



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Finance

FINA • NUMBER 076 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Monday, October 15, 2012

Chair

Mr. James Rajotte

Standing Committee on Finance

Monday, October 15, 2012

• (1530)

[English]

The Vice-Chair (Ms. Peggy Nash (Parkdale—High Park, NDP)): I call the meeting to order. Good afternoon, everyone.

Pursuant to Standing Order 83.1, pre-budget consultations begin today for 2012.

I will introduce our first panel of witnesses this afternoon. We have Martin Unrau, president of the Canadian Cattlemen's Association; Kim McCaig, vice-president and COO of the Canadian Energy Pipeline Association; Corinne Pohlmann, vice-president, national affairs, Canadian Federation of Independent Business; Denis St-Pierre, chair of the tax and fiscal policy advisory group for the Certified General Accountants Association of Canada; and Bonnie Dawe, chair of the Canadian income tax committee for the Tax Executives Institute.

Welcome to all the witnesses. Each of you has a five-minute presentation. Then we'll do our questions and answers.

Mr. Unrau, we'll begin with you for your five minutes.

Mr. Martin Unrau (President, Canadian Cattlemen's Association): Thank you, and thank you for the opportunity to present to you today.

My name is Martin Unrau and I am the president of the Canadian Cattlemen's Association, which represents over 80,000 beef producers in Canada. Also with me is Andrea Brocklebank, who is a research manager for the Canadian Cattlemen's Association. I have asked her to come in if there are some questions we will need to address.

Canada's beef cattle industry has been through several years of financial turmoil, but until recently was in a strong recovery with tremendous opportunity, owing to strong global demand for beef and positive prices. In 2012 farm cash receipts from cattle and calves, combined with the multiplier effect from downstream economic activity, contributed \$26 billion to Canada's GDP.

However, global food demand is expected to double by 2050, which would require a 1.75% increase in productivity per year. Currently productivity is increasing by only about 1.4% per year. This, in combination with increased competition for land and water resources, has resulted in rising and volatile commodity prices. This challenges our industry's ability to maintain positive margins, and more importantly, to fulfill increased demand for food in a sustainable manner.

Increased investments in research and innovation are critical for our industry. This will ensure the long-term sustainability and growth of the Canadian beef industry and allow us to use limited resources more efficiently.

Research investments made over the past 30 years have transformed North American beef production. The beef industry has seen a 14% reduction in water use, a 34% reduction in land use, a 20% reduction in manure production, and an 18% reduction in our carbon footprint per pound of beef produced in the last 30 years.

In tandem, research has assisted in providing consumers with high-quality, nutritious, and safe beef products. Research also provides the science necessary to demonstrate the integrity of animal health and food safety systems, which is increasingly important in trade negotiations and integral to reducing food safety incidents and to growing consumer demand. Continued improvements in production efficiencies through research are also required to ensure industry can compete with other protein sources globally.

Although the need for continued advances in research is clear, we are very concerned that a considerable loss of Canadian research infrastructure, project funding, and scientific expertise may hamper further progress. Despite an increased focus on innovation over the last several years owing to budget cuts, federal research funding for beef over the past two decades has seen a net decline on an inflation-adjusted basis of 35% to 40%, by our estimates. Ongoing cuts have seriously and negatively impacted research programs and scientific expertise. The viability of some critical research programs in areas such as animal health, food safety, and plant breeding are currently in question. Not only does this place future progress at risk, but it is a significant deterrent in attracting new expertise.

One of the most significant recent industry and government investments is the development of a beef cattle industry science cluster. This initiative brings together Canada's largest industry and public beef research funders, which are the Beef Cattle Research Council and Agriculture Canada, respectively, to deliver priority research. I am convinced that the beef science cluster approach will result in a very coordinated, efficient research model; however, cluster funding needs to be increased to ensure meaningful results. This should not come at a cost to the maintenance of basic long-term federal research programs outside of the clusters in core areas.

To summarize, we have three recommendations relating to research. First, investment in beef research needs to be increased to more appropriately reflect its important contribution to the industry and broader public good.

Second, federal research funding must be delivered on a minimum five-year basis. Program delivery has typically resulted in a three-year funding cycle, with gaps in funding. Longer-term, more predictable funding commitments are necessary to maintain strong research programs, attract new scientific expertise, and deliver meaningful research results.

Third, federal government research programs outside of the science clusters must be maintained in core areas, including animal health and welfare, environment, plant breeding, and food safety. This is critical not only for our industry's competitiveness but also to ensure scientific expertise is available to respond promptly and effectively to issues and opportunities that arise.

• (1535)

I would also like to briefly mention increasing investments in market development. This is a critical competitive piece for Canada, which exports 45% of its beef production.

Growth in exports of U.S. beef to Canada and the rest of the world over the past few years has been phenomenal. Some of this is due to currency exchange levels, but some is also due to the USDA's investment in export promotion. A report from the Office of Management and Budget puts returns on market promotion spending at \$35 per dollar—

The Vice-Chair (Ms. Peggy Nash): Excuse me, Mr. Unrau. Sorry, your five minutes are up. I couldn't catch your eye earlier. The rest of your presentation can come out in the questions and answers.

Thanks very much.

Mr. Martin Unrau: Thank you.

The Vice-Chair (Ms. Peggy Nash): We'll now go to Kim McCaig, from the Canadian Energy Pipeline Association.

Mr. McCaig, you have five minutes.

Mr. Kim McCaig (Vice-President, Chief Operating Officer, Canadian Energy Pipeline Association): Thank you very much, Madam Chair, and good afternoon.

It is a pleasure to appear before you to share some of the views of the Canadian Energy Pipeline Association. I look forward to answering any questions you might have.

CEPA represents companies that transport 97% of the oil and natural gas produced and used in Canada. Our members currently operate more than 110,000 kilometres of pipeline in Canada, transporting over 3.2 million barrels of oil and 14.6 billion cubic feet of gas every day. They employ over 8,000 full-time employees.

Pipelines are the only feasible means, and the safest, of transporting large volumes of crude oil and natural gas over land.

In delivering budget 2012, Minister Flaherty acknowledged that the natural resource and energy sector is driving economic growth across the country. It is creating good jobs not only directly but also indirectly in manufacturing, clerical work, skilled trades, and

financial services. Canada's resource industries offer huge potential to create even more jobs and growth, now and over the next generation.

The responsible resource development provisions of budget 2012 put in place the enabling conditions to realize these opportunities. CEPA has been a strong supporter of the objective behind regulatory reform, which is to improve the efficiency of, and the environmental outcomes from, environmental assessments. The proposed process reduces duplication, ensures timelines, and maintains or improves environmental standards by focusing assessments on major environmental concerns and on avoiding significant adverse effects.

Our recommendations for the 2013 budget speak to the next steps in this process. They fall into two intrinsically related categories: ensuring regulatory effectiveness, and pipeline safety performance.

CEPA's recommendation with respect to regulatory effectiveness is that the federal government commit sufficient resources to implement the changes set in motion and to monitor their success.

Bill C-38 changed the legislative framework for the review of major projects in Canada, but the policy and regulatory work still needs to be completed to support those changes. Continuing the regulatory reform process will ensure that through timely, efficient, and predictable processes, investments can be made with confidence. Strategic scrutiny and clear outcomes will ensure environmental protection.

Pipelines currently transport approximately \$125 billion in oil and gas, at a cost of \$5 billion a year. Pipeline transportation provides a value-added of approximately \$120 billion to the Canadian economy. Given current plans for expansion, the industry is in a position to add even more value, provided it can get the planned infrastructure built.

Integrally related to regulatory efficiency is pipeline safety, as it is the safety performance of our industry that is a key component of maintaining our social licence to operate. Safety is the top priority for pipeline companies in all aspects of pipeline development and operation. The industry is taking a leadership role in these efforts. In 2011, CEPA members spent more than \$600 million on monitoring and maintenance activities to ensure the safety of pipelines.

Extensive regulatory tools exist to support and address pipeline integrity, including construction standards, maintenance, audits, and regulatory powers to shut down and investigate. However, Canada does not currently have the means to require and enforce the physical protection of pipelines from the activities of others. Damage to pipelines from third parties is where we face the biggest risk. Experience in other countries shows that lives are saved where laws and enforcement are in place. These measures include requirements for mandatory one call in all jurisdictions and administrative penalties for the enforcement of those rules.

CEPA appreciates the efforts to date to both introduce administrative monetary penalties and to increase the number of pipeline inspections, which we believe, along with transparent enforcement tools, including escalating fines and mandatory one call, is a key part of the solution.

Canada has been fortunate in weathering the economic troubles that have challenged the rest of the world. This is due, in large part, to the role the resource and energy industry has played. The process set in motion by the government to reform the regulatory system is important to ensure that Canada can retain and attract the investment necessary to develop pipeline infrastructure. This infrastructure will support growth in the natural resource sector and the diversification of Canada's markets. Commitments made by the federal government to ensure that the regulatory reform process is effectively and fully implemented to deliver better environmental outcomes and that the regulators have the necessary tools to keep pipelines safe are important steps in making this happen.

Thank you.

• (1540)

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

Next, from the CFIB, we have Ms. Pohlmann. You have the floor.

Ms. Corinne Pohlmann (Vice-President, National Affairs, Canadian Federation of Independent Business): Thank you for the opportunity for us to be here today.

CFIB is a not-for-profit, non-partisan organization representing more than 109,000 small and medium-sized businesses across Canada that collectively employ more than 1.25 million Canadians and account for \$75 billion in GDP. Our members represent all sectors of the economy and are found in every region of the country.

You should have a slide deck in front of you that I'd like to walk you through as we go through this presentation over the next few minutes.

CFIB's most recent business barometer, which is on slide 2 of the presentation, shows that small business owners were a little more upbeat in September as the index rose for the first time since March, stopping a five-month slide through the spring and summer months. Despite the increase, the index still suggests Canada's economy is growing at below-average rates.

To help get us through this sluggish economy, governments need to address the issues of greatest concern to small businesses. As you can see on slide 3, the top issue is total tax burden, and I'll get to that in a moment.

Second, though, is government regulation and paper burden. We were pleased to see the government's recent red tape announcement and, in particular, the plans to measure the overall burden, set service standards, and implement a system of ongoing oversight and accountability, as these are key factors that can make a difference to small business owners. Now the hard work begins, though, in implementing those changes, so we plan to closely monitor how they are done.

The third high-priority issue is government debt and deficits. Small business owners understand the importance of paying down debt, so we've seen this issue grow in importance as the debt grew over the last few years.

We recently asked small business owners about the current timeframe to eliminate the federal deficit within the next three years. As you can see on slide 4, almost half believe it is an appropriate timeframe, while just over one-third would like to see it eliminated sooner, so we recommend that the government stay focused on eliminating the deficit by 2015 or earlier.

One way to do that is to bring federal public sector wages and benefits more in line with those in the private sector. Last year, CFIB launched a pension campaign calling for greater transparency of public sector pension liabilities and fairness for taxpayers. Over the last year, CFIB has collected over 55,000 alerts from those concerned about the state of Canada's public sector pension system, and many of you have likely received them in your office.

To be clear, we're not asking for changes to public sector pension benefits that have already been accumulated. We were pleased to see the government move to address some of these issues in budget 2012, and we urge all MPs to quickly implement those changes.

We would also like you to consider a few additional measures. For example, as listed on slide 5, increase the normal retirement age to 65 for all in the federal civil service, in a similar way to how the OAS changes were done; convert all MP pensions and all new hires in the public sector to defined contribution plans, which is something the EDC has recently done; and eliminate the bridge benefit that provides retiring public servants with top-ups equivalent to full CPP benefits until age 65. This is something that the Bank of Canada has eliminated already.

Not only is there concern with public sector pensions, but saving for their own retirement is a very real concern for entrepreneurs. Slide 6 is from an upcoming report on succession that shows that almost half plan to exit their businesses in the next five years and more than three-quarters want to exit their businesses in the next 10 years.

One of the most important measures to assist in this transition is the \$750,000 lifetime capital gains exemption. Not only is this a key component of a business owner's retirement planning, but it also has been effectively used as a source of financing for the next generation of entrepreneurs.

In 2007 the government increased the exemption from \$500,000 to \$750,000, the first and only increase in more than 20 years. To avoid waiting another 20 years for an increase, CFIB called on the government to index the exemption to inflation, and this was promised by the Conservatives in the run-up to the 2008 election. However, it has never been implemented. We believe the time has come to not only index the lifetime capital gains exemption to inflation, but to find ways to simplify it and perhaps even expand it to include some assets.

You may recall that the top issue of concern to small business owners was total tax burden. With so many taxes, it was important to understand which ones have the biggest impact on the growth of their businesses.

As you can see on slide 7, payroll taxes had by far the greatest impact on growth. Why? Because it is a tax on jobs. It must be paid regardless of any profit. This is why EI remains a key issue for us, and it is why we continue to push for the extension and expansion of the EI hiring credit for as long as EI rates continue to go up, as they will again in 2013. It's also why we continue to advocate strongly against any increases in CPP premiums.

When asked directly about specific measures that would help maintain or strengthen business performance, it should be no surprise that measures related to payroll taxes are the most important, ranking first, third, and fourth in the chart on slide 8 for the reasons I've discussed. However, also important is reducing the small business corporate tax rate. This is not surprising, as there's been a gradual erosion of the value of the small business rate as the general corporate rate has been coming down.

While CFIB supports reducing all corporate taxes in order to stimulate investment and growth, there are good reasons that the small business rate was significantly lower than the general rate. For example, smaller businesses tend to have a higher tax and regulatory burden per capita. Therefore, we suggest that the government commit to some form of targeted federal-provincial combined tax rate for small business, such as 12%, or, alternatively, commit to a tax plan to ensure that the small business rate does not exceed half, or some percentage, of the general rate.

● (1545)

It is never clearer than during Small Business Week that small businesses truly are the backbone of Canada's economy and the heartbeat of our communities. The recommendations presented here, summarized on the last three slides, are just some of the ways that we can get small businesses growing in Canada.

Thank you.

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

Now we will hear from Mr. St-Pierre from the Certified General Accountants Association of Canada.

[*Translation*]

Mr. Denis St-Pierre (Chair of the Tax and Fiscal Policy Advisory Group, Certified General Accountants Association of Canada): Thank you, Madam Chair.

Members of the committee, thank you for the opportunity to participate in the pre-budget consultations leading up to Budget 2013.

I am Denis St-Pierre, CGA, Chair of CGA-Canada's Tax and Fiscal Policy Advisory Group. I am a private practitioner from New Brunswick and my work focuses on estate planning and tax strategies for small and medium-sized businesses.

[*English*]

When the finance committee invited Canadians to share their priorities for the 2013 federal budget, you posed five questions. We can summarize all of these questions with one answer again this year, which is tax simplification. We submit that many of Canada's challenges can be addressed through tax reform. Now that tax rates have come down, we must ask ourselves: what kind of system do we want or, better yet, what kind of system does Canada need for the future?

Canada's tax system is unduly complex. Entrepreneurs will tell you that. My clients tell me that. There is a growing consensus that the complexity of Canada's tax system must be addressed if Canada is to remain competitive, able to attract business and investment, and create jobs and economic growth.

For example, the Canadian Chamber of Commerce identifies Canada's complex tax system as one of the top 10 barriers to competitiveness. Tax simplification is the number one public policy priority for CGA-Canada. The federal government must take action to modernize Canada's tax regime.

