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Chair

Mr. James Rajotte

Standing Committee on Finance

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● (1530)

[*English*]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call this meeting to order. This is meeting number 53 of the Standing Committee on Finance. Our orders of the day are pursuant to Standing Order 83.1, continuing with pre-budget consultations 2014.

Colleagues, we again have two panels before us in this session.

In our first panel we have five individuals. One, I think, is en route.

We have, first of all, from the Canadian Association of Petroleum Producers, the vice-president, Janet Annesley. Welcome to the committee.

From the Canadian Gas Association we have the president and CEO, Mr. Timothy Egan. Welcome.

From the Canadian Intern Association we have the president, Claire Seaborn. Welcome back.

[*Translation*]

We have Éric Pineault from the Institut de recherche et d'informations socio-économiques.

[*English*]

Next, we have the Toronto Region Board of Trade and Mr. Patrick Gill. Welcome to the committee.

Thank you all for being with us here this afternoon. You have five minutes, maximum, for your opening statements, and then we'll have questions from members.

We'll begin with Ms. Annesley, please.

Ms. Janet Annesley (Vice-President, Ottawa and Eastern/Atlantic Canada, Canadian Association of Petroleum Producers): Thank you very much.

Good afternoon, Mr. Chair, and committee members. Thank you for the invitation to be here today.

As you know, CAPP represents companies, large and small, that explore for, develop, and produce crude oil and natural gas in Canada. Together CAPP's members and associates are part of an industry of about $120 billion a year in revenues.

Canada's oil and gas industry currently employs about 550,000 people nationally, and this number is expected to grow as production also continues to grow. Canada's energy sector is in an expansionary phase, and Canadian oil and gas developments are expected to create sustained demand for skilled labour over the next decade. In the oil sands alone, hiring requirements for construction, maintenance, and operations are expected to total 98,000 jobs over the next 10 years. Also, efforts to expand through the development of B.C.'s LNG industry are expected to put additional pressure on the labour market.

While the prospect of higher industry employment has the potential to create strong economic prosperity, access to skilled labour is becoming an increasingly important economic competitiveness issue. Ensuring companies have the right people with the right skills in the right place and at the right time is crucial to delivering oil and gas projects on time and on budget.

Barriers to interprovincial labour mobility and recent changes to the TFW program have hindered our members' ability to deliver resource projects on time and on budget. Higher costs and higher risk translate into reduced competitiveness and make our country less attractive for capital.

Given the high impact of skilled labour shortages on the oil and gas sector, my remarks today will focus on skills training via the federal labour market development agreements and, where skilled Canadians are not available, necessary reforms so industry can continue to access labour via the TFW program.

First, oil and gas companies want to employee Canadians, but Canadians with the right skills are not always available to our industry. At some $2 billion annually, the LMDAs are the single largest labour market transfer program to provinces and territories. Given the government's renewed focus on Canadians first, it is critically important that the LMDAs be as targeted and as effective as possible at connecting unemployed Canadians to the jobs and skills training needed to meet the labour market demands of the future. Skill development and work experience programs are the most effective for improving employment and income levels. The LMDA program, itself, has indicated that “skills development is the most effective intervention in increasing the earnings“ of active EI claimants. Skills programs improve productivity and lower EI, as well. Other LMDA programs, such as the targeted wage subsidy, self-employment program, or job creation partnerships, do not experience as consistent overall benefits.

We recommend that the government reform the LMDA program to prioritize skills development and work experience programs similar to that of the provincial labour market agreement approach and in a manner that is strongly connected to occupations in demand.

We believe in hiring Canadians first, of course, and attracting and recruiting within Canada. Oil and gas is a major reason why Alberta, with three million people, leads the country in apprentices. Despite this focus, however, we know we must move beyond our borders to get the skill sets that are not available for the jobs we have. As such, we rely on the TFW program. The hospitality and service sectors where we operate also depend on this program.

We are supportive of the many changes the government has made to the program, including stronger enforcement and compliance, and the 10-day turnaround for high-skilled, high-paid, and short duration applications. However, since the changes have been announced, the oil and gas producers have experienced significant challenges in accessing the program. A lack of access to skilled construction trades is a critical risk to major project economics. In fact, Statoil postponed its plans for a major oil sands project, citing these types of labour costs as the key reason.

All companies are watching their costs and comparing our project economics to those of other jurisdictions, such as the U.S., especially in an environment of volatile prices and given higher costs and the projected infrastructure constraints to get oil and gas to markets.

In the past, construction companies were covered under an Alberta annex for the TFW program as part of the Alberta occupation-specific pilot program. This enabled timely access to construction trades.

● (1535)

The Chair: You have one minute.

Ms. Janet Annesley: Thank you.

To ensure companies have the labour they need, we recommend the federal government reintroduce a program effecting the same outcomes as the Alberta occupation-specific pilot program, with the option to apply it to other programs as needed.

In closing, Canada's resource opportunity and the energy, security, employment, and prosperity it brings can only be realized if we have the skills to develop it. We do believe in hiring Canadians first, in training, attracting, and recruiting within Canada. As such, we recommend the government targets the LMDAs, your largest and most effective program, to skills training and work experience programs aligned with the needs of the economy. However, we must also look beyond our borders when Canadians are not available.

Reform to the TFW program is needed. We recommend the federal government reintroduce a program effecting the same outcomes as the Alberta occupation-specific pilot program in concert with your other changes.

Well-paid, skilled, safe jobs are a major benefit of a vital oil and natural gas industry, and a thriving skilled workforce can be the backbone of competitiveness for Canada's economy.

Thank you.

The Chair: Thank you for your presentation.

We'll now hear from Mr. Egan, please.

Mr. Timothy Egan (President and Chief Executive Officer, Canadian Gas Association): Thank you, Mr. Chair.

Thank you to the committee for the opportunity to speak today. I've a short statement on two of the specific items contained in our submission provided to the committee in July particularly of relevance to the topic that's been put to this panel—maximizing the number and types of jobs for Canadians.

CGA is the voice of Canada's natural gas delivery industry. The map on page 2 in the package distributed to you illustrates natural gas distribution and transmission companies that deliver energy solutions to more than 6.5 million Canadian customers.

Today, over half the Canadian population relies on the natural gas delivered to their homes, apartments, buildings, hospitals, schools, and businesses, using almost 500,000 kilometres of underground delivery infrastructure and storage facilities. Since 2005, the distribution sector has invested over $25 billion in this extensive national network, to ensure the safe, secure, and reliable operation and maintenance of our system.

As all of you know, we use energy in three principal ways: for heating, for power generation, and for transportation. Natural gas is used for all three, although to date its greatest use has been as a heat source. We often talk about how natural gas is an ideal energy choice for any of these applications because it is affordable, clean, safe, and reliable. But today, given the topic of this panel, I want to focus on the affordability attribute, and how this affordability has meant significant savings for consumers and growth for economies as investors have been attracted to our markets' low energy input costs.

I'll also highlight the opportunity for the natural gas distribution industry, working in partnership with all levels of government, the private sector, and homeowners, to continue to help drive economic growth, investment, and job creation.

If I could draw your attention to the chart on page 3, this graph illustrates how natural gas reduces energy costs for homes, businesses, and institutions. As you can see, in 2003 the average Canadian household spent between $1,300 and $4,300 for space and water heating. Natural gas is by far the most affordable choice.

At the end of the day, we know that for all energy users any reduction in energy costs, while enjoying the same level of comfort or maintaining the same or improved level of service or production output, is a significant benefit. It means money in the pockets of consumers, for families in their homes, or for businesses to become more competitive and to expand and grow.

Because of the abundant supply and ongoing affordability of natural gas, coupled with the rising cost of many other energy options, Canadian utilities are building out their delivery systems to reach more Canadian communities, industry, and the transportation sector. However, there can be challenges in connecting some communities and industrial customers.

As you may know, natural gas utility investment activities are regulated, and they must apply to their provincial regulators for approval of the investment costs associated with connecting a community. In most cases these costs are approved because the benefits to the community justify the cost, and utilities proceed with the investment. But when the communities are smaller and farther afield, the total benefit may not outweigh the cost to connect the customers, and regulatory rules restrict the amount of cross-subsidy that can flow between consumer groups and regions. This can rule out a community connection project, despite the significant savings per year for homeowners and industry in these regions.

Let me give the committee some examples of recent partnerships that made up that shortfall through cooperatively funded distribution system extension projects, and give you a sense of the economic benefits seen in each case. The map on page 4 illustrates some of these examples.

A $40-million project to build a 43-kilometre pipeline into Red Lake, Ontario was funded cooperatively by the federal and Ontario governments, by Goldcorp, the municipality of Red Lake, and Union Gas. The federal government's contribution of $2.7 million was made through FedNor to help support the engineering, design, and construction costs related to establishing the natural gas link to service businesses and residences in the community. Completed in 2012, natural gas became not only an affordable energy source for area mines owned by Goldcorp, but the project brought a lower-cost energy choice to homeowners and local businesses, and served as a catalyst for regional economic development, enhancing business competitiveness and attracting private sector investment to the region.

● (1540)

The Chair: You have one minute.

Mr. Timothy Egan: Red Lake mayor Phil Vinet said in 2012, “Thanks to FedNor's support, this project is a win-win situation. We're seeing cost savings for local businesses, new jobs being created, plus new opportunities for businesses throughout the region.”

The mayor also noted that natural gas could reduce the cost of living for residents and help reduce energy costs for about 180 businesses. At the time of completion, the expansion project had created over 100 jobs.

The map shows you other examples: in Quebec, in Thetford Mines; in British Columbia, from Squamish to Whistler, B.C.; and another one in the Northwest Territories, where we're trucking gas over 3,600 kilometres.

The role of the federal government, we believe, is to facilitate these projects, and we have specific asks in terms of reallocating the existing program or infrastructure money for northern communities and for local communities, and supporting an accelerated capital cost allowance for LNG facilities. Each of these offers direct benefits to Canadians and communities across the country, lowering energy costs and delivering more opportunity for Canadians.

Thank you.

The Chair: Thank you very much for your presentation.

Ms. Seaborn, please.

Ms. Claire Seaborn (President, Canadian Intern Association): Good afternoon, everyone. My name is Claire Seaborn, and I'm the president of the Canadian Intern Association and an articling student at a law firm in Toronto.

Today we'd like to make three recommendations.

First, Parliament should amend the Canada Labour Code to extend workplace protection for interns working for federally regulated companies. Second, the Canada labour program and programs in other federal agencies should also adopt an enforcement strategy regarding employee mis-classification and internships. Third, Statistics Canada should begin tracking internships as part of the labour force survey.

I'm going to take the next few minutes to provide some context on intern-related issues and expand on these recommendations.

Internship generally refers to temporary work performed by individuals looking to gain experience or make connections in a new field. Interns aren't just young people and recent graduates. They're also injured workers re-entering the workforce or a mother after a leave or a recent immigrant seeking work in Canada. Internships can be paid or unpaid, and they can be independently organized or part of a school program, such as a co-op or work placement.

Although some internships are beneficial and legal, many internships contribute to unemployment; facilitate socio-economic, gender, and intergenerational inequality; and violate workplace laws. Under Canadian workplace law the default is that an intern is considered an employee, unless a statutory exemption applies. The Canada Labour Code does not refer to interns, trainees, or students. As a result, there's some legal ambiguity when determining whether an intern should be considered an employee. In 1989, the labour program released a guideline explaining that all training periods must be paid, unless the person is undergoing some pre-employment testing that's of short duration.

Next week a labour program adjudicator will begin hearing the case of former Bell Media intern Jainna Patel. He will decide whether Bell was required to pay her wages during her internship and hopefully clarify the interpretation of interns under federal law.

Unpaid wages are not the only problem with this legal ambiguity. Under the Canada Labour Code it's unclear whether interns and students are entitled to workplace health and safety protections as well. You may have heard of the deaths of Adam Keunen, Aaron Murray, Wayne Affleck, and Andy Ferguson. Each of these young men died while in a school internship or co-op placement. Although not all these positions were federally regulated, these tragic events emphasize the importance of health and safety laws and that young workers are greatly in need of workplace protection.

Our second recommendation is that federal agencies must adopt enforcement strategies regarding the mis-classification of interns. The Canada labour program, CRA, and Citizenship and Immigration Canada all have roles to play to prevent exploitation by employers.

