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Chair

Mr. Massimo Pacetti

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● (1115)

[*English*]

The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)): I call the meeting to order. Good morning.

[*Translation*]

We thank you for submitting your briefs and coming here to testify. We appreciate your effort.

We usually give witnesses a period of seven or ten minutes. We would ask you to adhere as much as possible to these time limits, so committee members can ask questions.

Pursuant to Standing Order 83.1, today's meeting is about the 2005 pre-budget consultations. Without any further delay, I will now leave the floor to Mr. Koskie.

[*English*]

Mr. Raymond Koskie (Consultant, International Brotherhood of Electrical Workers - Local 353): The presentation will be made by Joseph Fashion, Mr. Chair.

The Chair: Okay, thank you.

I think, Mr. Fashion and Mr. Koskie, you're representing more than one group. If I can put it on the record, you're representing the Boilermakers Union, Local 128; the International Brotherhood of Electrical Workers, Construction Council of Ontario; International Brotherhood of Electrical Workers, Local 353; Ontario Pipe Trades Council; and the Provincial Building and Construction Trades Council of Ontario. Is that correct?

Thank you.

Mr. Joseph Fashion (Business Manager, International Brotherhood of Electrical Workers - Local 353): Thank you, Mr. Chairman, and thank you, members of the committee, for listening to us this morning.

I'm here today representing 100,000 construction workers in Ontario, and another 70,000 electricians and apprentices throughout Canada. I'm the business manager in Toronto of the International Brotherhood of Electrical Workers, and we have 7,000 members. We also have another 8,000 members throughout Ontario. Again, I'm on the international executive council; therefore I'm speaking for electricians and apprentices across the country.

We're here to talk about encouraging productivity. The issue we want to speak to today is worker mobility deductions for travel and living expenses. The problem we have in the construction industry is that employment typically requires laid-off workers to travel beyond their metropolitan home area to obtain new temporary jobs. However, they are unable to deduct from their income reasonable travel and living expenses incurred in connection with such temporary employment. At the same time, workers must continue to maintain their principal residence—hence, a double financial burden.

There is some limited tax relief for employees directed by their employer to work at a remote or special work site, under which payments of travel allowances are not included in the worker's taxable income. However, this is not available to persons seeking new employment.

A change would help. It would help resolve the shortage of skilled trades by making it less expensive to the worker to travel and work in areas away from home. It would also cut down on the number of unemployed skilled workers across Canada. The denial of such deductions has a serious effect on workers, the EI program, and Canada's economy. Without such tax relief, the worker must either incur high travel and living expenses without tax relief, or decline the job and collect EI.

The construction employment cycle in one region tends to differ from that in another. This is the rationale for policies that promote temporary inter-regional movement of labour. In the absence of this movement, two perverse consequences arise. First, labour shortages emerge in some regions, concurrent with unemployment in others. Second, unemployment causes apprentices who have not completed their training to leave the trade, thereby wasting training investments and eroding the future skill base that will be needed in that region. It also results in many trained journeymen leaving the trade for more secure employment. This results in workers being less productive, which is in no one's best interests.

The 2002 labour force survey estimated that there were a little over 600,000 wage-paid construction workers in 2002. Ironically, if these workers were self-employed, as certain of them are, many of these expenses would be deductible. It should be kept in mind that under the ITA, transport workers already enjoy tax deductions for meals and lodging. Also, performing artists are entitled to a maximum of a $1,000-deduction for expenses. Therefore, tax fairness demands that this inequity be remedied.

The solution would be to amend the ITA to allow construction workers to deduct the costs incurred in taking a temporary job away from home, subject to and limited by the same requirements that apply to the special work site exemption under the ITA. The net cost benefit to the country of allowing the deduction would result in an estimated net benefit to the public purse of approximately $95 million.

● (1120)

This takes into consideration the tax expenditure in allowing the deduction, approximately $71 million, less the benefits to the public purse from EI savings of approximately $81 million, and additional generated income tax of approximately $85 million. These are soft figures. The savings to the public purse could actually go as high as $300 million.

The second issue I wish to talk to this morning is about construction industry skills training and improving productivity through investment in human capital.

The committee has embraced in the pre-budget themes the vital importance of investing in human capital through investments in education and skills training to make our workforce more productive and adaptive to technological innovation. The OECD has recognized that boosting the skills of those who are already qualified makes the largest contribution to human capital growth.

The two recommendations summarized in this section are consistent with the government's objective. The first one is the direct government funding of training trust fund initiatives. In terms of background, the skills training and labour adjustment needs of the construction industry are in many ways unique. Construction employers and employees have established significant infrastructure to allow them to manage their own training needs, such as upgrading skills of the existing workforce, apprentices and new entrants. The employers, working in cooperation with the unions, jointly sponsor these training needs through the establishment of training trust funds. The TTF concept has existed successfully for at least 30 years.

The problem is that apart from capital funding through the newly established training centre infrastructure fund, the federal government does not provide TTFs with direct funding for training delivery. EI-based training benefits are only available to unemployed persons. Generally, TTFs cannot, on behalf of the unemployed journeypersons or other construction workers, access training funding, as they were able to do some years ago. Funding for current upgrade training is only available to qualified EI candidates, but not directly to TTFs. This effectively eliminates upgrade training for a substantial portion of tradespeople.

The solution is that the federal government should, subject to the consent of the provinces, provide direct funding to TTFs by matching training costs incurred by the TTFs, similar to the TCIF funding formula. This would enable increased upgrade training required for changing technology.

The EI two-week waiting period and training eligibility is a problem. During the waiting period, no EI benefits are paid. However, a worker is discouraged from taking upgrade training during this period because it purportedly interferes with the duty to be available for work and to maintain an active search for employment. While the principle may be relevant in other industries, it needs modification for the construction industry, where job assignments are managed on a queue-based dispatch system. Construction workers who attend training at a TTF during the two-week waiting period should not be penalized.

The solution would be for the EI waiting rules to be more flexible and take into account the unique conditions of the construction industry and the importance of encouraging rather than discouraging skills upgrading. Where queue-based dispatch systems operate, workers on the out-of-work list should be allowed to register in TTF skills upgrade programs during their two-week waiting period without jeopardizing their future entitlement to EI benefits. This would involve no cost to the government.

Thank you very much for your attention.

● (1125)

The Chair: Thank you, Mr. Fashion.

The next group I have is the Amalgamated Transit Union, Local 279. Ms. Ahee.

Ms. Donna-Lynn Ahee (Secretary-Treasurer, Amalgamated Transit Union - Local 279): Thank you.

My name is Donna-Lynn Ahee, and I'm a bus driver with OC Transpo, secretary-treasurer of the Amalgamated Transit Union, local 279, in Ottawa, and also a former project manager of a national task force to promote employer-provided tax-exempt transit benefits, which we also call TEI.

We're faced with some serious environmental, health, and economic issues that can be ameliorated by expanding public transit use. Our federal government has yet to meet their international obligations under Kyoto to reduce greenhouse gas emissions, our provincial government is faced with the cost of providing health care services for pollution-related illnesses, and our municipal government is struggling to meet the ever-increasing need to expand and maintain transportation infrastructure. Supporting indefinite increases and single-occupancy vehicle use is not sustainable, yet Canadians have little incentive to use public transit.