Canada needs a simple, fair, and efficient tax system to help build a strong, competitive 21st century economy. Done properly, as a revenue-neutral initiative coordinated by all levels of government—federal, provincial, and municipal—tax simplification could yield substantial benefits. A few of them are increased compliance rates, because when it is simple, it is easy to comply; lower compliance costs for taxpayers; less paperwork for businesses; lower administrative costs for government; and a more secure tax base with predictable revenue.

How? In last year's pre-budget report, this committee endorsed CGA-Canada's recommendation to establish an expert panel to review, modernize, and simplify the tax system, as was done in other countries. We thank committee members for their support, and we also want to reiterate that the creation of an expert panel still remains CGA-Canada's first recommendation. There is an important place for an expert panel to chart the course towards improving Canada's tax system, and there is an important role for the finance committee in framing the issues and defining the scope of study for the expert panel.

However, let's not wait for an expert panel to be appointed. There are still concrete measures that could be taken by this committee to simplify the tax system. There are two things for attention.

First, the government must introduce a technical tax amendments bill. The last time a technical tax bill was passed by Parliament was over 11 years ago. Literally hundreds of unlegislated tax amendments to the Income Tax Act—which I showed this committee last year by bringing the Income Tax Act, if you recall—have been proposed, but not yet enacted, which brings uncertainty and unpredictability to the process.

Second, we strongly feel that implementing a sunset provision would ensure that tax amendments are legislated, which ultimately will eliminate the ever-growing backlog of unlegislated tax measures once and for all. With this provision, if a tax policy change is announced and not incorporated into legislation within a reasonable amount of time, the measure would lapse. This would bring greater clarity and certainty to tax legislation, reduce the compliance and paperwork burden, and, perhaps most importantly, prevent any future legislative backlogs.

Those are a few simple but important steps that would go some distance in improving and strengthening Canada's tax system.

Canada needs a 21st century tax system that is simple, fair, efficient, and transparent with low, internationally competitive tax rates.

• (1550)

[Translation]

We would be remiss if we failed to mention that CGA-Canada will be convening a full-day national summit on tax simplification on Tuesday, December 4 in Ottawa. The summit will bring together stakeholders, public officials and thought leaders to strategize on the issue of tax simplification, and to establish priorities and next steps. We hope that committee members will attend the summit, and we look forward to sharing the summit outcomes with the committee.

Madam Chair, thank you for your time. I would be pleased to respond to any comments or questions from the committee on CGA-Canada's recommendations concerning tax simplification.

Thank you.

The Vice-Chair (Ms. Peggy Nash): Thank you, Mr. St-Pierre.

[English]

Next we have Ms. Dawe, from the Tax Executives Institute.

Ms. Bonnie Dawe (Chair, Canadian Income Tax Committee, Tax Executives Institute, Inc.): Thank you, Madam Chair.

I am the tax director for Finning and am here today as chair of the Canadian Income Tax Committee for the Tax Executives Institute. TEI is the pre-eminent association of business tax professionals worldwide. Our 7,000 members work for 3,000 of the largest companies in Canada, the U.S., Europe, and Asia. My comments are endorsed by both TEI's Canadian members and others who have significant operations and investments in Canada.

During the past decade, the government has focused on making Canada's business tax structure more competitive. By reducing the federal corporate income tax rate, the government has confirmed its commitment, enhanced the prospects for sustainable economic growth, and increased the attractiveness of investments in Canada, but Canada must remain vigilant, especially as other countries restructure their tax systems and lower marginal effective tax rates.

Thus, TEI welcomed the opportunity to participate in the government's consultation on the taxation of corporate groups and subsequently submitted comments explaining that implementing such a system will improve competitiveness and better align Canada with the rest of the world. More than two-thirds of OECD countries provide explicit legislative or regulatory regimes for loss transfers, with Canada being the only G-7 country that lacks such a feature.

History shows that economic stagnation may occur following a financial crisis as credit markets tighten. Permitting corporate groups to offset profits and losses and share other tax attributes in an efficient, straightforward fashion will temper these effects by improving corporate liquidity, reducing borrowing costs, and eliminating transaction costs. As important, CRA will no longer have to devote resources to issuing advance income tax rulings.

TEI provided detailed recommendations for a group loss transfer system to the Department of Finance. An annually elective tax loss or attribute transfer system similar to that in the U.K. will be the simplest and most flexible to adopt, requiring the fewest modifications to the Income Tax Act. Attributes that should be part of the system include non-capital losses, capital losses, carry-overs of such amounts, and investment in other tax credits.

Next, in December 2008, the advisory panel on Canada's system of international taxation issued a report with recommendations for enhancing Canada's tax system. Some recommendations have been implemented, but one significant area has not yet been addressed. Specifically, the current process for obtaining waivers of withholding taxes imposed under regulations 105 and 102 should be repealed and replaced with a self-certification system. In respect of regulation 105, the advisory panel found that "service providers commonly gross-up their fees to offset the withholding tax", which raises costs for Canadian businesses; compliance costs are "significant"; and "the waiver process is cumbersome and so it is not used as often as it should be".

The advisory panel also determined that regulation 102 places "significant" administrative burdens on non-residents in Canadian corporations. The advisory panel recommended replacing the current advance waiver requirement with a system for non-residents to self-certify eligibility for reduced withholding taxes, especially when the non-resident is exempt under a treaty such as the Canada-U.S. treaty. A certification system based on current information reporting requirements will maintain CRA's enforcement capability but shift compliance costs to the certifying party, minimize tax withholding refunded to exempt parties, reduce tax gross-up costs, and minimize administrative burdens for CRA and taxpayers. TEI urges the adoption of the panel's recommendations.

The 2012 budget included a proposal to curtail foreign affiliate dumping transactions, and draft legislation to implement meant the proposal was released in August. TEI fully supports the government's targeting of abusive tax-motivated foreign affiliate dumping transactions, but regrets that the proposed legislation will diminish Canada's attractiveness in the competition for global capital and investors.

Fundamentally, there is no abuse of the Canadian tax system when cash generated by a Canadian resident business is invested downstream in the common shares of a controlled foreign affiliate, and Canada is entitled to both the growth potential of the downstream investment and future cash repatriations. Ultimately, the economic return from a downstream common share investment will flow back to Canada.

TEI's June and September 2012 submissions provide many recommendations for technical changes, expanded grandfathering relief, and additional relieving measures. We will be pleased to work with the Department of Finance and the committee to narrow the legislation.

In conclusion, TEI thanks the committee for the opportunity to participate in the pre-budget consultations. I'd be happy to answer any questions you may have.

• (1555)

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

Thank you to all the witnesses, and now we'll turn to the committee for questions and answers.

You each have five minutes, beginning with you, Mr. Mai.

Mr. Hoang Mai (Brossard—La Prairie, NDP): Thank you, Madam Chair. Good to see you there.

Thank you very much, all witnesses, for coming. As you know, we used to be able to travel and to see different organizations in their cities. This time we decided to have people come to Ottawa, and we thank you very much for taking the time to come here and for your presentations.

Unfortunately, we don't have time to ask everyone questions, but we'll try to do the best we can.

The first question is to CGA. In your recommendations, you talk about modernizing Canada's tax system to protect government revenues. As you probably know, the finance committee will be looking at tax evasion and tax havens. In terms of the tax system, are these loopholes related to protecting the government's revenue?

Mr. Denis St-Pierre: Well, of course, no one in the tax community likes to hear the words "tax loophole" and no one likes to hear about big cases of money flowing outside Canada that is not repatriated on a taxable basis. I believe that's in the review and TEI's presentation. Sometimes the government introduces legislation to try to curtail those types of plans and maybe goes too far; when they do that, it brings complexity to the entire system, so it is important to differentiate between legitimate good tax planning, which should be simple, efficient, and easy to understand, and loopholes and tax evasion, which no accounting body endorses.

We do encourage the government to look into that as a source of revenue. It's easy. The legislation is already passed. Why not go after those tax havens where it is not permitted and allow the normal Canadian to benefit from an easy-to-understand tax system?

• (1600)

Mr. Hoang Mai: Have you seen a lot of changes lately in the tax system that would actually tackle that problem?

Mr. Denis St-Pierre: Not particularly, no. We have heard that there are efforts from the government on disclosure and there are some arrangements between countries. When you have tax arrangements with countries, then you can share information. We understand that the government is working on that, which is good. When you share information between countries, then maybe you can go and get that type of revenue. I have not heard anything specifically from the government to attack that type of planning.

[Translation]

Mr. Hoang Mai: We might have to invite you again when we are doing the study on tax evasion.

[English]

I have a question for Mr. McCaig. Lately, our leader has come out and said that he would support an east-west pipeline. If you look at what's happening in Quebec, our refineries are shutting down, whereas we have the infrastructure there.

Would having an east-west pipeline be something that you would support?

Mr. Kim McCaig: I'll leave the policy discussion up to you people around government. From a pipeline perspective, I would say pipelines will be built whenever the market requires it and demands it. What pipelines can do and how they support the infrastructure in Canada is, I think, well known.

The key thing, I would say, from a government perspective, and what I would ask, is to continue the current process of one project, one review and those types of things around regulatory reform, which then really help to make timely decisions around this pipeline infrastructure. I'm pretty confident that if those reforms are carried through, that type of debate around that type of proposal would be carried out very efficiently, and we would make the right decision for Canadians.

Mr. Hoang Mai: Thank you very much.

I have a quick question, because I don't have a lot of time, for the CFIB. As you probably know, the NDP have been asking to have a reduction of the small business tax. We just reduced the corporate tax for big businesses. It doesn't necessarily help the small businesses.

Knowing that the small businesses are creating most of the jobs, what is your view? I think it's one of your recommendations. Would you really push for the fact that reducing the small business tax would help the economy?

The Vice-Chair (Ms. Peggy Nash): Ms. Pohlmann, you have 30 seconds.

Ms. Corinne Pohlmann: Yes. In fact, in our survey that we just shared with you, it was one of the issues that our members are telling us would help them maintain and grow their businesses. We were certainly asking the government to consider the erosion of the small business rate as the general corporate rate came down, and we'd like to see some consideration now given for a plan for the small business rate to start coming down as well.

[Translation]

Mr. Hoang Mai: Thank you.

[English]

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

Ms. McLeod, you have five minutes.

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

I'd also like to thank the witnesses, and again, the time is so short when there are so many fascinating and very diverse presentations.

I have to make a quick comment. I was very surprised to hear Mr. St-Pierre say he was unaware of work done on tax loopholes. I watched the legislation go through. I've noticed, I think, over 50 since 2006, including things like mortgage insurance investment corporations, so I was just a little surprised that you indicated you were unaware of \$2.4 billion worth of work done by the government in that area.

Mr. Denis St-Pierre: It may be that the term "loophole" is what threw me off here. Loophole is something that relates to tax evasion, which is not legal to begin with. It's not something that you make people comply with. It's something that you enforce and stop, so

that's what I was referring to: enforcing against illegal activities such as opening accounts in foreign countries and not reporting the income. This is something that I had not heard about, enforcing against those types of planning.

I am not talking about specific measures to curtail tax minimization strategies, which may appear unfair. I must admit that the government has done some work on that in the last few years.

Mrs. Cathy McLeod: Okay, and then also there was work overseas with TEAs and a number of initiatives.

Mr. Denis St-Pierre: Yes, that was not what I was referring to. I was talking about tax evasion and not reporting income that should be reported.

Mrs. Cathy McLeod: Thank you.

I'd like to go to Mr. Unrau, and certainly I represent cattle country. Kamloops—Thompson—Cariboo is the riding I represent. Certainly I acknowledge we had very difficult times and we had smiles on our faces for too short a period. Hopefully the challenges will be overcome again very shortly.

In terms of increasing, you talked about marketing. I know locally we've done some significant marketing, but could you talk a little about the work in terms of the free trade agreements? Is that making a big difference in terms of your industry? Is it a good focus to continue with?

• (1605)

Mr. Martin Unrau: Yes, it is, and the focus has to be on working with domestic products, domestic marketing, and also with working with products globally and international trade. I think it's important to note that an animal, when it is processed, is pieced out. You sell the pieces. You don't sell the whole animal.

For example, you may be able to sell a tongue into Japan that's worth about \$2 in Canada. It may be worth \$26 in Japan. Those are the reasons international trade is so important to us as a beef industry in Canada. Every cattle producer benefits from these types of trade negotiations and deals that we finally make with countries around the globe.

The more trade we can get for our beef, the better off the grassroots producers in Canada will be. As we piece out these animals, we benefit from global trade.

Mrs. Cathy McLeod: Thank you.

I appreciate your comments about research, and I also, again, know there are some dollars that perhaps....

I think many people would like to see more invested in research in their particular areas, but one thing I wondered about is whether we manage to work together with our partners as well as we should, such as the universities.

Do you see any opportunities that we're missing in terms of leveraging and working together with the research dollars? Do we need to do anything that will make it easier for you to create those partnerships? Are there any gaps?

Mr. Martin Unrau: I think we're on the road to creating some benefits around that.

Before the clusters came into being, universities would build small silos and work within them, so at times research would be done on a certain issue, and it would be repeated without anybody knowing about it. Of course, one of the other issues we had was the tech transfer of the research.

Some of this research was repeated. In the last few years, of course, with the science cluster coming into play, research between universities and research centres has been more transparent and more open for others to see. Therefore, we're improving and working on that. It definitely is a positive, yes.

The only difficulty we have is that it seems we don't get the full five-year funding. We end up with three years of funding, so there's always a bit of a gap before the next program begins. When you're doing long-term research, it's very difficult to continue with research if you have a gap between the programs.

The Vice-Chair (Ms. Peggy Nash): Thank you, Ms. McLeod. Thank you, Mr. Unrau.

Ms. Sgro is next.

Hon. Judy Sgro (York West, Lib.): Thank you very much.

Mr. Unrau, in some of your comments you raised concerns about the outbreak of E. coli and cuts to research in and around the whole beef industry. According to the report that you put out six months ago, it was a concern then.

Given the current outbreak and what you're dealing with now, would you like to comment on just where you think the government needs to go with the research, based on what has happened?

Mr. Martin Unrau: Might I ask our general manager of research to join me in answering some of these questions?

Ms. Andrea Brocklebank (Research Manager, Canadian Cattlemen's Association): As I understand the question, it's with regard to whether our position has changed with research.

Actually, no, it hasn't. Research is only part of the equation when we have something like the current food safety incidents. What we asked for was long-term continued investments. Food safety is one of our core areas and one of our top priorities as an industry.

We need continuity in investments. These things don't go away; they evolve. Bacteria change, so there needs to be ongoing examination and investment. We also need to have what I would call a fire station capacity when an issue arises. In order to attract research capacity in food safety and agriculture, researchers need to see continuity of funding. It's a competitive world. If they have a good research program going and after three years there is uncertainty and a two-year gap, they'll leave and go somewhere else.

I can't speak to whether it would have helped this issue, because research is a long-term thing. It is important to address the issues and to have the people available to help us in the long term.

•(1610)

Hon. Judy Sgro: Last weekend, every time I sat down at various events, my first thought was to wonder where the beef had come from. Interestingly enough, around the table a huge number of people weren't eating the beef. Now the beef may have had nothing to do with Alberta, but how are we going to turn this around? After

the BSE, it was a huge challenge to restore people's confidence in the beef industry, which is a critical industry for Canada.

Have there been any additional funds put into the legacy fund, which you were requesting? What is the plan, moving forward, to get the confidence of consumers back?

Mr. Martin Unrau: I think it's very important to note that we asked for the legacy fund to be extended, and so far that hasn't happened, although we're still working on it and confident that it will be reinstated in some measure.

