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# **Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities**

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**EVIDENCE**

**Thursday, September 28, 2006**

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**Chair**

**Mr. Dean Allison**

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## Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities

Thursday, September 28, 2006

• (1110)

[English]

**The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)):** I'd like to call this meeting to order pursuant to Standing Order 108(2), the study on employability in Canada.

Mr. Martin.

**Mr. Tony Martin (Sault Ste. Marie, NDP):** Chair, given the announcement earlier this week, the cuts the government made across the board in all kinds of departments but in particular the significant cut to Human Resources and Social Development, and given the fact that it is the largest cut to a ministry of all of the ministries, and also the fact that many of the agencies and departments that were cut have a very direct effect on the hearings we're having on employability—such as the cuts to literacy and youth employment, and it's in the millions of dollars, as you know—I would first like to move a motion that given the emergency nature of this, we suspend all of the rules we put in place, the 48-hour notice for motions, to consider a motion that I forwarded to the clerk yesterday to be debated today, either now or at the end of today's proceedings.

**The Chair:** As you've mentioned, Mr. Martin, I just noticed that it is 48 hours. We are under Standing Order 108 on employability in Canada, so I will just ask the will of the committee, if they would like to entertain a discussion on that motion right now.

Mr. Regan.

**Hon. Geoff Regan (Halifax West, Lib.):** Mr. Chairman, I agree with my honourable colleague, Mr. Martin, on this point. These are cuts that cause great concern with a lot of organizations across the country—student groups, particularly literacy groups, etc.

But I think my honourable colleague probably intends that we have our meeting today with the witnesses who have come, go through this process today, and then go into that process in our next meeting. That's my understanding of what he has in mind, and I would certainly support this motion on that basis.

**The Chair:** I would mention that unless we have the unanimous consent of the committee, the 48-hour rule is still in effect. So that motion will have to be heard at the next meeting.

Mr. Lessard.

[Translation]

**Mr. Yves Lessard (Chambly—Borduas, BQ):** Mr. Chairman, the witnesses are already here. I think we should deal with this

motion at 12:30. We could hear from the witnesses now, and with your agreement, we could stop at 12:30 in order to deal with this motion.

[English]

**The Chair:** Thank you, Mr. Lessard, for that.

I will mention again that unless we have the unanimous consent of the committee, the 48-hour rule is still in effect. So if there are no more comments on Mr. Martin's motion, I'm going to ask if there is unanimous consent for his motion to be brought forward, waiving the 48 hours.

**Some hon. members:** No.

**The Chair:** So we will hear that motion on Tuesday.

Thank you, Mr. Martin.

**Mrs. Lynne Yelich (Blackstrap, CPC):** Mr. Chairman, perhaps we should spend some time speaking about motions and how these motions keep coming up, when in fact we're on an employability study, and it doesn't seem to....

**The Chair:** If you'd like to put forward a motion, I'm sure we could debate that.

**Mrs. Lynne Yelich:** I will put forward a motion that we need to start concentrating on what we're doing. We're about to travel. We have witnesses here, and we spend most of our time talking about motions.

There are quite a few motions I'd like to bring forward too, but we decided through one of the members on the opposition side that we weren't going to be pulling motions out of our hats. We were going to study employability, and I think we should stick to it. We have witnesses here who probably don't want to be in on our housekeeping.

**The Chair:** Okay, thank you.

I have a bunch of hands here. Mr. Martin, and then Mr. Regan.

Mr. Martin, sir.

**Mr. Tony Martin:** Given that Ms. Yelich has now raised this matter, I feel obliged to respond and to say that these are not ordinary times. This is not a normal unfolding that we're seeing here. We see a ministry that has been virtually gutted of most of its programs that support the employability of youth, particularly, and others across the board, and with literacy. For example, there's going to be a cut of \$55.4 million to youth employment. If that doesn't have some relevance for this committee as we move forward to consider the whole question of employability, then I don't know what does. Certainly it's in order for us, as a committee, to have a discussion and a debate on that. I'm certainly, as you are, respectful of the rules of the committee, and I don't want to be obstructionist in that fashion, but I would ask the committee—and I know that everybody on our side is supportive—to have that emergency discussion.

I was hoping to have it today—because the sooner we get at it, the better, in my view—and to set something up so that we can in fact have the minister or her staff come before us and have some folks from the groups that have been affected come before us and talk to us about that. So I'm hoping the Conservative members will recognize this as an emergency.

• (1115)

**The Chair:** Okay. Well, Mr. Martin, I thank you for that. We're going to hear Mr. Regan. We will hear your motion on Tuesday. As we've said, there was no unanimous consent to move forward.

Mr. Regan, we'll finish with you and then we'll get to the witnesses who are before us today.

**Hon. Geoff Regan:** I'm pleased to hear it, because while I agree that it is an urgent situation, I don't think there's a basis...I think the same rule applies to Ms. Yelich's motion, which of course would require 48 hours as well, if that's the case. Therefore, there is no basis to debate that motion, and we should go to our witnesses today.

**The Chair:** Thank you, sir.

I would like to thank the witnesses for being here to hear us take care of our housekeeping. We normally do this after you've gone, but thank you just the same for being here today. Four groups, I believe, are represented here today, and you each have seven minutes to make your presentation.

Why don't we start, then, with the National Council of Welfare?

**Mrs. Sheila Regehr (Director, National Council of Welfare):** Thank you.

By waving my arms, I had meant to indicate that the decision was yours, not—

**The Chair:** Sometimes the groups decide ahead of time, so there you go. I'll defer to you.

You have seven minutes.

[Translation]

**Mrs. Sheila Regehr:** Thank you, Mr. Chairman.

The National Council of Welfare is very happy to present this brief on a topic that is very closely linked to its mandate.

The National Council of Welfare is an independent advisory body to the Minister of Human Resources and Social Development on matters of concern to low-income Canadians.

[English]

My remarks will summarize our written brief, which has further details and statistics that may be useful to you. I should also note that the brief was completed prior to the program cuts. I'll address some of those implications in my oral remarks.

Our research and analysis clearly indicates that the issue of employability needs to be seen within a framework of poverty reduction. Today there are almost five million people living below the poverty line. There are 1.3 million adults on welfare, and 3.1 million low-income workers and their families, plus 16% of senior citizens, live in poverty. Many of the 1.1 million unemployed are part of this group. Low-income rates for aboriginal peoples, recent immigrants, visible minorities, and female lone parents far exceed the Canadian average.

This situation carries a high economic cost in terms of the forgone productivity of millions of workers. It also presents an enormous current and future cost to social services, health care, and justice systems, as well as an untold human cost.

So the first overall point we want to make is about poverty generally. The National Council of Welfare has been championing the need for a national anti-poverty strategy in which the federal government would take a lead in setting targets, timetables, and actions. We will be launching an online questionnaire in October to ask Canadians what they think.

The United Kingdom and Ireland have adopted such anti-poverty strategies, and, closer to home, so have Quebec and Newfoundland and Labrador.

Within this overall context and specific employability issues, the council supports the federal government using its leverage in the reform of the Canada social transfer. This transfer provides billions of dollars for post-secondary education, social assistance, and other services, and it could be used to secure needed changes.

I'll now focus on five specific areas. The first concerns the lack of participation of those millions of low-income people in the job market at a time of growing shortages. Aboriginal peoples and recent immigrants are experiencing very high rates of poverty and a very bad employment and employability situation, yet these are the very people we need to fill the gaps in our labour market resulting from Canada's aging population.

Many people, including women with children, especially lone parents, Canadians with disabilities, and seniors, are ready to take on paid work if they can access child care and the necessary accommodations they need to participate. These investments are not cheap, but neither is the status quo, and the right investments will have a large return. We can't expect all people who are unemployed and on welfare to immediately move into available jobs, as some people seem to think. Such an expectation defies reality. If you're living far below the poverty line, even looking for a job and getting to interviews is a costly struggle. Moving for a job is completely unaffordable.

Therefore, to get as many people as possible to effectively participate in the labour market, we have a number of recommendations.

