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Chair

Mr. James Rajotte

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● (0900)

[*English*]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I will call to order this meeting, the seventh meeting this session, of the Standing Committee on Industry, Science and Technology. The orders today are pursuant to Standing Order 108(2), continuing our review of Canada's service sector.

We have two organizations with us today. First, from the Canadian Restaurant and Foodservices Association, we have Ms. Joyce Reynolds, executive vice-president, government affairs. Welcome. We also have the vice-president, federal affairs, Mr. Ron Reaman.

The second organization we have with us today is the Retail Council of Canada. We have the president and chief executive officer, Ms. Diane Brisebois. Welcome, again, to the committee. We also have, from the Retail Council of Canada, Ms. Kim Furlong. Welcome.

I think we'll start with the CRFA for an up to 10-minute presentation, then we'll go to the Retail Council of Canada, and then we'll go to questions from members.

Ms. Reynolds, I believe you'll be presenting on behalf of your organization.

Ms. Joyce Reynolds (Executive Vice-President, Government Affairs, Canadian Restaurant and Foodservices Association): Absolutely.

The Chair: Please commence at any time.

Ms. Joyce Reynolds: Thank you, Mr. Chairman.

We appreciate the opportunity to participate in your study of the service sector. In the next 10 minutes, Ron Reaman and I will provide you with an overview of Canada's food service industry in terms of its size, scope, employment, and performance in recent years. We will also briefly outline the challenges that food service industry operators face and the policy help that the industry needs, focusing on three specific areas: labour shortage, food supply, and the GST.

The first slide shows that Canada's food service industry represents one of the largest sectors of the Canadian economy. With sales of $53 billion, it represents close to 4% of GDP. With almost 63,000 establishments across the country, the food service industry contributes to the economy of virtually every Canadian community.

More than two-thirds of Canadian restaurants, cafeterias, coffee shops, pubs, and caterers are locally owned and operated by independent entrepreneurs. They bring jobs and investment to communities from coast to coast. In fact, restaurants are often the community hub. They provide gathering spots for people, a social club for seniors, a boardroom for small business owners, and a meeting place for community groups. They're the go-to business for most charities. They raise money and donate food; they sponsor little league, fun runs, and summer camps. They believe in getting involved and giving back.

The next slide shows the economic impact of a new restaurant coming to a community, a full-service casual restaurant. I won't go through it, but I will leave it for you to read later.

In terms of employment, with over one million employees, the food service industry accounts for 6.3% of total employment in Canada. More people work in the food service industry than in agriculture, forestry, pulp and paper, banking, and oil and gas extraction combined. An additional 240,000 Canadians are indirectly employed by the food service industry as suppliers, distributors, and consultants. The food service industry provides first job experience for hundreds of thousands of youth, as well as a wide variety of career choices.

The next slide is on performance. Canada's food service industry has faced an unprecedented number of challenges in recent years: SARS, BSE, followed by skyrocketing energy prices, a rapid rise in the Canadian dollar, and a dramatic reduction in travel to Canada. As a result, real food service sales have increased just 3.6% since 2001, compared to real GDP growth of 14.5% during the same time period. There are 1,180 fewer food service operators today than in 2001. The number of international travellers to Canada has fallen 13.3% since 2000, and international tourist spending on food service has decreased 5.9%.

On profitability, food service is a competitive business that operates on razor-thin margins. According to the most recent data from Statistics Canada, rising food and labour costs reduced the pre-tax profit margin for the average operator to only 3.8% of operating revenue in 2005. The average business in Canada, in contrast, enjoyed a pre-tax profit of 8.8%.

Now I'll speak about the challenges, beginning with labour shortage.

The labour shortage is the greatest single issue facing food service operators. In Alberta, higher wages haven't translated into more employees. We're still facing fewer employees. A lack of people means lack of opportunities.

Over the next nine years, Canada's commercial food service industry will require an additional 181,000 workers. While the demand for food service employees will grow an average of 1.8% per year for the next nine years, the working-age population of 15- to 69-year-olds will grow by just 0.9%. Nearly 45% of food service employees are under the age of 25, reflecting the many part-time and entry-level jobs the industry provides.