The other issue has to do with the confidence of consumers. That's something that will be a challenge for us. We think we will be able to move that forward, but it's not a short-term thing. Neither is research into food safety. Thus my and Andrea's comments about the three years needing to go to five years.

It's very important to note that food safety has to be addressed. It is of the utmost importance to the cattle industry: without this attention our industry dies—we know that—so it is a top priority for us to assure consumers in Canada and globally that we have a safe food system, that we have a way of ensuring that our food is safe, and that we can move forward as a leader in exporting food like beef and pork.

Hon. Judy Sgro: What is the plan to deal with the current challenge? After the BSE outbreak, it took a long time to turn things around. What's the plan now to try to move forward on the E. coli?

The Vice-Chair (Ms. Peggy Nash): Mr. Unrau, you have 10 seconds.

Mr. Martin Unrau: We are working on a strategy to assure consumers that our food will be safe. The XL situation was a small situation from a plant that had good practices in the past. Something happened. We don't know exactly what the issues were, but they are being addressed as we speak and as we move forward to ensure that our food is safe.

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

Mr. Van Kesteren, you have five minutes, please.

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

Martin, you said that you had a 14% reduction in water use. How do you do that? Would the cattle drink a little bit less, or...? I don't understand that.

Mr. Martin Unrau: Go ahead.

Ms. Andrea Brocklebank: With improvements in animal health, feed efficiency, and all of these things, we can produce in two years what used to take three to four years. That means they are drinking less, producing less manure, and eating less. We have more efficient animals.

That's a mixture of everything from animal health and treatment to the feeds we provide them to management practices. It's all of those factors. We have made substantial improvements in productivity, but we know that with limited resources we need to continue moving down that road.

Mr. Dave Van Kesteren: I was up in the northern country in Alberta just before we rose, back in September, and I was astounded by the construction I saw in the pipeline industry.

You have a little bit of a labour problem, I think, with getting skilled workers. Is that pretty much true across your line of expertise?

•(1615)

Mr. Kim McCaig: In our industry sector, that is absolutely true. In the broader resource sector, it's even a greater concern.

We have, as I said, over 8,000 employees today. That doesn't count all of the contractors and those types of companies that work for us. Those companies are facing the issue even sooner than we are.

The issue comes down to the availability of skilled workers. We have a relatively small workforce, but they are getting ever closer to their retirement age in large numbers. I can quote statistics, but the bottom line, and I think the key thing for Canada when you look at the resource side and the skilled labour side, is that we do have to make significant long- and short-term strategies around how we're going to replace those skilled workers, because it's evident in Canada today.

Mr. Dave Van Kesteren: I was glad to see that you were pleased with the government's initiative of the idea of one project, one review. I agree with you; I think it's a step in the right direction.

The only thing I was surprised not to see is a recommendation for getting skilled workers from one part of the country to the next. Have you thought about those things? Do you have a recommendation for the government in terms of tax deferrals or some type of project—

Mr. Kim McCaig: Again, there are some very specific issues around that idea. I can get back to you with our exact wishes around those.

From an implementation perspective right now, I would say that the key thing is whatever government can do to remove the barriers to people moving around this country in order to gain employment and to incentivize it. In other words, in areas of large unemployment, what can we do to help those people move to areas where there is employment? How do we do it?

We can look at it from not only a fixed perspective—in other words, creating programs that have people we want permanently relocate—but also in terms of the mobility of our workforce, and trying to do that across Canada. I think if we look at the barriers and

try to remove them in some aspect, it can really help us, and that goes to the essence of your question.

Mr. Dave Van Kesteren: You will get back to us on some of those recommendations.

I read somewhere recently that the extraction industry is directly or indirectly responsible for 20%, I think, of our GDP. Of course, you would represent a large part of that, so it's good to see that you are moving forward.

I understand that we do it really well. We must do it really well; we have the infrastructure in place. Other countries that have the same resources that we have might not be able to transport it the way we can.

Are there any other areas that concern you? Are there any other areas that you see as critical to the nation's economic future in terms of the extraction industry, and getting it to other ports, or as something that the government has done that is critical and will help you along those lines?

Mr. Kim McCaig: That's a very large question—

The Vice-Chair (Ms. Peggy Nash): You have about 20 seconds.

Mr. Kim McCaig: I'll try to do it really quickly.

The key thing, I would say, is to concentrate on this regulatory reform. The idea of being more effective and more efficient isn't because it was broken; we actually have one of the best systems in the world today. However, to really move forward to develop energy and to basically compete in the world, the more effective and efficient we can become, the better, and how we make our decisions and engage people is extremely important to it.

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

Thank you, Mr. Van Kesteren.

[*Translation*]

Mr. Côté, the floor is yours. You have five minutes.

Mr. Raymond Côté (Beauport—Limoulu, NDP): Thank you, Madam Chair.

Let me begin with Mr. St-Pierre, because I fondly recall the meeting with Ms. Carole Pousseault on December 15 last year. At my office, we were able to talk about the real issues, including the unspeakable complexity of the Canadian tax system. We have that point in common.

Let me use a simple example. I have been filling out my tax return since I was a teenager and I also do it for people close to me. Among others, I do the taxes for my mother, and I will always remember the year she decided to buy public transit passes only to realize that the credit would not apply because her income was not high enough, considering her age, and so on. So she kept using her car.

When I was the critic for small business and tourism, entrepreneurs had a chance to tell me about the problems they had with research tax credits. They told me how complicated, if not impossible, it sometimes was to take advantage of those tax credits. Some told me straight out that it could be a trap. It is quite unfortunate to think that the nature of our tax system can be harmful to both entrepreneurs and ordinary taxpayers. Could you give us some examples? Could you explain to what extent tax rulings can be harmful and show us how difficult the situation is?

• (1620)

Mr. Denis St-Pierre: In a previous life, before I went into the private sector, I worked for the Canada Revenue Agency for six years. So I can see both sides. Unfortunately, the research and development program has become very complex. Right now, with computers being available, the government, and the Canada Revenue Agency in particular are increasingly asking for comprehensive reports. That might be the basic problem.

I remember that, when I was an auditor, I was not able to shake the image of a person who was there to prevent something from happening. So the auditor's job was to bring in revenue for the government; that was the auditor's mandate. All of a sudden, this same person is being asked to change hats and to become a provider of funds. In auditors' minds, it is difficult to take away the essence of the work for which they have trained for 15 years.

People who work in research and development are often in a position for one, two or three years before they are transferred to another position. Perhaps the answer would be to transfer that responsibility to another institution, such as the National Research Council of Canada, where people are used to giving money instead of taking money. I can tell you that, as a private practitioner, I don't handle the research and development claims or the reports myself. A form has to be filled out to make a claim. The current practice is to let experts do it and they take a certain percentage. Those people are there because the demand is there.

Mr. Raymond Côté: Thank you very much for answering my question.

I will now turn to Ms. Pohlmann.

It is a pleasure to see you again. We have done a fair amount of business together. I am not sure if I had a chance to congratulate you before, but I will take this opportunity to congratulate you, or rather thank you, for reporting the transfer, the misappropriation of employment insurance surplus funds. It really is a problem for our entrepreneurs and our workers alike. We are talking about tens of billions of dollars that have unfortunately been diverted from their primary purpose.

I will have the opportunity to ask Mr. Pélouin the question about tourist operators, which are mostly seasonal. However, there are quite a few small businesses that work in cycles based on the seasons. The new employment-insurance measures could complicate their lives. It might be a significant loss of expertise for those that have skilled workers. As the member for Beauport—Limoulu, a riding in Quebec City, a winter city, I used the example of heavy equipment operators, who not only do road work during the summer, but also take care of snow removal and snow clearing during the winter. It is very difficult to replace that type of expertise.

Have any of your members already expressed concerns to that effect? Have you studied the impact of the new employment-insurance measures?

[*English*]

Ms. Corinne Pohlmann: We are actually currently collecting information about the changes that occurred in the EI system to better understand the impacts.

I should state right up front that we support the intent of those changes, that we want to find ways for making sure we can get people to work and back to work, off the EI system, because it's meant to merely help people through a transition from job to job.

Having said that, we do know there are seasonal industries out there that are very concerned about these changes, and we are currently talking to them about the basis of those concerns to understand them a little bit better. What's interesting is that when you talk to those seasonal industries, they often say they agree that changes need to be made to the EI system, but they want to understand how they can also be part of those changes.

At this point, I don't have an answer in terms of what the best solution is—

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

[*Translation*]

Thank you, Mr. Côté.

[*English*]

Mr. Adler, you have five minutes.

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

I'm so glad that all of you are here today, because I'm hoping we can get into a few issues and at the same time give my friends opposite a little reality check.

Ms. Pohlmann, how many members does CFIB have?

• (1625)

Ms. Corinne Pohlmann: It has 109,000.

Mr. Mark Adler: Can you tell me if any of those 109,000 have at any time come to you and said they are in favour of a carbon tax?

Ms. Corinne Pohlmann: We actually have asked a mandate question, as we call it, of our members on the carbon tax, probably about five to six years ago, and they were not in favour of a carbon tax.

Mr. Mark Adler: Okay, so there's no groundswell of support in the business community.

This being Small Business Week, I think your being here is quite propitious.

Let me just get a little deeper into this. What would a carbon tax do to the community of small businesses if it were imposed right now, as my friends in the NDP are advocating?

Ms. Corinne Pohlmann: We do a monthly business barometer that asks about the biggest challenges businesses face when it comes to costs to their business. Fuel and energy costs are among the highest concerns among owners of small businesses, as the cost of fuel is already fairly high for them, so I think they would obviously not be in favour of any tax that would add to the cost of energy.

Mr. Mark Adler: That would add to the price of all commodities that consumers would have to pay for. Am I correct?

Ms. Corinne Pohlmann: That's probably what would happen, yes.

Mr. Mark Adler: Okay.

Ms. Dawe, do corporations pay tax?

Ms. Bonnie Dawe: Yes, I can say that a lot of corporations do pay tax.

Mr. Mark Adler: Do they pay tax as people pay tax, or is it passed on to consumers as a cost of doing business?

Ms. Bonnie Dawe: In order for a corporation to be profitable, that cost has to be passed on to consumers.

Mr. Mark Adler: Okay.

We have a federal corporate tax rate of 15%, and corporate tax revenues in this country have gone up since we lowered it to 15%. Investment has increased in this country. We are now rated by the OECD, the World Economic Forum, and *Forbes* magazine as the best place to be doing business in the G-8 countries.

Does not a lower corporate tax rate have a lot to do with that?

Ms. Bonnie Dawe: Yes, absolutely. A lower corporate tax rate promotes investment. It supports job creation and growth. It supports a stronger economy, and I think we've seen that in the last 10 years—except for the recent period—while the rates have come down. I think that's absolutely the case.

Mr. Mark Adler: So increasing the corporate tax rate, as my friends in the NDP are advocating, again would not be a good thing. It would destroy jobs and discourage investment, correct?

Ms. Bonnie Dawe: Increasing the corporate tax rate, especially in the current economic climate, would be disastrous.

Mr. Mark Adler: Thank you.

Mr. McCaig, again, our friends in the NDP have called the oil sands and any jobs and investment related to them a disease. Do you concur with that?

Mr. Kim McCaig: I think you can see the value to the Canadian economy of the energy sector as it stands in Canada. I think it's one of the biggest reasons we've been able to build the infrastructure that exists in Canada today and what will help us to the future.

Mr. Mark Adler: So it's clearly not a disease, correct?

Mr. Kim McCaig: I don't see any disease in the oil sands.

In terms of energy production in general in Canada, one of the things that I have the strongest faith in—and again it goes back to an earlier comment I made—is that the regulatory system that's been set up in this country is one of the best in the world. How we do that, especially through the National Energy Board, has been an example for other jurisdictions on how we should make timely decisions.

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

Chair, how much time do I have left?

The Vice-Chair (Ms. Peggy Nash): You have 25 seconds.

Mr. Mark Adler: Okay.

This question is to Ms. Pohlmann. Are trade agreements good or bad? Are they job creators or not?

Ms. Corinne Pohlmann: Our members support free trade agreements, yes.

Mr. Mark Adler: Thank you.

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

[*Translation*]

You have five minutes, Mr. Giguère.

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

I would also like to thank the witnesses for joining us today.

My question is for the representative from the Canadian Federation of Independent Business.

Gas prices have skyrocketed recently. With 42 billion litres being consumed in Canada, the annual increase for all consumers and businesses is \$15 billion.

Could you tell us about the impact of this \$15 billion increase that was authorized by the current government? It is not imaginary; it is real and it is current. What is the impact on energy costs for your businesses?

● (1630)

[*English*]

Ms. Corinne Pohlmann: As I mentioned already, in our monthly business barometer we ask about which costs to business are the most concerning to them. Fuel prices and fuel costs have been at the top of that list for the last several months.

[*Translation*]

Mr. Alain Giguère: Thank you very much for your answer. It clearly shows us that you could have done without the \$15-billion invoice.

In terms of the pension fund, I see that you are in favour of a defined-contribution plan. But our country's most significant pension plan, the Canada Pension Plan, is a defined-benefit pension plan and it is incredibly viable. It is the most viable of all the plans. Everyone agreed that the RCMP superannuation fund was viable. The federal public sector pension plan implemented in 2000 is incredibly viable.

All major defined-benefit pension plans are viable, whereas, oddly enough, those that go bankrupt, that are an embarrassment to us and that cut off the cheques of employees, are always defined-contribution plans. How do you explain that?

[English]

Ms. Corinne Pohlmann: I would disagree that the federal public sector pension plans are sustainable, given that there is an unfunded pension liability in the federal public sector pension plan of between \$140 billion and \$220 billion, depending on who you speak to and who is doing the analysis.

From our perspective it is actually not sustainable. We're not sure where that \$140 billion—

[Translation]

Mr. Alain Giguère: I am sorry, but you have just brought up an important figure. Are there any actuarial studies about that? The studies of the Superintendent of Financial Institutions, the Parliamentary Budget Officer, the Chief Actuary and accounting firms that sign financial statements related to those pension funds say the opposite of what you are claiming.

[English]

Ms. Corinne Pohlmann: I believe the chief actuary of the Canadian pension plan has said there is a \$140 billion unfunded liability in the public sector pension plan. I believe the C.D. Howe Institute has also done some research to show that the unfunded liability is in the order of \$220 billion.

[Translation]

Mr. Alain Giguère: I am sorry, but did you say \$140 billion in unfunded liability? If you have \$140 billion in unfunded liability, how do you explain that the government has helped itself to a \$25 billion surplus?

[English]

Ms. Corinne Pohlmann: That part I don't think I can answer. We do know there is an unfunded liability, and I am happy to provide you with the information we have from the chief actuary that states there is an unfunded liability in the federal public sector pension plan, which, we are worried, is eventually going to have to get paid as people in the public sector start retiring. We want to make sure that what's happening in other countries around the world—like Greece, or various states in the United States—doesn't happen in Canada.

We're not asking for anything to be taken away. We just want to make sure that folks in the future have a good retirement, but that so do other Canadians who also pay for part of that pension plan.

[Translation]

Mr. Alain Giguère: Let me take this opportunity to tell all Canadians that this pension plan, which she says is not made up of contributions, is included in the debt and that the interest is paid out of the government's current funds.

I have a question for Ms. Dawe. What is rather important—

The Vice-Chair (Ms. Peggy Nash): You have 30 seconds left to ask the question and get an answer.

