



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Finance

FINA • NUMBER 017 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Wednesday, October 19, 2011

—
Chair

Mr. James Rajotte

Standing Committee on Finance

Wednesday, October 19, 2011

• (1530)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call to order the 17th meeting of the Standing Committee on Finance.

I want to thank everyone for being here this afternoon. We have eight organizations who are presenting, but there will be one presentation on behalf of four organizations.

First of all, by video conference, from Calgary, Alberta, we have the Calgary Chamber of Commerce.

Second, we have the Canadian Federation of Nurses Unions.

[Translation]

Third, we will hear from the Fédération des communautés francophones et acadienne du Canada.

[English]

We have Oxfam Canada, the Canada Foundation for Innovation, the Social Sciences and Humanities Research Council of Canada, the Canadian Institutes of Health Research, and the Natural Sciences and Engineering Research Council of Canada.

I want to thank you all for being with us this afternoon.

We will begin with the video conference presentation from the Calgary Chamber of Commerce.

As an Edmontonian, I'll just request that you remove the jersey behind you, if at all possible.

Voices: Oh, oh!

The Chair: You did win the first battle of Alberta, last night, but not the last.

You each have up to five minutes for an opening presentation.

Mr. Brunnen.

Mr. Ben Brunnen (Director, Policy and Government Affairs and Chief Economist, Calgary Chamber of Commerce): Great. Thank you very much.

You know, these jerseys are on every wall in Calgary. I'm not sure if you have the same policy at the city, but we can't remove it. It's part of our heritage, if you will.

Thanks very much for the opportunity to present to the committee today. The Calgary Chamber of Commerce represents over 3,200 members in the Calgary business community.

My remarks today are informed by our 2012 pre-budget submission to the committee in August of this year and are structured around the consultation framework. The three key questions are how to balance the budget, how to achieve sustained economic recovery, and how to attain high levels of job growth and business investment to ensure shared prosperity.

First, on balancing the budget, the chamber urges the federal government to apply prudent fiscal management policies relating to program expenditures and debt levels to balance the budget and position the Canadian economy for stable growth. The chamber was pleased with the strategic operational review announced in 2011 as well as the reduction of corporate tax revenues to 15% from 16.5%, which, as we have seen, has led to increased corporate tax revenues in general.

To undertake further efforts in this regard, the chamber is suggesting that government adopt what we call a "bandwidth" approach to spending by targeting expenditure increases within a range delimited between population and inflation and real GDP and inflation. Using a five-year average, this range is between 0.03% and 3%.

This approach is beneficial in that it establishes future spending parameters in the context of the current fiscal climate and spending constraints, and sends a credible signal to the business community that Canadians and the federal government are committed to returning Canada to balanced budgets.

The 2011-12 federal budget proposes a spending increase well within this range, at approximately 0.2%. For 2012-13 the chamber suggests targeting increases at the lower end of this bandwidth, estimated at 0.03%, while earmarking the remaining capacity of the bandwidth for deficit reduction on an annual basis, estimated at approximately \$6.6 billion.

Second, in regard to achieving sustained economic recovery, we're proposing some R and D changes. With Canada seeking to grow its economy and create new jobs, we believe research and development is the key to enhancing productivity, particularly in this economic climate, beginning with ensuring and strengthening the equity of the scientific research and experimental development tax credit, or the SR and ED credit.

The SR and ED program itself is a federal policy lever for incentivizing R and D. However, it creates an unlevel playing field for business through differential tax treatment based on ownership. The credit favours Canadian-controlled private corporations by giving them a 35% investment credit for expenditures up to \$3 million, with 25% on amounts above that. Public companies and non-Canadian-controlled private companies get only 20%.

In addition, companies lose the cash refundable portion of the SR and ED claim when they go public, which lowers the amount of money they can use for R and D.

Effectively, the tax creates inequities across companies of different ownership structures and discourages private companies from becoming publicly owned. This ultimately hinders R and D investment and prevents the Canada Revenue Agency from benefiting from the improved disclosure records and audit trails offered by public companies. The chamber recommends that the government extend the 35% credit to all companies in Canada, provided the R and D activities are undertaken here.

Second, on the SR and ED, government has been challenged to apply and enforce the SR and ED tax framework on a consistent basis. The chamber suggests structuring the tax credit to more closely represent a fee-for-service model, similar to the patent office approach, as it would then be possible to write a more principled and consistent framework for administering and enforcing the SR and ED credit. That would further strengthen the effectiveness and integrity of the system and improve its use.

Finally, on the SR and ED, and more particularly on research partnerships, the federal government provides funding for research partnerships that represents up to 37% of total federal support for science and technology. All but two provinces provide additional subsidies—

• (1535)

The Chair: Just a brief wrap-up, Mr. Brunnen.

Mr. Ben Brunnen: Sure.

This approach creates regional distortions by driving R and D investment into provinces that don't match the partnership funding. The chamber recommends that government work with the provinces to restructure the research partnership program to eliminate these distortions.

Thank you very much for the opportunity to speak here today.

The Chair: Thank you very much for your presentation.

We'll now hear from the Canadian Federation of Nurses Unions.

Ms. Pauline Worsfold (Secretary-Treasurer, Canadian Federation of Nurses Unions): Good afternoon. I am the secretary-treasurer of the Canadian Federation of Nurses Unions, and I'm a working nurse. I work in the recovery room of the University of Alberta Hospital in Edmonton, so hello to my fellow Albertans.

CFNU represents over 156,000 nurses and student nurses. Our members work in hospitals, long-term-care facilities, community health, and in our homes. We thank the Standing Committee on Finance for the opportunity to share our views today.

Budget 2011 focused on innovation, education, and training as key drivers for economic recovery. Our first two recommendations build on this trajectory by targeting education, training, and innovation programs to health care workers. Our final recommendation will ensure sustainability in public health care, improve health outcomes, and put more money in Canadians' pockets.

The federal government has recently invested in pilot projects to support partnerships of health care employers, governments, health care worker unions, and professional associations to improve workplaces. These pilot projects were called "research to action", applied workplace solutions for nurses, and have supported research that shows that a small investment in changing the culture of a workplace can reduce overtime, turnover costs, and increase patient satisfaction.

To provide some perspective on the need to support innovation at the workplace, Canada is currently short by 11,000 full-time-equivalent registered nurses; that's approximately 16,500 people. Without immediate intervention, this labour shortage will increase to a 60,000 FTE RN shortage, approximately 90,000 people by the year 2022. The cost of this shortage, in paid overtime alone, is \$660 million annually.

Our applied research shows that innovation pays off. Improvements in working conditions and opportunities for professional development and skills upgrading would convince at least half of the nurses contemplating retirement to extend their careers. I'm not one of them, just so you know.

By strengthening leadership and empowering nurses, we can reduce the turnover rate by more than half. In other words, we can reduce the nursing shortage and all the costs associated with the shortage and improve patient outcomes by simple innovations that increase productivity and improve retention rates.

We therefore recommend a health innovation pilot project fund of \$30 million over three years, fashioned after the wait time guarantee fund.

Budget 2011 proposed to combat the shortage of health care professionals by forgiving a portion of Canada student loans for new family physicians, nurse practitioners, and nurses who practise in rural or remote communities. We encourage the federal government to expand this program to health care workers who have gone back to school to upgrade skills. A personal care worker who is seeking to upgrade to become a licensed practical nurse, an LPN seeking to become a registered nurse, or an RN seeking to become a nurse practitioner are some examples. They could all benefit from student loan forgiveness, as financial cost is a common barrier to skills upgrading.