Over the next four years, however, Canada's population of youth will remain flat, before dramatically declining over the following 11 years. By 2022, there will be 340,000 fewer young people in Canada than there are today. Our industry is confronted with a huge challenge.

How can industry help? It is essential that we modernize our immigration system, and in particular, the point system, so that it recognizes the diversities of Canada's labour market.

In terms of temporary foreign worker programs, we need to offer a bridge from temporary to permanent residency. We should recognize the Canadian job experience that temporary foreign workers acquire, and we should allow them to apply for permanent residency while they're in the country. We need to further streamline the process in the temporary foreign worker program and permit bulk applications. We wish to acknowledge significant progress in the last year in this regard. We would also like to see temporary foreign worker permits extended further. We need to expand the working holiday program to incorporate a larger cap and longer permit periods.

● (0905)

Other ways government can help is through policies that encourage rather than discourage work. Reduce the marginal tax rate for low-income Canadians. We were pleased to see the introduction of the working income tax benefit in the April budget. We'd like to see that expanded. We were also pleased to see the increase in the personal tax exemption. We would like to see it expanded as well, and increased over the next five years to $15,000.

We'd like to see seniors permitted to earn additional income without a drastic cutback in their guaranteed income supplement. Similarly, we recommend that the clawbacks of EI benefits be graduated.

I'll pass it over to you, Ron.

Mr. Ron Reaman (Vice-President, Federal, Canadian Restaurant and Foodservices Association): I'd like to take a couple of minutes to speak to the issue of food supply, and in particular, to the current system of supply management in Canada.

We consider ourselves partners with all Canadian producers in Canada, and we have a vested interest in ensuring that there's a robust dairy and poultry sector. I want to underscore the fact that over and above the more than one million employees we employ across the country, we are also responsible for upwards of 20% of all the agricultural jobs created in Canada.

As one of the largest customers for dairy and poultry products, we have serious concerns about the long-term viability and sustainability of Canada's current supply-managed commodity sectors. Canada's closed marketing systems for dairy and poultry have led to a crisis in supply, have stifled innovation and new product development, have shut down export opportunities for all Canadian producers, and have resulted in higher supply-managed commodity prices for customers and consumers alike.

Canadian restaurants buy over $2 billion worth of dairy products every year. This makes us one of the dairy industry's largest customers. As a benchmark, the cost of production, according to the Canadian Dairy Commission's own study, has risen only 1.5% since 1994. The price of producing a hectolitre of milk in this country has actually increased by only 1.4%. At the same time, the price of industrial milk has increased by a staggering 54.5%. As you'll see from the chart I've provided, when you consider this against the consumer price index, which has risen a mere 30.2% during that same 12-year period, the cost-to-price gap is astounding, at nearly twice the rate. Is it any wonder that we've seen a decline in the consumption of dairy, as dairy prices itself off Canadian menus?

The next slide I've provided is a quote. I'd like to read it. It's actually something that came into our website during one of our annual dairy campaigns:

> I am a small independent pizzeria operator and one of my biggest costs is cheese. Every time the price of cheese goes up, I have to raise my prices which makes me less competitive. Why do frozen pizza makers get cheese cheaper than I can? We need to make the system fair for everyone.

This is from one of our pizzeria operators in Alberta.

I just want to be clear that restaurants need a level playing field in order to compete successfully in this country. The existing special milk class permit program has created inequities in the system and gives preferential pricing to frozen pizza manufacturers, who pay U. S.-based cheese prices for their pizza cheese. Fresh pizza makers pay 30% more for their cheese, yet they compete directly in the marketplace with frozen pizzas. What I'm asking is to have access to special milk class 5A cheese pricing in order to compete with frozen pizzas in the marketplace.

So what are some of the solutions we see in terms of the supply management system? Clearly, there's a need for reform across the board. As the world's fourth largest exporter of agricultural products, Canada must begin to plan for transition to more open markets. Canada's existing closed marketing system for supply management is outdated and is costly to Canadians. The antiquated legacy systems limit our ability to innovate and promote dairy and poultry products in Canada.