Our third and final recommendation is that Statistics Canada begin tracking internships. I appeared as a witness before this committee, you'll remember, on March 27 as part of your youth employment study. We are glad to see that this committee's report cited our submission and adopted our recommendation for the federal government to begin collecting data. However, to date no provincial or federal government has collected any information regarding the prevalence or characteristics of internships. The committee's report also stated that the federal government should work with the provinces to ensure appropriate protections under relevant labour codes.

Many of the provincial governments have already taken action on internship-related issues. B.C. and Quebec have employment laws that require all internships to be paid, unless they're part of a school program. In May, Saskatchewan included the definition of “intern” and “student learner” in their workplace laws and determined that interns are entitled to many workplace protections. Alberta's ministries of labour and education recently announced a comprehensive review of Alberta's employment standards laws for the treatment of interns and all work integrated learning programs. In Ontario, the Ministry of Labour is also taking action.

● (1545)

The Chair: You have one minute.

Ms. Claire Seaborn: I want to thank Minister Naqvi and Minister Flynn for their work on Bill 18, which would bring interns and students under the protection of workplace health and safety laws. They've also done some recent crackdowns and inspection blitzes on employers who are hiring interns illegally.

The Canadian Intern Association would like to thank members of Parliament who have already spoken out about internship-related issues: Scott Brison; Laurin Liu, who is here today; Andrew Cash; Brent Rathgeber; and Justin Trudeau.

We're very pleased to have this opportunity to address the committee.

Thank you.

The Chair: Thank you for your presentation.

[*Translation*]

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

[*English*]

Mr. Éric Pineault (Researcher, Institut de recherche et d'informations socio-économiques): Thank you very much.

The Institut de recherche et d'informations socio-économiques is an economics research institute that has imposed itself over the years as an important actor in policy debates in Quebec. Its approach is characterized by fact-based policy discussions that assume a progressive stance.

As an associate researcher at IRIS, economist and professor at UQAM, I want to share some recent research on the limits of extractivism as the main driver of Canadian economic policy.

My presentation reflects the economic case for an alternative policy framework, which in most aspects does not break with any current orthodox ideas on how the Canadian economy should evolve or be managed. I simply here highlight the importance in this setting of investment in driving sustainable and strong economic growth and make the case for economic policy adapted to an era of ecological stress and transition.

Today one in five investment dollars in Canada—I'm talking private investment dollars—is directed toward the petroleum and hydrocarbon-related extractive industries. This is up from only 5% in the 1990s. It's not just that oil investments have grown in absolute size, they also have replaced other forms of private investment.

This sea change in investment is mirrored by other structural changes, such as the composition of our exports, the dynamics of our labour markets, and product markets, as our economy adjusts to the long oil sands boom.

I will not argue here why this could be problematic on environmental grounds, but will focus on the economic risks that these developments imply, and how they affect the number and types of jobs Canadians can expect to have in the near future.

If industrialism characterized Canadian economic policy up until the late nineties, I think we can define our current approach as one based on extractivism. Such a distinction has nothing to do with traditional differences between interventionist versus non-interventionist policies, or free trade and protectionism. It cuts across these differences.

Extractivism is an economic policy that sees the resource sector as the principal motor of an economy. Its objective is to induce an ever-increasing flow of extractive and untransformed raw commodities that are bound for export markets. The economic challenge is not only accessing the resource and extracting it but also transporting it across the continent to get it to world markets.

Extractivism furthermore aims to link other economic sectors such as the service sector, finance, commerce, and manufacturing to primary sector growth.

Extractivism aims also to change the way labour markets and settlement patterns function, so they can also link to the needs of the primary sector growth. It influences monetary policy, environmental policy, as we've seen in Canada, and policies in the field of science.

I wish to highlight three limits that I think have a direct impact on the number and types of jobs Canadians can expect to have in the future if we pursue the policy of oil extractivism.

The first is heightened dependence on international trade cycles and commodity booms. As we have witnessed in the past weeks, the oil sands industry is extremely sensitive to changes in conditions in international markets, especially growth perspectives in Asian economies, such as China and India. The impact of softer demand is complex, but directly ties into the way other sectors have been linked to oil sands, particularly labour and product markets, so that current levels of employment and production are tied to the growth dynamics of the oil sector.

But most importantly for the future, how a slowdown impacts investment patterns is even more important now that the oil represents 20% of all private investment. Extractivist policies do not seek to mitigate this fragility, they amplify it.

I'm not saying that the oil sector destroys jobs or stifles growth. On the contrary, the growing dependence of growth and investment in Canada on one sole economic sector, oil, implies heightened sensitivity to the specific fragilities of this sector. Diversity could counter this tendency, but extractivist policies do not support economic diversification.

The second limit is the so-called carbon bubble. It is the risk that productive and financial assets, that are tied to these oil sands booms, could actually have inflated values and that in the medium term these values could face sudden and violent devaluation.

● (1550)

The Chair: You have one minute, please.

Mr. Éric Pineault: The carbon bubble argument is tied to the environmental assessment of oil sands petroleum versus other forms of energy. This assessment does not depend on the current view the Canadian government has on global warming, whether it believes or not in climate science, or whether it believes that oil sands exploitation contributes to global warming more than another form of energy production.

Given the extroverted nature of the oil extractive sector, in terms of markets and predominance of foreign firms and foreign capital, the view and polices formulated in other countries and regions, movements in other societies, could have a profound impact on carbon assets.

This should be obvious after the failure of a quick start for the Keystone pipeline as well as the recent decision by a major Swedish pension fund to divest from part of the carbon sector tied to dirty coal and oil sands.

The third impact is on the promising area of economic growth, which represents a great potential in terms of job quality and quantity that extractivism has shut out, the wide field of investment in the ecological transition, and the decarbonification of our energy base.

Paradoxically, Canada is—

The Chair: Thank you.

Mr. Éric Pineault: —endowed with a vast potential to go in either direction. Moving—

The Chair: I'm sorry, I do have to be fair with the time. I'm sure you'll have some questions during the question period.

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

Mr. Patrick Gill (Manager, Policy, Toronto Region Board of Trade): Good afternoon.

Founded in 1845, the board is the chamber of commerce of Canada's largest urban centre, connecting more than 12,000 members and 250,000 business professionals across the region. The board plays a vital role in elevating the quality of life and global competitiveness of the Toronto region.

To this end, the board is grateful for this opportunity to provide the committee with its evidence-based advice on maximizing the number and types of jobs for Canadians.

The Toronto region continues to be one of the world's most prosperous city regions. It annually generates nearly 20% of Canada's GDP, and welcomes 120,000 new residents and workers each year. However, Canada's most prosperous city region has a problem. It has stubbornly high rates of youth and newcomer unemployment and underemployment. Region-wide youth unemployment stands at above 18%. This is far above the national average and is the highest it has been in a decade.

It's highly regrettable that our well-educated local talent pool is not being fully leveraged. Of our residents between the ages 25 and 64 years, 55% have post-secondary qualifications, well ahead of other North American regions.

Let's talk about solutions. One way of achieving greater labour market opportunities for youth and newcomers is through access to superior local labour market information, which allows students, educators, businesses, and policy-makers to make smarter decisions. To address our pressing local needs, the board commissioned a region-specific analysis of labour market needs by occupation and industry. This analysis projects the jobs that will be in greatest demand over the next five years across the Toronto region.

Across the country, there is a lack of locally relevant data like this. The board's data is now being used by the region's five colleges, NGOs, such as CivicAction, and the City of Toronto to establish job pathways tailored for local business clusters.

At an industry level, our projections suggest that the largest number of new jobs will be in professional, scientific, and technical services, followed by health and social services. In contrast, manufacturing, information, and cultural sectors are expected to shed jobs over the same period. At an occupational level, the greatest demand will be seen for retail persons, followed by financial auditors and accountants.

Overall we project that there will be more than half a million job openings across the region over the next five years. Half of these positions will be as a result of retirements alone. The important question to consider is whether local residents who are struggling will benefit, or will businesses have to poach workers from other areas of the country or even move these jobs abroad?

How then do we ensure that local residents who are unemployed or underemployed will benefit from these vacancies? We must scale up what is already taking place. We should scale up industry and academic co-ops and partnerships, such as the Downsview aerospace hub. We have to scale up intelligent land planning like Regent Park's revitalization, and we have to scale up the use of community benefit agreements attached to major infrastructure projects like the Eglinton Crosstown project.

Beyond this, there are two other things that can be done.

First, government can be strategic with its infrastructure investments. Bar none, investing in transportation infrastructure generates the greatest economic impact. Transportation construction not only creates jobs, but boosts productivity, as well, by reducing traffic gridlock. In the Toronto region alone, inadequate transportation infrastructure is costing our region up to $11 billion a year in lost productivity.

Second, the government can support productivity growth within the existing business clusters through trade. Trade not only opens market opportunities for businesses, but forces them to grow and to compete.

● (1555)

The Chair: You have one minute.

Mr. Patrick Gill: In conclusion, please know that the region's business community understands that they must lead the effort in creating more employment opportunities. Businesses can do simple things, such as giving part-time and contract workers access to internal job boards or skills training. They can also look to hire locally, as RBC did with the Regent Park revitalization project.

Again, thank you for inviting the board here today, and for listening to the perspective of the Toronto region's business community.

The Chair: Thank you for your presentation.

We will now go to members' questions.

[*Translation*]

We are starting with Mr. Caron for seven minutes.

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

I would like to thank all the witnesses for being here today.

I'll start with you, Ms. Annesley. Welcome.

Are you from eastern Canada?

[*English*]

Ms. Janet Annesley: No, sir, I am a recent transplant from Alberta to eastern Canada.

[*Translation*]

Mr. Guy Caron: I'm asking because I took a look at your pre-budget brief, and I have a problem with your fourth recommendation, in particular.

You recommend that the federal government introduce experience-rated EI premiums for employers. So, you are recommending that employers in areas with high unemployment, such as in eastern Canada and eastern Quebec, pay higher EI premiums.

The reality is this. Eastern Quebec, particularly, and the Atlantic provinces, are already at a geographic and demographic disadvantage.

Since I was elected in 2011, I have tried to attract investment, and I am working with socioeconomic stakeholders to provide development and ensure that the region is less dependent on seasonal work, which is the current reality.

The high unemployment rate is due to a lack of investments and a significant economic dependence on seasonal work. In the winter, there is no work in agriculture and little work in forestry, tourism and fishing.

I have a lot of difficulty in considering a recommendation that seeks to increase the problems we have in attracting investment to high unemployment areas, as your recommendation does. Could you expand on your association's recommendation?

[*English*]

Ms. Janet Annesley: I would with pleasure. We think the EI program as is provides a disincentive for worker mobility and that treating the EI program more like a true insurance program would be helpful in terms of establishing more incentive.

I also outlined, and we outlined as part of our submission, detailed areas in which we think work experience and specific training as part of the EI program could help address some of the issues that you comment on. And in fact if workers were to get training and move to regions and get experience—for example, as an apprentice in a skilled trade on a project in Alberta or Newfoundland or British Columbia—and then have the opportunity to perhaps move back to their home, that would be of benefit.

[*Translation*]

Mr. Guy Caron: You are proposing an increase to the premiums paid by employers who are trying to attract new investments and by those who work in the seasonal sector. In short, you want to reduce the opportunities for people in eastern Quebec, who often speak only French, are between 45 and 55 years of age, and have always worked in seasonal industries.

We are trying to reduce this dependence on seasonal work, but it is a lengthy process. Significant progress has been made in this area. Employment insurance reform as it has been applied has already caused an exodus from eastern Canada, and a measure like yours will mean that even more people will leave.

Once again, I would like to understand how a francophone from the Gaspé or the Lower St. Lawrence, who is 45 to 55 years old, will be encouraged to move to an area with a lower unemployment rate. Since you represent the Canadian Association of Petroleum Producers, I assume you would encourage people to go to Saskatchewan or Alberta. But they won't go.

● (1600)

[*English*]

Ms. Janet Annesley: Again, this is part of a package of changes that we think need to happen, which includes the skills training and the work experience. In fact, we'd love to see economic development in the region you're talking about.

[*Translation*]

Mr. Guy Caron: By increasing payroll taxes, you are discouraging these regions that are trying to grow and creating a disadvantage for them compared to regions like Montreal, Quebec, Edmonton and Calgary.

[*English*]

Ms. Janet Annesley: Again, I think we're looking at a suite of recommendations, not just this one alone. We're looking at skills training that would provide value to the people in your region and that would provide an opportunity to acquire new skills to perhaps work in oil and gas within their own communities.

[*Translation*]

Mr. Guy Caron: These changes would be massive, but the results would be very hypothetical.