We encourage budget 2012 to extend loan forgiveness to health workers entering programs that upgrade skills. We also recommend that an apprenticeship-like program be developed to support job laddering in health care.

A similar tiered pathway approach that allows EI support at various stages in training would provide health care students with the option to enter into the workforce at various stages of their education and training. We believe this would be of particular value for engaging aboriginal Canadians and internationally educated nurses in skills upgrading.

Our last recommendation is for a federal commitment to universal pharmacare. Premiums for private drug insurance soared by 15% annually between 2003 and 2005, while drug costs rose by 8%. Canadians pay 30% more than the OECD average for prescription drugs.

Research has shown that savings can be gained from implementing a public insurance plan for pharmaceuticals by changing drug pricing practices. If Canada modeled its pharmacare program after New Zealand's in how it tenders and prices drugs, Canada could reduce its drug expenses by as much as \$10.2 billion annually. With additional savings from dispensing fees, cheaper administration, and removal of tax subsidies, total savings could be \$10.7 billion annually.

A national pharmacare plan is a spending program that pays for itself.

• (1540)

We urge the federal government to enter into a cost-sharing arrangement with the provinces and territories on a comprehensive national pharmaceutical program. After all, it's a win for the federal government that introduces it, it's a win for the provinces and territories, and most of all it's a win for all Canadians.

The Chair: Thank you very much for your presentation.

[*Translation*]

We will now hear from the representatives of the Fédération des communautés francophones et acadienne du Canada.

Ms. Marie-France Kenny (President, Fédération des communautés francophones et acadienne du Canada): Thank you very much, Mr. Chair, ladies and gentlemen, members of the committee.

I would like to begin by thanking you for inviting FCFA du Canada to appear today, on behalf of Canada's francophone and Acadian communities.

Commitment to linguistic duality and the influence of both official languages are matters that concern all parliamentarians. This committee is showing that today by taking an interest in the repercussions of the next budget on the 2.5 million French-speaking Canadians living in nine provinces and three territories.

[*English*]

It is with these 2.5 million French-speaking citizens in mind that we prepared the brief you have before you. In their actions, the FCFA and the organizations serving Canada's francophone and Acadian community share one commitment: to ensure that these citizens can live and thrive in French, one of Canada's official languages, through access to a wide variety of services and activities in all aspects of daily life.

[*Translation*]

Faced with increasingly limited resources, those organizations have come up with innovative solutions and have succeeded, despite everything, in producing real results in the form of services, programs and activities for individuals and families who wish to live in French.

Although insufficient, federal investments intended for those organizations and institutions still provide some leverage. Each dollar invested by the Government of Canada generates at least \$8 in volunteer services and enables organizations and institutions to seek out additional funding from other sources. Those investments help the government spend less money on meeting its commitments to francophones in minority communities. Therefore, improving those investments is far from being unreasonable in this time of budget restraint. It is more akin to a strategic realignment of resources.

That's a summary of our brief.

That being said, I would like to raise two issues concerning the ongoing strategic review of current expenditures and programs. First, we were pleased to learn, during a meeting with the Minister of Canadian Heritage, Mr. Moore, that the investments included in the Roadmap for Canada's Linguistic Duality would not be compromised by this exercise. We are talking about the current roadmap. However, yesterday, the Commissioner of Official Languages said something that is relevant to this committee. It was during the launch of his annual report. And I quote:

Departments are being asked to find ways to reduce their expenditures by 5 or 10% [...] The government must ensure that the decisions that are made during each department's budget review take into account potential consequences for official language communities. [...] if each institution independently makes cuts to official languages programs, the cumulative effect will be much greater than 5 or 10%.

We share the commissioner's concern in that respect, and we strongly encourage the committee to take a very close look at that cumulative effect.

We are also interested in other aspects of public funds management, and we want to support the government in its search for ways to save money and increase efficiency. So, I would like to take advantage of my time here to talk about two other important issues.

The first has to do with expectations when it comes to the Canadian government's fund transfers to provinces and territories. Like all Canadians, francophones expect to benefit from those transfers in education, health, human resources development and other areas of activity. The government does include a linguistic clause in some of its agreements. However, those clauses are often very weak.

For instance, that it did not stop the Government of British Columbia from announcing, in October 2010, the closing of five francophone employment centres. They were closed even though they had been created thanks to Service Canada's support and funding provided under an agreement between Human Resources and Skills Development Canada and the provincial government. That also did not stop the Government of Yukon from redirecting funds that had been transferred specifically for French-language education to immersion.

The conclusion is that linguistic clauses, as they are currently worded, do not make it possible to reach the government's efficiency objective and that they must be improved so that the investments reach Canadians, as intended. In addition, this is not an issue limited to official languages. Generally speaking, as soon as the Government of Canada transfers funds—

• (1545)

The Chair: You have one minute.

Ms. Marie-France Kenny: That's just enough.

As soon as the Government of Canada transfers funds, the provincial and territorial accountability obligation in terms of those investments is limited, almost non-existent.

The last issue I would like to talk about quickly is that of cooperation among a number of federal institutions in matters of interest to francophone and Acadian communities. The implementation of the Strategic Plan to Foster Immigration to Francophone Minority Communities is an example of that cooperation. The plan brings together a number of departments, including Citizenship and Immigration Canada and Industry Canada. However, cooperation among institutions on specific matters like this one presents challenges and often involves a doubling of the resources mobilized across government. The government could increase efficiency by implementing policies that would promote better lateral cooperation where a number of federal institutions would combine their resources for the same issue.

Thank you very much.

The Chair: Thank you for your presentation.

[*English*]

Now we'll hear from Oxfam Canada, please.

Mr. Mark Fried (Policy Coordinator, Oxfam Canada): Thank you very much, Mr. Chair.

Oxfam is pleased to be with you here today to share our thoughts about the federal budget for 2012. Oxfam, as you know, is an international development and humanitarian agency working in 90 countries around the world.

We have three proposals for the budget plus two suggestions on how to finance the costs that may be implied.

First, we'd like to propose that there be a modest increase in the aid budget in 2012. We know that the government declared a freeze the year before last. A modest increase of 8% would help put Canada on track to achieve our fair-share contribution to the poorest people in the world.

We know the government has taken many very positive steps to improve the effectiveness of Canada's aid program to make it even more effective. We believe that Canada has one of the best aid programs in the world, the only fault being that its size is relatively small.

I'll give you two reasons as to why we should increase aid. One is a moral reason; the other is a practical one.

Aid saves lives. The poorest people in the world depend on our assistance to go to school, to get health care, to be able to improve their own lives and survive and prosper.

Secondly, it saves us money in the long run. It's a practical thing; it's in our interest. If we invest in education, health care, and economic growth in the poorest countries, we're going to save later when those systems don't break down and oblige us to intervene in a humanitarian or military manner, which costs us much more in the long run. It's a good investment.

I know that when cuts are contemplated here at home, an increase in aid could be seen as controversial. If I may, I'd like to paraphrase David Cameron, the Prime Minister of the United Kingdom, who has said that he will continue to increase the aid budget despite the very dire situation they face. As he would say, in the time it makes me to make this short presentation, 15 children will have died of a preventable disease in the poorest countries.

We shouldn't let that happen. There's no reason we have to. If the United Kingdom, in a much more difficult economic situation, is going to continue to increase, then Canada, which has the strongest economy in the G-7, must increase its aid budget. We mustn't balance our books on the backs of the most vulnerable people in the world. A modest increase could set Canada on the course to achieving the 0.7% of our economy that all parties pledged to achieve in the year 2005.

