and contributions to recognize and pay for performance, we're supportive of efforts to increase the capacity of the voluntary sector in this country, but we think we need to be part of that discussion about what is going to count as success and how we can be supported to leverage investments to ensure we have community capacity in this country that truly does make a difference for people with disabilities and other marginalized groups.

Thank you.

• (1210)

The Chair: Thank you very much for your presentation.

We'll begin members' questions with Mr. Julian.

Let me formally welcome you to the committee, Mr. Julian, as the finance critic for the official opposition.

Mr. Peter Julian: Thank you very much, Mr. Chair.

Thanks to all our witnesses. You've brought forward a lot of very valuable information.

I think you have also underscored what we all know to be reality, that income and equality in this country have now been turned back. The clock has been turned back, according to many estimates, to 1929. So we're seeing profound levels of poverty in many areas of the population: younger Canadians, older Canadians, new Canadians, aboriginal Canadians, and Canadians with disabilities. We're seeing this broader and broader gulf.

Now we really have important decisions to make in an upcoming budget. The government has signalled it may be willing to spend up to \$4 billion in the next stage of corporate tax cuts. What you're signalling here is that other investments are more important.

I'd like to ask Ms. McAlister in particular and Ms. Eng and Mr. Bach what the cost of not acting is. When we come to home care, we know that every dollar spent in home care actually saves a tremendous amount of money in our health care system. What would be the savings of investments in home care to our health care system, in addition to the quality of life issues?

For Ms. Eng, what would the investments in bringing seniors out of poverty mean for local economic development? Certainly in my community of New Westminster and Burnaby, the New Westminster Chamber of Commerce feels very strongly that seniors have to be lifted out of poverty.

For Mr. Bach, what difference does investing in disability supports make, when people with disabilities are able to contribute to the country fully in the way they want? How much do we then generate in economic activity, and what are the savings in governmental programs?

Ms. Marg McAlister: Thank you for your question.

In terms of the savings from an investment in home care, I have three comments to make. One is that really it's about shifting costs. It's balancing the costs and the level of care more appropriately. We're very cognizant of the limited resources, but the need to tip the balance towards the home and community is vital. It will put the funds in the area where care can be delivered safely, and where Canadians want to receive it. In so doing, it will improve the quality of life for the individuals who require that care. It will support the family caregivers, and it will make sure that we don't end up reverting just to the acute care system.

So often with inadequate support, families and individuals end up doing that dump in emergency, because if you put someone there, then at least they're probably going to get some level of care.

Mr. Peter Julian: Has your organization done a study of the comparative costs of one day of home care as opposed to one day in acute care?

Ms. Marg McAlister: We don't have definitive numbers. There are estimates out there, so I wouldn't want to give you the wrong numbers, but it's obviously many times more to be in acute care. There are costs of around \$800 versus shy of \$100 for home care. That's the kind of ratio.

Mr. Peter Julian: Thank you very much.

May I have your comments, Ms. Eng?

Ms. Susan Eng: Thank you.

The studies we have looked at in terms of the amount of money that you would spend in home care versus in the acute care system vary, depending on the degree of disability or infirmity. The savings range from 40% to 75% of the cost of full-time care in acute care or long-term care. So it's a massive opportunity. If you don't care about the health care and other social outcomes, the fiscal responsibility there should dictate strong support for a national home care policy.

Mr. Peter Julian: So what you're saying is a 75% savings. You're spending about one-quarter on a national home care program of what our health care system is spending now.

Ms. Susan Eng: Absolutely. Yes, and that's if you have a light-care situation where people can't manage on their own. If they get

into heavy care in the formal system, you'd be spending 75% more. Obviously, if you have a chronic care or chronic disease situation, then of course you're going to save a little bit less, because the home care costs would be that much higher. That's the range that we've seen.

So the dollars involved are massive, and the opportunity for us to actually deal with the challenges to the health care system are immediate, and what people actually want. Poll after poll indicates that people want to deal with their challenges at home, if they can, if there is sufficient support from the formal health care system, and if home care workers get some training. We're focusing on the heavy-care people. About 25% of caregivers actually provide heavy care, and those are the people for whom we would be supporting an allowance and a refundable tax credit.

• (1215)

The Chair: Thank you very much, Mr. Julian.

We will go to Mr. Adler, please.

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

I too would like to welcome Mr. Julian to the committee. I hope your time here is pleasant.

Mr. Peter Julian: I'm sure it will be.

Mr. Mark Adler: But I take issue with something you said before. You indicated that poverty levels were currently brought back to 1929 levels.

Mr. Peter Julian: Inequality.

Mr. Mark Adler: Inequality. I wonder if you can table where you got that figure, because I would be very interested in reading that.

My first question is to Ms. Eng. The caregiver tax credit, removing the cap on medical expenses, eliminating mandatory retirement, advancing on providing a retirement savings vehicle, increasing sentencing for elder abuse, and increasing the guaranteed income supplement to \$600 individually and \$840 per couple—do you believe these are all positive steps taken by our government?

Ms. Susan Eng: Absolutely. In our written submission I highlighted those proposals and changes. On some of those proposals, the cheques are already in the mail. We certainly appreciate that. Our members, when asked about these proposals, were very supportive of the changes. They focus on issues that resonate particularly with older Canadians. They definitely address the issue of poverty. They take the leadership in trying to help the next generation save for their own retirement. I encourage you to act quickly on mandatory retirement, because I understand there is some push-back there. I understand there is an imminent announcement on elder abuse.

These are all issues that say to our members and older Canadians generally that the government is listening. We are an advocacy group, so we thank you very much for that, and push for more.

When we talk about GIS, for example, some 680,000 seniors are going to benefit from that top-up. They will welcome that. There are 1.7 million Canadians who receive GIS, which by definition means they are facing some financial insecurities. So we're encouraging support for them.

When we talk about the PRPP, we think it's certainly an advance on saying we have no problem, which was happening two years ago. We caution us to take a look at what happened in Australia, which has had 12 years of experience with approximately the same type of situation. They found that because of the high fee, people were no better off than if they had just put the money in a bank. Because they had a mandatory enrollment system, people at least had the money in the bank. That was an advance.

We also believe something that large is capable of being turned into a target benefit plan, similar to what insurance companies used to offer. It's not impossible. We should examine those opportunities.

On the question of dealing with caregiver support, what you have mentioned are absolute advances, such as acknowledging a focus on family caregivers as contributors to our health care system. In that case, we encourage you to put forward a refundable tax credit, particularly for the more narrow segment of caregivers who perform 24/7 care. They are the people who have had to quit their jobs to look after their families. They are not going to be in a position to benefit from a non-refundable tax credit.

Mr. Mark Adler: How many members do you have?

Ms. Susan Eng: We have 350,000 members across the country. By the way, we speak with them all the time. A magazine goes to them, and we have a newsletter that goes to every household.

Mr. Mark Adler: I have to compliment you on the work of your organization. You are certainly first-rate.

Ms. Susan Eng: Thank you very much for that.

Mr. Mark Adler: Thank you for your input.

My next question is to the Alliance of Canadian Cinema, Television and Radio Artists. You mentioned there's a litany of Canadian success stories out there right now. On the other hand, you're asking for increased public funding so we can create more Canadian success stories. Is that the objective?

• (1220)

Ms. Ferne Downey: In conventional television right now through the CMF we have the first steady platform in a long time. Everything has come together to make wonderful Canadian shows, and they are being exported. We are still lacking a strategy and sufficient incentive in the digital economy.

Mr. Mark Adler: Okay, but just going back to television, do you not think it's more quality that's being produced now, and that's what's leading to the success, as opposed to just increased public funding?

Ms. Ferne Downey: It is fabulous quality being produced right now.

Is that your question?

Mr. Mark Adler: That's part of my question, but—

The Chair: We'll come back to that in another round.

We'll go to Mr. Brison, please.

Hon. Scott Brison: Thank you very much.

There's a family in my riding that has an 82-year-old mother with Alzheimer's, an 88-year-old father taking care of her, and a 62-year-old sister taking time off from her work as a VON nurse to try to help her parent.

That mother is my mother. That sister is my sister. Dad is doing his best.

The role of caregivers in Canadian homes and families you don't appreciate until it's your own family. My sister as a caregiver is reducing her work hours—from which she derives her living—and is incurring the cost of keeping her own household going, which she cannot look after as a result of this.

I commend the Home Care Association and caregivers and also the community living association, because there's a need to help recognize the role of caregivers as well.

Am I correct in assuming that you all three support making refundable the caregiver credit and the disability credit such that low-income families can benefit? Is this something that all of your organizations, and CARP as well, agree on?

Ms. Susan Eng: Yes.

Hon. Scott Brison: So we have four organizations who support making refundable these tax measures?

Ms. Marg McAlister: Yes.

Mr. Michael Bach: Yes.

Hon. Scott Brison: Thank you very much.

I'd like to ask CARP about the pension issue and the pension reform issue. We support and we understand that the PRPP is a help, but it doesn't go far enough in terms of providing secure, diversified, and low-fee opportunities for Canadian seniors and families.

Your organization, CARP, supports a voluntary supplemental CPP that Canadians can invest in on a voluntary basis. This would not increase payroll taxes; this would be up to individual Canadian families. All Canadian families would have access to low-fee investment opportunities, diversified geographically and sectorally.

So you would support a voluntary supplemental CPP opportunity?

Ms. Susan Eng: Well, I'll qualify that. I would support it, but let me explain the qualifications.

First of all, on the voluntariness, research indicates that if you make it mandatory enrolment with an opt-out, which nets out as voluntary, you have net greater uptake. In fact the insurance industry, which has wanted to administer the PRPPs, is itself asking for mandatory enrolment with opt-out.

Secondly, in terms of the fee issue, the CPP does have lower fees. However, part of the reason is that it has no obligation to make a profit to give to shareholders. Consequently, without regulating that their fees be kept at a certain level, we have the result of decent fees, so we're calling for regulation when you hand this over to the private industry.

Finally, when we're talking about the type of benefits you could have, it does not have to be defined contribution. There is an opportunity to look at it as a target benefit.

When you're done with doing all that, you pretty much have a second-tiered CPP.

Hon. Scott Brison: Thank you.

The industry organizations often speak to us about their support for PRPP, but they're not really supportive of opening up access to the CPP on a broader basis. Another advantage and reason why the CPP fee structure is so low is that the fund itself is so large. They're very efficient, and we appreciate that.

The future of health care is not going to be the hospital. It's going to be, increasingly, the home. I agree with measures to help in that regard, but I have one last question for the Canadian Association of Community Living.

In the L'Arche communities that I've become familiar with, they do an incredible job in Canada to help Canadian families and make a difference in communities. Should we be increasing support for L'Arche communities across Canada?

• (1225)

Mr. Michael Bach: I think we have to focus our support on individuals and families to enable them to make choices about where they want to live and the communities they want to live in.

Without some community capacity to create disability-related supports, opportunities in the community, you need some supply-side investment. We recognize that this affects primarily the provincial level. We believe that if the federal government provided income transfers to lower-income people, especially those with severe disabilities, similar to those they have for seniors and children in poverty, over a billion dollars would be released at the provincial level to invest in precisely these kinds of supports. That's the proposal that we're putting on the table.

The Chair: Thank you.

I'm going to recommend that a future member ask Mr. Bach the question first, because I suspect there's more to say. I'll just make that recommendation to my colleagues.

I'll go now to Mr. Jean.

Mr. Brian Jean: Thank you, witnesses, for attending today.

I want to start with the marine industry and Ms. Anghel. I have two jet boats. I come from Fort McMurray, one of the most beautiful

places in the world to boat. I have to say I enjoy boating, and this year I got two whole hours in because of this job, so it wasn't that much fun. Yes, it was about two hours.

It was interesting what you said about the North American supply chain. I found out about that in another role I had in a previous government. In relation to the supply trend for almost all types of industries—cars, trucks, boats—there's an inter-connection. So eliminating trade barriers, specifically at the border, is what your industry is interested in. Would that be fair?

Ms. Sara Anghel: That's fair. It's a valid point. Things go across the border several times before they actually make it to the consumer. The more we can do to harmonize across the border the better. We want to harmonize regulatory requirements and work towards this with our U.S. partners. We'd like to stress that as much as possible.

Mr. Brian Jean: Most of my questions are in relation to the demographics of what's happening to the world. There is no question that we in Canada are leaders, especially this government. Consider some of the recent things we've announced for seniors, as well as health care with our consistent 6% increase. But it's not sustainable with the demographics of the world and what's taking place. I read a lot of investment magazines that cite growth trends. I think the answer to what's going on in the world with demographics, at least with seniors, is the private industry.

I'm wondering if I could hear, from whoever wants to answer, the five leading areas of growth for seniors. I don't see it as an answer for government to come in with money and regulations and tax credits; I see it as an opportunity for private industry to come in and offer creative incentives for business.

Ms. Susan Eng: You're absolutely right. The population world-wide is aging, as is Canada's population, and that provides opportunities. There are challenges, but there are also major opportunities. For example, people will be able to keep working. Many people do not see age 60 or 65 as the end of their careers, and many people are carrying on in their lives and contributing. That means we have to get rid of some discriminatory laws, put in health plans that allow them to keep working, and recognize that people have caregiving responsibilities.

We also recognize that older Canadians are getting into debt. There is a need for some rational way of dealing with how they are saving. There was a question in the previous session about the national securities regulator. We are fully supportive of such a regulator, not necessarily to help IPOs get out, but rather because they have also introduced some effective enforcement agencies.

• (1230)

Mr. Brian Jean: I'm sorry, I have very little time. I noticed that one of the witnesses wants to answer the question, and any other input would be welcome in point form, if you don't mind. Thank you.

Ms. Nadine Henningsen: The private sector, with the support of the government, could make a huge advancement in technology—for home care, health care, and caregiving. All these areas could be helped by looking at innovative ways to use technology. The private sector comes up with some great concepts or ideas. But how do we get that technology into our water supply or our food chain? How do we get that into the way we deliver health care and home care?

I could give you hundreds of examples of really neat remote monitoring systems, but somehow there's some barrier here in Canada to actually getting that into the food chain of our health care.

Mr. Brian Jean: If you were going to recommend to an investor who wants to invest in the fastest-growing market, which is obviously seniors, are there any other opportunities that you see out there?

I think the reality is that private industry has to get involved. If it does not, we will have a major catastrophe on our hands.

The Chair: A brief response from someone, please.

Ms. Susan Eng: There are a lot of opportunities. Retirement homes can certainly be marketing to seniors much more than in the past. All of these opportunities are there. It is a major opportunity.

Mr. Brian Jean: Thank you.

The Chair: We'll go to Mr. Marston, please.

Mr. Wayne Marston: Thank you, Mr. Chair.

I want to say to Ms. Eng, this is different, because the last time I met you, you were asking me questions in a debate. So now it's my turn.

The first question I have for you might have a simple yes or no answer. There has been a document that has been labelled secret that has been released. It's a document entitled "Proposed PRPP Framework—Detailed Elaboration of Key Elements", which the government had supplied to insurance companies, mutual funds, public sectors, and even the bar association. You came in today with a commentary on the PRPPs. Have you had a chance to see that document?

Ms. Susan Eng: No, I'm not really sure I know what you're talking about.

Mr. Wayne Marston: Okay. Well, people will eventually. I was talking to Mr. Menzies about it this morning.

CARP has done a fairly comprehensive study of seniors and retirements. Of the NDP retirement security programs that you're

aware of, which initiatives would you support, and why do you think the government should be implementing them now?

Ms. Susan Eng: Since you asked, we made a point of looking at all the election platforms of all the parties, and we kept a copy so that we can follow up with each of the parties. In terms of a number of issues, we can see that your party focused, as all the parties did during this election, on issues that resonate with older Canadians. On pension reform, I think that many of our proposals line up. We do also share some concern with simply doubling the CPP, but I would hasten to add that even if we actually did that, the additional amounts that people would have to pay in CPP contributions are in the hundreds of dollars rather than the thousands that people are so worried about.

We certainly encourage the government and this committee to look more fully at the full range of support for family caregivers. On the expansion of compassionate care, I know that you were there with the refundable portion of the tax credit. That is important to us. Adapting homes for seniors' independence is something the Ontario government has come up with as well, and also providing some forgivable loans. Those are all policies that are extremely important in the sector, and we certainly encourage the whole committee to look at those as options.

Mr. Wayne Marston: Thank you.

Ms. McAlister and Ms. Henningsen, in our platform last time we were proposing that the government provide long-term-care beds for people. We hear repeatedly of the cost to our health care system. Something like 20% of people live in poverty, and a lot of those folks are seniors. Over two summers, I had 40 community meetings with seniors, and person after person was trying to live on \$1,140 a month. I actually had women tell me they ate cat food in order to get protein, which is sad.

Now, the government did make a move, and we have to give recognition to the fact that they gave \$50 a month to seniors, but our belief is it should be much more. The poverty level is \$22,000 a year, and what they're getting now is about \$15,200 to \$15,400. Would you support an increase to that level?

• (1235)

Ms. Marg McAlister: Are you asking about an increase in long-term-care beds?

Mr. Wayne Marston: No. Guaranteed income supplement had been increased \$50 a month—

Ms. Marg McAlister: Right.

Mr. Wayne Marston: —and we're saying they had to go a lot further than that, particularly for 300,000 people who, as Ms. Eng has indicated, are mostly women.

Ms. Susan Eng: Yes, we would certainly support an increase.

Mr. Wayne Marston: Thank you very much.

Now, support for our cultural industries is something that always seems to take a back bench in this country. I really appreciate your intervention here today, because, for myself, I helped get funding for the Workers Arts and Heritage Centre in Hamilton, a critical piece, because we have live arts coming in there, and I want to commend you for what you brought forward. It's a reminder to all of us that we have to raise culture to a level that has been ignored for far too long.

I realize I am going to be out of time for saying it like that, but—

The Chair: Well, if you stop now, it could be a dialogue.

Ms. Downey, do you want to comment briefly?

Ms. Ferne Downey: Thank you.

There is just so much work we still have to do, because it's all about planning forward and making a strategic plan so that we can all work together to figure out the path through the forest. We want to be in a healthy, productive place where we have lots of Canadian content available in Canada and for export.

Mr. Wayne Marston: There are a lot of Canadian jobs at stake, as well.

Ms. Ferne Downey: There are a lot of Canadian jobs at stake. Hear, hear.

The Chair: Thank you, Mr. Marston.

We'll go to Ms. McLeod, please.

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

I too would like to thank you all for coming and joining us today.

I'd like to start with a quick comment. Certainly Canada is very complex in terms of the jurisdictions: provincial versus federal versus private sector. We do have many challenges as they relate to actually who's responsible.

I always look at the Bloc. Instead of hating their drive towards sovereignty, I felt the interest in those boundaries of provincial jurisdiction was always very important, and I do respect some of the comments they used to make in those areas.

The federal government, of course, increased transfers to the provinces for health care by 6%. We have the equalization formula, so we're trying to create equity and the opportunity for equity.

I want to go to the technology and the opportunities for health care, because I absolutely, fundamentally know what can be done there, having a background in that area.

I look at the federal government, and we've given significant dollars through Canada Health Infoway, through many different programs. I too witnessed the study where people with congestive heart failure were discharged with home monitoring, telephone support, and case management—funded federally, a huge impact on acute care stay, not getting embedded in the system.

I guess my frustration or challenge is that I don't think this is a dollar issue. I do have to respect the boundaries of the provincial jurisdiction, but could you make some comments in terms of whether you think it's dollars or it's change management...? Could you make some general comments in that area? I think it's absolutely critical.

Ms. Susan Eng: I have to agree with you entirely. We already spend \$192 billion in our health care system. I think we can do better, rather than spending more money there.

While we worry about whether or not the aging population is driving up health care costs, in fact it is the cost of all of this new technology that's driving up the health care costs. The opportunity to rejig how we do business, if you will, is the one we should focus on.

I'll give you one small example, that of a virtual ward. Sending people home after an acute incident is a challenging situation, and there is the danger they will be readmitted. A project here in Toronto provides a care manager to follow the person home, assess the person's usual vitals—as might have been done had the person stayed in the ward—and readmit the person if necessary, but generally not. If that is done properly, it allows the person to stabilize at home.

