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## **Standing Committee on Finance**

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**EVIDENCE**

**Tuesday, October 23, 2012**

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**Chair**

**Mr. James Rajotte**



## Standing Committee on Finance

Tuesday, October 23, 2012

•(1535)

[English]

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

This is the 81st meeting of the Standing Committee on Finance. Our orders of the day, pursuant to Standing Order 83.1, require continuing our 2012 pre-budget consultations.

Colleagues, we have two panels here today. We have six organizations in the first panel: the Alliance of Canadian Cinema, Television and Radio Artists; the Canadian Association of Retired Persons; the Canadian Institute of Chartered Accountants; the Chemistry Industry Association of Canada; Engineers Canada; and the Kamloops Homelessness Action Plan.

We want to thank you all for being with us today.

We'll start with Mr. Blake. Please begin, Mr. Blake.

**Mr. Barry Blake (National Councillor, Actor, Alliance of Canadian Cinema, Television and Radio Artists):** Thank you, Mr. Chair.

Good afternoon, everyone. My name is Barry Blake. I'm a professional Canadian actor, and I'm also a national councillor with ACTRA, the Alliance of Canadian Cinema, Television and Radio Artists.

I'm speaking today on behalf of our 22,000 members across the country, professional performers whose work entertains, educates, and informs audiences in Canada and around the world.

[Translation]

Canada's cultural industries represent over \$85 billion, which translates to 7.4% of our GDP. They generate over 1.1 million jobs. In 2010-2011, screen production alone created 128,000 jobs and generated \$2.6 billion in exports. That's significant.

[English]

Make no mistake: Canadian content creation is a very serious business. Content is at the heart of the digital economy. Canadian content creation is also synonymous with Canadian job creation. Building a mature, digital infrastructure requires smart investments that reinforce our cultural economic drivers.

[Translation]

To do that, we are proposing a three-point plan in terms of a sustainable digital economy strategy.

First, public investments are needed in content creation. I want to congratulate the government on maintaining the budgetary commitment to the Canada Media Fund in budget 2011.

[English]

I must say, it's a great start. It means we share our own Canadian stories at the same time as we create jobs. It's win-win.

With our changing industry, we need to make sure the proper tools are in place to seize all new opportunities. In addition to your support for the CMF, we urge you to commit to renewed and stable long-term funding for Telefilm Canada, the CBC, and the National Film Board.

Telefilm Canada's feature film fund is crucial to making sure that Canadian films get made. Each dollar invested in a Telefilm production triggers two dollars in additional financing for digital media projects, and three dollars for feature film projects. With the last budget's cuts to Telefilm's parliamentary appropriation, its mandate to foster the development of Canada's audiovisual industry and track its export value around the world is in jeopardy.

We recommend restoring Telefilm's full parliamentary appropriation and giving Canadian creators the support they need to excel on a competitive international stage.

Insofar as the CBC/Radio-Canada is concerned, a recent study by Deloitte determined that for every dollar the federal government invests in CBC/Radio-Canada, the corporation puts back more than three dollars into the Canadian economy. These are investments, not really costs.

We ask you not only to restore the previous parliamentary allocation but also to increase that allocation by seven dollars per capita, from \$33 to \$40 for every Canadian. That would bring it in line with the funding of public broadcasters in other industrialized nations.

The National Film Board is recognized around the world as one of our great cultural workshops. For over 70 years, it's created groundbreaking documentaries, animation, and digital media productions. It has pioneered many technical innovations. Unfortunately, the 2012 budget saw \$6.68 million cut from the NFB's parliamentary allocation over three years. We urge you to reverse the cuts and put the brakes on future budget reductions.

Our second point would be increasing private investment. Our cultural industries don't want to rely on government funding alone. We need to build on incentives to increase private investment in content creation. We urge you to look at tax credits, expanding the Canadian film and video production tax credit, and allowing production services tax credits to count against the entire budget, not just labour costs. We're also looking at labour-based tax credits for digital and interactive media at the federal level.

Our final point is on income averaging for artists. Simply put, performers and artists are small businesses with very spikey or lumpy income, as we call it. The model we face is an employee-centred model, not really one that meets the needs of independent businesses.

We urge you to support the current bill before the house, Bill C-427, reflecting the realities of Canadian artists. This is one way to redress the inequity that performers face, and it would be lovely if it was supported by all parties.

Thank you very much.

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

We'll now hear from the Canadian Association of Retired Persons.

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

Thank you, Mr. Chair. Thank you for the opportunity of presenting our pre-budget recommendations.

CARP is a national non-profit, non-partisan organization with over 300,000 members across the country with whom we are in constant communication.

Retirement security continues to be a major concern for our members, especially for their children and grandchildren, and now increasingly for themselves. This concern is justified by some troubling statistics and trends, especially if we translate those statistics into the people behind the numbers.

Poverty rates among seniors have stopped improving. Poverty now stands at just under 7%, at 6.7%, leaving nearly a third of a million seniors in poverty today. If the rate of poverty stays the same, then in 2023 there would be nearly half a million seniors living in poverty.

The 680,000 seniors eligible for the much-welcomed GIS top-up in last year's budget are predicted to grow to one million by 2023. Today 1.6 million Canadians receive the GIS, people who by definition are in need of income support, and that number is projected to grow to 2.6 million by 2023.

Women and single seniors have higher rates of poverty. There are twice as many low-income women as men. Single seniors as a group experience twice as much poverty as those in couples. Single women living in poverty outnumber single men by about 30%

The incidence of living alone is increasing with age, and twice as many women over 70 live alone. Women seniors are more likely to face poverty because of lower career earnings. They're less likely to have a workplace pension as they withdrew from the workforce to care for children and now for a spouse or a parent. These numbers

are sufficiently appalling that many CARP members have called it a national disgrace.

People are also not saving enough for their own retirement, and that problem is growing: 8.4 million workers do not have a workplace pension. Canadians are using just 5% of their available RRSP room, leaving an estimated \$630 billion worth of tax room unused. While the number of eligible taxpayers has increased, fewer actually contributed to RRSPs in 2010 compared to 2009. The proposed pooled registered pension plans are not attractive enough to change this dynamic, but we believe that they can be improved.

Consequently, CARP recommends three major items. First, replace the OAS and GIS that will be lost by the most financially vulnerable seniors as a result of the changes to OAS as the first step to restoring OAS eligibility to age 65; second, support single seniors, with particular regard to older women, with an equivalent to spousal allowance for single seniors in financial need; and third, make the welcomed caregiver tax credit refundable.

We should help people to save for their own retirement. We recommend that we improve the PRPP, notably with a mandatory employer contribution, and recommit to working with the provinces to advance on the promise to enhance the CPP.

CARP is on the record as opposing the changes to the eligibility age for OAS. More than two-thirds of CARP members strongly oppose the change and want us to continue to work to reverse the changes, notwithstanding that most of them will not actually be affected by the change themselves. They see it as an earned benefit they paid for in their taxes and they want it to help the worst off. They also want to protect this important part of the social safety net for their children and grandchildren.

The government has acknowledged the need to protect those who cannot wait the two extra years for their OAS and GIS—and the GIS is dependent on being eligible for OAS—and among other things has committed to reimbursing the provinces, which are called upon to make up the difference. It is this category of seniors that the government sought to assist with last year's very welcomed GIS top-up and the same people who will be most at risk of having to wait the extra two years.

Now there are discussions with a few of the provinces, and it appears that they have no plans to bridge this gap, either with a special program or by just letting needy seniors apply for welfare. In fact, some of them would have to change their program to let seniors apply, which still carries enough stigma that many who need it will not apply.

Given that the government has already acknowledged the need to look after this category of people and has already committed to reimbursing any provincial programs that come to pass, we are recommending that the government now commit to funding this gap to relieve the anxiety of the most vulnerable.

● (1540)

For single seniors, an equivalent to spouse allowance is something that we have recommended.

Finally, the PRPPs, as presently constructed, are inadequate to fill the gap for retirement security.

Thank you very much.

• (1545)

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

We'll now hear from the Canadian Institute of Chartered Accountants, please.

**Mr. Gabe Hayos (Vice-President, Taxation, Canadian Institute of Chartered Accountants):** Good afternoon.

My name is Gabe Hayos, vice-president of taxation for the Canadian Institute of Chartered Accountants. On behalf of Canada's 82,000 chartered accountants, thank you for the opportunity to appear before this committee. I would also like to acknowledge the committee's 2011 report, which included a number of the recommendations made by the CICA.

At the outset, I want to underscore the crucial role that strong management of government finances plays in achieving a sustained economic recovery and enhancing economic growth and applaud the government for balancing the budget over time through expenditure controls.

Easing the personal income tax burden will enhance economic growth by helping to attract and retain talent. However, rather than personal income tax credits that add complexity, we believe broad-based tax reductions represent a more meaningful approach and should be examined.

There is also a need to consider the appropriate mix of personal income and consumption taxes. Compared to other OECD countries, Canada obtains a significantly higher proportion of revenues from personal income tax than from consumption tax. We recommend that the government consider changing the revenue mix to bring it closer to OECD averages.

In order to stay competitive and create employment opportunities, the scientific research and experimental development tax incentive program should be improved. Although many of the modifications to the program are focused on encouraging small business, large business also contributes to SR and ED. The program should be focused on encouraging those companies, whether small or large, that increase their investment in SR and ED.

An amendment to reduce the general tax credit rate and exclude capital expenditures should be repealed or deferred, and the investment tax credit should be made partially refundable for all business in order to encourage foreign investment. An angel tax credit for innovative start-up companies would be an important addition to this program.

Simplifying Canada's complex tax system will increase productivity and improve competitiveness. We recommend a two-staged approach.

First, the government should establish an independent office that would provide advice on reducing both legislative and administrative complexity of our current tax system. The U.K. Office of Tax Simplification could serve as a model for a similar office in Canada. This independent office would investigate and provide recommendations on matters such as general federal and provincial tax harmonization and a formal loss transfer system for taxation of

corporate groups, and continue to adopt policies recommended by the advisory panel on Canada's system of international taxation.

We also believe that an expert panel should be established to examine major structural changes to simplify and improve the long-term efficiency and effectiveness of the tax system, looking at a wide range of areas such as the language, the costs and benefits of various provisions, and the use of anti-avoidance rules, with a view to permanently simplifying the system.

We recommend that standard business reporting, and specifically XBRL, be adopted for use by business for all government filings to reduce compliance costs and enhance the government's data collection.

We recommend that the capital cost allowance rates on all classes of equipment be continuously adjusted to correspond to the true economic life of the asset in order to encourage investment in productivity-enhancing equipment.

In promoting job creation, we support the government's focus on enhancing trade by reaching a trade agreement between Canada and the European Union and its entry into the trans-Pacific partnership negotiations. Both hold opportunities for expanding trade in the professional service sector.

Maintaining low corporate tax rates in Canada plays an important role in attracting new investment and creating jobs. We applaud the government for having fulfilled this commitment to lowering corporate tax rates to 15%.

Ensuring the adequacy of retirement savings is fundamental to addressing the challenges associated with an aging population. Individuals must have the skills and knowledge to save for their retirement. We are an active participant in improving financial literacy, offering home- and workplace-based educational tools and community workshops by volunteer CAs and conducting awareness campaigns. We urge the government to continue its commitment to financial literacy in the 2013 budget.

We also believe the government should provide further incentives to save for retirement by reducing or eliminating the income tax on personal savings. Increasing limits on TFSA contributions and reviewing the limits for RRSP contributions would further this objective.

We welcome the government's efforts to help internationally trained professionals, as they are vital to Canada's future. We are pleased to have the federal government support initiatives to create online assessment tools that validate foreign education and workplace experience and customized bridging programs to help internationally trained accountants become CAs in Canada. We recommend that such funding be continued.

Mr. Chairman, thanks for the opportunity to appear before the committee. I would be pleased to respond to any questions.

• (1550)

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

We'll now hear from the Chemistry Industry Association of Canada.

**Mr. Richard Paton (President and Chief Executive Officer, Chemistry Industry Association of Canada):** Thank you very much, Mr. Chairman, for the invitation to speak to your committee.

I'll start with a very brief introduction to the chemical or chemistry industry, and then I'll talk about my three main messages.

First of all, our membership includes about 40 large, medium-sized, and small chemistry companies across the country. We're the fourth-largest manufacturing sector in the country, and a very important link between manufacturing and natural resource development.

Chemical companies basically apply knowledge and chemistry to take resources such as natural gas, oil, biomass, electricity, and minerals and convert them into high-value products, thus producing jobs for Canadians and for communities. These products are also critical inputs to a range of industries across the country, including auto, plastics, textiles, etc.

I have three main messages today to share with you. All are focused on growth and investment in our industry and the industries that depend on our products. I have basically only one request, and that is the extension of the accelerated capital cost allowance, the ACCA.

The first message is a very positive message. We're finding in our industry that the policy environment is extremely positive for investment in our country. I'd like to note that over the last five to 10 years, the Government of Canada has embraced a number of changes that really are helping that environment. The fiscal direction, the economic direction, tax policies: they're all clearly making a difference to the investment environment for our industry and for other manufacturing industries.

Within North America—you may notice this as you're reading in the press—there are some clear trends to revitalization of manufacturing and investments in our sector and across manufacturing. We can benefit enormously from those trends and the revitalization of manufacturing, but we probably have to do it now, in the next couple of years.

My second point is that the combination of a positive policy environment and the resource development that is occurring all across our country is resulting already in new investments in our sector, which will build a stronger, more diversified, and regionally balanced economy. Over most of the last decade when I've come to speak to you, I've been complaining about the fact that we're losing plants, we're losing industry, and the manufacturing floor is moving to China. Well, some of those trends are actually changing, and I'll give you a couple of examples.

The most visible one is the Nova plant in Sarnia right now, which is the first plant in North America that's actually planning to take shale gas from, of all places, Pennsylvania, and is planning to upgrade its facilities and produce petrochemicals.

Second, we have a major investment going on in southern Ontario by Cytec, and one of our newest members is a biomass producer called BioAmber, which is building a chemical plant in Sarnia, which should lead to the development of what we call the biohybrid cluster. Just those investments, which are happening right now, total

\$455 million. We're already a \$46-billion industry, but we're seeing with these trends the possibility of an increase in investment of \$5 billion to \$10 billion, which would produce great advantages for our resource-based economy linked to manufacturing.

Third, what do we need to really make sure we get these investments? The accelerated capital cost allowance does make a difference in attracting these investments. In fact, without it we would have great difficulty attracting the incremental investment to Canada as opposed to the U.S. Since it was first introduced in 2007 as the number one recommendation of this committee—and I remember, James, your chairing that industry committee—this measure has been very helpful for a number of our companies, including the three I just mentioned, that are making investments. In fact, our companies, when we survey them, claim that \$3 billion in benefits have resulted from that in terms of investments. This has resulted in the revitalization of Sarnia and has spurred growth in many other sectors.