First, reform the EI system so that it covers the vast majority of the unemployed, as it used to, not just the current 40% or so, and raise both social assistance rates and the levels of assets and savings that welfare recipients can keep.

Our second issue we refer to as the “low-wage wall”. Behind that wall, too many workers are trapped in poorly paying jobs with few benefits. About 35% of the workforce, 40% for women, are in precarious and contingent work. Moving beyond the minimum- and low-wage jobs that do not allow a decent standard of living means raising the federal minimum wage to \$10 an hour; raising tax exemptions for low-income workers; ensuring health and other benefits are available to workers in non-standard jobs; and increasing minimum vacation days per year to twenty, which is the standard in Europe, from our ten.

The next area of focus is education and training—I believe others are going to speak to this as well—before and after job entry and also as a lifelong continuum. There's been a slowdown in college and university entrance growth. This needs to be turned around, as does increasing entry into apprenticeship programs.

• (1120)

The OECD has noted that 53% of Canadians aged 25 to 34 have a university degree or college diploma. That's well above the average. But since 1995, the enrollment rate in Canada has gone up a mere 1%, and the OECD average was 51%. Our recommendations on this issue include allowing people on welfare and employment insurance to pursue full-time post-secondary education and trade certification without losing their benefits, and lowering fees and increasing grants for post-secondary education to allow more students in low-income families to attend.

Since I'm running out of time, I will ask people to refer to our brief for more information on literacy, which I know is going to be addressed by others.

The fourth area deals with recognition of specific needs. A one-size-fits-all plan will not work. So to meet the needs of women, aboriginal peoples, and others that we've mentioned, this can be done through measures such as—and I must take a moment to emphasize this—quality, affordable child care. This means spaces and infrastructure—there's simply no way around this in complex, industrialized societies. Other measures include workplace anti-discrimination campaigns; recognition of foreign credentials; and a national disability strategy.

The final area of our presentation is critical for creating jobs, providing services that communities need, and providing on-the-job training to those who need it most. So it has multiple benefits, but it's one that has suffered in the cuts just announced. Through the social economy initiative, the federal government invested \$23 million in Quebec, which generated another \$30 million from the Quebec government and other sources. Funding for this kind of work is no longer available anywhere else in Canada. The NCW therefore recommends restoring funding so that social economy and

community economic development programs are possible across this country.

Thank you.

**The Chair:** Thank you very much.

We're going to move, then, to the next presenter.

Mr. Arnaud, please, you have seven minutes.

[Translation]

**Mr. Renaud Arnaud (President, Groupe de réflexion et d'initiative des immigrants diplômés à l'étranger):**

Mr. Chairman, thank you for the invitation today to speak on behalf of the Groupe de réflexion et d'initiatives des immigrants diplômés à l'étranger.

Our mandate is reflected in our name and brings together policy work and action. On the policy side, our analysis focuses on barriers facing immigrants with foreign credentials, and on the solutions that we propose to the various levels of government.

Our initiatives involve implementing programs that help skilled newcomers but that also contribute to adding value in Canada. Our concern with value-added activities has not led us to attempt to reinvent the wheel, but instead to establish links with key partners to do a better job of what is already being done well.

The subject of barriers to employment facing newcomers is well documented, and there is consensus, from the point of view of the newcomer, as regards fluency in one of Canada's official languages, the lack of knowledge of the recruitment process and of a contact network within their professional communities.

From our community's point of view, there are also stumbling blocks, namely as regards recognition for credentials. In fact, one of the criteria for immigrating to Canada is the level of education and the country's requirements. Many immigrants have qualifications in regulated fields where they cannot practice. As a result, engineers, nurses, doctors, accountants, technicians, and others, end up looking for unregulated jobs which, quite often, do not emphasize their important skills.

To offset these difficulties, the GRIIDE is attempting to put in place a pilot project entitled AIDE. With this model, we hope to create a network of municipal institutions that can provide a one-stop shop for immigrants with foreign credentials and members of the knowledge sector. The mandate of this network would be to showcase the skills of foreign-credentialed immigrants, but also to support members of the knowledge sector in their human resources requirements. This network must be coordinated at the federal level in order to ensure high-quality services, to develop cross-cutting support programs, to promote best practices and to ensure resources are well balanced.

Locally, each one-stop shop would provide better coordination of service providers for newcomers, the implementation of effective local programs and the creation of links with members of the knowledge economy. Through this network, it would be possible to implement initiatives at the national and regional levels, in partnership with employers, learning institutions and the professional organizations that are at the centre of our economy.

A simultaneous approach targeting all difficulties facing newcomers would accelerate their entry into the economy, thus preventing them from losing their edge and losing their skills; it would re-enforce Canada's capacity for innovation and the availability of services, as, clearly, there would be less of a shortage of skilled personnel; and ultimately it would reduce newcomers' dependency on social services.

And above all, by integrating services and by accompanying newcomers, we will reduce the risk for employers regarding uncertainties about recognition for training and the value of skills.

Mr. Chairman, secondly, I would like to make some brief remarks about our vision for the operation of the new agency to recognize credentials that was presented in the last federal budget.

This agency should become one of Immigration Canada's partners, and recognition for foreign credentials and experience could be a pre-condition for immigrating in the skilled worker category. That would enable Immigration Canada to select candidates whose qualifications will be recognized quickly upon their arrival in Canada. In addition, it would help potential immigrants make an informed decision in choosing to come to the country.

Through this agency, Canada could work with the provinces and all professional organizations on facilitating at least partial recognition for foreign credentials. It is pointless for Immigration Canada to look for skills in countries where skilled labour is rare and to subsequently waste this pool of talent at home.

In a global skilled-labour market, this agency could create links with organizations for harmonization or international conventions representing other regions of the world. Another approach could be to review the Lisbon Convention on the recognition of qualifications concerning higher education in the European region. Although Canada signed that agreement, it is still not in force. Remember that Australia, which is often compared with Canada, implemented the convention on January 1, 2003, along with more than 42 countries.

• (1125)

Moreover, this agency should operate as part of the network of one-stop shops that I mentioned earlier, so that tailor-made recertification programs for immigrants with foreign credentials are put in place in conjunction with the universities, professional associations, and the private sector.

Finally, I would like to point out that Parliament could very quickly eliminate an obstacle to employment for newcomers and preach by example. An amendment to section 39 of the Public Service Employment Act would enable the public service to fully benefit from the potential of newcomers. An amendment should be made to section 39(1)(c), which states that holders of Canadian

citizenship have priority over permanent residents and, therefore, over newcomers.

The government and the public service should encourage excellence and highlight diversity in Canada. Updating section 39 of the Public Service Employment Act, by putting citizens and permanent residents on an equal footing, would give the Public Service Commission a means of offering employment opportunities to the most talented people in our country, while maintaining the opportunity to limit access to certain positions when national security is at stake.

Legislation to update section 39 of the Public Service Employment Act would send a very strong message to all of civil society in Canada that the knowledge, skills, and professional experience of newcomers must be valued and recognized as equal to the knowledge, skills and professional experience acquired in Canada.

Mr. Chairman, I will conclude my presentation by quoting Bossuet, who inspired the creation of our group.

One flaw that prevents men from acting is not realizing what they are capable of.

Through the implementation of our proposals, we want you to give renewed confidence to our immigrants, for the benefit of our country, and all Canadian men and women.

Mr. Chairman and committee members, thank you for this opportunity to speak to you today.

• (1130)

[English]

**The Chair:** Thank you very much for your presentation.

I want to mention to the committee that there were presentations sent in June and September. The one that we translated accidentally for today was from June. September's will be forthcoming. We apologize for that. They had sent in two briefs for us, in June and September. The one that you have before you today has been translated from June, and when September's is translated we will get it out to all the offices. I just wanted to mention that, and to apologize for that as well.

Mr. Sharpe, you have seven minutes, sir.

**Dr. Andrew Sharpe (Executive Director, Centre for the Study of Living Standards):** I'd like to thank the committee for the invitation to appear today.

[Translation]

I'm going to speak English, but I would be pleased to answer any questions in French.