I'd like to speak today a bit about the project TEI, a tax initiative that's aimed at increasing the use of public transit and plays a key role in addressing these problems. At present, in our income tax system employer-provided parking and employer-provided transit benefits are both supposed to be considered to be taxable income. However, exemptions exist within the tax system that allow most employers to provide free parking or subsidized parking to their employees income-tax-free. Surveys show that free or subsidized parking is a very common benefit provided to employees—in fact, to about 80% of auto commuters. Employer-provided transit benefits, however, are almost non-existent. A practical way to level this playing field is to encourage employers to offer transit benefits. This can be done with a tax exemption that would provide employers with the financial incentive to make the offer. Non-drivers then would receive an equitable benefit, and there would be motivation for auto commuters to switch to a mode of transportation with lower societal costs.

In other countries, TEI has proven to be a very effective tax policy tool to encourage public transit use. A study conducted by the General Accounting Office of the United States showed a 25% increase in public transit riders among workers offered just a minimal monthly transit benefit of $21 by their employers. In San Francisco they saw a 31% increase in transit use among employees participating in the bay area, removing an estimated 17 million vehicle-miles from their roads, avoiding the release of 61 tonnes of pollutants, and generating an additional $1.6 million in new transit revenue. Providing Canadians with this same type of tax incentive will assist Canadian transit systems to retain and increase their ridership.

Public transit riders play a vital role in keeping our communities healthy and productive. Increased transit ridership lessens traffic congestion, reduces the need to expand expensive transportation infrastructure, lowers the incidence of vehicle collisions, decreases the amount of harmful smog that our kids breathe, reduces pollution-related health care costs, and cuts greenhouse gas emissions, which are linked to climate change and global warming. They also contribute to the overall ability of public transit systems to efficiently meet the needs of our constituents, providing all members of society with access to goods, services, recreation, education, and job opportunities.

From a federal perspective, reducing GHG emissions has quickly become a priority as Canada struggles to meet its Kyoto commitment. Failing to meet our target is going to carry consequences beyond the environmental impacts of global warming. Canada will have to make up the difference, plus a penalty of 30% in the second commitment period. In addition, we will be unable to sell our credits under the emissions trading program. A study by IBI Group for the federal government for the transportation issues table of the national climate change process predicted that this tax incentive will reduce automobile commuting by 2.4% to 7.5% and the corresponding greenhouse gas emissions from 1.6% to 4.8%, depending on the type of legislation that's enacted.

In 1999 the House of Commons reviewed this tax incentive and voted overwhelmingly in favour—240 to 25—of Motion 360, which was presented by the NDP MP Nelson Riis, to consider making employer-provided transit benefits income-tax-exempt. During the debates, all parties recognized the economic, environmental, and health benefits of public transit.

From a provincial perspective, reducing health care costs due to transportation-related illnesses will help keep funds available for other pressing health care priorities. This year in Ontario we're going to spend more than $500 million to treat pollution-related illnesses. Additional costs due to lost productivity and caregivers' time will reach more than $370 million. If we do nothing and let our traffic congestion problems increase at their current rate, these costs are going to climb to $700 million for health care costs and $467 million in lost productivity within the next 20 years.

● (1130)

During the 1996 Olympic Games in Atlanta, they were able to cut the number of cars in the morning rush hour by 23% by focusing on improving public transit and marketing these improvements and other non-driving choices. This reduced traffic led to lower pollution levels of a 28% drop in smog concentrations. They also experienced a 42% decline in the number of acute asthma events during the Olympic Games. This occurred despite an increased population of more than a million people for the games.

In Montreal, they were successful during their car-free day in 2003. Their carbon monoxide and nitrogen oxide emissions were reduced by 80% in the area affected. In 2004 it was noted that noise pollution levels fell from the usual 80.5 decibels to 50.

Implementing TEI can help us keep those types of successes going throughout the year.

On a regional or local level, municipalities have been calling for this support measure for the past decade. The Transportation Association of Canada, the Federation of Canadian Municipalities, and transportation planners have all emphasized that this change in tax policy is critical for successful transportation demand management. Studies have estimated TDM strategies will be approximately 20% less effective without this corresponding income tax relief. The previous Regional Municipality of Ottawa-Carleton, which is now the City of Ottawa, estimated they could save more than $460 million if they could reach their goal in their transportation master plan to convince 5% of auto users to switch to public transit by the year 2010.

One of the most exciting aspects of this proposal to change the Income Tax Act is that TEI is expected to generate tax savings. In the government's IBI report, TEI is estimated to cost about $430 to $940 per tonne of GHG reduced, with a net savings to the taxpayer of about $2,900 for every tonne of GHG reduced, depending on the type of legislation enacted. Various factors, some of which can be controlled by the legislation, would impact on the cost of TEI. This includes the tax rates, participation rates, the value of the benefit that is permitted to become tax-free, and the ability to interchange the tax savings from the employer to the employee.

For example, by starting out as the United States did, with a cap on the allowable benefits of $21 per month, we could expect to see a 25% increase in new riders, although a very small participation rate from employers, and the tax revenue forgone would be estimated to be from about $670,000 in year one, up to approximately $3.35 million in year 10 with a mature system. Should the legislation be more flexible, however, with no cap on the benefit level and the ability for both employee and employer to share the tax exemption, participation rates among employers would be expected to improve to about 10% participation in year one to a maximum 60% participation in year 10, with ridership increases conservatively estimated at 50%. Tax revenue forgone would then range from $20 million in year one to $120 million in year 10.

None of these cost estimates, however, takes into account the IBI report, which matches these costs with cost savings due to reduced need for road infrastructure, parking, and congestion cost savings. It should also be noted this is not a true cost in terms of money that needs to be delivered into a program, but it is a reduction in taxes collected that will find its way into the pockets of participating employers and employees, who will then spend this money on other taxable items.

This initiative has been supported by the Toronto Board of Trade, Ottawa Board of Trade, and the Saskatoon Chamber of Commerce in the past. Business leaders understand that it's much cheaper for an employer to increase a non-taxable benefit than to offer an added taxable income in order to retrain and attract new employees. And if employers are able to expand their employment without adding a proportional increase in parking spaces, whether purchased or leased, the significant capital savings can make businesses more productive.

In conclusion, I'd just like to leave you with a quote from the Government of Canada's “New Deal for Cities” website:

> Municipalities that act to reduce emissions through improved public transit deliver multiple benefits through, for example, cleaner air, reduced traffic congestion and more livable and attractive cities. International firms choosing to locate in Canada routinely cite quality of life for their employees as a key consideration in selecting a location for investment.

I'd like to thank the chair and the members of Parliament here on the finance committee very much for giving me this opportunity today to speak.

● (1135)

The Chair: Thanks, Ms. Ahee.

I have just a quick question. On page 4 you have some numbers, and I'd just like to ask you how you calculated the benefit of $21 per month. You're saying that it would be a low participation rate from employers, but you're forgoing an estimated.... I'm not sure.

Ms. Donna-Lynn Ahee: The $21 a month is if you based your tax legislation at a similar level to what the United States started out with. I'm not suggesting that you do that, but in the United States, when they first brought forward this income tax legislation, they started off small because they wanted to find out... So it was an arbitrary assessment that we would start it at $21. They've now moved up to over $100 benefit.

The Chair: I have no problem.... I'm just saying, how do you get the revenue forgone at $670,000? To whom?

Ms. Donna-Lynn Ahee: To the federal government in taxes.

The Chair: Because we're allowing a tax benefit of $20 per person per month.

Ms. Donna-Lynn Ahee: Exactly, per month, if you times it by 12 months and then times the tax rates and the number of people who will participate.

The Chair: Thank you.

Mr. Lee, from the International Association of Fire Fighters.

Mr. Jim Lee (Assistant to the General President, Canadian Operations, International Association of Fire Fighters): Thank you very much, Mr. Chairman.