I think you know, and I know Mr. Brison knows, this is not a tax cut. This is tax deferral. What the accelerated capital cost allowance does is allow you to make a \$100 million, \$200 million, \$500 million investment and write it off when the equipment is delivered over three years as opposed to eight, nine, and even up to 14 years.

• (1555)

That puts cash in the hands of the people making investments, particularly before they're able to get any revenue from those investments.

We think the ACCA would make a significant difference to attract these large investments to Canada, and we hope that you would support it again.

Thank you.

**The Chair:** Thank you very much, Mr. Paton. I think you and I are starting to date ourselves here with these 2007 reports.

We'll now hear from Engineers Canada, please.

**Mr. Kim Allen (Chief Executive Officer, Engineers Canada):** Thank you for the opportunity to appear before the House of Commons Standing Committee on Finance.

My name is Kim Allen, and I'm the chief executive officer of Engineers Canada.

Engineers Canada is the national body that represents the 12 provincial and territorial regulators of the engineering profession. Our constituent association represents over 250,000 professional engineers in Canada, protecting and serving the public interest. It also includes a new generation of over 60,000 undergraduate students attending the 43 accredited engineering schools. Engineers Canada accredits these engineering programs to ensure that graduates meet the academic requirement for licensure with those 12 provincial and territorial regulators.

Engineers are committed to public safety. Today we are offering long-term solutions to government on issues to which the engineering profession can lend its expertise, education, and experience to help create a safer, more sustainable, and prosperous future for Canada.

I will offer recommendations on three topics: infrastructure, foreign credential recognition, and skills. The federal government should include these as part of a viable, long-term economic solution for Canada.

Concerning infrastructure, provincial and territorial statutes obligate professional engineers to work in the public interest. Engineers have a responsibility to manage the risks associated with their work and the impacts on the public and on the environment. Strict adherence to standards, codes, legislation, and regulations ensures that Canadians enjoy a high standard of safety and reliability in their infrastructure. There are needs for additional, constant investments across the country to maintain this standard.

Engineers Canada believes that continued economic recovery and enhanced economic growth are possible through a sustainable, strategic, long-term infrastructure plan. This will help ensure Canada's economic competitiveness and maintain our quality of life. The plan must include requirements to properly manage assets of core public infrastructure. This plan must also consider the vulnerability of key assets to extreme climate events, support increased investment, and attract talent. It should be put in place for the 2014 fiscal year.

Core public infrastructure such as roads, bridges, buildings, water, waste water, drainage, and flood control systems are the backbone of the Canadian economy. When Canadians can safely and efficiently get to work, move goods that they produce, and provide the services their clients need without being impeded by congestion or the results of infrastructure neglect, productivity increases.

The availability of predictable funding for proper operation and maintenance of these assets is essential to protecting the quality of life and the safety of Canadian communities. These investments extend the useful life of infrastructure. Pay now or pay more later.

We believe that it's the responsibility of the federal government to take the lead to work with provincial, territorial, and municipal governments to ensure that predictable funding is available for building and maintaining core public infrastructure over the life cycle of these assets.

Engineers Canada also believes that governments must work to prioritize projects receiving funding to ensure that deficiencies in core infrastructures are addressed first. While public infrastructure extends beyond the roads, bridges, buildings, and water systems we all rely on, those core assets keep Canadians safe and healthy and must be considered first.

Engineers Canada also believes that the federal government must work with its provincial and territorial partners to attract and retain the talent that is necessary to grow our economy. Improvements in the immigration system and measures to address specific skills shortages across the country will help put the right people in the right jobs at the right time. That's good for the engineer and that's good for the country.

Recent plans put forward by the federal government to change how credentials are assessed for the purpose of immigration may help. In consultation with stakeholders, including regulated professions like engineering, the federal government must align applica-

tions and assessment practices efficiently to integrate immigrants into our economy and society in a timely manner.

More than 20% of professional engineers in Canada were internationally trained. Our constituent associations process over 5,500 applications annually for internationally trained engineering graduates. This is the highest among the regulated professions.

● (1600)

Engineers Canada supports the licence-ready concept for immigrants in regulated professions. In practice, this means that the federal government must work with the regulated professions to make sure that the assessment of credentials for immigration is recognized by—

**The Chair:** Thank you; just wrap it up very briefly, please.

**Mr. Kim Allen:** —by provincial and territorial regulators.

I have one last comment on dealing with skills. By 2020, over 95,000 engineers will retire, and there's a predicted demand of 16,000 new jobs. We urge the federal government to work on programs to attract women and indigenous people into the engineering profession.

Thank you very much.

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

We'll now hear from Kamloops Homelessness Action Plan, please.

**Ms. Tangie Genshorek (Coordinator, Kamloops Homelessness Action Plan):** Hello. Thank for having me here today.

My name's Tangie Genshorek. I'm the coordinator of the Kamloops Homelessness Action Plan.

Like a lot of homelessness action plans across the country, our goal is to end homelessness. In order to do that, we need a lot of different answers to the range of housing questions. We need a lot of different housing all along the continuum, but I'm here to focus on one area, and that's rental housing.

We have been talking to a lot of stakeholders. We, like other homelessness action plans, get cross-sectoral representation at our community table so that we can get the business perspective on homelessness. We want to motivate the private sector to be part of the solution. We've been looking at this for several years, and we think we've found a way to involve the private sector.

Professor Marion Steele, from the University of Guelph, has to be credited with all of the work that I'm going to talk about here today. I'm not a tax expert—my background's in architecture—but for a long time Marion Steele has done a lot of work on the issue of tax incentives to create housing. She had her master's degree before I was born. I wish she could be here today, but unfortunately she's in Europe.

The idea of a tax incentive is, I think, a realistic and feasible measure that we could readily implement. It's been in place in the U.S. for over 25 years. It was implemented under the Reagan administration, and it's been highly effective in creating rental housing, affordable rental housing specifically. We know there's a long list of housing needs and that a variety of people require affordable housing, but we see a glaring gap in the housing continuum in regard to rental housing. There really is no way for the private market to make those numbers work. There's no way for them to get involved in creating rental housing. A tax incentive at the federal level could help make that happen, and is doing so in the U.S., so we have a model there in the U.S. to build on.

We have some well-researched ways to integrate that model for Canada. We have good research into what it would cost. It would be as little as \$50 million in the first year and up to \$500 million in the tenth year, a quarter of what the federal government is spending on the CMHC affordable housing initiative right now.

That's not to say that the affordable housing initiative should be gone, but we do know it's under the microscope right now for re-evaluation, and a piece of that funding could be used to create a tax incentive to fill that rental housing gap.

We also need to look at HPS and what's happening there. We don't want that to go away in lieu of a housing tax credit. This is just another tool to add to the roster of things we need to do to create affordable housing.

A syndicator creates housing tax credits that are sold to the private market, and those housing tax credits then become the funding for affordable housing, whether it's by a private developer or a non-profit developer.

A lot of people talk about MURBS. That was axed about 20 years ago. This would be different from MURBS in that it would be applicable to the non-profit sector, so a portion of the housing would be truly affordable. A portion of it would be lower-end market rental, which we need as well to stem the flow of people into homelessness. That's a key piece of the issue. We're not just picking people up at the shelter end of the continuum; we need to stop the flow of people there, and there's just no reason for anyone to build rental housing right now.

That's what I wanted to focus on here today. It's really well researched, as I say, by Marion Steele, a University of Guelph emeritus professor. She's well published. You can find her work at the C.D. Howe Institute as well.

• (1605)

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

We'll begin members' questions with Ms. Nash, for a five-minute round, please.

**Ms. Peggy Nash (Parkdale—High Park, NDP):** Thank you to all of the witnesses for your presentations. Five minutes goes by so quickly.

Mr. Allen, let me start with a question to you. I notice in your presentation you talk about Engineers Canada believing there needs to be a sustainable, strategic, long-term infrastructure plan in place

by 2014 to maintain our economic competitiveness and to maintain our quality of life.

I can tell you I live near the Gardiner Expressway in downtown Toronto. A report has just come out that says our fears and anecdotal evidence are very indicative of the fact that this structure is crumbling and could fall on our heads and injure us, or worse, when we go under it. Not a week goes by when we don't have a broken water main and numerous problems because of a lack of basic infrastructure investment. We have many witnesses come here and talk about this.

Can you elaborate on why you believe this will improve Canada's competitiveness, our productivity, and our quality of life, and why this is not just an expenditure but an investment in our country that has to be made?

**Mr. Kim Allen:** Sure. Thank you very much.

I think the Gardiner Expressway is a very good example, a very visible example of infrastructure that is crumbling. Lots of our infrastructure is subsurface, and you don't see those things. The same types of problems are going on with various systems.

Those who are just recently moving back from Toronto to Ottawa recognize all of the traffic congestion we have to deal with, and the constant activity going on really impedes traffic. Reliable supplies of water and electricity are very key to some of the manufacturing sectors. We've heard from manufacturing sectors today that without those types of things to be able to get their goods to market—and we deal with a global market now—we're just not going to be able to compete in the world. Canada is a big country. That's one of the challenges we have. How do we connect people, how do we connect goods, how do we connect services? We have to deal with those questions.

One of the other main pieces in there is tied into extensive work we have done—and the federal government has supported it—on how to deal with the critical infrastructure and climate change. Pipelines ran across permafrost, and there isn't permafrost now. There are many, many different things that affect those ones.

**Ms. Peggy Nash:** Other countries are making these investments, and if we don't, we're going to fall further behind.

I appreciated your comments about the engineers of tomorrow and bringing in first nations and women. I would argue there are many young people of diverse backgrounds across the country who would love to get into a career like engineering.

I do want to be able to ask more questions. I want to ask you, Mr. Blake, about your presentation. Full disclosure: I was one of the seconders of Bill C-427 on tax averaging. I strongly support it, but I would like to hear more from you about artists as job creators and as incubators of not just creativity but also of good businesses. I was very glad to see Sarah Polley's new film, and it says, "National Film Board presents". To me, a commercial film that will get this kind of distribution is a good investment of our dollars. Can you talk a bit about job creation and the arts?



**Mr. Barry Blake:** Obviously actors are at the wrong end of the totem pole, if that's an expression to use. We do create, and there are more and more opportunities with new technologies for individual artists—individual actors in this case—to create products that we couldn't do.

I have been in this business for over 30 years. When I started, there was no individual creation of that time, but it has always been a factor in theatrical and musical areas and others. Certainly painters and writers work on their own to create, so that's part of the job and wealth creation. That's one of the reasons those artists and writers....

If you talk about spiky income and how you try to level it out, a writer could spend, as a friend of mine just did, four years writing a book, which has now been published, and he's now on his second book. However, during that time, there was a lot of money going out and not a lot coming in. For him to be successful, and then taxed on top of that, and have some of that not averaged across the time he was spending on it is, I think, unfair.

• (1610)

**Ms. Peggy Nash:** Artists end up subsidizing the products they create, for sure.

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

We'll go to Mrs. McLeod, please.

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

First I have to welcome a fellow Kamloopian here to Ottawa. Of course, it's been snowing the last two days there, so I'm really pleased that you're joining us here.

I would like to start my questions by exploring your concept a little further. It sounded as though you had a more extensive documentation or plan in the Canadian context.

Do you have that? Would it be possible to table it at some point, or to provide it to the clerk?

**Ms. Tangie Genshorek:** Absolutely. I apologize for not having that ready and translated in time. It has definitely been worked up. The best and most recent representation would be through the C.D. Howe Institute, and I'd be happy to provide that document. It's a step-by-step process based on the U.S. system, including some recommendations for incorporating it into the Canadian system, whether under CMHC or under the CRA. In the U.S. it's under the IRS, and there are good reasons that it would function well in Canada under the CRA as well. There's a really clear, realistic methodology for creating rental housing in as little as a year after this is implemented.

**Mrs. Cathy McLeod:** Your recommendation is to look at existing support. You were saying it's only a small percentage of CMHC's current budget. You talked about it going from \$50 million to \$500 million. How would that change over time?

**Ms. Tangie Genshorek:** The first-year expenditure of \$50 million would be relatively low as we try to get investors interested and involved. As the program grows and people understand its validity and profitability more, people would sign on, so there would be more tax breaks given out, basically, over time.

**Mrs. Cathy McLeod:** Ultimately, as it gets closer to the \$500 million, is it going to be taking an ever-increasing percentage of the allocation?

**Ms. Tangie Genshorek:** No, it would definitely be a limited tax incentive with a ceiling in place, as it is in the U.S. model.

The key piece that would make it successful in Canada is the provincial flexibility. While the federal government would provide that tax incentive, the provinces would have a lot of flexibility in how they would distribute those credits and how they would administer the RFP to the developers and the syndicator. They'd have lots of flexibility in how they match or don't match that tax credit. It could grow in some really interesting ways in the provinces most in need.

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

In summary, what you are trying to do is take existing support and create a new model in terms of how we use existing support, so we're not talking about new government expenditures.

What do you see as possible flaws in doing this, or as issues or concerns?

**Ms. Tangie Genshorek:** The main thing is starting up and getting people interested in purchasing it as an investment. There would be some real legwork on the part of the syndicators, most likely in getting people to buy in and purchase the credits. As long as that PR campaign is in place, I don't see any major challenges.

**Mrs. Cathy McLeod:** I often have significant debates across the floor in terms of strategies and what's being done or not being done. If you look at the community that you are living in, in terms of recent investments, has the situation changed in terms of the options available over the last few years with the expenditures we have made?

• (1615)

**Ms. Tangie Genshorek:** Definitely. The homelessness partnering strategy funds that have been distributed across Canada have made a huge difference, absolutely. Most of those dollars are going to what we visualize as the far left end of the spectrum, where people are coming right off the streets. People who are street-entrenched are getting into shelters, possibly into transitional housing. That's absolutely valid and necessary.

We also see this gap in the rental area that isn't being addressed through the HPS initiative or through the CMHC initiatives, either the affordable housing initiative or the home ownership strategies. While the expenditures have been valuable and effective, we need different answers as well.

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

I'll point out to members that the study referenced is available on the C.D. Howe Institute website.

We'll go to Mr. Brison for a five-minute round, please.

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

Thanks to each of you for edifying us today on important issues and decisions.

I would like to start with Ms. Eng, from CARP.

Having the caregiver tax credit as a non-refundable tax credit effectively excludes the lowest-income Canadians, people who don't make enough, so you're suggesting making that fully refundable. Have you calculated approximately how many Canadians would benefit from that change?