[English]

The Centre for the Study of Living Standards is a national, independent, non-profit, economic research organization focusing on analysis of trends in productivity, living standards, and well-being. We also do a lot of work in the labour market area and have recently done work on employability.

Since I have just seven minutes, I thought I would basically highlight seven issues that I think are very relevant to the work of this committee. I will tell you what I want to talk about in my seven minutes.

First, I want to talk about the drivers of employability. Then I want to look at the asymmetry for well-being of the implications of job shortages versus labour shortages. Third, I want to talk about what I call the chimera of massive impending labour shortages. Fourth, I want to talk about the importance of labour reallocation for productivity, and then I want to briefly talk about the dismal record on apprenticeship completions. Then I want to talk very briefly about the failure of Canada to integrate its immigrants into the workforce, and finally about the need to rethink the concept of retirement.

There are two determinants of the employability of the population. There's the demand side and there's the supply side. If there is strong demand for labour, employers are keen to hire many people who normally would not be considered for jobs in a weak labour market. In other words, full employment is the best policy to help persons on the margins of the labour market find jobs.

On the individual level, however, supply side factors come into play. Increased skills also increase the employability of an individual, but if there's high unemployment, training workers is not going to create jobs. You need the labour demand there.

Fortunately, we are in a situation of very low unemployment and high labour demand, unlike the case in the 1980s and 1990s. We're very fortunate to be in the current macroeconomic situation, and let us hope that situation continues.

The second point is the asymmetry and well-being implications of job shortages and labour shortages. When you look at the newspapers, there's talk of massive job shortages. The size of the headlines is the same as when we had massive high unemployment and job shortages. It seems in the press that the labour shortages we are supposedly facing are as bad as high unemployment. But in reality, unemployment is a much more serious societal problem than labour shortages. If you're unemployed, you have low income, low status, no workplace connections. Studies have shown that what creates unhappiness in society is unemployment.

When we have labour shortages, basically all that happens is that employers can't find workers. There are no wasted resources. There's no welfare loss in that sense. There's really no comparison between a situation of job shortages and labour shortages.

My third point is about the chimera of massive impending labour shortages. We hear all the time about projections of massive labour shortages in the future—certain occupations will need 80,000 jobs.... It's very important to beware of those types of predicted situations, because they are not going to take place. Labour markets adjust over time, wages rise, demand falls, and the supply of workers increases: people coming in from other countries, other occupations, from education institutions, and from upskilling of workers. In that sense, these adjustments take place over time.

Now, maybe you need these wake-up calls of headlines of massive shortages just to motivate people to act, but the reality is, we are not going to be seeing massive labour shortages in the future. There's no evidence of that at all. There is evidence of it in certain specific areas, but of generalized labour shortages, no. It's really a good situation to be in.

My fourth point is on the importance of labour reallocation for productivity growth. Much productivity growth comes from moving

workers from low productivity activities to high productivity activities, whether we're talking about regions, occupations, industries, or firms. The movement out of agriculture after the Second World War added significantly to aggregate productivity growth.

Persons moving from Newfoundland to Alberta right now, from low-productivity jobs in Newfoundland to higher-productivity jobs in Alberta, contribute to productivity growth. It's very important that governments facilitate this movement of workers between different regions and between different industries.

•(1135)

It's important for employability that barriers to mobility, such as occupational licensing, be addressed. We also need to provide information on labour market opportunities so that people are made aware of the possibility of moving.

My fifth point is our dismal record on apprenticeship completions. The apprenticeship system is important for training persons in the traditional trades. In fact, there have been massive increases in the number of registrations in apprenticeship programs since the mid-1990s, reflecting the high demand for workers in those areas. But less than half the registrants in apprenticeship programs actually follow them to completion. Some people debate whether this is a problem. I think it is a serious problem. We have to understand this issue better and develop new policies to reform the apprenticeship system so that more can finish.

My next point is on the failure to integrate immigrants into the workforce. The previous speaker addressed this issue. So I'll just point out that this question turns on the failure to recognize foreign credentials and foreign experience, together with the poor language skills of many recent immigrants. It's important that government address these three areas.

My final point has to do with the need to rethink the concept of retirement. In the past, one worked full-time until one hit 65, then one "worked retired" or not at all. We have to address this issue in two ways. First, we should abolish mandatory retirement. This is already happening—in Ontario, for example. Before long, it will probably happen in the hold-out provinces. This is certainly good. People should have the right to work after 65 if they want to. Obviously, you need competency standards for those people, as you do for all workers. Second, we should be looking at a more phased-in retirement, in which people would leave the labour force gradually, working by choice from 60 to, say, 70. This ought not to have any negative effect on their benefits. Phased-in retirement is important for society, both for employability and for dealing with the aging workforce issue.

I'll conclude there.

I'd like to thank the committee for its attention, and I'd be happy to take any questions.

**The Chair:** Thank you, Mr. Sharpe.

Ms. DesBrisay.

**Mrs. Wendy DesBrisay (Executive Director, Movement for Canadian Literacy):** Thank you, Mr. Chairman, and thank you to the committee for the invitation to speak to you today. Excuse my voice; I hope it holds out.

I believe you have a copy of MCL's brief on literacy and employability. In a minute I'll highlight some of the points from that brief, but before I do, it would be a betrayal of the literacy community and the millions of Canadians who struggle with literacy challenges if I didn't speak to the implications of the \$7.7 million in cuts to federal literacy programming announced earlier this week.

Ironically, the title of our brief is "Literacy is the Foundation". These cuts are taking a jackhammer to that foundation. The specific area that was cut was the local and regional stream, where the National Literacy Secretariat had worked for years in building partnerships with provinces and territories and with the community to build capacity in a field that has never had the resources to be able to meet the needs. The funding support is not direct delivery—which, as you know, is a provincial matter—but outreach, professional development for educators, curriculum and materials development, research, promotion, and, as I said, the development of those partnerships that leveraged increasing support from provincial and territorial governments and businesses in the community.

The work of developing those partnerships has to be done by infrastructure organizations, which never existed before the literacy secretariat was there. The provincial and territorial literacy coalitions were told yesterday that all funding to provincial and territorial organizations and all kinds of projects was gone—with no consultation. Anyway, I don't want to go too far down that road, but literacy is the foundation of employability and I'm sure you understand why we're so gobsmailed by this new development.

These cuts come at a time when the need for literacy investment has never been greater. Four out of ten working-age Canadians have literacy levels below the benchmark considered necessary for success in today's society. Far from creating efficiencies, these cuts are dismantling the infrastructure that was built cooperatively by all levels of government and the literacy community, and they will set us back years in our ability to meet the literacy challenges of Canadians.

The cuts will hurt less literate Canadians whose access to quality literacy programming is already uneven across the country.

The cuts contradict the advice of this very committee, which called in 2003 for an end to the patchwork approach to adult literacy, highlighted the need for a national vision on a pan-Canadian strategy, and called for increased investment.

Turning back to employability specifically, the cuts also aren't in keeping with the government and this committee's goal to improve employability and grow the economy.

I will just highlight a few of the points in our brief on the relationship between literacy and employability. Today's labour market demands higher literacy skills than ever before, even in entry-level positions. Jobs that don't require much reading and writing are disappearing, while there are skill shortages in the more specialized, knowledge-intensive jobs. Due to a declining birth rate and an aging workforce, we need all hands on deck.

People with lower levels of literacy are more likely to be unemployed. That's a no-brainer, but it's a major factor in determining employability. They're more likely to lose their jobs and less likely to find new employment. Adults with low literacy skills have only a 50% chance of finding another job, even after 52 weeks of unemployment.

Strong literacy skills are needed for job-related training and advancement. Again, it's a stepping stone; you can't get to employment if you haven't had job specific training, and literacy is a prerequisite for that.

● (1140)

Employees with higher literacy skills earn more. Again, I know it's all simple, but the higher their literacy proficiency, the more workers are likely to earn. Among people at the top literacy level, just under a third of men, but half of all women, were earning over \$60,000 a year.