Mr. Alain Giguère: Oh, okay.

If you group companies, do you also do it according to their corporate shield and their civil liability regarding unpaid debts, or do you keep them separate, even though you group them for tax purposes?

The Vice-Chair (Ms. Peggy Nash): You have five seconds left.

• (1635)

[English]

Ms. Bonnie Dawe: I think the question is on bringing corporations together for tax consolidation purposes. If corporations can be looked at as one individual unit, and one corporation is paying its tax bill and contributing in that fashion towards the public and another corporation is not doing as well, and they come together, the health of those corporations will improve and there will be a corporation around to promote corporate sustainability in the future. If there's no corporation, it can't work towards corporate sustainability.

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

[Translation]

Thank you, Mr. Giguère.

[English]

Ms. Smith, you have five minutes.

Mrs. Joy Smith (Kildonan—St. Paul, CPC): Thank you, Madam Chair.

I want to thank our witnesses for coming today. It's nice to have together such a knowledgeable group of people out of the financial sector.

In this country we've been very fortunate, because worldwide there's been an economic downturn. You mentioned Greece and other countries that are suffering. In this country, we have 770,000 new jobs, a AAA credit rating, and a very sound banking system.

That said, there are a lot of things our government is doing right. You're here today to also give us some extended ideas, because we like to collaborate. We like to talk about what will make things better.

I'll start with Mr. Unrau.

Mr. Unrau, as you know, we put \$100 million into the food safety initiative, including \$50 million specifically on the system itself and making it better. I know that the cattle industry has taken a hit with the incident that happened in this plant; do you think the measures put in place by our government now have been helpful to all plants, and, if so, how would you suggest something like this happened?

We've also hired 157 new inspectors, as you know.

Ms. Andrea Brocklebank: I'll speak to the first part.

I think it's important to highlight that the investment in research and systems and technology has been integral to reducing food safety incidences. Between the years 2001 and 2009, our most current data, we know that E. coli incidences reported by people in Canada were reduced to less than half of what they were previously. We still have work to do and we don't like to see what happened, but, on the other hand, we are seeing that risk reduction, and we continue.

We also need to focus on the fact that food safety research has to transcend all areas. It's not just one thing. Moving forward, we see that investment in continued research, because we find that new things arise on an ongoing basis.

I'll let Martin speak to the second part, in terms of prevention.

Mr. Martin Unrau: I have a hard time pointing to what we could do to directly prevent a situation like this. Having said that, I think the important part is that inspectors are vigilant and that producers are vigilant when they produce cattle to be harvested at plants such as this, which they are. It's very important to note that in the future, we're going to have to look at what happened at this plant and re-evaluate how we do things to ensure that it doesn't happen again.

That's our goal, our strategy, and I believe that's what is going to happen, but it can't be done tomorrow. It takes time, and research is an important part of that, as Andrea mentioned.

Mrs. Joy Smith: Mr. Unrau, we have addressed the recommendations put forward in the Weatherill report. I said 157 inspectors; I think there were 700 food inspectors we hired who were new on the job. Would you say this was helpful to the overall food safety in the country, at this point?

Mr. Martin Unrau: When you have well-trained inspectors, it's obviously helpful to food safety. That's a pretty broad statement, but I think an accurate one.

Mrs. Joy Smith: Thank you.

I'll go to Ms. Pohlmann.

We were talking about small business, and small businesses certainly are very important to our country. Of course, the Canadian Federation of Independent Business is an integral part of what happens with small businesses.

I said in the beginning that we have 770,000 net new jobs and we have the soundest banking system in the world, for five years in a row, actually. Some really good things are happening here. When you look at small business, things have been put forward that have been very important to small business people themselves.

First of all, would you say that the hiring credit for small business has been useful in growing small businesses and helping them out?

• (1640)

The Vice-Chair (Ms. Peggy Nash): Ms. Pohlmann, excuse me, but you're just about out of time. You have about 10 seconds.

Ms. Corinne Pohlmann: Yes, the EI hiring credit has been extremely important. That's why we are advocating for it to be extended for another year, and for as long as EI rates go up, because payroll taxes tend to have the biggest impact on the growth of a small business.

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

Thank you, Ms. Smith.

Mr. Hoback, you have five minutes.

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

Again, thank you, witnesses, for being here this afternoon.

I'm going to pick up on what Joy was asking you, Mr. Unrau.

You didn't get a chance to finish your presentation, but I was just going through it, and you talked a little about demographic change. I come from Saskatchewan, and one of the big problems we're having right now is finding good labour. There's a shortage of skilled labour.

What is the labour problem doing to the cattle sector, and what do you suggest we could do to help you in that situation?

Mr. Martin Unrau: In western Canada labour is in short supply. The shortage is broad and applies across many different sectors, such as agriculture, as we heard just a minute ago. For us I think it's important to be able to obtain some of the temporary labour on a consistent basis, but also to be able to maybe move some of those people into a permanent position and into citizenship for Canada.

In our position where, personally speaking, we have a cow-calf output in the feedlot, we have a couple of temporary people. If there is some way to keep those guys in Canada, we would do that, either through some type of sponsorship or some way to help them to stay with their families and contribute in the way of paying tax to our country.

Mr. Randy Hoback: Is it fair to say that labour is a limiting factor in the growth of operations in the cattle sector?

Mr. Martin Unrau: It absolutely is, especially in the feeding industry. It's a labour-intensive industry, and all of western Canada is short of labour in that industry.

Mr. Randy Hoback: One thing this government has done in the last few years is the \$20 million legacy fund. It's spread over four years, so you have roughly \$5 million a year for market development.

I know I was with you guys down in South America about a year ago with the Prime Minister, talking about the trade agreements we have there. How have you found the utilization of those funds and how is that working for you?

Ms. Andrea Brocklebank: Those funds are really important to us. Obviously market access is first to get into markets, but then you need to have a presence in those markets. Canada is a huge exporter in terms of our industry, with 45% of the production being exported.

We're actually a relatively small player relative to the U.S. beef industry and some of those other parties, so we have to be able to key in on the opportunities and also be able to compete with relatively large competitors in those markets and provide presence up front to do that. Therefore, market development is part of it, because it's not just about supplying products, but about creating relationships with people. We find typically that long-term commitments are a lot more profitable for the industry than just selling beef by loads to different markets, so those funds are really critical.

Mr. Randy Hoback: I only have five minutes, and there are quite a few things I want to ask you.

I know that Mr. Ritz, for the last two years—I think every weekend or any break week—has been abroad with you guys and with different industry players, opening up markets. I understand we have a little hiccup and that's just the market reacting to what's going on today, but if you look at the price of beef in the macro sense in the market, it's actually very positive for the cattle producers. Would you not agree, and would you not agree that it's because the export markets are opening up for products such as tongues and other products that we don't eat in Canada? Would you agree with that?

Ms. Andrea Brocklebank: Yes, absolutely. Basically we can sell all the middle meats we want into North America, but we look at the entire carcass value, because that's what gets prices back to fed cattle producers and feeder cattle producers. Those other products getting to the other markets that demand them are integral and very important to us for long-term sustainability.

Mr. Randy Hoback: Then the TPP and CETA are going to be very important, again, in providing different markets for different products.

Ms. Andrea Brocklebank: Yes.

Mr. Randy Hoback: You've got a \$6 million budget for the beef science cluster right now. What are you doing with that \$6 million in that science cluster?

•(1645)

Ms. Andrea Brocklebank: We're investing in several areas of research, such as beef quality and food safety, and enhancing that in line with the Canadian beef advantage program, which is part of our marketing.

We're also doing policy-related work on things like animal transport and animal care, antimicrobial resistance, and several other areas to provide science-based research to the policies being developed to ensure that we're in alignment with regulations but also not impeded by them, given our trade nature.

Mr. Randy Hoback: They're basically there for you to manage as you see fit in adjusting to market conditions or situations, for lack of a better word.

Ms. Andrea Brocklebank: The current program was fairly prescriptive in that once we developed the plan, it more or less had to stay. The application for the next science cluster is being positioned and will be presented to the government at the end of this year, so we can hopefully have an April 1, 2013, start date to have continuity. In it we are proposing some flexibility, because things arise in the research world, as anywhere else, and having some flexibility is very important. A lot of the focus is on long-term research in areas such as feed grains and forages, where we see an increased expense and competition for those things.

The Vice-Chair (Ms. Peggy Nash): Thank you very much, Mr. Hoback. Mr. Hoback, I'm sorry, you're out of time.

Mr. Jean, you're up next. You have five minutes, please.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you, Chair, for that. I hope Mr. Hoback's intrusion isn't taken out of my time.

Voices: Oh, oh!

The Vice-Chair (Ms. Peggy Nash): Most certainly not.

Mr. Brian Jean: Ms. Dawe, you're with Finning International?

Ms. Bonnie Dawe: Yes, that's correct.

Mr. Brian Jean: Where is your office located?

Ms. Bonnie Dawe: We have many offices spread across British Columbia and Alberta. I'm located in Vancouver, but we have significant operations in the Edmonton area as well.

Mr. Brian Jean: I hope you mean Fort McMurray as well, don't you?

Ms. Bonnie Dawe: Absolutely. It's Fort Mac as well.

Mr. Brian Jean: That is the place I represent. In fact, isn't Finning the largest repair shop in the world for Caterpillar? I think it is.

Ms. Bonnie Dawe: It's definitely the largest Caterpillar dealer in the world. In terms of the size of the facility, I don't have that information.

Mr. Brian Jean: That's all right.

Finning International did \$1.8 billion in the second quarter in revenue. You have people all over the world, and if you look online, 75 out of 85 jobs that you're looking to fill right now are in Alberta.

Ms. Bonnie Dawe: That's correct. The ability to get people up into the Fort Mac region and get them working for us is tough. It's an issue.

Mr. Brian Jean: It's an issue, especially when you're only paying \$200,000 to \$225,000 a year for people to work in heavy equipment operation. Is that fair to say?

Ms. Bonnie Dawe: Of course—

Mr. Brian Jean: Those are the wages you're paying.

Ms. Bonnie Dawe: In some roles, yes, it's definitely the wages, but there are lots of other issues besides wages, such as people leaving their families.

People come in from Newfoundland. They fly on planes and live in camps for—

Mr. Brian Jean: I've lived there for 47 years. I know exactly what's going on there.

Ms. Bonnie Dawe: So you know there are other—

Mr. Brian Jean: Most of my questions are going to be to you in relation to CEPA, Mr. McCaig.

I'm wondering about the pipeline industry. If in 2008 the pipeline industry was shut down in Canada, in your mind, what would have happened to our economy?

Mr. Kim McCaig: I don't have the exact figures, but I could give it in picture form to you.

If the pipelines were to shut down today, how would you heat your homes, turn on your lights, move your vehicles? That would be the key answer, I think.

Mr. Brian Jean: In fact, as you mentioned, it costs \$5 billion to transport all of our oil and, I think, gas in Canada, but you're actually adding about \$122 billion to the economy. In essence, you're moving \$127 billion worth of product.

Mr. Kim McCaig: That's correct.

Mr. Brian Jean: Okay. My next question is this: are the pipelines today in Canada constrained in the volume of material they can move?

Mr. Kim McCaig: Absolutely.

Mr. Brian Jean: That's especially the case with oil. Is that not fair?

Mr. Kim McCaig: Absolutely. It's especially on the oil side.

The challenge is that the market's changing as well, in terms of where we're moving it and those types of things. We live in a worldwide marketplace. It's not only North America. That's why you're seeing a lot of debate and discussion around how you reach those other markets and why diversification is so important.

Mr. Brian Jean: In fact, right now we're sometimes discounting our oil by up to 40% to the Americans. We are doing that; we're discounting it. It depends, of course, on the market, because of the constraining pipeline capacity. Is that fair to say?

Mr. Kim McCaig: It depends what you compare it with, but your figures wouldn't be that far off.

Mr. Brian Jean: Exactly. In fact, if we had more pipeline capacity, Canadians would have a better quality of life because they'd have more tax dollars being spent on the things they like to spend money on. Is that fair to say?

Mr. Kim McCaig: I would answer a slightly different way. The energy resource sector of Canada has been one of the main pillars of how we are maintaining our infrastructure and our society.

• (1650)

Mr. Brian Jean: In fact, you agree with me on that.

The other issue, of course, is that we have to pay off our deficit. Our policy is to grow our economy and also to save money, but to grow our economy, it's estimated that the oil sands are going to be producing somewhere around 4 million to 4.5 million barrels a day, which is over twice the production that it's currently undertaking. Now, where is this oil going to go without pipeline capacity?

Mr. Kim McCaig: It doesn't go anywhere, sir.

Mr. Brian Jean: Exactly, so it's very critical that we have these regulatory changes and that we move forward on pipeline capacity for this country to pay off our deficit, continue growing the economy, and continue to have a great quality of life.

Mr. Kim McCaig: It's very critical to make timely decisions and understand what the impacts are.

Mr. Brian Jean: Would you say that the environmental integrity of pipelines and the pipeline regulatory system in Canada is the best in the world?

Mr. Kim McCaig: As I said earlier, I think it's one of the best, if not the best, in the world. However, the other thing I'd like to throw out about our regulatory system is that it doesn't mean it can't get better. That's what this is all about. That's what regulatory reform is all about.

Mr. Brian Jean: I understand.

I only have a couple of minutes, though, and—

The Vice-Chair (Ms. Peggy Nash): You have eight seconds.

Mr. Brian Jean: Okay.

My last question will be this: are the pipelines being built today safer than they've ever been built before, with double-wall systems and monitoring systems that detect breaks before they can possibly happen and different thicknesses of materials, etc., compared with 30 years ago, when most of the pipelines that are leaking today were built?

The Vice-Chair (Ms. Peggy Nash): Be very brief, Mr. McCaig.

Mr. Kim McCaig: Let me say in general that all pipelines have the benefit of better technology today, and of more highly skilled individuals. As a matter of public safety, we move 99.96% of that product every day safely to where it needs to go. That will continue, and I think we can improve it with a more effective system.

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

Thank you, Mr. Jean.

Ms. Glover, you have five minutes.

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

I want to thank the witnesses for coming.

We have a tremendous job to do here. We have had approximately 800 submissions from different organizations, and we're trying to bring out the best information we can to make some decisions on budget 2013.

Having said that, I've seen some submissions that are refuting things that have been said here today. I want to go over a couple of things. I'll start with Ms. Pohlmann.

I want to thank Mr. Côté for bringing up the fact that the EI operating account was in fact raided not by this government but by a previous government, and that measures have been taken by this government to address that shortfall. I appreciated your support, as well, as you answered those questions from Mr. Côté.

Talking about EI, there have been some submissions suggesting that we address EI in other ways. In fact, there have been suggestions that we double CPP, and there have been suggestions, and you've probably heard them all, that we go to a 45-day work year whereby we allow people to access EI after 360 hours rather than keep what currently exists, which is that on average you have to work about 600 hours before you can access it—in some places it's lower, of course—and the suggestion that trade is not good for our country.

What would those three items—going to a 45-day work year, going to a doubling of CPP, eliminating trade—do for your businesses?

Ms. Corinne Pohlmann: Well, on the EI and CPP side of things, making EI more generous would obviously result in increasing EI premiums, which, as I've pointed out in my presentation, is something our members would really not be able to absorb very easily; it would affect their ability to hire.

It's the same with CPP premiums. As people know, employers pay 50% of the CPP premiums and pay 60% of EI premiums, and any increases in those will have a direct impact on small businesses' decisions to hire. There is no doubt that they will think twice about having to hire or add people to their workforce if those go up.