Does that cost more? The care manager is the only extra cost. Does it avoid cost? Yes. Readmission is expected to cost about \$10,000 in all. And of course there are better health care outcomes.

The opportunity to rejig how we do business is really where we should be targeting our work.

The Chair: Ms. McLeod, there are two others who want to comment.

Ms. Marg McAlister: A tough call to make is to transfer the funds to home care. In hospitals, where very few Canadians actually spend time, we are on 10th and 15th generation technology—fancy, snazzy equipment. It is arguably important, but we would say it's time to actually shift that paradigm and target those resources that are directed towards health care technology to the home, for the reasons that we described and that you know.

● (1240)

Ms. Nadine Henningsen: I will make three points, and I think you've certainly identified two.

The initial input of technology is costly. The gains when you actually implement technology are huge, but it's the cost of taking a project from pilot to actually integrating within the system.

Change management, as my colleague from the Canadian Home Care Association said, is very important, because we need to move our thoughts from the acute care into the home and community care, and see where technology can take us there.

And the other point is real leadership, leadership in understanding what technology applications we should look at. I mentioned there are thousands of technology applications, but which ones are the best ones? Really, that's where I see the federal government taking a major role, and I see the provinces accepting that. It's helping the provinces sort through all of the opportunities in technology and identify a vision of where technology is going in home and community care. I think we could see such fabulous gains with that.

The Chair: Okay, thank you.

We will now go to Monsieur Giguère, *s'il vous plaît*.

[Translation]

Mr. Alain Giguère: My question is for the representative of the National Marine Manufacturers Association of Canada.

As you have probably understood, if you wanted to demonstrate some of your products in Ottawa, the member for Fort McMurray—Athabasca and I would be ready and eager to attend it.

Here's my question. The manufacturing industry in Canada has lost 350,000 jobs in recent years. That's a major loss. We would like to know whether the value of the Canadian dollar relative to its U.S. counterpart has hurt you. As we will be reviewing these policies in the near future, I would like to have your opinion on the subject.

[English]

Ms. Sara Anghel: It's a big can-of-worms discussion, as always.

The Canadian dollar, at its level right now, being close to parity and beyond, creates a problem for Canadian manufacturers in competing with the United States in particular, and we have lost a significant number of manufacturing jobs over the last few years. However, that being said, the United States fared a lot worse during the recession, and in fact we stand behind the great banking system in Canada. Thanks to that system, our segment in particular stayed afloat much better than did the same segment in the United States. While we did bleed a lot of jobs, there were a lot of opportunities here in Canada for Canadian manufacturers to export into the United States or into other segments of the world rather than the U.S., whereas we saw a 70% drop in marine manufacturing in the United States.

The Canadian dollar can be a problem for our manufacturers. They're learning to adjust and deal with that. When the dollar is at par, they lose on some things, but they may gain on aluminum pricing, depending on the time of year and when they're buying product.

On the dealer and consumer side of it, a Canadian dollar that is at par actually creates opportunities and keeps consumers buying within Canada instead of crossing the border to buy a product. It's sort of a balancing act. It is hurting manufacturing to some extent, but there are opportunities to support the other way.

[Translation]

Mr. Alain Giguère: Very well.

In one of your recommendations, you said you wanted a credit to be increased by 35%, but you did not say exactly under what program. Is it the scientific research and experimental development program that you would like to enhance?

[English]

Ms. Sara Anghel: We can work with you. I don't have anything in particular that would be under that. I'd look at that and discuss it with them in particular and see where the opportunities lie.

[Translation]

Mr. Alain Giguère: All right.

Lastly, the federal government has launched a \$35-billion ship-building program. I know the recreational industry is not greatly affected by those big ships, but we are insisting the ships commissioned include Canadian products. A sum of \$2 billion has been allocated for small craft.

I would like to know whether the structure of your industry enables you to deal with these requests. Will rescue boats and canoes have to be purchased outside Canada, or will the Canadian industry be able to supply Canadian content for these major commissions?

• (1245)

[English]

Ms. Sara Anghel: I don't directly represent the shipping industry. I represent the recreational industry. Having said that, there are manufacturers within our association who actually manufacture products for that segment, rescue boats and so on. I'd be happy to work with you after this committee is over and offer some of those insights.

Could we fill that gap entirely? From my perspective, we probably could not.

[Translation]

Mr. Alain Giguère: All right.

My final question is for all speakers who deal with caregivers.

An odd phenomenon has occurred in recent bills introduced by the government: a distinction has now been drawn between a caregiver and a family caregiver. However, it seems to me that this notion should be as broad as possible. In my constituency, people from the Royal Canadian Legion help seniors. They are caregivers, but now there is this distinction.

[English]

The Chair: Ms. Henningsen, go ahead very briefly.

Ms. Nadine Henningsen: The Canadian Caregiver Coalition has a very broad definition. We call them family caregivers, but that includes family, friends, relatives, and neighbours. Just for ease of discussion, we call them family caregivers to differentiate them from the paid caregivers. We used to call them informal caregivers, but they say there is nothing informal about being a family caregiver.

The Chair: Thank you.

We'll go to Mr. Hoback, please.

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

I thank everybody here this morning. Five minutes is never enough. I'd like to ask questions of everybody, but I'm going to go after one area that's a passion for me. It probably gets overlooked, and that's the arts in that sector.

Ferne, I'm going to direct my questions to you, and I ask you to help guide me through what we need to do to make sure that industry is thriving and growing but is also becoming very independent. We see Canadian filmmakers, actors, and musicians producing Canadian content all over the globe.

It's interesting. My son was in Ethiopia working for MIDA, Migration for Development in Africa, and he sat down at a local restaurant and they asked him where he was from. He said he was from Canada. They replied, "home of Justin Bieber". That was the first comment. Our artists are having an impact abroad. There is no question about that.

I guess that's where I get into our questions when we look at budgets in writing. Where does the support need to be? I know we've done the children's art tax credit. That's going to be coming through here now. That's going to support all types of artistic events for children, whether it's playing the piano, the guitar, or acting lessons. I assume that is a step in the right direction, that you're happy with that type of tax credit.

Ms. Ferne Downey: It's a very first step, but there is nothing wrong with that, no.

Mr. Randy Hoback: It puts it on a level playing field with sports—

Ms. Ferne Downey: Exactly.

Mr. Randy Hoback: —which it wasn't before.

When we look at where we spend our money in the culture and the arts side of things, there is always a debate on who should get it. You may only have one dollar. If you were to ask your members where we should spend that dollar and break it down, would they like to see more go toward the development of the artist, or would they like to see more in the development of production, or do they want to see more spent in the meeting it's presented on?

If you were to split it apart, where do you think the priority should go?

Ms. Ferne Downey: I would say production, in that it is a very collaborative form. It's probably the most collaborative form that exists, and we share a border with the gigantic entertainment industry to the south.

Production is where the actual work opportunity and the job creation is. It's where we meet. It's where we do our important work together. Every time you incent a production, you incent everybody to be a part of it: the actors, the directors, the whole technical team, everybody. It benefits the most and keeps content creation fresh. Justin Bieber is huge around the world as an important Canadian artist and an ACTRA member, I'm proud to say.

You have to keep everything moving forward, because we had to fight so hard for our shelf space.

Mr. Randy Hoback: So when you talk about shelf space, that's one thing that I think has changed over the last 20 years. There's more opportunity once a good production is produced to get it out there. It's not as if it's just one or two channels, as it was when I grew up. That's all we had. Now you have the aboriginal channel, the A-Channel. You get Showcase. You have a variety of different venues to get it out.

Do you think more priority should be placed toward the production—that's what you're telling me—over the medium in which it is presented?

Ms. Ferne Downey: All the distribution platforms are fantastic, whether I watch a show on my phone or the iPad or my television or my computer. You still have to have the content created to be seen on all those multiple platforms. I think we're lacking a cogent digital economy strategy in relation to content creation. It's one of the things I'm trying to get more oxygen around and talk about openly—how do we do better? How do we incent even more work? How do we find real work in this new form of transmedia?

First it was new media, then it was digital media, now it's transmedia. It's everywhere.

My end of it is the content. This is my bias, I confess.

• (1250)

Mr. Randy Hoback: Okay. Again, we're back to limited dollars. We only have so much we can spend.

When you start dividing those dollars, do we need to re-look at how we spend those dollars? Do we need to re-look at whether we put so much money into CBC versus subsidizing the programs played on any channel? Do we need to re-look at whether the support would have to be applied? Is that something that needs to be considered?

Ms. Ferne Downey: I think we don't want to rely only on government funding; we're trying to be more creative about how we incent private investment in content creation. That's why there's this new idea about what if you could get a tax credit for having something on the Canadian website, or what would it be if you expanded the actual tax credit in the production services tax credit or something.

How do you get private equity in the mix as well, to match the government's funding? Because our licence fees for conventional broadcasting are low in Canada, it's a realistic part of our life. We have to have a highly regulated industry and we have to spend those dollars as brilliantly as we can.

The Chair: Thank you, Mr. Hoback.

[*Translation*]

Mr. Mai, go ahead, please.

[*English*]

Mr. Hoang Mai: Thank you very much.

I'll start with Mr. Bach...if you could answer Mr. Julian's questions regarding disability support and cost-benefits.

Mr. Michael Bach: We've had a costing done on this. It is linked to the jurisdictional issue that's been brought up a couple of times, on who does what. Given the current environment... The federal government has identified that it will continue to play a role in transfers to individuals. We think that persons with severe disabilities are a deserving group for a federal transfer. The way to begin to build that is by making the disability tax credit refundable and using that as the first step in a strategy that would bring up to the federal level about 500,000 people with severe disabilities who are currently spending their entire lives on welfare and social assistance at the provincial level. We know the stigma that is associated with social assistance. It was designed as a short-term, temporary program. People are now spending decades on it and living in terrible circumstances of poverty.

That would cost the federal government \$1.1 billion, and we're not suggesting it can all be done at once but over a phase-in. That would free up sufficient dollars at the provincial and territorial level—we had an external consultant prepare a study for us—that would virtually guarantee Canadians with the disability-related supports they need to participate in employment. You would then have people who have severe disabilities and are currently on social assistance having their income needs taken care of by the federal government and the vast majority being able to begin to participate in the labour market. That's going to be savings all the way around.

Mr. Hoang Mai: Thank you very much.

Ms. Downey, in your brief you mentioned a study by Deloitte that showed that every dollar invested in public broadcasting creates almost four dollars in incoming value. Do you have any specific recommendations? We know the CBC has been under attack lately. Assuming they'll continue to be under attack, can you recommend specifically what the finance committee should do regarding the CBC?

Ms. Ferne Downey: We think you should have a higher per capita tax. Rather than paying \$33 per head, go up to \$40. The CBC has been certainly in some ways starved of serious and cogent investment, and they're really poised to do some incredible work in terms of the digital portals they're building—incredible work for all of Canada. I think that's the most important thing. The stability of knowing what your production budget is going to be the next year is pivotal.

Mr. Hoang Mai: Thank you very much.

I have a question for CARP. In your brief you speak about how, if we look at the low-income cut-off rate, there are 300,000 people in Canada who are over the age of 65 who live in poverty. We've said that this government could actually just get rid of that. We could address the issue. Do you feel the government's doing enough to really address that issue in terms of having people over 65 who live in poverty?

•(1255)

Ms. Susan Eng: Certainly the recent changes are a major step forward. The category of dealing with seniors' poverty has not been addressed adequately in the past by several governments, so the fact that there was a massive amount of money addressing the poorest among the seniors was a massive step forward, and we would never say there was anything wrong with that.

As you point out, there are some estimated 300,000 people who today live in poverty under the official poverty line. We would make the point that in fact they don't all get the official poverty line amount. They live on \$3,000 to \$9,000 instead. Those are the people we have to help the most. But 1.6 million Canadians are living in...

Mr. Hoang Mai: Thank you.

We're saying that we have to have the tax credit refundable. What percentage would that benefit in terms of the members you represent, in terms of having a refundable tax credit, or a basic amount—the majority, a little more?

Anyone?

Ms. Susan Eng: The estimates are that 25% of Canadians provide heavy care. Those are the people who would benefit the most. Of course all of the others provide wonderful care, but it's the 25% that would be most important.

Ms. Nadine Henningsen: And is this a ballpark figure?

Ms. Susan Eng: Two million Canadians would immediately see benefits.

The Chair: Thank you.

Thank you, Mr. Mai.

We'll go to Mr. Van Kesteren.

Mr. Dave Van Kesteren: Ms. Anghel, how many people did you say were employed in the marine industry?

Ms. Sara Anghel: At the time we conducted our study, in direct manufacturing jobs there were 7,000 manufacturing jobs; in direct and indirect impact, there were close to 400,000.

Mr. Dave Van Kesteren: That's impressive. We had the Canadian Vehicle Manufacturers' Association, and they have 35,000 indirect. They also have 55,000 retirees.

I'm listening with interest, and I think we all share what has been expressed by many members—the needs of our seniors. But do you ever think about—and I really want you to answer this—our government debt, which stands at \$680 billion? And I think if you combine all three levels, it's \$1.3 trillion. It could be much more than that; I don't think anybody really knows.

It's been properly stated that we have an aging population. Our demographics are shifting rapidly. We have had some of the worst market returns in the last 75 years. And I don't want to be the one to pour cold water, but the reality.... And we haven't even talked about inequity in public and private sectors. Do you talk about those things? I want to not only talk about them, but when we are asked to look at some of the requests—and they're good requests, I don't think there is anybody here who wouldn't say “Let's do this”—do your actuaries look at this when you make these and say “This is realistic” or “No, it's not”? Are you concerned about those things?

I'll start with you, Ms. Eng, and then maybe we'll just....

Ms. Susan Eng: Well, actually we anticipated that question. It's always “How are we going to pay for those kinds of asks?” If you're going to lift every senior out of poverty, it's \$1 billion to \$2 billion. A caregiver support system might be another \$1 billion. So where is it going to come from?

Of course, you could find savings in the existing health care expenditures. But we asked our membership—who are, by the way, a group of people who are already retired; they're taxpayers, they're strong Conservative supporters, and they do talk about fiscal responsibility. We did ask: “Would you pay a new tax? Should there be a new tax? Would you earmark it?” And in fact there is sufficient support for the idea that if you had it earmarked as health care tax, or earmarked as tax to deal with poverty, those are the things people are receptive to.

I'm not suggesting that you go with that tax right away, but there was one idea that was floated out there about taxing the top 1%. We asked our people if they would tax those people who had \$250,000 or more two or three percentage points. Those kinds of measures, and estate tax and so on, are opportunities to raise from \$3 billion to \$4 billion in taxes.

So on one hand, our people are always saying, “Cut the waste. Save the money. Divert the demand.” But when push comes to shove, and you can't be more efficient, they are receptive to a conversation around earmarked taxes.

• (1300)

Mr. Dave Van Kesteren: Yes, go ahead.

Ms. Nadine Henningsen: I would just say—from a family caregiver point of view—it's those vital retirees who are the family caregivers. And if we don't support that family caregiver role, they'll burn out. They'll get sick and then they'll be patients in our acute care system and they'll be costing us.

The total value provided by family caregivers—individuals who are 45 years and older, looking after senior loved ones and relatives—is \$25 billion. To us, it's not a cost or an expense; it's an investment. We must keep the family caregiver vital, healthy, well, and provide them with support.

Mr. Dave Van Kesteren: But the money has to come from somewhere. We have to pay for these things.

For much or all of your investments in retirement, you expect a return of probably 5%, 6%, or something like that? That's bare minimum. That's not happening today. How are we going to pay for this?

The Chair: Ms. McAlister.

Ms. Marg McAlister: In part, this is where the social policy and financial policy meet. In our submission this time, we really tried to think about shifting focus, so to Ms. McLeod's point in terms of targeting funding in technology—not new funding, but targeting.

Also, if the finance committee and a budget came out and started to talk about caregiving strategies, shifting to the home, and harmonizing approaches to home care, this would start a conversation that would change our social approach to an aging population. And that's why we continue to come back to the finance committee, to see if there isn't an opportunity to kind of blend the two.

The Chair: Thank you, Mr. Van Kesteren.

Mrs. Glover, please.

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

Welcome, everyone.

Last but not least, I want to put it on the record that I take tremendous pride in some of the measures the government has taken. When talking about statistics, I'm going to put on the table statistics from Stats Canada and the OECD that show we have one of the lowest rates of poverty among 33 OECD countries. We're at around 5%. We still have to do more, absolutely, but at no time in the history of this country have we ever been at this low rate of poverty in seniors.

I want to put on the record that Australia is at 27%, the United States is at 24%, and the United Kingdom is at 10%. I think we have to take these measures that the Conservative government has put forward, embrace some of them, and improve on them. Taxing our seniors more with a GST hike, which is proposed by the official opposition, and corporate tax increases that are going to be downloaded onto consumers who are seniors could very likely put many more of our seniors right back into poverty. This government's not prepared to do that. I appreciate the suggestions you've made that do not look at broad-based tax increases, like a GST hike, etc.

I just wanted to put on the record that I appreciate what you're saying, but we should take some pride in being at the very lowest rate in Canadian history. That said, we haven't addressed something that was in the budget, and I want your feedback on it.

We put some funding to support the new community-integrated palliative care initiative. Ms. Henningsen and Ms. McAlister, I suspect that reflects on your areas of expertise. Would you comment on that? Is it well received? Is it something that will help?

Ms. Nadine Henningsen: It's certainly something that will help when the money starts to flow. I know there is a project that very much involves family caregivers. It's looking at integrating palliative care into our social fabric so we all start to plan in advance for when we age and when we unfortunately become palliative. So I think that when the money flows it's going to be very good. I can certainly comment for our community that we're very excited to be working in that area.

Ms. Marg McAlister: The Canadian Home Care Association was very appreciative of that investment, and even published a release to that effect. It will be supportive and address an important need for the many who want to die at home.

Mrs. Shelly Glover: Ms. Eng, do you know of another time in history or another government that has brought the poverty rate for seniors down to this level?

Ms. Susan Eng: No, and part of the reason for that is that the Canada Pension Plan has matured. That has taken the double-digit poverty rate down to a single digit.

You're absolutely right, this is a time to celebrate that success. But if you're one of the 260,000 people living in poverty, we think one is one too many and there is more that we can do.

• (1305)

Mrs. Shelly Glover: Agreed.

How do you think those folks would feel about having to pay more on their GST across the board? Every corporation will raise their prices if we don't proceed the way we've slated since 2007. What do you think they would say if we did that?

Ms. Susan Eng: Of course they wouldn't be very pleased, but we're focusing on the fact that everybody's going to be facing rising costs, and this is the group of people who's least capable of dealing with those rising costs. We're looking for ways to help those who are now retired and seniors, and those who are coming along. All of the proposals that are in front of us are improvements; we're just looking for an accelerated improvement.

Mrs. Shelly Glover: Thank you.

I'm going to turn my attention to ACTRA for just a moment. I have a son who's an actor, and he'd be very angry with me if I didn't ask a question.

I believe in accountability, and the Conservatives helped to create the CBC. We believe in a strong broadcaster, but accountability has to be a measure, and I've been quite disappointed in the lack of transparency.

What would you say to the CBC about transparency? Would you support them disclosing how taxpayers' dollars are being spent so we can continue to have that support across Canada, or do you think hiding the way they spend taxpayers' money is the way to go?

Ms. Ferne Downey: Transparency is how we all live. You need to know how things are funded, how things work, the return on investment, and who's watching what. I think that is all intriguing information.

The CBC has had a pretty rough go in the last while. They haven't had much stability in their funding. But in terms of transparency—

Mrs. Shelly Glover: I have to disagree with you. We are at historic amounts of funding. We are at the highest level of funding for the CBC. Where are you getting your stats that it's lower?

Ms. Ferne Downey: Well, \$1.1 billion is good.

Mrs. Shelly Glover: No, it's historic. Where are you getting your stats that it's lower? There isn't a moment in history when it has been higher.

The Chair: Give a very brief response, please.

Ms. Ferne Downey: I made a mistake.

Mrs. Shelly Glover: Good. Thank you.

The Chair: Thank you, Ms. Glover.

I want to thank all of our guests for their responses to our questions and their presentations. We appreciate the discussion very much.

Colleagues, we will be meeting back here at 2 p.m.