Mr. Pineault, I would like to look at something different with you.

I am familiar with your previous work on macroeconomics. Yesterday, I asked some questions of three different business organizations: the Canadian Chamber of Commerce, the Canadian Federation of Independent Business and the Quebec Employers' Council.

These three organizations were asking us to reduce taxation—corporate taxes or payroll taxes, in particular—as well as employment insurance premiums. They also asked us to reduce or eliminate income tax for things dealing with income that comes out of intellectual property, a little like what Ireland does. At the same time, another thing they wanted us to do was increase our infrastructure investments. I asked them how we could reduce our income, increase our investments and balance the budget or even pay the debt. The organizations' spokespersons said that tax cuts pay for themselves because of economic growth.

Could you comment on that?

Mr. Éric Pineault: Yes, I can comment on that.

The economic assessment that we can make of the various income tax reduction programs for businesses show that tax cuts for the 1990s and 2000s, particularly for 2010, have not had an impact on the change in investment patterns, either in terms of volume or direction of the investment.

However, the major change we've seen is with the increase in liquid assets held by companies. The last time I checked, which was for the last quarter in 2013, Statistics Canada assessed that companies are sitting on liquid assets valued at $604 billion. These amounts have not been invested and are not earmarked for investment projects. The value of these liquid assets increases as the taxation rate decreases.

So, in response to your stakeholders who appeared yesterday and if you accept their requests, you will nourish this increase in saving, which I call the “over-saving” of large corporations. Just for information, *The Economist*, which doesn't have a reputation for being a particularly leftist organization, published an article on Japan and South Korea. The article states that this “over-saving” by large corporations is a problem, especially in South Korea, where saving represents 34% of the GDP, which hinders economic growth. In Canada, it constitutes 32% of the GDP.

[*English*]

The Chair: Okay.

[*Translation*]

Mr. Éric Pineault: So you can't do both at the same time. Choices need to be made. the choice of reducing corporate taxes does not translate into additional investments or increased power...

The Chair: Excuse me, Mr. Pineault, but I must interrupt you. Thank you.

Thank you to Mr. Caron, as well.

[*English*]

We'll go to Mr. Keddy for seven minutes, please.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Thank you, Mr. Chairman.

Welcome to our witnesses here today.

This is a fascinating group and it's a fascinating discussion. We've got a dynamic here that we don't often get.

I can't help but ask the question to Mr. Pineault, that.... You know, if you look at 18% to 20% of the Canadian economy being based on the extractive sector, oil and gas in particular, I appreciate what you're saying that we really do need to look at that sector like a gold mine. Some day the last of the gold will be mined out of the ground. However, that's a long way away, so I think we have some time to plan for that. But I can't help but ask, if Toronto and the Toronto Region Board of Trade has 20% of the gross domestic product of Canada, we've got the same problem, with a big urban centre. If we had a catastrophe of any kind all of a sudden, there's 20% of your economy down. I'm a bit of the devil's advocate, but I just wanted to get that on the record.

I do have a specific question. Why don't we look at our extractive sector like a gold mine and then mine that last piece of gold out of the ground, and do it in as sustainable a way as possible? I think the oil and gas sector would agree with that.

● (1605)

Mr. Éric Pineault: Okay. I want to comment on the first number, then I'll get right away to the question afterwards.

There's a very big difference between one in five dollars in investments and one in five dollars in economic activity. One is a result, the other one is a motor. Investment is a motor in our economy, whereas GDP just measures the results. When I'm saying one in five investment dollars, I'm talking about the way the economy is building itself, the direction in which it's going.

It's very good that we have this sector that can be a motor in our economy, and I'm not here to say we should shut down this or that. I'm saying that you build in dependency and dependency engenders fragilities. I'm saying that in the current context these fragilities are... and there's two. There's the very short-term fragility linked to trade cycles, and then there's the more long-term fragility which is... Canada is in some form of environmental denial and that's fine, it's okay. I don't want to comment on that. But I think elsewhere the world is moving, and that's going to impact us at some point.

Now, getting back to the gold mine approach—

Mr. Gerald Keddy: Very quickly, please. I have limited time too.

Mr. Éric Pineault: The gold mine approach, I would agree if that was what we were doing. I don't think that we're doing that in the sense that our royalty system, the way we capture the oil rent in Canada, is very particular when compared to other countries that are doing that. Look at Norway. It is using it's oil rent to move out of carbon, and will be out by the time they run out of oil. We're not capturing the rent as efficiently, for a number of reasons, as other countries are.

Mr. Gerald Keddy: Thank you for that.

The difference between Canada and Norway is that Norway can see the end of their oil at this point, and we're a century away from seeing the end of our oil. That's a significant difference.

I have a question to the Canadian Association of Petroleum Producers, to Ms. Annesley. That was a good submission.

One of your statements is that we should "actively steward aboriginal consultation policy leadership, by supporting federal departments in embracing their consultation responsibilities, and implementing the Eyford report".

I think the Eyford report was a good report. The difficulty I have —not with the report, but with that statement—is that it's not all up to the federal government. I realize that the association between first nations in Canada and the crown is a unique association. But where is the responsibility of industry? We have a huge resource of young men and women in aboriginal communities who can and should be the workforce of tomorrow. Where is the leadership coming from industry? Never mind waiting for the federal government or the provincial government or the municipality. Where is leadership from industry to embrace that?

Ms. Janet Annesley: Well, I think the oil sands offer an excellent example of that leadership. To date, some $8 billion worth of goods and services have been purchased from aboriginal entrepreneurs. A large part of that is as a result of the investments that oil sands producers have made in the training and the nurturing and the development of those companies. That continues today, to package projects especially so that companies of that size and with that expertise can bid on them and be successful in doing so. In addition, employing more than 1,100 aboriginal employees makes the oil sands industry the largest private sector employer of aboriginal people in this country.

In areas in which we've had the ability to move forward, I think the oil sands industry is an example of success. Indeed, the federal government, the provincial government, and the industry have worked collaboratively to address certain land claims and other issues around the Fort McKay First Nation and others. It's that kind of thinking that we think needs to be applied in a broader sense along the right of way of pipeline projects.

Now, of course benefits are different in that case, in that there is not the immediate proximity to resource development and jobs are of a different nature. But we think it's exactly that kind of reconciliation, if you will, with first nations—with the federal government, industry, the province, and the communities themselves at the table—that needs to happen.

● (1610)

Mr. Gerald Keddy: Thank you.

I would have to say that there is an opportunity here; there is not a challenge. There is real opportunity: the first nations are looking for opportunity; oil and gas have to be transported to market. There is no reason that both groups can't work together, along with government, of course, which has to be a player.

This is to Mr. Egan, concerning natural gas. You have an absolutely stunning chart on the cost of space heating a home and heating water with natural gas versus with propane, electricity, or heating oil. I have to be honest with you; I didn't realize there was that much difference.

I come from a very small community in rural Nova Scotia. How do we extend natural gas pipelines into remoter and more rural parts of Canada, and can it be done?

The Chair: You have about 20 seconds for that answer. You may have to say it is to be continued.

Mr. Timothy Egan: You do it carefully, and it can be done.

In the case of Nova Scotia, Heritage Gas is doing it. They have a franchise agreement in place in the province and they're working on that right now.

There are all kinds of specific examples whereby, in the case that the economic formula that is used by any regulator does not work, it is possible to engage other partners in government—federal, provincial, or municipal—or industrial consumers to assist in the effort to build out that system. Red Lake is an example I talked about. There are many others I'd be happy to share with you.

The Chair: Thank you.

Mr. Hsu, please, for seven minutes.

Mr. Ted Hsu (Kingston and the Islands, Lib.): Thank you very much, Mr. Chair.

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

You mentioned in your presentation that inadequate transportation infrastructure is costing Toronto something like $11 billion a year in lost economic activity. I'd like to do a little calculation, if you'll bear with me, and just ask if you would agree with it.

Let's just take one-tenth of that $11 billion a year, so $1 billion a year. We know that the Government of Canada can borrow money at about 3% per year. Let's say we borrow it for 30 years and we pay off 3% of the principle every year. So 3% plus 3%, that's about 6%. That means that Canada could borrow $15 billion and pay it off over roughly 30 years to spend on infrastructure, which is about roughly the size of the Building Canada plan. It seems to me that on just one-tenth of the lost economic opportunity from Toronto transportation infrastructure you could spend the whole Building Canada plan, and that would be a good investment. To me that suggests you could spend a lot more than the Building Canada plan if you could pay for $15 billion of spending from just 10% of the lost economic activity because of poor transportation infrastructure in one city, Toronto.

Would you agree with that calculation? And would you agree that we could spend more on infrastructure and get a good return on that spending?

Mr. Patrick Gill: Certainly investing in transportation infrastructure over other capital projects will give you the biggest result. The best example is how when you repair the sewers underneath the city, you're just creating a job; you're not improving productivity necessarily, whereas when you build a subway or build an LRT, you're not only creating that construction job; you're also producing the flow of goods and people.

A substantial amount of money has been put on the table through the Building Canada plan. As those projects are prioritized, bearing in mind transportation infrastructure first as a main targeted asset, certainly the sooner we can address this problem with additional resources, the better it will be for the country as a whole.

● (1615)

Mr. Ted Hsu: Okay. Thank you.

I have a question for Ms. Annesley.

You spoke about the demand for skilled labour and the need for temporary foreign workers. But something you did not address, which I wanted to give you a chance to address, is interprovincial mobility of skilled tradespeople. When I talk to skilled tradespeople in my riding of Kingston and the Islands, I hear that there are some barriers to mobility. I am wondering if you or your organization have asked the government to think about subsidizing some of these costs, which may not be apparent at first glance, or about subsidizing the interprovincial mobility of skilled trades before we rely too much, or perhaps to relieve the pressure of relying, on the temporary foreign worker program.

Ms. Janet Annesley: Thank you for raising interprovincial mobility. It is absolutely crucial. We have in the past, for example, joined with Canada's Building Trades Unions to ask government to let workers who are travelling for work deduct the costs of that travel from their income tax. Those types of programs are small. Then in terms of broader systemic changes that are needed, there needs to be more discussion, especially as far as apprentices are concerned, to manage the keeping of apprentice books so that apprentices can move between provinces with greater ease and get credit for their hours. Also, in anything below the Red Seal level there needs to be ongoing discussion between the provinces to enhance worker mobility at that level.

Mr. Ted Hsu: Good. Thank you very much.

My last question is for Ms. Seaborn. It is about your request for the government to measure internships, particularly unpaid internships, when it collects data on the labour market. I agree with the Prime Minister when he says you can't manage what you don't measure. I think that's a very good credo to follow.

When you've talked to the government or when you've written to the government, has Statistics Canada or the Minister of Industry or one of the other ministers responded to your suggestion? How has StatsCan responded? How has the minister responded so far?

Ms. Claire Seaborn: At this point we haven't received a direct response from Statistics Canada despite numerous efforts to contact them. So that's another important reason why we're here today.

Mr. Ted Hsu: Thank you. How much time do I have?

The Chair: One minute.

Mr. Ted Hsu: I'll go back to Mr. Gill.

I had a question about your study predicting local labour market conditions and you said five years out. It just seems to me that there are certain sectors where that's easier to do than in others. There are certain sectors where, for example, it depends a lot on provincial policy. Then there are certain sectors, for example, the oil and gas industry, where there's some sensitivity to global market conditions, which at certain times can fluctuate a lot. I'm just worried about the accuracy of trying to forecast five years out. Maybe you could talk a little bit about what confidence students and their families could have when they see these sorts of results that you published.

The Chair: Okay. Just a brief response please.

Mr. Patrick Gill: We're very confident with the results that we published in collaboration with United Way Toronto and the region's five colleges. The data is based on the 2011 National Household Survey. I would just point out that half of those half a million jobs are from retirements and those are pretty predictable based on our demographic population.

The Chair: Okay, thank you.

Thank you, Mr. Hsu.

We'll go to Mr. Allen, please, for seven minutes.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Thank you very much, Chair, and thank you to our witnesses for being here today.

I'd like to start with Ms. Annesley. One of the comments you made that I picked up on when you were talking about the temporary foreign worker program was you appreciated the stronger enforcement—and I think we want to try to get these jobs to Canadians first—but you commented on the difficulty in accessing the program. I'd just like to get clarification on that because I'm expecting, I'm assuming—and maybe you should never assume anything—that the majority of the jobs in your sector would be beyond the medium wage rates that are in the provinces. What are the accessing issues that you're running into in the temporary foreign worker program?