As for trade agreements, small businesses.... About 25% of our members trade externally, and 50% are importing as well, so trade is an important element, and the reason no more of them do it is that there are so many barriers to trade. Any way we can negotiate eliminating some of those barriers through free trade agreements will, I think, only encourage more and smaller businesses to also look at other countries.

Mrs. Shelly Glover: Your organization has been very supportive of this government's attempts to reduce the tax burden on small businesses and other corporate businesses. Knowing that you are the job creators, we strive to make it easier to create jobs.

I note, Ms. Dawe, that you also made a comment about corporate taxes. We have had a number of submissions that said we should go back to the 19.5% rate for corporate taxes.

What would that do to your businesses? Would you be able to create more jobs? Would you be able to sustain the jobs you have? Would that increase be passed on to consumers? Tell Canadians what it would do to our businesses and our economy and our jobs if that were to happen.

• (1655)

Ms. Bonnie Dawe: Most of the members here probably know that around the world, corporate tax rates are coming down. In decisions about where to invest capital, tax rates are a huge element in making the decision. If you can choose between the U.K., where the rate is 23%, and Canada, where the rate is 45%, chances are that your decision is going to be swayed towards the U.K..

Capital and jobs are going to go elsewhere if the rate goes up, so it's important that the rates stay where they are or go down in the future.

Mrs. Shelly Glover: Any increases in taxes are borne, as you said before—

Ms. Bonnie Dawe: —by the consumer, yes.

Mrs. Shelly Glover: —by the consumer. Exactly.

We talked about electricity. Mr. Giguère brought it up. I don't know where he got the numbers he used, because I know nothing of what he mentioned in respect of this government. This government is a Conservative government: we lower taxes and we ensure that Canadians have more money in their pockets to pay for the things they need, such as electricity and food.

What would a carbon tax do to electricity, if businesses had to pay this \$21.5 billion in the NDP platform to recoup a carbon tax? Would it not be borne by consumers, as you've said, Ms. Dawe, in the form of a download? That means that everything, such as their groceries and electricity and everything, would go up.

Please comment on that.

Ms. Bonnie Dawe: That's correct. Any increase in taxation, especially a tax of that type, will get passed right along to consumers

in the end. Quite frankly, there's nowhere else it can go if the company is going to stay in business.

Mrs. Shelly Glover: The last comment I have, because I know I'm short of time....

[Translation]

Mr. St-Pierre, you talked about sharing information between countries.

[English]

TIEAs are very important. OECD does have a policy to try to encourage governments like ours, and countries, to exchange information so we can recoup some of those lost taxes.

Our government has been very busy with those. Do you know how many we've signed and how many are in negotiation right now?

Mr. Denis St-Pierre: No. I know that some were just signed, but I would not know the number.

It's easy to find. We can answer—

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

[Translation]

Mr. Alain Giguère: Madam Chair, Ms. Glover wants to ask a question.

The Vice-Chair (Ms. Peggy Nash): No, I am sorry.

[English]

It's not in order.

We have a couple of minutes left in this session, and I'm going to take the liberty as chair to ask a couple of questions before we wrap up. I'm sorry we don't have more time with the witnesses.

I want to first of all express my condolences to Mr. Unrau, and the whole Canadian Cattlemen's Association, for the challenges your members are facing right now. I'm sure it's very difficult for your members, and I regret that we haven't had more time to hear from you about the kind of challenges, economic and personal, that many of your members are facing. We do appreciate your being here.

I'd like to ask a general question to all the panellists. We only have a couple of minutes, so maybe anyone who wants to answer could take this.

The current issue of *The Economist* has, as its largest section, an investigation into the whole issue of inequality, both within countries and globally. It talks about the economic and social and personal impacts of inequality.

Could you leave our committee with any thoughts or measures you believe the federal government should take that would help to make sure we're addressing income inequality and that we're not having the subsequent problems that were outlined in *The Economist*? If you haven't read that, it's very interesting reading.

Do you have any final thoughts on that?

Go ahead, Mr. St-Pierre.

Mr. Denis St-Pierre: I'll be brief. I think if you remove trade barriers, you allow people to work, and when the people work, there's less inequality. Trades people should be able to work.

The second thing is to keep it simple for them so that they can focus on working. The more complex their tax return is at the end of the year, the more complex the trade barriers are and the more complex anything is.

Just let them work. I think that's what we should do, and allow people to freely travel across Canada.

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

Is there anybody else?

Go ahead, Ms. Brocklebank.

Ms. Andrea Brocklebank: From our perspective, the biggest thing you can do to improve industries in terms of equality is access to markets and trade, and opportunities for that industry, whether it's domestically or internationally. Likewise, it's access to workers. There's also regulatory reduction and harmonization. We want to ensure the safety of our product, but we also want to ensure we can compete globally with others.

It's always trying to find that balance between risk reduction and mitigation. As well, it's access to workers when it's necessary to support sustainability.

• (1700)

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

I'll take a last comment, and then we're out of time.

Go ahead, Mr. McCaig.

Mr. Kim McCaig: Quickly, I agree with the other panellists. Part of that discussion is clarity around the rules: make sure it's as clear as possible so that people can understand. That helps them to make informed decisions.

If we can make our rules and regulations with a sense of purpose, a sense of objectives, we can measure whether we're on the right path. With clarity around how you achieve them, you'll help to overcome a lot of these barriers that we've been talking about.

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

Thank you, to all of the panellists. We appreciate your being here today.

We'll take a few minutes so we can change the panel for our next session.

Thank you.

• _____ (Pause) _____

•

• (1705)

The Vice-Chair (Ms. Peggy Nash): Thank you very much. I want to wish a warm welcome to all of our witnesses for the second half of this meeting.

[Translation]

Welcome to the witnesses.

First, we have Daniel Bergeron from the Agence métropolitaine de transport, followed by Claude Péloquin from the Association québécoise de l'industrie touristique.

[English]

From the Canadian Labour Congress, we have Sylvain Schetagne. *Bienvenue*. From the Forest Products Association of Canada, we have David Lindsay; from the Social Economy Working Group, we have Patrick Duguay; and from St. Boniface Hospital, we have Dr. Michel Tétreault.

Welcome to all of you. You each have five minutes to make your presentations. I regret that I will need to interrupt you if you go over.

[Translation]

We are going to start with you, Mr. Bergeron.

[English]

Mr. Daniel Bergeron (Vice-President, Strategic Data and Metropolitan Affairs, Agence métropolitaine de transport): Thank you.

[Translation]

I am—

The Vice-Chair (Ms. Peggy Nash): Could you please speak slowly enough for the interpreters?

Mr. Daniel Bergeron: I would be happy to.

[English]

Mrs. Shelly Glover: I have a point of order.

I'm so sorry to interrupt. I have a quick point of order I need to clarify, if you wouldn't mind.

Madame la présidente, we've prepared based on the submissions that came to us. There were some 800 submissions. I know that we were only allowed to take 120 to 150 of those that were submitted, but two who are here today never submitted. I'm wondering how we deal with that.

Of the 800 who submitted, we picked the ones that were supposed to come here and present, but we've just now received something from two organizations that didn't submit, as required, by the deadline of August 3. I'm asking for your help in trying to determine how we deal with this. We haven't had the time to read their submissions, so we're ill-prepared to move forward.

I'm asking for your advice. I would like your interpretation of what was decided. I apologize to the witnesses.

Mr. Hoang Mai: On that point of order, we know that this time we changed the whole system. We used to be able to get briefs. Questions were put online.

I think there was a lot of confusion among the witnesses in terms of how they appear and in terms of the briefs. I think in this case, since it's the first time we have actually put in place the new system of having them answer questions rather than having briefs, we should accept the fact that we have witnesses. It would be respectful to hear them, since we have people who came all the way to Ottawa. It used to be that we would go there and were able to prepare.

The fact is that there is a new system, with maybe some glitches. We can talk about it afterwards in terms of a post-mortem and see what we can do, but now that we have witnesses here, I think the least we can do is listen to what they have to say, and then we can ask questions of them.

• (1710)

The Vice-Chair (Ms. Peggy Nash): Go ahead, Ms. Glover.

Mrs. Shelly Glover: Thank you, Mr. Mai, for the suggestion. I'm happy to hear from the witnesses. They've come all this way, and we're happy to hear from them.

However, we do have to address this issue, because we have several meetings. I'm looking for your interpretation, because it was very clear. There were 800-plus submissions. Folks submitted because they knew that they had an opportunity to present.

We have a few of these organizations present, but we discounted more than 600 other organizations that followed the rules. That is why I'm asking for an interpretation for future meetings. If you'd like to take it elsewhere and discuss it or pass it on to discuss with the chair, I'm happy to move on to listening, but it is something we need to address so that it doesn't reoccur.

The Vice-Chair (Ms. Peggy Nash): Thank you, Ms. Glover, for raising that point. I think that in the interest of respect for the witnesses, we should hear from them today. It's something that perhaps we can take to a subcommittee and look at for future witnesses so that we're addressing your concern. I'm not sure exactly what that means in terms of the witnesses who may have already been invited. Let's take it to a subcommittee, where perhaps we can have a fuller discussion.

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

[*Translation*]

The Vice-Chair (Ms. Peggy Nash): If you are ready, Mr. Bergeron, you can finally continue. Thank you.

Mr. Daniel Bergeron: Thank you.

My name is Daniel Bergeron. I am the Vice-President of the Agence métropolitaine de transport in Montreal. We are very honoured by the invitation to appear before this parliamentary committee.

The Agence métropolitaine de transport is responsible for public transit in the Montreal area. Our region includes 83 municipalities with approximately 3.6 million people. In terms of public transit in

the region, 15 transport authorities are responsible for providing bus, metro and commuter train services. We are talking about 500 million trips a year, which makes public transit a key component of the region. More specifically, public transport agencies in the region provide 10,000 direct jobs, in addition to, obviously, transporting more than 50% of the region's workers daily during morning rush hour.

This year, public transit represented about \$1.5 billion in operational costs and region-wide investments. The amount was \$1 billion in 1996 and it will be \$2 billion in 2017. The funding for current services mainly comes from public transit users—who cover 40% to 50% of costs—as well as the municipalities, the Government of Quebec in terms of investments, and the federal government through various existing funds.

In addition to public transit trips in the Montreal region—and the same goes for Toronto, Vancouver, Calgary and other major Canadian urban centres—there are also a lot of congested highways, blocking the transportation of goods, which slows down economic activity.

To address those concerns, the Agence métropolitaine de transport, with all the transportation agencies and all the cities in the region, including the City of Montreal, the STM and its other partners, has developed a 10-year investment plan to reduce traffic congestion and to foster economic activity by transporting goods and by making the city appealing to its residents. This investment plan provides for a \$17 billion investment over the next 10 years; that is a huge amount. Municipal and provincial governments are the main players, but we think that the government has a major role to play on three fronts: first, by creating a public transport investment fund in the range of \$1 billion for the next 7 to 10 years; second, by continuing to allow public transit programs to be eligible for existing programs; and third, by proposing economic development guidelines for public transit through a 10-year action plan that would include the two investment funds I mentioned.

So these are the recommendations that AMT would like to submit to you: first, creating a new fund for public transport infrastructure in cities across Canada, for a period of 7 to 10 years and in the amount of \$1 billion a year; second, maintaining current funds and the eligibility of public transit for those funds; finally, creating a national public transit action plan to encompass all that.

Thank you.

• (1715)

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

Mr. Péloquin from the Association québécoise de l'industrie touristique now has the floor.

Mr. Claude Péloquin (Vice-President, Board of Directors, Association québécoise de l'industrie touristique): Good afternoon. Thank you very much for having us here today.

My comments will deal with the importance for the Canadian Tourism Commission to capitalize on the international tourism market. I am vice-president on the board of directors of the Association québécoise de l'industrie touristique. I am also the president and general manager of the Association des stations de ski du Québec and chair of the Canadian Ski Council.

The Association québécoise de l'industrie touristique represents close to 10,000 Quebec businesses, and sector and regional associations. Its mission is to represent the various members and ensure that the tourism industry thrives economically in Quebec and Canada.

[English]

The Canadian tourism industry contributes \$7.8 billion in revenue to Canada's economy. It operates year-round across the country and employs Canadians of all educational backgrounds and ages. Contrary to other economic sectors such as manufacturing, tourism creates employment that cannot be outsourced. A job in the tourism sector will not be transferred anywhere else in the world.

The Canadian Tourism Commission is Canada's national tourism marketer. It sustains a vibrant and profitable Canadian tourism industry. As worldwide tourism receipts keep growing, Canada's share in this growing export sector continues to erode. International arrivals have increased by 4.6% globally, while international arrivals to Canada are down by 0.8%. Canada's international travel account deficit balance of payments was \$16.25 billion in 2011, a 14% increase over 2010. This is not good news for us.

Taking into account Canada's tourism deficit and the enormous economic potential of the industry, it is absolutely incomprehensible for the CTC, our country's marketing agent, to have \$14 million, or 20%, of its already limited budget amputated in the 2012-13 financial exercise. While Canada loses ground, countries have invested in considerable marketing vehicles in order to face challenges from newly emerging competitors.

Some countries invest a lot of money in their tourism budget. For example, Ireland has a budget of \$211 million to market their destination. In the last 15 years, Ireland has had an increase of 14% in arrivals from key markets. Australia has an annual budget of \$147 million to market itself, around the world and it has had an increase of 30%. Canada, with a budget of only \$72 million in 2011, in the same period had a decrease of 10% in arrivals from key markets. This is not good news.

Almost all major tourism destinations are cashing in on this incredible boom in the industry, welcoming increasing numbers of visitors every year. Only five of the top 50 most popular destinations in the world are losing ground. Not only is Canada one of the five countries that are losing ground, but we have fallen 18%. Our annual losses in terms of international arrivals amount to 3.6 million tourists since 2000.

Our recommendation is this: as other countries have been investing considerable amounts in promoting their appeal for tourists, the Canadian Tourism Commission has seen its financial resources reduced by 41.5% over the past ten years, from \$99 million to \$58 million in 2013-14. Canada must have a strong national marketer that will strategically position the country abroad and capitalize on our Canadian national identity, our culture, our nature, and our winters.

• (1720)

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

[Translation]

Thank you very much.

Mr. Schetagne, you have five minutes.

[English]

Mr. Sylvain Schetagne (National Director, Chief Economist, Social and Economic Policy, Canadian Labour Congress): Thank you.

On behalf of the 3.3 million members of the Canadian Labour Congress, we want to thank you for the opportunity to present our views on the 2013 federal budget. As you know, the CLC brings together workers from virtually all sectors of the Canadian economy in all occupations in all parts of Canada.

Leading economists, including bank economists, say that Canada's economic recovery is stalling due to slow business investment, high household debt, and weak global growth. Business investments are not where they should be. The across-the-board corporate tax cut didn't deliver the promised investments in real assets, such as new factories and workers' training. Thus, these cuts failed to boost economic growth and productivity and didn't help create more and better jobs in Canada. Instead, those corporate tax cuts delivered high compensation to CEOs, cost Canadians billions in lower than expected government revenues, led to higher federal debt and deficit, and led to cuts in public services. However, those across-the-board corporate tax cuts have helped private non-financial corporations in Canada hoard over \$500 billion in cash reserves, money that is not working to create better jobs and more jobs in Canada.