[*Translation*]

Mr. Alain Giguère: Mr. Chairman, to respond to Mr. Adler's question about where our information comes from, I can tell him right now that it comes from studies on the fiscal imbalance and fiscal unfairness conducted by Léo-Paul Lauzon, from the Université du Québec à Montréal. He will have no problem consulting those documents on the Internet.

[*English*]

Mr. Peter Julian: Just following up on Ms. Glover's question around the fact that Canada is last among industrialized countries to direct investment in R and D, it's available on the Minister of Industry's website—the science and technology R and D report from last year.

The Chair: Okay. We'll look forward to all those reports being circulated to all members. We'll continue this debate, I'm sure, at a future time.

Thank you.

The meeting is adjourned.

• (1305)

(Pause)

• (1400)

The Chair: Good afternoon, everyone. I want to thank you all for coming out to our pre-budget consultations. We are continuing our day-long session here in Toronto. We're very pleased to be here.

We have six organizations presenting during this panel session. We have the Toronto Board of Trade, the Association of International Automobile Manufacturers of Canada, the Canadian Chamber of Commerce, the National Aboriginal Caucus, the Retail Council of Canada, and Quality Urban Energy Systems of Tomorrow.

Thank you all for being with us.

We have a very tight timeline of an hour and a half for the panel, so each of you will have five minutes maximum for an opening statement.

We'll begin with Mr. Joy, please.

Mr. Richard Joy (Vice-President, Policy and Government Relations, Toronto Board of Trade): Thank you. I apologize for reading quickly, but time is tight.

My name is Richard Joy, and I'm vice-president of policy and government relations at the Toronto Board of Trade. Thank you for inviting us to appear this afternoon.

Founded in 1845, the Toronto Board of Trade is Canada's largest chamber of commerce. It connects 10,000 members and more than 200,000 business professionals and influencers throughout the Toronto region. The board advances the success of our members in the entire region by facilitating opportunities for knowledge-sharing, networking, business development, and city-building. At the outset, I would like to emphasize that Canadian cities, particularly Toronto, are critical to our economic success.

In November 2010, the Toronto Board of Trade joined with 12 other chambers of commerce and boards of trade across the country, representing the business communities in Canada's largest urban centres, and called upon the federal and provincial governments to establish a national urban strategy targeted towards Canada's largest urban centres.

According to the latest Bank of Canada forecast, the outlook for the Canadian economy has slowed markedly since July as a result of significantly less favourable external environments that affect Canada. In light of this development and other looming pressures, the federal government needs to recognize and support Canada's cities as economic drivers for the entire country.

The board has two recommendations for the 2012 budget: the development of a national transit strategy; and support for strong, regionally coordinated economic development bodies, including an investment promotion agency for the greater Toronto region.

Our first recommendation is the development of a national transit strategy. The board commends the significant contributions this government has made to Canada's public transit systems. Investments are unmatched in recent memories. The gas tax fund, which this government made permanent in 2007, is the first permanent federal transfer to municipalities for infrastructure investment. Substantial money has also been devoted to public transit under such programs as the Building Canada fund. Since 2007, over \$2 billion has been committed to transit projects in the greater Toronto region alone. As a result of these actions, the federal capital contributions for transit have gone from no funds in 2001 to nearly 20% of all capital contributions in 2009.

The board is encouraged that the federal government is investing in our transit systems, but these capital contributions have come through one-off announcements rather than as a formal long-term strategy. Importantly, with the amounts currently being invested over the past several years, the federal government is essentially spending close to what is being asked for with respect to a national transit strategy. Quantum is less of an issue than longevity and stability.

The board's proposal, set out in our submission, builds on the gas tax fund, which would be distributed based on population and ridership. The monetary request is based on the Canadian Urban

Transit Association's calculations of needed investments in our transit systems.

Second, the board's recommendation concerning support for strong, regionally coordinated economic development bodies includes an investment promotion agency for the greater Toronto region. Currently there is limited regional economic development in Toronto. Investment promotion efforts in the Toronto region are fragmented and largely uncoordinated, resulting in inefficient use of government resources and less economic growth than what could otherwise be achieved.

Research by the Boston Consulting Group finds that the greater Toronto region municipalities spend close to \$25 million annually and employ 160 full-time employees across more than 20 organizations, including municipal economic development offices. Moreover, our own annual benchmarking study of global city regions finds that Toronto is falling behind many other metro areas, such as San Francisco, Boston, and Seattle, when it comes to economic prosperity. The board believes that one of the contributing factors is Toronto's lack of a comprehensive regional economic development strategy, which includes a regional investment promotion agency.

The board applauds this government for creating FedDev Ontario and for recognizing the importance of the southern Ontario economy as an important driver of national economic performance. The current FedDev Ontario model has the right composite factors to establish a greater Toronto region focused on economic development. The board believes that it is now time to realign FedDev Ontario's focus to include the greater Toronto region. In partnership with municipal and provincial governments, the federal government should support the establishment of a regionally coordinated economic development body that includes a regional investment promotion agency dedicated specifically to the greater Toronto region.

Finally, I would note that an application to FedDev to advance a proposed feasibility study has been made by the TRRA. This is an important initiative, and we would like to encourage this committee to support that application.

This concludes our recommendations.

I'll be happy to take questions, but I guess that will happen afterwards.

● (1405)

The Chair: Yes, absolutely. Thank you, Mr. Joy.

We'll hear from Mr. Adams now.

Mr. David Adams (President, Association of International Automobile Manufacturers of Canada): Mr. Chairman, committee members, on behalf of the 16 members of the AIAMC, thank you for the opportunity to appear before the committee today. My name is David Adams, and I'm the president of the Association of International Automobile Manufacturers of Canada.

My intent would be to highlight how our three recommendations feed into the four primary areas highlighted by the committee, to be addressed by stakeholders. Specifically, the committee was interested in hearing recommendations with respect to how to achieve a sustained economic recovery in Canada, how to create quality sustainable jobs, how to ensure relatively low rates of taxation, and how to achieve a balanced budget.

Before I do that, allow me to give you just a few highlights that suggest that, much like other sectors, the auto industry is essentially treading water. Through the end of the third quarter, vehicle sales in Canada were ahead marginally, being 1.5% better than last year, at 1.22 million. Vehicle production in Canada has gone in the opposite direction, being down marginally 1.1%, to 1.56 million.

With the economic and political challenges of the United States, along with the daily news about the increasingly challenging sovereign debt crisis in Europe, it is not surprising that the Conference Board of Canada reports that consumer confidence has dropped 17.5 points from its high point this year in February to 71.8 in October. This is the lowest level of consumer confidence since right in the middle of the recession in May 2009.

Low levels of consumer confidence do not bode well for major purchases, especially discretionary major purchases, which new vehicles often are. While in relatively better economic shape, Canada is not immune to the spillover effects of negative economic events elsewhere, and this has prompted the Governor of the Bank of Canada to lower Canada's GDP growth expectations for both this year and next year. This has also moved the finance minister to recently announce that he is flexible with respect to considering additional stimulus measures, if required.

In that vein, and to address the issues of achieving sustained economic recovery in Canada, as well as ensuring relatively low levels of taxation, our first recommendation is to unilaterally reduce Canada's 6.1% tariff on imported light-duty vehicles down to the 2.5% level of that of our major trading partner, which addresses both issues. A tariff is essentially a tax, which the consumer ultimately pays. Imposing a tariff on imported vehicles at a level that is two and a half times greater than that of the United States is without any justification, and is at odds with the integrated nature of the automotive industry overall in North America and with the increasing trend to harmonize vehicle safety and emissions standards with the United States.

The Canadian Council of Chief Executives has also called for bilateral harmonization of external tariffs, as has the Japan Automobile Manufacturers Association. Further, I believe my colleagues at the Retail Council of Canada have been active in seeking tariff elimination on a myriad of products, in part to stimulate consumer demand and in part to address the price discrepancy of similar goods in Canada and the United States. Many of the advanced technology vehicles being developed for sale

in North America to meet stringent new greenhouse gas emissions standards will have to be imported, and a higher Canadian tariff limits access and impacts affordability.

Does it really make sense for one level of government to be offering rebates on certain advanced technology vehicles of \$8,500 while another level of government imposes a higher level of tariff that would make a \$40,000 vehicle cost almost \$1,450 more in Canada than in the U.S.?

With respect to our second recommendation, which is to eliminate the \$100 excise tax on air conditioning, this tax has been around since the 1970s, when air conditioning was considered a luxury. This is no longer the case, and virtually all vehicles are equipped with air conditioning. This is a pure tax grab.

Finally, the Canadian Automotive Repair and Service Council, which involves all sectors of the automotive industry, was at the forefront of the development of sector councils in the late 1980s, when it was apparent that vehicle technology was drastically changing the skill set of automotive technicians from a mechanical skill set to more of an electronic and diagnostic skill set. We support the strategic and operational review the government is undertaking to ensure value for money. However, with over a hundred new technologies being introduced on vehicles to address stringent greenhouse gas regulations, we are now at another technological fork in the road where skills identification and training have never been more important.

The Chair: You have one minute.

Mr. David Adams: The CARS Council works and contributes to sustaining and creating quality jobs in the modern automotive industry in Canada, with the full support of and leveraging millions of dollars from the automotive industry as a collective.

Mr. Chairman and committee members, thank you for your attention. I'll be happy to answer any questions.

• (1410)

The Chair: Thank you.

We'll now hear from the Canadian Chamber of Commerce, please.

Ms. Tina Kremmidas (Chief Economist, Canadian Chamber of Commerce): Thank you, Mr. Chair.

My name is Tina Kremmidas and I am the chief economist at the Canadian Chamber of Commerce.

It gives me great pleasure to come before this committee to present the views of the Canadian chamber on the four issues that are the focus of this year's pre-budget consultations.

As many of you know, the Canadian Chamber of Commerce is the largest and most broadly based business association in Canada, a network of over 420 chambers of commerce and boards of trade representing 192,000 businesses of all sizes in all sectors of the economy and in all regions of the country.

Many of our members entered the summer with great optimism. Canadians were also brimming with confidence. Now, in the face of alarming events abroad, some are less sure.

The G-20 leaders summit in France this week presents an opportunity for the G-20 to restore confidence by taking urgent and decisive action to rein in debt and refocus on delivering strong, sustainable, and balanced growth. Our president and CEO, Perrin Beatty, is heading the Canadian delegation to the G-20 business summit.

With the current economic climate, some would prefer that the government change course. This is not our view. The Canadian Chamber continues to call on the federal government to balance its books by fiscal 2015-2016 and to do so by restraining annual government spending growth. As we have seen from experiences abroad, as well as in Canada in the 1990s, deficits can quickly spiral out of control, triggering a financial and economic crisis. Investors and markets need assurance that the government will not veer away from the current plan to return to surplus in the medium term.

Slaying the deficit dragon is also in the long-term interest of the country. We need to get our finances in order to gain the financial flexibility to deal with the gale force of an aging population and tackle areas that are crucial to Canada's long-term competitiveness. This includes reducing high and uncompetitive marginal personal income tax rates that discourage people from working, saving, and upgrading their skills.

To create quality sustainable jobs in Canada, we must embrace a culture of innovation. Innovation has led to new industries and new jobs in high tech and advanced manufacturing sectors. Yet when it comes to the capacity for innovation, the World Economic Forum ranks Canada in 24th place. Canada ranks near the bottom among OECD countries in getting innovative products and services to the marketplace.

To foster innovation, the government must focus on implementing a re-invigorated national strategy, with a spotlight on research, training and retraining, and education. We must build a strong interface between post-secondary institutions and the private, public, and non-profit sectors to accelerate the pace of discovery and commercialization, and turn Canadian research efforts into successes in the marketplace.

We must strengthen Canada's intellectual property rights regime and ensure SR and ED investment tax credits are being delivered in a predictable, consistent, and timely manner. At present, this is not the case.

Ensuring ongoing job creation also requires an ambitious and comprehensive strategy to boost our country's trade and investment ties with other nations.

Policy-makers should always be looking for ways to enhance the flexibility of Canada's economy and improve its performance.

Eliminating interprovincial barriers to trade and labour mobility as well as eliminating burdensome regulatory procedures and reducing the tax compliance burden come to mind as areas in need of urgent action.

We recommend that the government launch a national consultation process focused on identifying ways to reduce the complexity of Canada's tax system and improve tax administration. As part of this, the government should undertake an independent review of the 260 or so tax preference measures that are part of the federal tax system, to determine if they are cost-effective and are achieving their intended purpose.

The Chair: One minute.

Ms. Tina Kremmidas: Those measures that are not effective should be phased out. A more comprehensive tax base would facilitate lower tax rates so all Canadians would benefit.

I will end my remarks here.

I look forward to the committee's report, and I wish you success in your deliberations. I would be pleased to answer any questions you may have.

The Chair: Thank you very much for your presentation.

We'll now hear from the National Aboriginal Caucus, please.

Mr. Patrick Smoke (National Aboriginal Student's Representative, Canadian Federation of Students, National Aboriginal Caucus): My name is Patrick Smoke, and I am the national aboriginal representative for the Canadian Federation of Students. I am a member of the Mississaugas of the Ojibway. My community is Alderville First Nation.

I want to start by acknowledging that we are meeting on traditional land of the Mississaugas of the New Credit First Nation. Toronto was, and still is, a meeting place for a great number of different people and nations. We all have a responsibility to respect the land we occupy.

I would like to thank the committee for the opportunity to make the voice of aboriginal students heard here today.

While the educational attainment of the Canadian population has been steadily increasing since the 1950s, aboriginal peoples' participation has not risen to comparable levels. A lack of necessary resources and support to pursue post-secondary education is one of the many barriers that have prevented Canada's aboriginal peoples from achieving socio-economic equality with other Canadians. In order to fulfill treaty obligations and to address the needs of Canada's fastest-growing population, the federal government must ensure that every eligible aboriginal student is provided with adequate funding to attend post-secondary educational institutions. Doing so is critical to maintaining the strength of the Canadian economy in the decades ahead.

Our first recommendation is that the government remove the 2% funding cap on the post-secondary student support program, the PSSSP, and ensure that the program receives sufficient funding so that every eligible first nation and Inuit learner is provided adequate support to attend post-secondary educational institutions.

Prior to the implementation of the funding cap, approximately 27,000 aboriginal students were provided support to attend college or university. After ten years, the number fell to 22,000. At least 19,000 students have been denied funding because there is simply not enough. Students across the country, both aboriginal and non-aboriginal, see this funding shortfall as indefensible and harmful to first nation and Inuit communities, and also to the economic well-being of the country.

Students met with nearly 200 senators and members of Parliament last week and were pleased to hear support for these recommendations from members of all five elected parties. We need to translate the support into action.

Our second recommendation is that the government, in cooperation with aboriginal organizations, develop a plan to extend non-repayable student financial assistance to Métis and non-status first nations. The Métis population represents 33% of the total aboriginal population in Canada. Non-status first nations and Métis people face the same challenges in accessing post-secondary education as first nations and Inuit. On average, income levels remain lower than in the general population, with non-status and Métis people earning only 75% of the average income of the total population.

Our final recommendation is that the federal government continue to support aboriginal-controlled education by increasing long-term, sustainable core funding for aboriginal-controlled institutions. Aboriginal peoples have always educated their own communities, but need comparable resources that exist for non-aboriginal educators. Aboriginal educators and leaders have developed and delivered courses and curricula in aboriginal-controlled institutions across the country. They reflect the perspectives and foundations of our traditions and world views. Unique indigenous methodologies are fostered. They have strengthened the identities of aboriginal students, and have dramatically improved opportunities for success, strengthening the confidence and self-determination of aboriginal communities.

The economic and social benefits of widening access to post-secondary education for aboriginal communities greatly outweigh the costs. These costs are also part of the commitments made through legally binding treaties. Most first nation and Inuit students who are eligible to access funding through the PSSSP succeed in completing post-secondary studies and find meaningful work. The majority of these students who graduate return to work in their communities and are employed in their field of study, achieving economic self-reliance and helping to develop healthy and sustainable communities. There is no doubt the PSSSP works for those who can access it. We believe the best and only means to improve aboriginal education attainment in institutions while representing Canada's treaty obligations is by eliminating the PSSSP funding cap and replacing it with a per-student funding model so that no student is denied access to post-secondary education.

Thank you. I look forward to questions from members of the committee.

• (1415)

The Chair: Thank you for your presentation.

We will now hear from the Retail Council of Canada.

Ms. Diane Brisebois (President and Chief Executive Officer, Retail Council of Canada): Thank you, Mr. Chairman.

We've distributed a bilingual presentation—with the blue and white RCC logo and cover—and I'll refer to it during my presentation.

[Translation]

My name is Diane Brisebois. I am president and chief executive officer of the Retail Council of Canada.

• (1420)

[English]

It's a privilege to appear before this committee.

As a whole, members of the RCC account for more than 80% of total sales in general merchandise, drug, and grocery retail in Canada, and the RCC represents 12% of the Canadian labour force.

[Translation]

We represent more than 45,000 independent retailers, regional, national and international chains and online merchants.

[English]

Retail sales in Canada reached \$437 billion in 2010, with the auto sector representing approximately 30% of the market, and food and general merchandise 70%, or approximately \$304 billion.

[Translation]

Total sales in the retail sector exceeded \$437 billion in 2010.

[English]

In 2010 retailers contributed close to \$75 billion to Canada's GDP.

[Translation]

Last year, the sector's direct contribution to Canada's gross domestic product was \$75 billion.

[English]

I can confidently say that Canadian merchants both big and small continue to be a critical component of Canada's economy. We look to the federal government to help ensure that market conditions for merchants remain viable and competitive across Canada.

With that in mind, I will outline three issues, detailed on page 7, that present the greatest concerns for retailers: first, we'd ask for the elimination of duties on imported consumer goods wherever the duties are no longer needed. Second, we continue to support a regulated "made in Canada" debit and credit card system that provides greater transparency and accountability, that drives competition and cost efficiency, and that functions across all future platforms, such as mobile technology. Finally, we ask that current and future reviews of Canada's employment insurance program take into account the employment insurance employer form recommendation.

Our written submission to the committee outlines our position in detail, but I'll summarize our core concerns.

Regarding the elimination of import duties, we believe that the government can help reduce costs for retailers and consumers by eliminating duties on certain imported goods. Many of the duties are as high as 18%, compared to 0% paid by retailers in the United States. The Retail Council is also looking forward to contributing to the study announced by the Minister of Finance concerning price differentials on consumer products sold in Canada and the U.S., and will be appearing shortly before the Senate committee.

Another issue that continues to be a concern for retailers is the development of a regulated "made in Canada" debit and credit card system. RCC commends the government on the creation of the voluntary code of conduct for the credit and debit card industry. However, the code addresses only credit and debit card transactions at the point of sale in a store. With the advent of new products such as mobile and touch-and-go payments, the code is now outdated. RCC recommends that the code of conduct be revised to include provisions regarding new forms of payment such as mobile and contactless payment, and that this committee support the recommendations of the task force for the payments system review.

[Translation]

Lastly, I would like to point out that employers are key stakeholders in the employment insurance system that extracts some \$11 billion from them annually in EI premiums.

Employers are seeking an approach that addresses the current challenges of socio-economic change and qualified labour shortages in order to boost the economy and prosperity for all.

The Employment Insurance Program should be operated as a true insurance program. It should provide temporary income support to individuals who involuntarily lose their jobs. This also means the social-program aspects of EI should be handled separately, outside this employer-employee paid insurance program. At minimum, this segment must now grow as a proportion of the system, and the related spending must be carefully tracked and its utility justified.

[English]

We have also included for your information additional slides relating to mobile payments as well as some of the task force comments and findings.

I thank you again for this opportunity to address the committee.

[Translation]

I will be pleased to answer all your questions. Thank you.

The Chair: Thank you for your presentation.

[English]

We'll now hear from Quality Urban Energy Systems of Tomorrow, please.

• (1425)

Mr. Brent Gilmour (Executive Director, Quality Urban Energy Systems of Tomorrow): Thank you, Chair and members. It's a delight to be here this afternoon.

My name is Brent Gilmour. I'm the executive director of Quality Urban Energy Systems of Tomorrow, QUEST. QUEST is a national, non-profit organization that was established in 2007. It is a non-member-based organization. We are focused on advancing integrated community systems across Canada with a focus on linking energy with land use, buildings, transportation, waste, water, and waste water.