**Ms. Susan Eng:** Yes. At this point, according to Statistics Canada, approximately three million Canadians provide some care for an older person. It's also estimated that some 25% of that number are people who would be considered to provide heavy care; they would be the kind of people who would have to cut back their hours of work or quit their jobs altogether to provide the care. Those would be the people we would concern ourselves with the most, the people who would not be able to have enough income to take advantage of the tax credit; indeed, even if this \$300 tax credit were made refundable, it would be insufficient.

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

On the issue of the OAS, 40% of the people collecting OAS make less than \$20,000 a year, and 53% make less than \$25,000, so I agree with you that it's a regressive decision. If there were an issue around sustainability, there would be more progressive ways to approach it, including clawbacks.

We proposed a supplementary voluntary CPP so that people would have access to a well-managed, low-fee structure and a diversified Canada Pension investment pool, and we proposed having it voluntary so that people could decide how much they would contribute.

Do you think that would be, in addition to PRPPs, an improvement in the choices for our future retirees?

**Ms. Susan Eng:** Absolutely. There is a need for any vehicle that gets more people out there saving for their own retirement. As well, after people have saved it and not spent it, their money has to earn enough to keep them in retirement. The CPP does that exceedingly well for a number of reasons, not the least of which is pooling the risk and the investment management expertise.

We have tested our members' response to all of this. In addition to having those as advantages, which the PRPP suggests that it does, the PRPP does not have defined benefits. Recently we questioned our members, and they found that the employer contribution aspect of CPP was much more important than all the rest combined. In that case, once it was made voluntary that once you enrolled there would be an employer contribution, then you would have a saleable option.

**Hon. Scott Brison:** Thank you very much.

Mr. Hayos, I was looking at some of your proposed changes, and I thought to myself that you're almost reaching an overall tax reform package. We haven't had a tax reform package or a real study of the income tax system of Canada since the Carter commission over 40 years ago.

Do you think we should have a thorough study or expert panel on reforming our personal income tax system in Canada?

**Mr. Gabe Hayos:** Yes, I do, and I think that's why I was suggesting this sort of two-stage approach. I think that there are things we can do with the existing tax system to tweak it and improve it in terms of its efficiency and effectiveness, but a long-

term improvement to the tax system requires a detailed study, and we'll have lots of input from a lot of different stakeholders.

• (1620)

**Hon. Scott Brison:** Should it be limited to the personal tax system, or should it be overall taxation, including some of the changes, for instance, on making accelerated capital costs allowance permanent, the GST, or consumption taxes? Should it be an overall?

**Mr. Gabe Hayos:** It should be an overall review. I think there should be a priority in terms of some of the areas they are focusing on, but absolutely, it should be overall.

**The Chair:** You have 30 seconds. Please ask a brief question.

**Hon. Scott Brison:** On ACTRA's point of leveraging on the domestic making of film and television in Canada, does that also help create an infrastructure for the Hollywood North type of business, so that there's actually an extra benefit?

**Mr. Barry Blake:** Yes, absolutely, because we have a very skilled and highly trained industry in Canada, which would not be nearly the size it is if we weren't providing services for not just Hollywood North but also European productions and Bollywood productions. We're getting all kinds of international activity here, but if we don't have the infrastructure, well....

An example that doesn't touch us is that Saskatchewan's cutting their credits. Their entire industry evaporated in a matter of weeks, so without that kind of infrastructure in place, it's not going to work.

Thank you for the question.

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

We'll go to Mr. Hoback, please.

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

Thanks to all the witnesses for being here this afternoon.

I think I'm going to talk to you, Mr. Blake. I'd like to talk to all of you, but I only get five minutes.

You brought out some interesting ideas that I want to address with you a little bit, but before I get started, I want to commend you. I was reading your biography this morning. It's nice to see somebody giving back to their sector, as you're giving back through education and training. I want to commend you for doing that. I think it's a good example for more Canadians: to not only take from the sector but give something back. I want to commend you on that.

The Conservative government has been very active in the arts. It's been very supportive of the arts and culture. In fact, we've increased the funding for the Canada Council for the Arts by 20%, to \$180 million.

Compare this with other places around the world. For example, in the United States, the National Endowment for the Arts runs on less money now than it did 20 years ago. The State of Michigan, for example, had an 80% reduction in the budget for culture. If you go across to England, funding was cut by 30%. If you turn to Australia, the budget for the Australian arts council was only \$163 million last year; Canada's is \$180 million.

I know you talked about returning funding to CBC and about increasing spending. I'd love to do it. I don't think there's anybody around this table who would not agree with you. We'd like to do that in a perfect world, but we're not in a perfect world; we're in a world in which you have this thing called a deficit over our heads. We need to get that under control, so we have to be responsible.

Therefore, I'm curious about priorities. When we look at CBC versus something like, for example, the Canada Council for the Arts, should we be redirecting some of that increase to the council towards CBC/Radio-Canada?

Again, if we have one dollar to spend, where's the best place to put it? Do we put it into the delivery of Canadian programs or do we put it into increasing the content of Canadian programs?

**Mr. Barry Blake:** I think anything that puts more Canadian content on available screens, in the case of the industry I'm speaking for now—the recorded English-language industry—is a positive thing. It becomes a little bit of lifeboat ethics, like being asked who we are going to push overboard to save our particular programs. I wouldn't want to say cut this to save that.

Content creation is an investment, not a cost. We sell it internationally and we bring in a lot of money, never mind the vision and the view of Canada. It's a window into Canada that is priceless. We are seen around the world as what we are and what we can be, and that's a positive thing. You can't put a price tag on it.

In terms of getting work out there, I would say that creation is the area that really needs it. As I said, it's an investment. It's not paying to keep something going; it's paying to get more money back, on a fairly large scale.

**Mr. Randy Hoback:** I agree.

When we look at Telefilm Canada, for example, their budget is approximately \$110 million, so they have a substantial number of dollars just for the creation of new productions. I think \$73 million is allocated for the development and production, and approximately another \$25 million, give or take some change, is meant for promotion and marketing of Canadian products around the world.

Do you find problems in getting access to delivery for Canadian content? For example, you have the CBC, which used to be the main deliverer of Canadian content—that would have been in the 1960s and 1970s—but now, when you look at all the channels on the networks that we have on any of the cable companies, are you getting fair access, whether on Showcase or other channels like that? What are your members saying about that? Do they feel they still need to have one mechanism to get their content on TV?

• (1625)

**Mr. Barry Blake:** Well, obviously it is a brave new world. It's a multi-channel universe, and there's more room now, but there's also

fragmentation. I'm old enough to remember when CBC broadcast English and French together, so I may not be a good example. I loved that, and it's one of the reasons I became bilingual as an anglo growing up in Ottawa.

We need guarantees not just of Canadian content but of Canadian content that is on when Canadians can see it and share it, and that's not happening now—

**The Chair:** You have 30 seconds—

**Mr. Barry Blake:** We've lost our major series. Some have come back, but we're still down about a dozen—

**Mr. Randy Hoback:** I don't want to cut you off, but unfortunately I only have five minutes.

**Mr. Barry Blake:** No, that's fine.

**Mr. Randy Hoback:** There's one more important thing I think we need to talk about, and that's intellectual property. How important is it to your sector to make sure that we have intellectual property correct insofar as legislation is concerned?

**The Chair:** Just give a brief response.

**Mr. Barry Blake:** I'll make a quick response.

We have asked the government to support the Beijing treaty on intellectual property, the WIPO or World Intellectual Property Organization treaty signed in June in Beijing. We're hoping that Canada will be one of the next to sign on to it. It is absolutely essential. If we can't secure both economic and moral rights to our images, as individuals and as a country, that money is gone into the void, and we'll never see it back, so thank you for the question.

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

[*Translation*]

Mr. Caron, go ahead.

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

I love this system, as it allows us to talk about really different issues. However, these issues are totally relevant to the budget that will be presented. Thank you for being here and making your presentations.

My first question is for Ms. Eng.

You briefly touched on what kind of improvements to Old Age Security you would like to see. We know that the Prime Minister made an announcement about that in Davos, Switzerland. Afterwards, the amendment was discussed in the House, included in the latest budget and adopted. I am talking about the fact that the eligibility age was raised from 65 to 67.

Was that a surprise for you when it was first announced in Davos? Had you already heard about that possibility?

[English]

**Ms. Susan Eng:** In actual fact we were surprised by it, but we also were asked about it a month before, by a journalist. Although we didn't take that as fact, we nonetheless did our research to see how our members would respond to such a proposal. When the announcement was made in January, we already had the response of our members. They were very much vehemently opposed to such a change, and that opposition did not change over the months that the measure was going through Parliament.

[Translation]

**Mr. Guy Caron:** One of the main arguments the Conservative Government has used to justify raising the eligibility age was that, according to them, the program was unsustainable, it would eventually become unprofitable and the situation had to be remedied.

Is that also what you think?

[English]

**Ms. Susan Eng:** Well, we realized there was going to be an increasing number of people reaching aged 65, and that's a fact. However, the burden of that group is a set amount. We estimated some \$2 billion to \$3 billion a year, which is a sizeable amount, of course. However, our recommendation was that there were other places in the budget to find such an amount and that there was no need to go after this particular program. Some of the examples we gave were the massive savings that could be garnered in the health care system, through withdrawal from military spending in Afghanistan, and so on.

We raised the point that there were other places where you could find the savings, if the issue was an issue of budgetary strain. However, the changes, as they have now been put through, actually postponed the effect until the bulk of the group that's causing the problem, purportedly the baby boomer generation, has mostly passed through. Therefore, the actual factual support for making this change has minimized.

Nonetheless, from our members' perspective, in addition to not accepting that it was absolutely necessary for the fiscal health of the country, they also felt this was something they had paid into, something that was an earned benefit. It was part of our social safety net. They found this was an important value that they wanted to see maintained.

[Translation]

**Mr. Guy Caron:** Thank you. I have about a minute and a half left.

Mr. Allen, quickly, I will ask you the same question Ms. Nash asked. However, I do have another question.

Has Engineers Canada looked at what could be viewed as our infrastructure deficit? The Federation of Canadian Municipalities and other groups, such as TD Canada Trust Bank, are determining what amounts should be invested and what our current needs are. The projections I have seen mentioned an amount between \$250 billion and \$500 billion.

Have you conducted an assessment? What could that amount be compared to?

• (1630)

[English]

**Mr. Kim Allen:** The number is extremely large. I think there's general agreement on that from everybody who's gone through it. You're talking in the order of hundreds of billions of dollars of infrastructure deficit.

I'm not sure it's that important that we know exactly what it is. It's more important that we actually get on a plan that starts renewing, rebuilding, and putting investments into that infrastructure. We're continuing to build new infrastructure that will become old infrastructure before we deal with the old infrastructure that we have to continue to repair.

[Translation]

**Mr. Guy Caron:** I need a very quick answer to the next question, as I have another one I would like to ask Ms. Genshorek.

Considering how much needs to be invested, do you think an infrastructure program should cover more than four or five years and span over a very long period so that planning can begin based on those hundreds of billions that need to be invested?

My question is for Mr. Allen.

[English]

**Mr. Kim Allen:** Yes, absolutely. Infrastructure needs to be a life-cycle plan, so as soon as you build something, you have to plan how you are going to renew it, maintain it, and maximize and extend the life of it. This is really an ongoing plan. It isn't a program. It has to be the type of strategy such that when we look at it, when we build infrastructure, we don't put it in and say that it's going to continue to work forever. It will fall apart, and it does need to be repaired.

**The Chair:** *Merci.*

We'll go to Mr. Adler, please.

**Mr. Mark Adler (York Centre, CPC):** Thank you, Chair. As the keeper of the time, would you let me know when I have roughly a minute and 30 seconds left? I'd appreciate that. Thank you very much.

Welcome to all of the witnesses who are here today. This is a very interesting panel, and I would like to pursue questioning with all of you. I would like to engage all of you, but I can't, because of limited time, so I'm going to start with Mr. Hayos.

I want to talk to you about tax as an instrument of public policy. We use different instruments of public policy to achieve various outcomes. Using the tax system is a very coercive one, but it also has the opposite effect. In your submitted brief, you say, "We fully support the reductions made to the general corporate income tax rate over the past few years, and applaud the government for having fulfilled the commitment to lowering the rate to 15% this year".

I would like you to give the committee, and particularly the members of the NDP, a basic lesson about how, first, corporations do not pay tax, people pay tax, and that bird has been plucked; and second, about how lowering the tax rate to 15% has led to jobs, has led to growth, and is leading to long-term prosperity, making Canada a very attractive destination for investment. Could you please comment on that?

**Mr. Gabe Hayos:** The first thing you have to understand is that capital is mobile, and it takes into account all the factors in making a business investment, of which tax is one of the important factors. If the cost in a country like Canada is relatively low in the tax area, it attracts business, and the business invests money in both capital and labour. That's how the multiplier effect works, and you produce greater benefits to the Canadian economy. That's what I would say.

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

We had a representative from the Canadian Union of Public Employees with us yesterday. He said in questioning by one of our members that deficits do not matter, that public deficit does not matter. Could you comment on that? Does it or does it not matter?

• (1635)

**Mr. Gabe Hayos:** Yes. Deficits matter tremendously. I think that, really, the analogy is no different from that of an individual who has to borrow. I think we have to be able to manage it. As we see in Europe and other places, when the deficit is out of control and we're borrowing, and the risk to our repaying those borrowings gets greater, the interest cost gets greater and we have an effective loss of revenue in the form of interest. Deficits are a hugely important thing. Trying to manage them and keep them under control is very important.

**The Chair:** You have a minute and 30 seconds.

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

I would like to ask a number of the different representatives here today....

Mr. Hayos, how many members does the CICA have?

**Mr. Gabe Hayos:** It has 82,000 members.

**Mr. Mark Adler:** It has 82,000. I'm going to ask you a simple question.

Of those 82,000, did any one of them ask you, in anticipation of your appearance here today, Mr. Hayos, to go before the finance committee and tell members of the governing party that they want a carbon tax, which appears on page 4 of the NDP platform, and which would take \$21 billion out of the pockets of Canadians? Did any one of them ask you to do that?

**Mr. Gabe Hayos:** No, they didn't ask me.

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

Mr. Paton, I'll ask you the same question: how many members do you have?

**Mr. Richard Paton:** Well, we have 40-plus companies, but that would be about 25,000 employees.

**Mr. Mark Adler:** Did any one of them ask you, in your appearance here today, to implore us to impose a \$21 billion carbon tax, as the NDP is advocating?

**Mr. Richard Paton:** No, I can't say they did. However, I do have to add that we—

**The Chair:** We have a point of order.

**Mr. Richard Paton:** —are committed to improving—

**The Chair:** Sorry. Hold on. We have a point of order. I apologize.

Is this a point of order, Ms. Nash?