Ms. Janet Annesley: The accessing issues are specifically around the 10-day turnaround and that this is not a reality for our members; they are just not experiencing the kind of turnaround on applications in practice that the changes have intended.

● (1620)

Mr. Mike Allen: Have they given you any signal as to what that issue is related to specifically or is it just volume as they transition to a 10-day?

Ms. Janet Annesley: It's volume and I think, if you will, there's a sense of confusion and trepidation among the people who are managing the program that if there are any errors made or that permits are not given absolutely a thorough review that takes longer than 10 days there will be consequences. Again, our members support the enforcement. They support the public, sort of, blacklisting of companies that, whether they are in our sector or others, abuse the program and have given certain instructions to their contractors and others about the need for absolute compliance. But in terms of maintenance turnarounds when plant operations can be unpredictable and demands need to be met, meeting those timelines and resourcing the bureaucracies so they can meet those timelines and give it the thorough review that's deserved is needed.

Mr. Mike Allen: Thank you very much. That's helpful.

To both you and Mr. Egan, with respect to the shortage of labour and getting skilled labour, one of the things that Minister Kenney has talked about going forward is the idea, as part of the negotiation of the major transfers, of making sure in regard to post-secondary that we get more reporting back to the federal government on exactly how those dollars are being spent and whether we are being successful and that for the students, whether it be community colleges or universities, we want some—my colleague will probably laugh at me—metrics with respect to just exactly how successful we are in spending this $12 billion a year.

Do you support us being a little bit more aggressive with the provinces on that?

Ms. Janet Annesley: Indeed, we support that the performance measurement and accountability are crucial measures that need to be undertaken both with respect to the jobs grants and as well the LMDAs. And in fact our submission highlights that the LMDAs do not contain the kinds of reporting and accountability provisions that the LMAs themselves require. The LMA evaluation provides a useful reference for identifying those kinds of KPIs and benchmarks, including the kinds of credentials that are received as a result of funding, changes for example in average weekly earnings, types of positions filled by sector, number of hours worked, and employment and training success rates. That's all broken down at regional, provincial, and national levels, and that kind of data and tracking is extremely important.

Mr. Timothy Egan: Just to add, I'd say that in principle we do agree that the labour issues are not the same in the downstream side of the oil and gas sector as they are in the upstream side.

We are not a significant employer in our own right. The economic benefit we deliver on employment is through delivering affordable energy to others who can then hire. So we're watching at a distance, if you will.

But we're supportive of enhanced data collection, certainly.

Mr. Mike Allen: Okay, thank you.

Mr. Egan, I'd like to go to you and ask you a couple of questions.

Number one, you brought up the accelerated capital cost allowances for LNG facilities. I did note in your brief that you were talking about the disadvantaged position you're in, in Canada, with respect to the number of projects that have been proposed but at the same time will not be built because of the disadvantage to the U.S., for example. So you've proposed a little higher accelerated capital cost allowance. That has also been proposed by manufacturers and others as part of these committee hearings.

Do you have a specific approach to that? How would you compare your accelerated capital cost so that we're comparing apples to apples with the U.S.?

Mr. Timothy Egan: Again our focus is on smaller LNG facilities, those that would be operated by utilities similar to the peak shaving plants that are in operation today. I can leave it to my colleague from CAPP to talk about their facilities.

Our proposal is to change the rate to make it consistent with that for other manufactured goods sectors, the argument being that in effect LNG is a manufactured good. We're looking for consistency across the board with other Canadian sectors.

Mr. Mike Allen: Ms. Annesley, do you have a comment on that?

Ms. Janet Annesley: We would apply that same logic, that it's a manufacturing facility. Again, if that kind of treatment as a manufacturing facility extends to smaller LNG facilities, that neutrality of the tax system in treating horizontal activities fairly should be applied.

Mr. Mike Allen: Mr. Egan, in your response to Mr. Keddy you talked about getting this gas into rural areas and the way the partnerships can develop on some of this. I certainly understand some of the areas where the federal government is responsible for some of the heating, like heavy bunker oil that's being burned in the north. It makes a lot of sense to replace it with some other type of structure where the federal government's responsible.

However, when you talk about build-out—one of your proposals talks about $250 million of reallocation of the infrastructure fund—how does a government justify doing a build-out for a commercial or a residential build-out, if you will, as opposed to the ones that are federal government responsibility?

● (1625)

The Chair: Just a brief response please.

Mr. Timothy Egan: You're obviously having to balance a variety of public policy objectives when you're looking at the allocation of infrastructure money. One of those objectives is the return to the taxpayer. In the case of communities where it is currently not economic under the economic formula that a regulator sets for utilities to extend natural gas infrastructure to those communities, that's where the federal government can see merit in stepping in. It may be meeting cost reduction public policy objectives—you have consumers in that region. It may be meeting environmental or industrial development objectives, or if there are particular mining sector activities you'd like to see go forward that would turn on the availability of affordable energy.

It's a question of which combination of public policy objectives you bring to the table when you're looking at the allocation of infrastructure moneys that you have set aside.

The Chair: Thank you.

Thank you, Mr. Allen.

We'll move to five-minute rounds, colleagues.

Mr. Rankin.

Mr. Murray Rankin (Victoria, NDP): Thank you.

My first question's for Ms. Annesley of the Canadian Association of Petroleum Producers.

In your brief you spent some time on the need for reform of the aboriginal consultation process and talked about the confusion and frustration, which I share. You ask that the federal government implement Doug Eyford's report. I know him well and I think he has done an excellent report. He was extremely critical of the federal government's rolling out of their crown responsibilities. He said it was inadequate and made a number of recommendations. Minister Oliver said, we're going to engage and follow up. I haven't seen a lot of action.

What is your take on where things are going now, post-Eyford?

Ms. Janet Annesley: We are disappointed with the uptake of the Eyford report. We believe that the aboriginal consultation issues and the need to resolve and reconcile in certain situations the interests of aboriginal Canadians with non-aboriginal Canadians and with industry such as ours is one of the pieces that is introducing a lot of risk into our business, a lot of risk into the regulatory sphere.

If we have an opportunity to use resource projects that are planned, to work and try to bring some of these reconciliation opportunities to light and into reality, we think that should happen.

Mr. Murray Rankin: It's a disappointment that we all share.

The second thing I wanted to raise with you and Mr. Egan deals with Mr. Allen's comments on rapid writeoff, the rapid ACCA changes. You're suggesting from an 8% rapid writeoff declining balance to a 40%. You indicate that the preliminary estimate says that the net benefit of that change would be approximately $3 billion in GDP from 2015 to 2035.

Just to be clear, this is a tax expenditure. It's moneys that otherwise would have been paid by your industry to government, which now wouldn't be received. When you talk about $3 billion, is that essentially a $3-billion subsidy that you're asking Canadian taxpayers to provide?

Ms. Janet Annesley: Well, the money would be received. It is just a deferral of tax revenues.

Mr. Murray Rankin: But it's tax that your industry would have otherwise paid and you're saying we should now change, so as to allow you $3 billion less in tax payments.

Ms. Janet Annesley: I'd have to look at the specific MPD. I can't comment on the $3 billion, but again, it's a tax treatment in our view that if the government and Canadians wish to realize the tremendous jobs, the resource revenue—

Mr. Murray Rankin: You're asking us to pay a price for that benefit.

Ms. Janet Annesley: —that greatly exceeds $3 billion, then certain treatments are required.

Mr. Murray Rankin: I have such a limited amount of time, do you have a quick comment, Mr. Egan?

Mr. Timothy Egan: I wanted to respond to that because our numbers are different, but the formula would apply. We were looking at the differential for the investment for small LNG facilities. The tax loss is in the order....You're right, you are forgoing charging a tax to a potential taxpayer.

● (1630)

Mr. Murray Rankin: So the rest of us have to dig deeper to support you.

Mr. Timothy Egan: But that's an investment that won't otherwise occur.

Mr. Murray Rankin: I understand.

Mr. Timothy Egan: It's the reason you do it.

So a $42-million tax, in our estimate, for our projects would generate a billion dollars in revenue—

The Chair: You have about two minutes.

Mr. Timothy Egan: —which would generate HST revenue amongst other sources of revenue which would more than offset, which is where we come, I'm assuming, in the numbers on the upstream side as well.

Mr. Murray Rankin: Mr. Pineault, I wanted to thank you for an expression I have not heard before that I'm going to now use, “the government's environment denial”. I love that. I'm going to plagiarize it from now on.

The point you talked about was economic. Your third recommendation that you didn't have a chance to elaborate on talked about economic transition to a world without carbon. Mr. Carney, the Governor of the Bank of England, just a couple of weeks ago at the World Bank meeting, said that the vast majority of oil and gas reserves are unburnable because if we're going to commit to a global temperature rise of less than two degrees, that's inevitable.

You were getting at something to the same effect, with the carbon bubble analysis, that he and so many others have used. Have I got that right?

Mr. Éric Pineault: Getting back to the gold mine picture, the problem is not the gold in the soil, the problem is we're running out of atmosphere to throw it into. Maybe in Canada we're denying this and that's fine, and it's okay, but elsewhere in the world, that's a fact. It's taken as a scientific and basic fact.

Most economies are trying to find ways to move out of carbon-based energy without thinking that they can live in a world without oil. I mean, everybody is realistic. We're going to need oil and gas, but maybe a lot less.

Then things like transport infrastructure projects are occasions where we could diversity our economy and where we could start to move away from this carbon dependency. I'll give you one small example coming from southern Ontario.

There's a small business that my dad owns, it does hydraulics and robotics. The hydraulic side is putting snowplows on machines to clear the 401. He does this in Canada. He also does robotics for Bombardier for the brake system for high-speed rail and monorails. He fixes these and builds them all over the world except in Canada because Bombardier doesn't sell electrically based high-speed rail or monorails in Canada because Canada is not interested in this technology.

The Chair: We'll go to Mr. Van Kesteren, for five minutes.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thanks, Chair. I wish we could have a longer conversation, I really do.

Chair, you and I, and a number of us spoke about maybe getting a few economists together to talk about these things. We need a longer session.

I want to go to the gas people first. Mr. Egan, I want you to talk to me.

You don't have a specific ask, do you? If you did, what would you like to see in this budget?

Mr. Timothy Egan: I guess the question is, are they budget asks or not? Certainly, on ACCA, we have a specific ask. It's very specific.

In terms of the reallocation of infrastructure money, that's not a new money ask, that's a reallocation ask. We do have a specific ask around transportation that I haven't spoken about today in terms of potential federal support to offset the differential in cost of natural gas for heavy-duty vehicles.

So they're specific, but in some instances they involve the reallocation of existing federal money.

Mr. Dave Van Kesteren: I'm listening to this, and as I said, it's a wholly different discussion whether or not we should be moving away....

If we took energy out of the equation, we'd be in the Stone Age. Quite frankly, we wouldn't even be in the 1700s, because back then they used other forms of energy. The world needs energy, and the world is going to buy the cheapest form of energy.

Am I right? Can we really expect the world to get off oil in the near future, let alone gas?

Mr. Timothy Egan: I work for the gas industry. We're interested in selling natural gas. We're interested in maintaining a relationship with our customers that includes using that gas as efficiently and effectively as possible. That means we're looking at all kinds of new technology applications for reduced use on a per capita basis, for renewable natural gas, for partnering with renewable technologies, and other things.

But fundamentally our economy derives extraordinary value from the oil and gas sector. I'll focus on gas.

To speak to the point about whether an ACCA rate is a subsidy, I wouldn't characterize it as a subsidy. I would characterize it as tax forgone in the interest of making sure that investment occurs here instead of in another country, to address your point, because capital moves from—

● (1635)

Mr. Dave Van Kesteren: Can I interject? We do the same thing with green energy, obviously: if you try to direct movement towards green energy, we subsidize.

I guess what I'm trying to get around is the question whether we are going to be competitive. Will our economy grow if we substitute for a more expensive form of energy?

Am I missing something?

I've been to China, and I've watched them. I don't know whether they are still doing it, but they built a new coal plant every two weeks. The place is dark. We know that in Japan they have shut off the nuclear.

If we boil it right down, there's nuclear, there's hydro, there's thermoelectric, and there's wind. And yet we know that wind is inconsistent, so unless we develop new batteries or something, gas and oil is still our major source of energy. Am I right?

Janet, maybe you want to make a comment on that.

Ms. Janet Annesley: Indeed.