Once again we appreciate the opportunity to be here before the committee to present our views on behalf of Canada's professional firefighters. You know, I was a full-time firefighter in the city of Toronto for over 30 years, so I know the two issues I'm going to discuss today very personally.

I know that all the members of the committee have received our brief and also that the members are likely familiar with our position on these two issues. Our first issue is the need to establish a national public safety officer compensation benefit. Our second issue is the need for national hazards materials and chemical, biological, radiological, and nuclear CBRN response training for firefighters and other first responders.

I will not go into the detail that is contained in the brief, but I want to emphasize certain facts before the committee today, starting with the PSOC benefit. We urge you to recommend that the Minister of Finance immediately allocate the funds necessary for the federal government to establish a public safety officer compensation benefit in Canada. This would apply to firefighters and to other recognized public safety occupations, such as police officers.

As a starting point, we propose this benefit be in the form of a one-time payment to the surviving family in the amount of $300,000. That sounds like a lot of money to give to a firefighter's widow and family, but we would ask you to consider this: the average age of a professional firefighter who was killed on the fire ground in North America in the year 2000 was 43 years of age. If that firefighter had worked until age 60 at an average salary, that's $1.1 million in salary the family would have enjoyed over those 17 years.

Time and time again we're asked why this is a matter for the federal government to address. For years we've been confronted with jurisdictional arguments on this issue. We respectfully reject those arguments. There is no legal reason the government cannot establish this benefit.

Why should the government act on this issue? Only a small handful of our local affiliates have been able to negotiate a meaningful line-of-duty death benefit with their employer; the vast majority have not. Many have nothing. Among those affiliates who have been able to negotiate a benefit, it is commonly two years' continuation of a firefighter's salary. Typically, this is enough to keep the widow and surviving family in the family home for two years. Then what?

Only four provinces officially recognize occupational cancers among professional firefighters. Six provinces do not. Should the dignity of a fallen firefighter's family depend on which city or province they live in? Should it depend on the uncertainties of the collective bargaining process, especially at a time when workers' benefits are under attack like never before?

I believe that Canadians would want to recognize the sacrifice that a firefighter makes on behalf of their safety and that Canadians would want their federal government to ensure that a firefighter's family will be secure for more than only two years, no matter what city or province they live in.

This issue is a question of ensuring that the families of fallen firefighters anywhere in Canada can continue to live with dignity after suffering the loss of a loved one who died in the name of public safety. We believe it's time for the federal government to finally act on this issue and establish a national public safety officer compensation benefit. On behalf of our 20,000 members and their families, we urge you to make that recommendation.

With regard to the funding for national hazardous materials and CBRN response training, we've been told for years what an urgent issue this is. However, very little seems to have happened across Canada. Four years have now passed since 9/11 and billions of dollars have been allocated to our national security in Canada, yet only a handful of front-line first responders have received the training they need to respond safely and effectively to this kind of emergency.

By now, everyone knows that the military teams are not meant to protect Canadians from the immediate aftermath of a CBRN incident, simply because they are hours and even days away from deployment. Firefighters, on the other hand, will be there in minutes. They are Canada's first line of defence in the event of a CBRN attack or any other major disaster.

There are many numbers thrown around with regard to how many first responders have actually received CBRN response training. We know that the Auditor General in April of this year reported that she found only 200 people had received CBRN training from the federal government.

● (1140)

We understand there has been some improvement since then, but I can tell you conclusively that this training is still not getting to the front-line first responders who will be first on the scene and who need it the most.

We did our own survey this year of the 20,000 professional firefighters we represent in Canada. I can tell you, to put it bluntly, the results were shocking. We found that only 19% of our local associations have any members trained to respond to a CBRN incident in their city. A full 75% have little or no CBRN first response training at all. That means millions of Canadians remain vulnerable to the immediate aftermath of these kinds of attacks.

Some of our members don't even have basic HAZMAT training. And to put it again bluntly, it's shameful, to say the least. Too often, when CBRN training is made available it goes to deputy chiefs and other managers, who aren't the ones who will be on the front lines when disaster strikes. It's the rank and file who need this training, and so far they're not getting it.

We propose that with $500,000 annually, the federal government could significantly increase the number of front-line responders trained to safely and effectively protect Canadians from the aftermath of a CBRN incident or hazardous material incident by funding the IAFF hazardous materials training for first responders and our emergency response to terrorism operations programs.

I've heard the comment that the fact that these programs were developed in the United States has prevented the federal government from implementing them in Canada. I want to respond to that.

A CBRN incident on Canadian soil would be absolutely no different from one in the U.S. It would have exactly the same potential for mass casualties and it would require exactly the same kind of response, with the same kind of training, to avert a major catastrophe. Our programs, if funded by the federal government, could train over 1,600 first responders every year to a recognized level of CBRN response and greatly complement what the federal government is trying to do in this area.

With federal funding, our program is delivered free to municipalities and it is delivered in the field, not at a college or training academy located in a central area. We go to them. And it is not designated only for firefighters. A municipality using an IAFF program is more than welcome to have police, paramedics, utility workers, and part-time firefighters participate.

Some people have quietly told us that we're not asking for enough money to be taken seriously, we're flying under the radar—that's what we are being told—and we should tack on a zero so that we get more attention. Well, we refuse to do that.

This is what we estimate the program to cost annually. In fact, we could arrange a demonstration of our program to the federal government for something in the range of $15,000. But I want to stress that this is not a money issue; it's an issue of the federal government officially recognizing first responders as the first line of defence in the aftermath of a CBRN incident, and giving us the training we need to safely and effectively protect the citizens of Canada.

Thank you. I look forward to your questions on both of our issues.

● (1145)

The Chair: Thank you, Mr. Lee.

From the United Steelworkers, Mr. Campbell.

Mr. Charles Campbell (Director, Research, United Steelworkers): Thank you, Mr. Chair.

My name is Charles Campbell. I'm head of the research department for the United Steelworks Canadian National Office. I'm appearing here in the place of our national director, Ken Neumann. We have submitted a brief on behalf of the 280,000 men and women who are members of our union in Canada, and we appreciate the opportunity to meet with the committee today and emphasize what we see as the central issues.

The unusual political and legislative context this year makes this committee’s task even more interesting than usual. The dramatic experience of last year’s budget—initially crafted to win support from the Conservative Party but then overhauled to meet the demands of the New Democrats, and ultimately prevailing by a single vote—demonstrates that the budget is no longer captive to a secretive process behind the walls of the finance department. The looming federal election makes this year’s road to a budget perhaps even more uncertain.

Our members have a very keen interest in seeing the Government of Canada undertake initiatives that will be effective in raising living standards for ourselves, our families, our neighbours, and our communities. Higher productivity, which is the focus of the committee's discussion paper, is not an end in itself, but it can be a very important part of raising our standard of living if it's properly defined and pursued.

Unfortunately, productivity is sometimes taken to mean working harder for less money. This is certainly not the approach the government should take, and the committee’s consultation paper makes clear this is not the committee’s view either. Seen in its proper light, productivity is a measure of how well our country deploys its savings, its natural resources, and its labour to improve prosperity and well-being. These goals should be broadly defined to include better environmental protection, lower unemployment, and a fairer distribution of wealth, as well as simply a higher GDP for the record books. Under these terms, an agenda to increase Canada’s productivity can win widespread support from the public, and certainly from our union.

The questions set out in the committee’s consultation themes document point to some of the approaches the government should consider in sharpening its focus on productivity. We believe there are other important facets that are not highlighted in the document, and I'll try to call attention to those in a moment. But before turning our attention to what should be included in the government’s productivity agenda, we should take a moment to debunk an unfortunately widespread contention that such an agenda should focus on across-the-board corporate tax cuts.