**Ms. Peggy Nash:** Sorry, I just—

**The Chair:** I hope it's a point of order and not a point of debate.

**Ms. Peggy Nash:** Yes, it's an important point of order, because I don't want the witnesses to be misled.

I just want to quote that it's "We will put a price on carbon through a cap-and-trade system, which will establish hard emissions limits"—

**The Chair:** Ms. Nash—

**Ms. Peggy Nash:** —"for Canada's biggest polluters to ensure companies pay"—

**The Chair:** Ms. Nash—

**Ms. Peggy Nash:** —"their environmental bills...."

**The Chair:** Ms. Nash, that is not a point of order.

**Ms. Peggy Nash:** It's not?

**The Chair:** As a very experienced parliamentarian, I think you know it's a point of debate.

**Voices:** Oh, oh!

**The Chair:** Okay. We—

**Mr. Mark Adler:** I have a couple of seconds that were chewed up by Mrs. Nash.

**The Chair:** No, we stop it for all points of order, so you have about 15 seconds, Mr. Adler.

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

**The Chair:** I'm sorry, Mr. Paton. Did you want to finish that response?

**Mr. Richard Paton:** No.

**Mr. Mark Adler:** Mr. Allen, I have the same question: how many members do you have?

**Mr. Kim Allen:** It's 250,000. We have 12 members, but they represent 250,000 engineers.

**Mr. Mark Adler:** Wonderful. Did any one of them say to you to say in your appearance before the finance committee today that they favour a carbon tax of \$21 billion and we should be setting that? Yes or no?

**Mr. Kim Allen:** No, we didn't. We did not specifically consult with members on that question. We had no comments on it.

**The Chair:** Thank you.

Thank you, Mr. Adler.

We're going to move on to Mr. Marston, please.

**Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP):** Well, Mr. Allen, I'm going to have to change the order of my questions, thanks to the last one from Mr. Adler.

Were you aware that in 2008 the Conservatives ran on a cap-and-trade proposal in their platform?

**Mr. Kim Allen:** Yes.

**Mr. Wayne Marston:** I thought you might be aware of that.

You made a strong case, Mr. Allen, about federal investment being needed in Canada's infrastructure. Are you aware of Mark Carney's recent comments about the "dead money", as he called it, this \$500 billion in dead money that's not moving?

**Mr. Kim Allen:** I'm not very familiar with his comments.

**Mr. Wayne Marston:** Okay.

Mr. Hayos...?

**Mr. Gabe Hayos:** Yes.

**Mr. Wayne Marston:** Mr. Carney made that statement. What are your thoughts around leveraging, around the government using the low interest rates we have today to get 10-year bonds to help lever some of that money and get it working in the communities in addressing that infrastructure deficit of \$100 million and some, as put out by the FCM? They were encouraging that approach. What are your thoughts on it?

**Mr. Gabe Hayos:** Well, my thought on this issue of dead money is that I think—and this is the role of the government—you need to set the playing field for businesses to make investments. Businesses are the ones that have to decide how to use their money.

**Mr. Wayne Marston:** Would leveraging some money by taking advantage of the 10-year bonds not be a reasonable way of doing it?

**Mr. Gabe Hayos:** I'm not sure that's.... I think it's more along the area of promoting the business environment for them to make good investments. I think that's what you want them to do.

• (1640)

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

Ms. Eng, the NDP, as you're aware—because you've been before this committee a number of times—has expressed our concerns about the 12 million Canadians who have no savings and no pension. You're also aware that we've talked about doubling the Canada Pension Plan.

I'd like your view, CARP's view, on that particular proposal and the fact that we think it should be mandatory. As well, what are you hearing from provincial governments about their support or lack of support for the PRPPs?

**Ms. Susan Eng:** I must say that the support and opinions have evolved. I think that originally there was support for a CPP

enhancement before there was a change from that and the focus went to the PRPPs.

Now that people have had a chance to look at the PRPPs and realize that they would be insufficient to increase the amount of savings, people are really looking again at enhancing the CPP. The finance ministers we've been in contact with have indicated at their round table nationally that they'd be prepared to push that objective forward. We think that would be a good thing.

Our members certainly support the enhancement of the CPP. When we drilled down to see what aspect of it they liked best, it was the mandatory employer contribution that was relevant.

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

How much time do I have?

**The Chair:** Two minutes.

**Mr. Wayne Marston:** That's great.

On the OAS eligibility change, we're hearing today that there might be a windfall of as much as \$10 billion for the federal government in that change. Using Ontario as an example, people on a disability pension from Ontario or Ontario Works through a municipality were hoping to go to OAS at 65, which is a modest increase for them. Now, with this two-year change, they're going to carry the burden of two years of the costs of the government. As well, in these two cases, with it being left on that much longer, it's an added cost to municipalities and the provinces.

I would suggest that this hasn't been about sustainability, but about offloading costs. That's pretty apparent to us now. How concerned are you about the impact this is going to have on our broader community?

**Ms. Susan Eng:** In fact, we're very concerned about it. It's not so much on the off-loading between the jurisdictions, but that individuals will be hurt by this.

We appreciate that the government, in announcing the changes, acknowledged that there is a category of people who would be affected and promised to reimburse any provincial programs that came into play that would look after that group of people, but of course in our meetings with these provincial premiers and finance ministers, we found they have no plans. They have not planned to put anything in place, so people are worried as to what's going to happen.

Given that the government has already committed to reimbursing any provincial expenditures that do come into play, they should now set aside the money, commit to doing it, and take credit for it, frankly, so our members and other older Canadians will be at rest that those who are the worst off, at least, are looked after.

**Mr. Wayne Marston:** Well, there should also be some money directed to the people—

**The Chair:** Okay. Thank you.

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

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

Mr. Van Kesteren is next, please.

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

Thank you, all, for coming before us this afternoon.

Ms. Eng, it's good to see you again. We've had the opportunity to speak to you over a number of years.

I want to do a bit of crowing, if you'll engage me, as to some of the government initiatives since 2006.

There was \$76 billion this year, through the Canada public pension system. We have provided \$2.3 billion annually in additional tax relief to seniors and pensioners, through measures such as pension income splitting and increased age credit. We've removed 400,000 seniors from the tax rolls completely.

We've implemented automatic renewal of GIS; I know that was something you had asked for. We're providing \$400 million over two years, over budget 2009, for the construction of housing units for low-income seniors. We've appointed a minister of state, which I think is probably something you've asked for in the past as well—I'm skipping a few here because the chair is going to ask me if there is a question—and we created \$13 million over three years in support of the federal elder abuse initiative, all good initiatives.

There's the largest guaranteed income supplement, or GIS, top-up benefit in a quarter century, to help Canada's most vulnerable seniors while ushering in an automatic renewal of GIS. There's been \$10 million over the last two years to increase funding for New Horizons, and \$50 million over the two years to extend the targeted initiative for older workers until 2013-14.

On top of that, I believe *The Globe and Mail* had an article recently on a new study that compares public and private pension systems in 11 countries. It has placed Canada fourth in the world. We're behind Netherlands, Australia, and Sweden. If you consider the size of those countries and the pressures we have on our country, I think we're doing very well—not that we can't get a little better.

Finally, I want to tell you about this. I don't know whether Canadians are aware of it, but governments are on the hook for private pensions. To that effect, there was \$11 billion that went to the Detroit Three. The majority of that—I don't know if you're aware of this—which I think was \$8 billion, the GM portion, went for legacy funds. That's pension and health care.

I'd better add one other thing. I'm sure you're aware that the last quarter returns for CPP were 0.5%.

Do you have any actuaries working in your organization, and are they focusing on future pension drawers? Could you straighten that out for me?

• (1645)

**Ms. Susan Eng:** We don't have actuaries.

I think your focus, if I understand your question, is whether or not they're worried about the future for other retirees being able to get public pensions. Is that the essence of the question?

**Mr. Dave Van Kesteren:** Yes. I think we have to guard our institutions, and CPP is one of those cherished programs; it may be the most cherished.

**Ms. Susan Eng:** There is a concern, of course, as to what has happened with the stock market. It affected them personally. They didn't need to look at the CPP to see how well it was or was not doing.

In the 2008-2009 crash for everybody, CPP also sustained quite a significant loss. Most people individually are not that aware of what's happening with this large fund of money that they don't personally have any involvement in, but in many cases, they did see their own savings practically disappear during the 2008-2009 crash. It makes them much more anxious—a lot more anxious than previous generations of retirees.

Most of the previous generations had workplace pensions. Their OAS and GIS were adequate. Now they're having difficulty making ends meet. Their savings have been devastated, and they watch and worry about their children, who are not saving enough. It does start to inform our advocacy to look for better ways to help all Canadians save for their own retirement.

**Mr. Dave Van Kesteren:** Thank you.

I suppose that's a good answer. I just wanted to make sure that you do make your seniors aware—

**Ms. Susan Eng:** Absolutely.

**Mr. Dave Van Kesteren:** —as we do too, when we talk about the fact that we have fewer workers, and that's going to shrink further. We all want these excellent things for seniors, but we have to make sure that we can afford these things.

**Ms. Susan Eng:** Absolutely, but I shouldn't lose the opportunity to thank the government for those changes that have been brought forward, many of which we have both asked for and supported, of course. Actually, that's why we're optimistic when we're asking for these improvements.

**Mr. Dave Van Kesteren:** Very good. Thank you.

**The Chair:** Thank you.

*Monsieur Mai, s'il vous plaît.*

[Translation]

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

[English]

Mr. Allen, on the same thing as Peggy Nash, I come from Montreal—actually, the region of Montreal where the Champlain Bridge is—and we are seeing a crumbling infrastructure. In the budget, the Champlain Bridge is mentioned, but unfortunately there are zero dollars put in. How important is it, from your perspective, to invest in infrastructure, especially right now, since we know there's an infrastructure deficit and we can actually create jobs? Does that really help to promote trade jobs here in Canada?

**Mr. Kim Allen:** Yes, absolutely. The investment in infrastructure is the first step. You create the first round of jobs by actually going through redesigning, rebuilding, and putting the bridges and the infrastructure in place. The second round of creation is that it allows the flow of goods and services across all that infrastructure, which is essential to long-term sustainability. You end up with a good construction project, but then you end up with a much more robust system that can allow the economy to grow.

• (1650)

**Mr. Hoang Mai:** My father is an engineer and studied in Canada, but I understand from a lot of constituents that they're having problems with international degrees from overseas. They're coming here and having problems with licensing. Actually, we hear a lot of stories, which are true, that they are driving cabs. What more can the government do on that front? Has the government done enough so far?

**Mr. Kim Allen:** One thing I mentioned in my remarks is the concept of “licence-ready”. I was formerly the CEO and registrar of Professional Engineers Ontario and dealt very much at the front end with the licensing of the internationally trained. It's about how we get people whose credentials are recognized and have them with a licence in hand when they arrive in the country.

What happens through some of those changes is that people come to Canada and then wait a long time to actually apply for a licence. I certainly know the stats in Ontario. Over 70% of the international graduates who apply end up having their credentials recognized without doing anything further to put in place with that.

Part of it is that people don't apply and come in with it. Education systems are different around the world. If in their home country people can make up the gaps between what their education system was and what we need, it's much, much easier than waiting until they come here to do things.

**Mr. Hoang Mai:** Mr. Hayos, we also believe in balanced budgets, but one way of doing it is by closing the loopholes regarding tax havens and tax evasion. We had the CGA come here and say that the government hasn't done anything regarding closing those loopholes. Are your members in favour of taxing tax havens?

**Mr. Gabe Hayos:** Well, I think there's a bit of a misnomer in terms of tax havens. I think the first thing you have to recognize about tax rates, as we've talked about—and that's why we talk about keeping our rates low—is that it's all an issue of competitiveness. I think what we're opposed to is people setting up what we call “name plates” in a place where they don't really conduct business. We're absolutely opposed to that practice. What we're not opposed to is real competition, whereby tax is just one of the competitive bases on which countries such as Canada attract business.

**Mr. Hoang Mai:** Ms. Eng, you mentioned close to 500,000 seniors living in poverty. When would that be, going through your calculations, and why are we going to get there?

**Ms. Susan Eng:** Well, we're using the straight calculation of approximately 6.7% of Canadians today living in poverty, out of the number of 4.9 million seniors at the last census, so that brings us to about 300,000 people today. Those are the people under the official poverty line, not those who are near poverty.

If we do nothing and the senior population increases, as projected, to 6.7 million by 2023, and the rate of poverty stays the same, that's how we get to the 500,000.

**Mr. Hoang Mai:** That is an alarming number.

I don't have much time, Mr. Blake. You mentioned a study that says every dollar invested in CBC brings \$3 to the economy. Is it possible to get that report?

**Mr. Barry Blake:** Yes, we'll get that to you.

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

**The Chair:** Okay.

[Translation]

Thank you, Mr. Mai.

[English]

We'll go to Mr. Calandra, please, for a five-minute round.

**Mr. Paul Calandra (Oak Ridges—Markham, CPC):** Thank you, Mr. Chair.

I haven't been here to listen to all the testimony today, but I appreciate your giving me the opportunity to ask a few questions.

Ms. Eng, I'll start with you.

Of course, you probably remember the last time we were together. It was at an announcement in my riding. I think it was at the Yee Hong Centre. It was a positive announcement. I was bit thrown. You were campaigning for the Liberal candidate in the riding at that time. It was days before the election, and there was, of course, a great deal of Liberal campaign literature strewn throughout the event at the same time that a minister was there announcing some great news for seniors.



I was a little worried at that point, in the sense that the organization you lead now had become so political in nature. As opposed to advocating on behalf of seniors, you were advocating on behalf of a political party or your ideology. Looking at some of the things on your website, I find some of that same type of attitude. I know at that time you were there with Moses Znaimer, who's the head of Zoomer Radio in Toronto, AM740.

When you look through Canada's economic action plan for the last few years, are you able to take off your partisan hat and put on a hat to advocate on behalf of not only today's seniors, but those of us who, in the future, will become seniors?

I look at something like the old age security. You have a poll on your website that asks people if they would vote for a party that cut Old Age Security. Now, I'm not a—

• (1655)

**The Chair:** I'm sorry, Mr. Calandra; we have a point of order.

Go ahead, Ms. Nash.

**Ms. Peggy Nash:** I'm very sorry to interrupt you, but I believe I just heard the member accuse one of the witnesses of partisanship. I want to make the point that CARP is a non-partisan organization. I wonder if the member might wish to clarify his comments.

**The Chair:** Mr. Calandra, do you want to respond to that?

**Mr. Paul Calandra:** Absolutely, Mr. Chair.

As I said in my opening, I was at an event where the organization was campaigning on behalf of the Liberal candidate and on behalf of the Liberal Party. Just a few days before the event, the Liberal opposition had decided to bring down the government. That's the context.