We are a collaboration of organizations of which many will testify in front of you over the next few days or testified prior to that, including CEPA, Spectra, Canadian Water and Wastewater Association, Canadian Urban Transit Association, Canadian Institute of Planners, and many others.

We have a very focused mission and mandate. We are here to help mobilize community builders across Canada in all 5,400 urban, rural, remote, first nations, aboriginal, as well as Inuit communities. We are focused on a vision and hope that by 2035 all communities in Canada could operate as an integrated energy system.

The approach we're taking to advance this is really simple. We are focusing on encouraging people to adopt six basic principles: improve efficiency; energy optimization; better manage heat; reduce waste and collect waste opportunities; use renewable resources; and use grids strategically.

The approach we are taking to do this really addresses one key focus and one key concern. Energy planning across Canada tends to occur in silos. It is separate from land use, transportation, waste, water, and so forth. It's hence difficult for many communities to understand how to address energy demand needs. At the same time, many of these communities face a number of infrastructure challenges, such as the delivery of heating and cooling services and mobility, with a focus on transit, as well as goods movement.

It is why QUEST is responding by focusing on integrated community energy solutions—ICES—a concept that was introduced by QUEST and Natural Resources Canada. A road map was created, a road map for action that was endorsed by the Council of Energy Ministers in 2009 and then reaffirmed by the Council of the Federation in 2010. Due to these two affirmations, this document has gained traction across Canada. It is now starting to provide a coordinated approach based on QUEST's six principles on how we might address some of the challenges.

ICES is not only about buildings. It's about the entire community and how you might advance those energy challenges. It is why QUEST endorsed and undertook a national study with three leading firms across Canada that was endorsed by a number of organizations and presented at the Standing Committee on Natural Resources last year. The information looked at the following.

When applied, ICES could save money, create jobs, grow the economy, and reduce Canada's greenhouse gas emissions while simultaneously addressing some of the energy challenges. If ICES is applied as a whole, we could at times address between \$14 billion and \$29 billion in terms of capital spending reductions. We could achieve a \$3 billion to \$6 billion reduction in terms of energy expenditures and a minimum of \$12 billion to \$31 billion in terms of annual household energy costs. This doesn't include indirect costs.

We're here to present three suggestions to you in terms of federal budget recommendations. QUEST is calling on the federal government to continue to invest in the actions it has already undertaken, such as ICES. We believe it will be able to continue to save money, create jobs, grow the economy, and reduce energy consumption. It's why we're suggesting that \$8 million of existing federal support, divided among four or five departments, could be redirected to three specific ICES activities.

The first activity would address remote urban, rural, first nations, Inuit, and Métis community energy needs with ICES. It would allow for a reduction in energy use through a variety of opportunities and means.

Secondly, we would encourage the strengthening of national competitiveness and international trade by investing in ICES. As of this year, we noted that DFAIT was directed to encourage energy in terms of trade.

We lastly recommend that they close the known national information gaps and remove policy barriers to ICES while specifically encouraging congruent policies that might easily be undertaken through a better working, coordinated body among five or six identified agencies within the federal government.

These are the recommendations we believe support the federal budget direction focused on sustained economic recovery, sustainable jobs, lower tax opportunities for residents and businesses across Canada, and a balanced budget in every urban, rural, remote, and aboriginal community of Canada.

• (1430)

Thank you for the opportunity to present.

The Chair: Thank you very much for your presentation.

We'll begin members' questions with Mr. Julian on a five-minute round, please.

Mr. Peter Julian: Thank you very much, Mr. Chair.

Thanks to our witnesses. Those were terrific presentations. I want to get right to it, because part of our role as the finance committee is to look at existing programs to see whether or not they're functioning. That's part of the choices the government and Parliament should be making over the next few months.

I'll start with you, Madame Brisebois. Reading from your testimony, you talk about the voluntary code saying that the only competition that exists is among the banks to provide customers with greater incentives on the backs of merchants. But what we have heard from our merchants is that the payments industry has continued to engage in practices that result in high fees that have no connection to the service provided, and some players have blatantly violated the voluntary code. So my question back to you is, is the voluntary code working for retailers?

Ms. Diane Brisebois: There are two parts to my answer. One, the voluntary code was working, but the voluntary code was developed around a more traditional payments model, meaning looking at the payments that customers were making traditionally in-store. There was very little focus on online business, because it represented a very small portion of the entire market.

What we have noticed—and I think I've added a few statistics at the back of the chart—is that the mobile and what we call the card-not-present market has grown substantially. The code does not truly deal with the mobile and online payment world. We believe that it's extremely important that it be updated to ensure—

Mr. Peter Julian: You're calling for regulation in this regard.

Ms. Diane Brisebois: As most members would know, since we have appeared several times in regard to this issue, we have always asked for regulation.

Mr. Peter Julian: Thank you very much.

I have to move along to Mr. Smoke now with the PSSSP program.

You cite the figure of 10,500 students. We know that aboriginal students come from lower incomes, and one of the things that has been a constant theme today is the increasing level of poverty we're seeing, including among aboriginal people.

Would you say that this program needs major changes, funding, so that we're not seeing thousands of very good aboriginal students being denied funding?

Mr. Patrick Smoke: Yes. Currently, about one in three receive no funding at all. Obviously with the treaty obligations that's pretty unacceptable.

What we're trying to do is see the removal of the 2% cap. That means that the program cannot grow by more than 2% every year. The provincial governments and provincial legislation are undermining this program by allowing tuition fees to rise by 5% to 8% annually. As well, having the fastest-growing population within Canada means that there is less and less funding being made available and fewer and fewer students are able to receive funding.

That's what our major focus is. The program itself is currently working for those who receive it, but—

Mr. Peter Julian: It needs to be funded at a higher level.

Mr. Patrick Smoke: —we really need more funding.

Mr. Peter Julian: Thank you.

I'll move on to Mr. Joy.

I really appreciate your presentation in which you talk about the existing moneys available for infrastructure projects, and also the ongoing transit system deficits. You're saying that we're getting \$2 billion in, but the annual deficit is \$10 billion for Canadian transit systems.

What we surmise from your presentation is that you're really calling on the federal government to make substantive investments in transit systems.

Mr. Richard Joy: I guess we're asking that the federal government continue its substantial investment and that it make permanent those.... Longevity is key. You can't build transit infrastructure on short-term projects. You need to have a long-term strategy.

Mr. Peter Julian: Yes, but what you're also saying is that if we look at the figures, there is a deficit that is larger than the funding that is provided now. That deficit increases, obviously, unless the federal government provides new funding that it isn't providing right now.

The Chair: A brief response, please.

Mr. Richard Joy: I think we're seeing that the quantum of investment over the last five years or so is historic. It actually is getting us in the right direction. It's only that it's not long-term.

The Chair: Okay, thank you.

Thank you, Mr. Julian.

We'll go to Mr. Adler, please.

• (1435)

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

I want to begin my questioning with the Canadian Chamber of Commerce.

We see that corporate tax revenues are up in this country. More corporations are investing in Canada. This morning StatsCanada announced that the economy grew by 0.3% in the month of August. *Forbes* has rated Canada the best place to do business. The *Economist Intelligence Unit* has said the same thing. The World Economic Forum has said the same thing. Today in the *Financial Post* we see that Canada is named a hot spot for entrepreneurs.

Can you explain why all these conditions exist in this country and how our government policy has contributed to these beneficial conditions for business and how lower taxes and fighting the deficit will enhance those conditions moving forward?

Ms. Tina Kremmidas: Yes. Thank you for your question.

There's no doubt that the actions taken by this government as well as previous governments of all political stripes, not only at the federal level but at the provincial level as well, have done a lot to enhance Canada's competitiveness, in particular Canada's tax competitiveness.

As we know, corporate income taxes are the most destructive taxes that exist from an economic policy perspective. They have detrimental impacts on productivity and job creation, on investment in general. Jack Mintz, for example, has done a number of studies to illustrate that, and there are also studies from Finance Canada, the OECD, the World Bank. Many organizations have shown the detrimental impacts of corporate taxes.

It's the combination of the reduction in the general corporate income tax rate and the elimination of capital taxes at the federal level. And a lot of provinces are almost there in terms of eliminating their capital taxes. There are very favourable capital cost allowance rates and the elimination of tariffs on imported manufacturing and processing equipment. All that has combined to result in Canada having the lowest effective tax rate in the G-7, and that in itself is going to provide a tremendous boost to business investment. We've already seen that in job creation in Canada on a going-forward basis.

Mr. Mark Adler: You would agree then that increasing taxes at this point and increased deficit spending would be reckless, to say the least?

Ms. Tina Kremmidas: Increased deficit spending at this point would be detrimental, not only in terms of causing a deterioration in consumer business confidence, but also in terms of Canada's long-term growth potential. It would be the wrong way to go.

Mr. Mark Adler: Since 2006 our government has negotiated about nine free trade agreements, and we're also talking at the moment to China and India. The official opposition party has been against all trade agreements that this government has negotiated. Could you talk about how important free trade is to your members?

Ms. Tina Kremmidas: Trade is obviously extremely important to our members, but the issue that's critically important at this time is to diversify trade.

As we know, the U.S. economy has slowed significantly. But on a going-forward basis, I don't think we're going to be seeing very aggressive economic growth in the U.S. It's going to be moderate growth at best over the next five years at least. We need to diversify our trade away from the U.S., and Canadian businesses have been doing a lot to diversify trade.

Exports to the U.S. now count for about 70% of Canada's exports, which is significantly down from the 80% we're used to seeing.

We need to put a lot more emphasis in terms of aggressively pursuing free trade agreements with countries in Asia, but also to ensure that we have a successful conclusion to the European trade agreement. Tremendous benefits for Canada will stem from that.

Mr. Mark Adler: It is clear that the government's on the right track then in diversifying away from the U.S., as you have indicated. You agree with that.

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

We'll go to Mr. Brison, please.

Hon. Scott Brison: Mr. Chair, to Mr. Adler's point, we had a 0.3% increase in the economy and GDP in August, but if we had not had the 2.8% growth in the energy sector, we would actually have had a decline. We've had a decline, in fact, in wholesale trade, in manufacturing, in utilities, and in tourism. Retailers are finding it tough in places like Ontario and the Maritimes.

There continues to be a real challenge with the emergence of two economies in Canada. You have the natural resources-based economies in Saskatchewan and Alberta and some parts of Newfoundland. And the other parts of the country are falling behind. There continue to be real challenges.

Ms. Brisebois, I'd like to ask you about payroll taxes. Your organization has been active on the payroll tax issue. The government is currently planning to increase payroll taxes by \$1.2 billion in January. With unemployment rates still quite high in large parts of the country, and continuing to be higher, in fact, than they were three years ago, is your organization against any increase in payroll taxes at this time?

• (1440)

Ms. Diane Brisebois: Again, I seem to be repeating myself. There are two answers to that question.

First, retailers, when asked, would always be against an increase in the payroll tax. However, saying that, retailers also understand that in fact a healthy system should have a reserve and should not be relying on a deficit, and the rates shouldn't be moving up and down like a yo-yo, depending on the economy. So while it's a difficult pill to swallow, and while it will have some impact on the sector, it's even more important to build a system that will have a longer shelf life, so to speak, and a healthier reserve.

Hon. Scott Brison: Would you propose that we have a longer horizon for self-balancing in the EI fund, as opposed to having an EI fund that has to effectively raise rates during times of high unemployment? Would it be better to have a longer horizon for self-balancing?

Ms. Diane Brisebois: On that topic, we've been part of some very interesting discussions about EI with the employer groups. I think

everyone agrees that if we could have a substantial reserve fund within a short period of time, it would be the best-case scenario. But obviously it would have an impact on employers and employees.

I think that generally there is a consensus that a five-year horizon would be appropriate. I think the best solution for employers is transparency, predictability, and obviously an ability for them to employ more people versus fewer.

There is an understanding that there's a deficit and that it needs to be addressed. Most importantly, we need to make sure, as you mentioned, that it doesn't go up and down constantly.

Hon. Scott Brison: In terms of building infrastructure and bringing in investments at the community or regional level, do you support the proposals we've seen for green bonds? They would be part of a public-private partnership approach to helping fund some of these municipal and in some cases provincial investments in green infrastructure.

Mr. Richard Joy: I certainly think that bond instruments are things we support. But ultimately, they have to be paid back, so there has to be a strategy to pay for those as well. That's something we've certainly raised, particularly with the provincial government.

The Chair: Go ahead, Mr. Gilmour.

Mr. Brent Gilmour: QUEST recognizes that communities across Canada have a challenge in how they might be investing in those bonds if they have already utilized their existing capital resources, or as in one case, potentially, their assets, in terms of what's available from reserves. That stated, one of the key things we would be encouraging is the acknowledgement that bonds are a good way, because they provide an alternative financing mechanism. They would provide diversity for communities across Canada and in the provinces that are engaged with those communities.

• (1445)

The Chair: Okay, thank you.

Thank you, Mr. Brison.

We'll go to Mr. Jean, please.

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

And thank you, witnesses, for attending today and answering our questions.

My first question relates to the infrastructure question that Mr. Julian asked earlier. We had a \$123-billion deficit identified by the Federation of Canadian Municipalities back in 2004. Of course the Conservatives took over government in 2006 and tried to identify and deal with that infrastructure deficit through the \$33 billion of infrastructure stimulus or another \$12 billion of infrastructure stimulus, and brought about a mechanism of making the gas tax permanent. In fact, that goes back to 1999 or 2001, to James Moore, when he first suggested that. Of course he's the Minister of Heritage now. But it was a great suggestion, and think we've implemented that.

Notwithstanding that, I think we all know—and Mr. Julian's smiling, because he knows what's coming next—that the NDP voted against all of those measures. In fact if they had been the government at the time, none of that would have happened. None of the \$45 billion stimulus would have happened.

The mechanism itself for the \$2 billion ongoing security for municipalities, the gas tax fund, is that a good mechanism to look at other avenues as the delivery mechanisms for communities and to get the money back right to the source?

Mr. Richard Joy: I think the gas tax mechanism is effective. It flows, in the case of Ontario, through the Association of Municipalities of Ontario, and is distributed with fewer strings attached on a project-by-project basis, which I think is something that is seen as very good and positive. So if that were the mechanism for increasing a commitment to urban infrastructure, to transit infrastructure in particular, I think that would be very positive.

Mr. Brian Jean: Thank you.

Now in relation to post-secondary education, Mr. Smoke, I have a question for you.

I'm from northern Alberta, so I'm not from the big city, I'm from a small place. I have three children. I've encouraged them all to stay out of law—I'm a lawyer. I've encouraged them all to not get an MBA—I have one of those. And I've encouraged them all to stay out of the sciences. That might not be a popular thing, but the reality is the jobs in my area are all jobs with hands on, operating Cats. People make more money driving a truck than they make as a lawyer, and I've encouraged them to do so. Many of my relatives are aboriginal, as well, the Dene Band and the Cree Band, Janvier Indian Band, and almost 15% of Syncrude's workforce is aboriginal at this stage and a great success story in that area.

Do you not see the opportunities for post-secondary education being more along the trades line for the future of Canada? Ultimately, we need people from all sectors of life and all types of jobs, but the reality is the future for Canada, at least in the west, is primary resource industry, and that's where the money is. Would you not encourage those people to do that?

Mr. Patrick Smoke: I'd actually disagree. There's this argument, you know, get into the trades, there's a void that needs to be filled, but we're trying to meet the needs of our communities. What use is a plumber when you don't have running water in your community?

Mr. Brian Jean: I'm sorry...?

Mr. Patrick Smoke: I said what use is a plumber when you don't have running water in your community? There's the argument then that there's a need for plumbers everywhere, but we want to encourage aboriginal youth to be able to go back to their communities so they can improve and end the cycle of poverty that currently exists.

Mr. Brian Jean: No disrespect, Mr. Smoke, but I disagree with you in relation to that. I think the opportunities for aboriginals and my family in northern Alberta and across Canada are in the trades. And with respect, I think the opportunities they have for them are tremendous. What I believe your group should be doing, and most aboriginal groups, is to encourage the youth of this country to get

trades. There are so many opportunities—less education and better money.

Frankly, I think the biggest problem with aboriginal communities in the country, and, as I say, I'm related to many in Alberta, is self-pride. Once they get a trade, once they get out of the community for a period of time, get some training, come back into the community and work, I think they'd do much better.

That's just my opinion, and of course that's just an opinion.

My final very short question is in relation to mobile payment. I have a car wash in northern Alberta, and no matter what happens, nobody can use an Interac card. To pay for a car wash, they have to walk into a booth. Is that what you're talking about, about mobile payments? Or what are you talking about in particular?

Ms. Diane Brisebois: Mobile payments is using your cellphone or going on the Internet with your cellphone and doing a purchase, so having an app that allows you to do that with a wallet, an electronic wallet, or just scanning it.

• (1450)

Mr. Brian Jean: Fantastic. I love it. Thank you.

The Chair: Thank you, Mr. Jean.

We'll go to Mr. Marston, please.

Mr. Wayne Marston: You just blew all my questions right out of the water.

Mr. Smoke, *megwetch*.

I have to say that hearing Mr. Jean talk about the problems facing aboriginal youths when they've cut \$10,000 out of the program is just absolutely amazing and discouraging to hear. I won't even go any further, because frankly I'm quite annoyed.

Ms. Kremmidas, did I hear you correctly when you said that Canada's tax rate is the lowest in the G-7?

Ms. Tina Kremmidas: Canada's marginal effective tax rate is the lowest in the G-7. That marginal effective tax rate is the general corporate income tax rate, as well as other taxes that businesses pay, minus the deductions they get, like a capital—

Mr. Wayne Marston: But we are the best in the G-7.

Ms. Tina Kremmidas: Correct.

Mr. Wayne Marston: What we hear from our friends across the way quite regularly is about increasing taxes. One of the things we have said is that the next corporate tax breaks should be stopped. They shouldn't go forward.

If that were the case, if they simply don't cause the next tax break, then the effective rate would still be the same, the best in the G-7. Would that be correct?

Ms. Tina Kremmidas: We know that the U.K. is moving aggressively in terms of cutting corporate income taxes. In fact, if you look at just the general corporate income tax rate—

Mr. Wayne Marston: My point is based on where we're at today.

Ms. Tina Kremmidas: If the U.K. moves ahead, Canada will be the second-best in terms of having the lowest tax rate.

Mr. Wayne Marston: Second-best in the G-7 isn't bad, in my opinion.

I don't mean to pick at what you've said, but we've had Mr. Joy talk about a transit strategy, and our critic Olivia Chow has been pressing the government on this. The point I'm making is that all of this clearly requires investment going forward.

What we're saying is that at this particular point in history, we have one of the lowest interest rates any place will ever see in our lifetimes. We need research and development. We need strategies, and a transit strategy is one of them. If we are already in this position in the G-7—if that's factual, and I assume it is—then why in the world is this not the best time for Canada to invest in its infrastructure?

Mr. Joy, would you like to address that?

Mr. Richard Joy: Obviously we are looking, in the balance of all things, to see an increase and longer-term commitment to infrastructure. But there is a balance, and we recognize that. We don't want to suggest otherwise.

Certainly I think some of the tax issues are related to productivity issues. The flip side of increasingly attractive tax rates is that we haven't yet seen the level of productivity improvements. It's coming in the right direction, but if we lose sight of that element, I think we will do ourselves some disservice.

Mr. Wayne Marston: Part of what we need to do to get the productivity is to train our workforce appropriately. Mr. Smoke will tell you about the young people who are looking for work. We saw and heard this in the Yukon, as well. They're crying for people to be educated and trained.

If I have any time left, I'll give it to Mr. Julian.

The Chair: Mr. Julian.

Mr. Peter Julian: Thank you very much, Mr. Marston.

I want to come back to Mr. Adler's question around the trade agreement.

We've had concerns about the trade template that exists currently. In most of the cases where trade agreements have been signed, exports to those markets have actually gone down. In other words, we've signed the agreement and then Canada exports less to those markets than prior to the signing of the agreement.

We also have very serious concerns from the IMF's *World Economic Outlook* about our current account deficit. In fact, Canada will be among the worst in the industrialized world—worse than Spain, Italy, France, economies that are currently considered somewhat shaky. Canada is worse than all of them in our current account balance. The deficit is that high and that strong.