If you look at sources such as the International Energy Agency or other third party sources that look at global energy demand, it is growing dramatically, thanks to changes in the economies in India and China and some of the other populated nations. As those economies become more active and people move more into the middle class, most of the demand over the shorter term is going to continue to be met by oil and natural gas. There are huge opportunities for natural gas in particular. Oil grows as well.

At the same time, it is an "all of the above" approach. We need renewables to essentially double between now and the year 2025 or 2030. The oil and gas industry knows that.

It is having the right fuel in the right place at the right time. We have to be very conscious of the cost both to taxpayers in terms of subsidies as well as to industries, if you end up increasing their input costs for such things as electricity or other forms of power.

The Chair: You have 30 seconds.

Mr. Dave Van Kesteren: A small community that is hooked on to something such as heating oil could be much more competitive and could grow if it had access to natural gas.

Mr. Timothy Egan: Yes. It puts money in the hands of the residential consumers, it frees up capital for commercial operations to increase employment, and it attracts investment when industry is looking at where to place its next plant. We're going to place our next plant where input costs are lower. One of the biggest input costs is energy.

The Chair: Thank you.

Thank you, Mr. Van Kesteren.

[*Translation*]

Ms. Liu, you have the floor for five minutes.

[*English*]

Ms. Laurin Liu (Rivière-des-Mille-Îles, NDP): Thanks to the committee for allowing me to sit today. As you know, I'm not a normal member of this committee.

I'd like to direct my comments to the Canadian Intern Association, and particularly to Ms. Seaborn.

Thank you for your outspoken advocacy in favour of unpaid interns. It's a voice that's sorely needed. We estimate that today there are up to 300,000 unpaid interns across Canada, which is a very large number.

I'd like to concentrate on your recommendation concerning extending employment standards, such as occupational health and safety standards in the Canada Labour Code, to interns and students.

As you're aware, I tabled Bill C-620, the intern protection act, earlier this year to this effect. Private member's Bill C-620 was largely inspired by the case of Andy Ferguson, whom you mentioned, an intern who was completing his practicum at a radio station and was asked to work unreasonable hours and fell asleep at the wheel.

Could you elaborate on this case and tell us more precisely how his status as a student and as an intern impacted his rights in the workplace?

Ms. Claire Seaborn: Absolutely.

Andy Ferguson died in November of 2011. As you said, he fell asleep at the wheel. He was working two positions at the same time. He was working, paid, for a radio station for some hours, and then for other hours he was working, unpaid, as part of a school program. The combination of both of these hours was well beyond any minimum requirements. But because one came from federal jurisdiction, and the other job, the school-regulated internship, was provincial jurisdiction, there was no regulation in terms of health and safety and the hours of work that he performed. He was extremely tired—he had had a long shift—fell asleep, and, unfortunately, got into an accident.

The Alberta government has responded. They've done a comprehensive review of student internships as well as unpaid internships in general. Hopefully we'll see some results come from that.

Aaron Murray is very similar story in Ontario. He was doing an unpaid internship as part of a school program. He worked an overnight shift and was killed the next day.

The other two interns I mentioned quickly were Wayne Affleck, who was an apprentice electrician killed during a co-op, or an apprenticeship position, and Adam Keunen who was actually only in grade 12 when he was killed at a recycling facility during a co-op.

● (1640)

Ms. Laurin Liu: These cases illustrate the grey area these interns fall under. As you mentioned, provinces are taking leadership roles in terms of extending workplace health and safety standards to these interns.

Another case that's been in the media recently is that of Jainna Patel, who was an unpaid intern for Bell. Could you talk about her case, and could you talk about her asking to be remunerated, or paid for her work?

Ms. Claire Seaborn: Next week will be the beginning of Jainna's hearing before our Canada labour program adjudicator, who will determine whether Jainna was an employee and entitled to wages or whether, under the Canada Labour Code, she doesn't have to be paid. Hopefully we'll receive some clarity on that.

Clearly, our position is that she was an employee and was entitled to all the same protections and wages as other employees were. That's really what the case is with Jainna. We're waiting for that decision, which should come out in the spring or summer.

Ms. Laurin Liu: If Bill C-620 had been in place before these events, before Andy Ferguson's internship as well as before Jainna Patel's internship, would these interns have been protected under what would be contained in Bill C-620?

The Chair: You have one minute.

Ms. Claire Seaborn: If the Canada Labour Code were amended to provide some clarity and explain that interns are employees unless some sort of exemption applies, for example they're in a student program, then that would really provide a lot of clarity. In that case, Jainna probably wouldn't be considered an unpaid intern. She'd be an employee and entitled to wages.

Andy Ferguson would have had more recourse, and there would have been more regulations to cover his hours of work. I can't say whether it would have prevented his death. But, absolutely, those regulations are important.

Ms. Laurin Liu: Finally, the government recently announced that it would augment its blacklist of Canadian employers and potentially put businesses found to have violated provincial labour laws on a federal blacklist. Would that affect the issue of interns?

Ms. Claire Seaborn: If the Conservative government were adding to its blacklist of employers, absolutely, they should include those breaking provincial workplace laws with unpaid interns.

The Chair: Thank you very much.

We'll go now to Mr. Adler, please, for five minutes.

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

I want to thank you all for being here today. It's really a very interesting discussion.

I want to focus my questions, however, on Mr. Gill. How important is it for our government to balance the budget?

Mr. Patrick Gill: It's of critical importance to our members. Our members overwhelmingly agree that deficits harm our economic attractiveness and global competitiveness.

We applaud the government for the work it's done to reduce the federal deficit. After several years of admirable and disciplined restraint, the government is on track to balancing its budget.

We just would ask that you stay the course, and ensure that when you do return to a surplus, you redirect revenues towards projects that encourage economic growth in urban centres.

Mr. Mark Adler: I was really interested in the comment you made—it's in your brief and also in your presentation—that business must lead to create jobs and growth. It's not government that creates jobs and growth. We can introduce policies that will be conducive and help businesses to create jobs and prosperity, but we, ourselves, don't create jobs.

Let me just give you few rapid-fire questions, and then perhaps you could respond to them for me.

You represent 12,000 members and 250,000 business professionals. So you're a pretty substantial organization. You're no fly-by-night group, are you?

Mr. Patrick Gill: We were founded in 1845.

Mr. Mark Adler: That's right, so you have a long history. You speak for the majority of the business sector in the greater Toronto area, so you have a pretty good read on what business people are thinking and saying and what would help them with their businesses.

Things like tax relief, putting a freeze on EI premiums, reducing EI premiums, lowering the corporate tax to 15% federally at any rate —how important are all of those initiatives to your members?

● (1645)

Mr. Patrick Gill: They're important. Tax competitiveness is quite good as it stands. First and foremost, our members are telling us that governments of all levels should be investing in transportation infrastructure first, to drive productivity. Then a second tool of driving productivity is further supporting trade, reducing trade barriers, and helping businesses throughout the country expand their customer base abroad.

Mr. Mark Adler: So the 43 free trade agreements we have introduced since 2006 have been helpful to your members, have they not?

Mr. Patrick Gill: Absolutely. The board is delighted by the new CETA, which will tear down barriers and encourage regulatory coordination. On regulatory coordination, we encourage you to help bring those barriers down interprovincially as well.

Mr. Mark Adler: I was going to get to that, actually, because, as you know, we're revisiting now the Agreement on Internal Trade, which we last negotiated in 1994. We're aggressively trying to break down those barriers so Canada will be not only one country but one single market also. Right now there are a lot of barriers between provinces, and sometimes it's more difficult to do business from one province to another than it is from Canada to another country, so I'm glad you agree on that.

The Chair: You have about one minute.

Mr. Mark Adler: Thank you.

Making the gas tax permanent and tying it to the cost of living to cope with that was another good policy we had, was it not?

Mr. Patrick Gill: Yes, it was a recommendation that the board and our other national chamber colleagues put forward. We're very pleased with that, and now that substantial money has been put on the table.

Municipalities have very limited tools to raise revenue, so we have to look towards the other levels of government to be strategic with their investments, and as you're making investments in transportation —

Mr. Mark Adler: We've certainly done that—

Mr. Patrick Gill: Yes, certainly.

Mr. Mark Adler: —with the Building Canada fund helping to refinance infrastructure and rebuilding infrastructure, and by making the gas tax permanent and tying it to the cost of living. We've been pretty aggressive and pretty favourable in terms of helping municipalities out on that front, have we not?

Mr. Patrick Gill: Absolutely, the government has made some historical levels of infrastructure investments. We're very delighted that the fund has been renewed for another decade. As those decisions are made on new investments, look towards transportation infrastructure.

The Chair: Thank you.

Thank you very much, Mr. Adler.

I'm going to take the last round we have here today.

I think in my limited time I'll direct my questions to Ms. Annesley and Mr. Egan.

On the labour issue, coming from my riding I agree 100% with what you said, that it is certainly the number one economic challenge facing my province and my region. I do, though, want to focus on the capital cost allowance issue. As both of you probably know, the accelerated CCA was put in place for the manufacturing sector through the March 2007 budget largely, I think, as a result of the industry committee report, which came out in February of that year. The 2007 budget put it in place for manufacturing and processing, and actually started the phase-out of it for oil sands facilities, which I think concluded in 2012.

It's important to note, though, because some people do consider it a subsidy, that it is the rate at which you can write off an asset over time. We call it accelerated CCA for the manufacturing sector because it's considered differently from the way Finance would normally consider it or the way Finance or CRA would value an asset.

As the two of you are arguing here, in terms of a competitiveness basis, we're not on a cost-competitive basis with countries like the United States and Australia. I think that point needs to be made over and over again, because what you're looking for is some kind of fairness or equity with respect to countries that obviously we're directly competing with.

In the CAPP presentation, to start, you talked about class 47 and class 43. I have just one specific question on that. You say it takes 27 years to substantially depreciate a class 47 asset—that's the current situation for Canada where you are, Ms. Annesley—whereas in the U.S. or Australia it takes 13 years. You want to move it into a class that would take seven years. Am I understanding that correctly? If so, the obvious question is whether you would be satisfied with the move to the 13-year depreciation?

● (1650)

Ms. Janet Annesley: In our view, I think we have to look at the entire economic rent that's being paid by the industry, in terms of the royalties and upstream and the treatment at the provincial level, some of which we just saw in the announcement last week.

In terms of finance, we need to compare apples to apples along that entire value chain to actually understand our competitive position vis-à-vis the United States and Australia. We would look to cooperate as needed with the Department of Finance to provide whatever access to information that would assist with that kind of calculation.

The Chair: Thank you.

Mr. Egan, you might want to address your specific recommendation. Also, in general, essentially what you're looking for is almost a broad scale in Canada. Here are the CCA rates that apply to whatever you're doing, whether it's manufacturing, LNG facilities, whatever it may be, and here's U.S. and Australia, countries with which we directly compete for these types of global investments.

That is exactly what you're looking for, is it not?

Mr. Timothy Egan: That's exactly right.

In the first instance, it's fairness, as my colleague indicated, with other fuel manufacturing sectors within the country. But ultimately, then, it's a competitive issue. I mean, what is happening on the back of affordable natural gas in the United States? Industry, to a significant degree, is creating a kind of an industrial renaissance. Why aren't we capitalizing on a similar situation in Canada where we also have an affordable product? I think it's because of a variety of policies or legislative provisions that are not the same. We need to make them the same in order to ensure we have that level competitive playing field that you're referencing.

The Chair: Okay. I appreciate that very much.

I'm going to have to cut it there, unfortunately.

Colleagues, we do have a motion to deal with as well, so our second panel will be shorted because of votes.

On behalf of the entire committee, I want to thank all of you for coming in this afternoon for an excellent policy discussion. If you have anything further, please submit it to the clerk and we'll ensure that members get it.

We'll switch over to the second panel.

Colleagues, could I ask you to stay in your seats for one minute? You do have a motion in front of you, dealing with the pre-budget report. We are hoping to have this adopted.

There is only one change.

[*Translation*]

It is “2014” in the French version.

[*English*]

It's “2014”; it's not supposed to be “2041”.

Merci, monsieur Caron, for your good eyes.

That would be a very long pre-budget consultation. I think we want to conclude it before then.

Do I have a mover for this motion?

Mr. Keddy.

(Motion agreed to)

The Chair: Thank you.

Colleagues, we will suspend for two to five minutes and we will come back for the second panel.

● (1650)

(Pause)

● (1655)

The Chair: If I can ask colleagues, and our guests, to find their seats, please.

We're back to meeting 53 of the Standing Committee on Finance dealing with pre-budget consultations.