Improving literacy skills has a positive effect on all aspects of a person's life and contributes to wider social benefits. The Conference Board of Canada and others have cited benefits of workforce literacy programs, including improved literacy skills, of course, but also greater employee self-confidence, better problem-solving skills, better team-building skills, increased ability to use technology, increased participation in other training, increased health and safety, and improved labour-management relations. Workers have reported being better able to help their children in school and that they get more involved in their communities.

Improved literacy is not only directly linked to labour market productivity but to federal priorities such as better outcomes for children, better aboriginal development, and better integration of newcomers. I could go on.

I have a page of recommendations specific to literacy and employability in my brief, and I encourage you to look at them later. But after the cuts announced this week, my only recommendation to you today is to do everything in your power to get these cuts reversed, not only to literacy but also to the workplace skills training strategy, which also had employability and literacy as a key focus.

Thank you.



●(1145)

**The Chair:** Thank you very much. I do want to thank the presenters.

We are now going to move into our first round, which will be seven minutes for questions and answers.

Mr. Regan, I believe you are first off, with seven minutes.

**Hon. Geoff Regan:** Thank you very much, Mr. Chairman.

The witnesses this morning have given us lots of fodder for further discussion. I very much appreciate them coming today, and I want to thank all of them for coming to speak to us. Unfortunately, we only have a short time for our discussion.

I want to begin with Ms. Regehr, in relation to the National Council of Welfare.

You talked about the cuts to the social economy initiative and the need to restore that so community centre development work and other kinds of work can be done again. Could you give us some examples of the kind of work this front link supported and the impact it had on people and their capability to achieve employment?

**Mrs. Sheila Regehr:** Thank you.

My apologies, right off the bat. I can't give you specific examples now. That's a bit outside the council's mandate.

As I mentioned in the brief, the social economy initiatives are sort of multi-faceted because they allow for community development to meet community needs. They are not driven by profit motives or the objectives of some other organization outside that community.

The other really important thing that's closely linked to employability is that many of those projects then allow for on-the-job training—for example, for those who have been unemployed for long periods of time, those who are just getting back into the labour force after being out for a while, and people who are on welfare. It gives them an opportunity to contribute to those community economic development activities while at the same time increasing their own ability to continue working and get other jobs to build their skills and their individual employability.

So it has societal, community, and individual benefits.

**Hon. Geoff Regan:** Thank you.

Let me turn now to Ms. DesBrisay and the Movement for Canadian Literacy. Obviously I share your deep concern about what has happened this week.

There is a Canadian Press story this morning that quotes Treasury Board President John Baird saying that he has to fix the....

I'll read a little more from this story than I've written down. In relation to the \$17.7 million in cuts for literacy, he says:

I think if we're spending \$20 million and we have one out of seven folks in the country that are functionally illiterate, we've got to fix the ground floor problem and not be trying to do repair work after the fact.

In other words, we should abandon all adults who are in need of literacy training.

I'd like your comments in relation to what he had to say.

●(1150)

**Mrs. Wendy DesBrisay:** Well, two things come to mind. First of all, as a society, can we afford to abandon people and have them not making a contribution? I don't think so, but even more specifically, the children who are at risk of having literacy problems in the future have parents. A lot of the literacy delivery that's happening now is called family literacy. We work with the parents and the children together, because just trying to help the kids without helping their parents and building the literacy of the whole family won't work. We have to do both.

**Hon. Geoff Regan:** Yes, it certainly seems to me that you can't just focus on children, when you have a government that allegedly is concerned about international competitiveness, or ought to be at least. I don't see how you can when you're worried about labour shortages, not 20 years from now, when people who are now children are grown-ups, but in the short term, as people are retiring in the next few years. You have to focus on adults, who, if we can get some at a higher level of literacy—give them the opportunity to do training—can be much more able to achieve employment in today's workforce, especially with all the requirements in terms of knowledge, in terms of learning, in terms of reading manuals that are involved. And I don't see how you can do that if you're going to say we're going to forget about this whole group of people.

**Mrs. Wendy DesBrisay:** That's right. Another item that came up in different presentations in terms of employability is community economic development and other kinds of community development. Sometimes people who are less skilled can find a meaningful place in community organizations and community economic projects that don't rule them out because they're less skilled.

That's why I think the federal government supporting things, acceding things, and working with the provinces and territories to build communities is really important. I think literacy programs are part of the community services that need to be built so that people do have jobs they can manage, rather than writing them off if they can't have high-level jobs.

**Hon. Geoff Regan:** Well, I have to tell you that this decision in terms of what it means for people who are adults needing literacy training, needing other kinds of adult learning, to me seems absolutely insane.

I have more questions. I have one minute and I want to ask Mr. Sharpe about this.

In terms of international competitiveness, you're saying we shouldn't worry too much about the shortages because they all work out. I think Canadians are concerned about their standard of living. In terms of the kinds of jobs we have and the kinds of employment we have, if people are highly trained and highly skilled and more employable at higher levels, doesn't that have an effect in terms of the question of the overall standard of living in the country?

**Dr. Andrew Sharpe:** Absolutely, and I don't think what I said contradicts that at all. Absolutely, if you want to have a higher standard of living you need higher productivity, and a key driver of productivity is the upskilling of the labour force, higher educational attainment. Canada does quite well in that regard, but there's still a lot of work to be done.

Linked to that, international experience strongly supports the view that giving educational opportunities to the disadvantaged has a positive effect on economic performance. Often the countries that have done well in terms of productivity growth have low levels of illiteracy. The great advantage about helping the disadvantaged is that you have positive effects on both equity—in other words, we're a fairer society—and efficiency, that is, these people function better and make higher incomes and improve productivity. So it's really win-win to help the disadvantaged from both a fairness perspective and a productivity perspective.

**The Chair:** Thank you, Mr. Sharpe and Mr. Regan.

We're going to move on to the next questioner from the Bloc, Mr. Lessard.

[Translation]

**Mr. Yves Lessard:** Thank you, Mr. Chairman.

Thank you for coming this morning and for sharing your expertise in the field. Personally, I admire what you do, having worked in the field of health and social services and on literacy. I'm going to start with some questions for Ms. DesBrisay.

Like you, we were astounded by the nature of the cuts announced. In fact, cuts were announced at the same time that a \$13 billion surplus was announced. There is nothing wrong with cuts as such provided that they are justified and target programs that are not useful. However, we note that many of these programs are highly functional, they are meeting their mandate, and they are essential to the survival of work done by volunteer groups, namely in the field of literacy.

At present, what is the overall budget for literacy? What impact will the \$17 million cut have on your work?

This morning, you witnessed our attempt to start an emergency debate on the topic—to my mind debating these matters is urgent—but it was refused. We wanted to hear people like you talk about it. Now that you are here, I would like to hear your comments.

● (1155)

[English]

**Mrs. Wendy DesBrisay:** In the past, the direct federal funding for literacy through the National Literacy Secretariat was something like \$30 million a year. This cut is 17.7% over two years, but we're also hearing that we can't get a clear picture of what the new budget is compared to the old one because other things have been added in.

On your question about how much it would cost, it would cost many times the amount of money that's invested, and no one is expecting that it would all come from the federal government. We need the federal government and the provinces and territories to look at what is being spent, how fair it is across the country, and what it costs.

Our field has never had regular professional development. Some provinces have some. This money that was cut—there was a call for proposals from the department with an end date of September 15, and now there is no money there to fund all the proposals that were submitted. I asked the provincial and territorial coalitions how they would have spent the cost-shared money—half from the federal government and half from their province or territory—that they've gotten in past years. The things they told me—which will not happen now because of this—are professional development, outreach, family literacy, pilot projects, and provincial conferences of practitioners. When you think \$30 million—people have been asking why we still have people who are illiterate when we've been spending \$30 million a year. Well, I think \$60 billion is spent on education, generally, something like that, and the money that's spent on literacy at any level has been very small. We were hoping to get lots more money, not less.

