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Chair

Mr. James Rajotte

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• (1640)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): Order, please.

We have six witnesses here to discuss Bill C-10, the budget bill. I'll ask them to present in the order I list them.

First of all, we have the *Conseil national des chômeurs et chômeuses*. We have Canada Health Infoway. We have the Canadian Labour Congress. We have the Canadian Urban Transit Association. We have the Association of Canadian Community Colleges. And we have the Conference Board of Canada.

We have an hour and a half for this session, so we ask that your presentations be no more than five minutes long, and then at the end of the presentations we'll go to questions by members.

I believe it's Monsieur Céré. We'll begin with his presentation.

Monsieur Céré.

[Translation]

Mr. Pierre Céré (Spokeperson, Conseil national des chômeurs et chômeuses): Mr. Chair, honourable members of the committee, on behalf of the Conseil national des chômeurs (CNC), I would like to thank you for inviting me here.

I have come here to share our viewpoint on Part 4 of Bill C-10 which deals with governmental proposals relative to employment insurance. These proposals are found on page 223. I have to tell you that we are not at all surprised to see clauses 227 and 228 on page 225 of the bill. These provisions deal with the retroactive setting of the contribution rate for years 2002, 2003 and 2005, further to the December 11, 2008 Supreme Court decision.

I will, however, say one thing: The planned measures designed to offer employment insurance assistance to workers who lose or will lose their jobs are, to all intents and purposes, insignificant in the current context of economic recession and completely out of touch with measures put in place by other countries. In a document made public on December 29, 2008 and entitled "Fiscal Policy for the Crisis", the International Monetary Fund urged all governments in the industrialized world to make enhancements to employment insurance schemes in such areas as length of benefit coverage, benefit eligibility and benefit rate, as these constitute key elements to weathering the economic crisis effectively.

As recently as last week, French President Sarkozy announced not only that the length of the benefit period would be extended, but also that the benefit rate would increase from 60% to 70% of the average

salary. The Obama Plan in the United States clearly states that employment insurance eligibility must be improved. According to the Plan, extending employment insurance coverage is one of the most effective ways of fighting the global economic crisis. Each dollar invested in employment insurance benefits provides a return of \$1.73 in economic terms.

Mr. Chair, what is the Canadian government doing in reaction to the net loss in a single month of 129,000 jobs? What has our government been doing while Canada's unemployment insurance rate has risen by 10% to stand at 7.2%? In Ontario, the unemployment rate stands at 8%, its highest level since 1976. What has our government been doing while the Toronto Dominion Bank is predicting that unemployment will reach 8.8% by the end of this year?

Well, our government has merely announced the renewal of a pre-existing pilot project, the difference being that this pilot project, labelled "number 10", has been around since 2004. The program, which provides for an additional five weeks of benefits, will now be made available to all administrative regions of Canada. In a few rare cases, it will provide for up to 50 weeks of benefits. I invite you to take a look at the chart showing the added number of weeks of benefits appended to the bill. Mr. Chair, there really is no cause for celebration here.

Nothing has been done to come to the aid of the first victims of unemployment, namely people holding precarious jobs such as part-time workers. Many of these people will not qualify for employment insurance benefits. EI eligibility has been so severely restricted that according to figures for 2006—the last year for which official figures are available—the ratio of claimants to unemployed stood at 46.1%. This number is established by considering the ratio of recipients to unemployed persons. It represents the traditional way of assessing the coverage of the employment insurance scheme. On looking at this figure, we see that for every 1,000 unemployment persons, only 461 have access to employment insurance. This number comes from official data published by Human Resources and Skills Development Canada.

Apparently, the Minister of Human Resources, Ms. Diane Finley, disagrees with this data and prefers to use a new calculation method developed early in this decade. That method can be found on page 63 of the document. There is a reference to the eligibility rate for all unemployed individuals with a recent job separation that qualified under the EI Program. In fact, in 82% of cases, applicants who had qualified under the EI program were covered. The problem with this is that all those who did not meet the EI eligibility requirements were not covered.

In conclusion, Mr. Chair, this number twisting game must end. As we speak, individuals are losing their jobs and still more will experience the same fate. We must ensure their economic security and that is the role of the employment insurance program. Ensuring the well-being of its citizens is also the role of a responsible government.

Mr. Chair, there is a widespread consensus among members of society. If I have the chance, I will come back to this later. However, right now let me reiterate that society is united in calling upon government to relax EI eligibility rules. This is why we believe our government must amend Part 4 of the Budget 2009 implementation bill by adding provisions that allow for broader access to the EI program.

Thank you.

I think I deserve a medal for getting everything in in the five minutes allotted to me.

[*English*]

The Chair: You did it in exactly five minutes. Thank you.

[*Translation*]

Thank you, Mr. Céré.

[*English*]

We'll now go to Mr. Alvarez, please.

• (1645)

Mr. Richard Alvarez (President and Chief Executive Officer, Canada Health Infoway): Thank you, Mr. Chairman.

I'm the president and CEO of Canada Health Infoway. I have with me Mr. Sheridan, the chief operating officer of the corporation.

Mr. Chairman, I'd like to begin by thanking you and the members of the committee for the opportunity to speak with you today about the federal government's recent budget allocation of \$500 million to Canada Health Infoway.

I know I speak for everybody at Canada Health Infoway, and quite frankly, our territorial and provincial partners as well, in expressing our appreciation for the government's continued support for the development of Canada's electronic health record system.

As you may know, our jurisdictional partners, as well as Canada's national health care associations, contributed to a pre-budget consultation process. They were extremely supportive of the move to modernize Canada's health information systems. I want to thank our colleagues in the health care field for making the case for investment. In particular, I'd like to thank the federal government for listening and responding in such a positive manner.

The question is, why was it so important an undertaking for so many in the health care field? As I see it, there are really two primary reasons. First, there's the compelling case for associated health care benefits and, secondly, there's the case for a large range of economic benefits.

Among the many crucial and lasting benefits of electronic health record systems is the potentially life-saving advantage of health care professionals having access to the critical health information of

every Canadian patient. Not only do these systems provide doctors and other health care providers with much-needed information about the patient, but they enable better decisions around diagnosis and treatments that result in equality of care and greater efficiencies across the health care system.

We're very proud of our collaborative work with Canada's territories and provinces, work that's absolutely essential to ensuring a legacy of health care distinguished by accessibility, quality, and productivity for future generations. But as I've said, the benefits go beyond health care to economic benefits.

In 2009 we asked the Conference Board of Canada to explore economic benefits associated with our investments. What they found, in fact, is that for every dollar Infoway and its jurisdictional partners invested in electronic health record programs, an additional \$1.34 was added to the overall GDP. For every \$100 million invested in e-health initiatives, an estimated 1,500 jobs will be created or maintained, with half of these being knowledge-based information technology positions. For every \$100 million invested in e-health initiatives, an estimated \$42 million in corporate pre-tax profits is generated.

With the federal government's additional financial support for Infoway, Canadians will see the continued modernization of health care, as well as the economic stimulus of these investments over the next two years, which is particularly important in these challenging times.

We've come a long way in building the EHR, or electronic health record, systems across Canada. In working with our jurisdictional partners, we have established significant momentum, which has resulted in 276 projects that are either completed or under way across the country, in every territory and province.