I also would like to highlight that similar supply management systems have been reformed in other jurisdictions, such as Australia and New Zealand, so there is ample precedent and there are case studies on the success of reform.

● (0910)

Ms. Joyce Reynolds: The third key issue we would like to highlight is GST-PST harmonization. The GST is the federal policy that has had the single greatest negative impact on the food service industry in the past 20 years. In the year the tax was imposed, real food service sales dropped by 10.6%, and same-store sales declined by 22.7%. An Ernst & Young report attributed three-quarters of the sales decline to the impact of the GST. By way of contrast, GDP the same year fell by 2%. Almost 57,000 food service employees lost their jobs; 43,000 of these job losses were attributed to the GST.

So what are the problems with the GST? First of all, it isn't neutral. The same products are taxed differently, depending on where they're purchased. With all due respect to Diane, your industry is given a tremendous competitive advantage over ours. We compete directly with retail.

Ms. Diane Brisebois (President and Chief Executive Officer, Retail Council of Canada): Now you know there's one thing we won't agree on.

Voices: Oh, oh!

Ms. Joyce Reynolds: Secondly, GST distorts the marketplace. GST is bad for tourism, and we can get into the details of this during the question and answer period. The GST is regressive. GST-PST harmonization will result in a multi-million-dollar shift of taxation from businesses to consumers.

I'm wrapping up, thanks.

GST will cost the food service industry in British Columbia, Saskatchewan, and Ontario $885 million.

Mr. Ron Reaman: In closing, we'd like to thank the committee for having us present these remarks, and we look forward to engaging you in questions afterwards.

The Chair: Thank you very much for that.

We will now go to the Retail Council.

Ms. Diane Brisebois: Thank you, Mr. Chairman. *Merci, monsieur le président.*

We will be addressing or touching on three areas. One is investing in our people, the second is investing in new technology, and the third is removing barriers.

As mentioned, I am the president and CEO of the Retail Council of Canada, *Conseil canadien du commerce de détail*. We speak for an industry that is vital to the daily lives of all Canadians. There are more than 227,000 retail locations across our country, directly employing over 2.1 million Canadians. At the end of 2006, retailers generated more than $350 billion in sales.

As impressive as those numbers are, they understate the importance of the retail trade to the Canadian economy. The role of retailing in the economy has changed dramatically in recent years. Retailers are no longer the channel through which manufacturers and suppliers push products to final consumers. As a result of their superior knowledge of customer needs, retailers have become buying agents for the Canadian public.

This change in role has had two major effects. Retailers use the power of their customers' demands to drive other major parts of the economy. Their understanding of consumer needs and wants directs the production and importation of most consumer products and establishes the prices consumers are prepared to pay for those products. This, in turn, defines the cost parameters within which retailers and their suppliers must operate.

You can see this playing out in relation to the increase in the value of the Canadian dollar. If the product offerings of Canadian retailers do not meet the expectations of their customers, as we have all seen, Canadians quickly vote with their feet and their dollars.

Retailers have been responding to the pressure of the high dollar for some time, going back to suppliers and saying, please explain your pricing policies, please explain country pricing, please justify the price discrepancy, and if you cannot do so, we expect you to reduce that gap significantly, immediately.

Our members will keep the pressure on suppliers, but the reality is that currency parity does not mean price parity. There are a large number of factors that can create differences in the final retail prices between jurisdictions, and many of these tend to push prices higher in Canada. Some reflect fundamental structural differences between the two countries, some reflect policy differences, and some reflect competitive factors.

For example, the Canadian market is one-tenth of the size of the U.S. market, which presents scale issues. Labour costs are higher. The U.S. federal minimum wage recently rose in the U.S., as I mentioned, to $5.15 per hour. Transportation logistics costs are higher because of our smaller population and the long distances between major urban centres. Unique labelling requirements, including nutritional, bilingual, and metric, add cost and prevent retailers from sourcing directly from the U.S.