Our second proposal, more briefly, is regarding fossil fuel subsidies. Canada is one of the largest emitters in the world of greenhouse gases that cause climate change. Oxfam is concerned about climate change because the communities we work with in poor countries around the world are reeling from those effects. Extreme weather, changes in temperature and precipitation, which undermine agricultural yields, have caused terrible problems for the poor people we work with.

We have to begin to address this situation. Canada pledged, along with all the other G-20 countries, to phase out inefficient fossil fuel subsidies. That pledge was made in 2009. Canada should move on it in 2012, at least. According to the Department of Finance, it could save in the neighbourhood of \$750 million per year.

Our third recommendation is that Canada should continue to provide its fair share of global climate finance. In the United Nations, at the big Copenhagen meeting on climate change, Canada pledged, as part of a wealthy country pledge, to help the poorest countries reduce their own emissions and adapt to changes that are already under way.

The global pledge was \$30 billion over three years. Canada's fair share—which Canada provided in 2010—was \$400 million that year. Canada has said that it will supply that again this year, in 2011, although it has not yet been announced and we're almost at the end of the year. Certainly budget 2012 should include an explicit commitment of at least \$400 million to help poor countries adapt to climate change and reduce their emissions.

I should note that the pledge that all countries made was to have a balanced approach to this funding, between adaptation and mitigation—that is, helping countries reduce emissions. Canada unfortunately, in its funding in 2009, provided 89% of its funding for mitigation and only 11% for the poor communities who desperately need assistance to adapt to changes that are already hitting them. We would hope there will be a more balanced recommendation from this committee, that 50% will be set aside for climate change adaptation.

We propose a couple of ways in our submission that revenue could be raised to fulfill our proposal for greater spending: through taxing financial transactions and taxing international shipping, both of which are on the table at the G-20 as innovative measures to raise development and climate change finance.

• (1550)

Thank you again. You have hard choices to face. I hope our recommendations will help you in your deliberations. I'd be very pleased to answer your questions.

The Chair: Thank you very much for your presentation.

[*Translation*]

My understanding is that Mr. Patry will represent the four organizations.

Mr. Gilles Patry (President and Chief Executive Officer, Canada Foundation for Innovation): That's right. Thank you, Mr. Chair.

Ladies and gentlemen, members of the committee, on behalf of my colleagues and myself, I want to thank you for inviting us to appear before your committee.

On September 16, at the opening of a world-class research facility in Saskatchewan, the Prime Minister said the following: "Our government will continue to support science, technology and innovation—key drivers of economic productivity, competitiveness and growth".

[*English*]

I'm here with my colleagues from the federal research granting agencies to tell you how we will continue to support this agenda by enabling discovery research and making connections between academia and the private, the public, and the non-profit sectors. This is crucial to building innovative communities and driving the Canadian economy. We understand that governments everywhere are facing difficult decisions because of ongoing uncertainty in economies and markets around the world. At the same time, we are in the midst of a global innovation race, a race that Canada cannot afford to lose.

[*Translation*]

Some countries are increasing their investments in research and innovation. They know that achieving a good balance between the immediate priority of expenditure control and the long-term objectives for stimulating innovation is important. That balance will enable them to emerge out of the economic downturn stronger and be better prepared, economically, to move forward. In fact, the report published earlier this week by the task force whose mandate is to examine federal support for R & D stresses the importance of improving Canada's innovative capacity.

[*English*]

Since the brain drain of the 1990s, Canada has made solid choices in building its knowledge assets. Sustained investments by the Government of Canada have created a vibrant ecosystem in this country. There have been new investments in unique research initiatives, including the Centres of Excellence for Commercialization and Research, the business-led Networks of Centres of Excellence, the Canada Excellence Research Chairs, the Vanier scholarships, and the Banting post-doctoral fellowships. Today these investments are paying off. We're now attracting and retaining top researchers from around the world and are giving them the tools they need to think big.

Only a few days ago, a respected global university survey ranked nine of Canada's universities in the top 200 in the world. Combine this with the fact that Canada is the lowest business tax jurisdiction in the G-7 and it seems clear that the time is right for Canada to capitalize on its investments and become a global leader in innovation.

• (1555)

[*Translation*]

CFI, NSERC, SSHRC and CIHR have played a crucial role in cultivating winning conditions for ongoing social and economic progress.

Together, we facilitate the creation of research partnerships and the sharing of knowledge between universities, colleges and the private sector. Those initiatives help foster a culture of social and commercial innovation. Through our programs, we support cooperation between those who advance knowledge and those who turn that knowledge into benefits for Canadians.

[English]

Take the strategy for patient-oriented research, for instance, which seeks to improve both health outcomes and the cost-effectiveness of health services. The outcomes of one of its projects—the Alberta hip and knee replacement project—have been adopted in provinces across the country and will save the national health care system more than \$225 million a year by ensuring patients have faster access to surgery, less pain, and little decrease in quality of life.

Our support of innovative technology from concept to prototype to market readiness is particularly impressive. Look at Future Vehicle Technologies, of Maple Ridge, B.C. Last year the company partnered with Simon Fraser University to explore ways to cool the battery in its high-performance electric sports car. This \$25,000 NSERC engage grant has turned into a \$1.4-million collaboration under the Government of Canada's automotive partnership program to design a system that recycles waste battery heat for use in other applications.

[Translation]

As you know, innovation takes many forms. SSHRC provides funding for the Queen's University project that boosts rural economies and creates new jobs. That program enables researchers, students and community organizations to meet significant challenges, such as attracting immigrants to rural regions and promoting the communities as tourist destinations.

[English]

Canada's enviable research environment is based on measures introduced over several years, and on the strong signals that have been sent to the research community and the private sector here and abroad that Canada means business when it comes to research and innovation.

With budget 2012, the Government of Canada has an opportunity to address the country's fiscal challenges. Canada's research community understands this need, and it firmly believes that only through knowledge, research, and innovation can we ensure a brighter future for Canadians.

Thank you.

The Chair: Thank you for your presentation.

Members, we'll start with questions.

[Translation]

We will begin with Mr. Mai.

You have five minutes.

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

I want to thank all the witnesses for being here today. Unfortunately, we don't think that five minutes is enough.

My first question is for the FCFA representatives. The Commissioner of Official Languages published his report yesterday. At the press conference, he said that he was very concerned about the cumulative effects of the 5% to 10% cuts in federal spending and the repercussions on official language communities. You mentioned that in your presentation.

Could you explain what you mean by the cumulative effects of potential budget cuts?

Ms. Marie-France Kenny: Thank you for the question.

All the departments clearly have obligations under the act. A number of departments administer programs that directly affect official language communities. Human Resources and Skills Development Canada, Industry Canada and Citizenship and Immigration Canada, among others, have those types of programs. If each of those departments were to cut 5% from the programs, the cumulative effect on francophone and Acadian communities would be much greater than the intended 5% or 10% cutbacks.

Similarly, a restructuring has repercussions on services to the public. For instance, if Service Canada were to decide tomorrow morning to restructure its services, that could result in the closing of certain service points. Services would then be offered in other ways. We have to be able to provide comparable services at offices designated bilingual and ensure that we have adequate staff providing those services. Therefore, the effect would be much greater.

Currently, there is no one person who calls all the shots. No one has the supreme authority in terms of the Official Languages Act. So, Minister Moore is responsible for a part of the act, the Minister of Justice is responsible for another part, and the same goes for the President of the Treasury Board. Under those conditions, when each department is looking into the issue independently and there is no single leader or supreme authority, it is difficult to see the big picture.