[Translation]

**Mr. Yves Lessard:** Thank you.

Ms. Regehr, Ms. DesBrisay and Mr. Sharpe, I think my second question should be addressed to all of you. There are some areas that are difficult to reconcile when it comes to training. I quite agree with you in that training provides the foundation for any ability to function in society and to make a satisfactory contribution. In any case, training is fundamental in developing one's potential in society.

We naturally want to keep the older people on the labour market as long as possible. However, we must determine under what conditions we keep them on the labour market.

A few moments ago, Ms. Regehr reminded us of the employment insurance issue. For example, there are programs to train people aged 55 and over who lose their jobs, so that they can return to the labour market. Some people do want to retrain. However, less than 4% of those end up finding good, permanent jobs.

Have you had an opportunity to think about this issue? Are those people who remain on the labour market longer going to be condemned to less satisfying and less interesting jobs?

● (1200)

**Dr. Andrew Sharpe:** First of all, you asked how we could keep older workers—those aged over 55 in particular—on the labour market longer. Obviously, people are less motivated to work once they reach 65 because they receive a pension. We will not change that. People who receive a pension find it less necessary to work, naturally.

However, we should not cut benefits for seniors, nor increase the age at which seniors receive a pension from 65 to 70. What we should do, rather, is eliminate barriers so that we encourage people to work for as long as possible. That is the most important thing. We should not cut benefits for seniors with the goal of making them work.

[English]

**The Chair:** Okay, Mr. Lessard, that's all the time we have for that round. We're going to move down the table to Madame Savoie, for seven minutes.

[Translation]

**Ms. Denise Savoie (Victoria, NDP):** Thank you, Mr. Chairman. I'm happy that today I am Ms. Savoie, rather than Ms. Savoye.

Thank you for all your comments. They were very interesting.

I would also like to come back to some comments made by my colleagues. Mr. Baird's comments on literacy worry me a great deal. He said that it would be better to teach children than to waste money on adults. That worries me a great deal, particularly coming from a member of a government which says it is interested in helping families. We know that children with literacy problems, or reading problems, frequently come from families with an illiteracy issue. It is therefore difficult to tackle one problem without tackling the other. You have already mentioned that.

I think that we should recognize that, even without the budget cuts announced yesterday, Canada's literacy budget was already very low.

Could you comment on that? Yesterday, you recommended that the government try to restore the funding, but that the funding—even when restored—would be inadequate. I believe that the literacy movement has been requesting stable, long-term and increased funding to tackle the problem for a long time now. Could you comment on the lack of funding, and on the need for more funding in this sector if we are to make any genuine progress in dealing with the employability issue?

I would first like to hear Ms. DesBrisay, then Ms. Regehr.

[English]

**Mrs. Wendy DesBrisay:** It's true that the funding from all levels of government has been too low. This committee in 2003 recommended, I believe they said, as a downpayment, increasing the budget of the National Literacy Secretariat immediately to \$50 million a year, realizing that the federal government will not provide literacy training to people. I believe the growing thinking from many sectors has been that we need a national strategy, and that the outcome of the strategy would be that there would be core funding for literacy training as there is for other levels of education. Right now literacy organizations have to raise their own funds, and that's why having a funding program that at least helps them do outreach or get other people to try to raise money and the things you have to do besides teaching if you're going to keep an organization afloat... that's why it's so devastating.

Again, if you're asking how much it would cost, just think about how much it costs to keep a child in school for a year or to keep someone in post-secondary education. Why do we think that for a dollar per year, per citizen, we can raise literacy levels?

• (1205)

**Mrs. Sheila Regehr:** Thank you. I'd like to comment on a couple of things and link this back to a previous question as well.

One of the things that I think it's really important to highlight is that there are a lot of studies that really show the link between the

outcomes of children and the education of their parents, especially their mothers. That's been demonstrated time and time again. So if you're looking at literacy and if you're looking at a whole range of things related to that as children grow and themselves enter the labour force and become functional citizens of this country, you have to invest in their parents, and especially their mothers. I think that's clear.

The other point that I think is important to make, which we talked about in our presentation, is about low EI coverage now. Employment insurance used to be one of the really valuable routes into getting the kind of training that people needed. It wasn't just income replacement, but it allowed access to a whole range of other services that guaranteed that when you were out of a job you got the assistance you needed to help get back in and have those needs identified. And there was some regularity to that across the country. Now without that, with so few people qualifying for employment insurance, they don't get into other programs either. It's so easy to fall into welfare, and once you're there, it's so hard to get access to anything else, from literacy to skills upgrading to post-secondary education for your lifetime.

**Ms. Denise Savoie:** Can you give us an idea of what the impacts of these cuts might be on the ground in any one of our cities? Would that be too difficult?

**Mrs. Wendy DesBrisay:** I asked—

**Ms. Denise Savoie:** Because it's so difficult. We're trying to understand the impacts, and I think people in our ridings are trying to understand the impacts and how it's going to affect them, and they are worried and confused. So it would help me if you could share your thoughts on this.

**Mrs. Wendy DesBrisay:** I'll tell you about Saskatchewan to start. I have some responses from most provinces. What we have heard from Saskatchewan is that after seventeen years of moving literacy forward in Saskatchewan, the Saskatchewan Literacy Network will likely be forced to close its doors.

In another place—I'm sorry, I really didn't have a place, but I brought a list of the things that will go down the tubes in Saskatchewan.

The support for programs for learners—this is at the coalition, and it is not teaching but more supports that allow them to go to class—is gone. They had a Learner Speakers' Bureau, people they had trained, who went to speak in schools and to business groups that might donate money—people whose lives have been changed by literacy. So the speakers' bureau is gone.

Support for regional learner groups, which were peer groups where they could encourage each other to stay in school, is gone. Learner conference, gone. Professional development, gone. Training in family literacy is impacted. Training in understanding and respecting aboriginal culture, gone. I don't know exactly what that means for practitioners.

**Ms. Denise Savoie:** You said training and family learner programs?

**Mrs. Wendy DesBrisay:** It was in family literacy. I think that would be training practitioners to deliver specialized family literacy.

Another is research in practice, which is a term in our field that means we're learning to do research—practitioners are learning to examine their own work as they're doing it. It's part of learning to do evaluation and to develop systems of accountability, etc.

There are resource library services and support, implementation of literacy benchmarks, community literacy. It's development and support.

All previous work making great strides in literacy loses momentum and is in danger of falling off the radar. As the federal government—wrap it up? Okay.

• (1210)

**The Chair:** That is all the time we have. We were just slightly over. We will move on to the next speaker.

Ms. Yelich is next.

**Mrs. Lynne Yelich:** Thank you.

I, too, will quote from John Baird, who said we are focusing on the national role because provinces and municipalities are best placed to provide support at the local, regional, and provincial levels.

I wanted to quote that because in our province we have 1,000 children in the city of Saskatoon who are not enrolled in school. These are children who should be in elementary school. It's a huge problem. I think we also have to address our education, which puts that in the provincial role, the earlier years, which is not to discount that it's also important to mention that this is a huge problem not only in Saskatoon but also in the city of Regina. I just wanted to mention that perhaps we have to start thinking about why these children aren't in school and addressing those issues.

I also wanted to mention to you, Sheila, about the point you made on raising the exemption for the working poor, that we do have the employment credit to help the amount of income that can be earned without paying tax. It's up to \$500 a year, and it will be rising in January, so there are some benefits in our last budget that specifically address the working poor, as he said.

We are also in consultation with the provinces and the territories, seeking to identify some measures to improve the incentives to work for low-income Canadians.

You talked about families and the working poor. The goods and services tax does help; I know lots of parents who really appreciate it when they have their children in things like skating lessons in small community centres and rec centres. They all benefit from any reduction in any type of tax. Even as small as some people might think a penny is, it does add up when you're trying to run community centres and you're trying to put your children in extra events. I just wanted to make those comments.

When you talk about apprentices, I want you to elaborate a little bit. You said that many people drop out of apprentice programs. What would be your reason for that? Are you saying that the employers aren't doing their part, or the employees?