Some of these costs represent a premium we all pay for the many benefits that come with being Canadian. Our members, like all Canadians, value these benefits highly, and we accept and support this premium.

Still, there are things that can be improved to offset or reduce these costs and improve the competitiveness of the retail sector. We are grateful for the steps the federal government has taken to reduce corporate taxation. These measures are a meaningful step in assisting retailers to reinvest in their companies and their people. There are some additional measures that would provide targeted incentives for retailers to make some key investments.

RCC has called for government support for the investments that retailers make in their people and innovative technologies and business practices. We also need government action to remove some of the barriers to the efficient movement of goods within the Canadian supply chain.

Allow me a moment to speak about investing in our people. The RCC has supported the work of the federal government, in partnership with provinces, to improve the supply of labour through changes to immigration policy, new action on temporary workers, and the recent panel appointed by Minister Solberg to work on how to keep mature workers longer in the workforce. As well as increasing the pool of workers, retailers are anxious to retain the employees they have and to improve their skills.

● (0915)

One of the biggest challenges the retail industry is facing today is the cost of training a labour force that is constantly changing. Annual turnover rates are slightly over 30% in the retail sector, compared to a labour force average of slightly over 20%. Some members are now experiencing turnover rates as high as 60% in some regions of Alberta. The constant need for internal training puts a strain on retailers and affects the quality of service that retailers can offer to their customers.

Retailers are doing what they can to improve their retention rates, but it will always be a challenge. Retailers have been able to increase average pay rates faster than the industrial average in recent years, we're pleased to say. Retail hourly wages have risen from a low point of 76% of the industrial average in 1999 to over 88% in 2006, the most recent year for which we have information. The average hourly wage has risen from $12.18 in 1999 to over $15.18 in 2006.

Our members would like to pay their employees more, but the vigorous competition in the trade, driven by value-conscious consumers, makes it very difficult to do so, as we have seen in recent months. Employment is one of the very few costs that a retailer can manage, so these costs bear a heavy burden on the need to be competitive. Retailers deeply respect the smart, informed Canadian consumer, but this consumer also makes it extremely difficult for a retailer to raise its wages above the competitive norm.

One way to boost productivity and retention and improve wages is to invest more in our people. Retail is the place where many Canadians start their working careers, so retailers are accustomed to doing a lot of formal and informal training. Some of this is job and employer specific, but retailers also build a lot of portable skills in their people. The government currently recognizes company investments in upgrading its human resources by permitting the write-off of expenditures on third-party training and education paid for by the company. However, retailers also do extensive in-house training.

RCC would recommend that the government provide tax support for these expenditures similar to that provided for out-of-house training costs. RCC recognizes that there are challenges in defining what in-house expenditures would be eligible. However, Quebec is one jurisdiction that includes some forms of in-house training in its training tax credit scheme, proving that it is possible to identify and support certain defined forms of in-house training. RCC would recommend that the federal government consider providing tax support for these types of training costs.

As regards investment in technologies, information and communication technologies are driving major improvements in retail productivity and dramatic changes in business practices. Working from a small market base, retailers operating in Canada are struggling to keep up with rapid international developments. Obviously the sector could use some help.

The next major wave of change in retailing will be the implementation of radio frequency identification technology in the supply chain, which is RFID. This technology will lower costs and improve the quality of service offered to the customer. However, at this point, the use of RFID in Canadian retailing, and indeed in manufacturing, remains extremely low, largely because it's costly to implement. In order to stimulate investment in these technologies, RCC has recommended some faster rates of depreciation for key investments. The measures we suggest are similar to those used when the GST was introduced, so we know they are doable and we know they work.

In terms of removing barriers, I'm sensitive to time, but perhaps you could allow me to talk about duties, because there was a lot of misunderstanding in the public, and I think also with the members of this committee and Parliament, about how retailers price their goods. While we know many of the prices have been reduced, sometimes at the cost of margins, we also need to understand that this committee, as well as the government, has a role to play, and it's specifically in import duties.