It's truly remarkable that the mythical link between tax cuts and productivity can survive, given the record of recent years in Canada. The largest package of corporate and personal tax cuts ever seen in our country was announced by then finance minister Paul Martin in his 2000 budget, with implementation of the $100 billion package starting immediately and unfolding over the following few years.

Since then, we have seen corporate pre-tax profits at the highest levels ever recorded in Canada as a share of the economy, while the share of wages has dipped to record lows. As a result of the corporate tax cuts, profits on an after-tax basis are even higher. But statistics show that very little of the cash piling up in corporate treasuries has been plowed back into the kinds of investment that make our economy more productive. And indeed, Canada’s productivity growth rates have stagnated since the 2000 Martin budget.

Not very long ago the federal government was beating the drums for an innovation agenda. Much less has been heard about that recently, but we believe there still is a very important role for the government in encouraging and stimulating the kind of innovation that can lead to better products, a more diversified economy, higher wages for workers, a sound fiscal basis for public investments, and in general a more prosperous society.

Steelworkers are strong believers in focused sectoral strategies that can harness the energies of government, business, labour, and the broader communities to improve our economy. We are very pleased to be part of the Canadian Steel Partnership Council announced this summer as a forum where we can all work together to ensure the sustainability of this strategic industry.

We would like to see the same approach in many other sectors of the economy, but perhaps the most urgent case is the forest products industry. We don't need to belabour the challenges on this front, including arrogant disregard of treaty commitments by our largest trading partner, skyrocketing energy prices, and marauding insects.

● (1150)

A sectoral strategy for forest products won't wipe out the insects or tame hydro prices, but it's an essential step if we're to find a way to restore health to one of the industries on which Canada's prosperity is founded.

We put so much emphasis today on the importance of building sectoral strategies because this approach could risk falling between the cracks of the sets of questions the committee's consultation document puts forward. Human capital, physical capital, and entrepreneurial capital—the topics set forth in the paper—each have an important role in the success of an overall strategy to increase living standards through risking productivity, but we hope the committee's approach will not simply be to put some incentives in place in those areas without any effort to develop a coherent strategic vision.

In the time remaining, I want to touch briefly on several of the specific questions posed in the consultation paper. On entrepreneurial capital, accountability must be a central feature of any government initiatives to provide incentives for entrepreneurial capital. Whatever benefits are under consideration must be fully transparent and must be strictly conditional on actually achieving the targets relevant to the goals, such as creating high-paying jobs, developing innovative products, or delivering benefits to the community.

Across-the-board corporate tax cuts notably failed to meet this standard, but so do any number of government programs. As one example, what's described as “smart regulation” must not be allowed to become a euphemism for deregulation or self-regulation.

On the topic of investments in human capital, some of the questions in this section run the risk of forcing false choices. For example, asking whether broad-based investments in education, health, and children are more or less effective than targeting those in greatest need is much like asking which hand is better suited to delivering a round of applause—the left or the right? The answer must be that both are essential.

In the case of setting priorities for investments, both targeted and broad-based investments have their place in an intelligent, comprehensive strategy. To take post-secondary education as an example, there must be a place not just for stable funding to support improved student services, smaller classes, and ground-breaking research, but also for targeted initiatives to ensure access for students from groups who are less likely to take advantage of post-secondary education.

On investments in physical capital, the discussion paper poses a question about what the role of public-private partnerships is. Unfortunately, the role of public-private partnerships, if the government continues to pursue them, is bound to be to increase the cost of projects to cover profit margins; to shield in secrecy a great deal of information about projects that ought to be in the public domain; to scrub future obligations that are just like debt from the fiscal books to make governments look more prudent than they are; and to create opportunities for corruption.

Unfortunately, there are stakeholders who want to see P3s play exactly these roles. Even more unfortunately, the federal government and many provinces have been actively promoting P3s, either ignoring the mounting evidence that they are contrary to the public interest, or trying to pretend that their public-private partnerships somehow are not P3s.

What is the answer? It's tried and true. Public money, borrowed if necessary on the bond market, used to create the valuable public infrastructure that will make Canada more productive immediately and for decades to come. Our current prosperity has its foundations in the public investments made by earlier generations, a time when there was less money in people's pockets but a strong understanding of the value of sound infrastructure and, to put it bluntly, a greater willingness to pay fair taxes.

We thank you very much for your time and attention.

● (1155)

The Chair: Thank you, Mr. Campbell.

From the Alliance of Sector Councils, Ms. Swedlove.

Ms. Wendy Swedlove (Vice-Chair, The Alliance of Sector Councils): Good morning, everybody. Bonjour. We too thank you for the opportunity to make a presentation to this committee and are very honoured to be here.

I am Wendy Swedlove. I am the vice-chair of the board of the Alliance of Sector Councils. I'm also the president of the sector council representing the tourism industry.

The Alliance of Sector Councils is the organization that brings together sector councils across the country, and these councils are the organizations that provide a neutral forum for business and labour to address labour market issues. They often include partners from other stakeholder groups, like education or industry and worker associations. They are focused on providing an overall HR strategy—or working together with their constituents to develop strategies—improving productivity and performance of the labour market in those sectors; enhancing competitiveness through their labour markets; and addressing the sector's human resource development and labour market issues.

The Alliance of Sector Councils brings those groups together, provides them with a forum in which they can share their products, their programs, their strategies, their labour market information. The alliance also promotes the sectoral approach to dealing with labour market issues. It does that nationally and internationally, and I think we've been relatively successful internationally, as our sector approach is now being adopted by other countries.

There are some 30 sector councils in Canada. Some of them have been around for 10 to 15 years; others are just beginning. They cover now approximately 50% of the labour market. They operate with both public and private sector funding, and for the most part that public sector funding comes from Human Resources and Skills Development Canada and amounts to about $70 million per year. That is stable through a program that probably ends in 2008.

The major challenges for sector councils and for sectors of the economy over the next ten years will be the looming labour shortage. Job growth, as stated by the federal government and by the Conference Board and many others, will not be met with workers in Canada. It will have to be met through immigration. And as you all probably well know, it is the baby boomers who are retiring and the advent of birth control in the 1960s that have led to fewer new entrants in the labour force over the last five to ten years and for the future.

Other challenges that sector councils deal with are skills, either not enough skills within the sector or changing skill requirements; the lack of a training culture in Canada—and I think the OECD and others have talked a lot about that; and integration of those in under-represented groups in the labour market, such as new immigrants, aboriginals, and people with disabilities.

Sector councils address those issues by attempting to improve performance and productivity, and a lot of that happens through the development of skill or occupational standards, the development of workplace training resources, the promotion of apprenticeship and trades training, work with the education community to meet the needs of industry, recognition of workers who do have those skills through professional certification programs and apprenticeship, and working with essential skills, identifying them and helping employers to address those skill shortages in their employees.

Sector councils also promote, primarily with employers, an enhanced training culture in Canada. They do career promotion. Many of us in sectors like tourism are fighting the "McJobs" image and developing a greater appreciation of some of those jobs as being of value to the Canadian economy. They address the recognition of foreign credentials, which will become very important in the future, and improvement of overall labour market information, particularly sectoral, as this is lacking in this country.

The government has been committed to addressing these issues through sector councils. Sector councils have been mentioned in the last couple of throne speeches and in the last couple of budgets. The looming serious shortage of workers requires the continued attention of both government and industry.

● (1200)

Industry will do its share, but they need some help with the tools, the information that a sector council can provide. The sectoral approach should be expanded in order to reach more of the economy. Perhaps 75% should be a target.