Infoway has committed nearly all of the \$1.6 billion it received in funding from the Government of Canada to the end of 2008, an amount that is matched by the jurisdictions. It really has put the country well on its way to implementing the core systems comprising the EHR foundation in Canada.

Yet much remains to be done to complete this \$10-billion initiative, an initiative that will not only modernize our health care system, but will ensure returns of between \$6 billion and \$7 billion to the health system annually.

With the government's most recent funding allocation, we can continue to build our momentum and move towards our ultimate goal: a pan-Canadian electronic health record system that will result in faster diagnosis, improved patient care, connected physicians, nurses, and pharmacists, and quality care for remote patients.

I assure you that, in short order, we intend to put this funding to very good use towards this goal, while creating and maintaining thousands of knowledge-based jobs throughout Canada.

Thank you.

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

We'll go now to Mr. Georgetti, please.

Mr. Ken Georgetti (President, Canadian Labour Congress): Thank you very much.

I have with me our executive vice-president, Barbara Byers, who will comment quickly on pay equity.

I wanted to focus my comments on employment insurance, or unemployment insurance—I still want to call it unemployment insurance, because it seems that when you call it employment insurance people compare it to being employed. It's a critically important program in Canada. It's served us quite well, especially in the tough times that we have faced, but today laid-off workers need adequate benefits to support themselves and their families. Unemployment insurance benefits are spent on necessities. They're not saved. They're not spent on imports, and they're not used to buy stock options. We argue that they are the most effective form of economic stimulus we have available to us today, and they help maintain hard-hit economies. Compared to when we hit previous recessions, our EI programs leave far too many Canadians, especially women and lower-wage and insecure workers, out in the cold.

In November 2008—these are the government statistics—four in ten unemployed workers qualified for benefits. The maximum weekly benefit achievable is \$447 today—that's 25% less than in 1996, I would add—and the average benefit today is \$335. I just want everybody to put that in perspective, and I say this with the greatest deal of respect. That amounts to less than \$48 a day taxable to support oneself and one's family. You, members of Parliament on the Hill, get \$81 taxable a day just for meals every day you're here on the Hill. These people get 60% of that to support themselves and their families every day. In our view, that's a pathetic amount of money when you consider what they need to use that money for.

I know the minister likes to argue that 80% of all currently employed workers would qualify for EI, but that's not even relevant to the situation. That's if they lose their jobs. It ignores the fact that job loss particularly affects those with unstable patterns of work, such as workers on reduced hours before layoff, or those who are work-sharing, as well as part-time, temporary, and contract workers. It also ignores the fact that many unemployed workers qualify for EI for a very short period but exhaust those benefits.

Our congress has called for lower entrance requirements of 360 hours. We think that's something that is very important to consider.

In the run-up to the budget, I want to tell you that many voices, including those of editorial writers, business leaders, and even the council of chief executive officers, as well as provincial premiers, endorsed our call for major improvements to the EI system. Since 1999, since I've been the president of this congress, every political party in Ottawa has supported that call at some point in time or another, depending on where you sat in the House, I might add.

The minister says in her statements that she doesn't want to pay employment insurance benefits to workers to just sit around. This is an insult to many workers. More than a quarter of a million people in the last three months have lost their jobs. They're looking for work. They're not sitting around. There's nothing out there for them.

We want to tell you that we support the budget provisions, as well, and there have been some improvements, including allowing extra weeks, and we applaud that, of course.

We support the provisions to freeze EI premiums up to 2010 on top of the 2009 freeze. We think that will help stabilize the economy. However, the huge EI surplus of \$54 billion accumulated should have been used and taken into account to improve those benefits.

I also want to point out that in this budget bill there is a provision to make accommodations to retroactively legalize the premiums that were illegally collected in this country in 2002, 2003, and 2005. They were declared illegal by the Supreme Court of this country. We think this does nothing to rectify the fact that governments collected premiums vastly in excess of much-reduced benefits over the years and put that money into general accounts and spent it. We'd like to see immediate repair to this system, and we think the people who have paid those premiums are entitled to the insurance they deserve.

Barb.

• (1650)

The Chair: You have one minute, Ms. Byers.

Ms. Barb Byers (Vice-President, Canadian Labour Congress): Okay. I hope your translators and interpreters can keep up with this.

I want to speak very quickly about the proposed Public Sector Equitable Compensation Act, and specifically I want to say that this proposed act introduces the notion that women's work in the public sector should be valued according to prevailing market conditions in the private sector. I would say that's what got us into this problem—the question of market conditions.

It asserts a false equivalence between management and the union by making the union bear responsibility for the results of bargaining equitable compensation without restricting management's rights to hire, control information, determine job classifications, or issue paycheques. An employer may fire a worker who files a complaint and have a \$10,000 fine, and yet a union that helps a worker make the complaint will face a \$50,000 fine.

I just want to say, finally, in my 60 seconds, that this act really disregards the federal pay equity task force report, which came out in 2004, and which has been endorsed in one way or another by all sorts of parties and individuals. It was a piece of legislation that called for proactive, inclusive, timely legislation. It was well researched. There were many consultations. There were many research papers. We should have had pay equity legislation in the federal sector by now.

Thank you.

• (1655)

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

We'll go to Mr. D'Amours, please.

[*Translation*]

Mr. Bernard D'Amours (Director, Public Affairs, Canadian Urban Transit Association): Good evening. My name is Bernard D'Amours and I am the Director of Public Affairs for the Canadian Urban Transit Association.

[English]

I would like to begin by thanking the committee for the opportunity to speak today. This is a very strong signal that all parties in the House recognize the pivotal role of public transit as an engine of long-term economic growth and environmental sustainability. In that context, I would like to address the recent federal budget and measures to support public transit. Our transit systems were impressed with the size and scope of federal commitments to infrastructure spending. We were also impressed with commitments from the minister and the Prime Minister that transit was identified as a pivotal sector for the new infrastructure funds. These are important commitments and will in many ways be a yardstick against which the success of this infrastructure package is judged.

In short, the government will be judged not just on how much infrastructure funding takes place but more importantly on how well this funding contributes to our long-term economic success.

Now let me be clear. While CUTA was impressed with the size and the scope of the infrastructure package, our transit systems remain concerned that there was not specific, long-term, dedicated transit funding.

[Translation]

We believe the Government of Canada needs to develop a stable, long-term investment strategy aimed at meeting public transit needs, in order to maximize the measures announced in last January 27th's Economic Action Plan. To that end, CUTA has identified 167 public transit projects across the country for which the green light could be given tomorrow.

[English]

These 167 fast-track public transit projects worth a total of \$12 billion could create over 130,000 jobs in all regions of Canada. I have made copies of the inventory of these projects available through the committee clerk.

Canadians are choosing transit at unprecedented levels as more and more people understand the importance of their travel choices in reducing emissions in our cities and communities and in easing traffic congestion. Canadian transit ridership has been trending for an annual increase of 3% over the last five years. This growth rate is three times the general rate of population growth. While we're waiting for ridership numbers for 2008, early indications from our transit systems show that ridership growth will exceed 3%.

Canada is currently the only G-7 country without a national policy of long-term, predictable transit investment. This places the country at a significant competitive disadvantage. The lack of a long-term policy also prevents Canadian transit systems from achieving their full potential.