Duties are the perfect example of a barrier, and the perfect example of not having a level playing field with our American competitors. One of the reasons that many consumer goods are more expensive in Canada compared to the U.S. is obviously the higher level of duty levied on imports. We recognize that some duties protect Canadian jobs and protect Canadian manufacturers, but some are pointless. For example, Canada does not manufacture any substantial amount of single in-line skates, but the duty on these products is 18% compared with a rate of 0% when these goods enter the U.S., meaning that a retailer importing these products into Quebec, Ontario, Alberta, B.C.—regardless—would import them at an 18% duty versus his or her competitor in the United States. This is a cost differential no retailer can surmount; no retailer can in fact eat within its profit margin with that duty.

● (0920)

I would add that Canada's rules on the movement of international marine containers, called cabotage regulations, need to be reviewed. Let me just wrap this up and say that our cabotage regulations currently do not reflect the needs of the modern supply chain.

Let me explain. When we're talking about marine containers, we're talking about those 40-foot boxes we see on boats, trains, and trucks, and at the locations of many businesses across the country. Cabotage regulations in Canada do not permit these boxes, so to speak, to enter the country for more than 30 days. They have to come through one port and they have to go out through the same port. The United States allows these containers to come into its ports and to stay within the country for over 300 days and to exit the country through another port, meaning that all of the companies using those containers are saving a substantial amount of money.

I wish I could conclude, and I apologize for not doing so, but hopefully I will have a moment when there's a question.

● (0925)

The Chair: I'm sure you'll have plenty of questions. Thank you very much.

Ms. Diane Brisebois: I never talked so fast in my life.

Some hon. members: Oh, oh!

The Chair: Thank you.

To start, we have Mr. Eyking for six minutes, please.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thank you, Mr. Chair.

I have six minutes, so I'm going to split the two questions, one for Mr. Reaman and one for Madame Brisebois.

My first question would be to you, Mr. Reaman, and I have about three minutes. It's on your comments about supply management.

Being a past farmer and a member of the trade and agriculture committees, and having been to Geneva, I often hear from other countries that we're the envy of the world with our food system—and supply management is a big part of that.

It does various things. It keeps stability with a constant supply of food. Many of our farmers have to maintain a higher standard than those in other countries, whether from HACCP programs or other things. For example, many of our dairy farmers cannot use growth hormones, which are used in the States. If you take a cow in the States, they use hormones for it, making the cow produce more milk that's cheaper, but it burns out the cow. So there are all these different factors in play, which our supply management maintains—and our farmers maintain that quality of product.

There are other factors, of course. Our farmers live in a northern climate, where it costs more to produce our product. We can only have our cows on the grass for four or five months. So you can get this cheap cheese out of New Zealand, where they don't have the same costs. The concern is that if you let all these cheap cheeses come in, it's really going to devastate our dairy farmers, because a certain part of their milk is for industrial uses and goes into the cheese market, and if they don't have that market, it's going to really cause a devastating effect. That's my pitch from the farmers' point of view.

Also, there have been studies done on this, and there's no doubt that when you go to Washington or Detroit, there is some cheaper milk and cheeses. A lot of them are loss leaders, but if you take a basket of dairy and poultry products in Boston compared with Montreal, there's only about a 10% difference.

So that's my statement, but my question is, shouldn't the restaurant and food service organizations be concerned if they are pushing for eliminating supply management? Aren't they concerned about what they're doing to our rural economy and farmers, and about their future food supply—because there have been studies done lately showing that the first thing that matters to consumers is not price. They want to buy local food; they want to buy safe food; they want to feel they're supporting their local farmers. Just recently I was in Quebec City, and it's nice to know that all these products we have in our country we can eat right here.

So I'm just concerned about the food service industry pushing that way. Is there a concern from their side about how they could devastate our rural economy and our farmers?

Mr. Ron Reaman: Thank you for your question.