Colleagues, we have votes at 6 p.m., so those are going to cause a shortening of this meeting. I'll ask at the time for unanimous consent to sit until about 5:50 p.m. if that's okay.

We want to thank our witnesses for coming. We have here in our second panel, first of all, Canada's Building Trades Unions. We have the senior advisor, Mr. Christopher Smillie. Welcome back.

[*Translation*]

We also have Frédéric Julien from the Canadian Arts Coalition. Welcome.

[*English*]

From Futurpreneur Canada, we have the CEO, Ms. Julia Deans, welcome. From Monster Canada, we have the manager, Mr. Scott Byrne, welcome.

● (1700)

[*Translation*]

From Solidarité rurale du Québec, we have Christian Thivierge. Welcome.

[*English*]

You will each have five minutes for your opening statement and then we will go to members' questions. We'll start with Mr. Smillie, please.

Mr. Christopher Smillie (Senior Advisor, Government Relations and Public Affairs, Canada's Building Trades Unions): Thank you very much, Mr. Chair.

Canada's Building Trades Unions represent close to 500,000 members in Canada and more than three million in the U.S. We represent people who go to work every day on job sites large and small in the energy sector, and commercial and residential sectors. We're the largest private trainer on the continent and we invest more than a quarter billion dollars a year in Canada in training infrastructure. So we know jobs. We're paid by our members to find jobs every week. If we don't find them a job, we're not doing our job.

Jobs are essentially a private sector responsibility, right? My submission today is that the federal government can easily assist with mobility measures in the Canadian labour market that would assist people who wouldn't otherwise go to where the work is and get them when the employers need them. This can be done through tax credits or a restructure of the employment insurance benefits system and do it all rather cheaply compared to other government spending. My submission is that a mobility assistance measure would ease the strained temporary foreign worker program by transitioning Canadians to labour markets where their talents are required. Even if it's a short duration it helps the economy and the country. A mobility measure would encourage people to get off employment insurance and start working again: a noble cause on both fronts.

All construction work is temporary. All construction work is transitory. Skilled tradespeople are dispatched wherever the work may be. The lucky ones get travel assistance from either the construction employer or the large client. You heard from Janet from CAPP. Sometimes her members pay to fly back and forth to their job sites. The existing permanent relocation tax credit available through the Income Tax Act doesn't make sense or apply to temporary workers who work in transitory industries. No one is moving their family and home for a temporary six-week job on a large apartment building being built in Saskatoon or Hamilton when your kids, wife, and home are in Welland, Barrie, Tuktoyaktuk, or elsewhere.

Canada needs a change in incentive policy for in-demand occupations when relocating for temporary work. It doesn't matter to industry, it doesn't matter to Janet, or it doesn't matter to me if it's a tax credit or an EI grant: industry is united. Parliament had a chance to do something late last fall with Bill C-201. However, the bill was handily defeated because of partisanship. Mobility and getting a job is a non-partisan issue to Canadians. The Government of Canada introducing a mobility assistance policy for in-demand workers is not a partisan act. The government helping people temporarily relocate for work is not a partisan exercise. The government's expense getting them there today means tax revenues tomorrow from the worker, the capital asset, and the company doing the work.

The pilot I suggest in my written submission to the committee starts small; $4 million in forgone tax revenue. It returns $12 million in income tax paid by individuals alone. Pick a few occupations most in need and choose a few major projects to determine eligibility in the pilot. Federal budgets are about wise spending choices and this modest pilot certainly falls into the frugal category when you look at the breadth of public program spending in Canada. For example Public Works indicates the various departments in Ottawa spent about the same amount on public polling in 2013 as this request would be.

This measure could also help Canadians get the training they need in a different market where there is work and an employer willing to tap into the Canada job grant. Use the mobility measure to get to where the training is for the job you're about to start. The job grant is dependent on an employer willing to hire you. Markets with hot employment markets will require more people to be trained. There is a natural link here. The Canada job grant, despite the noise, is the single most important change to the training landscape in two decades.

The Chair: One minute.

Mr. Christopher Smillie: So what's next? It's up to you, up to the finance committee, and up to the Minister of Finance to help a critical industry and help in-demand workers.

In previous reports your committee has recommended such measures, and we seek your support again. It doesn't matter to industry if it is a tax credit or a change to employment insurance. What matters to us is having an available workforce wherever and whenever needed for Canada's economy. What matters to us is project completion and labour force certainty for the marketplace.

Quickly, Canada's skilled trades workers are inherently less likely to travel for work than workers from the United States. Funnily enough, the IRS allows deductions for travel to obtain temporary work against income. Here is an opportunity to make Canada's workforce more productive and reduce taxes for everyday Canadians.

I remain available for your questions.

● (1705)

The Chair: Thank you for your presentation.

We'll now go to the Canadian Arts Coalition.

Mr. Frédéric Julien (Project Manager, Canadian Arts Presenting Association, Member, Canadian Arts Coalition): Thank you, Mr. Chair, for the opportunity to appear before this committee today.

Before providing you with more information on the recommendations from the coalition's brief, I'd like to share with you some information from research reports that came out recently and that addressed the topic for today's pre-budget hearing.

First, Statistics Canada released the culture satellite account earlier in December, and this provided great detailed information on the GDP of the culture industries and also the employment. From this report we learned that culture industries represent 4% of our workforce and 700,000 workers.

A few weeks ago, we had the statistical profile of artists and cultural workers in Canada. From this report, also using Statistics Canada data, we learned that there are 137,000 professional artists in Canada and that most of these artists are self-employed workers.

I will be referring to these figures later on in my presentation, but I'd like to stress that between 1990 and 2010 employment among artists and cultural workers grew at a much faster rate than the overall labour force. For the labour force we had a growth rate of 31%, for cultural workers 45%, and for artists 59%.

The Canadian Arts Coalition is proposing effective ways to support and maintain an increased number of jobs related to the cultural sector. The first is to increase the parliamentary appropriation to the Canada Council for the Arts. The second is to establish a pilot program at the Department of Foreign Affairs, Trade and Development, and the third is to investigate revenue models to support a comprehensive Canadian cultural digital strategy. These recommendations were identified as priorities by 42 member associations of the coalition during consultations that we held in April and May 2014.

Here are some notes addressing each of our specific recommendations.

The first one is to increase the Canada Council for the Arts parliamentary appropriation by $35 million in 2015, with a long-term goal of reaching $300 million. Between 1990 and 2010, the breadth and diversity of artistic practices and experiences by Canadians increased tremendously. The number of artists, as I said, grew at twice the rate of the labour force, and the number of organizations supported by the Canada Council increased by 65%. During the same period and taking into account inflation, the parliamentary appropriation to the Canada Council increased by 17%. We're now at a per capita parliamentary appropriation that is actually lower than what it was in 1990.

In order to bridge that gap and to continue to provide Canadians with affordable access to diverse cultural experiences, the parliamentary appropriation to the Canada Council needs to be increased. The coalition's modest immediate request for a first increase of $35 million in 2015 is considerate of the current economic uncertainty, but our long-term goal remains a budget of $300 million.

Our second recommendation is to increase Canada's presence on the world stage for 2017 by establishing a $25-million pilot program over three years at the Department of Foreign Affairs, Trade and Development for Canada's 150th birthday. This pilot program would be directed through three areas: cultural promotion in the embassies, trade and business development, and international circulation of Canadian artists and their works.

The vitality of the arts and culture industry, like any other industry, depends on its capacity to expand its markets beyond the boundaries of our country. Targeted investment intended at building international markets will also result in diversified revenue streams for Canadian arts organizations and also jobs here at home.

We also believe that the tourism sector will also profit significantly from this increased activity in 2017. An Ontario report told us that almost two-thirds of Ontario's overseas tourists engaged in arts or cultural activities, and that 44% of North American tourists with Ontario travel experience said that arts and culture was their main reason for travelling. These tourists spend a lot of money, actually twice as much as the average typical tourist.

The Chair: You have one minute.

Mr. Frédéric Julien: The last of our recommendations is to investigate the revenue models to support Canadian cultural digital strategy that would enable creation, dissemination, and engagement of cultural content online.

We are concerned about the decrease in the use of traditional broadcasting and the reliance on cultural content through Internet service providers. The problem is that the regulations for Canadian content and for the contributions for the creation of Canadian content come from those traditional broadcasters. On the other hand, we have Netflix and other Internet-based providers that are not subject to any Canadian content regulations and contributions. We'd like to see this reviewed by a House of Commons committee so we can investigate new revenue models and have a more competitive and reliant industry.

Thank you.

● (1710)

The Chair: Thank you.

Thank you for your presentation.

We'll go to Ms. Deans, please.

Ms. Julia Deans (Chief Executive Officer, Futurpreneur Canada): Thank you.

My name is Julia Deans, and I'm the CEO of Futurpreneur Canada, and we're the only national, not-for-profit organization that's helping young Canadian entrepreneurs launch businesses across Canada.

Thank you for the opportunity to appear here today.

On a personal note, I, like you, spent last Wednesday in this building and I am very grateful that you got back to the nation's business as you did.

Some of you might have noticed that since I was last before you, we have a new and improved name. We changed our name to Futurpreneur Canada in May because young people, young entrepreneurs, told us they really couldn't identify with the name Canadian Youth Business Foundation. We wanted a name that spoke better to what we do, and also that worked in both languages. We received really positive feedback about it, and I hope you like the name as well.

At Futurpreneur Canada, we help 18- to 39-year-old entrepreneurs with no security and no track record, people considered too high-risk and too time-consuming by traditional lenders to give money to. We were founded by bank philanthropy in 1996, and since then we've invested in 6,740 young Canadians. Last year alone we helped to launch over 800 new businesses, which was almost 40% more than the previous year. These businesses have created 26,000 jobs and $191 million in tax revenue.

We offer four things that young entrepreneurs need most to launch. The first is to help them develop a strong business plan. About 10% of the people who come to us have one; the rest need a lot of support. We then provide them with loan financing of up to $45,000, which is from us and the BDC. Our loans are based on character, not collateral, and also the strength of their business plan. Then we equip them with mentors and we have almost 3,000 volunteer mentors across Canada. We also provide mentors to young people who don't need money, but do need mentoring through our MoMENTum program. Then we give them business resources, counselling, and networks to help them as they navigate those really tricky first years of business.

This combination gives young people the confidence, competence, capital, and connections they need for success. You probably know that the normal five-year success rate for a Canadian start-up is about 50%. Ours ranges from between 50% and 60%, and these are young people without collateral, and up to 80% to 90% repay their loans. So even if they're not in business, they've sold, they've closed it down, whatever, they still have the economic wherewithal to pay back a loan. We think that these great numbers are due to the strength of our mentoring program and our comprehensive business resources.

Futurpreneur Canada has a proven track record of advancing economic growth by supporting emerging entrepreneurs in their growing businesses. We also help build Canada's economy by helping our clients develop the entrepreneurial skills they're going to need whatever they do in their lives. We have seven regional offices —Quebec, Ontario, Manitoba, Saskatchewan, Alberta, B.C., and the Atlantic—and we have reps in some of our really busy centres like Ottawa and Quebec.

We work with young entrepreneurs and about 250 community partners in 1,400 communities, and we have other strong partnerships, including with the federal government, which has been a key and long-standing partner investing in our Futurpreneurs. We used this support to get complementary support from other governments and also the corporate sector.

In 2012, the federal government committed $18 million over two years to help us help young entrepreneurs launch new businesses, and that runs to March 31, 2014. We see now that young people are more interested than ever in starting their own businesses. Millennials are twice as likely as others to start their own business, and we're indeed seeing a rise in demand for our offerings. We see a great opportunity to seize on this momentum and provide more aspiring young entrepreneurs with the investment and programs they need.

We're wanting to meet this demand and grow the number of businesses we help to launch by 10% each year. We're asking the Government of Canada for a contribution of $37.5 million over five years to support our full start-up program, as well as an additional $2 million to support the expansion of our stand-alone mentoring program. This is a reduced annual contribution—we're going to do more with less—and it's going to allow us to help a lot more of the young entrepreneurs we see potential in across the country. We're currently helping 2% to 3% of that potential market, and we want to double that number. With this support, we'll be able to help 5,600 young people with our full start-up program, and 2,000 more young people with our expanded stand-alone mentoring.

● (1715)

ln addition to helping young Canadians realize their entrepreneurial potential, supporting youth start-ups will respond to some of our other key economic challenges. One is youth unemployment, which I know you're well aware of, and the second is dealing with the impending tsunami of retiring small-business owners. We help young entrepreneurs in all sectors of the Canadian economy from high-tech businesses to skilled trades, and we help almost every kind of business.