To compensate for the lack of investment from corporations, we need a major public investment program to create good jobs now in Canada, promote our environmental growth, stimulate new private sector investment, and boost productivity. The CLC calls for the federal government to launch, in partnership with provinces and cities, a major multi-year public investment program. The program should include an increase in support for things such as basic municipal infrastructure, mass transit and passenger rail, affordable housing, quality affordable child care, energy conservation through building retrofits, and renewable energy projects.

The CLC supports targeted measures to support and create good jobs in manufacturing and to maximize job creation in industries linked to the resource sector. This will require government strategies on trade, sectoral development, and domestic procurement strategies. Encouraging value-added production and investment in key sectors, along with green jobs and green skills initiatives, will enhance innovation and labour productivity. Having sectoral development policies seeking to promote more investment, production, employment, and exports, especially in important sectors of the economy, is key to attaining a more desirable mix of sectors in our economy.

Also, we cannot afford trade investment that gives priority to investors' rights over the rights of workers and their aspirations for decent work and decent lives. We need a new international trade and investment framework that has, at its core, the promotion of high labour standards and collective bargaining, high job quality, and sustainable global economic development.

Also, Canada's economic success and the future prosperity of every Canadian will depend on the capacity and capabilities of a skilled and educated workforce. While there is much talk on future skills shortages, Statistics Canada reports that there are more than five unemployed workers for every job vacancy in Canada. Training and lifelong learning are critical, and literacy and numeracy skills in Canada lag behind those in many other countries. Training Canadians instead of importing vulnerable migrant labour should be a top priority. The CLC calls for the development of a national tripartite skills development strategy in response to the growing skills gap, the aging workforce, and the specific needs of groups such as aboriginals, recent immigrants, and youth.

Finally, some of our key federal programs do not match today's reality. Only 37% of unemployed Canadians receive EI benefits. The CLC calls on the government to implement a uniform national entrance requirement of 360 hours, increase the benefits level from 55% to 60%, and base benefit and duration calculations on the 30-hour workweek.

The CLC continues to call for a doubling of future CPP benefits phased in on a fully pre-funded basis, and we welcome the support given to the CPP expansion by Ontario and many other provinces.

● (1725)

We call on the federal government and all provincial governments to pursue this option as an urgent priority.

The Vice-Chair (Ms. Peggy Nash): Thank you, Mr. Schetagne. Thanks very much. You'll have a chance during questions to add more.

Mr. Lindsay, you have five minutes.

[*Translation*]

Mr. David Lindsay (President and Chief Executive Officer, Forest Products Association of Canada): Good afternoon, everyone. Thank you very much.

[*English*]

I appreciate the opportunity to present to the committee today. Staff have already received our pre-budget submission and they have a copy of the more extensive remarks, so I'll try to keep my comments brief in the interest of time.

The forest industry in Canada remains an important part of our economy from coast to coast. There are some 200 rural communities across the country that depend on the forest industry as their primary employer. The forest industry in these communities has faced significant challenges and headwinds in the last number of years, but the Forest Products Association recognized that we couldn't sustain business as usual, and we launched on a path of transformation and renewal.

I'm pleased to report to the committee today that we've made considerable progress on that journey, so I'd like to talk today about some of that momentum and how we can work with our partners to continue.

Earlier this year, the Forest Products Association of Canada launched what we refer to as "Vision 2020". It focuses on ambitious goals for our products, our performance, and our people. By 2020, we want to have \$20 billion of new economic activity; we want to have a 35% increase in our success in improving our environmental footprint; and we want to have an additional 60,000 new recruits, including women, aboriginals, and new Canadians, in those communities in which we work.

Vision 2020 is built on some of our recent successes already: we've improved our productivity, we've diversified our markets, we are making technological breakthroughs and producing innovative products with wood fibre, and we've established world-class environmental standards on behalf of the forestry sector.

The government and all of our partners have been instrumental in supporting these changes. Embassies and trade officials have been very helpful in our trade and marketing efforts. NRCan created the successful pulp and paper green transformation program. There has been critical support from industry, government, and the academic community for FPInnovations which, for those of you who are not familiar, is one of the world's largest forest research centres, located here in Canada. It's unlocking some world firsts for the commercialization of something called nanocrystalline cellulose. It's an amazing product that comes from wood and can be used for everything from bullet-proof vests to lipstick—and I'll leave you to fill in the humour there. A \$100 million investment in the forest industry transformation fund, or IFIT, has been very helpful, but it's been oversubscribed by fivefold. That simply indicates the amount of enthusiasm for commercializing these new products that exist in our industry.

While we're very proud of the progress we've made, FPAC and our member companies certainly understand the current fiscal challenges faced by the government and by our economy, and the need for controlling our deficit.

We would strongly recommend that where the government does continue to spend, such spending should be aimed at supporting industry renewal and focusing on enhancing our ability to compete globally and create jobs and prosperity for the long run. The forest sector is one of those opportunities, I would put to you. We're green and we're a renewable resource.

We encourage the government to continue to support the bioeconomy for forestry and agriculture as well. Last year my predecessor at this committee mentioned the potential for the next generation biofuels fund, administered currently at Sustainable Development Technology Canada, and we'd like to see the government continue to look at opportunities to invest in the bioeconomy and to enhance the IFIT program.

By working together with government, the academic community, and our environmental partners, we've already accomplished a lot. We need to continue work with all of our partners to continue to help the forest sector and forest-dependent communities that we serve to meet the goals of Vision 2020.

Let me make a couple of specific suggestions for the committee today.

We need to continue to support research and innovation to make sure some of the groundbreaking products I alluded to are not only developed but also commercialized and taken to the global marketplace.

We'd like to see the government improve its strategic procurement programs to increase the purchase of next-generation forest products, ranging from building materials to biofuels to medical supplies.

We have a challenge with rail services. If we're going to get our product to market, we can't leave it at our loading docks. We need some help with rail service reform.

As my colleagues have already alluded to, we have some challenges with skilled labour shortages, so we need to focus on labour for the next generation coming along in the forest sector.

Madam Chairman, by working together with the government, we can help to create new opportunities for new jobs and new growth in rural and small-town Canada.

•(1730)

By working with all our partners to implement Vision 2020, we'll ensure Canada has a world-class green and renewable forest product sector well into the future.

Thank you.

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

Mr. Duguay, you have five minutes, please.

[*Translation*]

Mr. Patrick Duguay (President, Board of Directors, Social Economy Working Group): Thank you for having us here.

My name is Patrick Duguay, and I am the director general of the Coopérative de développement régional Outaouais-Laurentides. My office is just on the other side of the river. I did not have to travel far. In fact, I was dropped off by Taxi Co-op.

The United Nations declared 2012 the International Year of Co-operatives. Last week, 2,600 co-operators from around the world met in Quebec City for the first international summit, at the invitation of Monique Leroux, the president of Desjardins Group.

I am from the Social Economy Working Group, a smaller organization that was created in 1996 at the invitation of the Quebec government at the time. That government had chosen to promote collective entrepreneurship and the meaning of entrepreneurship, to use it for the benefit of communities. So, the Social Economy Working Group is an organization that promotes the development of social economy and brings together major company networks, networks of organizations that support development, social movements and university networks. After all these years, the Social Economy Working Group has its own financial tools to support new projects, strategies to promote the social economy labour force, and research and transfer tools.

With respect to non-profit organizations in Quebec, there are approximately 7,000 collective enterprises, including 3,300 co-operatives, and close to \$5 billion in sales, or \$30 billion if you include the entire sector and Desjardins Group. The social economy represents 8% of the gross domestic product in Quebec, and that is just to start.

The co-operative and mutual aid movement has deep roots in Canada. Public policies in favour of co-operatives have been adopted in most Canadian provinces. A very sizeable association movement, which is seen mainly in the volunteer sector, is present in all communities in Canada.

Increasingly, collective entrepreneurship is being rediscovered, with its objectives of meeting new needs or needs that had not been properly addressed until now. Social economy enterprises invest in all economic activity sectors, be it transport, forestry or others. In all these sectors, there are enterprises that have chosen to operate under different rules.

Briefly, I would like to present a few approaches, expectations or hopes so that the Canadian government can perhaps better recognize the International Year of Co-operatives. The last thing that was done this year was do away with the only program to support the development of new co-operative initiatives. It was the co-operative development initiative, and came under Agriculture Canada. Its staff went from 94 to 6 employees.

The most important thing for us is to guarantee that all social economy enterprises have fair and adapted access to the SME support programs. Even if the goal of the social economy enterprises is not individual enrichment, but community enrichment, they are still enterprises. Access to development capital would be important. In his last budget speech, Minister Flaherty referred to the

[English]

report of the Task Force on Social Finance,

[Translation]

which our organization signed.

• (1735)

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

Mr. Tétreault, you have five minutes.

Dr. Michel Tétreault (President and Chief Executive Officer, St. Boniface Hospital): Thank you very much, Madam Chair.

[English]

Thank you very much, Madam Chair.

I was going to start by saying thank you for the opportunity to talk about some daunting challenges, but when you said speak slowly and do it in five minutes, that just replaced the first challenge. However, I'd like to also talk about some exciting opportunities.

Health care is very rapidly creeping up to a \$200 billion industry in this country, and by all analysis, it's an unsustainable industry. That is not only in Canada but throughout the developed world, and totally regardless of who is paying for it. Whether it's private or public or mixed or mutuals, as in Europe, no one can afford to pay the price we are paying for health care now.

St. Boniface Hospital wishes to propose to contribute to trying to help in this phenomenon.

There are really two pieces to this equation. One is, obviously, when there's not enough money, you can either grow the income or reduce the expenses. We have some ideas on both of those.

On the first, in terms of growing income, we think we should be investing more in supporting research in Canada. St. Boniface Hospital was the first stand-alone basic research centre in a hospital in the country. We've had some successes, and some companies have

grown quite nicely, thank you. I think of Intelligent Hospital Systems with, the last time I looked, 80 employees in Manitoba. It just didn't exist a few years ago.

However, we still aren't capable of supporting our researchers with our advice and our expertise as much as they need. Everyone wants to support the home-run hitter that everyone knows is a home-run hitter, but people find it very difficult to find the wherewithal to support the guys and girls who are going to hit the singles and doubles for us until they produce that home run.

The other thing that St. Boniface is proposing is to allow our infrastructure to be used in off hours and on weekends by fledgling small and medium-sized enterprises. It might not surprise you to learn that Canada produces 4.1% of the scientific papers in the world, but only 1.7% of the patents that come to fruition. We believe that more products will create more companies, more companies will create more jobs, and more jobs will create more wealth.

That's the plus side of the equation.

[Translation]

I will now speak in French.

On the other side, we need to reduce our health care spending, which is unsustainable. We feel that this is doable. It may seem somewhat contradictory, but it can be done through quality.

A few years ago, at St. Boniface Hospital, we proposed that there be a single strategic priority—quality—and that the way to do it was through the Lean quality transformation approach. We often use the Lean transformation to improve the process and efficiency. But, John Toussaint, who is one of the world's Lean experts in healthcare, said that wasn't the case, that it involves a radical culture change in the approach toward treating patients.

I will say very quickly that we have four main strategic directions: satisfy patients, engage staff, decrease injury to patients, so harm them less, and manage resources.

In four years, the results show that our patients have never been more satisfied. We have hit peaks of client satisfaction twice in the year. Up to 87% of our patients have said that the care they received was very good, or excellent, and not just satisfactory. Our employees have also never been as engaged. In five years, we have had an increase in involvement of 34%.

Our mortality rate at the hospital has decreased by 30% in the past three years. Our goal was to have it drop by 10%. Our financial performance has improved in the past two years, and we have managed to reach our goal, which was 1% year over year. So, over two years, with 1% of our budget of about \$300 million, we managed to increase service delivery by \$3 million. Last year, it was \$6.2 million, and our objective for this year is \$9 million.

In short, I am asking you to stop and think. If we were to take the \$200 billion spent on healthcare in Canada and applied 1% improvement over five years, year over year, that would be a cumulative total of \$30 billion in improvement to financial performance.

●(1740)

If the St. Boniface Hospital managed to help Canadian society overall to reach 10% of that goal, and if the St. Boniface Hospital's contribution was 1% of \$3 billion, that would equal \$30 million. We recommend that a centre of expertise and learning in these techniques be established so that we can help other institutions in Canada progress in this direction, in order to have patients who are more satisfied and employees who are more engaged, and to gain better clinical results.

Thank you, Madam Chair.

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

We will now have questions, and we will start with Mr. Mai.

You have five minutes.

Mr. Hoang Mai: Thank you, Madam Chair.

Thank you all for being here today. We know that some of you had to travel further than just across the river, but it is always wonderful to hear from people as qualified as you. It's unfortunate that you only had five minutes each.

Mr. Schetagne, you mentioned that the government's corporate tax cut has meant that a lot of money, some \$500 billion, has not been reinvested into the economy by private companies. The Governor of the Bank of Canada and the Minister of Finance both acknowledged that.

We also suggest that investments be made in infrastructure or, as you mentioned, in public transit. The AMT representative mentioned that as well. I will let you talk about that. We know that the representatives of the Federation of Canadian Municipalities mentioned an amount of about \$123 billion, and that there had been an infrastructure deficit. Why did this amount not work? Why did the Minister of Finance and the Governor of the Bank of Canada say that reducing the tax rate has not worked in this respect?

Mr. Sylvain Schetagne: The main reason it has not worked is that it was based on a false understanding of the economic model. In fact, it works, but only for a certain group. Tax cuts benefit companies that pay them, while companies that needed help, in a strategic or non-strategic sector, did not get any help.

We think one of the main reasons this did not work was that it could not work. It favoured the interests of the managers of these companies. We see the companies whose profits have increased, we see the bonuses paid by these companies to the key owners/managers, we see the dividends increasing, but we do not see any jobs or investments being created, which these famous tax cuts were supposed to produce.

So we are now sitting on \$500 billion that is not being used to improve the Canadian economy, whether we are talking about productivity or training workers. It is wasted money. The money accumulated because the tax rates were reduced. That money needs to be put to work for the benefit of all Canadians. It needs to be recuperated, not retroactively, but proactively, by again increasing the tax rates for Canadian companies and allocating that money to strategic investments.

●(1745)

Mr. Hoang Mai: Mr. Bergeron, you mentioned a national public transit plan. My colleague, Olivia Chow, had put forward a plan but, unfortunately, it was rejected by the government or by members across the way.

Could you please tell me why it is important to invest in public transit and in infrastructures? What are the benefits for the economy?

Mr. Daniel Bergeron: Across Canada, public transit represents \$10 billion injected directly into the economy. That means 45,000 direct jobs and 24,000 indirect jobs associated with public transit. So it is quite significant for the workers.

For families that use public transport, savings are in the order of \$5 billion. That's one thing for the entire Canadian economy. However, even individually, it accounts for overall savings of \$5 billion.

I'm not even talking about greenhouse gas reductions or the environmental quality of our major cities.

It would be extremely beneficial for Canadian families in a number of ways.

Mr. Hoang Mai: Thank you.

[English]

Mr. Lindsay, I know that your industry is really moving towards renewable. You are advancing in terms of reducing greenhouse gases. Would putting a price on carbon help your industry in terms of investing in ways to reduce the greenhouse gas effect? Would it have a benefit in terms of all the investment you're already making and the fact that you can actually compensate for other industries that are bigger polluters?

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

Mr. David Lindsay: The Forest Products Association has not got an official position on a carbon tax per se. Different provinces, Alberta and others, have some carbon tax. What we've done, on the pulp and paper side in particular, is reduce our emissions by 67%. Then, with the most recent program the government brought forward for pulp and paper transformation, we added another 12%, so we're pushing an 80% reduction in our sector's emissions in the last five to seven years. We're making as much of a contribution to reducing greenhouse gases as we can.