If we are to reach 75% of the labour force without increasing the budget of $70-odd million that is there for the program, it will dilute the efforts of existing sector councils. Many of these councils are just beginning and therefore are not using many of the resources—much of that pot of $70 million. Older councils, on the other hand, are becoming very well known within their sectors and outside, and are being relied upon more and more by their sectors as a resource and to resolve those labour market issues. Over time, as part of our commitment to education and training we need to put more resources into the sector council program to maintain our global competitiveness, particularly in light of what appears to be a looming crisis in terms of the supply of workers in this country.

We are suggesting that over time the federal commitment to sector councils should rise to $500 million. That is the one recommendation that we are making today. It is not for this budget necessarily; it is for over time. This labour shortage will increase and deepen over the next ten years. We would like the government and this committee to maintain the commitment to the sectoral program, and over time to enhance the amount of money or funds provided to it.

Thank you.

The Chair: Thank you, Ms. Swedlove.

We're going to start with the members.

Mr. Kormarnicki, and then Monsieur Loubier.

Mr. Ed Komarnicki (Souris—Moose Mountain, CPC): Thank you very much.

I certainly would like to thank the various members for their excellent presentations.

I think I'll start, first of all, with Mr. Fashion, who spoke in respect to some EI and tax benefits.

I realize there are probably two types of individuals—those who are within the EI system and those who haven't entered into the system. I appreciate that you can deal with tax measures to some extent in terms of assisting some of the expense writeoffs within the EI system. I know we've taken some pains in trying to expand the EI coverage to do things like allow for recovery of expenses of making trips from one province to another for interviews, and then when you actually get on the job. To me it seems it's time for us to be a partnership between labour, government, EI, taxation, and so on to work on these problems.

I realize many times there are apprentices, and the number of apprentices you can have is limited by union-management contracts. Do you see any improvement in that area—I accept taxation, I accept EI—in terms of the training of people so they can meet the skills and limiting the ratios of the apprentices to the trained people? Is there some movement there by unions that we could expect?

● (1205)

Mr. Joseph Fashion: My experience has been that because of the federal and provincial governments, everyone is running around saying there is a shortage of skilled trades or there is going to be a shortage of skilled trades.

There is not a shortage of skilled trades. There are all kinds of unemployed people in Ontario, on the east coast, in Quebec, in New Brunswick. It's a matter of moving them around to where the work is.

In Alberta, they're going to bring people in from Asia because there's going to be a shortage of skilled trades in Alberta. There are all kinds of people available.

I hear this thing about all the baby-boomers—we're going to have this shortage; we're not going to be able to fill it. You know what? We have a million kids in this country who are looking for jobs. Those are the people we need to be training. We don't need to be looking outside this country to bring people in.

So I do see a movement towards bringing more apprentices into the industry to make sure that this so-called skilled trades shortage is not going to happen.

Mr. Ed Komarnicki: Okay, I accept the fact that mobility is a big issue and certainly we can do better by moving our people around. I think that's a reality we need to face and accept.

Ms. Ahee, you mentioned that there are two ways of approaching the issue of transportation. One is through the employers' side, by tax incentives, and then through the consumers' side, on a more public basis, by giving incentives to consumers. I know we've suggested tax credits to the users of the system, and I take it from you that a savings of $21, if you could achieve that through tax credits, would impact quite significantly the number of people who would switch to transit use.

Ms. Donna-Lynn Ahee: In terms of how you would share the actual tax benefit, you don't need to change how we do things.

If employers are allowed to provide transit benefits to their employees, they can either take on that tax benefit themselves, in terms of what they provide, or the employees can get it. But in terms of that $21, that's a very small benefit. Originally, that's how they started out in the United States. It was very small.

The impact was very significant in terms of 25% increases in ridership. The only problem was that the uptake by the number of employers that would offer it was very small. The larger the amount that people were allowed to offer as a benefit, the more employers would get involved with the program.

If you want to keep this program small in order to find out for sure what your costs are going to be—because right now you can only predict costs based on other people's experiences and not on the Canadian experience—start off as the United States did with a very small benefit, find out what the impact is, keep your costs small, and then progress from there.

Mr. Ed Komarnicki: Thank you.

From the firefighters, Mr. Lee, that was an excellent presentation.

I think it is shocking, perhaps even shameful, that the training hasn't been provided to the firefighters on the ground, because they are the first responders and there's no question they're at risk. We've had not only a lot of time but years to put a plan in place to properly train and equip the firefighters. So I think that's an excellent point, and we certainly need to move on that in a significant way.

On the line-of-duty death benefit, I realize you're looking at a lump sum that the federal government would put aside, because your agency looked at things. I realize the average age, you said, was 43 years of age. Have you looked at things like term insurance or self-insuring or national insurance to cover that aspect of it, as opposed to the cost of setting aside a dollar figure? Has any work been done in that area?

● (1210)

Mr. Jim Lee: We've looked at a number of areas. In fact, the International Association of Firefighters has what we call the IAFF Financial Corporation that actually deals with that sort of stuff.

But what we're looking for in the public safety officer compensation fund is for the federal government to step up to the plate and recognize those public safety officers who die on behalf of the citizens here in Canada. It's as simple as that.

We're not doing something that's not being done in other countries, if we move in that direction. The United States has actually done this, and they've done it for years. And they've done it very well. So we're not reinventing the wheel here or asking the Canadian government to go out of what we see as being the norm in the United States.

Mr. Ed Komarnicki: But my question was, did you price out the difference of accomplishing what you want through a type of term insurance that applies across the board nationally to all firefighters, as opposed to the government being involved in direct funding? Have you done any analyses on that?

Mr. Jim Lee: We haven't.

Mr. Ed Komarnicki: Okay. All right.

Perhaps now to the steelworkers and Mr. Campbell.

I read your report and the myth you'd like to debunk about corporate tax cuts and their relationship to productivity and more jobs. I know that when the first budget was introduced, the finance minister, Mr. Goodale, said it means jobs, jobs, jobs. He played heavily on that, and then changed his mind shortly after.

How do you deal with the aspect of corporate taxes in our Canadian structure being higher than, say, the American structure or other countries of the world, and what that might do to attracting investment capital? If you had a sum of dollars and you were able to invest them in a regime where the tax rate is lower, as opposed to a regime where the tax rate is higher, that might influence the amount of money for investment. Have you looked at that? What's your thinking on that issue?

Mr. Charles Campbell: I think it is fair to say that the overall tax regime would be one of a number of factors looked at by a particular company or investor in deciding where to put a particular project or whether to do a project or not.

I've not done this research myself, but I have seen studies comparing Canada's and international corporate tax rates that have remarkably different conclusions. I don't know enough about it to sort out one from the next.

I think one focus that you can make is that the overall general tax rate is only going to be one of several factors. Given the current rate of corporate taxation in Canada, there could well be other approaches for a given sum of money that would be more targeted and more likely to have the effects that you want than would a corporate tax reduction that would apply to everybody whether they made investments or not.

The Chair: Thank you.

Mr. Loubier, then Mr. Bell.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Thank you, Mr. Chair. I would like to ask Ms. Ahee a question.

I think your diagram showing one hundred cars and two buses on the road is striking. I want to emphasize that for years, my party has been advocating measures to encourage people to use public transit. When Mr. Riis submitted his motion, we supported him. Later, we also tabled a bill about a tax credit to public transit users. Furthermore, my colleague Caroline St-Hilaire, who represents the riding of Longueuil—Pierre-Boucher, tabled Bill C-306. She is now our transportation spokesperson. The bill will soon be debated in the House and referred to a committee. The issue of the tax credit will therefore be discussed once more.