Allow me to highlight the bold leadership south of the border that might inspire our collective transit activities moving forward in Canada. The American Recovery and Reinvestment Act, approved by both houses in the U.S. Congress and signed into law by President Obama, includes \$8.4 billion in dedicated transit funding. All federal parties need to come together to support a strategic federal investment in public transit that is dedicated and long-term. This could be best accomplished by establishing a new public transit

fund that is permanent and predictable in the same fashion as the gas tax fund. Overall, this measure would ensure that a larger share of transit infrastructure investment needs is met to improve accessibility and mobility for Canadians living in urban areas. The most recent report on Canadian transit infrastructure needs has estimated the total requirements over the five-year period from 2008 to 2012 at \$40.1 billion, including both renewal and expansion requirements.

As we move forward to build a better Canada for the future, an imaginative, bold federal approach to infrastructure resources for transit will be critical.

Thank you.

• (1700)

The Chair: Thank you very much.

We'll go now to Mr. Knight, please, for your presentation.

Mr. James Knight (President and Chief Executive Officer, Association of Canadian Community Colleges): Thank you, Chair, and thank you, members of the committee, for this opportunity.

Last August we prepared a brief for you called "Canada's Crisis in Advanced Skills". It's attached to your documents. It's a powerful statement about what, only a few months ago, was Canada's principal long-term economic challenge.

There will be a recovery, and this challenge will come to confront us again. My preoccupation is that the recovery does not stumble and fall on the crisis in advanced skills. So I'll offer a few words about our colleges and institutes of technology, where these skills are created.

Before the recession we had lineups of 6,000 students who were turned away from Algonquin College; 2,000 qualified students were turned away from Nova Scotia Community College; and there were four-year waiting lists at many programs in western Canada. What is the situation now? Well, it's a whole lot worse, because all sorts of people who have become unemployed in the past, and who perhaps will become unemployed in the future, will return to college or seek to upscale their current skills or reskill for a new profession, and they will be looking to colleges, who already have very long waiting lists.

In addition to that natural transition, you were kind enough to put \$1.5 billion in the budget for retraining, over and above existing amounts, and that's terrific. Folks are also going to come to colleges for the retraining. If you're displaced from GM, you're probably not going to get a degree in English literature; you're probably going to go to a college, because they are the principal skill trainers in this economy. So we're faced with an enormous challenge to manage all of this retraining opportunity, on top of the existing demand for places in colleges.

Our institutions are going to have to exercise great creativity. They're potentially going to have to press their facilities into service around the clock and certainly work over weekends. They'll probably have to rent facilities. Unused industrial facilities may be pressed into action, and people with advanced skills who have been displaced from the workforce can also assist as instructors. So the sector is going to have to exercise a lot of creativity.

We had called for an investment in colleges. I'm happy to report that in the past budget \$2 billion was allocated for universities and colleges, which will help our situation. We weren't thrilled with the 70-30 split—70% for universities, 30% for colleges—because the Canadian Federation of Independent Business is telling us that employers with skills shortages need six college grads for every university grad. But I'm not going to complain about this; the employer groups will do that for me. I know some of them have already started.

I was going to talk in my short presentation about Bill C-10 and the problem that it does not reflect the proposal in the budget speech for college and university infrastructure, which said those funds could be used for expansion. The bill says no, it's only for repair and maintenance. We think expansion is important, but with great assurance from the department and officials in the minister's office, I won't raise that.

That gives me a short time to talk about another opportunity for stimulating economic growth in the country, and that is to remind you that the principal employers in the country are small and medium enterprises; the majority of Canadians work for SMEs. We have 150 college institutions with 1,000 campuses, and the interface between SMEs and colleges is quite intense. We have been suggesting for some time that 5% of the federal investment in discovery research that takes place in universities should be used to stimulate the relationship between SMEs and colleges for product development, prototyping, and commercialization. This does happen without any support, but it could happen in a larger way that would support the SMEs, where most job creation will happen. We're all concerned about GM and we're all concerned about auto parts, but it's those small industries in small communities where most Canadians work. So there's a big opportunity to take advantage of this enormous penetration of 1,000 campuses and to build that relationship.

● (1705)

That's what we're going to be talking about for the future. You gave me an opportunity to talk about that. We'll be back on that issue.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Knight.

We'll go to the Conference Board of Canada, please, for your submission.

Mr. Pedro Antunes (Director of National and Provincial Forecast, Conference Board of Canada): Thank you, Mr. Chairman and members of the committee. It's a pleasure to be here to share with you our view of the budget.

I should say that I am very much the numbers guy at the Conference Board. We put together an economic forecast, and I'm

the person behind that. We are looking at the policy implications and whether the budget's timing and issues are in accordance with our views. But we are also maybe bringing you some sense of what we feel the longer-term retributions or implications of the current spending program will be.

Let me start by saying that, certainly, we were very worried about the economic outlook for 2009 and even 2010. I think we were looking, even before the budget was out, for a number of the measures that were actually announced: a lot of infrastructure spending, some tax measures to get money into the hands of households, and other stimuli to try to get us out of this very important recession we are now facing. Budget 2009 did, very much, a lot of that. So we were quite pleased to see that a lot of the measures we had talked about were in there, and we generally gave the budget a passing grade. If we look at the economic impact of the budget itself, we're looking at a number somewhere in the range of between 1% and 1.3% of economic stimulus that we could add to the 2009 calendar year.

This is a huge spending program that is coming, if it can get out there quickly enough and at the right time. That brings me to just two issues.

I think the budget does a lot of things to try to get that stimulus out there quickly, which is very important in the current crisis. The issue, again, will be whether we can get as much stimulus as we expect into the economy as quickly as we can. It is very much a balancing act. If we do tax cuts, we tend to get the stimulus out very quickly, but the impact is less. If we do infrastructure spending, which we feel is a good way forward, the impact tends to be longer-term, and it's harder to get that money out there into the economy. There are a couple of issues there. When we look at the amount of infrastructure spending and include the provincial and municipal portions, we're looking at \$15 billion in this year. We're not quite sure whether all of that amount will get out there.

Last, a little longer term, if we look at—certainly when we put our forecast together—a fairly robust recovery as we get to the outer years, we feel that the federal and provincial governments will have a tough time getting back into a balanced budget situation. We would suggest that we have to look carefully at what measures we are putting in place further down the road to assist in maintaining a balanced budget as we return to potential. At the federal level, it's doable. But when we look at provincial levels of government, which are going to be pushing their spending in terms of the infrastructure components they have to contribute to, we're a little more worried. We've been living very well, if you like, with very strong commodity prices in 2008. I think the situation has changed going forward, especially for the regions.

I'll leave it at that, on that note.

Thank you very much.

The Chair: Thank you very much.

Thank you all for your presentations. We'll go to questions by members.

Mr. McCallum, you have seven minutes.

Hon. John McCallum (Markham—Unionville, Lib.): Thank you very much.

[*Translation*]

Thank you to our witnesses for being here today.

I would like to touch on a general topic before going to more specific questions. My colleagues may find that they have heard this before, since we have already attended several meetings today. The economy is mired in crisis and the first priority for us is to ensure that these billions of dollars find their way into the economy as quickly as possible.