Mr. Hoang Mai: As you know, we are also against a carbon tax; we're for cap and trade.

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

[Translation]

Thank you, Mr. Mai.

[English]

Ms. McLeod is next.

Mrs. Cathy McLeod: With the green transformation fund, the mill in the community I represent managed to decrease particulate emissions by 70%. These are huge, major changes. I think you've flagged something that the industry has accomplished through some of the existing programs. It has really managed to step up to the plate to take technological opportunities that will provide a much greener industry.

Mr. Lindsay, you have gone through 2008 watching the mills close in the communities that I represent. Can you talk to me about how a competitive corporate tax rate affected the decisions of the mills? Do I open a mill? Reopen? There are a lot of factors that play into it. What are the factors that played into decisions made by companies about their mills?

Mr. David Lindsay: There have been a lot of initiatives by both the provinces and the federal government to try to help the forest sector, including the green transformation program. The report by the Canadian Forest Service in September itemizes a number of those benefits. We've made changes to the pulp mills across the country to deal with particulate matter while generating new revenues by putting energy back into the grid. The pulp and paper and forestry sector is now, as a result of this program, putting enough electricity into the grid to light all of the houses in Calgary. That's another source of revenue through government investment.

The expansion in China has been a huge effort, and the folks at the Chinese embassy and the people who have been helping us with marketing our green forest sector around the world have been incredibly helpful. The tax regime and competitiveness climate are always part of any industry decision. We also need a transportation system that can get our products to market. I hope someone will ask me about the need for a transportation service agreement with the shippers and the rail industry.

• (1750)

Mrs. Cathy McLeod: I'm happy to ask you about that. We have the goal of trying to get back to a balanced budget by 2015-16, and so ideas that reduce the burden of regulation and support a thriving economy without being significant expenditures are certainly most welcome.

Mr. David Lindsay: The forest industry is part of a larger shippers' coalition, including the grain industry, the chemical industry, the auto industry, the mining industry, and others. We're not looking for additional regulations; we're looking for a dispute settlement mechanism. I can't speak for all the other industry partners in our coalition, but in the forest sector 80% of the mills we represent are in communities at the end of railway lines or in remote regions where there isn't another alternative. While people may debate the proper limits of regulation or whether they believe in competition and free enterprise, when there's only one supplier, what you have is a monopoly. If the trucks are not able to get through the roads, rail is the only way to do it, and if we want to be shipping to China, the railcars need to be there so that we can get to port and get over to our international markets.

It's a matter of timing, of having enough cars, and of making sure the cars are clean enough to put our product in so that they can go to

our international customers. We're asking for a mechanism in the act such that when there is a disagreement between the shipper and the rail company, that mechanism would provide a procedure for dispute settlement and an agreement on an acceptable level of service. If you're the monopolist, you can penalize shippers for not putting their product on your railcars, but if the railcars aren't ready for the product, the shipper can't penalize the monopolist. We need a balance in the agreement between the shippers and the rail companies.

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

Ms. Sgro, you have five minutes, please.

Hon. Judy Sgro: Thank you very much.

Thank you all very much for coming today and providing us with some very interesting information.

Mr. Duguay, on the issue of co-ops, we have a big shortage of affordable housing in Canada no matter what province you're in. There's a real need for affordable housing for seniors, for low-income people, and for lots of families. What's the plan?

I congratulate you and the whole organization on achieving a milestone. The concern is, where is it going in the future? What do you see in the next 10 years when it comes to the co-op industry?

[Translation]

Mr. Patrick Duguay: In fact, we are expecting some growth in the coming years, be it in the number of co-operatives, their financial effectiveness or the service to individuals. You were talking about housing, which is a major issue in cities, especially when it comes to finding housing adapted to the changing needs of an aging population. This will be a problem in both rural and urban areas, but the conditions are extremely different.

The co-operative sector today should not be considered an island unto itself. Interaction is constant between the co-operatives, all social economy enterprises, the private sector and the government. In my opinion, the major change coming has to do with the hybridization or collaboration among these various models with a view to always being focused on people's needs. We are seeing today that it is possible to obtain private funds to invest in collective projects, especially in housing, by agreeing on a common goal.

• (1755)

[English]

Hon. Judy Sgro: Have you had any indication from the current government that they are interested in partnering with the private sector, and so on, in order to achieve some of that desired goal?

[Translation]

Mr. Patrick Duguay: I must say that we have not seen many encouraging signs from the government in that respect. In the past year, we have seen the few paltry programs that existed disappear, in particular the Co-operative Development Initiative, a program that was used very little in Quebec, but a lot in the other provinces. Half the Canadian co-operatives are in Quebec, but Quebec doesn't have the relative demographic weight. This program helped a lot of provinces that wanted to develop their social economy sector. So they have been deprived of this tool.

Also, there have been significant tax setbacks. Over the years, requests have been made to support provincial governments wishing to implement a regime favourable to investing in individuals in their co-operatives. But that initiative was complicated by unfavourable tax rules.

[English]

Hon. Judy Sgro: Mr. Bergeron, the issue of infrastructure is critically important in Canada in all of our major cities. The amount of time that is lost from getting from point A to point B very much requires further investment in the whole infrastructure fund, transit being a critical component of it.

Now, your suggestion was that the infrastructure fund have \$1 million a year put into it. There's a huge shortfall already. Can you comment further on that?

Mr. Daniel Bergeron: Actually, all through Canada it costs us, with our large cities in Toronto, Calgary, Vancouver, and Montreal, more than \$3.7 billion per year in losses in our economy from congestion. Congestion is a major problem.

We can enlarge our roads, but there's a limit to that. We can go to Los Angeles or a place like that to see why. Otherwise, we can invest in public transportation.

The federal government, over the last seven years, has already invested about \$1 billion per year in public transportation through actual programs. These programs are very good. They focus on municipal infrastructure, and from that we already have \$1 billion per year.

What we recommend for the next 10 years is to maintain those programs that are already very interesting, but also to add a dedicated fund that will add \$1 billion per year for the next seven to 10 years for, again, public transportation. It will support the economy everywhere in Canada. This is very specific to public transportation. We have it through all our main cities in Canada. It created almost 80,000 jobs throughout Canada, and we want to sustain that and also sustain people going to work. An example, two out of three people going to work downtown in Montreal are going by transit already, so it's very important for the other workers also.

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

Mr. Van Kesteren, you have five minutes.

Mr. Dave Van Kesteren: Thank you, chair.

Thank you all for coming.

Mr. Lindsay, what do you think? Do you think we should be investing money in fast trains or freight trains?

Mr. David Lindsay: The infrastructure challenges across the country are not to be minimized or trivialized, but no matter how many trains you have, if they don't show up at your loading dock, you can't get your product on them.

● (1800)

Mr. Dave Van Kesteren: I would agree that the difference is that the rail companies invest because there's money to be made.

I beg to differ with Mr. Bergeron. I live in Chatham in southwestern Ontario; I watch the trains go by and I see four trains and I see four people on them. I don't minimize the fact that there are maybe people in other centres wanting trains, but in Mr. Lindsay's case they're building these trains because there's industry there. It's an interesting discussion. I think we should have it another time.

One of the things that I learned—and I think we all learned in industry a number of years ago, Mr. Lindsay, when we studied the forestry industry and there were some severe challenges at the time—is that we've turned a corner, it seems. Would you agree that free trade agreements have been a large part of that?

As well, we've seen a significant downturn in the American economy, but that at least has been resolved too. Has that helped your industry? Is that one of the areas that has possibly made a difference?

Mr. David Lindsay: Not to go over sad news, but there were a series of severe hits on the forestry sector, broadly defined, in the last number of years, beginning with the change in the way people read their newspapers or read their newspapers online. The newsprint sector was hit.

U.S. housing starts started to go down even before the Lehman Brothers and the financial crisis hit. When we had a 68¢ Canadian dollar, our product was much easier to sell into the United States.

When all of those things started to hit, our individual companies realized they had to start looking for new markets. It was with the support of officials in many of our embassies and across the globe, not just free trade agreements, though free trade is something that we certainly would support. It was the infrastructure of our trade officials and trade missions in making sure that we were marketing our forest products.

The unique selling advantage we have is that in our forest sector we have the largest amount of third-party certified forest in the world. None of our members would support illegal logging. I could go down a list of the unique selling features of Canadian products. We'd like to work with all of our partners to help promote that around the world.

Mr. Dave Van Kesteren: All in all it's a success story, I think we can agree.

I posed this question when I was in industry and I'm wondering if there has been a change there. The Swedes seem to recognize that everybody has forests, but not everybody has equipment. Are they still the leading country for manufacturing of forest products, or are we starting to make some inroads now?

Mr. David Lindsay: Concerning the products in the mills, the Scandinavian countries have a very good supply chain and many of our mills would purchase from them.

We are making aggressive investments and FPInnovations is working very cooperatively with the academic community, the research community, and industry to come up with new products. Nanocrystalline technology is something I mentioned in my presentation. That's a product coming out of the forests that can be used for that high-sheen gloss you see on flat-screen TVs. Imagine when you're sitting at home watching your TV, knowing that it has a forest product in it.

Mr. Dave Van Kesteren: I congratulate you and I think it's worth noting that this is something that the forest industry did on its own. They saw markets, they saw the challenge, and they reached out.

Prior to that, would you agree that there were too many companies that were unhealthy and that one of the reasons they were unhealthy was that there was propping up? Once that was lost—it seems a little crass—those that were the best managed to surge forward, and what we have today is a very strong and healthy forest industry with some good companies that are able to compete in the world.

The Vice-Chair (Ms. Peggy Nash): Mr. Lindsay, we're out of time. Please give a very brief response.

Mr. David Lindsay: I appreciate that we are out of time.

The Vice-Chair (Ms. Peggy Nash): Okay, thank you very much. [Translation]

Mr. Côté, you have five minutes.

• (1805)

Mr. Raymond Côté: Thank you, Madam Chair.

Mr. Péloquin, I am going to give you the opportunity to answer an intelligent question, based on facts. I found a letter from Anthony Pollard, the president of the Hotel Association of Canada, with whom I have had numerous exchanges. The letter was addressed to the association's members and was entitled "Canada's tourism industry is in crisis; plain and simple". After describing the cuts imposed on the Canadian Tourism Commission in recent years, he says:

[English]

"Due to lack of funding, the CTC has been forced to exit many markets including Italy, the Netherlands, Spain, Switzerland and major cuts in Japan and the United States. Quite simply, Canada is not keeping up globally."

[Translation]

Mr. Pollard made comparisons internationally with respect to support for tourism. Canada has no reason to be proud. A simple state like Hawaii spends \$73 million to promote its tourism around the world, while Canada spends \$72 million. California, which has significant economic problems, dedicates \$51 million.

Do you want to comment on that?

Mr. Claude Péloquin: Thank you.

Indeed, the Canadian Tourism Commission's decreased budget has been criticized in the hotel industry across Canada. This has led to difficult choices concerning adjoining markets. We have abandoned the American market, which provides the greatest number of tourists to Canada. As you mentioned, in the past four or five years, we have had to abandon initiatives in several countries.

Doing business in tourism requires an enormous amount of work. We are talking here about several years. Pulling out of a country where we are doing marketing shows us—and it is clear when it comes to costs—that our performance, tourism-wise, is lower. Yet, Canada is one of the countries that people are interested in visiting because they see it as a safe and beautiful country. But we are not capitalizing on that opportunity.

Needless to say, increasing the Canadian Tourism Commission's budget is very important.

Mr. Raymond Côté: During my time as the critic for small business and tourism, I learned that Canada had a great image worldwide. That means we are killing the goose that lays the golden eggs. Mr. Pollard has encouraged his members to write to all the House of Commons MPs to raise their awareness regarding this situation.

Are you considering doing that or have you heard that other associations are considering it?

Mr. Claude Péloquin: That has been an ongoing action because we have already been told there would be budget cuts over the next two years. In fact, the government intends to cut the CTC's budget to \$58 million. That amount was \$99 million in 2001. So the whole tourism industry is mobilizing to convince you to increase funding. We would like it to be somewhere between \$120 million and \$130 million a year.

Mr. Raymond Côté: We have heard you.

Mr. Duguay, in my riding of Beauport—Limoilou, we had the case of White Birch Paper Stadacona Division. A group of former managers tried to save that large paper manufacturer by setting out a plan to turn it into a co-operative.

I contacted BDC in an attempt to help them, but I was surprised to learn that the bank did not support co-operatives, as that was not part of its tradition and was too complicated to deal with. However, had the managers been willing to take over the factory as a corporation, BDC would have supported them.

Clearly, money is a key consideration. I assume that this type of shortcoming does not surprise you. Do you have any examples to give us or would you like to comment on the funding issue?

•(1810)

Mr. Patrick Duguay: The biggest prejudice collective entrepreneurship faces is ignorance. Unfortunately, ignorance among financial institutions can also be found in private banks and across our society.

Initiatives like this one are covered under supportive public policies in certain countries. France is currently adopting an amendment to its legislation on co-operatives as part of a major project on social economy, specifically to facilitate the transfer in the absence of a successor, or even in cases where there is a potential buyer outside the country, so that companies would first be offered to their workers.

So we are talking about an advanced piece of legislation.

[English]

The Vice-Chair (Ms. Peggy Nash): Mr. Hoback, you have five minutes.

Mr. Randy Hoback: Thank you, Chair.

Thank you, gentlemen, for being here this afternoon. I appreciate you staying late here with us as we do the pre-budget work. I'd like to talk to all of you, but unfortunately we only have five minutes, and she's very close on the watch.

Voices: Oh, oh!

Mr. Randy Hoback: I think I'll go with you, Mr. Lindsay, because I come from Prince Albert and the forestry sector is huge in Prince Albert. It's going to be huge again.

In 2005 we had an NDP government and we had a pulp mill shutdown. Because of the pulp mill shutdown, the sawmill in Big River shut down and the mill in Carrot River shut down.

You can look at Saskatchewan—it'd be a really interesting case study that I'm sure some economists will do—and at what happens when you have bad policy and then you put a government in place that brings in good policy. You can see what happens. In 2005 we were looking for jobs. We're lucky Brian's area in Fort McMurray was hiring people, because the guys who worked in the mill went to Fort McMurray. They stayed in Prince Albert and worked back and forth.

As we now go forward into 2012, it's a really interesting scenario: we have the mill reopening. In fact, it has already started up and they're running it as cogeneration. They're producing green power, which is something we all like to hear, but we have a huge problem. The huge problem now is that I need 300 workers to run the plant and I need 400 construction workers to get it back going. I have an investor who has money, who wants to do it, and who has bought it. It's Prince Albert Pulp and Paper Excellence, and they've worked with the first nations to start getting the people out in the field to cut the trees and do all that work.

The labour shortage is a huge issue in Saskatchewan. Of course, it shows what can happen when you have good policies such as you have with the Saskatchewan Party and a good, strong federal government, and also what can happen when you have the bad policies that we had with the previous NDP government in 2005. The impact it has had on their regions has been phenomenal. In fact,

the Carrot River mill is starting up. It looks like the Big River mill will be starting up pretty quickly. We've seen reinvestment in the forestry sector.

Mr. Lindsay, you really touched a nerve when you talked about the exciting new products you're making with forestry fibre. Maybe I'll just ask you about the severity of the skilled labour shortage and how it's affecting your sector.