Recognizing credentials is a really huge issue. How do you get it, when there are so many governing bodies deciding the qualifications to come into Canada to work in their province? In some cases, it's the professions or it's businesses or certain companies are trying to seek engineers. That's an example that was brought to me recently. They had lots of problems. Every province has different jurisdictional problems. How do you overcome that, when in fact it is governed by your own professions? Canada is a big country. I think Australia does have a national recognition body, and we are working on that in some manner here, but I just wondered if you wanted to comment on that.

I have one more question to you, Sheila. Did you ever do an impact analysis for small businesses on raising the minimum wage to \$10 an hour? They seem to be hit the hardest when the minimum wage goes up. Small businesses in Canada make up a great deal of our economic growth. Is there any sort of analysis or any sort of statement from them?

**Mrs. Sheila Regehr:** Thank you.

Very briefly, yes, in response to your comment about some of the tax exemptions and some of the measures that may help the working poor, certainly, as you've said, any small bit helps, and they're in the right direction. I think the council's preoccupation now is that while all of those small bits help, what is really going to be needed to meet the challenges of low-income people for the future is a much more comprehensive look so that those measures and others can be built together in a much more comprehensive system. I'm also encouraged that there is consultation going on between the federal and the provincial and territorial governments around some of these issues, because that, to us, is critical as well.

On raising the minimum wage, the interesting thing here is that we have found no evidence whatsoever to suggest that it's going to have these scary effects on jobs that people keep talking about. There is evidence in the United Kingdom, for example, that we really don't have much to worry about. They had absolutely no minimum wage. They have brought it in and have not seen the effects that people here seem to worry about. The council has looked at this kind of thing over the years and from different perspectives. There are different ways you can deal with the working poor, but it just seems fundamentally wrong to think about having a system where somebody can work full-time, a full year, and not meet the poverty level. That just does not make sense in a society that's trying to be productive and competitive anywhere.

• (1215)

**Dr. Andrew Sharpe:** I'll respond to your question on apprenticeship. In addition to having a low completion rate in apprentices' trades, it's actually falling as well, which is pretty serious.

We don't really have a definitive understanding of the reasons behind that. There's a national apprenticeship survey in the field right now to look at this issue. It could be linked to the fact that there's not a lot of economic incentive for an apprentice to finish. The wage of a completer might not be that much higher than a non-completer. It could be that the curriculum is not particularly relevant to the apprentice, or it could be that the apprentice doesn't have the literacy skills to do the in-school portion of the apprenticeship.

So there are a lot of reasons there, but certainly from the point of view of employability, it's much greater if you have your ticket, if you have finished the program and passed, than if you don't.

**Mrs. Lynne Yelich:** If you want to comment on that—

**The Chair:** That's it for time. We're going to move on to the second round.

Ms. Brown.

**Ms. Bonnie Brown (Oakville, Lib.):** Thank you very much, Mr. Chairman.

First, you've been thanked for coming. I want to go further and thank you for the work you do for Canadians every day that you go to work. And I want to say that I'm sorry you have had this slap in the face to the work you do, by people who don't understand its value either to social cohesion or to the future of the economy and the productivity of the Canadian economy.

I'm going to suggest to you that you do not waste time trying to figure out the logic or reason behind this. There is none. Asking yourself why a neo-conservative government has made cuts to the social programs that affect the poor is like asking yourself, why does an alcoholic drink? The answer is the same. They cannot help themselves. So don't waste time trying to figure out why. I think you should join the opposition parties in getting angry about it and mobilizing people to get angry about it, because concerning these cuts, it's very fortuitous that you happen to be our witnesses today. You are showing us in a very clear way that it is the most vulnerable in our society who are feeling the pinch from this.

I used to head up an agency that served clients such as yours, so I know the feeling when you are slapped by the government, because essentially they are saying, "Forget about your clients and the work you do," whereas I'm saying to you that the majority of the members of Parliament, both in the Senate and in the House, do not feel that way and value your work.

The parliamentary secretary from Saskatchewan, I must say, suggests that the working income tax benefit of \$500 a year is going to be a help. Well, if you divide it by 52 weeks, you know how minuscule it is. The GST reduction has the least benefit for the poor, and the tax deduction for skating lessons that she suggested might be good, but you and I know the kind of people you're helping don't have enough money for skating lessons in the first place. So all these little tax deductions are directed at the fairly healthy middle class, but not the poor, who are slipping further and further behind every day.

I want to go to Ms. Regehr. You say to raise the federal minimum wage. We don't have one. It has been abolished. So we have to re-establish it first. You're suggesting \$10 an hour and raising the basic tax exemption for low-income workers. The problem with that is that

when you raise the basic tax exemption, it affects all workers, because tax law works that way. What would you suggest we raise the basic tax exemption to? The Conservative government just raised it, just by a bit, but—

• (1220)

**Mrs. Sheila Regehr:** I don't think—

**Ms. Bonnie Brown:** I'm sorry, they just lowered it.

**Mrs. Sheila Regehr:** We don't have the capacity to run the numbers to actually give you a number. What the council is interested in is just looking at whatever means might be available through the tax system to assist low-income workers, whether it's through a generalized tax exemption or some other form of tax exemption, or something that allows those with the lowest income—

**Ms. Bonnie Brown:** I understand.

Have you asked the Caledon Institute what mechanism they would suggest, if you don't have the capacity to do it?

**Mrs. Sheila Regehr:** We've been talking to Caledon and to quite a number of partners as part of our push for a national anti-poverty strategy. What we're trying to do first is get it on the agenda, make everybody aware that we really need to look at this on a national basis across this country, and get everybody to participate in a very consultative way in helping find the right solutions.

**Ms. Bonnie Brown:** In your third recommendation you talk about benefits for poor workers, particularly those who work part-time in two or three jobs, etc. Have you thought of a mechanism to make that happen—because essentially it has to be employers who do it—or do you think the federal government should pass a law suggesting that all workers get benefits?

**Mrs. Sheila Regehr:** It's an area in which we're open to suggestion and to looking at the different ways it can be approached. One of the studies I would refer people to was done in Toronto. It's MISWAA, or "Modernizing Income Security for Working-Age Adults", which was done by a whole collective of people that included employers such as the Toronto Dominion Bank. There are some good recommendations in there to start looking at.

**Ms. Bonnie Brown:** I would like to close, Mr. Chairman, by again reassuring these people that they are not alone. They have advocates right here on the Hill, not in the form of lobbyists but of people who take up the seats in the House of Commons and the Senate.

Thank you very much.

**The Chair:** Thank you, Ms. Brown.

We're going to move to Mr. Lessard, for five minutes, please.

[Translation]

**Mr. Yves Lessard:** Mr. Chairman, I will ask the first question, while my colleague, Mr. Ouellet, will ask the second.

I will be brief. You draw a link with the fact that the social safety net, part of which consists of the employment insurance system, has become much less effective over the years. This is a factor that contributes to greater poverty among families.

In that, we agree with you, for the most part.

You also report to the Government of Canada. How does the Canadian government receive your report?

**Mrs. Sheila Regehr:** What report do you mean, exactly?

**Mr. Yves Lessard:** The National Council of Welfare submits an annual report.

[English]

**Mrs. Sheila Regehr:** The council provides advice to the minister in a number of ways. Sometimes we meet with her. The other way we provide information is to publish the two regular reports we publish. They're basically statistical reports with some indication of recommendations in them. One is *Poverty Profile*, which provides the most comprehensive look at the dimensions of poverty in this country. The second is *Welfare Incomes*. In both of those publications, which we provide to the minister and to the public, this year the emphasis has been on a recommendation for a national anti-poverty strategy.

To date the council members and the chair have not had the opportunity to meet with the minister since that recommendation was put forward, and we haven't received other responses. The council is meeting again in October. We hope there may be some opportunity to engage the minister on this.

• (1225)

[Translation]

**Mr. Christian Ouellet (Brome—Missisquoi, BQ):** I imagine, Ms. Regehr, when you say that 5 million people live under the poverty line, that you are including children. So we are talking about 5 million people out of a population of 32 million. If this is true, this is a very high and scary figure.