There's obviously something not working with our export strategy. We tend to be exporting raw materials rather than value-added production. I'm wondering if the Canadian Chamber of Commerce

has an opinion on what has clearly been a serious problem with Canada's exports.

The Chair: Ms. Kremmidas, please.

Ms. Tina Kremmidas: First, in terms of the current account deficit, we need to remember that the current account deficit is not just about trade. It's not just a trade deficit. There are other things in there. For example, bilateral travel is in there, investment is in there—foreign direct investment. All of that is in there to come up with the current account deficit.

It is true that Canada is one of the largest commodity-oriented exporters in the G-7; one-third of our exports are commodity-oriented. In and of itself, that is not a bad thing, and it's not a bad thing because we are exporting to Asia, where demand for commodities is phenomenal. In order to tap into that fast-growing Asian market, the fact that we export a lot of commodities has served Canada extremely well.

• (1455)

The Chair: Could you just wrap it up briefly?

Ms. Tina Kremmidas: In terms of trade in general, trade has escalated beyond belief because of the Canada-U.S. Free Trade Agreement, the NAFTA agreement. It takes time.

If you look at Europe, for example, 10 years ago 25% of our exports went to Europe, and now 10% are going to Europe. There is a benefit to free trade agreements. It takes some time for companies to gear up and to diversify their trade, but there's no question about it, free trade agreements in existence today have resulted in an increase in exports.

The Chair: I'm sorry to cut off time; it's just that we do have to move along to other members.

I'll just gently remind colleagues that if they have a really big question they could they ask it at the beginning of their session.

Ms. McLeod, please.

Mrs. Cathy McLeod: Thank you, Chair.

I'm going to try to get in three quick questions, so if we could have fairly short answers, I might be able to do it.

My first focus is on the Toronto Board of Trade. We've talked about how we've invested significant dollars in infrastructure in the last few years through the stimulus program, and the Building Canada fund. As you are aware, in budget 2011 we committed to working with the provinces, territories, and other stakeholders to develop a new, ongoing plan for public infrastructure that extends beyond the expiry. So that really is a commitment that's going to be meeting your needs. Is that accurate?

Mr. Richard Joy: Well, we are certainly very encouraged by that commitment. We are going to be working with the FCM, which is a great partner of ours, to make sure that in that broader municipal equation Canada's largest urban centres and their unique infrastructure needs are addressed. So we're looking forward to those conversations.

Mrs. Cathy McLeod: Great.

Moving forward from that one, I'm sorry that Mr. Brison has gone, because he continually talks about payroll taxes, and we regularly see the opposition—both Liberal and NDP—voting for 45-day work-years for EI, a very significant change to the structure of our EI system in terms of when benefits start to pay out.

I'd like a quick answer from the chamber and the retail sector. Does that particular bill—and you've probably seen it go through a number of times—give you concern?

Ms. Tina Kremmidas: When it comes to duration of benefits and eligibility of benefits, in our view we need national criteria where eligibility and duration are constant across the country. It's important not to make access extremely easy, particularly at a time when we're facing labour shortages, and we're going to be facing labour shortages going forward. We need to encourage labour mobility. And in the EI system as it's currently structured, the incentives are not there for people to work and the incentives are not there for people to move to where the jobs may be. So we need to find a balance.

Mrs. Cathy McLeod: Thank you.

My last question is my own personal issue from British Columbia. This will go to the Association of International Automobile Manufacturers of Canada, and I know that the dealers association is perhaps more intimately involved with this issue. Coming from British Columbia, I have a huge concern with all these right-hand-drive, second-hand vehicles that are being imported into Canada. Is that of any issue to your organization? Mostly it's a safety concern, but I think also it has some impact.

Mr. David Adams: You're right, it is a safety concern, for sure, and it is a concern of our members as well. I think it's somewhat ironic that on the one hand we're moving to very aggressive greenhouse gas emission standards and emission standards generally for new vehicles, while on the other hand we're allowing these older right-hand-drive vehicles to come into Canada. So it is a concern, and we've had discussions with Transport Canada about it. We would like to get it addressed and get those vehicles off the road.

Mrs. Cathy McLeod: Thank you.

And I'll bet I've used up my five minutes.

The Chair: You have a minute and a half.

Mrs. Cathy McLeod: Maybe I've made everyone talk too quickly in terms of these certain issues.

This question I would put to the Canadian Chamber of Commerce. Regardless of the infrastructure needs throughout the country, and the timing of the different infrastructure needs, obviously when we have the opportunity, we move forward, like Building Canada. When we had to do stimulus, we moved forward.

Right now, of course, as you're aware, we're undergoing a comprehensive review of all the government services and programs. And I think that it's just good business practice any time, regardless of whether we're in a deficit or a surplus position. Do you have any comments in terms of this particular process that the government is undergoing right now?

• (1500)

Ms. Tina Kremmidas: We're always calling for the government to undertake a thorough review of all government programs and

services, figure out where efficiencies may be realized, and eliminate programs that are no longer serving their intended purpose. In order for us to get to a balanced budget, we need to rein in spending. You either rein in growth in spending or you find efficiencies. But we need to focus program spending and productivity-enhancing areas that are going to get the biggest bucks for the country going forward.

Mrs. Cathy McLeod: To go back to that conversation originally, aboriginal education is important in universities, but we also have many programs like ASEP, which is supporting training for careers in mining and apprenticeships. So I don't think it's an either/or. I think we certainly need to support education in many ways.

The Chair: Thank you, Ms. McLeod.

[*Translation*]

Mr. Giguère, go ahead, please.

Mr. Alain Giguère: Thank you very much, Mr. Chairman.

My question is for the representative of the Canadian Chamber of Commerce.

The committee has travelled across Canada in recent weeks. In many places, as a result of what's called the door to Asia, the opening of the Northwest Passage and the mining operations in northern Canada and northern Quebec, we've seen people call for infrastructure. They have needs, necessities. At times, it boiled down to the simple matter of having an icebreaker in the port of Thunder Bay during winter so that business could be done, or in the telecommunications field, being able to exchange credit card information through computer links. However, these needs are not currently being met and no budget has been set aside to do so.

Don't you think certain investments definitely become necessary at some point because, otherwise, all economic development opportunities are blocked?

[*English*]

Ms. Tina Kremmidas: Yes, thank you for your question.

The Canadian Chamber about a month or so ago released a paper on stimulating economic growth in northern communities, as well as remote communities. The paper is available on our website, and I'd be happy to provide it to the clerk for circulation. But, no question, the potential of remote communities, northern Canada, is phenomenal. We need to do a lot in terms of tapping the resources in those particular areas, but also figuring out other areas where we can stimulate growth in Canada's remote and northern communities to benefit Canada as a whole.

Investments will be needed, and there's no question about that either. But I'd be happy to provide you with a copy of that paper.

[Translation]

Mr. Alain Giguère: My second question is for Mr. Smoke.

We are all aware of the social problems facing Canada's aboriginal communities. This is a moving, painful situation, and I believe you have an absolute right to access to education and to choice of subject matter. I'm leaving you all my remaining time so that you can speak and advocate that right.

[English]

Mr. Patrick Smoke: Thank you for the question.

What we're looking for is an increase of about an additional \$260 million annually back into the program. What that can mean is approximately \$400 billion invested back into the Canadian economy through personal investment as well as tax. I think the people I'm presenting with here today would benefit by supporting me in that, and everyone else.

We want to see people from our communities becoming doctors and teachers, and that way they can go back to their communities and provide a resource and role model for people from our communities to know that they too can go and become doctors, lawyers, teachers. That way we can have policy-makers so that we can understand the documents that we signed in the 1700s. Currently, with the system and the amount of funding that we have, that's not possible, and that's why we want to see a funding increase so that this is possible.

• (1505)

[Translation]

The Chair: You have one minute left.

Mr. Alain Giguère: Mr. Smoke said something very interesting at one point. He said that university graduates could become models, could represent a solution to social problems.

I'll leave him the rest of my time to say more on that subject.

[English]

Mr. Patrick Smoke: Thank you.

One of the things we have noticed is that aboriginal women who have a university degree actually end up making more money than women of different races in Canada.

As well, on being a role model, aboriginal youth have the highest suicide rate amongst any cultural and age group in the entire world. They need to be able to see people of their own community be successful. When people are leaving and never going back, the cycle of poverty is continuing.

The hardships that people are enduring every day of their lives are—

The Chair: Sorry; can you wrap up, please?

Mr. Patrick Smoke: Absolutely. Sorry.

Role models? Absolutely. They're doctors, teachers, policy-makers, and others.

Thank you.

The Chair: Thank you.

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

Mr. Dave Van Kesteren: Thank you all for coming here.

Where did Mr. Adams go?

A voice: He left.

Mr. Dave Van Kesteren: He walked out. He knew I was coming up next to ask my questions.

Voices: Oh, oh!

Mr. Dave Van Kesteren: That was an excellent panel. I just want to commend you all for your contributions today.

I was preparing for Mr. Adams, but I guess I'll go to...

The question I wanted to ask was in regard to an initiative that our Prime Minister had begun with the President of the United States, and that was for regulations for harmonization. In the car business, harmonization is probably important, but I would suspect that possibly in the retail business it's important too.

Maybe you could share with the committee why that's important and where you'd like to see that harmonization between our two countries continue. Obviously that's going to extend further.

Ms. Diane Brisebois: First of all, we should say that retailers are pleased with the discussions that are taking place. For the first time in a long time, we're looking at truly harmonizing business practices and standards.

Where it affects retail the most is in the development of standards. For example, if a certain product has regulations in the United States that are different from those in Canada, it is then difficult for retailers to purchase those goods and to sell them. It makes the goods more expensive. It's more difficult to import.

So a variety of issues are being discussed at this time. I know you wanted to ask a question specific to the auto sector, but I can tell you that it's an important initiative for the retail sector as well.

Mr. Dave Van Kesteren: So you're very pleased. Okay.

Mr. Adams, I wanted you to clarify something with the committee. You're with the Association of International Automobile Manufacturers of Canada. That's different from the organization we had earlier today, the Canadian Vehicle Manufacturers' Association.

Just quickly, what's the difference?

Mr. David Adams: Our membership represents the 16 international automakers in Canada. We have everybody but the Detroit-based automakers in our membership.

Mr. Dave Van Kesteren: Now, you have a number of Toyota facilities and a number of Honda facilities. In terms of strength as it relates to employees, how would you rank Ford, let's say, and Toyota in order on—

Mr. David Adams: Are you talking in terms of quantity of employees?

Mr. Dave Van Kesteren: No, we'd better not get into that one; I'm talking in terms of employment. You have a number of plants in Woodstock, and you have some in—

• (1510)

Mr. David Adams: There are two plants in Cambridge and one plant in Woodstock for Toyota. There are three plants, if you include the engine plant, in Honda's facility up in Alliston.

I guess if you look at the plants from the other side, you would have the Oakville plant for Ford. You would have the Oshawa plant for General Motors. You would have Chrysler facilities in Windsor and in Brampton.

Mr. Dave Van Kesteren: Are you getting pretty close to the numbers of the Detroit Three as far as employees are concerned? We used to call them the "Big Three", but we call them the "Detroit Three" now.

Mr. David Adams: It's gotten a lot better, for sure. I think if you look at production, for instance, our production from our member companies makes up about 35% to 37% of overall production. That has increased from maybe around 10% in the not-too-distant past.

Mr. Dave Van Kesteren: Pretty significant. But the charge in the past was always that although the cars are manufactured here, there's very little done outside of manufacturing. The parts are all produced in Asia. Is it that still the case, or is that changing?

Mr. David Adams: I think what you're seeing, certainly with Honda and Toyota, in terms of manufacturing, they have also brought their supplier base here to a large extent as well. I think if you were to look at what is the most Canadian car, if there is such a thing, it would probably be the Honda Civic, because Honda also has their engine manufacturing facility up in Alliston, and the engine, of course, is a very high cost component of a vehicle. So yes, I think as time moves on we'll be seeing manufacturers bringing in their supplier base to serve that manufacturing facility.

Mr. Dave Van Kesteren: Is it still a healthy climate? Can we still produce cars here in Canada? There's an awful lot of competition. We were talking about that this morning. The incentives seem to be strong in the United States and in other countries. Can we still produce cars here?

Mr. David Adams: There is absolutely a lot of competition, and that's the real challenge. When we have moved to a NAFTA region, for instance, even though a lot of my members are classified as importers, only about four of my members don't produce any vehicles within the NAFTA region. About 51% of all the vehicles that my members sell in Canada are produced somewhere in the NAFTA region. Our challenge as a country is how do we secure the next plant in Canada? We have seen a lot of the investment in recent times go into the southern U.S. states, which are right-to-work states, which are putting billions of dollars on the table in tax relief and what have you. So it is a very competitive environment, as you've highlighted, to secure new investment in Canada.

The Chair: Thank you.

Thank you, Mr. Van Kesteren.

[Translation]

Mr. Mai, go ahead, please.

[English]

Mr. Hoang Mai: Thank you, Mr. Chair.

Mr. Smoke, when I hear what you as the students' representative at the National Aboriginal Caucus have to ask when you come here with your requests and you're being told what is better for you, I find it very difficult, and I appreciate the difficulty you have in negotiating with the government to get rid of the funding cap.

Can you explain to us how those negotiations have been and why you think the government is not helping you on that issue?

Mr. Patrick Smoke: We do have support from the opposition. The Conservative government is very wary about that simply because they're trying to balance their books, but what they fail to realize is they have treaty obligations to make sure we do become an educated population. As well, they're seeing the dollars we're asking for, \$260 million additional annually, but what they're failing to realize is that there will be benefits that will come with that, a \$400 million investment back into the economy over the next 20 years.

As well, 48% of the aboriginal population is under the age of 24, and over the next 15 years 300,000 aboriginal people can enter the workforce, and being a strong educated population just means Canada can be that much stronger. We're trying to present that message to the people who have been elected as well as to the senators, and we do have support from some members of the Conservatives as well as from the NDP.

Mr. Hoang Mai: Just to let you know, here on the finance committee we've been meeting with other associations, not just aboriginal, not just first nation, but the Canadian Federation of Students, colleges.... They're all for it, and we still don't understand why that is still an issue, why that has not yet been resolved. So hopefully we'll manage to do that.

Regarding the question for the Canadian Chamber of Commerce, I think we all agree that tax simplification is essential. We're suggesting maybe having a commission to study the whole system and try to figure out how we can actually implement tax simplification and maybe close some of the loopholes.

Would you be agreeable to that?

• (1515)

Ms. Tina Kremmidas: Definitely agreeable to that.

Mr. Hoang Mai: To the Toronto Board of Trade, here in the opposition we've been saying that there's no strategic national plan regarding transport or mass transit. We've been pushing forward on that issue. Can you explain to us if anything has been done since then, or from the government side if there's a national plan, and if not, what needs to be done?

Mr. Richard Joy: Our point is that currently there is no national transit strategy or urban transportation infrastructure strategy. We are calling for one. We also acknowledge that within a broader infrastructure envelope, much of which has benefited urban transportation infrastructure, there has been a very significant movement in that direction.

I cited the gas tax and the Building Canada fund, and obviously the stimulus funding was also part of that. We're looking to see those dollars formalized in a national transit strategy and the longevity of that plan to be enshrined so there's certainty going forward.

Mr. Hoang Mai: Thank you very much.

I have a quick question for QUEST. We're pushing toward having greener and cleaner energy. How would that tie in with what you are suggesting?

Mr. Brent Gilmour: Overall, the direction of QUEST is to help manage and more effectively use our energy resources. Drawing on local alternative resources, which is what's encouraged, is all part of that. QUEST would support that. We also recognize that no matter where you are drawing your energy from, what we are really trying to encourage across Canada is more effective use of it in the first place. That's the primary principle we are trying to encourage others to use and apply, which would then allow you to continue to invest in communities, whether it's alternative energy or renewable. It's all in there.

Mr. Hoang Mai: Thank you very much.

The Chair: We will go to Ms. Glover, please.

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

Thank you very much to all the witnesses.

I'm going to start with two of the organizations: the AIAMC and the Retail Council of Canada. Here's why. You both talk a little about tariffs. I want to let you know that in both the 2009 and 2010 budgets, we had some broad tariff elimination, which I believe was probably some welcome news for both of your organizations. We also have decided to initiate a process to simplify customs tariffs, which I think is a good thing. If it's not, please chime in as soon as I give you the mike.

Aside from the tariffs, we've also put in place the accelerated capital cost allowance for manufacturers for machines and equipment. I want to know if either of you have specific examples of investments that might have been made to show the benefit of that measure.

Do you have something to say on both those issues, on the customs tariffs initiative, good or bad, and do you have some specific examples of investments on accelerated capital cost allowance?

Ms. Diane Brisebois: As it's one of our favourite topics, I'll go first.

I'll speak specifically about tariffs. There's no question that this government has moved very quickly to eliminate tariffs, mostly in the manufacturing sector and mostly with machinery and parts. What we are highlighting is the lack or the number—

Mrs. Shelly Glover: You already highlighted that. I want you to tell me what you think of our other initiative, because you haven't mentioned it, which is the simplification of the customs tariffs we committed to in the last budget.

Ms. Diane Brisebois: That is extremely welcome news to merchants. As you know, with less manufacturing in the country, especially with commodity products, it means most of our members are importers. Simplifying the process not only saves them time but also an enormous amount of money. It's quite welcome.

Mr. David Adams: I would concur with what Ms. Brisebois has just said. The accelerated capital cost allowance is very advantageous for folks who are looking to invest in equipment to increase the productivity of the nation and also businesses.

Simplification of the tariff system is certainly welcomed again. The removal of the tariffs on machinery and in my sector, on automotive parts, has been welcomed. My own observation was with respect to vehicles themselves. If you look at the trade negotiations that this government is very aggressive in terms of trying to negotiate, the auto sector becomes a stick-in-the-mud in that way because of the tariffs that exist.

● (1520)

Mrs. Shelly Glover: After we're all done here today, maybe you could submit some specific investments that were made using the ACCA to show that it benefited some of your consumers. That would be much appreciated.

I want to mention to Mr. Smoke that there are an awful lot of Conservatives who are supportive of moving aboriginal issues forward. I was disappointed to hear that you haven't met enough of us, but you're meeting one right now. I too belong to a national aboriginal caucus. We are, as the Conservative aboriginal caucus, the largest aboriginal segment of policy-makers in the history of Canada. There are seven in the Conservative caucus right now. We outnumber the opposition by almost double. Know that we are moving forward.

I have five children, and when they decided to go to post-secondary school I told them that they could pay their half and I'd pay mine. If they fail, they're paying back my half. So accountability in my household has led to some incredible marks and devotion by my kids. When I went to school, I was a Métis student who got a student loan. I knew I had to get more student loans, so I was pretty much stuck to making sure I passed.

What do you say about accountability? That's one measure that I've seen repeatedly with some of our aboriginal kids. They phone me and say that the chief decided who got some of the funding and that kid's not going to school, and they want to know why they can't get it. How do we make it accountable? I'd like to see all aboriginal kids who want to get post-secondary education have access, but how do we make them accountable? Would you agree with a measure to make sure that they are accountable?

The Chair: Mr. Smoke?

Mr. Patrick Smoke: You always hear the debate that there's no accountability, but it's always going back to the chief and council. People think they're the problem. But that's not the case. The more common case is—

Mrs. Shelly Glover: Mr. Smoke, I asked you how we could make them accountable. I didn't just blame the chiefs. I'm saying some kids have phoned me about that. What do you say to making them accountable, to make sure they go to school?

The Chair: Just a brief—

Mr. Patrick Smoke: We are held accountable. We have to show that we're in class. We have to show that we are maintaining an average. If we do fail out, we have to pay back the money we owe. That's accountability.

The Chair: The two of you can have a dialogue after the meeting. It is an important issue, and I think you'd want to talk about it.

I want to take the last round. I wanted to follow up with Mr. Gilmour on his presentation, which I found interesting and quite exciting.

You say that energy planning tends to occur in silos and is separate from land use, transportation, water, and waste planning. You're absolutely correct. Then in your principles you have manage heat, capture energy and re-use it, reduce waste, and use waste as energy sources. I agree with what you're saying, but how this could be done remains a challenge.