I was going to share with you some of the things people say about us, but I'm going to leave you with a package that has those notes so I don't have to say it now. I would just to leave off saying that we're very efficient and effective. We have a fantastic track record, we're recognized as a global leader, and we hope very much to count on your support and to have you take part in our global entrepreneurship week activities at the end of November.

The Chair: Thank you very much for your presentation.

Mr. Byrne, please.

Mr. Scott Byrne (Manager, Strategy, Monster Government Solutions, Monster Canada): Mr. Chair, members of the committee, thank you for inviting me here today.

Monster Government Solutions is here to help an important and vital subset of the Canadian public: veterans and Canadian Forces service members who wish to transition to civilian life. Recommendation 32 of the recent Standing Committee on National Defence report, "Caring for Canada's Ill and Injured Military Personnel", calls on the government to "develop a comprehensive, algorithmic, military skills translation software tool to facilitate Canadian Forces members to obtain civilian employment upon release".

We recommend that the government invest in a military skills translator, a tool that interprets an individual's military skills, experience, and training to find better opportunities that best align with their capabilities. We are not alone in advocating for such an investment. The Automotive Industries Association of Canada's pre-budget submission includes a similar recommendation.

Having developed a military skills translator for use in the United States, Monster can attest to the benefits of such a tool. Over 800,000 U.S. veterans have used our program to successfully transition into the civilian workforce. Monster is committed to helping veterans in this transition. Each year in the U.S. we run a national veteran employment summit, which Canadian MPs have attended, and here in Canada we have worked with and support not-for-profit organizations such as True Patriot Love, Treble Victor, and Canada Company on veterans' issues.

Canada's veteran pool of talent is unique and highly skilled, with the potential to provide significant assets to employers. Our goal is to unlock that potential. Our skills translator uses a world-leading algorithm which translates military experience into civilian terminology. Not only does this benefit veterans, but it also enables employers to understand how veterans and their skills can be a welcome addition to their company.

This is especially important when only 13% of employers said that their HR departments knew how to read the resumés of military applicants. Our service matches veterans' talents to comparable career opportunities and to related industry online job postings. A user can add more information, such as special training and courses taken, which the translator uses to further narrow their results to specific roles within the private sector.

As Monster's military skills translator is already successful operating in other jurisdictions, the time and cost of reconfiguring the translator to provide an effective and tested product for Canada's veterans is greatly reduced. Once granted access to DND's military occupation codes and the duties associated with rank, as well as training specifications, Canadian veterans and service members could begin benefiting from an operational military skills translation tool within six months with an upfront cost of $1.7 million.

This would be followed by an operating cost of $400,000 per year, to keep the algorithm and the requirements current. Once operational, the program can be integrated into private companies' recruitment websites. For example, a version of the U.S. translator is part of the TheHomeDepot.com's recruiting site. Without the data and the initial government support, this would not be possible.

This is an issue that is very close to my own heart. Both my grandfathers and my uncle are veterans. My mother was a medical corps nurse in the reserves, and my father was awarded the Canadian Centennial Medal in recognition of his service. I believe we have a moral duty to help those who have put their lives on the line to defend our country and our values, and help them transition to civilian life.

Early in this study, the committee heard from the veterans ombudsman, who said:

> […] today as a nation we are not capitalizing enough on the effort in time and expense that Canada has put into developing the skill sets of these men and women. When they finish their service, for the most part we thank them and then they drop off our radar screen.

Investing in a military skills translator is a tangible way for the government to harness that training experience while directly and immediately benefiting forces personnel, employers, veterans, and their families.

I thank you, and I look forward to your questions.

● (1720)

The Chair: Thank you for your presentation.

[*Translation*]

Mr. Thivierge, you now have the floor for five minutes.

Mr. Christian Thivierge (Corporate Secretary, Solidarité rurale du Québec): Ladies and gentleman, I would first like to thank you for your invitation to Solidarité rurale du Québec to present our position on ways to maximize the number and types of jobs for Canadians.

I would first like to point out that Solidarité rurale du Québec is first and foremost a coalition of Quebec organizations that has been promoting and advocating for the revitalization and development of rural areas and their communities and villages for the past 23 years. In 1997, the Government of Quebec recognized the unique characteristics of rural life and made Solidarité du Québec a rural advisory body for all of Quebec.

Solidarité rurale du Québec has always maintained that the social and economic development of rural and remote regions and communities requires a vision and understanding that takes into account all aspects of rural life. In our opinion, this is the first thing the federal government must have in mind if it wants to implement conditions to increase their prosperity.

In other words, community size, population density, the type of natural resources to be found, remoteness from major centres and accessibility to services and infrastructure create very different realities from one rural area or community to another. The government's decisions must take these factors into account to maximize the number and types of jobs for Canadians.

How? By providing a modulatory clause in development and employment assistance programs, whether it be programs to provide training or support for innovation in business. The rules could be flexible and allow small or remote communities to qualify for assistance, venture capital or expertise.

The government must also put conditions in place to allow people in rural and remote areas to develop employment, on their own, that meets their local realities. These essential conditions include making high-speed Internet available. We recognize that efforts have been undertaken, but there are still too many underserved areas. All businesses and self-employed workers outside of urban centres should be entitled to a connection allowing them to be competitive, at a reasonable cost, which is not currently the case.

In addition, it is important to develop programs and tools allowing rural and remote residents to innovate by developing value-added products locally. A diverse economy is the basis of prosperity and the creation of diverse jobs.

We also believe that the government must protect those agricultural products that will be subject to the new open market rules with Europe. The very act of protecting agriculture and the agri-food processing industry protects Canadian jobs. Cheese makers in Quebec in particular come to mind.

Finally, the government must give rural communities the tools they need to foster their development. In this case, we could talk about forest biomass, which is something that can support rural communities. The government alone cannot solve employment challenges in rural communities and must, from now on, learn to support, mobilize and trust.

Communities must have levers to influence their development and mobilize their resources rather than waiting for a multinational to announce hundreds of jobs or foreign investments. We therefore recommend that the Government of Canada adopt, as part of a possible federal rural policy, a measure similar to the rural pact in Quebec's national policy on rurality.

I should point out that, in 2010, the OECD called this policy the most advanced in the world. The rural pact is a decentralized financial support measure. It is essentially an agreement between the government and each regional county municipality to strengthen and support rural development in these areas. The measure can support local and regional initiatives based on the will of the community. The rural pact, along with its budget envelope, is a real driver for job creation in rural areas. Such a pact would allow rural people across Canada to take control of their prosperity.

Thank you.

● (1725)

The Chair: Thank you for that presentation.

[*English*]

We'll begin five-minute rounds with member questions.

Mr. Rankin.

Mr. Murray Rankin: Thank you, Mr. Chair, and thank you to all of our witnesses for their excellent presentations. There was so much in five minutes.

I want to begin with Mr. Smillie.

You really made a very powerful presentation, asking almost agnostically whether....It didn't matter whether your idea was a mobility tax credit or an EI travel voucher, you were indifferent. It sounded like a very sensible idea. I'm sure you've spoken about it to government officials and others.

What response are you getting to such an obviously sensible idea?

Mr. Christopher Smillie: We get that it sounds like a good idea, and it sounds like it could assist, but then we keep waiting.

Mr. Murray Rankin: So it's a question of no uptake on the idea.

Mr. Christopher Smillie: Well, I think there's uptake, but my sense is that the Department of Finance doesn't like it. At the end of the day, we have to have the political will in the country to get workers where we need them. Look, we're operating at 110% in terms of employment. We're scrambling and we need to get the right people to the right place at the right time.

Mr. Murray Rankin: Thank you.

Mr. Julien, I want to thank you for your excellent presentation and for reminding us all just how important the arts are, not just to the economy, but to so many other things in our communities.

I was struck by your figures of 700,000 workers and 137,000 professional artists. These are staggering numbers.

My first question is about the per capita spending that decreased from $5.57 in 1990 to $5.34 in 2010. Is that just the reflection of the downturn in our economy, or are there other factors that would explain that difference?

Mr. Frédéric Julien: There have been occasional investments into the parliamentary appropriations of the Canadian Council for the Arts over about the last six decades. It's been growing occasionally with increases, the last one being $30 million in 2007, but there hasn't been any further increase since. As a result of that, there's a gap between the diversity of arts practices out there and the means that are available to make this sector really flourish and create even more jobs.

Mr. Murray Rankin: Right.

I wanted to zoom in on one of your specific recommendations, number two. You talk about Canada's birthday, 150 years. The idea was, specifically, $25 million over three years for pilot projects, one of which was cultural promotion in the embassies. I have a constituent who's the arts ambassador for the municipality of Oak Bay, Barbara Adams, and she's long been advocating taking Canadian art and putting it in various embassies around the world. Is that what you're suggesting in cultural promotion, that sort of display of our artists, or what did you specifically intend?

Mr. Frédéric Julien: That is part of it. We've heard for decades that artists are great ambassadors and tools for ambassadors to actually do their business abroad. Cultural promotion in the embassies could mean presentation of artists abroad by the embassies, but we also need some support from the embassies to the artistic companies that are touring abroad in order to know the market well and know where there are opportunities for more touring and more market development.

Mr. Murray Rankin: Excellent. Thank you.

Ms. Deans, I really like the new name and I really liked your presentation.

You've suggested there's a reduced annual contribution sought, $37.5 million over five years. The program's success seems to speak for itself. My question is, what would you specifically do with those funds? You didn't have the time to take us through the balance of your submission, so perhaps you could just tell us what you'd do with the money.

The Chair: There's about one minute remaining.

Ms. Julia Deans: The support we offer is a combination of loan financing and then programs such as the mentoring for two years, the entrepreneurs in residence, mentors in residence, and business supports from our online business plan writer, individual counselling, and events and networking sessions that bring people together. It's the combination of loan financing and programs to support people through their first five years.

● (1730)

Mr. Murray Rankin: Thank you.

The Chair: Thank you, Mr. Rankin.

We will go to Mr. Saxton, please.

Mr. Andrew Saxton (North Vancouver, CPC): Thank you, Chair.

Thanks to our witnesses for being here today.

My first question is for Scott Byrne from Monster Canada.

Scott, in your presentation you talked about the federal government. Your recommendation is to create a military skills translator. I think it's a very worthwhile idea, and I know that you also noted in your introductory comments that the Canadian Forces liaison council and Canada Company are working hard to bridge that gap for veterans to find work in the private sector in civilian life once they leave the military. My question is, what would Monster's role be in this translator?

Mr. Scott Byrne: Monster's role is basically to adapt an existing algorithm to meet the Canadian Forces' needs. Every armed force has different ranks and different military occupation codes, and therefore it's not just something you can just plug in the Canadian values to. What we would have to do is take the military operation codes, duties of rank, and training, and populate our algorithm and then use that. Our expertise is in the massaging of the information using our algorithms in order to match the jobs for the transitioning forces members.

Mr. Andrew Saxton: So what you're suggesting then is you're pitching an idea basically to the government and you hope that you get this job. It's a contract basically that you're interested in.

Mr. Scott Byrne: Yes, it is a contract.

Mr. Andrew Saxton: It's a for-profit contract that you're trying to promote.

Mr. Scott Byrne: It is a for-profit contract. As a publicly traded company we have a responsibility to our stakeholders and our shareholders to make money when we do business. However, we believe that this is a very noble cause and we owe it to our veterans to tie back to this. And not only that, but this is something that's recognized by another government committee so we support that and we will be happy to participate.

Mr. Andrew Saxton: Do you have an idea of what it would cost?

Mr. Scott Byrne: The cost would be $1.7 million, which would be the upfront cost, which would be the configuration, due diligence, and getting it into place within, our estimation is, six to nine months subject to due diligence. And then on an ongoing basis after that it would be $400,000 per year.

Mr. Andrew Saxton: Okay. Thank you very much.

My next question is for Canada's Building Trades Unions, Christopher Smillie.

Christopher, in your submission in the the pre-budget stage you suggested creating a labour mobility tax credit for mobile workers. I think this idea has merit given that there are skills shortages right now and that there are jobs going unfilled. How would such a credit work and have you costed it out?

Mr. Christopher Smillie: Yes, it's been costed and I have the auditor's statements. I can submit them to the committee if need be.