I am the Bloc Québécois critic on homelessness. I travelled around Canada this summer to meet with the homeless. The homeless cost the health care system 40% more than stable people who have housing do. We believe that welfare recipients also cost the health care system more money since they have more trouble putting food on the table, finding housing, and so forth.

Do you know how much more money the state spends to support those 5 million individuals living under the poverty line and receiving welfare, and to provide them with health care?

I also want to ask Ms. DesBrisay a question.

I represent the riding of Brome—Missisquoi, where there is a minority anglophone community. Contrary to popular belief, minorities in Canada are not always francophones. Much of this minority lives in poverty. Illiteracy is also a major issue.

I personally know people involved in literacy work. Previously, funding for literacy came directly from the federal government. We are talking about an English-speaking minority in Quebec. Obviously, cuts in literacy funding are due to cuts to the GST. A group of people pay that GST, but another group of individuals is being subjected to the cuts. The same people, the poor, are always the ones being put in a difficult situation.

Did the government consult you before announcing those cuts?

[English]

**Mrs. Wendy DesBrisay:** I'd have to say no. We've been concerned over the past year and a half because we saw that there was a movement within the federal government, even before this government was in power—it's part of a movement in society—to focus more on competitiveness. We feel that the most vulnerable are increasingly being left behind.

The work that literacy organizations do is often with people who don't become employable in three or six months. It takes a little longer. At the same time that they're working on their workplace skills, they're also learning things about parenting, getting more self-confidence, and all that.

So we've been concerned about a movement that increasingly looks as if it's going to leave people behind. We have spoken up about this from time to time, but we were always told that literacy is firmly on the government's agenda.

We were hoping to hear an announcement that the government would move on the recommendation made previously by this committee to work with the provinces and territories to develop a plan. So we were totally shocked by these cuts. I don't even know if the provinces and territories were consulted. They depend on this funding.

**The Chair:** That's all the time we have.

Madame Savoie, you have five minutes.

[Translation]

**Ms. Denise Savoie:** Thank you, Mr. Chairman.

This morning, one of the reports stated that low-income earners were more likely to have precarious employment, live under the poverty line and have more difficulty accessing training or other education to improve their situation.

Perhaps Mr. Sharpe could tell us what could be done at the federal level to eliminate obstacles to learning, while respecting provincial jurisdiction. You said that fewer and fewer apprentices were finishing their training.

• (1230)

**Dr. Andrew Sharpe:** I recommend a fairly general policy, such as an income tax credit on employment. This would give workers a subsidy. For example, it could be approximately \$3 or \$4 per hour for all hours worked.

This kind of policy, which is in place in the United States, has been fairly effective in reducing poverty. In Canada, the Department of Finance briefly touched upon a similar policy in a previous budget but it has not yet been developed.

In short, I think that a tax credit on employment would be a beneficial policy.

**Ms. Denise Savoie:** Could this increase employment?

**Dr. Andrew Sharpe:** For an individual working 2,000 hours a year and receiving a \$3 subsidy for each hour worked, this subsidy would represent \$6,000 per year. Consequently, low-income earners, for example, people earning \$8 per hour, have a greater incentive to work and are less at risk of finding themselves living under the poverty line.

[English]

**Ms. Denise Savoie:** Do I have time for one more question?

Can you comment on the slow apprenticeship completion? How can we, at the federal level, make a dent in that, because that is a problem with skilled labour?

**Dr. Andrew Sharpe:** First off, we have to have a better understanding of that. I hope we'll get that with the apprenticeship survey that's currently in the field. However, I think it's important to state that apprenticeship is under provincial jurisdiction, so it's very hard for the federal government to develop policies for apprenticeship. It has to work with the provinces. There are a number of policies that one could implement. There has to be better integration between the apprenticeship system and the community college system, for example. That would help many.

Also there has to be better laddering between the apprenticeship system and the community colleges. In other words, you would do one year of apprenticing and then work in community colleges, and you'd get credit for your work as an apprentice. Right now you don't get credit for apprenticeship unless you complete the program. So there'd be certain types of modules that would be developed. That kind of thing can also have positive effects on the apprenticeship system.

**Ms. Denise Savoie:** Just to pursue that, and again respecting the different jurisdictions, right now we have a social transfer without its being dedicated to post-secondary education and training. It's all lumped into one, and it's difficult to know what's going to what. Do you think that would help make it more transparent, and make it clearer to everybody how much money is going from the federal government to provinces to address the issue of underfunding of post-secondary education training?

**Dr. Andrew Sharpe:** Do you mean to earmark a certain amount of that transfer to education?

**Ms. Denise Savoie:** I mean to direct it to post-secondary education and training as opposed to lumping it into the social transfer, as is now done.

**Dr. Andrew Sharpe:** Well, that would be more transparent. I think transparency is always good. The provinces might not prefer that approach, but I think from the accountability approach of the federal government for education, it would be a good idea.

**Ms. Denise Savoie:** Thank you.

**The Chair:** Thank you.

I'm going to take the next five-minute round here. I just want to ask some questions.

I have three questions for you, Mr. Sharpe, relating to labour mobility, supply and demand, and retirement. I found them all interesting points. We have the National Council of Welfare suggesting maybe a minimum wage of \$10 an hour. I believe in your comments—and I just want you to comment on whether you think that makes sense—you said that in supply and demand and labour markets, adjustments happen to fit needs. So regarding a minimum wage, do you feel the market will adequately adjust for that, or are there certain circumstances, etc.?

The second question concerns mobility and certainly relocation and some of these other things. I know we talked about licensing. I realize that's a provincial issue, so my question is not really so much about that. What are some other things the government can do to help with the issue of labour mobility? It was suggested at one of our meetings, or maybe by some people who came to see me, that maybe we should have the ability to write off two residences. It's very difficult when people are leaving to actually pick up and go. It's not quite fair. I think when people want to remain where they're from, that's very reasonable. What do you suggest for that?

The third question revolves around retirement. There were some interesting ideas about retirement and eliminating retirement ages. Are you suggesting they maybe we adjust work weeks? What are some of the things we might look at? What would some of your suggestions be specifically about dealing with older workers and about incentives? What does that look like? I'll just give you those three questions to work through.

•(1235)

**Dr. Andrew Sharpe:** That's quite a bit.

In terms of the first one, about a \$10 minimum wage, the federal government really doesn't have a minimum wage, a specific number. It goes with the provincial minimum wage. We certainly could change that, but the problem there is that you have different labour market conditions across the country. So having one wage at \$10 an hour might work for employees under the federal jurisdiction—it might work in Newfoundland—but it probably wouldn't work in Alberta.

Overall, I'm in favour of the idea of increasing minimum wages, because they have fallen behind significantly, as a share of the overall average industrial wage in recent years. But again, it's largely a provincial issue.

Studies in the United States have found that the overall employment effects of raising minimum wages are not that great. Historically economists have always thought it was a bad idea—you don't want to interfere—but recent studies have shown that small increases don't have much negative effect on employment...not raising it to \$15 an hour. So overall, I'd support the idea of minimum wages.

On the point about mobility, I think the best thing that's happened to labour mobility in Canada in recent years is cheap flights. Now you can probably go from Newfoundland to Alberta for much less than ten years ago with WestJet, for example, Air Canada's competition. That's an important, positive factor. People now can afford to commute three or four times a year between Fort McMurray and St. John's.

In terms of what we can do, there are many tax ideas for residents. I'm not an expert on that tax, but you have to be careful about the possibility of abuse in this area. Overall, I think that should be investigated, possibly using unemployment insurance for moving, for expenses. Grants to people on welfare to support job searches in low unemployment areas would be a good idea, or providing better labour market information. I think there are a number of things we can do.

It's important to highlight that we are a very mobile society. If you look at the numbers of people moving, they're very large right now, particularly from Atlantic Canada to Alberta. People do move in response to economic incentives.

In terms of the retirement issue, what types of adjustments...? Historically pension benefits have been based on your last three or five years' average salary. Therefore, if you work part-time, this could have a negative effect on your average salary. If your pension is based on a lower number, you're going to be worse off during your retired years. So there can be some adjustment for the calculation of your pension—not using your last five years or adjusting for part-time work.