[*English*]

We think there are many things we do not like at all about this budget. You have mentioned some of them. We agree with most of those deficiencies, and we could add more. But for us, the priority has to be to get that money out the door. We think this is what one might call a bad Liberal budget, in the sense that it does provide significant fiscal stimulus. And given the number of people unemployed or losing their jobs or about to, we are going to work to pass the budget. Just an hour or so ago, the minister confirmed that the government would not entertain amendments, even on things that have nothing to do with fiscal stimulus.

I'd like to mention, for example, to Mr. Georgetti and Monsieur Céré...

• (1710)

[*Translation*]

We agree with you. Mr. Ignatieff has stated on several occasions that helping vulnerable individuals was a top priority. It is hard to find someone who is more vulnerable than an unemployed person.

[*English*]

We would very much have liked to see making it easier to getting access to employment insurance and working very hard to making it take less time to get the cheques out of the door as high priorities, but we're not going to block the budget and bring down the government and cause an election to do that. We'll have to do that at some other time.

Mr. Georgetti, I think we see eye to eye on this, but are you suggesting that is a big enough deficiency that we should defeat the budget?

Mr. Ken Georgetti: It wouldn't take much for me to want to vote against the package itself, because it doesn't help the people who are the innocent victims in this process. Let me put it into perspective. The home improvement program, the one we call the Home Depot program, gets six times as much as the unemployed do in this budget, through the renovation tax credit.

Surely the government sliding in the finding of the Supreme Court of this country that three years of illegal taxation happened to Canadian workers is enough to take that measure out of the budget. That's not a budgetary measure or a fiscal stimulus measure. That's a measure that deserves open debate in this Parliament so Canadians can see what the government is going to do to repair what was a finding of illegal taxation. That's a pretty significant finding by our court. To slip that into a budget bill without any debate is quite harsh, in my view.

Hon. John McCallum: I agree with you. I could go on with a litany of things we don't like, but I'm not sure you quite answered my question.

I don't think that necessarily means that the best thing to do is to bring the government down, go into an election, and delay for several months any sort of fiscal support to the economy at a moment of crisis.

We do have huge concerns about getting money out the door, so maybe I could turn to the case of public transit. This year there are \$12 billion of fast-tracked public transit projects. That sounds very nice. I think in terms of long-run economic success and sustainability these are exactly what the doctor ordered. But do you have any belief that a significant number of these, worth a total of \$12 billion, will in fact be funded by this budget?

Mr. Bernard D'Amours: That's the reason I said we would like to have some dedicated funding towards public transit. The government announced \$4 billion towards infrastructure, which is okay, but we don't know—

Hon. John McCallum: You can say what you like. The point is the budget is out. The act is about to be passed. The minister said an hour ago he wasn't going to change one iota of the budget. So given the budget the way it is now, is there any reason to think that any of these projects will be funded by this budget?

Mr. Bernard D'Amours: The only thing I can say is we hope so. We know that there were some announcements made last week, and we hope that others will follow. That's the only thing we can say.

The Chair: You have a minute and a half.

Hon. John McCallum: Okay.

Let me now turn to the longer term and the colleges. We were talking earlier today about the need to build a strong economy for the future and not to focus just on the short run, and the example was given of the Obama budget, with many billions of dollars for science, research and technology, and now, as was just mentioned, \$8.4 billion for transit, which is key to sustainability. One of our major concerns is that we may be having funds for bricks and mortar, but we don't have much in the way of funding for either the brains to serve the economy or for the public transit types of ventures, which also promote sustainability.

Perhaps to Mr. Knight, who represents colleges, do you agree there is not enough for the brains, and the colleges that are a good chunk of the Canadian brains? What more should have been there?

• (1715)

The Chair: You have about 30 seconds.

Mr. James Knight: There is funding for the bricks and mortar. For colleges it's \$600 million. What we're going to do with that is try to spend it wisely and quickly. We're really going to work at it and show that we can add value to the economy and demonstrate our capacities and efficiencies and our nimbleness and dexterity, which is what we pride ourselves on. But there is also \$1.5 billion for retraining. Presumably some of that can be used to hire the retired instructors, the displaced folks with advanced skills, to do the training. That would be our hope and aspiration.

That money should be out there as quickly as possible, with a fair amount of flexibility provided so that we can use it very quickly.

The Chair: Thank you.

Thank you, Mr. McCallum.

We'll go to Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Thank you, Mr. Chair.

Good day and welcome to all of the witnesses.

After listening to several witnesses, including yourselves and a number of others this morning, I was surprised to hear Mr. McCallum, a Liberal colleague, acknowledge that this budget wasn't perfect, that quite often, it did nothing to correct some of the problems that have been identified today. He mentioned that although the government was refusing to consider any amendments, his party was still planning to support the budget. Deciding to support the budget is one thing, but the fact that the government is rejecting any amendments makes their support even harder to swallow.

I was also surprised to hear him tell us that in his opinion, the budget does provide significant amounts of money for employment insurance. I jumped when I heard that. It is as if he hadn't heard Mr. Céré tell us earlier that the EI measures announced in the budget were inadequate and that the EI benefit period should be extended. Well, the benefit period is being extended temporarily by five weeks, but very few people will qualify for that. Neither problem, that is the accessibility problem and the benefit rate, has been corrected.

I'd like to hear your response to Mr. McCallum's comments. As a spokesperson for unemployed men and women, do you feel that EI funding levels are adequate?

Mr. Pierre Céré: There is no question that the situation is quite dire. Economists, editorialist and commentators everywhere are becoming more vocal. Across all orders of government in Canada, from the provincial level down to the municipal level, people are publicly speaking out and saying that access to employment insurance must be opened up and that steps must be taken to facilitate access to EI. The Premier of Quebec and his Employment

Minister have said as much. People everywhere are demanding action because the situation has reached crisis proportions.

The figures quoted to us last January revealed a net loss of 129,000 jobs. Analysts have told us that the sectors hardest hit by these job losses were the most precarious and softest sectors of the economy. Toronto has been especially hard hit. For instance, in many cases, part-time workers will not have access to employment insurance.

I listened to Mr. McCallum say that money needed to find its way into taxpayers' pockets. I don't disagree with you, Mr. McCallum. EI is designed for that very purpose. Access to employment insurance must be opened up. I will not get into a debate over whether or not it the program should be overhauled. However, what I hope to hear soon are some clear commitments from the Liberal Party of Canada. We need clear commitments like the ones made 70 years ago. In 1936, the Liberal Party campaigned on a promise to establish an unemployment insurance program. Today, you have a responsibility to help repair the damage done in 1996. That is what we are calling on you to do. That is why we built some bridges and why were are talking to you today. The situation is dire. We are also calling on the government which has a responsibility to consider the welfare of its citizens and to take corrective action, specifically in terms of access to employment insurance.