• (1600)

Mr. Hoang Mai: How could we mitigate those repercussions?

Ms. Marie-France Kenny: The departments would first need to talk to each other. Those of us here, at this table, need to be aware of the impact of those budget cuts. In addition, each minister would have to look into this matter.

Basically, all departments and institutions should be clearly instructed to take into account the potential repercussions. Similarly, the committee made up of ministers, which will ultimately consider the decisions to be made as part of the strategic review, will also have to look into the cumulative effect of those cuts on the communities.

Mr. Hoang Mai: My second question is for the Oxfam Canada representatives. You said that the target of 0.7% of GNI promised by Canada has not been reached yet.

Where does that promise of assistance that was made stand?

Mr. Mark Fried: We are talking about an international promise made in 1969 and supported by the UN. In 2005, all the parties in Canada's Parliament voted in favour of reaching that goal, but they failed to set a deadline.

So, it's a matter of increasing assistance in every possible way. We feel that this increase of 8% in funding, which represents about \$500 million a year, could help Canada reach the 0.7% target.

Currently, Canada is the second to last G7 country in terms of total donations; only Italy donates less than Canada. At this time, Canada donates the equivalent of 0.33% of its GNI; the United Kingdom donates 0.56%. Despite their size, countries such as Spain and the Netherlands donate more money than Canada.

Therefore, I think that reaching the target is possible.

Mr. Hoang Mai: Thank you very much.

The Chair: You have 15 seconds left.

Mr. Hoang Mai: Could you tell me quickly what we could draw from the green climate fund?

Mr. Mark Fried: That's a fund....

I will answer in English.

[English]

The Chair: Give a very brief response, please.

Mr. Mark Fried: The green climate fund was set up last year at the UN climate change conference. It's to become operational by 2020, but they have not yet identified the sources of revenue for it. It's to have at least \$100 billion to help poor countries cope with climate change. But there is an interim fund that Canada has pledged to be part of called the fast-start financing, to which Canada contributed \$400 million last year.

The Chair: Okay, thank you.

We'll go to Ms. McLeod, please.

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

I would like to start my questions with Mr. Brunnen.

I'm sure you're aware that the tax levels were a significant issue in the last election, and there's still some great dialogue going on, with a suggestion by the opposition that we should be raising taxes.

We certainly recognize that small and medium-sized businesses are important, but really, quite substantially, small businesses might be making \$500,000 into that threshold.

Can you talk generally about the impact of a competitive tax rate on the companies and businesses you represent, and how that will be important in the future during these economic times?

Mr. Ben Brunnen: Absolutely.

Starting with the tax rate, if we take a look at the recent federal budget documents we see the decline in the corporate income tax rate. At the same time we see a corresponding increase in aggregate corporate income tax revenue. That suggests a number of things, but one very clear thing is that when we decrease the tax levels, we increase the size of the pie. It increases the amount of revenue through the sheer size of increased economic activity. But we also empower businesses to create jobs and reinvest in the economy.

For example, when we look at the economic performance we're seeing for Canada vis-à-vis the global economy, of course there are some global challenges that are well beyond our control, but we are in a very favourable position. The national unemployment rate of 7.1% is a little high, but it's one of the better places to be, without a doubt.

So there are some positive benefits that we're seeing as a result of this good economic policy. While it seems counterintuitive politically, it makes good sense in terms of quality of life for Canadians and prosperity.

The other piece I'll point to is the leadership we're starting to see regarding deficit reduction, as well as the debt-to-GDP ratio. Looking at the debt-to-GDP ratio, we're in a very favourable position. It's up at around 34%, but this matters when we look at global economies, particularly in Europe and the United States. Businesses are sitting on their capital at this time waiting for some level of certainty before they start putting that back to work. So it comes down to political uncertainty. But certainly the debt levels are one component that influences investment decisions, if you will.

Setting up that good fiscal framework through competitive taxes, reducing the deficit, and eliminating the debt create a good framework for Canadians.

• (1605)

Mrs. Cathy McLeod: Thank you.

To continue with your other point on the government tackling debt, we've looked at each department—5% to 10%, in terms of what they're doing and where they're going. You talked about this bandwidth approach. Is that a common term, or is it a Calgary term? Could you talk a little bit more about that as an approach to a balanced budget?

Mr. Ben Brunnen: Sure. We're in the process of trying to get that trademarked as a Calgary national term eventually.

The concept really is that we've been trying to find ways to set good, simple rules for spending parameters around budget management. Oftentimes we hear and see population and inflation as sort of that mantra, but that doesn't necessarily enable governments to accommodate economic growth and the pressures that result.

So we've come up with the concept. We call it the smart spending bandwidth, but it's this bandwidth that suggests limiting or tracking government expenditure increases to between either real GDP and inflation or population growth and inflation. That range will change depending on the cycle, so in low economic times population growth and inflation will be higher. In better economic times GDP and inflation growth will be higher, but it always enables that rationale.

It's a very simple rule to follow. It suggests that if we keep our expenditures within this range, we're spending within our means—real growth in the economy or real growth in the population. That obviously is a suggestion for spending increases.

Of course there are suggestions about whether we're spending optimally at this point in time, and that goes back to some of the initiatives you mentioned—for example, the reductions you had been talking about, Minister Clement's initiative in terms of looking for some savings in that regard. Ideally, we'd find some savings in that regard from an efficiency perspective, but we continue with tracking expenditure increases in a reasonable manner linked to growth.

The Chair: Okay, thank you.

Thank you, Ms. McLeod.

We'll go to Mr. Brison, please.

Hon. Scott Brison (Kings—Hants, Lib.) Thank you, Mr. Chair.
[*Translation*]

Ms. Kenny, was the former Court Challenges Program of Canada important in terms of defending the rights of your communities?

Ms. Marie-France Kenny: Yes, it was very important for our communities. It has actually been replaced with the Language Rights Support Program. The Court Challenges Program of Canada enabled communities whose linguistic rights were violated to take the government, be it federal or provincial, under the provisions of the charter—

Hon. Scott Brison: Should the Conservatives' decision to cancel that program be reversed?

• (1610)

Ms. Marie-France Kenny: There is a program right now. The former program was replaced and even improved. The new Language Rights Support Program provides us with more money and, in addition, it includes a negotiation component. You're asking whether it should be replaced, but I think that it has been replaced already.

Hon. Scott Brison: However, the resources should be increased.

Ms. Marie-France Kenny: Absolutely. The resources are hardly enough to cover... However, I should tell you that they were also insufficient under the former court challenges program.

Hon. Scott Brison: Thank you.

[*English*]

Mr. Fried, I agreed with a lot of what you said today about the importance of foreign development aid.

One of the things I think we also have to recognize is the importance of trade to the developing world and providing opportunities through liberalized trade, through moving forward with the Doha round or what follows the Doha round. That's why I was a little confused when you said you supported a tax on international shipping, because if we're going to enable the developing world to move forward, it's going to be in part through trade. Is not a tax on international shipping counterproductive to that goal of economic engagement of the developing world?

Mr. Mark Fried: It's a good question, and thank you for asking it.

The international shipping is a very large and growing source of greenhouse gas emissions, and in the climate change negotiations no one has really known how to deal with it, because it doesn't belong to any one country, and it's not one country that can impose reductions on it. We see the need to give the industry incentive to reduce its emissions.