Everybody supported Mr. Riis's motion in 1999 but the government somewhat forgot about it because elections were held soon after. This is human, as you know. But we're now in 2005 and a new bill, C-306, could have the same effect as what you suggested this morning. It being so, would you be willing to support the initiative of my colleague Caroline St-Hilaire from the riding of Longueuil—Pierre-Boucher?

[*English*]

Ms. Donna-Lynn Ahee: My understanding of the only major differences between the bills is that the original bill that was brought forward, and this one as well, is that anybody can collect the tax credit on it. Of course, we're absolutely supportive of that.

Really, the only difference between our suggestion and the suggestion that's going through right now is that it's a much smaller step than the one that's being proposed. So yes, we absolutely do support and would like to see those huge steps taken. I guess it's more that we've been working on this, as you know, because I know you were there when the original Motion 360 went through and you were very supportive. The only thing we were trying to do was to get any step in, to get some small step in so that we could then expand and proceed onward. Of course, we're extremely supportive of the initiatives that you guys have taken since.

● (1215)

[*Translation*]

Mr. Yvan Loubier: As you can see, we are quite ambitious. I think this is a turning point, especially since we are in the Kyoto era. I belive my colleague Caroline St-Hilaire had a great vision in this case. We need significant deeds.

I do not know what you think of it, but if you compare it to what you are suggesting, this is what you will find. Some employers can offer this kind of advantage, but these would be mainly big employers and groups of organized labour, mostly unionized. I do not think this practice can be generalized. On the other hand, the bill of my colleague from Longueuil—Pierre-Boucher would benefit all users.

[*English*]

Ms. Donna-Lynn Ahee: Yes, I absolutely agree with you. The bill is very important, I think, in terms of meeting our Kyoto commitments. This suggestion, as I said, is a small suggestion. We need to do a lot more in order to meet our commitments.

Again, if we can get started somewhere, it would be greatly appreciated. Anything that helps get more people onto the buses is a good thing. We've seen it over and over again in different examples where, if we can get more people on the buses, it has a huge impact on other things, whether it be our health care costs, whether it be on congestion, whether it be on our transportation cost budgets overall. So again, we absolutely do support the bill that's coming through.

[*Translation*]

Mr. Yvan Loubier: This will happen in the next few weeks. So I will tell her about your support and give her your contact information.

Mr. Bouchard would like to use the time that I have left.

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Thank you, Mr. Chair.

I also want to thank each one of you for your presentations.

My question is to the Alliance of Sector Councils.

You mentioned a manpower shortage and a decrease in the number of newcomers on the labour market. I suppose this will have an impact on business labour costs. It will also affect productivity. I think you consider immigration as a possible solution.

Obviously, immigration is a very good solution. It is essential in order to overcome these effects. However, I would like to know whether you considered other solutions.

[*English*]

Ms. Wendy Swedlove: I can speak best for our own sector council, and that is the tourism council. We are anecdotally hearing more about the labour shortage now than we did last year. You will remember SARS and floods and fires really took the tourism industry to task a couple of years ago. It has been recovering and it will recover to a point that we're going to see increased growth.

We believed that this labour shortage would not hit for another five to seven years, and that appears not to be the case. Anecdotally we are hearing that businesses, particularly in rural areas, are having extreme difficulty finding employees this year and in fact there were some that couldn't open because they couldn't find workers.

To answer your question, immigration is not the only solution. It is a small part of the solution. A larger part of the solution in our industry will be to have employers think differently about who they hire and to train more in order to improve productivity.

Another piece of the solution is definitely to work with the groups that are under-represented in the Canadian labour force. Those would be aboriginals, people with disabilities, and immigrants who are already here and are having difficulty finding work. Those individuals sometimes require more preparation in order to be workplace-ready. This is where sector councils can come into play—business, labour, government, education all working together to find solutions to help the settlement of people, in the case of immgration, to meet the essential skills requirements, the language requirements, the life skills requirements of folk who find themselves unable at the present time to get work in this country.

● (1220)

[*Translation*]

Mr. Andrew Cardozo (Executive Director, The Alliance of Sector Councils): Mr. Bouchard, I will give you some examples from other sectors, such as police. Right now, a number of cities are in crisis. Few young Canadians want to become police officers. Unfortunately, in cities and provinces, all police forces are individually trying to recruit young people. They do not use a national system. Each sector is promoting its own values.

[*English*]

I'd like to share two or three more quick examples. As was mentioned earlier by Mr. Koskie, a lot of the problem is that the right people aren't in the right places or enough of the right people aren't in the right places. A lot of the sector councils engage in career promotion. They try to entice young people to come to their various sectors.

I'll give you an example of the information technology industry. I'll just mention Mr. Paul Swinwood, president of the Software Human Resource Council, who is here with us today. After the bubble burst a few years ago, a number of young people who may have been thinking of the high-tech sector are looking elsewhere, not recognizing that in a few years the trend will turn. There will be a cyclical change and the IT sector will grow again.

Another example is the trucking industry. There is currently a shortage of some 37,000 truck drivers a year. That's a serious problem. If we don't have enough trucks, we can't get raw materials to factories or produced materials to the stores and the economy slows down. What they're trying to do is encourage young people to go into the trucking industry.

One last example is in plastics. We have a tremendously growing plastics industry in the country, which is being used phenomenally in the medical field, for example.

What they're trying to do is entice young people to come into those fields. Informing people about career choices is a major objective of what these sector councils do.

The Chair: Thank you.

Merci, Monsieur Bouchard.

Mr. Bell, then Mr. Christopherson, and then Mr. McKay.

Mr. Don Bell (North Vancouver, Lib.): Thank you.

Mr. Fashion, did I hear you say that in your opinion there isn't really a shortage of skilled workers, they're just in the wrong location? Generally the discussion has been that we're approaching a crisis in the trades—the building trades in particular—with a lack of skilled workers. I understand you're saying there may be skilled workers in the Maritimes or in other parts of Canada, but not in Alberta, or B.C., with the Olympics coming. Is that what you're suggesting as an alternative—that there isn't the need to train new people, but rather there's a need to be able to move around?

Mr. Joseph Fashion: There's a combination of both. Right now we have people on the east coast who are unemployed. We have people in Quebec and New Brunswick who are unemployed. Those people can't afford to go to work in central Ontario or Manitoba or Saskatchewan because it's so expensive for them to have two residences at the same time. That's the one problem we tried to address early on.

The other problem is we are able to put out a skilled electrician within five years. If we start an apprentice tomorrow, within five years he's fully qualified. With the numbers I've seen, that's about the time when we're going to need people. So we're already promoting more people to get started into our apprenticeships so that we will be able to meet that need. Of course about three years later the demand becomes more again. We can meet that demand by starting more new people a couple of years from now.

● (1225)

Mr. Don Bell: That's the baby-boomer drop-off you're talking about, basically.

Mr. Joseph Fashion: That's right.

Mr. Don Bell: And people retiring at an earlier age.

Mr. Joseph Fashion: I don't see the people retiring at an earlier age. The experience we're having is in Toronto we have electricians who were retiring at 62. Now they're coming back to work and working to 65, 66, or 67. Because the boilermakers have such a shortage of skilled tradespeople, there's a trend in the United States that the boilermakers are not retiring until they're 69 now. There's a trend out there to build your pension up because people know that they're going to live longer.