In closing, I'd like to talk about the figure quoted. The reality is that 82% of contributors do not have access to EI and that only 67% of wage earners who pay EI premiums will eventually have access to EI. Fully one third of all contributors do not qualify for benefits. Even the Minister quoted the numbers incorrectly when she appeared last February 10 before the Standing Committee on Human Resources. Some very specific questions were put to her, notably by Mr. Savage, by Mr. Lessard and by an NDP Member from Ontario. She stated that 82% of contributors do have access to EI, but that wasn't a truthful statement. The ratio of claimants to unemployed, a formula that has been used for eons to assess coverage, stands today at 46%, which means that only 46% of unemployed persons have access to benefits. Prior to 1996, the ratio was 85%. Mr. Chair, we have a problem, one that the government must set out to correct.

• (1720)

Mr. Jean-Yves Laforest: Mr. Céré, you made no mention of the two-week waiting period.

Ever since I was elected to office three years ago, many unemployed persons have told me that this is one of the biggest problems they encounter. The two-week waiting period hurts them a lot, and this is especially true for seasonal workers who collect EI year after year. They never manager to overcome the financial hardship caused by this two-week waiting period.

This is also an important consideration. What is your view on this matter?

Mr. Pierre Céré: It is indeed an important consideration. It creates a hole in people's budgets.

When the program was developed in 1940, one of the underlying principles was that no benefits would be paid out to unemployed workers for the first two weeks. In other words, it was the equivalent of a penalty. An added problem is the many administrative delays associated with the EI Commission. Often, people receive their first cheque covering their first week of unemployment 7 or 8 weeks after losing their job. There is no question that persons earning barely enough to scrape by and who cannot save enough to cover the two-week waiting period experience some hardship.

In our offices and in our groups, we hear countless horror stories. I won't get into the details at this time, because that is not why I'm here. In any event, the two-week waiting period and administrative delays are the cause of some serious hardship. The situation is unacceptable.

[English]

The Chair: Merci.

We'll go to Mr. Wallace, please.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chairman.

I want to thank the panellists for coming this afternoon. I know it was short notice, and it's late on a Monday afternoon. We appreciate your being here and providing your information.

I'm going to talk to just a few issues. I've met with CUTA numerous times and have talked with them about transit. I'm a big transit supporter and don't necessarily disagree with CUTA's position that national transit legislation is something we should be looking at in the future. I've been promoting it since coming here. I appreciate what you provided for the committee.

What has your organization done with these communities to have an understanding of what is shovel-ready? Have they indicated how quickly they could move on some of these items?

Mr. Bernard D'Amours: Yes. We represent 120 transit systems across Canada. We sent them an e-mail and we had some discussions. We had an indication that the government was going to make some announcements and we asked them to provide us with a list of projects that would be shovel-ready and could be done within the timeframe of around 2010. Usually transit projects are long-term; they can be four years, eight years. There is planning, there is all the environmental assessment, and all these things, and it's a process that has to happen.

Mr. Mike Wallace: That's certainly part of my concern, following up on the question from Mr. McCallum.

Last week the Prime Minister and the Premier of Ontario made an announcement with GO Transit on improvement to the GO system involving rail in Hamilton and rail along other parts of the system. I think they finally woke up to the fact that people actually drive to the parking facilities at these GO train stations.

I don't see an organization like GO mentioned in your brief. Are they part of your organization, or are they separate?

• (1725)

Mr. Bernard D'Amours: They're part of our organization, but sometimes some of our transit members will have different priorities;

they will not always share with us. Perhaps it was a project they were interested in.

Mr. Mike Wallace: From an expectation point of view, would your members expect to be dealing directly with the federal government to make some of these things happen, or through their municipalities acting directly with the federal government, or do they believe these projects have three-way requirements, involving the municipality, the federal government, and the provincial government?

Mr. Bernard D'Amours: We feel that we should start with the federal government: that's where the funds are. Once the federal government has accepted funding the projects, then we can start discussing with the provinces and the municipalities.

Mr. Mike Wallace: I have a question for the Conference Board. In your final paragraph you say, "The Conference Board's own forecast is more optimistic than what is contained in the 2009 federal budget." We on this side of the table would use a small "c" and say that it's a "conservative estimate" of where we're going.

My frustration, and you may wish to comment, is that we've heard from a variety of folks over the last little while here at this committee—from the head of the Bank of Canada, or in the announcement from the Bank of Nova Scotia, for example—that things aren't as gloomy as some of the press headlines like to be. As an economist, or in looking at this as modelling—I know this is basically a question of numbers—to me the frustration is that we're hearing things such as "Let's be positive about what's happening; let's get started; let's get this economic plan in place and start moving and spending, and things hopefully will come to be...." What role does the psyche of the public play in your estimating where we could be?

Mr. Pedro Antunes: That's a very good question, and part of the reason there's so much contradiction in terms of the forecasts is that role. It's very hard to measure what the role of confidence is. And confidence has been very much at play, in terms of this cycle, starting with the U.S. economy, obviously, but the U.S. economy has been in contraction for quite a while. As we know, the recession there started at the beginning of 2008, and what happened between September 15 and October 15 of last year was really a situation where confidence unravelled. So that's a very good question and that's part of the problem and part of the difference in the forecasts, as we look out especially to when recovery will come around.

However, when you go back to the basics and you look at an economic stimulus package like President Obama's putting in in the U.S., you have a sense that the U.S. economy is hitting bottom. It's certainly not rosy there, but a number of indicators are telling us it's dredging bottom. And when you look at the same kind of stimulus for Canada, this is a big spending budget, and we know the kind of impact this has.

My only question here is can we get the money out there fast enough, or will it be delayed?

Mr. Mike Wallace: Right.

We don't disagree with you, and that's why we're hoping, with the support of our colleagues, we can move this through quickly.

One last question for the Canada Health Infoway folks who are here. As federal members, we often hear from our constituents, in Burlington for example, what are you doing for our hospital? And the answer is it's provincial. We give a health transfer, which is going up 6% this year in this budget.

What could you tell me that I could tell my constituents why this health network you've put together is important, this info highway, and what this money will actually do for them?

Mr. Richard Alvarez: Let me start off with what the money will do for them.

To date, the federal government has given \$2.1 billion through Infoway. That money has typically leveraged another \$2.1 billion of jurisdictional funding, when all is said and done. Had the first ministers not come together in 2001 and created this national organization, we would be in a stall situation, and a stall situation in health care is not good.

Today there is empirical evidence to show that anywhere between 9,000 and 24,000 Canadians die every year because doctors don't know what medications they're on and some of the adverse events that are caused. A lot of these patients are injured and land up in very expensive acute care beds. So as we see where we've got issues around access because patients really shouldn't be there, if you give clinicians the information to tell them what drugs individuals are on and tell them the next prescription they're going to make, how it's going to react with their medication history, and whether they should be prescribing something else....

And then the whole issue around productivity gains—today what we've invested, we're showing productivity gains—

• (1730)

The Chair: Mr. Alvarez, I'm sorry, we are over time here for this session. We might come back to that in a later question.

Mr. Mike Wallace: Thank you, Chair.

The Chair: Monsieur Mulcair.

[Translation]

Mr. Thomas Mulcair (Outremont, NDP): Thank you, Mr. Chair.

I will direct my comments first to Mr. Céré. Since he was asking the Liberals earlier for some commitments, I would just like to briefly remind him of what has happened over the past two or three months.

In late November, the government tabled an economic statement that constituted an attack on union rights and on the rights of women. It cancelled political party financing provisions brought in in the wake of the sponsorship scandal, the biggest political scandal in this country's history. Furthermore, this economic statement did not contain any measures whatsoever to help the unemployed.