What Oxfam and the World Wildlife Fund together have proposed is a levy on fuel, on shipping fuel. We've asked an independent economic analyst to do a study of implications for world trade of this. It would indeed have an impact of about 0.2% on world trade, which is relatively minor. We propose a compensation mechanism for the poorest countries to be given part of the revenue as compensation so they can make up for that 0.2%.

Hon. Scott Brison: So it's not in opposition to international shipping.

Mr. Mark Fried: Not at all.

Hon. Scott Brison: It is a support for the movement of technologies to cut emissions.

Mr. Mark Fried: To cut emissions is the point. And it raises revenue at the same time, which can help the poorest communities deal with the effects of climate change.

Hon. Scott Brison: Or we could put that revenue into helping develop the technologies to cut the emissions from the shipping. That research could be done in Canada through well-funded public research.

Mr. Mark Fried: Certainly.

Hon. Scott Brison: Mr. Patry, I appreciated your presentation. We recognize the importance of public research at CFI and other research agencies in Canada.

Why are we still stymied in Canada in commercialization? There still seems to be a challenge in moving forward from much of the important publicly funded research to commercializing those technologies to create jobs and opportunities. What's your view on that, and what should we consider as a committee to address it?

Mr. Gilles Patry: The report released earlier this week by Tom Jenkins, the panel on the funding of R and D in the private sector, goes some way to addressing some of the elements that need to be addressed. It's a challenge that Canada has faced for many years. Our agencies—and I have the pleasure of having with me the representatives of each of the three granting councils—have programs that are targeted at trying to bring industry a little closer to academia in order to foster more interaction. We could certainly engage in that level of discussion a little later.

The Chair: Thank you, Mr. Brison.

We'll go to Mr. Van Kesteren, please.

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

My thanks to the witnesses for appearing.

To continue with that line, Mr. Patry, I believe it was 2007 that we travelled with the industry committee to visit some of those spots, the University of Saskatchewan in particular. You had an industrial park nearby. We saw some interesting things. We all share the same concern Mr. Brison was talking about, that crossover. Can you tell us about how that has been working? Are there any new developments?

• (1615)

Mr. Gilles Patry: I have the experts from the other councils. We have Suzanne Fortier, who is the president of NSERC, the Natural Sciences and Engineering Research Council; Alain Beaudet, the president of CIHR, the Canadian Institutes of Health Research; and Carmen Charette, the senior vice-president at the Social Sciences and Humanities Research Council. We've agreed that we would pass on some of these questions to our colleagues, and I think this might be an appropriate place for Suzanne to talk about the relationship between the private sector and the academy, and also about the partnerships that have been established on campuses.

You're talking about the University of Saskatchewan at Saskatoon. There are tremendous partnerships on that campus, like the Canadian Light Source, where the private sector benefits in part from having access to Canada's world-class synchrotron.

Mr. Dave Van Kesteren: We're talking about taxpayers' money, and we have spent a substantial amount of cash with those research foundations. Can you tell us about some of the money that was spent, what the government has done, and some of the results that you're seeing?

Dr. Suzanne Fortier (President, Natural Sciences and Engineering Research Council of Canada): These are a lot of questions. I'll start at the highest level, which is why are we behind in innovation.

Lots of studies—including one from the Council of Canadian Academies—believe the problem is mainly in business innovation; that is, management making the right decisions to advance their business. That has to do with all sorts of things, including where you invest your dollars, getting state-of-the-art information, application of new technologies, tools for the industry. The biggest problem is not with R and D but with these other factors.

Mr. Dave Van Kesteren: Can you give us some success stories?

Dr. Suzanne Fortier: There are many success stories. I'll talk specifically about where we see our role, because innovation has many players, the most important being the business sector itself. We're focusing on creating partnerships, linking the talent that we have in colleges and universities with the needs of the private sector. From our perspective, significant progress has occurred in increasing the reach to small and medium-sized enterprises, which form a large portion of Canadian industry. We've always had strong interactions with the large industries, but small and medium-sized firms is where we need to put more effort, and that has been a focus.

Mr. Dave Van Kesteren: So you've found that the government's endeavours have been successful. You've encountered some success.

Dr. Suzanne Fortier: Well, I'll give you—

Mr. Dave Van Kesteren: You could go on a little bit, but just a yes or no answer, please.

Dr. Suzanne Fortier: Yes.

Mr. Dave Van Kesteren: Good.

Just very quickly, Mr. Fried, I think we need to always point out, when we talk about the commitment of the government through aid, that Canadians in general are very generous. I think in comparison to the rest of the world, we've exceeded that generosity.

Would you agree with that, too, that although...? It's the same taxpayer that ultimately is giving that money. It's not a generous government; it's the generous Canadians. So would you agree, too, that there's an element of generosity not experienced in other countries, given by Canadians? I know that's the case with CARE—they've been in front of foreign affairs—World Vision, Samaritan's Purse.... Would you agree with that statement?

The Chair: Just a brief response, please.

Mr. Mark Fried: I would say that Canadians are invariably generous in responding to an emergency. When an emergency hits, people open their hearts and their wallets.

The long-term investment to address climate change and poverty beyond emergency response is something that falls to government. We would hope government would meet that responsibility. Canadians expect government to do that.

But it's not a question of generosity. The generosity comes—

The Chair: Ten seconds.

Mr. Dave Van Kesteren: The government's priorities have been laid out, and that is to children and to mothers. In that respect, those needs are being met.

Mr. Mark Fried: Absolutely. Those are good priorities.

The Chair: Thank you.

We'll go to Mr. Marston, please.

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

Mrs. Worsfold, witnesses before our committee in recent days have talked about the fact that 20% of the cost of health care is directly relative to people who live in poverty and the results of poverty. In my own community of Hamilton, the social planning and research council says one in five people live in poverty.

Now, my wife was a nurse for 37 years. She did get to retire, by the way; I get to go to work here.

• (1620)

Ms. Pauline Worsfold: Lucky her.

Mr. Wayne Marston: But she observed on a day-to-day basis the results of poverty. And she said to me one time—and I never thought of it in these terms—“The 12-hour shifts we were working, we could take 20% off them if we could address poverty”. I'd like your reaction to that statement.

Ms. Pauline Worsfold: I would have to concur with your wife about the poverty situation. It's directly related and linked to the social determinants of health, which we've heard others speak about today, and those are food, shelter, clothing, education, nutrition, those types of social determinants of health, whether you end up being poor or not. The fact is, people who are poor have less healthy lives overall and at times less healthy lifestyles.

Mr. Wayne Marston: Mr. Patry, you seem to be fairly popular today, so I'll add one more to the list. We have a debate between the opposition and the government on how far to go with tax breaks, the corporate tax breaks. The ones we've seen are taking about \$16 billion a year out of the fiscal capacity of our government to address Oxfam's requests or others.

In Hamilton you know that CANMET is there. You know that right next door to McMaster University, one of our great universities—I have no problem saying that—we have a steel industry that has had some difficulties in the last number of years.

We have said repeatedly here that perhaps a government would be wise to think about moving out a bit the 2015 deadline for bringing the budget back to balance. That would allow opportunity for some further investment in areas. As well, from our standpoint, we say that in terms of the next tax break they're giving in 2012, they should cancel that. It would leave them the room needed to do so many things. I'd like your response to that.

Mr. Gilles Patry: It's difficult for me to comment. I can comment on McMaster, Mr. Marston, because I had the pleasure of spending ten wonderful years at that university as a faculty member, and I had the opportunity to also launch a private business that is still operating in downtown Hamilton.