Also, many employers do not allow their workers to work part-time; they want full-time work and that's it. So we have to have more flexibility whereby a worker would have the right to work part-time, taking the nature of the job into consideration. Workers would be allowed to work part-time, if they preferred, and many full-time workers in Canada would prefer to work part-time.

Part-time work is not necessarily bad. It's bad if you want a full-time job, you can't find it, and you're forced to work part-time. But the fact that we have part-time work is actually good. Many people much prefer part-time because of family responsibilities or other reasons.

**The Chair:** Excellent. Five minutes right on. Very well done.

We're going to move to the Liberals again.

Mr. D'Amours, for five minutes, sir.

[Translation]

**Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.)** Thank you, Mr. Chairman.

First, I want to thank you for coming here today.

As my colleague mentioned earlier, we recently learned about the cuts. We also heard the comment made by the President of the Treasury Board this morning.

Back home, in a riding called Madawaska—Restigouche, an almost entirely rural region in northern and northwestern New Brunswick, there are two literacy organizations. When such organizations exist is because there is a need. I am proud to say that, during my first term in office, I was able to announce the implementation of three projects. Funding for two of these projects, some \$123,000, was awarded to the Conseil régional d'alphabétisation Madawaska-Centre. The project sought to facilitate the integration of adults with literacy needs, facilitate their entry into the labour market or allow them to continue to work.

We are talking here about \$123,000 allocated to two projects, the scope of which was not limited to the community. In fact, these services were provided throughout the province by a provincial organization. As we say back home, under the circumstances, \$123,000 is peanuts. However, for groups assisting adults needing literacy services, these projects were very important.

A second amount, this time \$87,000, was announced. The funding was for the preparation of manuals, exercise and reading books. Once again, this grant was for all of New Brunswick. I want to speak

out today against the comments we heard this morning and what happened earlier this week. I am putting myself in your shoes. I was proud to announce these projects to the people in my riding, extremely proud to be able to help them and to think that these services would also be useful for all New Brunswickers. We know that there is a constant need.

Today, these people are truly extremely disappointed. They feel that they are being abandoned, abandoned to themselves. Worse still, the number of volunteers has dropped. For groups such as the Conseil régional d'alphabétisation Madawaska-Centre and the one in Restigouche, in many cases, volunteers are the ones helping people, be it on a daily basis, in their family lives or in their professional lives.

Now we are being faced with cuts. If we were talking about \$10 million per project, perhaps this would be okay, but we're talking here about such small amounts of money, sums that truly helped communities nonetheless. I fail to understand why this is being done. It's all well and good to say that we need to cut the fat, as the president of the Treasury Board suggested in the House during question period, but \$123,000 to fund two provincial projects is, as I said before, merely peanuts.

Given that the federal government is abandoning organizations trying to find solutions and help people struggling with literacy, could you tell us if there are any alternatives to compensate for the loss of these grants?

Ms. DesBrisay, earlier I listened to you list all the programs and projects that had been eliminated. In future, how will organizations be able to provide such essential assistance to those who need it most? There is no alternative but to turn elsewhere. Ultimately, the government is downloading this responsibility and asking the provinces, the private sector, not-for-profit organizations or volunteer groups like the Lion's Club and the Club Richelieu to fund literacy organizations.

It is completely illogical for the federal government to take such action. By doing so, it is penalizing the most vulnerable members of our society.

● (1240)

[English]

**The Chair:** Please answer very quickly; he's over time.

**Mrs. Wendy DesBrisay:** The answer is they won't be able to. There is no slack to pick up what's being dropped.

I could say more, but are we out of time?

● (1245)

**The Chair:** That is pretty much it.

**Mrs. Wendy DesBrisay:** Don't let them, okay?

I think the federal government should reconsider and make sure, with the provinces and territories, that the foundation, which has been built, is not lost. Otherwise it's very wasteful and it will have to be built up again—but it probably won't be by the people who did it; we're tired.

**The Chair:** Thank you.



We move to Mr. Stanton for five minutes.

**Mr. Bruce Stanton (Simcoe North, CPC):** Thank you, Mr. Chair.

I apologize that I was unable to be here at the start of the meeting and missed your presentations.

It's a very intriguing and important subject for Canada, as we move ahead and look in particular at the crisis—I'll say "crisis"—because as we look ahead, we know that skilled trades and the positions already in short supply to fill...as we move ahead and look at the demographic shifts, we know the problem is going to get worse.

Monsieur Arnaud, I'm sorry I missed your presentation. My interest here today is with respect to new Canadians. As we know, there are going to be many skilled positions, occupations, that need to be filled. What can be done to try to make sure that new Canadians can take advantage of opportunities that may come along to become integrated into our workforce? It's very clear that this is going to be a vital source for our workforce in the years to come.

Perhaps you could touch on that, and if you've already done this through the course of your presentation, I apologize. I know this is a very critical issue for the country as we go ahead. I'm certainly mindful that other Canadians, who are in the position where they also need to acquire these skills to move ahead, are part of the picture. But perhaps you could address your comments to our new immigrants, our new Canadians. I would appreciate it.

[Translation]

**Mr. Renaud Arnaud:** The integration of newcomers who were trained outside of Canada presents a problem that is almost structural in nature. To a certain extent, Canada is quite successful at integrating newcomers, which is the first step. Reception service agencies in every community are advising newcomers on how to find their first job, housing, or how to ensure their socio-cultural integration.

The problem is the lack of municipal infrastructures across Canada, where the jobs are and where employers in the knowledge-based economy can meet qualified immigrants.

Imagine if you were a hospital administrator and you were looking for a doctor. On whose door would you knock? You would no doubt turn to a college of physicians and a faculty of medicine. Would you turn to the local immigrant integration agency that is more active in the social sector? Likely not.

So it is important to duplicate this and to create an agency or a network of one-stop service windows where qualified immigrants, after completing the first stage of integration into Canada, could receive training, not on socio-cultural integration, but rather on socio-economic integration. That is the first step.

Another important issue is recognition of credentials and professional experience acquired outside of Canada. This constitutes a labour force mobility problem across Canada.

Often, I hear professional associations—above all the college of physicians—say that a doctor who has not been trained in Canada represents a danger to Canadian society. A vast number of OECD countries belong to the European Union, and the latter has managed to create a program allowing medical professionals to work throughout Europe. This could serve as an inspiration to us.

The Lisbon Convention, which was signed over a decade ago, could serve as a good example of the first step that Canada needs to take.

We need to understand that we are a destination for immigrants from all countries. Studies often show that immigrants were trained in a limited number of countries. So we could begin by recognizing the training provided in those countries, because we are making a serious mistake when we take a doctor from Africa and make him drive a taxi in Canada. Not only are we wasting a skill that is badly needed in our country, but we are also taking away that skill from another country where there is a severe shortage in that area.

Our immigrants are extremely entrepreneurial, because coming to Canada is not easy. Creating a single-service window or place where they can benefit from recertification programs would help them.

Do you know that, at Carleton University, for example, the students in some engineering programs are all newcomers? Consider the example of a mechanical engineer who comes to Canada and retrain as a mechanical engineer. Given that post-secondary education is subsidized, do you realize how much money is being wasted? The same person is being trained twice. It would be a good idea to have a pan-Canadian network of universities able to provide accelerated programs to certify such individuals properly.

I want to conclude with the last phase. It's all well and good to create programs, but the problem for immigrants is that they have to work upon their arrival in order to feed their families. We need programs that bring together the private sector, the educational sector and the public sector so that immigrants can work part-time at minimum wage in order to feed their families, take training and then rapidly enter the labour market.

● (1250)

[English]

**The Chair:** Well, that's all the time we have right now. I want to thank all the groups for coming in today. These are important topics. We have some disagreement around the table, but we need to facilitate the discussion, because that's the only way we're going to be able to move forward and work on solving these problems.

Thank you all once again for taking the time to be here today, for making presentations, and for the work that you do out in the field.

The meeting is adjourned.





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