Well now, February is upon us and we are dealing with a budget that continues to assault the rights of unionized workers and of women and that offers nothing for the unemployed. The only thing that has changed is that the Liberals have come out ahead, since their party depends the most heavily on public contributions. So now, the Liberals are prepared to support this budget.

I have the greatest amount of respect for you and I am familiar with the work that your organization does. Many people count on you.

The Liberals were prepared to bring down this government in November over a number of other issues. The only thing that has changed, sad to say, is that the Liberals got what they wanted.

I will give you an opportunity to answer the question clearly. The fact is that there will not be any changes, because the Liberals are spineless and the Conservatives are against any changes. Together, the three opposition parties are in a position to do something for the unemployed and to defeat the budget.

Mr. Céré, do you think we should vote against this budget, yes or no?

Mr. Pierre Céré: May I be clear about something and voice my opinion on how the Liberal Party of Canada should address this budget?

Mr. Thomas Mulcair: I'm hoping that's what you will do.

Mr. Pierre Céré: All I know that is that the Liberal Party of Canada must participate clearly and directly in the process of repairing the damage to the employment insurance program and to worker protection schemes.

Since 1996, this program has been greatly compromised. The closest we got to resolving these problems was in 2007 when a parliamentary coalition was formed with the support of Quebec and Canadian unions.

Mr. Thomas Mulcair: What you have said is very important, Mr. Céré, but I would like an answer to my question. The three opposition parties must join forces and defeat this budget. So, let me put my question to you again.

The budget represents an assault on the rights of women and unions and on the environment. Of course, it does restore funding to political parties, an initiative brought in in the wake of the sponsorship scandal, but it offers nothing concrete in the way of assistance to unemployed persons, except for a few added weeks of benefits which, as you noted, is useless in most cases.

In light of all of this, should the opposition parties vote against this budget, yes or no?

Mr. Pierre Céré: I'm not sure how to answer that question, Mr. Mulcair. You're asking me if the Liberal Party should vote against the budget.

Mr. Thomas Mulcair: I'm not a Liberal, I'm an NDP Member. I'm asking you if the members here, regardless of their political affiliation, should vote against this budget?

Mr. Pierre Céré: All I can say is that we do not intend to give up the fight. Our sole objective is the restoration of an employment insurance scheme that protects workers, and we are prepared...

Mr. Thomas Mulcair: Thank you very much, Mr. Céré.

My next question is for Mr. Georgetti.

Mr. Georgetti, I want to use some of my time to give you an opportunity to answer the question raised earlier by Mr. “Lightning” McCallum. He asked you if the Liberals should vote for or against the budget. I will spare you the preamble to my question to Mr. Céré. Should we vote against the budget as tabled, yes or no?

[English]

Mr. Ken Georgetti: I think this budget should be voted down. I think it should be voted down for three key reasons. One, it only achieves one percent stimulus. I was in Washington, D.C., on the G-20. Our government agreed to spend two percent; they're only spending one percent.

The victims of this crisis are being ignored, Mr. Mulcair. The women and the unemployed are being ignored in favour of fancy tax cuts and other things that do nothing in the short term to offset the damage to the victims, unemployed Canadians, who through no fault of their own—and I might add through their tax dollars being used to backstop banks and bail out everything under the sun—can't get their unemployment insurance. For that reason alone I'd vote the budget down.

• (1735)

Mr. Thomas Mulcair: Thank you for that clear answer, Mr. Georgetti. It's greatly appreciated.

The Chair: Mr. Mulcair, you have two minutes if you wish.

[Translation]

Mr. Thomas Mulcair: I have a question at this time for Ms. Byers concerning the rights of women to equal pay for work of equal value. As far as we are concerned, this is the most important part of the budget, because it represents a purely ideological assault on a Charter right.

Based on her assessment, perhaps Ms. Byers can tell us if the unions and other persons are inevitably turning to the courts to challenge these provisions, and in so doing, depriving the government of the only argument that it is trying to make, namely that this approach will ensure that things move ahead more quickly than they did under the old system.

[English]

Ms. Barb Byers: In terms of what this Public Sector Equitable Compensation Act is even doing in this budget act, if it wasn't so desperately awful for women, we would say “What's the problem?” because first of all, they've frozen public sector wages for three years. There is no negotiation. But in terms of the Public Sector Equitable Compensation Act, this is not about equitable compensation, it is not about women getting a fair deal as federal public servants, and it is not about women having some access to being able to challenge. This is not a proactive law. This will be complaint-based. This will not compel employers to do anything as a proactive measure, and they won't be doing anything, because if they were going to do something they would have done it by now, if they really believed in wage fairness for women workers.

We don't think you should take away people's rights to use the human rights commission or any other rights to be able to challenge this. I mean, look around this room and tell me where the women are and tell me what kinds of wages.... And we're talking about the

prevailing market forces having an indication. Well, that's what part of the problem is here.

Mr. Thomas Mulcair: You raised the question of the prevailing market forces, quite correctly, in your analysis before this committee. But did you also not notice that the government is raising the bar up to 70% presence of women? That would mean that the existing rule, the general rule right now of 55%, allowed you to go after groups of a concentration of women, but at 70% it's not going to apply to anybody.

Ms. Barb Byers: No, it's not really going to apply to anyone, but those to whom it will apply won't get anywhere in terms of advancement at any rate. It's a huge attack on women's economic equality, and I'll tell you that we feel the discrimination every time we take a pay cheque home, every time.

Mr. Thomas Mulcair: Thank you for that clear answer, Madam Byers.

The Chair: Thank you, Mr. Mulcair.

We'll go to Mr. Pacetti, please.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Thank you, Mr. Chairman.

[Translation]

You are advocating tax-exempt transit benefits. According to a report released several weeks ago, this deduction has not proven beneficial in the least.

Would you care to comment?

Mr. Bernard D'Amours: There may be some confusion, Mr. Pacetti. We support making employee transit passes tax deductible. We have always supported this measure. As it so happens, Mr. Obama increased the deduction from \$120 to \$230 per month in his...

Mr. Massimo Pacetti: Has the initiative announced in the budget two years ago had a positive impact?

Mr. Bernard D'Amours: According to our surveys, it is extremely hard to say if this measure has contributed to an increase in ridership levels. As I mentioned, ridership has increased by 3% per year and was up about 15% overall between 2002 and 2007. However, no one has been able to establish a clear cause-effect relation between increased ridership levels and the deduction that all Canadians can claim, which represents about 15% of the annual cost of a transit pass.

• (1740)

Mr. Massimo Pacetti: I see.

How much has been earmarked for public transit in the budget?

Mr. Bernard D'Amours: A total of \$4 billion has been announced for transit infrastructures, but we are looking for long-term public transit funding.

Mr. Massimo Pacetti: There is nothing in the budget for this?

Mr. Bernard D'Amours: There is a single reference in the budget to the fact that public transit qualifies, but no mention is made of the amount committed.

Mr. Massimo Pacetti: What level of funding are you seeking?

Mr. Bernard D'Amours: We haven't quoted a figure, but to give you an idea, in last year's budget, somewhere between \$400 million and \$500 million were committed through the transit trust program.