Mr. Don Bell: I appreciate that. At an earlier presentation we had we were talking with aboriginal representatives, first nations. They were identifying the same issue about mobility as well, being able to move people around to the job sites. The question I had asked at that time, and it's one I would ask you, is this. I noticed you talked about the TTF funding, but it's the mobility issue. Are you suggesting that every time...? When you refer to new work, you're not referring to once. You're talking about every time a contract...? In the construction trades I gather generally three-month periods are the average. Did we hear that?

Mr. Joseph Fashion: You know, it's really hard to put an average on it because it varies from area to area. In Toronto, a project could be two to three weeks; in Alberta, the people who are going out there are probably going to work for the next ten years.

Mr. Don Bell: If you were trying to create a program that would assist and you're trying to help a worker from a different geographic locale, I'd ask the question, how many times? They'd suggested at least once, if you bring somebody out to Alberta, so they can build up a nest egg, and then they can afford to carry on.

But you're suggesting that these are people who maybe have a home somewhere and are maintaining it, and you're suggesting that there be, in effect, financial assistance by virtue of a tax deduction in some form, every time they go. So if they went to a job for two or three weeks, or if they went for a job for two or three months, and then they went again, you're suggesting, basically, that all their travel expenses would be deductible. Is that the case?

Mr. Joseph Fashion: Yes, I am.

Alberta is a phenomenon, what's going on there. But my experience throughout Ontario.... Several years ago, in 1993-94, when the market crashed in Toronto, we had a lot of people try to go throughout Ontario to get work. They were going to Sudbury; they were going to Windsor. Whenever there was a boom on—and there was a boom on in those two areas—the motels and the accommodations were all out of sight.

So it becomes a gigantic problem for those people, first of all, to get accommodation. When they were working in Sudbury, they had to live a hundred miles from where the job site was. So there are tremendous problems that way. But the fact is that on some of these projects—yes, you're right—some of them are three months; some of them can be as short as a month. The fact that they've had to leave their families and pay for additional lodging somewhere else, that's the part we're trying to deal with.

Mr. Don Bell: Mr. Lee, I just wanted to clarify, the PSOC that you're talking about is on top of any benefits, if I'm reading this correctly. I've had some presentations from firefighters in my area. It would be on top of any benefits that might be available locally.

You're talking $300,000 on average. That could be in addition to anything in the local—or are you suggesting it would be a top-up? You're suggesting it would be “on top of”, as opposed to a top-up.

Mr. Jim Lee: No. It would be an additional $300,000.

● (1230)

Mr. Don Bell: Yes, it would be on top of other benefits, as opposed to a top-up.

Mr. Jim Lee: That's correct.

Mr. Don Bell: Are there many areas in which local provisions don't provide for some kind of death benefit?

Mr. Jim Lee: A number of them don't. That's what our major concern is. The vast majority of our locals haven't been able to negotiate a line-of-duty death benefit. If they have, it's for two years of continuation of salary.

And a lot of the municipalities stop the benefits for the widow immediately. At the end of that month, if the firefighter is killed on the 30th and the month had 31 days, he's done—his wife's out of benefits. So if she had to go to the dentist or go to the doctor and that sort of stuff, it's done.

Mr. Don Bell: And that's now including the cancer-related deaths that you're talking about.

Mr. Jim Lee: Absolutely.

Mr. Don Bell: Okay—and that's even for cancers that have been defined as related to firefighting.

Mr. Jim Lee: That's correct.

Mr. Don Bell: Thank you.

The Chair: Thank you, Mr. Bell.

Mr. Christopherson.

Mr. David Christopherson (Hamilton Centre, NDP): Thank you all very much for your presentations.

I was thinking after you wrapped up that there are not too many Canadian priorities that one way or another each of your presentations doesn't reach out to. Your priorities affect people both where they live and in the context of their ability to work and enjoy life, up to and including clean air so that our children and grandchildren will actually be able to live on the planet. There is so much to deal with.

I will start with Mr. Lee. Jim, it's good to see you again. We've done a lot of work together.

You'll know that my NDP colleague, the member for Burnaby—New Westminster, has Motion 153 on the floor right now, which would actually give effect to the creation of the fund you're looking for. So you know that you have our support on that. In fact it's our hope that we can get that motion through the House before we rise at the end of the session.

I'm curious.... Just to help set the context and provide further ammunition for the argument, Jim, how many cancer-related deaths of firefighters are we looking at in Canada, say, on an annual basis now?

Mr. Jim Lee: We're running probably around ten on average in those provinces that actually recognize cancer as an occupational disease. What I can tell you is that right now in the province of Ontario, we have 63 firefighters who have colon cancer—63. But colon cancer is not recognized as an occupational disease in the province of Ontario yet. If you worked in Manitoba it would be, or in Alberta it would be, or in Saskatchewan it would be, or in Nova Scotia it would be, but it isn't in Ontario right now.

In my travels across Canada, cancer in firefighters is at an epidemic level—an epidemic level. If there was any other occupation that had so many cancer deaths and so many people getting cancer out of a group of 20,000, there'd be a national inquiry on it.

Mr. David Christopherson: I think it also links to the second issue you were looking at in terms of the training for CBRN. You're absolutely right: firefighters are the first line of defence. Dial 911—it doesn't matter whether it's a major terrorist attack or a fire next door in your neighbour's wood shed—the first thing you do is pick up that phone, call 911, and those firefighters are there. Your point is well taken.

Notwithstanding all the other specialized services that are available through the armed forces and other emergency response units, it's still the firefighters and the police who are going to arrive first. And if we're dealing with anything nuclear—the dirty bombs and those kinds of things—and if they're going to be the first ones there before we even know what's there, and they don't have adequate protection and training, then they're the very ones who are going to need the fund, whereas if we do the job in the first place and provide the training and give the equipment necessary to the firefighters to do their job, the second fund wouldn't be necessary. Wouldn't it be nice if we didn't have to have a cancer-related death benefit, a special benefit for firefighters?

So I would hope that all members would take back to their caucuses the significance of this, Jim, and we're going to continue to work with Peter to do everything we can to get that motion passed.

Mr. Jim Lee: Just on that, firefighters, if you know them, are action-oriented. They want to be able to get in there and do something immediately. That's why we respond within four minutes. What we need the training to do is to tell our guys that maybe they shouldn't be running in there, because in the event that they do run in there, they're going to die—maybe not tomorrow, but ten years down the road, or fifteen years down the road when they get brain cancer, lymphatic cancer, colon cancer; it goes on and on and on, the number of cancers. It's not one single cancer that firefighters are dying from. It's eight different cancers right now that are prevalent in the occupation of firefighting. That's what we're dying from.

Mr. David Christopherson: I couldn't end it better than you have there, Jim. Thank you, again.

Moving over to the steelworkers and Mr. Campbell—it's like old home week for me.

Charlie, good to see you again. Let me just say how lucky the steelworkers are to have someone of your calibre working in their research department.

I want to pick up on this business of the tax cut again. It's interesting that my counterpart in the Conservative caucus wanted to attack your position of debunking the myth. It's an interesting lesson. I do hope you'll listen, and if you have responses, I'll listen to yours.

I was in the Ontario legislature when Ernie Eves became the premier. As the finance minister he'd brought in another whole raft of infamous corporate tax cuts based on the all the arguments my good friend from the Conservative caucus talks about—that they create productivity, and this, that, and the other.

Anyway, a short time later the same finance minister suddenly becomes premier of the province. In the meantime, the U.S. economy has started to cool significantly. Obviously, when they get the sniffles, we get a cold. So our economy starts to dampen, and based on the argument that more corporate tax cuts create both jobs and more revenue for the government, one would think that the tougher times get, the more deeply and quickly you'd want to implement corporate tax cuts. That would make sense.