If you look at managing heat, there's a constituent of mine who's developed something where he captures the heat from his furnace and uses it to heat his hot-water tank. He told me he's reduced the amount he's used for that process by 80% a year, which is astounding. He brought it in and it's a very simple pipe. I thought this should be in every home in Canada. Just imagine the savings you'd have.

If you go to Vegreville, Alberta, the Alberta Research Council facility takes animal waste and adds some water to it, which takes the methane off. One-third of the electricity in the town of Vegreville is powered by that facility, by those digesters. They produce fertilizer and they have water, they argue, that is clean enough to drink. That's debatable. You'd almost have a closed loop system. I've been there a number of times. You see it, and it's fantastic, but then you wonder why there isn't one of these in every rural community in this country. They always point to one or two or three obstacles. So it's the how.

I'm throwing those two things out to your organization. Do you have any advice for us? It's not about funding. We fund an awful lot of energy renewables. It's not about funding. It's about how you get there, so it's challenges. It's exciting on one end, but it's frustrating in

the sense that it should be adopted much more broadly, right across the country.

• (1525)

Mr. Brent Gilmour: Thank you. I appreciate those examples. They're very relevant.

It's not always about access to capital; it's also just about awareness. One of the things I think we've all recognized, whether it's in the case of our colleagues or whatever organization you're dealing with, we all deal with heat, which you started to talk about.

Just to elaborate, capital depreciation has been very supportive of a variety of technologies, including the one you just gave an example of, across Canada. I would extend that to combined heat and power. It was one of the things that have just been moved and captured within that. You could take over 120 examples from across Canada of how communities are able to benefit from that.

To come back to capturing heat, just to give an example to every member, if you're up on the Hill the one thing you all notice when the windows are open is that you can see the heat going out and you can see the things turning on. Heat is wasted everywhere we go. So how do you start to address that? One of the key things that we started to encourage people to do, and what communities, no matter who they are, are starting to recognize, is that most people don't even know that. So we're trying to get that idea out there. How do you start to capture that? What services are available? And that's the other part we're trying to encourage about. This comes back to trade. It also comes back to awareness of services in Canada and to finding out who can provide services for you.

Most of those communities don't have access to services or the technology and more importantly the knowledge or professionals available to advise them on what to do. So there are three very basic barriers: knowledge, awareness, and access. How you start to address that can be one of the directions of this committee. Many departments within the federal government could provide a great example. They are trying, but a bit more direction would encourage them to do that, particularly in our urban and rural and remote communities across Canada. At times, getting access to those with the knowledge is challenging, to say the least.

That is my answer to those two questions.

The Chair: If you take the example of the household using a simple pipe to transfer its waste heat to heat its hot water tank, how do you break down the obstacles so we as Canadians, 34 million of us, are in fact using a system like that?

Mr. Brent Gilmour: I think we've started, and I think you'll hear that from some of your other members who were presenting here, such as the Canadian Gas Association and the Canadian Electricity Association. There is a new partnership, and that's what QUEST was set up to do, to help bring relationships together between those bodies and utilities. So this wasn't something that was happening in the first place with the consumer. Consumers like to have choice, and choice wasn't always available to them. That means working in partnership with utilities, working with municipalities in a different relationship. Hence, the Federation of Canadian Municipalities is also coming on board.

So there are ways of doing this. They're starting to roll out programs, starting to see those options becoming available, but still getting that information out to people.

The Chair: I appreciate that.

I do want to thank you all for being here. If there's anything further—and I know some of you mentioned you might have additional information—please feel free to submit it to the clerk. We will ensure that all members of the committee get it.

I want to thank you for the discussion.

We have one more panel, colleagues, so we will suspend for a couple of minutes and bring the next panel forward.

• (1525) _____ (Pause) _____

• (1535)

The Chair: I call the meeting back to order and welcome a new panel of guests to our committee hearing in Toronto. We are very appreciative that you're here to join us to consider the pre-budget consultations of 2011.

We have with us a number of organizations for our final panel. We have the Canadian Boreal Initiative; the mayor of the city of Revelstoke; the mayor of the town of Golden; Fédération culturelle canadienne-française; and Engineers Without Borders Canada.

I thank you all for being here. You will each have up to five minutes for your opening statement, and then we'll have questions from members.

We'll start with the Canadian Boreal Initiative.

Mrs. Mary Granskou (Senior Policy Advisor, Canadian Boreal Initiative): Good afternoon. My name is Mary Granskou and it's a pleasure to be here. I'm representing the Canadian Boreal Initiative.

The Canadian Boreal Initiative was launched in 2003 as a place to promote and implement solutions that are shared in Canada's northern boreal region and across first nations, industry, and environmental organizations. We also work very closely with a number of government jurisdictions across the country to implement what we consider to be progressive and broadly supported innovative ways of ensuring that sustainable industry continues. We also work very closely with northern communities to implement solutions that protect wildlife values across the north and community traditional values.

Our goals are to support a vision for Canada's boreal region, which spans close to 60% of our nation, from the Yukon clear through to Labrador and Newfoundland. Our goal is to support a balanced vision of protecting in the range of half of the region we're focused on, Canada's boreal forests and wetlands, and support world-class sustainable practices and industry on the other half of the landscape.

The scientific rationale that we have explored with scientists both in Canada and around the world is that you need large areas for wildlife, and industries such as mining are increasingly minimizing that footprint. We find that there are workable solutions to maximize economic benefit and conservation outcomes across the boreal region.

Today I will speak to recommendations in two areas. One is on the greening of Canada's forestry sector, and the second is on supporting land use planning and working with first nations and other jurisdictions to do so.

First, in brief, is to support federal engagement in a landmark agreement that was reached between 21 major Canadian forest products companies and nine environmental organizations in May 2010. It's called the Canadian Boreal Forest Agreement.

These parties came together to support a new way of advancing forestry in the most sustainable way possible. It included an early outcome of a pause in forestry activities in about 25% of the leasehold lands under which these companies are operating, to protect caribou, particularly woodland caribou, across that landscape.

• (1540)

The Chair: You have one minute.

Mrs. Mary Granskou: In total, this agreement spans lands of over 76 million hectares, which is larger than the province of Alberta.

As a fundamental principle of this agreement, we support the rights and benefits of first nations communities, and we're here to encourage the federal government to particularly support capacity with first nations communities and first nations governments and institutions to engage to implement the boreal forest agreement.

The second area, and I'll be very brief, is that we encourage the federal government to expand its support of land use planning, which it now supports with first nations but only on reserve. We're encouraging the federal government to open up consideration for supporting land use planning where provinces and jurisdictions are engaged, but spanning larger areas, which include first nations traditional territory. So it's not necessarily new funding. We're really looking at a reprofiling of the terms of reference.

Thank you very much.

The Chair: Thank you very much for your presentation.

We'll now hear from the City of Revelstoke and the Town of Golden.

Mr. David Raven (Mayor, City of Revelstoke): Thank you very much. It's a great pleasure to be here today. I bring with me, of course, Mayor Christina Benty from the Town of Golden.

Revelstoke and Golden are communities along the Columbia River around the Big Bend area, and we're separated by the Selkirk Mountains. The Rogers Pass crosses through those mountains, as does the Canadian Pacific rail line and the Trans-Canada Highway.

The point of our presentation today is to look for improvements to the Trans-Canada Highway from Golden through to Sicamous on the far side of Revelstoke. This section of highway was completed in 1962 and it was built to a design representing the mid-fifties. It's simply not adequate today, and it has not been maintained over that period of time with the upgrades it should have had.

Although there have been upgrades east and west of there, the traffic has increased exponentially, with particular increases in the commercial truck traffic over that section of highway in that 50 years. At present, there are up to 600 vehicles an hour at times going over that highway, and at times up to 6,000 vehicles a day. Remember that this is a two-lane stretch of mountainous road. It's very dark, very treacherous. Fifty-five percent of that is commercial truck traffic. The 55% that is commercial trucks of three axles or more also includes buses and recreational vehicles on this dark, twisty, narrow roadway, both in summer and winter.

The rolling accident statistics over the last five years—and these do not pick up some of the major bus accidents prior to that—indicate there were 34 fatalities and 626 injuries in the section of road from Sicamous through to the top of the Rogers Pass in that five-year period, in more than 900 accidents. We estimate that to be 6.8 fatalities and 125 injuries a year. This rolling average does exclude the multiple-fatality accidents of buses in both Revelstoke and Golden.

The accident statistics do not differentiate among the severity of the injuries—more serious, long-lasting injuries include spinal cord, brain, or internal damages—nor do they include any ongoing costs of these injuries to insurance, medical, or social providers. Nor do they include the impacts on families and communities. Both Revelstoke and Golden are transitioning from resource-based economies to more balanced economies with growing four-season resorts. In particular, we have a ski hill at Kicking Horse and the Revelstoke Mountain Resort. Both are world-class in nature.

The travel patterns over this piece of highway have changed, with the public and business communities now demanding 24/7, 365-day-a-year access. Traffic is now constant and not as weather-dependent as it once was. In fact the tourist traffic is attracted to the glorious winter season more than it is to summer. In past years—and I'm thinking 30 years ago—most of the traffic would have been in that very short summer period. Now it's all-season.

The Trans-Canada Highway is four lanes from Winnipeg to the outskirts of Golden, all the way through Manitoba, Saskatchewan, Alberta, and the most easterly part of British Columbia, and from Vancouver to Kamloops. However, the section between Golden and Revelstoke and west to Three Valley Gap remains essentially as it was built 50 years ago. What this is doing is bringing the heavy

traffic through; it is hitting that really poor section of road at high speeds with driver fatigue, and we're picking up the carnage.

We know that the cost of road construction on this mountainous terrain will not be cheap, nor will it be easy. In fact it will be very challenging. We're confident, though, that with proper engineering techniques and proper incentives it can be done. And we feel very strongly that Canadians deserve a strong, safe, successful four-lane highway through western Canada.

The Trans-Canada Highway between Golden and Revelstoke was closed a total of 260 times last winter. Much of this was due to avalanches, but also to car accidents. The total closure time was 1,466 hours.

• (1545)

The Chair: One minute remaining.

Mr. David Raven: We understand the province has a business case to improve access in the winter. We believe the province and the federal government should be committing to the previous understandings with cash due to the Rockies for a total of \$150 million for ten years, to make improvements to bring this stretch of highway up to a safe four-lane standard.

We know that there will be two to six fatalities in the next six months and there will be 125 injuries. Mayor Benty and I will attend funerals for some of those people. There will be a significant impact on commercial export and import and domestic markets, through loss of that commercial truck traffic.

Communities are frankly embarrassed with the current state of this highway, and strongly recommend that the federal and provincial governments commit that \$150 million for ten years to this.

Thank you very much for this opportunity, and I look forward to your questions.

The Chair: Thank you very much for your presentation.

[*Translation*]

Now I will hand the floor over to the representative of the Fédération culturelle canadienne-française.

Mr. Éric Dubeau (Executive Director, Fédération culturelle canadienne-française): Good afternoon. Thank you on behalf of the Fédération culturelle canadienne-française for your welcome here today.

As you have already read our brief, I will take the next five minutes to explain to you why investments in arts and culture are necessary for the economic prosperity of the country and the francophone community, particularly the Canadian francophone community.

The FCCF is a national organization whose mission is to promote artistic and cultural expression in francophone and Acadian communities. We speak on behalf of our 21 members, some 3,000 artists and 150 artistic and cultural development organizations operating in more than 250 francophone communities across Canada.

Artistic and cultural investments by the federal government contribute to the vitality of francophone and Acadian communities' language, identity and economy. These investments translate into jobs that benefit thousands of families, employees working for the ongoing and sustainable development of our communities and increased access to arts and culture for thousands of Canadians.

The Honourable James Moore recently stated that a good economic recovery plan had to include investment in the arts and culture sector. Like Minister Moore, we believe the arts sector can play a key role in Canada's economic recovery, particularly in job creation. Canada's cultural sector already employs more than 640,000 persons. A number of the businesses in which those artists and cultural workers work are small- and medium-sized businesses that generate stable long-term jobs that have significant direct and indirect economic impact in the communities in which they are established.

Investments made in the arts and culture sector can help address the economic crisis and create jobs. However, their benefits involve much more than that. This sector makes a major contribution to increasing quality of life and promotes greater social cohesion. Artists assist to a high degree in generating an environment conducive to creativity and innovation. To ensure they continue improving our quality of life, reinforcing the ties that unite us and that help us see who we are as a country, the government must continue supporting artists and artistic and cultural organizations. By maintaining its investment in the cultural sector, Canada will prove to the entire world that it attaches considerable value to economic prosperity, social cohesion, innovation and excellence. Canada's artists and artistic organizations play a fundamental role in Canadian society and want to do even more. The well-established partnership with the Government of Canada must continue. Investments in arts and culture foster the emergence of dynamic and prosperous communities.

The investments made through the various programs administered by Canadian Heritage and other federal agencies that fund the arts enable our communities, artists and cultural workers to give life to our culture and also take part in developing a plural and inclusive French-Canadian identity. The artists, organizations and artistic and cultural activities create opportunities for people to come together that are essential to the vitality of our communities. They thus reinforce linguistic duality, the cornerstone of our national identity and an inestimable source of economic and social benefits.

To demonstrate all the socio-economic impact of arts and culture, I need only cite a single example, the creation of the new auditorium facility by the Le Cercle Molière theatre company in Saint-Boniface. In that same constituency, the Centre culturel franco-manitobain is causing a cultural stir with its high-calibre programming, particularly during the Fête de la culture. This infrastructure is central to the artistic and cultural life of Saint-Boniface, and indeed of Manitoba as a whole. The multiplier effect of these resources is considerable. The community radio station, the Amicale de la francophonie multi-culturelle du Manitoba and Les Éditions du Blé are only a few examples of groups that benefit from this modern infrastructure. These cultural institutions also contribute to the career development of individual artists such as Dominique Rey, Lise Gaboury-Diallo, Glenn Joyal and Geneviève Toupin, to name only a few. We have

cited only a single case, but there are many examples of the beneficial impact of federal government investments in arts and culture in Canada's francophone communities across the country.

Cuts in the arts and culture community could have negative effects and result in job losses, tax revenue losses for the government and the impoverishment of cultural life and linguistic duality.

Ladies and gentlemen, for all these reasons, we ask you, in the short term, to maintain our level of funding for arts and culture, this critical sector of the economy. Of course, when the economic situation permits, we believe it would be strategically appropriate to invest more, in order to enjoy an even greater return on your investment.

Once again, thank you for granting me this speaking time. I will be very pleased to answer all your questions.

● (1550)

The Chair: Thank you very much for your presentation.

[English]

And now we will have Engineers Without Borders, please.

Mr. James Haga (Director of Advocacy, Engineers Without Borders Canada): My name is James Haga, and I work as a director with Engineers Without Borders Canada.

EWB is a movement of 55,000 Canadians who are committed to creating opportunities for rural Africans. We do so in a systematic way that you would expect from engineers, focusing not on symptoms, but rather on the root causes of why poverty persists.

In short, our one and only recommendation to this committee today is that the Government of Canada recognize the cost-saving benefit of increased foreign aid transparency by signing on to the International Aid Transparency Initiative, which I'll henceforth refer to as IATI, if that makes sense for everybody.

To be clear, with the current global economic situation we understand that this is not the time to ask for increases in our aid budget. Rather, we're here to seek support for a simple policy recommendation that will improve the effectiveness and efficiency of our existing aid dollars.

Bearing in mind the fiscal situation of the federal government, our proposal directly addresses this committee's interest in receiving proposals that will help our government to achieve a balanced budget.

In recent years the Government of Canada's efforts to make our foreign aid more effective and transparent have led to a number of important improvements. For instance, we applaud Prime Minister Harper's leadership on the international stage as part of the Commission on Information and Accountability for Women's and Children's Health, in addition to CIDA's recent decision to launch an open data portal for its aid information.

We also wholeheartedly agree with International Cooperation Minister Bev Oda in saying that aid agencies must “reduce duplication, and increase their accountability and transparency for those in donor countries demanding full value” for their aid investment. In light of these comments, we believe the next step for the Canadian government to improve aid effectiveness is to publish our aid information in a common, internationally agreed upon format through the International Aid Transparency Initiative.

We'd like to suggest three primary benefits to Canada in signing on to IATI.

First is cost savings and value for money. Signing on to IATI would represent good value for money for Canadian taxpayers and will help our government slowly achieve a balanced budget. A cost-benefit analysis done by a U.K.-based research organization called Aidinfo confirmed that, even by the most conservative estimates, the efficiency savings for implementing IATI are likely to pay for the transactional costs within one or two years. For CIDA specifically, the low-estimate savings on an annual basis are \$245,000, while the high-estimate savings are over \$1 million.

Our second reason is reduced bureaucracy and transaction costs. Signing on to the International Aid Transparency Initiative would reduce redundancies in annual reporting for Canada and our aid-recipient partner countries by simplifying and standardizing the reporting system. This will help Canada achieve economies of scale and would require fewer staff and fewer resources to collect and disseminate aid information.

Our third reason is reduced corruption and improved effectiveness. Cost-benefit analysis again suggests that the 21 donors that have already signed on to the International Aid Transparency Initiative will collectively improve the effectiveness of their aid by \$1.6 billion. Signing on to IATI decreases the diversion of Canadian aid by providing increased opportunities for public scrutiny of data. This could mean an increase in effectiveness on the order of tens of millions of dollars.

Consider that Prime Minister Harper recently made an announcement of over \$60 million towards supporting Tanzania's health system, which includes providing greater access to upgraded health centres, training of health care workers, and so on and so forth. By signing on to IATI, Canada will improve the effectiveness of our aid system substantially, ensuring that more initiatives like supporting Tanzania's health system can be funded by our country.

In terms of costs associated with implementing this initiative, consider, for instance, the experience of the Dutch government, with an annual aid budget of just over \$6 billion, similar to Canada. They have spent \$138,000 to change their information management systems and become compliant with this initiative. In the case of the United Kingdom, their costs totalled \$240,000 to become IATI-compliant. Based on the Government of Canada's commitment in budget 2011 to strengthen the effectiveness of Canada's aid program, EWB encourages the Standing Committee on Finance to endorse the following recommendation: that the Government of Canada recognize the cost-saving benefits of improved aid transparency by signing on to the International Aid Transparency Initiative.

●(1555)

This initiative has been adopted by many of Canada's closest partners, including the United Kingdom, the World Bank, and the Netherlands, in addition to 18 others. It's been endorsed by 22 aid-recipient countries, including Canadian countries of focus such as Ghana, Tanzania, Honduras, and Vietnam.

The Chair: Thank you very much for your presentation.

We'll begin our questions from members with Mr. Julian for five minutes.

Mr. Peter Julian: Thank you very much, Mr. Chair.

Thank you to the witnesses for coming forward today. We've heard a lot of presentations today, but these have been very valuable.

I have a question for each of you, starting with Ms. Granskou.

On the boreal initiative, I don't see figures included in your recommendation on federal support. Do you have an estimate of what you're looking for in budget 2012?

Mrs. Mary Granskou: It would be premature right now for the Canadian Boreal Forest Agreement in terms of first nations support. We are supporting the development of that. I don't have figures for you on it.

I have figures on land use planning. Approximately \$30 million is dedicated to land use planning. It is confined to planning on reserve right now. If the terms of reference were opened up to include areas in first nations traditional territory, it would allow for the type of planning that we envision.

Mr. Peter Julian: Thank you very much.

I'll move on, as I only have five minutes. I'll move to Mayor Raven and Mayor Bentley.

If I understand correctly, you're looking at \$1.5 billion over a period of ten years. It would be to close the single track from Kamloops through to the Three Valley Gap. Is this infrastructure need a part of what the FCM evaluated? You'll recall they talked last year about an infrastructure deficit of about \$125 billion that needs to be addressed. Are these moneys part of that?

You've given a very effective argument on the importance of twinning throughout that area. I know it well. Being a B.C. MP, I've gone through the area many times. I believe you're saying that for every year we don't ask, we're looking at additional lives lost and economic costs. Is that correct?

Mr. David Raven: Yes, lives will very definitely be lost. There will be significant injuries. When looking at the injuries and the extent of those injuries, there may well be an argument to offset a number of these costs.

I can't answer the question on whether the FCM included this piece in the infrastructure deficit. I suspect it did not, in the sense that the FCM looked more at urban issues.