It's difficult for me to comment on the policy side of what you're referring to, obviously. Trying to identify sources of funding in order to support an initiative like the one you've described is obviously interesting. Whatever we can do to foster this *rapprochement* between the private sector and the discovery and the knowledge creation will serve Canadians very well in the future. It might be seen as a cost right now; it might be delaying some current revenues, but it should pay off. And it will pay off in the future. We're seeing it in all of our agencies right now in terms of the impact of the investments that have been made over the last 10 or 12 years, and the systematic continued investments in research and development that have been made at the granting councils and at the Canada Foundation for Innovation. They are now starting to pay off.

Canada is only very recently in the research and development game; it's only in the last 12, 13, or 14 years. Now is the time to sustain the investment so that Canadians can reap the benefits in the future.

Mr. Wayne Marston: I recall, prior to this government—and they love it when we start talking about “prior to this government”—there were screams for research and development money then, and those were better times than we have now. So my point is that we have to find the source. We have to find that balance between the genuine needs, which we hear about from everybody who is before us today, and the sources of income.

Mr. Gilles Patry: It is a very challenging and difficult situation you're in. Trying to, obviously, balance the budget in a timely manner, trying to preserve the momentum we have in terms of research and development, creating knowledge that will benefit future generations, and dealing with all of the other trade-offs you have to deal with: I do not envy you your role. And I'm sure my colleagues also appreciate the importance of what you're doing.

The Chair: Thank you, Mr. Marston.

We'll go to Mr. Adler, please.

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

And thank you to all the witnesses for being here today.

My first question is to Mr. Patry. It's good to see you again.

I think we can all agree that for the jobs of the future we're going to have to use our muscles, but not what we traditionally think of as muscles. Going forward, we're going to have to use the muscles between our ears.

As you know, our government has been fairly active in promoting innovation and technology, and in funding it. We've made significant investments in all of our budgets. What would be your assessment of our government's initiative so far?

•(1625)

Mr. Gilles Patry: Let me start, and then I'll pass it on to my colleagues Suzanne and Alain.

I mentioned in my notes several initiatives that have been launched, which are absolutely very innovative and potentially transformative in the long run. It's early in the life of those programs, but the Centres of Excellence for Commercialization and Research, launched in 2007 or 2008, and the business-led Networks of Centres of Excellence of Canada are two examples that are now bringing researchers and academics closer to the private sector. I think there is tremendous potential in these types of initiatives.

But these are not the only initiatives. Thirty percent of NSERC's funding and a lot of CIHR's funding goes to fostering that partnership.

I'll start with Alain and then maybe Suzanne.

Dr. Suzanne Fortier: I'll add one word at the end.

Dr. Alain Beaudet (President, Canadian Institutes of Health Research): Thank you, Gilles.

To me there are two things that this government has done that have been particularly important. One, it has made sustained yearly increases in investment in R and D—and the word “sustained” here is extremely important, because you're talking about a community that's extraordinarily mobile. Star researchers can go anywhere in the world. They also have antennas, and the sustainability and the regular increases we've seen year after year by this government in science and technology have had a tremendous psychological impact in attracting and retaining talent in this country in research and development.

Two, it has created a number of programs, but particularly programs that are specifically geared to attract talent from outside Canada. And because, at the same time, you have this sustained investment in R and D, the international reputation of Canada is now that this is a country that believes in science and systematically invests in science. So this is a country they're interested in coming to. And that's why the other programs that the government has created to attract people have been so successful.

Dr. Suzanne Fortier: That's the point I wanted to make.

Mrs. Carmen Charette (Executive Vice-President, Corporate Affairs Secretariat, Social Sciences and Humanities Research Council of Canada): I just want to add that from a social sciences and humanities perspective, in the last budget you recognized the importance of those fields in building understanding about people and organizations in society. We more and more recognize that innovation is not just about technology; it is about good business practices. The government provided us money for management, business, and finance research, so it recognizes the fact that innovation is about culture, about good business practices.

We've seen a lot more of our community engaging in projects that deal with how to have successful businesses in a competitive international environment, which we are now in. With regard to the whole area of e-commerce, when you think that 75% of our economy right now is in the service industry, that shows how our society is evolving and how the jobs of the future will be changing.

The Chair: You have about 40 seconds.

Mr. Mark Adler: In the Jenkins report that was just released, he recommends a number of areas where it could be improved. What do you think of that?

Mr. Gilles Patry: I think he's tackling a very serious issue. It's something we have all been waiting for. The report is very ambitious. I think everybody agrees that there are some transformative recommendations in that report. The committee has done an outstanding piece of work in listening to all of the stakeholders and trying to identify potential solutions.

It's now in your hands to deliver on these recommendations, many of which are transformative in many ways. Some of them are probably easier to implement and might have what we refer to as the low-hanging fruit. Those are probably the ones you will want to focus on. I have the benefit of not being a politician.

•(1630)

The Chair: Thank you. That was a nice way of returning the serve.

Mr. Gilles Patry: I've not learned as well as you have.

The Chair: Thank you.

[*Translation*]

Mr. Giguère, you have the floor for five minutes.

Mr. Alain Giguère (Marc-Aurèle-Fortin, NDP): Thank you, Mr. Chair.

I want to thank all the witnesses for coming.

My first question is for the Calgary Chamber of Commerce representative.

During the latest consultations, many private sector representatives had three requests when it came to R & D credits. Among other things, they asked that expenditures be immediately refundable and not to have credits applicable to future profits. They asked that there no longer be any penalties on eligible expenses when they receive provincial or municipal funding. Finally, they asked us to resolve certain issues in terms of accessibility.

Are you in favour of those requests?

[*English*]

Mr. Ben Brunnen: Could you clarify the last point on access?

[*Translation*]

Mr. Alain Giguère: Regarding accessibility, eligibility criteria for obtaining those credits are becoming increasingly strict.

[*English*]

Mr. Ben Brunnen: Certainly these suggestions are in alignment with the position of the Chamber of Commerce. We definitely heard from our colleagues and our membership about the challenges regarding consistency in the application of the procedures, rules, etc.

[*Translation*]

Mr. Alain Giguère: Pardon me, but I only have five minutes.

Do you agree with those requests submitted by other private sector representatives, yes or no?

[*English*]

Mr. Ben Brunnen: Conceptually they seem sound. I would reserve comment to learn a little more about what they're suggesting.

[*Translation*]

Mr. Alain Giguère: I don't have enough time to discuss it further. I'm sorry. I thank you nonetheless for your answer.

My next question is for the representatives of the Canadian Federation of Nurses Unions. You're basically asking for a pilot fund in order to protect human capital.

I will give you a bit of time to explain to us how that pilot project will help preserve human capital and prevent people from leaving the profession.

[*English*]

Ms. Pauline Worsfold: We received some funding that I referred to around the research-to-action project. It was \$4.5 million for two years and funded ten projects. So we would use something similar to that.

One of the projects that was very successful was an 80-20 project, where the nurse spent 80% of her or his time at the bedside delivering care, and 20% doing professional development or mentorship. They found that reduced absenteeism and turnover on the unit where it was implemented, and gave better job satisfaction to the nurse. It also increased the patients' satisfaction. So we would be looking at replicating that one unit pilot project in different provinces across the country.

[*Translation*]

Mr. Alain Giguère: Thank you very much.

My next question is for Marie-France Kenny.

Basically, Radio-Canada's services are some of the most significant provided to francophones outside of Quebec, and the budget for those services often comes under fire.

Could you provide us with more details on that, please?