**The Chair:** Okay, I have a further point on the point of order.

Go ahead, Ms. Glover, please.

**Mrs. Shelly Glover (Saint Boniface, CPC):** I'll just add to the point of order, just for clarification for Ms. Nash.

I've repeatedly asked CARP to withdraw something on their website that was quite partisan against me, that was proven to be incorrect, and as of yet I haven't seen a withdrawal, so I support what Mr. Calandra's saying.

**The Chair:** I'm going to leave this as a matter of debate.

I'll just encourage Mr. Calandra. These are pre-budget consultations, so please focus your questions on pre-budget consultation matters.

You have about three minutes left, and that's the final part of this panel.

**Mr. Paul Calandra:** Sure.

Are you able to look at fiscal matters and what we've put into not only the economic action plan in the past but going forward, and take off the lens of partisan politics and advocate on behalf of the people you're supposed to advocate for?

**Ms. Susan Eng:** Mr. Chair, it's quite an accusation, and it's inaccurate.

At the meeting, which was held at a nursing home with which I had some relationship, the then minister for seniors, Julian Fantino, was one of our headliners. We had members from all parties deliberately, because it was during the federal campaign. Mr. Ignatieff, who was there at the time as well, worked the room, as candidates will, and the other members who were there were also welcome to do the same. The fact that the minister was there was not on account of anything that I did.

In any event, I think you'll see from our work that we're not partisan, and I think our members also see that we are not. If our members, who vote across the spectrum, were to think that we were acting in a partisan manner, I can assure you they would let us know.

I think our record speaks for itself, in terms of the kind of work we have done. We're grateful for the response that the government has provided to us and all the things that Mr. Van Kesteren has mentioned, in addition to what he hadn't mentioned, including the action recently with the advance on elder abuse sentencing and a number of other things that I don't want to use up the time to mention. They are all on the record, and we're looking forward to further response from the government, with the help of the opposition, to move these things through the House.

Anything we have ever done is, for the record, on the record. People can make their own judgments as to whether or not we're acting on behalf of any political party or on behalf of older Canadians generally.

**The Chair:** You have about 30 seconds, Mr. Calandra.

**Mr. Paul Calandra:** I'll just summarize it this way: we'll have to agree to disagree on your role in promoting partisan political politics. At an announcement of the government.... When people bring their political literature, and when you're advised of this and you make no attempt to stop—

**Ms. Susan Eng:** That's not accurate.

**Mr. Paul Calandra:** —what had become a political rally, then—

**Ms. Susan Eng:** I don't know if I have a point of personal privilege, but frankly, that's inaccurate.

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

**Mr. Paul Calandra:** —I would think the independence or the credibility of the advice that you bring forward has to be brought into question.

**The Chair:** Thank you.

You can give a brief response, Ms. Eng, to that.

• (1700)

**Ms. Susan Eng:** It's simply inaccurate, and I take exception to the accusations. I think the member should check his facts.

**The Chair:** I appreciate that. Thank you.

I want to thank all of our witnesses for being here this afternoon. We appreciate your input into the pre-budget consultation process.

Colleagues, we will suspend for about two minutes and bring the next panel immediately forward.

Thank you.

- \_\_\_\_\_ (Pause) \_\_\_\_\_
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**The Chair:** I will call this meeting back to order. We are continuing meeting number 81 of the Standing Committee on Finance on our pre-budget consultations 2012.

We will have a shortened panel, unfortunately. I want to inform our witnesses that we have votes, and bells will ring in about 30 minutes, I understand. I'll just point that out to our witnesses and colleagues.

We have with us here today the Canadian Chamber of Commerce, the Canadian Federation of Students, the Fédération des communautés francophones et acadienne du Canada, the Mining Association of Canada, and the Petroleum Services Association of Canada.

You each have up to five minutes for an opening statement. We'll make our way down the row, starting with Mr. Everson, please.

**Mr. Warren Everson (Senior Vice-President, Policy, Canadian Chamber of Commerce):** Thank you very much, Mr. Chairman.

I will try to keep my remarks very brief. I will start by thanking the committee for calling us, noting that I know this time of year becomes very gruelling for members when you have an assembly line of witnesses. Please be assured that the opportunity to come before you to talk about the priorities for the upcoming budget, and indeed for the country, is very much appreciated.

Canada's economy, as everyone here will know, is a case of bad news and good news. We are all familiar with some of the bad news elements: the uncertainty in Europe, the slowdown in China, and continuing problems with U.S. recovery. Those problems are starting to impact hiring and investment decisions among the members of the chamber. This morning's forecast from the Bank of Canada affirms a very modest growth forecast in the near term, and that's the bad news.

In a larger context, it's clear to us that Canada is very strongly positioned as a desirable investment location and an increasingly effective international trader. A succession of governments have taken the boring doctrinaire decisions that every economics textbook recommends, and to some extent they are working.

I will mention two critical areas where we think Canada is making the right moves. Eliminating the deficit is the single most important thing the government can do now to strengthen our economy and create jobs and protect what Canadians have created. It's debt that is creating so much uncertainty in the United States, and in Japan and Europe. Canada, free of deficits, will be a standout among nations.

To enhance economic growth and our job creation, we also have to diversify our international trade portfolio. Canada trades as a lifeblood issue; two-thirds of our GDP is trade-related. Our traditional trade agreements are out of date, and the government

can be commended for aggressive pursuit of new deals in the Trans-Pacific Partnership, in Japan, in India and, of course, in Europe.

Emerging market economies remain the engines of global growth, despite some recent slowdown. We need to seize the immense opportunities available in market economies that are emerging in our time.

One area we are not doing so well in is innovation. This is a key issue for a Canadian economy that does not want to compete on cost. We don't want the low wages and deficient social programs and the careless environmental standards that are sometimes associated with cost-competitive emerging economies, so we have to compete with our brains, yet when it comes to the capacity for innovation, the World Economic Forum ranks us 25th, and we rank near the bottom of OECD nations in getting innovative products and services to the market.

To foster innovation, the government must focus on implementing a new, reinvigorated national strategy, with the spotlight on research, commercialization, training, and retraining. The budget 2012 decision to cut a quarter of the SR and ED tax credit was, in our opinion, a step in the wrong direction. With so many of our trade rivals in so much trouble, there's an opportunity now for Canada to steal a march on the rest of the world. Cutting supports for research and innovation is a counterproductive move.

Generally I would say, Mr. Chairman, that the single most pressing issue for members of the Chamber of Commerce this last year and in the year going forward was Canada's labour and skills shortages. It's a very complex issue. We'll be working on it, and Canada needs a myriad of tools to address it.

We commend the government for action on immigration and for worker mobility in reform of the EI program. Changes to the unemployment insurance program are painful, for certain, but it's a step in the right direction.

I will end my remarks here and welcome questions. I commend the committee for your deliberations.

- (1705)

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

We'll now hear from the Canadian Federation of Students, please.

**Mr. Adam Awad (National Chairperson, Canadian Federation of Students):** Good evening.

My name is Adam Awad, and I'm the national chairperson for the Canadian Federation of Students.

The Canadian Federation of Students is Canada's largest and oldest national students' organization, representing more than 600,000 students in all 10 provinces. Our organization advocates for an accessible, affordable, high-quality, public post-secondary education system.

Our budget recommendations focus on how to make education more affordable for students and address mounting student debt in Canada. Ensuring that all people in the country are able to pursue a higher education and training must be part of any significant, stable, long-term recovery for our economy. Relatively high youth unemployment, record levels of personal debt, low levels of industry research and innovation, and a rapidly growing income gap all compound the problems of the global financial crash and subsequent recession and must be addressed.

In its most recent global economic competitiveness report, the World Economic Forum ranked Canada 15th in the ability to compete economically with other countries around the world, down from 12th last year and 8th the year before. This is a worrying trend. In its explanation, the forum noted that Canada's disjointed and inefficient post-secondary education system was one of the main reasons for this slide.

The OECD has also highlighted that participation rates will have to grow significantly if Canada is going to address changing labour market demands and an aging workforce. Unfortunately, the cost of post-secondary education continues to be downloaded onto students and their families, despite the significant public rate of return on investments in post-secondary education: every dollar invested into post-secondary education brings in \$1.63 in return, so there is a 63% return on that investment.

As a result of high tuition fees, student debt has increased substantially. Average public student debt is now over \$27,000 after an undergraduate degree alone. Paired with rising tuition fees, it's easy to understand how we've arrived at a situation in which Canadians collectively owe \$15 billion to the federal government alone, not including the billions more that they owe to provincial and private loans.

Credit agencies and major banks are now warning that student debt has reached unstable levels. The long-term impacts of carrying such debt include delayed participation in the economy, the inability to invest or save for retirement, choosing to move out of the country in order to find work, starting a family later in life, and the aversion to taking on further financial risks, such as starting a business. Those in finance have finally caught on to what students have been saying for years: that debt is an issue, and it's not going away.

Today, over 25% of the Canada student loan borrowers are on the government's repayment assistance program, meaning that they do not make enough money to make their monthly loan payments. Over 147,000 Canadians are currently unable to make any payments on their loans from month to month. In conditions like these, how could

we possibly expect students and graduates to participate fully in the economy?

Students are putting forward a vision that would work to address the root cause of the debt crisis and address the debt itself.

First, the government should implement a federal post-secondary education act modelled on the Canada Health Act and create a dedicated cash transfer for post-secondary education. Provincial governments must be accountable for the transfers they receive from the federal government, and an act would ensure that federal funding to the provinces for post-secondary education would actually be spent on just that. The lack of a national vision has resulted in significant disparity in tuition fee levels and per-student funding across the country, with students in Ontario paying almost three times more than students in Newfoundland and Labrador and students in Alberta receiving almost double the rate of per-student funding than those in Quebec. Students are calling on the government to ensure that merit, and not geography, determines whether someone can go to college or university.

The government also needs to address the historic underfunding of post-secondary education that results from the cuts to federal transfers in the late 1990s. By filling the gap left by two decades of inadequate funding, the federal government could take action to reduce high tuition fees, which are the heart of the student debt crisis.

We're also recommending that in order to stop the federal student loan debt from increasing, government should redirect the \$2.52 billion currently allocated in ineffective education tax credits and savings schemes into the Canada student grants program. This simple solution would remove the need for the \$2.3 billion the Canada student loans program gives out every year, and such a change would have a significant impact on students' ability to both get an education in the short term and to contribute meaningfully to Canada's economy and society in the long term.

In order to address the existing debt, we recommend reducing student debt by half, bringing it down from \$15 billion outstanding to \$7.5 billion by 2015. By consulting with the provinces and national stakeholders, the government would be able to effectively distribute this debt relief to have the greatest measurable impact.

I certainly appreciate the opportunity to address the committee this evening. Five minutes is not quite enough time to do justice to all of the recommendations included in the book that was handed out, “Public Education for the Public Good”.

● (1710)

I am more than happy to answer any questions, should members have any.

Thank you.

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

[*Translation*]

We will now go to the Fédération des communautés francophones et acadienne du Canada.

Ms. Kenny, you have the floor.

**Ms. Marie-France Kenny (President, Fédération des communautés francophones et acadienne du Canada):** Good afternoon. Thank you for inviting the Fédération des communautés francophones et acadienne du Canada to participate in the pre-budget consultations.

I am appearing before you today on behalf of 2.5 million French-speaking citizens and taxpayers living in nine provinces and three territories.

The Canadian government's priority is to create jobs and stimulate economic growth. That objective is shared by the citizens of francophone and Acadian communities. We contribute to that goal in a concrete way. Recently, the Conference Board of Canada carried out another study that showed the full contribution of those francophone citizens to our country's economic growth.

However, there is still much to be done. Although a large portion of French-speaking citizens seem to be doing well on an individual basis, the same is not true of francophone communities, where there are still discrepancies in access to services and economic vitality.

By creating favourable conditions for francophone communities to be able to thrive in French, the government will be much more successful in reaching its economic growth objectives. We recently presented those conditions as part of the consultations on official languages held by the Minister of Canadian Heritage and Official Languages, the Honourable James Moore.

First, the government should invest in our population. I am talking about support measures for young families and young people to enable them to pass on the French language and strengthen their sense of identity through increased access to cultural and heritage activities, and child development support programs. But that is not all. Like all of Canada, our francophone communities depend on the contribution of newcomers who settle among us to succeed and help our regions grow. That requires investments in the promotion, recruitment, welcoming, economic integration and retention of French-speaking migrants and immigrants.

Second, we recommend investing in our space. To be successful, francophones must have access to a wide range of services and activities covering all areas of our daily life—from education to health, from justice to culture, from young people to seniors.

Third, investments should be made in our development. We need measures to create thriving francophone communities where people can be successful. Communities play a role in regional economic development. That involves investments in workforce training—be that in terms essential skills, such as literacy, or post-secondary education—and support for entrepreneurship, and for cultural and heritage tourism initiatives.

For those investments to produce the anticipated results, emphasis should be placed on strengthening the capacities of organizations and institutions on the ground. They deliver those services and activities, and achieve that development by and for the community. Francophone citizens increasingly want to live in French, and they want to have those services and activities provided in that language. Organizations and institutions that produce results for Canadians have not received additional support for doing that work. They are trying to meet a growing demand, with resources that, in most cases, have not increased since 2005.

That has prompted us to issue two recommendations.

The first recommendation is for the next federal budget to announce the renewal of the Roadmap for Canada's Linguistic Duality with investments in the three major priorities we have just presented—our population, our space and our development.

The second recommendation is for the budget to announce increased support for organizations and institutions that ensure the provision of services to francophone citizens. That increased support would involve, among other things, improvements to the Community Life component of Canadian Heritage's Official Languages Support Programs.

However, creating favourable conditions for our communities to contribute more to Canada's economic growth is not limited to investments. As I have already pointed out to this committee, very often and too often, the Canadian government's investments—through federal, provincial or territorial agreements—did not benefit the French-speaking citizens we represent.

Currently, nothing is stopping provincial and territorial governments from being accountable when it comes to the way funds from transfers in areas such as health, education, immigration or labour have translated into concrete services for francophones. We are talking about taxpayers' money and services for all citizens.

Improvements must be made in order to ensure efficiency and responsibility. That is why the FCFA recommends that, in future federal/provincial/territorial agreements, the Government of Canada identify an amount dedicated to services specifically intended for French-speaking citizens of the province or territory with which an agreement is being signed.

We also recommend that those agreements systematically include strong linguistic clauses that make provinces and territories accountable.

Thank you.

● (1715)

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

[English]

I'll ask the Mining Association of Canada for their opening statement.

I'll let people know that Ms. Nash will be assuming the chair for about 15 minutes.