Mr. Massimo Pacetti: And have the \$400 million to \$500 million committed last year been spent? Have agreements been reached to determine which projects will...

Mr. Bernard D'Amours: Yes. Agreements have been signed with the provinces and funds have been committed.

Mr. Massimo Pacetti: I believe these funds have been committed, but they have not yet been spent.

Mr. Bernard D'Amours: In our analytical report, we listed some of the projects that were announced. We have also prepared an update to this report. Projects have been carried out in Windsor, in Quebec City, in Gatineau, in British Columbia in particular and in Edmonton. So then, the funds have been spent.

Mr. Massimo Pacetti: Between \$400 million and \$500 million in funding was announced for public transit initiatives across the country. Take, for example, my home town of Montreal. According to your list of priorities, \$1.5 billion is being sought for public transit. However, there is no mention at all of the metro station that will be located in my riding.

The amount should be closer to \$2 billion. Furthermore, the Montreal Regional Network could boost this amount by \$300 million or \$400 million. I don't see how we can even begin to make a dent in these priorities.

Mr. Bernard D'Amours: You may be right about that. Funding requirements totalled \$40.1 billion in 2008. This is a list of projects that could be ready to go tomorrow morning and be completed by 2010. You are quite right to say that this list of projects is not all-inclusive. We have asked transportation networks to identify some short-term projects.

Mr. Massimo Pacetti: Thank you.

[English]

Mr. Antunes, I understand the recovery seems to be dependent on the success of the economic stimulus package, but I'm having difficulty understanding the rate of growth we're expecting. Whether it happens at the end of 2009 or 2010, it's the percentage I'm having trouble with. Depending on which economist you speak to, there are two or three numbers, and they're all over the place. It's like there are three sides to every story.

The Chair: Briefly, Mr. Antunes.

Mr. Pedro Antunes: Sure. The problem is that by the time any of this money gets into the economy we're looking at perhaps the second quarter to the second half of 2009. So when you look at the 1.3% I was mentioning, you have to spread it over that period. The second component is whether we can get all of that in as quickly as possible.

Mr. Massimo Pacetti: But what you were saying is if the economic stimulus package does work, the growth will be 3%.

Mr. Pedro Antunes: Not this year, I think.

The Chair: Thank you, Mr. Pacetti.

We'll go to Monsieur Carrier.

[Translation]

Mr. Robert Carrier (Alfred-Pellan, BQ): Thank you, Mr. Chair.

I would like to welcome our witnesses here. I was touched by the presentations of the witnesses representing workers experiencing some hardships, notably those of Mr. Céré and Mr. Georgetti.

I agree with them that those most in need of government incentives and assistance are the people who are losing their jobs and are being treated unfairly at this time.

My question is for Mr. Céré and Mr. Georgetti. The Minister of Finance maintains that he consulted with members of the public, but were you at least consulted before he drafted his budget?

As you know, the Liberal Party has announced that it will support this budget, despite having some questions and many reservations. How do you feel about our democratic system, when one party bows to a minority government simply because it does not want to defeat it and create additional election or organization problems for itself? What do you see in store for the future, given that these two parties have agreed on a budget that fails to meet the needs of the people?

I would also like to include a third person, Ms. Byers, in the discussion of pay equity. The measures proposed in the bill would deprive women of their legitimate rights to equal pay for work of equal value.

So then, how do you feel about our fine system of democracy?

• (1745)

Mr. Pierre Céré: We were not consulted by Minister Flaherty, but the FTQ was and it passed along information to us. Some pre-budget consultations were held. Minister Flaherty came to Montreal in early January and with him were some of Quebec's most important business leaders. An advisor to a union executive was present. I believe he was the only union representative on hand.

Minister Flaherty unveiled his tax reduction proposal and other measures. Overall, the business leaders told him that they had never asked for these measures, that this was not what they wanted. The FTQ stressed the employment insurance program and the need to enhance and improve access to benefits. Many of the business leaders in attendance supported the union's proposals. Of course, our association was not consulted. If we had been consulted, we too would have stressed the point that we are making here today about access to employment insurance.

You were wondering if we felt that our hands were tied somewhat because of this minority government that enjoys what amounts to a veto right, in light of the royal assent provision. Indeed, the opposition, even if it forms a majority, can push bills through to third reading stage, as we have often seen happen, only to have them suddenly fall by the wayside because of a minority government's veto right.

Let me get sidetracked for a moment and speak to Mr. Mulcair. We have gone public with our position and signed articles and letters which have been printed in the newspapers, under the caption "Bring Back The Conservatives In Opposition". Our position is fairly clear.

You are responsible, consenting adults. I'll leave it up to you to play the parliamentary game, if you must. And, I am not using the word "game" negatively here.

One thing is clear, and that is our goal to restore the employment insurance system. To accomplish this feat, we need a majority government. Whether the government is defeated now or later, we need to focus our attention and energy every day on these timely social issues.

The Chair: You have 30 seconds, Mr. Carrier.

Mr. Robert Carrier: I've nothing further to add.

• (1750)

[*English*]

The Chair: Merci, Monsieur Carrier.

Mr. Georgetti.

Mr. Ken Georgetti: Let me be clear. The only two labour groups who were consulted after the economic update and before the budget were the FTQ and the CLC, for a total of 58 minutes. That's the only worker consultation that happened. The only time we were consulted was when they thought their jobs were at risk.

I wish everyone would stop posturing and take care of the honest, hard-working Canadians who have been affected negatively by this crisis—and they are the unemployed. All of the requests that we have made to modify and enhance the employment insurance system cost less than the home improvement program this government has put in place. That's the equivalent.

If you got down to doing that, we would actually applaud this budget and say you looked after the people who deserve to be looked after, the Canadian taxpayers, who, through no fault of their own, became victims of this crisis.

The Chair: Thank you.

Ms. Byers, be very brief, as we're over time.

Ms. Barb Byers: This is typical: pay equity issues get this much time, while all the other important issues—

The Chair: I don't determine how much time a witness takes.

Ms. Barb Byers: I just want to put out here that this is a huge, huge attack on people's ability to use the Human Rights Commission to advance their economic equality, and this isn't about helping anybody in terms of the current economic crisis. This is in fact about hurting people and this is about women who put their money in the communities, who spend their money where they live and work, and then don't have access to the Human Rights Commission to advance their wages, even over a long period of time. And that's an absolutely critical issue.

This is not about pay equity; this is about pay inequity, and that's exactly what's going to happen to women's wages in the federal sector.

The Chair: Thank you.

We'll go to Mr. Kramp.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Thank you, Mr. Chair.

I have two quick questions, and if there's time left over I'll share it with my colleague. I have one question for Mr. Knight and one for Mr. Alvarez.

Mr. Knight, I was really interested in your proposal about the possible use of 5% of the R and D allotment. Certainly I've seen this take place at the community college level, and I can even tell you personally of several examples of R and D collaboration, and even incubation with independents, as well as various sources. Could you just elaborate a bit more on your initial comments on that? Potentially, I ask you to give some serious thought to making a formal proposal and bringing it forward, because I think it's an idea that's well worth consideration.

Mr. James Knight: Thanks for that support.