What's the reality? As the premier, he had to have his finance minister stand up and announce that they were deferring the corporate tax cuts. Why? Because the treasury couldn't afford it. So this nonsensical linkage that says if you give corporate tax cuts it automatically generates more profits, more productivity, and more job creation is not true, or the Conservatives in Ontario, when they got into a jam, not only would have continued with the corporate tax cuts they had planned, they would have gone even deeper, arguing that the more you cut, the more you get. I guess, at the end of the day, if you cut all corporate taxes, we're in economic heaven, according to their thinking.

So let me just add to that by saying that we don't believe this. We believe what Mr. Campbell has talked about in terms of targeted investments where we know that, where there are productivity gains, there's actually going to be reinvestment back in Canada, back in our communities—like my home town of Hamilton—to create jobs.

Charlie, I'll give you a chance to put a tag line on that.

● (1235)

Mr. Charles Campbell: Great to hear you in full flight again.

The Chair: Mr. McKay, and then we're going to wrap it up.

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

First of all, with respect to Ms. Ahee, as you know, there's currently a study under way in Ottawa with respect to bus usage among federal employees. Apparently, among federal employees there are about 9,000 people who would be eligible to use this bus transit pass. I'm not quite sure what the format is, but it's something similar to what you're proposing. Of the 9,000, about 10%—I think around 915—actually use transit to get to and from work.

Since the transit passes have been available, the increase in transit use appears to be around 6%—in other words, about 50-odd people of the entire pool of people who would have been able to use the transit pass and get the benefit. This is quite modest. So the effect is that 90% of the tax benefit is going to go to people who are already using the system, and somewhere in the order of about 10% would go to new users—and that number may even be a bit stretched.

So my question to you is why is it better, therefore, for the Government of Canada to provide a tax benefit in the form of transit passes or something of that nature rather than give infrastructure grants of some kind directly to the transit authorities? Because you can't do both. In this business you end up making choices. In opposition, you don't have to make choices; you're in favour of everything. But in government you have to actually come down and make some choices.

The studies you cite have huge jumps in transit use. The experience the government is relying on currently shows quite the contrary. In fact all you're doing is giving us a mild bump in transit use, but you are effectively then compensating transit users who are using it anyway, which seems to be a bit counter-productive to the goal that you and I would share, which is to increase transit use and all the other good things that would result from that.

So I'd be interested in your observations as to why we would do one as opposed to the other.

● (1240)

Ms. Donna-Lynn Ahee: Number one, I wouldn't suggest doing one as opposed to the other, but a combination of both within whatever budget you can afford. As you know, we have an aging infrastructure here in Canada across all the provinces in terms of the buses we're using. Here in Ottawa we have buses that are 25 years old that we still have on the road. I think the average age of our fleet is about 18 years. We're starting to make improvements now because of the infrastructure money that's coming in. We're able to buy new buses, which is great.

In terms of the study you're talking about, though, there's a huge difference between that study and the suggestion here for the tax break.

Number one, what happened here in Ottawa was that OC Transpo went ahead with an Ecopass program. All they are doing is selling bus passes to federal government employees, and the federal government is allowing the employees to pay for it themselves out of their own money, out of their own taxable income. It's simply an easier administrative way for an employee to do it because then they don't have to go down into the lineup the way they used to down here at Place de Ville. You'd line up every month and get your bus pass. Now the government employees within, I think, Transport Canada, Health Canada, and Environment Canada, which all participate in the pilot project, don't have to do that.

So that 6% increase was not even based on anybody being given any money or any financial incentive. That was a 6% increase that came in just because of the convenience in being able to get that bus pass from your employer and not having to go down and purchase it anywhere.

The other thing is that once you have the bus pass.... There are generally increases. For example, if I'm a government employee, I go to work nine to five every day. In August I take two weeks off for my vacation, so I don't usually buy a bus pass because it's not worth it for that two weeks. What I do then is I just use my car; I use whatever. But because I have that annual bus pass that I get through the Ecopass program, I now use the bus for those two weeks as well, and for the rest of the month while I'm on vacation or doing whatever.

So it's a different program.

Hon. John McKay: Your argument on usage is an interesting argument and I think is a valid one, but as I understand it the program effectively gives a 15% discount, which is roughly equivalent to the 16% credit that would be available through the proposed bill that's currently before the House. It doesn't seem to give the jump that everybody seems to think it does.

Ms. Donna-Lynn Ahee: The program with the Ecopass and also with our annual student passes that are provided through OC Transpo is just to make the cost of the transit pass equal to what you would have paid over the year, in terms of the times you wouldn't use it anyway. The difference with the pass—

Hon. John McKay: Excuse me, but you're not aware then of any discount. Is there a discount?

Ms. Donna-Lynn Ahee: There is, because you can buy an annual pass and when you sign up with that there is the 15% and it's to make up for those months the people would normally not buy a pass. It was to make the pass revenue-neutral for OC Transpo. But these people are still buying those passes out of their own after-tax income.

What we are suggesting is if you have the tax incentive there, you are encouraging.... And there are programs set up in the United States that encourage employers to actually then purchase or subsidize transit passes, just as they do parking spaces. So an employee might now be able to get a transit pass for free, or for $20, as opposed to the full amount they're paying now. That's what then encourages the huge uptake and the larger increases in transit use.

Hon. John McKay: Do I have any time left?

The Chair: Not really. You should have just asked the question, in other words.

Hon. John McKay: That's what the opposition does, makes a speech and puts a question mark at the end.

Thanks very much.

The Chair: I was listening so intently I didn't realize I had to interrupt you.

One question for Mrs. Swedlove. Your proposal is requesting an additional $430 million. You're going from $70 million to $500 million. How would you propose to spend that money?

● (1245)

Ms. Wendy Swedlove: As I said, there are some sector councils that are just beginning; they're in what is called a developmental phase. That's probably about a third of the 30 sector councils, so they're spending very little money. What they're doing is getting together their constituency groups, developing a strategy, and they might be doing a labour market study. When they get rolling, they'll need to spend a lot more in terms of developing the kinds of tools, products, and programs that the industry has requested of them.

The ten-year-old councils have spent.... The last decade—-

The Chair: I'm just trying to understand. The industry is requesting this from the councils. How much is industry putting into these programs? For example, on the $70 million, are they matching $5 for every dollar?

Ms. Wendy Swedlove: It's way beyond the $70 million. I don't have the exact numbers for all councils, but Human Resources and Skills Development Canada is gathering that information. When you look at the industry contribution and the labour contribution, the contributions from associations to the overall program, it comes to factors of 5, 10, 15. I'm not quite sure what it is, but it's well beyond.

The Chair: So if the increase came to say $500 million, the industries would be willing to participate along the same lines, to match the dollars.

Ms. Wendy Swedlove: It was also about expanding the reach from 50% of the labour force right now to perhaps 75% coverage. It's taking younger councils and allowing them the ability to do what the older councils are doing now. And it's allowing the older councils who have developed a good base of standard certification programs to get out there and deliver it, to generate the awareness.

What's been lacking is communication. Communication is expensive. My colleague Paul Swinwood, from the Software Council, indicates that he can increase productivity by 1% in his sector with $18 million a year. When you multiply that by 30, you can easily come up with $500 million—in fact, more than that. His sector represents about 500,000 workers. In tourism it's 1.6 million workers. If you do a little of the math, you could well go way over $500 million.

The Chair: Thank you.

I want to thank all the witnesses. We went 15 minutes over time, but I think we started 15 minutes late. Thanks again. Thank you for your time.

The meeting is adjourned.

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