**Mr. Pierre Gratton (President and Chief Executive Officer, Mining Association of Canada):** Thank you.

I'm here with my colleague, Brendan Marshall, the director of economic affairs for the Mining Association of Canada.

In 2011, the mining industry contributed \$35.6 billion to Canada's GDP, employed 320,000 workers, and paid \$9 billion in taxes and royalties to both levels of government, an increase in all three areas over the previous year, reflecting the strong performance of the mining industry in recent years.

According to recent MAC research, Canada's mining industry is poised to invest some \$140 billion in projects across the country over the next decade.

The government has contributed positively in recent years with policy developments and investments supporting the growth of our sector, including geo-mapping, exploration financing, capital investment in critical infrastructure, and a responsible resource development plan in budget 2012.

To ensure that the mining industry's contribution to Canada's economy remains robust, a competitive and predictable domestic regulatory environment is key. To this end, the government should continue upholding Canada's economic fundamentals by maintaining low inflation, eliminating the deficit, preserving and improving our tax levels, and decreasing the national debt.

Continued forward thinking, such as the promise of regulatory reform displayed in budget 2012, is essential. Canada has the opportunity to capitalize on a growing mining sector and the many economic benefits that flow from it. Though many improvements are anticipated to result from the federal government's responsible resource development plan, uncertainty currently exists over how relevant authorities will work together to enact the legislation. Governments should continue working with each other and stakeholders to ensure that the intended outcomes are achieved.

Further, the government should implement a functional permitting system for the Species at Risk Act and should modernize and complete the environmental legislation governing Canada's north.

On the human resources front, it is estimated that the mining industry will require 140,000 new workers over the next 10 years. Governments must work with industry, schools, aboriginal groups, and other communities to address the skills shortages facing mining and other sectors and to address issues such as mobility and immigration needs.

Despite the abolition of the mining industry human resources sector council, the mining industry, through MAC, will be stepping in to secure the future of MiHR. Replacing government core funding with our own, we are hopeful that MiHR's proposals for specific program funding to support labour market research, labour certification, and aboriginal inclusion will be supported.

The mining industry is the largest private sector employer of aboriginal people, and the recent discontinuation of the aboriginal skills and employment partnership program has created a gap that needs to be filled. The potential for significant aboriginal employment opportunities in our sector is strong, but essential training to develop the requisite skills is needed.

Innovation is key to addressing declining ore reserves, meeting increasing regulatory standards, and managing higher operating costs. To capitalize on a pan-Canadian research program, the Canadian Mining Innovation Council is requesting \$18 million per year over five years in support of the industry's R and D priorities. Mining already spends some \$500 million annually on R and D in Canada, but not through CMIC's collaborative model. Support for CMIC, which is the Canadian Mining Innovation Council, would bring federal investment in mining R and D closer to levels already enjoyed by other major Canadian economic sectors. It would also bring Canada in line with what some other major mining jurisdictions, such as Australia, Sweden, and Norway, have done, recognizing the potential that exists in their countries for mining but recognizing that more R and D is needed to capitalize on that.

● (1720)

Given the remote location of many mining projects, infrastructure remains a key challenge in making the economics of multiple projects across the country viable for development.

Ongoing investment in transportation and power, including through public-private partnerships, is crucial. Fulfilling the government's commitment to restore market balance between shippers and railways is also critical.

Canadian-based metal reserves have been in decline for 30 years, putting our smelters at risk. Without sustained exploration, mineral production will outstrip reserve additions, which will have serious consequences for our economy.

Given current challenges in raising capital for Canada's junior firms, we strongly recommend, again, that Canada's mineral exploration tax credit and flow-through mechanisms be maintained and extended.

Thank you for your consideration.

**The Vice-Chair (Ms. Peggy Nash):** Thank you very much, Mr. Gratton.

Next we have Ms. Aquin, from the Petroleum Services Association of Canada—oh, sorry, Mr. Marshall; I don't have you on the list.

**Mr. Pierre Gratton:** No, he's with me.

**The Vice-Chair (Ms. Peggy Nash):** Oh, you're together. Sorry.

Go ahead, Ms. Aquin.

**Ms. Elizabeth Aquin (Senior Vice-President, Petroleum Services Association of Canada):** I have somebody with me, too.

**Voices:** Oh, oh!

**The Vice-Chair (Ms. Peggy Nash):** You're all together.

**Ms. Elizabeth Aquin:** Good afternoon, and thank you for the opportunity to speak with you here today.

As mentioned, my name is Elizabeth Aquin, and I'm the senior vice-president of the Petroleum Services Association of Canada, or PSAC—the other PSAC.

Joining me today is Kathy Marasco, vice-president of corporate human resources, a representative from one of our member companies, Sanjel Corporation.

The Petroleum Services Association of Canada is the national trade association representing the service, supply, and manufacturing sector of the upstream petroleum industry. PSAC represents a diverse range of over 260 member companies, employing over 76,000 people, and contracting almost exclusively to oil and gas exploration and development companies. PSAC member companies represent approximately 80% of the business volume generated in the petroleum services sector.

PSAC is having statistics updated this fall on the economic contribution of the petroleum services sector; however, for the purposes of perspective, a study by the Canadian Energy Research Institute revealed that in 2006 the sector contributed \$65 billion to Canadian GDP, paid \$9 billion in personal and corporate taxes, and employed 800,000 people across the country directly and indirectly. In 2009, 36 Canadian-based companies alone exported almost \$13 billion worth of products, technology, and services.

We believe that the oil and gas industry in Canada is, and will continue to be, a major source of economic growth. Arguably, however, one of the biggest obstacles to this growth is the shortage of labour. This issue will require a combination of remedies, some of which I would like to highlight here today.

The first one is with respect to the overseas employment tax credit, OETC. When companies have valuable employees who have gained experience and are now able to help Canadian companies diversify and grow internationally, the main issue is retention.

Retention involves continuing to provide those employees with career or personal development opportunities, compensation incentives, or perhaps a combination of both. The OETC is one example of such an incentive. Work assignments in foreign countries are typically rotational in nature. For example, employees are requested to work 30 days in the foreign country, and receive the next 30 days off in Canada. This type of arrangement causes significant disruption to family life. The OETC has been a very effective tool in enticing employees to accept such work arrangements.

The benefits of the OETC are several. The company is able to expand internationally, earning revenue for itself and for Canada and providing increased jobs to Canadians through such growth, as well as the portion of income tax paid by those employees working internationally, over and above the OETC. As those employees return home, they also contribute to the Canadian economy as they spend their disposable income in Canada. In addition, the company is able to retain the employee to deploy as needed. The phasing out of this tool, as indicated in the 2012 budget, removes an important arrow in the quiver of Canadian competitive advantages.

On another topic, as PSAC member companies search for new employees, they most certainly seek Canadians first. This makes the most business and economic sense, as international recruitment is expensive, time-consuming, and often beyond the HR capabilities of many small and medium-sized enterprises. Placing an ad in the local paper is always the first choice. As much of PSAC's membership operates within Alberta, more and more member companies have started to expand their recruitment searches across the country, aware that—

• (1725)

**The Vice-Chair (Ms. Peggy Nash):** You have one minute—

**Ms. Elizabeth Aquin:** —unemployment is higher outside of Alberta.

In doing so, work arrangements to encourage people to work away from home, in another province, are being created. Offering work schedules of 21 days on and 14 days off is one example, allowing workers to have their families remain in place until they are confident that their skills are truly transferable and that this new industry will work out for them.

The issue with this arrangement is the uncertainty for companies as to whether the travel and accommodation costs for workers are taxable benefits. Under subsection 6(1) of the Income Tax Act, all benefits received by an employee from their employer are taxable. There are certain exceptions under subsection 6(6) that many offer relief, but only under specific circumstances and criteria.

A key criterion is that the work assignment must be temporary in nature. Since it is not usually the intention of the company, this would appear to render employees ineligible for relief under this section.

Employees, however, do not see travelling to work as a benefit that should be taxed. Without the help of subsection 6(6), the entire interprovincial distance travelled could be considered as travel from home to work. As such, it's a taxable benefit.

The amount of this taxable benefit is extremely large, and quickly erodes the employee's net pay. This—

**The Vice-Chair (Ms. Peggy Nash):** Ms. Aquin, thanks very much. Your five minutes are up.

If you want to say a couple of words in closing, go ahead.

**Ms. Elizabeth Aquin:** Okay.

I would just say that in terms of this particular one, we seek clarity on this situation in order to remove any disincentives to hiring Canadians and to Canadians trying to find new opportunities in other provinces.

We don't believe this was the intention of the CRA in the creation and implementation of this section.

• (1730)

**The Vice-Chair (Ms. Peggy Nash):** Thank you very much. I appreciate that. You'll get more time during questions.

Members of the committee, can I get consent, under Standing Order 115(5), to sit through the bells for maybe 15 minutes?

**Some hon. members:** Agreed.

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

In the absence of the chair, I'm going to take my five minutes right off the bat and then go into the rotations.

I want to thank all of the witnesses for being here. Some of you had very similar comments. Many of you spoke about R and D and innovation. You spoke about labour shortages. You spoke about debt, both government debt and personal debt.

First, Mr. Awad, you have a proposal to help alleviate student debt. Can you tell me, from the perspective of students, what role reducing student debt would play in helping with economic development? Are there overall economic advantages to Canadians for reducing the debt, particularly to students?

**Mr. Adam Awad:** Absolutely. As I made reference to in my remarks, what we're seeing more and more, particularly with high youth unemployment—at the moment, it's double the general rate of unemployment—is that youth, particularly graduates, are having a harder time finding employment right afterwards, so it makes it difficult to repay that amount. We're also seeing lower levels of youth entrepreneurship. If you graduate with \$25,000, \$35,000, \$40,000 in debt, then taking on an additional debt from a bank loan in order to start a business is often way too much in terms of actually being able to pay that all back.

When we see the rising number of students using the repayment assistance program as part of the Canada student loans program, that means.... This year there are 147,000 people whose interest in being covered by the federal government, which means they aren't able to invest locally in their economy. They aren't able to put money away for economic stability. They aren't able to start families, often, because that requires greater resources.

Actively reducing the debt would alleviate a number of those issues and would provide students an opportunity to reinvest in their local economy, to be creative, and to start their own industries and businesses. It would allow them to be able to plan much further ahead, rather than from week to week and paycheque to paycheque.

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

I notice you also raised in your report the issue of aboriginal youth. That was also mentioned by you, Mr. Gratton. Mr. Everson, you mentioned the whole issue of labour shortages.

As I understand it, there will be about 300,000 aboriginal youth joining, or potentially joining, the labour market over the next 15 years.

Mr. Gratton, I'd like to start with you. What is the mining sector doing to reach out to aboriginal youth to address the skills shortage and to bring those youth into the labour market?

Then I'll open it up to anyone else who would like to get into that specific question about aboriginal youth.

**Mr. Pierre Gratton:** I'll touch on a few things. This is actually something that I could spend a lot of time on.

**The Vice-Chair (Ms. Peggy Nash):** I'm sure.

**Mr. Pierre Gratton:** Through our sector council, one of the projects we've done in partnership with the Assembly of First Nations and the Inuit is on aboriginal inclusion. It's been taking to companies the skills and systems they need to make the workplace a better place and more attractive for aboriginal people. That's not just youth, but since they have the youngest population in Canada, they're often fairly young people. That's something we've been doing.

As you know, any major new mining development in Canada will typically come with an impact benefit agreement, or something like that, with the local communities. It will typically have employment targets, and often also training arrangements to help encourage aboriginal participation in the industry. That's another aspect.

I would be remiss if I didn't mention an excellent program in British Columbia, where I used to work, that just recently got new funding. It's called the BC Aboriginal Mine Training Association. They just got renewed funding for the next three years. That's been a remarkable partnership between industry, communities, governments, and first nations to provide work experience and training for them.

• (1735)

**The Vice-Chair (Ms. Peggy Nash):** Thanks very much.

Does anyone else want to talk about aboriginal youth? I have 20 seconds.

**Mr. Adam Awad:** Yes. There a number of things.

In our report, we say that the Centre for the Study of Living Standards highlighted that if the aboriginal communities in Canada participated at the same rate as non-aboriginal communities in post-secondary education, over 20 years we would see a return on investment of \$400 billion pumped into the economy. That's because aboriginal people are the fastest-growing demographic in Canada.

**The Vice-Chair (Ms. Peggy Nash):** Mr. Awad, I'm sorry, I'm out of time. Thank you. I'm going to read your report to find out more, or maybe someone else will ask you about that.

Next is Mr. Van Kesteren. You have five minutes.

**Mr. Dave Van Kesteren:** Thank you, all, for coming this evening.

Mr. Gratton, I will continue with you on the issue about the aboriginal workforce.

I was up in Alberta, in the Teck coal mine, and they did in fact have a program through which they engaged the aboriginals. We do know, of course, that in a lot of these areas—the Ring of Fire, for instance—there are large groups that can be tapped into. It's good to see you are doing that.

What I was fascinated to hear you talk about was needing 140,000 workers in the next 10 years. When you talked about 140,000 workers, were you talking directly? If we're talking about the extraction industry, which I understand is indirectly responsible for 20% of our GDP, were you talking about direct requirements in the extraction industry, or were you talking about the spinoff—the unguided hand principle?

**Mr. Pierre Gratton:** These are direct jobs.

Now, I should clarify, in case there is a misunderstanding, that these are also jobs to replace retiring workers. Part of it is the effect of the aging baby boomer generation, which is leaving the industry, and part of it is labour market projections in terms of growth in the industry. It's a combination of the two. It's not all new jobs; some of it is replacing older workers.

**Mr. Dave Van Kesteren:** What about specialty? A lot of these workers obviously have to be trained. Are you having difficulty getting university students who need specific training, or is that need being met?

**Mr. Pierre Gratton:** We have gaps across the whole range of skill sets, including the trades, the university level, and engineering. It really depends on where you look on how acute it is.

For example, metallurgical engineers are extremely rare these days. We haven't seen the turnout from our schools to meet the demand for metallurgical engineers. There has been a far greater take-up for mining engineers, and a lot of our schools across the country are full to overflowing. We are starting to see certain niches being addressed better than others, so it really does depend.

Of course, part of what we're also facing is that with some of the skills we need in the trades—electricians, auto mechanics, etc.—there are other sectors in the economy that are facing the same shortages, so we're competing for a lot of the same people.

**Mr. Dave Van Kesteren:** I think I could have addressed my questions to you, too, Ms. Aquin. I think you have the same issue. Are you having difficulties recruiting specialty employment workers?

**Ms. Elizabeth Aquin:** We're having difficulty employing or finding all types of workers. The services sector hires from professional engineers down to labourers and everybody in between, including the trades. There are so many different services, and some have more technology than others. There are a range of occupations, and we are having difficulty with all of them.