The first thing I want to say is that we are absolutely in support of, and we consider ourselves to be a partner with, both the dairy and poultry as well as every other agricultural commodity group in Canada. We are by definition the first and/or second largest customer of those products, next to grocery retail, as we are the primary/secondary sales channel for those products in Canada. We rely on fresh local product, and that's not going to change regardless of what happens in terms of supply management reform.

The other thing I want to say is that, with all due respect, I'm trying to be a little bit provocative in the sense that I want to stimulate discussion around this issue. I've found for far too long that I've been involved in this discussion there is a singular monolithic take on what it means to be a farmer in Canada, when there are great distinctions to be made between the various commodity sectors.

While there are some benefits to supply management, I will concede, what we are looking for and advocating is reform. I don't want to throw the baby out with the bathwater, but at the same time, when you look at the way other countries manage their agricultural commodity sectors, we have lessons to learn from some of those countries. I think there's lots of room for improvement. At the end of the day, food is what we do, it's what we sell. It is our business, so it's imperative that we have efficient, technologically advanced, competitively priced commodities to sell in order to sell those products.

The message I really want to deliver to this committee, which I believe is responsible for industry, science, and technology, is that in an increasingly global marketplace we have to start to look at some of the other jurisdictions that are doing things a little bit better and look at them for examples of reform. I think there's lots of room for improvement here in Canada.

● (0930)

Hon. Mark Eyking: Thank you.

I have one minute. My question is to the retailers.

In Europe, especially the U.K., Denmark, and other countries, the retailers in these countries are really starting to look at their carbon footprint. They're analyzing how far away they're buying their food. At the end of the day, for them to reduce the carbon footprint is buying locally. We find in Canada that retailers are getting their distribution centres, and they're moving away from local product when a person producing potatoes in P.E.I. has to ship them so far.

What is the retail association doing to reduce its carbon footprint and to encourage buying locally instead of moving away from buying local products?

Ms. Diane Brisebois: I won't speak on the grocery side specifically, but let me speak on general merchandise.

Your assessment is correct. We've found for quite a period of time that to find economies of scale and to be extremely competitive in the marketplace, large retailers from coast to coast have been sourcing products from outside the country, specifically Asia and some in eastern Europe.

We have found that a lot of our retailers, including Canadian companies and international ones—so Rona out of Quebec, Wal-Mart out of their head office in Ontario, London Drugs out of their head office in Vancouver—are now holding trade shows in Canada inviting local suppliers to show their wares. Certainly the trade shows, particularly in Quebec, have been extremely successful in promoting and encouraging local businesses. We, as an association, obviously continue to encourage our retailers from coast to coast to buy locally. The reality is that in some cases the product is competitive, the product is different enough, the quality is good, but in other cases consumers will not want to buy it. So retailers have to try to balance both, consumers' wants and needs and what the local supplier can provide.

The Chair: Thank you.

Thank you, Mr. Eyking.

We'll go now to Madame Brunelle.

[*Translation*]

Ms. Paule Brunelle (Trois-Rivières, BQ): Good morning, ladies and gentlemen.

Ms. Reynolds, I would like to talk about the working conditions in the restaurant sector. It seems that these conditions are getting worse for some of them. For example, we have been told about the difficulties faced by restaurant workers who receive tips. We have heard that the government has a tax rate that assumes a tip of 20 to 30% of sales. That means that these workers—and often they are women working as waitresses in restaurants—are taxed on this basis. This is really a very difficult situation for them.

Do you intend to take any action? If you say that there are labour shortages, and if working conditions are still getting worse, it will be more and more difficult to attract people to work in your restaurants.

[*English*]

Ms. Joyce Reynolds: Thank you for the question. It's interesting that you raise the issue of tipped employees, because tipped employees in our industry can earn hundreds of dollars of additional income on one shift. They are one of the entry-level employee positions that it's less difficult to recruit because they can earn so much additional income in tips. And it's always been legislation here in Canada that all income is subjected to income taxes, so yes, they are required to declare their tips and to pay income on their tips. But you're quite right, tips are a very large component of their compensation.