Where the infrastructure was failing, the highway department in the province of British Columbia at times did not think of it as failing, and they would argue against it. It's a 60-year-old road. Quite frankly, you can put your hand through the steel on some of those bridges. I would suggest that replacing the bridges would be maintenance, but it doesn't improve the highway standards suitably for us.

Mr. Peter Julian: Thank you very much. You put forward a very strong pitch for the next budget to be an investment budget on issues such as those.

• (1600)

[Translation]

Mr. Dubeau, I would just like to understand all of your requests.

You said that existing funding should be maintained. What overall amount do you want to maintain? Unless I'm mistaken, the Fédération culturelle canadienne-française merely wants funding to be maintained.

Mr. Éric Dubeau: Yes, we are proposing that the investments and overall funding of the Department of Canadian Heritage and Radio-Canada be maintained. I don't have the figures in front of me, but that's a bottom limit.

[English]

Mr. Peter Julian: Thank you to all of you for your presentations.

The last question is to Mr. Haga.

I'm new to the finance committee, and I want to understand this. The request is for up to approximately half a million dollars for implementation. Canada is signing on to the International Aid Transparency Initiative. Is there also an obligation for organizations in Canada to report according to those mechanisms, or is it voluntary?

Mr. James Haga: On the first side of the question, I would adjust the estimate a little bit. Now, to be able to say specifically what this will cost Canada is a little bit outside of our reach. We don't have those internal assessments that I believe are being looked at by the Canadian International Development Agency. On the basis of a cost-benefit study that was done looking at a number of other countries, the estimate for implementing this in one-off hard costs is between \$100,000 and \$1 million. Then again, the improvements in efficiency would allow for that investment to be recouped in roughly one or two years.

On the second side of the question, what we're currently asking for would not require other Canadian organizations, non-governmental organizations, for instance, to be compliant with this same international standard, though that would certainly be a longer-term goal. As it would stand right now, what we're asking for would require that all of the Government of Canada's specific funded money would be in compliance with this. In the United Kingdom, they signed on to this initiative about two years ago and by next year they will require all non-profit organizations in their country to be in compliance. That's a little bit farther down the line.

The Chair: Thank you, Mr. Julian.

We'll go to Mr. Adler.

Mr. Mark Adler: Thank you, Chair, and my thanks to all the witnesses for making representations here today.

I want to start off by directing my questions to Engineers Without Borders. You talked about transparency. You said that you're a movement of 55,000. What does that mean, movement, and how do you calculate 55,000? I'm just curious.

Mr. James Haga: We have a membership of 55,000 people.

Mr. Mark Adler: In Canada?

Mr. James Haga: Yes, we're a Canadian organization. We were founded in Waterloo, 10 years ago. I would say 55,000 is a big number. Not all of those people are out going to bat for Engineers Without Borders on a daily basis, though they are providing donations and they receive information about our organization every month. We have about 3,500 active volunteers today who would be giving anywhere between 10 and 40 hours a week in service to this organization and its goals.

Mr. Mark Adler: Are you all professional engineers?

Mr. James Haga: No. About 80% of our network are engineers, but we are not exclusively made up of engineers. In fact, though I'm little bit ashamed to say so, I'm not an engineer myself. But most of my colleagues and a lot of our network across the country are engineers. We have about 60 staff working on different projects in four countries in Africa right now. Most of those people are engineers. They've taken a leave from their work.

We have a partnership with TransCanada. TransCanada is not only providing annual donations to us; they are also allowing some of their staff to apply for our positions and take a year or two of absence to work with us overseas.

Mr. Mark Adler: Are you part of an international, or is this a solely Canadian organization? Are you a non-profit? How are you set up legally?

Mr. James Haga: We're a non-profit. There are other Engineers Without Borders around the world, though we're not aggregated in the same way that Doctors Without Borders would be, because there's a difference of approach. We like the way that we do it, and we're not so fond of some of the other approaches to development work. So we're not formally tied to these other internationals.

• (1605)

Mr. Mark Adler: Canada, in the past, has been very quick to respond to international disasters. Examples include the famine in East Africa, the tsunami in Japan, the earthquake in Haiti. The approach has been to match dollar for dollar the amount of aid.

What do you think of that approach? Do you think that's a good way to go, or would you change that?

Mr. James Haga: I think that's excellent. I think there have been many cases where the Government of Canada has been generous, and Canadians have also been generous, which is only going to ramp up the amount of money that ends up going to the cause. It's a great partnership. Just to be clear, we think that's fantastic, and have no qualms about it. Our organizational interests continue to be centred on how to find ways to improve the effectiveness of what these dollars are doing. There's value in providing them, but we need to be able to find ways to improve what they're able to achieve, especially at a time of economic uncertainty. Canadians are also demanding results from their investments that are solid and clear.

Mr. Mark Adler: Thank you.

After our pre-budget consultations, we're going to be doing a study on charitable donation incentives. What recommendations would you give the government on that front, if any?

Mr. James Haga: To be totally honest with you, I feel that I would be making it up a little bit to answer that question right now. But I would love to engage you in a conversation about that more broadly, in terms of incentives.

Mr. Mark Adler: I appreciate that answer.

The Chair: You have 30 seconds.

Mr. Mark Adler: I'm okay.

The Chair: Thank you, Mr. Adler.

We'll go to Mr. Jean, please.

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

Thank you, witnesses, for coming forward.

I feel for the two mayors here because of the highway of death in northern Alberta, Highway 63, that takes a lot of people's lives. It has certainly caused issues with my own family, because many of the people who died were long-term residents of the area, and some were from other constituencies. I know there was a month last year when you lost about 19 people in that one-mile or two-mile stretch. It's horrendous, for certain.

It is horrible, and we've been waiting since 2006 to see the highway twinned from Fort McMurray to about 200 kilometres south. It's still not finished. We've been waiting and waiting, but it's very difficult to be patient in that kind of circumstance.

I understand where you're going. I notice that there has been a significant amount of investment by the federal government in that area of the Trans-Canada, particularly in Banff and Golden. I think Golden invested \$570,000 toward some improvements.

For the most part, money is scarce in Canada, especially with the infrastructure deficit we've had to wrestle with from the Liberals from the 1990s. Have you looked at or proposed any other alternatives to the provincial government that is in control of transport? Have you looked at any other alternatives besides money being transferred from the federal government to the provincial government and then to the infrastructure, such as tolls or other avenues like that to speed up the process?

Mr. David Raven: They took the tolls off the Coquihalla Highway only four years ago, and it had paid for itself. The provincial government didn't ask my opinion at that time either.

Quite frankly, that would have helped pay for a lot of that infrastructure. There may be other alternatives, but I'd remind you that this is the Trans-Canada Highway. This is a gateway to the Asian markets. It's not a secondary highway somewhere else. This is where Canadians travel back and forth across the country. Unfortunately, we're picking them up off the side of the highway too often.

Mr. Brian Jean: I know. Part of the national highway system is Highway 63, with 7% of the GDP of the country. I know what you mean. It's the economic hub of the country. I was in Golden this summer on a motorcycle ride, so I can assure you that I used it. I was born in Kelowna, or Westbank, so I know that area.

I am very interested in the particular issue of the removal of the toll, because I believe it shouldn't be a political movement. It should be more an issue of reality. Right now we're in a reality situation and we have to deal with it, so I certainly appreciate that answer.

I have some other questions, and one in particular to the Canadian Boreal Initiative. I see that those are serious issues in relation to what FPAC and other organizations have done. When Avrim Lazar came to this committee some time ago he said that the Conservative government took a sunset industry and made it, through investments and initiatives, one of the strongest and healthiest in the world, referring to the forestry industry. Would you agree with that?

• (1610)

Mrs. Mary Granskou: We have worked very closely with FPAC and Avrim Lazar, so I absolutely agree. But I would also add that the forest sector has taken it upon themselves to reinvent the way they do business. That goes from being certified to deciding proactively to reach an agreement with environmental organizations that in the past would be sitting on the opposite side of the table. So I think the credit is within the industry as well, if that's helpful.

Mr. Brian Jean: It is helpful. I'm hopeful that the next step will be the oil sands industry sitting down with environmental groups and others to do the same sort of thing. I think right now the oil sands industry in northern Alberta uses approximately 0.1% of the boreal forest for mining, which they're slowly phasing out. That's great news, and I hope we can initiate that sort of thing with that industry. Thank you for your answers.

Do you have something else to say?

Mrs. Mary Granskou: I would just add that within the oil sands region we've been deeply engaged in and strongly promote solutions that involve first nations governments, environmental institutions, and industry. There are some very creative ideas out there that could be implemented.

Mr. Brian Jean: And I applaud those. Thank you.

The Chair: Thank you, Mr. Jean.

We'll go to Mr. Marston, please.

Mr. Wayne Marston: Thank you, Mr. Chair.

To our two mayors, you've travelled a long way to come here, but you've travelled with a very important cause. I looked at page three of your brief and the list of the potential loss. I worked for the railway for nine years as a signal maintenance guy, and I've been out on the site of four fatalities. It leaves a mark.

We normally talk here about the macro level of the investment we're calling on the government to invest, but I want to tell you that I have no problem whatsoever supporting you. I'm not really asking you a question, but it did bring back a couple of memories when I was reading this.

To our friends at Engineers Without Borders, in listening to what you had to say, I'd like to know who else is supporting this cause. Who are your allies in this case?

Mr. James Haga: First and foremost, as an organization we've been looking at this issue closely for about a year and a half. As I said, we have a strong network of people across the country who are involved in what we are doing, in the professional engineering community as well as in universities across the country. I have over 30 university student chapters. Through that network we've spoken with over 20,000 Canadians and collected over 20,000 signatures from Canadians from St. John's to Vancouver, in support of this initiative. So there's that side of it.

In addition, there are other organizations and people who have gotten behind the idea, who believe it is a strong and valuable idea for Canada to look at. First, I would mention Oxfam Canada. Peace Dividend Trust is another organization, which recently won the G-20 SME Finance Challenge. It's a really great, innovative organization. There's War Child Canada. Dr. Samantha Nutt is the founder and executive director of War Child. There's the McLeod Group, which is a foreign policy group comprised of a group of Canada's most senior development experts.

Mr. Wayne Marston: That's great. It gives us a sense of the balance behind what you've been doing, and I'm sure our friends across the way are interested in accountability. We hear about that fairly regularly from them.

Mr. Dubeau, a couple of years ago the CBC was talking to us about bringing community-based radio to Hamilton so we're somewhat out of the shadow of Toronto. It would allow us to celebrate our diversity in our community. In that light, I'm wondering if you're aware of any Radio-Canada initiatives in Quebec or northern Ontario that would be in support of sustaining and maintaining the French language.

• (1615)

Mr. Éric Dubeau: It's an interesting question, inasmuch as our case for Radio-Canada and maintaining its funding in our brief is essentially based on the notion of access and the essential nature of access for Franco-Canadian communities. When I say "access", first of all, intuitively we think of hearing French on the radio, which is a difficult thing to do in northern Alberta or in B.C., etc. But there's another layer of access more akin to what you're bringing up, which is the notion of a local radio station in Sudbury or Moncton that has an economic impact and a footprint in the community that goes well beyond what's heard on the radio. It goes into jobs that are created at the local level and to people who are leaders in their cultural community.

I believe there are 15 stations in francophone communities across the country, and each of them has a particularly deep tie with the community, at a local level. So I'd say very much so.

Mr. Wayne Marston: We had a person from ACTRA here today, again talking about accessing the Internet and the use of web-based materials.

I presume that somewhere along the way there'd be room for a CBC broadcast on the web, which would allow for that transfer of signal you're talking about where it's difficult to get it locally.

Mr. Éric Dubeau: One of the great steps forward, through Radio-Canada, the French CBC, has been multi-platform integration over the past couple of years. These days, production that is based outside of Quebec, initiated by francophone producers from Manitoba, for example, can be seen time and time again in local communities. They aren't necessarily going to tune into the network time and time again, but they will download content or integrate it into identity construction within classrooms or that kind of activity.

That's something we're hoping Radio-Canada will continue to pursue into the future.

Mr. Wayne Marston: Thank you.

The Vice-Chair (Mr. Hoang Mai): Ms. McLeod.

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

As the neighbour from Kamloops—Thompson—Cariboo, I guess it's appropriate that I start with questions and thank both mayors for joining us here in Toronto.

Certainly one of my priorities—another area, a very challenging highway—was the Hoffman's Bluff Highway. Of course we're very pleased that we are now going from Monte Creek through to Chase.

Is it fair to say that Sicamous to Golden is the last stretch that's not four-lane and not properly taken care of through British Columbia?

Mr. David Raven: You're correct. The piece to the east of Kamloops you're talking about, with the bluff, was under contract and then was dropped for various reasons, archeological being primary.

There are two sections that have been done west of Sicamous. There are very few pieces there to connect. There has been nothing done between Sicamous...other than the one four-lane stretch that is about three kilometres long. There is one bridge being constructed now to a four-lane standard, one bridge in that whole section where most of the fatalities have occurred.

There is very little other than a bit of maintenance east of Revelstoke right through to the Rogers Pass, to Donald, and at Donald now they're replacing the Columbia River bridge with a four-lane bridge. So there's no question, it has started.

The Donald bridge, of course, was notorious. A semi-truck would go off that thing every week.

Mrs. Cathy McLeod: Mr. Mai likes to talk about the Champlain Bridge, so one of these days I'd like to take him on a snowy night for a drive along the Trans-Canada, because it truly is a bit of an intimidating stretch of highway.

Mr. David Raven: I can tell you that I drove my daughter and my granddaughter back from Calgary last year, in August, and I actually pulled off the road. I wouldn't do it at night with the semis on the road at night.

Mrs. Cathy McLeod: The other part—and Mr. Jean alluded to it—is we partner with the province normally, and really it's the province's priorities that tend to move things forward. So I would assume you're having great conversations with the province at this time in terms of where this stretch of highway is going.

Mr. David Raven: Frankly, I'll talk to anybody, and we have been on their lists with presentations for years. We take every opportunity we can to present this case.

• (1620)

Mrs. Cathy McLeod: Maybe do a little bit of a shift in terms of the highway, because it's certainly very clear what your questions and priorities are there. Certainly I know the communities in my area had enormous benefit from the stimulus funding in the last number of years, and from the gas tax that's now been made permanent.

Can you talk briefly, as a former mayor of a small town? I know some of those measures would have been extremely helpful, and I would ask for your comments in terms of how well the program moved. Did it move smoothly, did projects get underway quickly, and did it provide benefit to your communities?

Mr. David Raven: There's no question the gas-tax funding has been a tremendous boost to both of our communities as we've gone forward with it. Some of that funding has gone into what I would call maintenance on the highways and improving that access as we've gone through with it.

Bear in mind, this is the Trans-Canada and it's the gateway to those Asian markets: 6,000 vehicles a day, and 55% of that is heavy truck traffic crossing through there. Everything helps, but we need more.

Mrs. Cathy McLeod: I was thinking more generally of community infrastructure.

Mr. David Raven: Well, community infrastructure, I can itemize them again and again. I know the community of Revelstoke had \$5 million in projects that we funded through that, all very necessary infrastructure pieces that we turned out.

Mrs. Cathy McLeod: But it really should have tackled some of the deficits that you might have had in the past.

A quick comment, and there may be time for a response in terms of the Canadian Boreal initiative. You talked about the industry, and they have taken great leadership. I have to also make comment on the green transformation fund. I look at the pulp mill in Kamloops, Domtar, which has now decreased emissions by 70%. They're feeding significantly into the grid—huge, huge dollars from green transformation.

The Chair: There is time for another round, so do you want to start this in another round?

Mrs. Cathy McLeod: No, that's okay.

The Chair: You have time for a second round.

Mrs. Cathy McLeod: I thought I had a minute. I didn't think I was at five minutes.

The Chair: You used up the minute. There is time for a second round. Let's come back to that. It is an important question.

[Translation]

Mr. Giguère, you have the floor for five minutes.

Mr. Alain Giguère: My question is for Mayor Raven.

The Federation of Canadian Municipalities submitted information to the committee indicating that the infrastructure deficit was \$126 billion.

I sympathize enormously with your problem. You aren't the only ones in Canada. We have the same kind of problem in Quebec. I've heard the same kind of comments in the high north. I've heard them everywhere.

People need a major infrastructure budget. I can't believe there are still people who don't understand that infrastructure is an investment. Allowing infrastructure to deteriorate and to be destroyed to the point where it becomes dangerous and where people die is irresponsible, particularly when the money is there.

As mayor and representative of all mayors, what additional budget are you requesting in order to correct the situation immediately, not only in your constituency, but in Canada as a whole, where these kinds of problems are not being solved?

[English]

Mr. David Raven: Thank you very much.

This is our presentation on the Trans-Canada Highway, which is a joint federal-provincial responsibility. We have indicated that \$150 million over a 10-year period would be a good start.

Within my city, I need another \$50 million next week.

[Translation]

Mr. Alain Giguère: Ms. Benty, do you want to add anything?

[English]

Ms. Christina Benty (Mayor, Town of Golden): I would agree. There is no way that municipalities, just through property taxes, can bear the infrastructure deficit that is occurring in their communities.

The gas tax has been phenomenal for our community, and we have invested it in local infrastructure. But it is incredibly important to see additional dollars going into our crumbling infrastructure. We are talking about basics: water, roads, and sewers. These are everyday issues.

[Translation]

Mr. Alain Giguère: My next question is for the representative of the Fédération culturelle canadienne-française.

There has been a lot of talk about Radio-Canada. For political reasons, Radio-Canada has become increasingly commercial and has to conceal its commercial secrets. That is particularly the case if it does not want to lose a significant portion of its advertising funding.

The committee has heard from a representative of the Fédération des communautés francophones et acadienne du Canada. She said that Radio-Canada was all well and good and very interesting, but she would like to have a little more local content. She wanted a little more local news and programs produced in the field, which was not happening as a result of financial restrictions.

Can you tell us a little more about that?

• (1625)

Mr. Éric Dubeau: That's a comment that very much concerns my members and my members' members, as well as all those who live and work in Canada's francophone communities.

A Calgary resident who tunes in on radio isn't interested by a news program that starts by talking about the Champlain Bridge. I say that with all due respect and affection for my francophone counterparts in Montreal.

In my opinion, that's an opportunity that our Radio-Canada friends have missed. It's at least an opportunity on which they could build. In other words, if they improved their local content, on the local stations in particular, they would link Radio-Canada with people in the field who currently have no voice or place there.

These are obviously issues that we regularly address with our Radio-Canada contacts.

Mr. Alain Giguère: I have an important supplementary question. Even when it sells advertising space to the private sector, Radio-Canada has a national mandate to guarantee Canadian unity and to serve the Canadian will. The idea is to provide French-language services to the rest of Canada as much as it is to provide English-language services to Quebec.

From that perspective, is it really important to reinvest on a massive scale so that those services are matched in the local communities?

Mr. Éric Dubeau: I believe I just answered you.

There is an opportunity to build on what's already in place. For example, we could hear more of our artists on Radio-Canada's airwaves. We could have more opportunities to bring people together based around local stations.

These examples concern the case of Canada's francophone community. I won't speak on behalf of my English-language counterparts in Quebec.

Mr. Alain Giguère: Thank you very much.

I didn't exceed the five minutes allotted to me.

[English]

The Chair: We'll now go back to Mrs. Glover.

[Translation]

Mrs. Shelly Glover: Thanks to all of you for being here. It's a pleasure to see you here.

[English]

I'll speak English first and then I'll switch to French.

I'm going to do a bit of cleanup. I'm pretty passionate about the things that have happened with this government over the last little

while. We put almost \$60 billion toward the stimulus package that the folks across the way voted against. I want to make it clear that when the finger-pointing starts in committee like this, I'm sorry, but I've got to clean up the mess. You can't speak out of both sides of your mouth. You have to support it when we put infrastructure dollars forward. You can't make it up that you're going to support it next time when you didn't support it the first time.

I am very pleased to see some of the work that's been done in your community. I've been told about it, and I thank you for the recommendation today to do more.

When it comes to life-and-death situations, no party is more on board. I thank you for making your presentation, because I know it's difficult to admit that you may be going to funerals of people you know very well.