Our sector council, with a study, showed that between now and 2020, between low- and mid-range cases, we're not as high as oil and gas. We're mid-range. Between 40,000 and 140,000 people will be required in the sector, and the services sector alone will require between 18,000 and 72,000 of them. We're somewhere in the middle.

• (1740)

**Mr. Dave Van Kesteren:** That's staggering.

Mr. Everson, have we failed as a country to produce the right kinds of workers? Mr. Awad has presented before us today. Should we do a better job at working with higher levels of education, be it colleges or universities, to inform them years ahead that we're going to need some specialty workers in these areas? As Mr. Awad said, there are students coming out of universities with degrees who are unable to get jobs, yet we're hearing repeatedly that there are huge needs in different fields. Is this something we need to address in the future?

**Mr. Warren Everson:** Absolutely. We spent a lot of time this year on human resources. The Canadian Chamber of Commerce made it its number one issue. We ran a very huge consultation exercise. It's a fascinating and extremely complex problem, which has come upon our country very abruptly.

I had a nice box in my mind that the resource industries were the ones that were really suffering because they had exploded in size, but when I went to Newfoundland and Labrador, I found shortages among boutiques and pizza joints and all manner of people.

We're going forward this year by saying that one of the key issues is the relationship between employers and educational institutions. We can do a lot more there.

**The Chair:** Okay. Thank you. Thank you, Mr. Van Kesteren.

Mr. Pacetti is next, please.

**Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.):** Thank you, Mr. Chair. Thank you to the witnesses for appearing.



I'm just going to ask a quick question to the Canadian Chamber of Commerce and to the Canadian Federation of Students, because I think you guys were saying the same thing.

Mr. Everson, you were saying that government's not moving when it comes to innovation, and it has to do a bit of a better job. Mr. Awad, you were saying that Canada does not have the ability to compete, that Canada's not competing, and we see it in the statistics.

Are you both saying the same thing, or am I misinterpreting what is being said? I'd like your comments.

**Mr. Warren Everson:** I think we're close. I increasingly believe that innovation is a question of human resources. There's been some research I like a lot that suggests that overwhelmingly the real issue that makes an innovative country is how skilled and well educated your populace is. The fact that young people in Canada lost employment opportunity in the recession and have continued to lag well behind where they were before the recession is very disturbing. Older workers did pretty well after the recession and are continuing to do well.

**Mr. Massimo Pacetti:** Is it the students' fault, or is it the government's fault, or is the companies' fault? The Bank of Canada is saying that companies are not doing enough with the money they have. They're not putting enough money into innovation.

I've sat on this committee, although I'm no longer a member. The business groups have continued to come forward and say we need help from the government to innovate, but we haven't seen the results from it, even though both the Liberals and the Conservatives have put money into research and development and made quite generous programs available to companies. Now we're looking to the students. Are we blaming it on the students? What's the role here? You guys have to work together. You can't expect the government to do this.

**Mr. Warren Everson:** I agree with that. It would be convenient to blame it on the students, but I think there's blame enough to go around.

The Canadian economy, the Canadian culture, is not producing as innovative an entrepreneur as other countries. We have to get at this, and the government has a role; there's no question about that.

**Mr. Adam Awad:** What we're actually seeing is that Canada, as compared to other industrialized, developed countries, ranks quite low in terms of private sector spending on research and innovation. What we're seeing is people are trained in universities. They go through their master's, their Ph.D. They often have private-public partnerships for their research projects while they're in school, often funded through federal programs, and then they graduate and aren't able to find jobs because the companies that gave them the research funding while they were in school didn't continue that in doing their own in-house research. That's what we're seeing as the major issue.

There are two tables in particular, on page 16 of the document, that I would draw the attention of the members of the committee to. One highlights that Canada offers, as compared to other countries around the world, some of the largest business incentives for research and innovation, yet doesn't actually produce the same amount of private sector research as other countries.

**Mr. Massimo Pacetti:** What does the government have to do, or what can this committee recommend to have government change in what it's doing so that it works?

**Mr. Adam Awad:** Often we see research institutions that rely more heavily on private funding for research because they don't receive enough core funding to operate research on their own, so they're forced to turn to other sources to make that happen. Business incentives that come from the government to encourage those private-public partnerships simply make it worse, because it's easier for a private corporation to get graduate students, who are much cheaper, to do the research, rather than pay them a full salary and benefits once they graduate.

• (1745)

**Mr. Massimo Pacetti:** Mr. Everson, what could this committee recommend to the government?

**Mr. Warren Everson:** As you've said, innovation's been in a quandary for a long time. Canada's position is actually slipping. I'm putting a heavy emphasis on the human resource side of it, which certainly includes funding and relationships between post-secondary education and employers. I think the decision to cut the—

**Mr. Massimo Pacetti:** What's the government's role? The federal government subsidized post-secondary education. Do you actually want the government to train your students?

**Mr. Warren Everson:** I think the provision of scholarships, such as was done in a government you served in, was a very impressive effort. We're spending a lot of time on this issue. Like you, I find it a very difficult issue to evaluate. It does seem clear that cutting financial support is not the right way to go.

**Mr. Massimo Pacetti:** You said that P3s are actually a hindrance because they don't motivate private industry and the public sector to work together. Can you just expand on that?

**Mr. Adam Awad:** Public funding is provided to these research projects if companies will invest a certain portion, but we're not seeing a continued investment in their own in-house research once that project is done. Students actually have no access to jobs once they finish their education and their training.

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

Colleagues, I'm going to suggest, with your consent, that we have Mr. Jean's round and then go vote. I've had a request to resume the meeting after the vote. I know that does impose some time on our witnesses, but if they can stay, I'd ask them to do so.

We'll go to Mr. Jean for a five-minute round, and then we'll go vote.

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

Three of my favourite groups in the world are the Canadian Chamber of Commerce, the Petroleum Services Association, and the Mining Association. I'm from Fort McMurray; I can't help myself.

I was reading Canadian Chamber of Commerce material. How many businesses in Canada do you represent?

**Mr. Warren Everson:** We represent maybe 200,000, depending on how you count them.

**Mr. Brian Jean:** It's most of them. In fact, you represented several of my businesses over the years and did a great job.

You enunciate four principles in here: inflation control, fiscal prudence, trade openness, and structural reform. I think we're doing a good job on all those fronts. Wouldn't you agree? Is it a good start by this government?

**Mr. Warren Everson:** Yes.

**Mr. Brian Jean:** You also talk about reducing high and uncompetitive marginal personal income tax rates that discourage people from working, saving, and upgrading their skills. I agree with you 100%. In fact, most of the things that you put forward in this brief I agree with.

What I want to talk about with the three groups that I've mentioned is labour mobility. Let's just leave the foreign workers issue out completely. I want to talk about how we can get improvements in labour productivity, which you mention in paragraph 4 specifically, and how it can mitigate the negative impact of aging populations and a declining workforce, which we have. In Fort McMurray, we have a very declining workforce; we have a lot of people retiring and a lot of problems.

I'm going to start with Ms. Aquin. Could give me your top three initiatives that this government could concentrate on to get labour from one part of this country to another? I mean things like a travel tax credit, which you've mentioned, or an educational achievement outcome tax credit for universities, etc. What do you think are the three most important?

**Ms. Elizabeth Aquin:** Certainly one is the taxable benefits. Many of our member companies are looking to other provinces to encourage Canadians to come and work in the oil patch. If their travel and accommodation are going to be taxed, it impacts their paycheque. They'd just as soon stay home and collect employment insurance. We need to look at that to encourage more Canadians to come and move out here or at least take work here.

The other thing is the training credits. Most oil patch companies have to train because universities and colleges do not have the courses for many of the occupations that are in the oil patch, so the companies do the training themselves as they look more broadly to other Canadians who come potentially with transferable skills but definitely no oil patch experience. In some cases, they're just looking for people they will train themselves. Having some kind of tax credit that could be offset in some way would greatly assist.

**Mr. Brian Jean:** Are there any others ?

**Ms. Elizabeth Aquin:** Those are the two that first come to mind.

**Mr. Brian Jean:** Mr. Gratton, would you comment?

**Mr. Pierre Gratton:** I have a different one, just so we have more variety.

We're working, through our sector council, on a mineworker certification initiative. Basic mining skills for mineworkers—underground mineworkers, open-pit workers—are not skills that are recognized. Historically, you don't have a degree or certificate in that. Through the sector council, we have been working across the country, at the pilot stage, to actually develop that certification so that a worker—

• (1750)

**Mr. Brian Jean:** It would be like a Red Seal program.

**Mr. Pierre Gratton:** It is somewhat like that, except that it's within each province. We're developing something that's national so that when a worker at the Bathurst mine in New Brunswick, which is closing, wants to go work for a mine in British Columbia—

**Mr. Brian Jean:** I understand.

**Mr. Pierre Gratton:** —they can give the worker a certificate. It's beneficial for workers. It's also good for the companies to know what they are hiring.

**Mr. Brian Jean:** Mr. Gratton, I only have one minute left. I agree with you. I think that's a great initiative. Are there any others?

**Mr. Pierre Gratton:** No, I will stop there.

**Mr. Brian Jean:** I like it.

Go ahead, Mr. Everson, please.

**Mr. Warren Everson:** Thank you.

We call for a leveling of the benefits environment over time. You can't make it a better deal to be unemployed in one area than to be employed in another area.

**Mr. Brian Jean:** The EI system, in particular, you are saying, punishes—

**Mr. Warren Everson:** EI generally needs reform. We're not fighting tooth and claw. We agree that this is going to take a long time to not create victims.

**Mr. Brian Jean:** What do you think of our moves so far, the initiatives we've undertaken?

**Mr. Warren Everson:** I think they were well calibrated.

**Mr. Brian Jean:** Do you agree?

**Ms. Elizabeth Aquin:** I would totally agree. I think the employment system needs to be looked at to encourage people to work and not to not work.

**Mr. Brian Jean:** Mr. Everson, you said, specifically on EI, that we're punishing people in one part of the country and making them not go to work in other parts of the country.

**Mr. Warren Everson:** No.

I don't know how many times you have heard this yourself. People will say to you that if they succeed this much, they will lose their access to housing. If they are aboriginal, they will lose access to a tax benefit. They are not incented to go the next step in their personal lives. We keep encountering that in different ways. It's heartbreaking, so that would be a high priority.

The other one I like is information for people, because it is singularly difficult for someone who is unemployed to know what actually exists elsewhere, far away. The more they know, the more likely they are to go. I commend the government for the efforts it's starting to make there.

**Mr. Brian Jean:** So when I say, "Come to Fort McMurray," I should just say it a lot.

**Mr. Warren Everson:** Just keep saying it.

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

I want to thank our witnesses. We are going to suspend the meeting. The voting, I assume, will take about 35 minutes, and the committee will come back after that.

The meeting is suspended.

- \_\_\_\_\_ (Pause) \_\_\_\_\_
- 
- (1830)

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

Again I want to thank our witnesses very much for their patience in waiting while we completed our voting. We will start—

[*Translation*]

I will first yield the floor to Mr. Mai for five minutes.

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

I want to thank our witnesses for being so patient while we were voting.

My question is for Ms. Kenny, from the Fédération des communautés francophones and acadienne du Canada.

In Quebec, great efforts are being invested into protecting the French language, but across Canada, that must not be an easy task either, especially when it comes to bilingualism issues.

You really insisted on the roadmap. You made that request last year before the Standing Committee on Finance, and you have repeated it. Can you tell us how important it is for the Standing Committee on Finance to keep that in mind for next year?

**Ms. Marie-France Kenny:** In terms of linguistic duality and the available services, the roadmap goes beyond investments. It provides funding for various sectors, and it really does a lot of good. We are talking about investments totalling over \$1 billion.

As for the showcase for cultural organizations, the roadmap contributes not only to culture, but also to the Canadian economy, and to our francophone artists. The francophone industry contributes significantly to the GDP. People shouldn't think that the investments are funds allocated only for French-speaking people. We are full-fledged citizens. We work in areas such as health care. I was just talking to this gentleman about how necessary it is to have access to francophone doctors and nurses across the country. It is not just about the fact that we contribute to the economy, but also the fact that, if someone like me is in a panic when dialing 911, they will want to speak French, no matter how bilingual they are.

Funds were invested in the cultural showcase, youth, and immigration in the case of Citizenship and Immigration Canada. Those funds are combined with those provided by the Official Languages Support Programs Branch. That is significant. We are talking about a \$1-billion investment. Without the roadmap, many programs and communities would struggle. Some of the smallest communities may disappear.

**Mr. Hoang Mai:** So we are talking about a very important program.

Thank you very much.

• (1835)

[*English*]

Mr. Awad, regarding youth, we know there are a lot of issues right now. We know about the fact that the unemployment rate has doubled. Canadians are having a lot of problems with household debt, and we can imagine what it would be like to start your career with a huge student loan or debt.

Can you tell us and give us a feel for how it's been going for the past six years? Has it been better or has it been worse for students?

**Mr. Adam Awad:** Do you mean in terms of student debt?

**Mr. Hoang Mai:** Yes.

**Mr. Adam Awad:** We work with the numbers produced by the Canada student loans program, and year over year we see more applications. More loans are given out, and overall, students are relying more and more not just on provincial and federal loans that already exist but are turning to credit cards to pay for rent and groceries and are turning to student lines of credit. Students in a particular place where public loans aren't enough for whatever program they're in have to turn to a full-on student line of credit, up to \$30,000 or \$40,000 in some cases, just to make ends meet, and we're seeing that this trend is getting worse.

**Mr. Hoang Mai:** Would you say students now fare worse than maybe six years ago?

**Mr. Adam Awad:** Yes.

**Mr. Hoang Mai:** Just quickly, for the Chamber of Commerce, we were talking about the fact that our position is maybe to invest more in terms of green technology or in terms of having a green economy. What is your members' view on that, in terms of developing innovations on that front?

**Mr. Warren Everson:** Certainly no one opposes environmental improvements. It is an area in Canada that we think is very promising. Obviously, new investment in infrastructure and plants and equipment almost automatically improves environmental performance.

**Mr. Hoang Mai:** Do you think the government should do more in terms of investing in technology?

**Mr. Warren Everson:** I think it's an area to be supported. I don't think how the government should do that is simple. Of course, it's a virtuous area and one that sells both domestically and for the export market.

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

**The Chair:** Mr. Hoback is next, please.

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

Thank you, witnesses, for indulging when we went to vote and do more of our work.

I come from Saskatchewan. The extraction industries in Saskatchewan are huge. It's a very exciting place to be right now, compared to what it was in 2003-2004, when it was the place that provided Alberta with a whole pile of young employees. Now we're taking all those young kids back and trying to grab some Albertans. I notice that our chair is ignoring me on that.