● (0935)

[*Translation*]

Ms. Paule Brunelle: Your comment might apply to tipped employees working in high-quality restaurants. However, we cannot assume that people working in fast food restaurants or small restaurants will get tips of 20%. The female workers who alerted us to this problem face difficult working conditions. In most cases, these women have jobs with no security and they do not earn enough to raise their families. These are the workers who are being targeted, and I would like you to focus on this issue. I would now like to ask Ms. Brisebois a question.

Your remark surprised me a little. Thirty years ago, we talked about the leisure society. We no longer do so, because people are working more and more and they are working longer and longer. It is somewhat discouraging. If peopled used to plan to retire at 50, now they are undertaking a second career. You say we should be making things easy for older workers.

I remember that about 10 years ago in the United States, I believe it was at Disney World, 70-year-old people were working because their retirement income was inadequate. I am wondering whether your comment means that this is where we are heading. I find this a pathetic situation. Please reassure me, because I find this quite a sad story.

We have tried to build a society based on sharing and social justice, but if people can no longer retire with dignity, with an adequate income, I think we have failed.

Ms. Diane Brisebois: I agree completely. If people have to go back to the labour market at age 70 because they do not have enough income to enjoy life, that is truly a sad situation. However, generally speaking, I do not think that people who go back to work in retail do so specifically because they need a pay cheque at the end of the week.

All of our polls have shown that compared to people working in the restaurant sector, most individuals, particularly those in retail, were single. While some older individuals did need the income, they were not the majority. Actually, most of them needed more social contact.

We also noticed that few of the respondents spoke about their lifestyle or their needs. We were surprised to find that most of these people wanted to work in retail in order to meet other people and not be so alone.

Ms. Paule Brunelle: Is your organization considering measures under which, if there were a labour shortage, for example, older individuals who wanted to work could work part-time, or at certain times of the year only, and so on? Have you made any progress as regards new measures of this type to support these older workers?

Ms. Diane Brisebois: I must be honest—I cannot claim that that is the case. This is after all a newer phenomenon. We are in the process of studying the type of training being developed by retailers at the moment. This would apply not only to older workers, but also to young people. They have a new attitude about work and lifestyle.

That is why we are checking on the training model being used in Quebec. Retailers in Quebec and elsewhere in Canada are investing a great deal in this area, perhaps because of competition and the shortage of workers. There is a great deal of work to be done, but it is encouraging. We have already noticed in Quebec, in the area of everyday items, RONA, Le Château and Aldo are providing training for a much higher percentage of their workforce than five years ago.

● (0940)

[*English*]

The Chair: *Merci, Madame Brunelle.*

[*Translation*]

Ms. Diane Brisebois: I hope I answered your question.

[*English*]

The Chair: We'll go to Mr. Van Kesteren, please.

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

Thank you all for attending and for visiting us this morning. You bring us some fascinating statistics. I think we all know just how many are employed in the food industry, but these are much higher than I thought.

I have a number of questions. First of all, I carry with me a bill, and I think it understates and leads to my question on why taxes are so detrimental, I think, to the restaurant business.

My wife and I travelled to the States, and we stopped at a nice restaurant, we had a nice meal, and I was so impressed with their beer that I bought one of these two quarts of beer. The bill worked out to be $46.50 and the tax was $2.80. I just about had a heart attack. So I concur with what you say as far as taxes having a detrimental effect go.

Could you explain this, Mr. Reaman? Your chart about the GST is regressive. I don't quite understand about the harmonization. Can you elaborate on that?

Mr. Ron Reaman: I will allow Joyce to speak to that, because that's her bailiwick.

Ms. Joyce Reynolds: Okay, I will do so.

The slide you're referring to was developed by the Saskatchewan Tax Commission, which was looking at GST-PST harmonization. What they looked at was all of the products that are outside the current Saskatchewan sales tax base and what would happen if GST-PST was harmonized. As well as restaurant meals, you would find children's clothing, children's shoes, home heating bills, and all of these products would then be encompassed by the HST.