We've heard you, and I want to reassure you there is a second plan for the Building Canada fund. Right now we are consulting through our minister to develop a long-term vision for that plan. I don't want the committee to ignore the fact that this is on the table, and I do want to reassure you of that.

[Translation]

I want to speak with Mr. Dubeau for a moment.

I essentially want to thank you for mentioning Saint-Boniface. I'm the member for that constituency. The Centre culturel franco-manitobain has received funding from our government—unprecedented funding—to build a theatre for the Le Cercle Molière company. That funding has really been well received.

I also just wanted to assure you that we are still standing by our commitments under the Roadmap. You have a recommendation for the government to remain committed to supporting the official language minority communities. I'm telling you we're doing that.

That's why we've invested \$1.1 billion in the Roadmap, which, I repeat, is an unprecedented amount.

Can you give us an example of a previous government that put more money into either francophone arts and culture through instruments such as the Roadmap, or into Radio-Canada?

• (1630)

Mr. Éric Dubeau: It's a pleasure for me to answer no. And I want to congratulate you on that.

This is something that is increasingly being pointed out in our communities. There has been a historic investment. I'm going to take the liberty of emphasizing that Minister Moore has reminded us that the Government of Canada, led by Prime Minister Harper, was the only government in the world that had doubled or increased its investment in arts and culture in the middle of an economic crisis.

I want to compliment and congratulate you on that.

Mrs. Shelly Glover: Thank you very much.

I want to repeat, in committee, that the opposition voted against both measures. So no one can come into committee and have it both ways.

I'm also really concerned about Radio-Canada's transparency and accountability. When you spend taxpayers' money, there is a responsibility to respond to requests for access to information concerning expenditures. Personally, that's not a problem for me.

I have always supported measures in favour of minority communities; that's for sure.

What could we do to improve Radio-Canada's accountability? Do you have any concerns on that topic?

Mr. Éric Dubeau: I would encourage you in that direction for the simple reason that Radio-Canada is a big, complex and important corporation, as you all know. At times it can be a major challenge to have get accurate picture of the amounts granted and how they are allocated. I am saying that with some generosity. I believe Radio-Canada's officers are doing what they can, in the circumstances, to be transparent and to maintain that transparency.

In our brief, we encourage the government to give Radio-Canada an even stronger mandate with regard to the Canadian francophonie. You could tell its officers that a portion of its investments and grants should be directed to its obligations toward Canada's francophone community. In my view, that's an approach that might encourage and promote enhanced transparency.

[English]

The Chair: Thank you, Madame Glover.

We'll go to Mr. Mai, please.

[Translation]

Mr. Hoang Mai: Thank you, Mr. Chairman.

I simply want to say a few words about the Champlain Bridge.

I really fought for the government to invest in the bridge. The reason that the media talked about it so much and that forced us to make this a national issue is that the government refused to invest in a piece of infrastructure that was collapsing. And it is still slow in doing so. That is why you've heard about it as far away as Saint-Boniface, Manitoba.

[English]

Ms. McLeod, it will be my pleasure to go there and see what the highway is all about. I agree. I was explaining that the reason we have to really invest in infrastructure is that we're talking about public security and public safety. That's what I was driving at. And that's why we asked the government to invest in infrastructure.

Again, we find that the government is doing its part, but not enough. When we speak about the infrastructure deficit, and when we perceive the real consequences of that, we know that the government is not doing enough. When the government tells us that it doesn't have the money but wants to purchase F-35s, for me, it's a question of choice. You have a need. It is the responsibility of the federal government, and we're just not doing enough on that side. I agree, and I appreciate and understand your battle. Bringing the issue forward is not easy. Hopefully this time the government will listen. Our thoughts are with you.

Engineers Without Borders, can you tell us more about the IATI? I didn't understand from your presentation why we're not moving

forward. There seem to be benefits to that. We're talking about transparency. Why hasn't the government signed that treaty yet?

• (1635)

Mr. James Haga: I hope that today is part of the process of moving it forward.

We've been in conversations with all parties and with people who work in different departments within the bureaucracy that are involved in delivering Canadian foreign aid. There is a lot of support, quite frankly, for the initiative.

Part of it, I would say, is that first, Canada is in a slightly unique position in the sense that we're a bilingual country, obviously, and there are additional costs associated with the translation of documents for an initiative like this. We've actually been working closely with people in CIDA to consider some creative ways around the additional cost burden of something like that.

Second, I think one of the things we've just heard from Minister Oda's office is that Canada is looking at this seriously. It's been in transition as an initiative. We haven't said no to this as a country. We are still an official observer involved in this, and we have been involved in this, as a government, since it was initiated in 2008. There is a significant international summit coming up at the end of the November about aid effectiveness at which Canada will be represented, of course. The minister will be there. We're hoping that we'll take some steps forward at that point.

I haven't heard a huge amount of opposition to it. It's really just about perhaps getting it on the agenda and fitting it into an already long list of our priorities.

Mr. Hoang Mai: I have a question for the Canadian Boreal Initiative. I read in your brief that you hear from both first nations and the provinces that the federal government used to provide more support in the past than it does today for community-led planning. And you said that such planning is presently underfunded. Can you explain that to us?

Mrs. Mary Granskou: Yes, it is essentially that. We actually hear from provinces, as well, that there used to be a greater capacity or ability in Aboriginal Affairs, previously INAC, to support planning on a broader landscape scale. It is at this scale that you achieve, often, the kind of certainty that business needs and communities need and the certainty that is needed to protect the environment.

It was previously stronger than it is today.

The Chair: We'll go to Ms. McLeod.

Mrs. Cathy McLeod: Thank you. I'll share my time with Mr. Adler.

I just wanted to quickly follow up in terms of the investments that have been made in partnership with the industry, whether that be the green transformation in the pulp and paper or some of the other initiatives of the federal government. Have you seen an impact through your groups in terms of some of those initiatives?

Mrs. Mary Granskou: I would defer to FPAC, because they are the sector. We collaborate with the sector with the Boreal initiative.

I think what it has allowed is enough breathing space for the forest sector to think about how they drive forward into the future. How do they really capture a market to be truly sustainable and have those practices broadly celebrated? Getting there is a very complex business, but they are very committed to doing that.

Mrs. Cathy McLeod: Thank you, and I think perhaps all our guests here today can see the real challenges the federal government has as we look in terms of priorities and moving forward. Of course we're almost at \$600 billion in terms of the national debt.

What we're going to try to do, of course, is make sure that government spending is as efficient as it can be in terms of our departments, so we're looking at \$4 billion in savings. Also, to try to have an economy that is strong to generate the revenue for the government to do all these things that are very important, whether it be infrastructure, or supports for other countries, or...

With that sort of general comment, I know we will have the task ahead of us in terms of making recommendations, but I will move it over to my colleague, Mr. Adler.

The Chair: Mr. Adler.

Mr. Mark Adler: It's really rich of the NDP to be talking about increased stimulus spending now, when they voted against the stimulus package when it was introduced, and would have left Canadians hung out to dry. It reminds us of John Kerry, when he said that he voted against it before he voted for it. This seems to be the NDP fashion.

Having said all of that, I want to go back to Engineers Without Borders. I like your style. I think you do some good work. I want to know where you're active now, the kinds of projects you're working on, how you determine where to deploy your resources, that sort of thing. I'm just curious to know more about you.

• (1640)

Mr. James Haga: Great. We currently operate in four countries within Africa. We don't operate anywhere else. We used to be all over the world. We found that we weren't really doing much anywhere. So we tried to focus those resources, not all that dissimilar from what Canada has done in the last couple of years around choosing countries of focus.

The approach that we take, through and through in all of our work, is to consider how we can improve and optimize a bit of a fledgling system, which is that of foreign aid, where a lot of good work is being done. Aid can work, but it can work much more effectively. So we try to bring that angle to the system.

To give you a sense, we work in Malawi, Zambia, Burkina Faso, and Ghana across a few different sectors. One would be looking in the agriculture sector, another would be water and sanitation, and a third would be within sort of decentralized government services in these countries.

A common thread runs across that, and I'll use an example specifically within Malawi. Huge sums of money are going to that country to provide water and essential services for their citizens. One of the big problems is that after about a three-year period of a lot of these water points having been built in a country like Malawi, roughly 40% of them are non-functioning. A reason for that would be that outside technologies are being used that are not available

locally when a breakdown happens. Another reason might be that communities themselves aren't actually an intricate part of the process, so you don't have any management capacity once a non-government organization pulls out.

We're working with the local government to create a data management system across the country that shows where water points are functioning and where they're not functioning. This is because of the cost differential. It costs about \$10,000 to build a new water point, about \$100 to fix an existing one with pretty simple technology. We're trying to build a capacity in Malawi to ensure that anyone who wants to go there and do development work has to pass through the government system, so that they can say, "You might want to go to that community because there's a legitimate personal connection, but in fact they don't need that service. It's much more urgent in this part of the country."

It's just about playing that role of improving efficiency.

The Chair: Thank you, Mr. Adler.

I'm going to take the next round. Hopefully we'll get three more rounds in.

I have three questions to address. The first is to Mr. Raven.

To follow up on Mr. Jean's point, the discussion of a toll road, my understanding from your response is that if the government did commit to this amount and there were some combination involving a toll road in that, you'd be okay with that.

Mr. David Raven: I can give you my personal view, but I can't speak for the province on this one at all.

I had no problem paying the ten dollars for the Coquihalla. If the province had left that toll on there, it's possible that the funding would be available for more upgrades. That's my personal opinion only.

The Chair: Ms. Benty, did you want to comment? Do you share that view?

Ms. Christina Benty: Yes, I mean, it still is the Trans-Canada Highway. Again, I'm not personally opposed to it having a toll road, but as we've indicated before, it is 150 kilometres of twisty, windy, mountainous road. As Mayor Raven indicated, we hear the ambulance sirens going out onto that highway sometimes two or three times a day.

The Chair: I appreciate that.

I'm sorry, I have to move on. I did want to get three questions in.

The second one is for Engineers Without Borders. I want to compliment you on your work, but I want you to expand on what it would actually look like. When you say accountability and transparency, I think most people nod their heads and say “yes, absolutely”. Maybe describe what a government website would look like. Would it be the project, the amount, follow-up? What kinds of things would you see on there in a very physical way?

• (1645)

Mr. James Haga: One thing is that we're not starting from zero with this idea. The government has already taken a number of steps that have gotten us really quite close to what this standard would achieve. Only two months ago CIDA, for instance, launched its open data portal.

Essentially, taking it to the next step would require that our information be in accordance with an international standard rather than just based on—

The Chair: Tell me what that means.

Mr. James Haga: It means having common definitions. If I am a government line ministry worker in the government of Ghana, I'm not really interested in knowing uniquely what Canada did and uniquely what another donor government did. There are probably 50 donor governments that are operating in my country contributing to my national budget. I would want to know across the whole scope what investments are most effective. Having a common standard defining what donor countries like Canada need to publish allows for comparability across the board so we can see what \$200 million of investment in the education sector from Canada does in comparison to \$200 million in education investments from another donor country.

Right now it's a little bit like comparing apples and oranges, because we're using different definitions and different standards, and we're including different pieces of information in how we report.

Does that answer your question?

The Chair: It does a little, but I'd like more, even if you could give an example. You don't have to do it today. What would it actually look like to a citizen or to an NGO such as you? What kinds of metrics would they want to see so they could do these kinds of comparisons? It's something you can follow up on at a later date if you want to.

Mr. James Haga: I can speak to it a little right now if you like.

One of the things we find right now is that CIDA, for example, as the biggest foreign aid distributor in Canada, has a project browser in which you can find project information. It is largely incomplete, because it doesn't actually show, for instance, future projections of aid spending. That's something that this standard would allow to happen.

It's a particular piece of information that's crucial, because it allows for our partner countries to plan effectively with their national budgets for what they're going to achieve. It also allows groups like ours to see where our priorities are and where we can fit in to those government priorities.

The Chair: Thank you.

Mrs. Granskou, I have about a minute left, but I want to follow up on Mr. Jean's point with respect to the mining industry and the environmental groups.

The change in the forestry industry between the late 1980s and today has been very dramatic. I agree with him that it should happen with respect to the mining industry as a whole.

Who facilitated that change? You said the industry sort of changed position, but environmental groups moved a lot of the way too. Did your organization play a role in instigating and facilitating that? Would you be willing to play that kind of a role?

Mrs. Mary Granskou: We act as a convenor in a variety of ways with a variety of sectors, but we were engaged. We're in very active dialogue with the mining sector as well. We look for areas where there can be common purpose. We're very active working with a number of first nations across the country.

For instance, in Ontario it was very important to have an effective consultation regime, and the mining sector agreed with that. We ended up with a new mining permitting system that still needs to be fully developed, but it's headed in an interesting direction.

I don't know if that answers your question.

The Chair: It does, and I may follow up with you on it, because I'm over my time here. I'm brutal with everyone else, so I'll be brutal with myself.

Thank you. I'll go to Mr. Julian and then Ms. Glover.

Mr. Peter Julian: I'm going to give the last minute to Mr. Marston.

All four presentations today have identified some key needs for investment. There is foreign aid and development, culture, infrastructure, aboriginal peoples, and the environment. Those are all key components. Now we're being told, and I certainly hope it's not the case, that the government's priority is going to be further corporate tax cuts, another \$4 billion on January 1. To my mind, that's wrong-headed.

I wanted to set the record straight, coming back from Ms. Glover's comment about what happened three years ago. Three years ago the government didn't want to invest. We'll all recall, because we all participated in this, that the government had to be pulled kicking and screaming to make those investments. The budget and the government would have been defeated if they hadn't made those valuable investments. Now we're seeing the same circular argument coming back.

My question to each of you is, if you were finance minister, knowing the scope of the need across the country—and we've been hearing all day today from many great Canadians about the needs that are out there—would you be putting all of your eggs in one basket with a further corporate tax cut, or would you be investing in some of the key issues that you've been raising here today to make sure that Canadians are brought forward and that we deal with the economic slowdown? The Governor of the Bank of Canada has been concerned about it. I just wanted to ask you that. You can answer it or not. Would you be prioritizing those investments?

• (1650)

The Chair: Mr. Raven.

Mr. David Raven: Sometimes the faint of heart should go last. However, let me give you an analogy about a challenge that I have.

I have to buy a fire truck to replace one that's 35 years old. The new truck can lift a fireman 100 feet in the air to service a hotel that's eight stories high. It's going to cost my community a million dollars. We have to really bargain. It costs \$1.5 million. We're going to get it for a million by buying a second-hand demo. It's going to raise our taxes. We're going to have to finance it over a 25-year period, so it's going to cost us a lot in finance charges. I was lucky this year, in that I was acclaimed mayor. I don't have to run on that as a political platform, and all the candidates who are running for council are using that as a platform. Unfortunately, it may not buy us the truck we need, and it won't solve the tax problem for the city.

Ultimately, my tax solution is ten hotels that are going to be four stories high. You can't have those unless you have a fire truck that can take people off the top of them. I'm not a politician. I don't belong to any parties. It's a real challenge to everybody, and I just don't have deep enough pockets or tend to be that smart.

Mr. Peter Julian: Thank you.

Anyone else? I'll go to Mr. Marston if you prefer to talk about it.

Mr. Wayne Marston: It won't take me long, I don't think.

I actually like the people on the other side, and the thing that is troubling for me is the commentary Mr. Adler gave a few moments ago about the NPD voting against this and voting against that. Part of the reason it happens is that this government has a habit of bundling things together when they know there's a portion the NDP can't support. So ultimately we get to that place.

I'll give you a prime example. It's such an outrageous one that I really don't like to use it. We had a bill go through, a justice bill, and part of the justice bill dealt with children who are molested. We offered to hive that off and treat it separately and pass it in one day, but they said no. I shouldn't say they all said no. I don't take it that way, but the minister said no. So then they put us in a difficult position, because in that same bill there are mandatory minimums that we don't support.

We'll get there somehow, but on other things we've not voted for we have reasons of principle. We've chosen not to vote. It's not a ridiculous notion, and we're willing to work with you. All we're saying is, if you're going to prepare your legislation, prepare it so we can segregate those things and deal with them on a priority basis.

The Chair: Do the witnesses want to comment on that—

Voices: Oh, oh!

The Chair: —rhetorical question?

We'll go to Ms. Glover and we'll look for a question to our witnesses. Ms. Glover.

[*Translation*]

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

I would like to get back to Mr. Dubeau once again. That will afford me the opportunity to repeat the names of a number of organizations in my riding.

First, I want to get a clear understanding of your suggestion. We've previously discussed your recommendation concerning our commitment. I answered that our government was committed.

We discussed Radio-Canada. I talked to you about my personal concerns. However, I want to be clear: Radio-Canada's services must be offered to all francophones and francophiles across Canada. Without Radio-Canada, the rural regions have no access to necessary, fundamental and essential information.

I want to talk about your second recommendation, that an arts and culture component should be included in the Roadmap itself. I want to know how that might work. The Roadmap contains a number of things, including arts and culture, which are a priority. There is \$22.5 million that has been allocated to support for the official language minority communities; \$4.5 million allocated to the Music Showcases Initiative for Artists from Minority Official Language Communities; \$14 million which has been reserved for the Cultural Development Fund; \$12.5 million which has been allocated to youth initiatives; and so on. The community radio station in my area has received certain amounts, as have the Galerie Sans Nom and the Festival du Voyageur.

What do we remove? If, as you told the NDP people, that doesn't result in costs, what do we remove so we can include your arts and culture component in the Roadmap? What do we do?

• (1655)

Mr. Éric Dubeau: That's a good question. It's quite a puzzle. I would say that our arguments turn around the introduction of an arts and culture component, not next September, but when the Roadmap is renewed. We want to pursue and develop an overall game plan.

However, I don't mean to dodge the question that way. I believe that, in your expenditure review, you are currently examining not only program expenditures, but also those associated with administration and services. I get the impression that priority has to be given to the protection and enhancement of investments in programs and services. That means that we have to find duplication and potential savings in administration and implementation.

I apologize for answering you this way. However, in the introduction to our brief, we acknowledge the fact that the economic situation is very difficult. In that context, we aren't advancing an argument that is without compromise or potential savings.

That's the answer I'm giving you.

Mrs. Shelly Glover: All right. That means we have work to do and consultations to conduct with the organizations in order to do that. However, you aren't suggesting eliminating all the amounts I just enumerated.

We're going to work to find a solution.

Mr. Éric Dubeau: A number, if not all, of those investments are still very relevant and important. Consequently, over the years, if the economic context ever changes, those amounts should be increased. However, I share your opinion: savings should be made elsewhere in order to invest in this field.

Mrs. Shelly Glover: All right, thank you.

[*English*]

I wanted to make a comment to the mayors about something Deloitte said when they were here before. They said that by lowering taxes you will see an increase in revenues, which is what we firmly believe. And we have seen it. Not only have we seen an increase in revenues, but we've seen an increase in investment to create jobs, from which again revenues come back to the government so that we can use those to pay for things such as infrastructure and increases in health care—that kind of thing.

So I don't want to leave the impression that there's not a valid reason for a low-tax agenda. You are politicians. You have to make those difficult decisions about your fire trucks and so on and so forth. The best way to be able to pay for those things is to have more revenues, isn't that right?

So my question is this.

The Chair: You have 30 seconds.

Mrs. Shelly Glover: Would you not agree with us that making business more competitive and allowing more job growth and more investment by companies helps us to pay for those things?

Ms. Christina Benty: I would agree with you, but as far as the municipality goes, our revenue generation comes from property tax. We don't have additional opportunities to create much—

Mrs. Shelly Glover: [*Inaudible—Editor*].

Ms. Christina Benty: Yes, I recognize that, but for us as municipalities, our revenue generation is solely from property tax, so that's how we're having to make our difficult decisions about roads and parks and sewers. And we in our small communities have to deal with arts and culture, health care, education, and the community expectation is high and the desire to pay more taxes is low, absolutely.

The Chair: Thank you, Ms. Glover.

I want to thank all of our witnesses for being here and for responding to our questions and for your presentations. If there is anything further you'd like us to consider, please submit it. We'll ensure that all members get it.

Here are a couple of logistical matters, colleagues. The buses will be here at about 5:10 or 5:15, so please make your way upstairs.

Again, thank you so much for being here today. We appreciate your input.

The meeting is adjourned.

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