Ms. Marie-France Kenny: For francophone and Acadian communities and for myself living in Saskatchewan, Radio-Canada is the only source of regional news in French. The same thing applies to my Acadian friends, those who live in British Columbia and even those living in Edmonton or Calgary.

As for regional news in French, the national evening news report is sometimes a source of frustration for francophone and Acadian communities tuning in. In fact, a portion of the regional news report covers national and international news. I must admit that, as a Franco-Saskatchewanian, I find it a bit tiresome to hear about the Champlain Bridge, the Mercier Bridge and the construction crisis these days. Yesterday evening, among the topics covered on the national news was the construction crisis. Only at the very end did they talk about the Official Languages Commissioner's report, although it affects the whole country.

We would like to have a national news report, which would not only cover Quebec, but all of Canada. As for the regional news report, it is of the utmost importance that we continue having access to Radio-Canada's services.

•(1635)

[English]

The Chair: Okay.

[Translation]

Mr. Alain Giguère: Mr. Chair, I did not go over my time.

The Chair: Yes, thank you very much, Mr. Giguère.

[English]

Next, Mr. Cannan, please.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

And to our witnesses, thank you.

Ms. Worsfold, I was born in Edmonton. I have the opportunity and the pleasure now of serving and representing the constituents of Kelowna—Lake Country, but I'm very familiar with Edmonton, being born there at the Royal Alexandra, a university hospital. I commend the medical professionals there and the great work that you do there and across the country—all the nurses.

I want to ask my question to your friend just about 150 miles down the road from the city of champions, in Calgary. I see he has his Flames jersey there, so I had to give him a little hard time.

I serve on the trade committee, and one of the things that government can do is not just be responsible fiscally with money, but provide economic opportunities for Canadian businesses and grow the economy. We're trying to expand our markets, as our chair has been involved with Canada-U.S. for a number of years, and myself, but we need to diversify from the U.S. We have nine trade agreements in place. We're working on 50 other countries in negotiation, 27 of those in the European Union. How would that help your members within the Calgary chamber? Are you supportive of that direction?

Mr. Ben Brunnen: The chamber was extremely supportive of that direction. It's a very positive step. Opening up trade markets is a key strategic move, particularly in times when we're trying to grow our economy. Particularly from a diversity perspective, I think that signing trade agreements and opening up those opportunities will be a key component towards long-term success. So international trade is of critical importance.

I would also suggest, and we certainly support, liberalizing trade within Canada. The proposed CETA agreement could create some real opportunities there. That should also be a priority. We'd like to remove barriers to trade, essentially removing regulation. And coordinating regulatory efforts across the federal government and the provinces is another key opportunity area that we can make some headway on from a business climate perspective.

Mr. Ron Cannan: Interprovincial trade barriers is another big area we're working on. I know from the wine region in B.C. that we're very supportive of working with the provinces to break down those barriers. It looks very promising. My colleague is bringing a private member's bill to the House tomorrow, so stay tuned for that.

The other element you talk about as a barrier to trade is also the red-tape aspect. My colleague Cathy McLeod has been working with Minister Bernier and they hope to bring forward the report later this

year. How much of the red-tape perspective is a burden within your organization, rather than just a dollar value and the cost of moving forward from a business perspective?

Mr. Ben Brunnen: Certainly red tape is an issue we're hearing and seeing from our membership. Being in Calgary, we are Canada's energy hub, and a lot of the projects do have provincial and national requirements, regulatory requirements, and approval processes. One of the key opportunities right now to strengthen the regulatory framework is through stronger coordination approval processes—for example, the environmental approvals as well as project approvals moving forward for these energy projects. In addition to that, certainty and some clarity and some movement forward regarding working with our aboriginal communities here in western Canada would really make some great headway towards helping the energy sector diversify and access new markets.

Mr. Ron Cannan: Thank you.

Mr. Patry, the other committee I sit on is government operations, and we're doing a study for small and medium business organizations, SMEs, to try to help with the innovation sector. Following up on the sports analogy, you served it back to us, and maybe I'll punt it back to you, the Jenkins report element. We heard that Canada is not short of ideas. We've been poor at taking the concept of commercialization from patent to product to profit. There is a good working relationship with U of A, UBC, and other universities with researchers and academics, and that's very positive.

What I've heard is the innovators not having the financing. We're saying we have \$7 billion, a record investment. How do we get that money to the next stage?

•(1640)

The Chair: Let's leave some time for an answer.

Mr. Patry.

Mr. Gilles Patry: This is the challenge, and in the Jenkins report there is a reference to looking at the SR and ED credits in one way, which is an indirect form to a more direct form, and this is probably going to be brought back to you.

There is also reference to the capital aspects, so venture capital is a key element.

Our track record in Canada in terms of venture capital support is, to say the least, very modest compared to the U.S. I think that's an area where there is potential for the business sector to invest and the government to support that initiative to foster access to capital in a much more proactive way than we do right now.

The Chair: Thank you.

We'll go to Ms. Sims now, please, for five minutes.

Ms. Jinny Jogindera Sims (Newton—North Delta, NDP): Thank you.

My apologies for being late. I am a substitute at this meeting. I went to your scheduled place and then was sent somewhere else. Eventually I found you.

I'm sorry I missed all the presentations, but I'm a good reader, so I will take this home and read all your presentations. Specifically, I want to turn to you, Mark, for some of the stuff I've read here.

Climate change and its impact is not new to any of us around the table. We're experiencing it right here with changes in our weather. I'm interested in how you have looked at the tax breaks for the oil and gas industry and also for the biofuels and how taking a look at those could help us to save money, not only to redirect toward global climate financing but also toward some of our other projects.

Could you expand a little on the second-generation biofuels and how those subsidies to those industries are damaging our food chain?

Mr. Mark Fried: Thank you for the question.

I wouldn't go so far as to say they're damaging the food chain.

Ms. Jinny Jogindera Sims: The food supply, I should say.

Mr. Mark Fried: Second-generation biofuels refer to biofuels made from cereal-based crops, essentially from corn for ethanol and some wheat, mostly canola, for biodiesel.

The problem has come because the supports to the biofuel industry were envisioned originally as a climate change measure, as a way to help reduce greenhouse gas emissions, because when you burn ethanol or biodiesel it releases fewer emissions into the atmosphere than when you burn gasoline or fossil fuel diesel.

The problem is when you take the whole life cycle of the production it produces more greenhouse gas emissions, according to the latest science, because of the way we grow corn.

The real problem for Oxfam, though, comes on the food side, because in Canada we burn.... I did the calculation recently, and it is astounding how much corn we turn into ethanol every year. It's about four billion kilos of corn. I say kilos rather than tonnes because that's what people eat. If it were emergency rations, we would be feeding over three million people for a whole year on what we burn in that year in our cars.

It doesn't make sense to us. It does contribute to the rising food prices we've experienced around the world and the rise in hunger that has been consequent to that rise in food prices. Nearly a billion people in the world are hungry today, chronically undernourished, looking for their next meal and not knowing where they're going to get it.

That we're taking all that food and using it in our cars doesn't make the best sense to us. We think perhaps we should re-examine and redirect those subsidies and the mandate toward third-generation biofuels or solar or wind or other renewable sources.

Ms. Jinny Jogindera Sims: When we talk in percentages and we talk about freezing the budget, it always sounds so clinical and distant. From you I would want to hear about some of the impacts on the ground that you see of Canada's foreign aid budget being frozen, let's say into the next year.

Mr. Mark Fried: There's—

Ms. Jinny Jogindera Sims: I want the human element.