As you know, there's a vast amount of discovery research in universities, which is really where we spend our money. A lot of it is pretty esoteric. It's unrelated to the short-term economy, at any rate. We see a real opportunity to reinforce these relationships between small businesses and colleges, which are already quite active. In fact, some colleges have substantial applied research funding through private sector contributions. But there needs to be a public sector support to this, because in fact college instructors are not there for the purpose of conducting advanced research. They're there to teach. When you put them on a project, you pull them out of teaching, and there needs to be some way of ensuring that we can do the teaching while supporting the SMEs, which create most of the jobs in the country and which we depend on for economic growth.

Mr. Daryl Kramp: Okay. Thank you very much.

Mr. Alvarez, I take a look at the dramatic escalation in health care cost: back in 1975, roughly \$300 per person, give or take a little; now, close to over \$3,000 per person. It's exponential growth. Then I listened to the statistics that your organization, Infoway, has been able to determine in terms of return on investment, patient treatment, dollars, controlling costs, and creating jobs, and I flip that around and say that's fine, but maybe 25% to 30% of this country doesn't even have access to broadband and isn't even connected. We've obviously made a significant investment in this budget to do just that. But assuming that goes forward, and we finally have a lot of these rural areas connected, how quickly and what impact do you believe Canada Health Infoway could have on those rural areas?

Mr. Richard Alvarez: Thank you for that question.

Actually, we're already having a significant impact on those areas. For example, 80% of Canadians now don't have an X-ray film any more. These are now digitized, which means that wherever the X-ray film is taken and digitized, it can be read from everywhere else. We now have 40% of our radiologists providing access to remote areas, which has never happened before and is very necessary. What that means is where they don't have a radiologist or a specialist in a rural area, basically not only can it provide efficiencies but you don't have to move the patient, and a diagnosis can be made a lot more quickly. That, together with the aspects of telehealth, which are now very prevalent certainly from our territories to the south, we've made enormous progress in that area.

Health care is Canada's largest information-intensive industry. It's three times the size of the Royal Bank of Canada. Yet when you think about the technology applied to it, it's been incredibly small. It's still a paper-based system, and paper is not only inefficient, quite frankly it's downright dangerous and it actually kills.

• (1755)

The Chair: Thank you.

Bob.

Mr. Bob Dechert (Mississauga—Erindale, CPC): Thank you, Mr. Chair.

Just very quickly, I want to touch on work-sharing arrangements, and I'll direct my comment to Mr. Georgetti.

In the weeks leading up to the budget, I and other members of this committee met with many groups across the country. In my area, Mississauga, the number one request from employers was assistance for extension of the work-sharing program and changes to make it easier to set up these arrangements. I've been trying to promote, in my area, to every employer the information they need to know to save jobs before they lose them. I wonder if you could comment on how important it is to implement these work-sharing measures as soon as possible.

The Chair: Thank you.

Mr. Georgetti.

Mr. Ken Georgetti: We would agree with you completely, with one caveat. One of the risks of work-sharing is you diminish your qualifying hours for unemployment. What usually happens is people go into work-sharing, they lose their hours, and when the work-sharing ends, they become unemployed and don't have enough hours to qualify. That's part of the problem with the system. Given the option, most of our people will take work-sharing than see their friends laid off over the short term, but there is a risk with that.

Mr. Bob Dechert: And employers want to keep their skilled workers. It's very important, and this is a great opportunity we have to save the jobs before they get laid off in the first place.

Mr. Ken Georgetti: Right on.

The Chair: Thank you.

Mr. McKay, final round.

Hon. John McKay (Scarborough—Guildwood, Lib.): Thank you, Chair. Thank you, witnesses.

I'll first of all address Mr. Antunes. Stimulus is all the rage these days. It seems as though we're jamming everything you could possibly imagine into stimulus. At times, however, it seems a little like taking a bucket from the deep end of the pool and putting it into the shallow end of the pool. You have to wonder at the end of the day what you have, other than one enormous debt.

I'm particularly concerned about the flow of fiscal stimulus, because even if we rush the budget through, as the ministers want us to do, and it starts to move, and we do all the rest of the stuff, it will really, to be realistic, be this time next year before you actually see projects even getting going—and that's with the best of intentions all the way around. By that time, your projections are that the recession

will be, if not over, close to over. So what would we have accomplished?

Mr. Pedro Antunes: That's a good point; thank you for it.

I think we have to be aware that we don't want to be injecting extra stimulus at the time when the economy starts to recover and strengthen. And we are among the more optimistic forecasters about seeing a V-shaped recovery rather than perhaps a U-shaped—and the latest one I heard was a “bathtub-shaped”—recovery, so I think this is a good point. The idea in this budget is that we are trying to get money out as quickly as possible and then sustain the level. We're not adding necessarily as we get into 2011 and 2012. In those years, the stimulus should be coming off.

The other aspect is that we're going to be able, I think, to sustain a level we talked about earlier of a little bit of confidence in the economy: people feeling that something is being done, that we're looking at fiscal stimulus that is longer term. We have seen, for example, the impact of the tax credits in the U.S., which dissipated very quickly because they were one-time payments that weren't sustained. I think they are now trying to avoid that in the package that is occurring south of the border.

Hon. John McKay: I can agree with you on the merits of doing a lot of this stuff. Infoway is an excellent example of things that should be done. The people here have suggested a number of projects—things that should be done. I just wonder at the end of the day whether you are in effect preparing the ground for an ongoing structural deficit from which our country will not be able to extract itself.

Mr. Pedro Antunes: That's one of the points I mentioned earlier. This is a big budget with big spending measures. If we look at the issues, over the last number of years government revenues have been stronger than expected, year in and year out. That's because this little thing called the income multiplier has been stronger than expected over those years. In other words, usually you have about 1% or 1.2% increase in revenues when income increases by 1%. Over the last number of years it's been much stronger than that because of income shift, if you like, and because of a lot of revenues coming into this country.

As we look longer term, I think this is going to go back to where it should be, back to its normal level of 1% to 1.2%. If this move occurs, you'll see a deficit that's sustained over the next four or five years.

• (1800)

The Chair: You have one minute.

Hon. John McKay: Thank you.

I'll shift to Mr. Knight.

First of all, you're unhappy with the split and unhappy with the fact that you can't build new stuff. If you had the opportunity to rewrite and were duking it out with the universities and other claimants for this \$2 billion, how would you rewrite it? And say hello to Anne Buller when you're rewriting it.

Mr. James Knight: Given the demands of the economy, we view it as a bad economic decision. Half of the college applicants are university grads who didn't get jobs and who come to college to be trained up so that they can be employed. Why in a time of economic stress would you make such a massive investment in institutions that, in many provinces, are losing students? Why would you do that? We thought it was a bad choice.

But let me say this, and this is really important: colleges haven't been recognized in a budget for a decade, and we were really happy that we were there. This is a shift in perception and an acknowledgment that colleges do play an important role in the economy.

There was a positive reaction in that respect. Is it perfect? No, but it's a start, and we'll be back again explaining why we are so important.

The Chair: Thank you.

Thank you, Mr. McKay.

Thank you to all of the witnesses for your presentations here today and your responses to our questions.

Members, we will adjourn the meeting and see you back here at seven o'clock. Thank you.

We're adjourned.

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