Mr. David Lindsay: Thank you very much, Mr. Hoback. That's an excellent question.

I think it's a challenge for all of Canada and all industries with the aging demographics of baby boomers, but particularly in the forestry sector. Because we did face those down periods due to layoffs, our workforce is somewhat older than the average. They will be coming up for retirement. We have a rough estimate of some 40,000 workers who need to be replaced due to retirements, and then an additional 20,000-plus for our new products and our new markets. That's where we come up with the number of 60,000 over the next decade.

That won't come from one source. It has to come from all sources. There are many people who live in these communities close to the mills who traditionally haven't thought of themselves as forestry workers: women, new Canadians, our aboriginal population, our first nations. We are creating programs with all of our employers and with the Forest Products Association to promote forestry as a quality-of-life, good, green job to have.

We will do our part to promote forestry in particular. We need the help of all of our partners—the provincial governments, the federal government, and others—to make sure we have that skilled workforce coming in, whether it's through immigration policy or through making sure there's enriched training and support programs for first nations and transferability of skills across jurisdictions. It's not just skilled labour but unskilled labour, so it's both a volume and a quality challenge. It's not going to be solved with one tool. We're going to need a whole basket of tools. We're working with our partners to develop those right now.

With regard to first nations communities, we just gave an award to a wonderful young woman who is of Métis background. She's developing new and wonderful technologies for the forestry sector. She is a skilled worker from the Métis community. You celebrate successes and try to bring more people into the industry.

•(1815)

Mr. Randy Hoback: That's what's exciting. In Prince Albert we still have these guys working in Fort McMurray flying back and forth. We need 300 new people, so it's 300 new families moving into the Prince Albert region, and that's not talking about the truckers, the loggers, and all the other small communities. Our vacancy rate, they're telling me now, is less than 1% or 2% as far finding places to live is concerned. All of a sudden there are opportunities for carpenters, but try to find a plumber and an electrician.

These are great problems, because in 2005, when we had an NDP government, the issues that were coming to me were regarding who's going to pay the infrastructure bills in these towns, because nobody was living there. Now the issue is how to get more money for infrastructure when we don't have people to build it. It's actually an interesting problem.

You talked about the rail services. I know in the agriculture sector we have huge issues in rail service. I know what it's like to be a farmer and have six or seven semis on the road on a Sunday night, showing up at an elevator, and all of a sudden I get a phone call Monday morning saying that the train didn't show up, so what do I do with these six semis that don't belong to me? I have to get them unloaded somewhere, and the elevator is full.

Where are you at in dealing with railways as far as the service level agreement is concerned? I understand they said that they made negotiations in some agriculture sectors with some of the companies that are doing that. Have they been able to do that with you guys?

The Vice-Chair (Ms. Peggy Nash): We may be out of time, so give a very brief response, please.

Mr. David Lindsay: The time I didn't use on the last one I may use on this one.

The rail companies have reached out to some of our members, but the Forest Products Association, through my colleague, Catherine Cobden, tried on a number of occasions to come up with an agreement that would be acceptable to all parties, and that was rejected.

Our concern is that we have gone up to the altar a number of times, and then it falls away, so if we have a service level agreement understood in the legislation, then that will create a business tension for the two parties to come together to work it out.

We're not asking government to impose service level agreements; we're asking for a safety valve whereby, should business-to-business discussions not be successful, there is a mechanism to resolve that in the rail and shipper relationship. We're not asking for rules to be imposed; we're asking for a framework if we cannot come to an agreement. If the rail industry is telling us that those are easy to do, then they shouldn't mind having this legislative enhancement.

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

[*Translation*]

Mr. Giguère, you have five minutes.

Mr. Alain Giguère: I want to thank the witnesses for joining us.

We know that our colleagues from across the table spend more time making up stories about us than looking into the repercussions of their own economic policies. If you are behind a \$15-billion annual increase in the price of fuel, you should have the decency to refrain from laughing. Canadians who fill up pay that \$15-billion amount every day.

We could also criticize this government for limiting itself to a single economic sector—that of natural resources. In terms of figures, in my riding of Marc-Aurèle-Fortin, we lost another 200 jobs recently. Those are 200 workers who need wages, who were ready to work and wanted to work in the manufacturing sector, at the Paccar

truck factory. They are joining the ranks of 500,000 Canadians who have lost their job in the manufacturing sector, and that explains the additional 300,000 unemployed people compared with 2008. That is incredible and unspeakable.

Mr. Schetagne, what are the economic consequences of a policy based on a single economic sector?

Mr. Sylvain Schetagne: You have showed those consequences. Such a policy has repercussions on workers' lives, jobs and revenues. Currently, a number of things are coming to light.

We can say that the current government's economic development policy, in terms of sectors, is to have no economic policy. The hands-off approach is used at any cost, under the pretext that the market will take of everything and, if people happen to die, it's their own fault. A magic formula or a miracle is hoped for. We are even hearing the government representatives say that private companies should invest and that everything is there for them. They could invest, but they are not investing. It is up to the companies to invest, but we do not understand. That is the result of the hands-off approach, and we see that proceeding in this way has very poor results.

A nice opportunity is being missed, in a number of respects. We have the opportunity to use our state's borrowing capacity to invest in us, increase our productivity, create more jobs and invest in training for workers.

An opportunity is being missed to be much more strategic in the way the country's natural resources are being used. Those resources should be not only mined here, but also transformed here, to create jobs and expertise here.

An opportunity is being missed to create more training opportunities for Canadians, so that, instead of importing labour force, we can use the 1.4 million Canadians who cannot find jobs. This is especially the case with young people, whose unemployment rate is between 15% and 20%. Some nice opportunities are being missed.

• (1820)

Mr. Alain Giguère: I have one last question for Mr. Duguay regarding co-operatives.

An issue has come to light. Many SMEs have no successor lined up. The owners are unable to find, within their family, anyone to take over their company, and that is paralyzing investment. What kind of opportunities are there for creating jobs and improving that sector through co-operatives?

Mr. Patrick Duguay: The issue lies not only in creating jobs, but also, most importantly, in maintaining the existing jobs. It is easier to maintain existing jobs than to create new ones. In Quebec, 22,000 companies will change hands over the next 10 years. That issue is important for SMEs because they create a lot of jobs.

One of the things Quebec has traditionally asked the federal government for is a joint tax program—such as the Régime d'investissement coopératif, Quebec's co-operative investment plan—to encourage workers to invest in the companies that employ them. That would help inject new funds to meet the challenges and keep those companies healthy. That is one of the tools we should have at our disposal.

The Vice-Chair (Ms. Peggy Nash): You have 30 seconds left.

Mr. Alain Giguère: My question is for Dr. Tétreault.

Thank you for your presentation.

Many stakeholders have said that one of the main causes behind the rising health care costs was poverty, as it led to medical costs.

Could you tell us a bit about that?

Dr. Michel Tétreault: On the one hand, that is absolutely true.

On the other hand, I think that the current health care system is not compatible with peoples' needs. In fact, the people with the most needs are those who are the least well-off. The health care system should be adjusted based on those people's needs.

The Vice-Chair (Ms. Peggy Nash): Thank you, Mr. Giguère.
[English]

Ms. Smith, you have five minutes, please.

Mrs. Joy Smith: Thank you, Madam Chair.

I was puzzled when I listened to some things that were being said on the committee. I am going to direct my comments to Mr. Schetagne, first of all.

In your presentation you stated that the government had a false understanding of the economy. We all know, and it's public knowledge, that 770,000 net new jobs have been created. We have a AAA credit rating. We have been known, for five years in a row, as the most solid banking system in the world, so we're doing something right.

When I listened to you a little later, you advocated a 30-hour workday. You said that we need to do a child care program, which is basically provincial jurisdiction and not federal jurisdiction. Then you said we should open up free trade. Well, we have opened up more free trade agreements than any government in the history of Canada and we're working now with more. All of these things have been met.

As I listen to you, I am trying to understand a little bit. You talked about taxing people and things like that. How do you square a \$21 billion carbon tax being laid on the people? How do you think that would help these people you are talking about, the workers? How would that affect them? That's what members opposite are advocating. I am just curious to hear what you have to say about that.

Mr. Sylvain Schetagne: There are some confusions in terms. First I want to say that we're not recommending a 30-hour workday. As for the answer about the false understanding of the economy, it's a false understanding that giving across-the-board corporate tax cuts would magically create jobs. Our message here around the corporate tax cuts is that we could be a lot more targeted.

The second thing, as I said earlier, is that I think there are missed opportunities for doing better. This is the main point of our presentation. We haven't called it that.

As for the use of the \$500 billion in dead money, if I recall, \$500 billion is about the size of our national debt. This is how much money it is. There's a lack of opportunity for that money in not putting it to work. What we're saying is we can put that money to

work to make a better Canada now. As we said, we should invest in multi-year, major public infrastructure that would increase our infrastructure and also increase our productivity.

There are also other things that we think should be tapped. For instance, we do not have a good sectoral development strategy; what we have is basically a magic miracle hand.

• (1825)

Mrs. Joy Smith: I did mean, as you know, a 30-hour workweek, not a workday. You know that.

Having said that, I want to give my time to Mr. Jean. He wants to ask a question. I have more questions for you, but I'm going to give it over to Mr. Jean.

Mr. Brian Jean: I'm just curious, Mr. Schetagne, in relation to the \$123-billion infrastructure deficit that we had in 2006, when we came into government. That was identified by the Federation of Canadian Municipalities. Are you familiar with that, sir?

Mr. Sylvain Schetagne: I am familiar with the existence of underinvestment in municipal infrastructure—

Mr. Brian Jean: No, I'm asking you about the FCM, the Federation of Canadian Municipalities. They specifically said there was a \$123 billion deficit in 2006. Are you familiar with that? They did say that, anyway.

Mr. Sylvain Schetagne: Yes.

Mr. Brian Jean: Are you familiar that the federal government brought in the economic action plan in 2006, 2008, and stimulus funding in the range of \$45 billion?

Mr. Sylvain Schetagne: I would like to say I am familiar with this, although I would like to say that I would like to hear your entire rationale, because you could be saying, for instance, that the dictionary is big and I am big so I'm a dictionary. I would like to hear your entire rationale before answering the questions.

Thank you.

Mr. Brian Jean: Thank you. I appreciate your interruption.

You also know, of course, that in that economic action plan the federal government put certain requirements in place, including municipal investment. It was in the economic action plan that the federal government put forward, with provinces matching those funds as well. In essence, the \$45 billion, including the stimulus and economic action plan funding, is going to be somewhere around \$135 billion. At least, that was the idea.

Do you know, sir, that in relation to this economic action plan, we've had tremendous amounts of investments in highways across the country? VIA has received almost \$1 billion. We've had a huge amount of green infrastructure invested, etc. Were you aware that in relation to all of this money, every single member of the New Democratic Party voted against that stimulus funding and all that economic action plan? Were you aware that they actually stood in the House of Commons and said "no" to all of that economic action plan, into which you're suggesting we put forward more? Did you know that?

The Vice-Chair (Ms. Peggy Nash): Thank you, Mr. Jean. You're out of time, so please give a very brief answer, Mr. Schetagne.

Mr. Sylvain Schetagne: I believe I'm out of time.

The Vice-Chair (Ms. Peggy Nash): I'm offering you a brief answer if you'd like to answer.

Okay.

With the committee's indulgence, we started just a few minutes late. I'd like to offer Ms. Glover her full time if there's agreement to do that. We did start a few minutes late because there was a procedural question. If the witnesses are fine for one more round of questions, Ms. Glover, you will have five minutes.

Mrs. Shelly Glover: I want to thank all the witnesses for being here.

[Translation]

We are talking about tourism, and I fully agree that this activity has amazing effects on the economy. That's very important. The government recognizes that, and Minister Bernier is working on it.

My question is for Dr. Tétreault, from St. Boniface Hospital.

[English]

Your submission was absolutely incredible, Dr. Tétreault. You have addressed a number of things that we have been repeating over and over again, things like demographics. In the words of your submission, there's a remarkable increase in life expectancy for those over 65 and particularly for those over 85, and fostering a research environment at what you are calling a centre for health care innovation in Canada to assist an elderly population to remain healthy and active in the workplace is of great interest to me and to Canada.

I find it very interesting that your submission focuses on what we've been saying, which is to create some jobs to take care of those vulnerable people in our society and to make sure that we use every dollar efficiently. The 70% of the time that is unfortunately wasted by our nurses, as indicated in your proposal, searching for tools or implements or equipment that they need restricts them from patient care.

I encourage everyone to read the deck that you provided.

The job creation elements in your proposal are fantastic. By partnering business in innovation and in commercialization with the health care industry, there is money to be made and there are jobs to be created, so I appreciate everything you've put forward in your submission.

I want to give you an opportunity to address the letters of support that you distributed. I want to thank you for that.

As an MP in your riding, I get calls about the things you've been doing to educate other hospitals and other industries. I get calls about what you've been doing. You've been asked across the country and in other parts of the world to come and teach this lean program that you are advocating to reduce inefficiencies, etc. You've been approached by people who are interested in this idea of a centre for excellence. You've submitted a couple of letters of support.

I want you to tell us what these are. Give us a snapshot of what you've done for these two agencies that leads us to believe that what

you're saying is going to help our economy and our health care industry to progress.

● (1830)

Dr. Michel Tétreault: Thank you, and thank you for the kind words.

John Toussaint is one of the world leaders in the lean movement. He's the CEO of the ThedaCare Center for Healthcare Value, and as such has dealt with 60 organizations. We collaborate already quite closely with them in terms of how we can exchange our experiences, our expertise, and our knowledge among hospitals. We are developing programs as we speak as to how to more effectively and efficiently do that.

Interestingly, we had the first Canadian lean summer school in June in Winnipeg. We called it "summer school" because it was in June. This one happened to be francophone, so we had every one of Quebec's teaching institutions, *le CHU de Genève*, and *le CHU Mont-Godinne* in *Belgique* come to see us.

Some of the people who came were the people in charge of quality improvement at the Jewish General Hospital. When they went home, Dr. Stern, who wrote one of the letters, called me and said, "Jesus, these guys say you're so far ahead of us, I have to come and see you."

We have a fair number of people who come to see us. In a few weeks the University Health Network in Toronto is sending 16 people to come to see what we're about. We think that if we make it more formal and more official and develop the curriculum a bit more, we can have a positive influence.

Mrs. Shelly Glover: I agree. I know that you fly all over the place, while you're also the very important president and CEO of a hospital. I can see why you're here today.

Novadaq also submitted a letter of support. I'm going to read from it. Their letter says:

Indeed, Novadaq's platform technology had its origin in Winnipeg and the St. Boniface Hospital Research Center was instrumental during various phases of the technology innovation and development. This gives support to this idea of a centre in your location.

I want to give you an opportunity to talk about cost, because we haven't addressed that issue. I see in the deck that it's a fairly minimal cost and that for any cost that is provided, you expect a return on business innovation and you expect a return on job creation. I want you to comment on that a little bit.

The Vice-Chair (Ms. Peggy Nash): Be very brief, Mr. Tétreault. We're out of time.

Dr. Michel Tétreault: Briefly, there are two pieces.

On the research part, the return doesn't come to the hospital but to society, because the jobs are created outside of us by the people we help along.

On the health care side, our own return on investment is so far about six to one: for every dollar the hospital has put in, we've gotten six back. If we multiply that by the number of hospitals in the country... I'll let you do the math.

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

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

Thank you, Ms. Glover.

Thank you, everyone.

[*Translation*]

I want to thank the witnesses.

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>