It could work a number of ways. It could work like the home renovation tax credit. Remember how that spurred spending, people would go to the retail store and they got a percentage of what they spent back on their income tax. So you spend $1000 travelling to where the work is, potentially you get 5% of that back, or 10% or 15% of that back, as a tax credit at the end of the year. It's not even as a dollar-for-dollar deduction on income.

We're looking for the committee's input as well to structure this on how we think it could work. You could also give someone the last two weeks of their EI first and they could use that to fly or to get on a train to travel to a job site at a certain distance. But a tax credit is probably, in our view, the easiest way to do it, against expenses that someone lays out to go to work.

Mr. Andrew Saxton: The biggest issue that I've heard from people is that they don't have the upfront money to get to that job, so a tax credit is sort of retroactive, you get it back later. That may not be the most effective way of dealing with the problem—

The Chair: One minute.

Mr. Andrew Saxton: —which is really getting people there in the first place. Maybe your second idea is more helpful in that regard. Do you think that this proposal would help to alleviate the skilled trades shortages that are going on right now?

Mr. Christopher Smillie: If we could get 10 or 15 or 20 people to job sites we weren't otherwise going to have there and who we had to seek somewhere else in the world, that's assisting the shortage issue. Repositioning people in a more efficient way across our country is the goal.

Mr. Andrew Saxton: Thank you.

Thank you, Chair.

The Chair: Thank you, Mr. Saxton.

Mr. Brison for five minutes.

● (1735)

Hon. Scott Brison (Kings—Hants, Lib.): Thank you, Chair.

Thanks to each of you for your words of wisdom today.

Mr. Smillie, just a heads-up, the Department of Finance never likes anything that has what they call a tax expenditure, so that's nothing new, but they also don't have a mandate to consider the positive impact in other areas and that's where we come in. I think what you're proposing has merit in terms of addressing that job skills mismatch and increasing labour market mobility.

I have a question on another area where we have an opportunity and a challenge.

There will be 400,000 young aboriginal and first nations people entering the workforce in the next 10 years. If we've got it right that could be really good for the economy if they had the skills required for jobs today. If we've got it wrong we're in big trouble, and we seem to have it wrong.

Where do the building trades come in in terms of targeting that very vital part of our Canadian population?

Mr. Christopher Smillie: We're starting to work with the National Association of Friendship Centres; we're trying to get in touch with the folks who have the competencies or want to have the competencies to get involved in construction. The friendship centres are for urban aboriginal folks. We're coming up with an MOU with them and we're hoping to tap into the Canada job grant, those LMDA or LMA funds, in order to facilitate the training for these people so we can give them essential skills upgrading either at the friendship centres or our training centres across Canada and get them up to snuff in terms of what employers are looking for.

One of the key points is partnerships with the employers in those marketplaces, so Janet's members. You had Janet here earlier.... You need to work in conjunction with those companies in those local marketplaces where the projects are in order to hire local aboriginal people. It's upgrading basic skills.

Hon. Scott Brison: Ms. Deans, this question is from the same angle concerning the aboriginal or first nations youth opportunity or challenge. The Right Honourable Paul Martin has done a lot of work in this area in building business capacity within a group, including establishing the CAPE Fund.

Are you working with Paul Martin and others who are active in this space?

Ms. Julia Deans: Yes, we have first nations young entrepreneurs across the country, and some of them are most successful.

Right now we're doing a project in northern B.C. focused on rural and aboriginal youth to figure out how we can best work with those communities to target assistance and what special supports they need. We're going to take those learnings across the country.

We're also providing our stand-alone mentoring on a number of reserves where there are existing business programs. We are starting to develop stronger partnerships with the Canadian Council for Aboriginal Business and others to try to expand those programs.

It's a huge priority for me and for our organization.

Hon. Scott Brison: You mentioned two trends.

First is youth unemployment and underemployment. We have 200,000 fewer jobs for young Canadians than in 2008 before the downturn.

Second is the demographic shift and the small business transfer. It's estimated that 50% of the small businesses in Canada will be sold within the next 10 years. There is an opportunity. You see this opportunity of bringing those two together and helping young Canadians become the acquisitors.

Last night we met with Finance officials to talk about the budget implementation act. Future entrepreneurship was discussed as part of that, and the relationship with BDC. We were told by Finance Canada officials that you don't work with or necessarily invest in cooperatives as a corporate structure.

Why is that, when cooperatives could be an incredibly viable business structure to acquire some of these businesses?

The Chair: Let's have just a brief response, please.

Ms. Julia Deans: The big reason is very dilute ownership. The majority of our owners have to be 39 and under, so it's very difficult. But we've reached out to all the major cooperative associations across the country to see how we can help them through mentoring and fix the ownership in such a way that we can work together. So we have that under way.

The Chair: You have ten seconds.

Hon. Scott Brison: I would assert that the cooperative type of ownership for small businesses and for young people may be a very viable form of business ownership that I would commend to you.

Ms. Julia Deans: We're reaching out to them actively right now to figure out how to do that. So that's bang on.

The Chair: Thank you, Mr. Brison.

We'll go to Mr. Keddy, please.

● (1740)

Mr. Gerald Keddy: Thank you, Mr. Chair.

Welcome to our witnesses.

Mr. Smillie, I have a couple of questions on the labour mobility tax credit.

My first question is whether, as I would expect, this would be a non-refundable tax credit; that you couldn't actually accumulate funds, but would get money back from the government at the end of the year.

Mr. Christopher Smillie: Sure.

Mr. Gerald Keddy: It'd be against.... Tax is always....

Mr. Christopher Smillie: Sure.

Mr. Gerald Keddy: Fair enough.

My other question is—and I just see a part of this that could be problematic.... I like the idea very much of restructuring EI benefits and styling them as some type of travel voucher, but the problem would be the same as with the first part: it would also take away any money that the employer is paying now, I would expect; it would almost have to.

Is that a bit of a disincentive for the employer to get people to travel now?

Mr. Christopher Smillie: If the employer is currently paying travel or lodging or a per diem, etc., that stuff wouldn't be claimable, obviously. This would be for anyone who's not getting that or for anything that's above and beyond what they're already receiving.

We have collective agreements that set this stuff out. It's not applicable to some people. But the most vulnerable people, whom we want to move around, don't have access to any of these things at all.

It wouldn't replace what the employers are doing; it doesn't take the onus of responsibility off employers to do some. But it spreads it around, and it means some people who currently can't get it would have access to it. You wouldn't be double-dipping, if that's what you're getting at.

I didn't put that—

Mr. Gerald Keddy: The difficulty I see here is that employers have skin in the game right now, and this actually takes some of that out of the game. They wouldn't have that incentive there.

Mr. Christopher Smillie: But if you think about it—

Mr. Gerald Keddy: I'm not saying that they can't be overcome and we're not going to solve them right now in a few minutes, but I just see that as problematic. However, it needs further expansion. It's a good idea.

Ms. Julia Deans, the mentoring program that you're talking about, we had a group in here already this week, Startup Canada, which sounds to be similar. I don't want to compare the two, but they do essentially the same thing, mentoring young entrepreneurs and entrepreneurs across Canada.

You're looking for federal dollars. You're a non-profit organization. Your total investment of, I think, $12 million was the original ask?

Ms. Julia Deans: I'm sorry, what do you mean by original ask?

Mr. Gerald Keddy: How much money are you expecting the government to put in and what's the return on jobs and individuals who would actually find jobs from that?

Ms. Julia Deans: Our average entrepreneur creates five jobs. Some have created 350 jobs. There is a return in terms of jobs created. There is also a return in terms of government revenues created and businesses created.

Mr. Gerald Keddy: On the panel before you—and I'll be very quick here—the term “youth underemployment” was used several times during the discussion. I would just like to ask you, because you look at this from a slightly different angle, is that a real term?

Is there underemployment or is there overeducation, and have we done a poor job as a society—I'm talking our high schools, our community colleges, our universities, straight across the board—at steering people toward an active role in the workplace?

The Chair: Just a brief response.

Ms. Julia Deans: We did a cross-country series of round tables and a national summit. It pointed out that we're not preparing our young people to create their own opportunities.

Just on Startup Canada, we are very different. We have an almost 20-year-old track record that's pretty much a volunteer-led organization. We have a mentoring program that is very well designed. It's considered the gold standard internationally. We've had 3,000 volunteer mentors go through. It's tracked. We work with the mentors and the mentees every step of the way. That's the kind of mentorship young people need.

They don't need a dabbling in and out. They get very, very frustrated with that. I think you want results from the mentoring program as well that an organization like ours can deliver.

● (1745)

The Chair: Thank you.

[*Translation*]

Ms. Liu, you have the floor for five minutes.

Ms. Laurin Liu: Thank you very much, Mr. Chair.

I would like to mention this first.

[*English*]

Youth underemployment is a very real thing. In fact, one in three youth are underemployed in Canada today, which is a very high number.

[*Translation*]

Mr. Thivierge, I would like to thank you for your comments and recommendations. Your concerns resonate with people in my riding of Rivière-des-Mille-Îles. I know that you are part of the Quebec coalition against employment insurance reform. That reform has greatly affected rural areas.

Could you expand on how the reform shows a poor knowledge of the economic realities of rural areas? Have you felt the effects of this reform in Quebec's rural regions?

Mr. Christian Thivierge: Eastern Quebec is a classic case. Fisheries and agriculture come to mind. Because of our climate, Canada has a long, harsh winter, and people generally fish in the summer. Therefore, those activities will necessarily mean that there is a period when employees are unoccupied in the winter.

The employment insurance program, as it was conceived, was a support for maintaining those jobs. If Canadians want to continue to eat lobster and shrimp, they are going to have to think about how the industry can be sustained.

Having said that, the current employment insurance program allows a person to go through a period of inactivity, which does not mean that there couldn't be job creation or economic diversification to achieve full employment.

There is no doubt that reducing this program or making access to it more difficult will certainly prevent economic diversification, even in communities that are based on seasonal employment. The tourism industry has also been greatly affected. It is important to understand that despite what you may think, hotels and restaurants require qualified staff. That is a real problem right now.

It is important to understand that if several of these rural areas that benefit greatly from tourism do not have access to qualified staff, the quality of the welcome that foreign visitors get will be affected. A large part of the economy of Quebec and Canada benefits from foreign tourism.

The employment insurance program is necessary in order to keep jobs in the regions and to allow for the diversification of economic activities in the medium term. Combining the employment insurance program with flexible assistance on the ground would make this diversification possible.

We need to understand that the employment reality in the Gaspé is not the same as in Montreal, Ottawa or Toronto. Considering an employment insurance program that could have flexible conditions across Canada would ensure that diversity.

Ms. Laurin Liu: Actually, in my riding in the Lower Laurentians, agri-tourism is vital to our prosperity. Your comments fully resonate in my region.

In 2013, the Government of Quebec released its third edition of its national policy on rurality. Claire Bolduc, who represents your organization, said that the federal government should also adopt such a policy.

Could you elaborate on that?

Mr. Christian Thivierge: That is sort of what I was saying about rural pacts between the government and municipalities. The agreements would enable municipalities to bring together the dynamic forces of communities and choose where to invest.

Allowing communities to choose economic opportunities will definitely lead to far greater investments in time and resources than if an initiative came from the top.

The concerted effort made at local and regional county municipality levels has generated a significant amount of activity. The OECD said that 25% of Quebeckers live in rural areas, while generating 30% of Quebec's gross domestic product.

So people must not think that our rural communities are a source of poverty, quite the contrary. Rural communities are a source of prosperity across Canada.

Ms. Laurin Liu: Absolutely.

We must promote our rural communities and recognize their contribution both to our economy and to our Quebec and Canadian identities.

You also raised the issue of land use. Your organization said that rural communities were not sure whether having natural resources is a blessing or a curse because they do not really have a say in the development of the natural resources.

Do you have any comments on that?

● (1750)

The Chair: Mr. Thivierge, please provide a very short answer.

Mr. Christian Thivierge: Yes, it is important to consider the people who live on the land when we think about using natural resources. They must be the first ones to benefit from the resources because they live on that land. They watch the forest, mines and oceans being developed. So they must be considered. They will also fill those jobs. As a result, recognizing them will automatically make it possible to guarantee prosperity.

The Chair: Thank you, Mr. Thivierge.

Thank you, Ms. Liu.

[*English*]

I apologize for the shortened panel, but I think we have up to nine votes tonight, colleagues, so we'll be in the chamber for quite a while.

On behalf of the committee I want to thank all of you for participating in pre-budget consultations. If you have anything further for the committee, please submit it to the clerk. We'll ensure all members get it.

Merci beaucoup à tous.

The meeting is adjourned.