We now have a lot of the same issues in Saskatchewan that you have in Alberta as far as education of youth in the extractive sectors is concerned. I'll talk to both the mining association and petroleum association.

I know that the University of Saskatchewan's College of Engineering is doing some work in the extractive industry sector. As far as corporate social responsibility and the development of engineers and expertise around the extractive industries are concerned, how much more do we need to develop here in Canada?

I'll leave it to both of you.

**Ms. Elizabeth Aquin:** How much more, did you say?

**Mr. Randy Hoback:** Yes.

**Ms. Elizabeth Aquin:** Well, for quite a period of time, I think, because of the previous experiences of parents in the oil and gas industry and its boom-and-bust nature, I think a lot of parents discouraged their kids from taking geosciences in general, so a lot of the engineers are not always attracted to the oil and gas industry.

Then, too, the oil and gas industry itself has negative connotations on many fronts, and it's not always considered. Sometimes it's even considered a sunset industry. I think teachers are often on the side of environment and not necessarily on how we can do this better because we need oil and gas. I think there are some social issues and some perception issues there that need to be combatted in order to have more students go through those programs and come into the industry and take the jobs.

**Mr. Pierre Gratton:** Well, I don't know how to say what she just said any better; I would agree with what she has just said.

We face a lot of the same issues. It has been noticed that our two industries are doing very well right now, so it's certainly easier to recruit young people than it used to be in earlier times when growth

industries weren't doing as well, but still, we do face a lot of challenges.

In mining, a lot of the jobs are often in very remote locations. Not everybody wants to do that. On the other hand, we are finding that we are now able to recruit people who actually think that it's kind of exotic to work not only in parts of Canada that you may not have known existed, but in parts of the world that you never thought you'd see.

We have to do a better job of marketing our business to young people and to show them just how incredible the opportunities are around the world.

• (1840)

**Mr. Randy Hoback:** We have the mineral exploration tax credit. Can you give us an overview of how that's working for you on major projects?

**Mr. Pierre Gratton:** Right now, the mineral exploration part of the business is hurting, because they rely so much on the capital markets to raise funds for exploration projects. They don't have cashflow; they raise it on the markets, so at the present time in particular, the tax credit is extremely important. Without it, right now I think they'd be even more hampered. It is a very attractive tool to help raise exploration spending in a time like this, when the markets are so risk-averse and so jittery. The case for continuing that credit now is, in our view, extremely strong.

**Mr. Randy Hoback:** So that has been a program that you've relied on and has been fairly successful in the past, and you'd like to see it stay?

**Mr. Pierre Gratton:** Oh, yes. It is definitely a very successful tool. It's also the envy of many other mineral jurisdictions. It certainly has contributed to the fact that Canada has attracted the largest percentage share of global exploration spending for the past six years now.

**Mr. Randy Hoback:** Okay.

In regard to transportation and getting the products from inland to port, have you had any issues or concerns among your members about the level of service of railways and those issues?

**Mr. Pierre Gratton:** I wasn't sure I heard you. Is it about railway service?

**Mr. Randy Hoback:** Yes.

**Mr. Pierre Gratton:** Well, we were just talking about this. We are part of the shippers coalition, so as I said in my opening remarks, we are certainly looking forward to some legislation that will help balance the market power issue we're dealing with now.

I would acknowledge that in the last number of years we have seen improvements in rail service quality. CN has a really important line in northeast B.C. that is servicing the coal mines in northeast B.C. Actually, a lot of material goes through Saskatchewan through that same line, out to Ridley Terminals, and service improvements have been noted in that area.

**The Chair:** Okay, Mr. Gratton, let's wrap this up.

**Mr. Pierre Gratton:** Still, it's still uneven, and we also get examples from other member companies at other mines where service continues to be unreliable.

**The Chair:** Okay. Thank you.

Thank you, Mr. Hoback.

Mr. Marston, go ahead, please.

**Mr. Wayne Marston:** Thank you, Mr. Chair, and to all of our friends here. Thank you for waiting for us. You get to see another part of our lives. We're interrupted quite regularly.

Mr. Gratton, you testified that your industry employs over 300,000 people and that in the future you're anticipating the need for about 140,000 more. Am I correct?

**Mr. Pierre Gratton:** Yes, that's right.

**Mr. Wayne Marston:** In your testimony earlier, I certainly was pleased to hear your outlook for our first nations people. In our pre-budget hearings last year, we heard quite a bit about the need for employing the first nations people. Does your industry use temporary foreign workers? If so, what is the percentage of that 300,000?

**Mr. Pierre Gratton:** I don't have the number for you, but I will say that in general the industry has not used the temporary foreign worker program all that much. They are using it more now than they used to because the situation is so severe. Teck, for example, has brought in workers to their coal mines. The oil sands have brought in workers. By and large, it has been a largely underutilized source of employment.

**Mr. Wayne Marston:** Would 10% be a fair number?

**Mr. Pierre Gratton:** Honestly, I wouldn't know. I don't have an answer.

**Mr. Wayne Marston:** That's fine. Ms. Aquin—am I saying it correctly?

**Ms. Elizabeth Aquin:** Yes.

**Mr. Wayne Marston:** Does your industry use temporary foreign workers?

**Ms. Elizabeth Aquin:** We use some, but not very many. The reason is that the nature of the work is responsive to customer demand from the oil and gas companies, so they don't get a lot of notice, and the process, traditionally, has been very time-consuming. A lot of service companies reach a considerable size before they ever get any HR expertise in-house, never mind some on the level of Kathy. They don't have the wherewithal to do it, and the process takes too long, so they can't.

We have been working with HRSDC and CIC on some of these things. Some of the other issues are with respect to the national occupation classification codes, the NOC codes. They're fine if you're an engineer or welder in the trades, but if you are a fracking operator or coil tubing operator, you probably came out of high school and learned on the job, and then you're considered lower—

• (1845)

**Mr. Wayne Marston:** Sorry, do you mean Canadian workers, or are you referring to foreign workers at this point?

**Ms. Elizabeth Aquin:** Both.

Even Canadian workers, or abroad, probably just got a basic education and learned on the job because colleges and universities don't teach pumping services, for example. They are considered low-

skilled or unskilled, and so it's even more difficult to bring those types of people into the country. The process is so long that most of our members just have not done it.

There are some that have tried. The larger multinationals have tried.

**Mr. Wayne Marston:** The reason I was asking is that we've had a lot of back-and-forth in the House relative to temporary foreign workers, and it crossed our economy as a whole. The position we've taken is that if we're going to invite people to come here to work—and in a lot of instances it's a fairly significant ongoing number, and it doesn't change a lot—we should invite them to come here to become Canadians and really take advantage of the skills they bring with them, as opposed to having that revolving door of having to go through the train-up. In a lot of instances, it's very job-specific training that's not in the education system where they come from.

That was the purpose of my question.

**Ms. Elizabeth Aquin:** We agree.

When you are bringing in foreign workers, you want to be sure that they are the right people, they have the skills, and they are trained. In most cases, we would like to see them become permanent residents.

**Mr. Wayne Marston:** Of course, the obvious thing that follows that, too, is the balance between the unemployed Canadians we have and what kind of help this government could give to specialized training or helping those people transfer to the areas where they're required. Is there a place for the federal government to be helping people to get to these jobs?

We heard earlier about taxation problems that people face, and that kind of thing, so we are listening.

**Ms. Elizabeth Aquin:** Yes, that's exactly it, because if a company hires someone from, say, Ontario to work in northern Alberta, the plane ticket could be considered a taxable benefit. I don't think the employee leaving home considers they're enriched by that, so if they were not taxed on that and if it were neutral, it would encourage more Canadians to move to take the jobs we have to offer and not stay on unemployment.

I think the government would probably find that revenue-neutral, or maybe in their favour.

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

*Madame Glover, s'il vous plaît.*

[Translation]

**Mrs. Shelly Glover:** Thank you, Mr. Rajotte.

Once again, I want to thank the witnesses for joining us today.

I will now address Ms. Kenny.

We know each other very well. I am really happy to see you here. Official language minority communities are very important. As I am the member for Saint-Boniface, I know how important it is to have the government's support. I have a few questions about your presentation.

You specify that risk capital investments are very important for francophone companies. An announcement was just made in budget 2012 about a \$400-million venture capital investment. A \$100-million amount was also earmarked for the Business Development Bank of Canada.

I would like to know, as far as you and your organization are concerned, what kind of criteria the government should impose to meet the demands of your community and help you.

**Ms. Marie-France Kenny:** Thank you, Ms. Glover. I am also happy to see you again.

It must be understood that the needs of francophone communities are not the same as those of anglophone communities. I don't want to spend too much time on technicalities, but pursuant to part VII of the act....

**Mrs. Shelly Glover:** Sorry to interrupt you, but I only have five minutes.

**Ms. Marie-France Kenny:** Yes, and I will answer very quickly.

**Mrs. Shelly Glover:** It's just that I have another question for you.

• (1850)

**Ms. Marie-France Kenny:** As far as investments go, we have to keep in mind the reality of the needs as they are. If a criterion required 100 employees or more, our companies may be too small. What really needs to be taken into account is the uniqueness of each community and company. It is not like one-size-fits-all clothing. So criteria should be established, but they should retain some flexibility. That would work for us. I could not provide a criterion for each community, as that would take too long.

**Mrs. Shelly Glover:** You can think about it and submit any relevant information to us. I would be very interested in having a look at that information. I understand what you are saying about the size of companies in minority or francophone communities, but if you have any other information, you can send it to us. I am really interested in this.

**Ms. Marie-France Kenny:** We could certainly send you that information.

**Mrs. Shelly Glover:** Before we move to Mr. Awad, I want to ask you another question.

We are talking about unprecedented roadmap investments, but the roadmap also allocated funds in areas such as those you have mentioned—immigration and health. In Saint-Boniface, the community health board, with Annie Bédard, carried out a survey that really helped the francophone community.

In the past, have there been any specific years where investments in our communities were higher? People are always saying that this is unprecedented, but if we take into account agreements with provinces and territories on French-language education, the contribution of the roadmap and projects developed by Canadian Heritage and so on, is that still true?

**Ms. Marie-France Kenny:** There have been certain years when investments in assistance for community life programs were higher. They have long since been reduced.

**Mrs. Shelly Glover:** When was that?

**Ms. Marie-France Kenny:** I could obtain that information, but I believe it was in 1998. Investments were higher. They were then cut, and increased again a little bit afterwards. They stabilized and are still stable, but as we have obtained status quo and not a cost-of-living adjustment, we have taken a huge step back. As far as the roadmap goes, there has been a significant increase. There have also been some recurrent investments, which was confirmed by Minister Moore.

**Mrs. Shelly Glover:** So that you can be sure of your answer, tell me in which year the investments were higher than they are now. It is being said that this is unprecedented, but I am talking about all the support. I don't want it to be divided into portions.

**Ms. Marie-France Kenny:** If you are talking about the funding for the roadmap and....

**Mrs. Shelly Glover:** No, I am talking about all the funding.

**Ms. Marie-France Kenny:** In terms of all the funding, I don't think it has ever been as high as it is now, but the funding for the program for community support has been higher in the past. That portion has been much bigger in the past.

**Mrs. Shelly Glover:** Could you send that information to me?

**Ms. Marie-France Kenny:** Yes, of course.

[English]

I'm going to turn to Mr. Awad.

**The Chair:** Sorry—

**Mrs. Shelly Glover:** Am I done?

**The Chair:** Yes. We're 10 seconds over.

**Mrs. Shelly Glover:** Oh. I wanted to address this wonderful book.

**The Chair:** Colleagues, I do apologize, but I've just been informed there's a meeting in this room at 7 p.m., and I have another committee.

I have two more MPs who'd like to ask questions. I have Ms. McLeod and Mr. Adler.

Can you do one question each? We'll have brief responses, please.

**Mrs. Cathy McLeod:** Actually, I don't need a response. I just want to ask for something to be tabled, because I don't think there'll be enough time.

I certainly appreciate your thoughts in terms of tax credits being reconfigured into the student grant program, but I do have a lot of concerns that there will be significant unintended consequences. I don't know if you've analyzed the potential impact. For example, 60% of the students graduate without debt. Some of them are doing co-op programs, and they count on that tax credit to keep them not paying taxes.

My concern and my strong belief is that there would be a whole lot of people who are maybe struggling to make sure their children graduate without debt. I'd really like some analysis of that tax credit system. I think we would have a lot of problems in terms of unintended consequences.

Thank you.

**The Chair:** Mr. Awad, you can address it briefly and then you can follow up with the committee as well.

**Mr. Adam Awad:** We're certainly not recommending that any kind of snap movement be made just so that the people who do fall into that category aren't negatively affected. It's more to determine the actual mechanism for grandfathering out to people who are currently benefiting from those programs and finding a way to shift that so that anyone who newly comes into the system would instead benefit from that money coming up front in the form of grants.

We can certainly follow up once this wraps up.

• (1855)

**The Chair:** We're really pushing up against time, Mr. Adler. Do you have one question, or can we cut it here?

**Mr. Mark Adler:** Can I have two questions?

**The Chair:** Could you have one brief question, because they have this booked at 7:00?

**Mr. Mark Adler:** It's one brief question.

Mr. Everson, how many members does the Canadian Chamber of Commerce have?

**Mr. Warren Everson:** We have almost 800 direct members, and we sit in the chamber network, which includes close to 200,000 businesses.

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

In anticipation of your attendance here today, did any one of those members come to you and say, "Please inform the committee that we are in favour of a carbon tax", which appears on page 4 of the NDP policy platform from the last election, which would add \$21 billion

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

**The Chair:** Go ahead on a point of order, Ms. Nash.

**Ms. Peggy Nash:** My point of order is that I believe that's factually incorrect. That does not appear on page 4 of the NDP platform. I'm happy to table the entire NDP platform.

**The Chair:** Okay.

**Mr. Mark Adler:** It has been tabled.

**Ms. Peggy Nash:** No, just that one page, but if you would like to quote it, then we can correct the record.

**The Chair:** Ms. Nash, unfortunately, this is not a point of order—

**Mr. Mark Adler:** It's a matter of debate, and she's eating up my time.

**The Chair:** —it is a matter of debate.

Also, members cannot table things for the committee. They can table things in the House of Commons.

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

**The Chair:** Mr. Adler, we are really running out of time, so—

**Mr. Mark Adler:** Mr. Everson, yes or no? Did any of them say—

**The Chair:** —yes or no?

**Mr. Warren Everson:** No.

**Mr. Mark Adler:** No. Thank you.

**The Chair:** Thank you.

I want to thank all of our witnesses for being here and especially for staying through our voting session. We appreciate it very much.

If there's anything further for the committee, please do submit it to the clerk.

Thank you so much.

The meeting is adjourned.







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