Mr. Mark Fried: Certainly. As you all know, Canada has played an important role in Afghanistan to help girls attend school. There were practically no girls going to school under the Taliban government. Right now there are thousands of girls in school, but there are still millions who are not in school, because the schools don't exist. The teachers aren't there. There aren't sufficient female teachers. Canada should be providing significantly more funding to help train those teachers in Afghanistan and elsewhere, so that children have an opportunity to make a life. We could make the same case for health care, where Canada's aid has been extremely effective in helping to reduce maternal mortality. It could do so much more with an increase. If it's frozen, it limits it.

● (1645)

The Chair: You have thirty seconds.

Ms. Jinny Jogindera Sims: Pauline, in the nursing profession, we all know the kinds of struggles the nurses face in their 12-hour shifts. In this project, how many centres are you looking to expand this pilot project to with the funding you've suggested in here?

Ms. Pauline Worsfold: As far and wide as it will allow. Then, with the pilot projects, you have to build something that's sustainable for the future. You can't just drop a pilot project and say okay, that was really nice, and yes it supports the research on the shelf. Now we have to apply it to the workplaces.

I would say we hope it spreads across the country.

The Chair: Okay, thank you.

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

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

Thank you, witnesses, for attending today.

I have a question for Mr. Beaudet. My question is in relation to the investments in research and development by this government. Who does most of the research and development in Canada? Where does that take place?

Dr. Alain Beaudet: In the health sector, specifically?

Mr. Brian Jean: No, just generally. Would it be fair to say universities—

Dr. Alain Beaudet: Universities.

Mr. Brian Jean: —and colleges, predominantly 95%—

Dr. Alain Beaudet: Mainly universities. In the health sector, it's slightly different: 80% of it is actually in hospitals, but hospitals that are affiliated with universities.

Mr. Brian Jean: Universities, primarily with their partnerships.

Dr. Alain Beaudet: Absolutely.

Mr. Brian Jean: When you consider the research and development investment by the government, did you consider as well the \$2 billion over two years of the knowledge infrastructure program?

Dr. Alain Beaudet: Totally.

Mr. Brian Jean: You've applied—

Dr. Alain Beaudet: I was taking that into account. I'm talking about the investments, globally.

Mr. Brian Jean: You included that in your calculation to suggest it wasn't sufficient? My understanding is that research and development is steadily increasing.

Dr. Alain Beaudet: It is steadily increasing, and that's what I'm saying.

Mr. Brian Jean: Along with the 6% consistent increase in health care funding, and the research and development and the knowledge infrastructure program, you're very happy with what our government has done for research and development, generally, over the last four years. Is that fair?

Dr. Alain Beaudet: Absolutely, and we believe it's important to keep up the good work.

Mr. Brian Jean: Absolutely. Thank you very much.

Mr. Fried, I'm so glad you mentioned life cycle in the oil business, because I'm from Fort McMurray and I watched all of these naysayers for years not talk about life cycles, and I want to talk about that a little bit.

Of course, shipping fuel is used to transport oil back and forth from third world or developed countries, and other countries—Saudi Arabia, etc. A lot of people don't consider the fact that there is a life cycle to oil, from the start to the finish. Indeed, I have seen many calculations indicate that the oil sands oil is within 1% to 3% of total life cycle oil from conventional oil sources, such as Saudi Arabia.

I'm wondering if your corporation has taken a position in relation to Venezuelan crude, which has to use shipping and is actually much more carbon intense than the oil sands oil, and also the California crude, which is also much more carbon intense. I wonder if you've taken a considered approach on those two suppliers of oil.

Mr. Mark Fried: Certainly not. We're an international development organization. Our concern is poverty, and climate change has an impact on poverty.

Mr. Brian Jean: You've approached Canada in relation to greenhouse gases. I specifically checked your website, and there's no mention whatsoever in relation to California crude and Venezuelan crude, which obviously are much more carbon intense than anything that we do in Canada, and frankly there are different employment obligations and different ethical considerations with their workers and the people around it.

I'm curious as to why Oxfam did something in relation to Canada and not in relation to two sources of oil that are much more carbon intense. But I'll leave that for now.

Mr. Mark Fried: I would like to answer the question.

Mr. Brian Jean: Sure, please, go ahead.

Mr. Mark Fried: We are Canadians, and we believe we have a responsibility to speak up for Canadian society—

Mr. Brian Jean: Absolutely.

Mr. Mark Fried: We are one of the top ten emitters of greenhouse gases in the world. We have to do something about it.

Mr. Brian Jean: Now, when you say—

Mr. Mark Fried: It's up to you. I leave it in your hands. You're the experts as to what should be done.

Mr. Brian Jean: I agree 100%, but when you say top ten, though, you mean per person, do you not?

Mr. Mark Fried: And in absolute numbers.

Mr. Brian Jean: Now, when you take that into consideration, do you also take into consideration that we have one of the coldest climates in the world? We use a lot of fossil fuels to heat, and as individuals we drive 30% farther than any other country in the world.

Mr. Mark Fried: I think there are reasons why we are. The point is to address it in some way so that we no longer do.

Mr. Brian Jean: Absolutely. Thank you, I appreciate that.

I would like to address my next question to Mr. Brunnen. I am from Fort McMurray, as I mentioned, and one of the largest issues we have right now is unemployment. I noticed in your paper that you encourage government to withdraw stimulus and restrain overall spending so Canada may once again rely on business to drive the economy.

I agree with you. As a Conservative, I have to tell you I couldn't have written it better myself. But when we have a situation in Fort McMurray, where we have no employees and we can't find any, and we have other places in Canada that have high unemployment rates, such as Windsor and some parts of eastern Canada, I have difficulty with that.

We have to treat Canada as one country. I'm wondering whether or not the Calgary chamber would support tax credits to get people from one part of Canada to another, either temporarily or full-time, both for transfers and in cases of housing.

• (1650)

The Chair: Thank you, Mr. Jean.

Just a very brief response. We do have bells. We are going to take the answer, and then unfortunately the committee has to go to the chamber.

Mr. Ben Brunnen: I have a couple of points. That's a really good question. Labour shortages are a challenge in Alberta, particularly northern Alberta. There are some regional issues there.

We certainly encourage a review of employment disincentives, particularly reforming existing programs such as EI programs, to encourage workers from areas of high unemployment to mobilize to areas of low unemployment. We understand that HRSDC is currently undertaking consultations in this regard, and we fully expect to put forward a submission. Finding ways to remove disincentives to mobilize to where the opportunities are is good economic and fiscal policy, and it is good policy for Canadians to encourage wealth creation and business development.

The Chair: Thank you.

I want to apologize for cutting Mr. Jean short. Unfortunately, I can't get around it. The bells are ringing, which means we all have to go to the chamber.

Colleagues, just very quickly, I do have to pass a budget, because I have to go to liaison committee tomorrow. Do I have approval for this budget?

Some hon. members: Agreed.

Mr. Brian Jean: Mr. Chair, I have not seen the budget.

The Chair: I'll just take the opportunity to thank our witnesses very much.

[*Translation*]

Thank you very much for your presentations and your answers to our questions.

[*English*]

The meeting is adjourned.

MAIL  POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste-lettre

**1782711
Ottawa**

If undelivered, return COVER ONLY to:
Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,
retourner cette COUVERTURE SEULEMENT à :*
Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
<http://publications.gc.ca>

Also available on the Parliament of Canada Web Site at the following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
<http://publications.gc.ca>

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : <http://www.parl.gc.ca>