There's so much talk in the papers these days about harmonization and the benefits. What is not being pointed out to consumers is that their taxes would actually go up substantially—5% to 7%—depending on which of the five jurisdictions you're talking about. We're talking about a huge shift in taxation to consumers, and the ones who would be hurt the most are the lowest-income Canadians. More of their disposable income goes towards these products than does that of higher-income Canadians.

Mr. Dave Van Kesteren: We had a witness yesterday, and I agree with most of what he said, except he wasn't too convinced that lowering the GST had any impact.

Now, you don't share that view, obviously. Can you maybe talk about that quickly? Why is it so important to lower that GST?

Ms. Joyce Reynolds: The most important reason for us is that we see it as a flawed tax, an inequitable tax, an unfair tax, and any reduction in the tax reduces, to a certain degree, that inequity and that unfairness. But we see the damaging impact of taxes on consumers' willingness to spend, and disposable income has a great deal to do with expenditures in the food service sector. The higher the disposable income, the more likely that people will dine and spend in our restaurants.

So absolutely, we are 100% behind your reductions in the GST.

Mr. Dave Van Kesteren: Mrs. Brisebois, could you elaborate on those boxes? Is there a reason in this country that we have to get them back to port in 30 days? What's the rationale behind the government's thinking?

Ms. Diane Brisebois: I'll let our vice-president talk about cabotage, because I must tell you I was shocked when I found out that our rules were so different from those in the U.S.

You may want Kim to talk about that.

Ms. Kim Furlong (Director, Government Relations, Retail Council of Canada): It's interesting. It appears that the rules were first put in place to maybe protect an industry or the movement of goods within the country, almost as internal trade. What we have found is that in the global economy, and as we're moving forward, Canada has never turned its attention into changing these rules.

Now, it's worth mentioning that the Senate transport committee has been looking at this and has heard the testimonies of associations such as the Railway Association of Canada and other infrastructure associations, and yet no report has been produced. So we thought it would be worth it to mention, again, that the way it functions in the U.S. is that you have this container coming in through one port, spending a year within the U.S. marketplace, moving freely from one destination to another, filled with goods, and then that same container can exit a different port. In Canada it comes into one port; it goes to the point of destiny. It can do one incidental movement, and then it has to return to its point of entry.

Now, what we're finding in retailers moving merchandise is that they are moving empty containers, and you can only imagine the costs of doing business and the lost opportunity for competitiveness to use that same container, to utilize it within the Canadian marketplace, given the fact, as Diane mentioned, that urban centres are further apart in Canada and the cost of transportation is already higher.

So we're turning the attention to that.

● (0945)

Mr. Dave Van Kesteren: We talk about training. What's happened in retail, I think, more than anything else is that we've become conscious of cost. Why are we not training people to sell? There used to be a time when we'd have salesmen in the retail industry. What's happened? Are you starting to do that?

Ms. Diane Brisebois: Yes, in fact, we have developed a certification program for sales associates and first-level store managers. In Quebec, they have developed a course that is now offered through most of the CEGEPs, the colleges, which provides a degree in retail management. Ryerson University has developed a retail diploma, and we're pleased to say that the University of Alberta has just opened a school of retailing.

The problem is that there were no institutions in the country that recognized retail as an important sector that needed to be promoted through education. We've found that in the last five years that has changed substantially. There's a lot of work that needs to be done at the sales associate level, but also with important head office jobs that we want to keep in Canada, like store management, IT, and supply chain.

So those are all the things we are addressing. It is much better, but a lot of work still needs to be done.

The Chair: Thank you, Mr. Van Kesteren.

We'll go now to Ms. Nash.

Ms. Peggy Nash (Parkdale—High Park, NDP): Thanks very much, Mr. Chair, and good morning to the witnesses.

I was thinking about both your sectors, that they're very diverse. You have everything from giant multinationals to very small family-owned businesses, so I appreciate that not all of the conditions apply to everyone. It's a very different reality for many of them.

I have two questions. The first is for you, Ms. Reynolds.

One of your slides looks at the decline in international visitors to Canada. Again, the local little mom-and-pop stores may not be as affected by this, but can you tell me, as an MP from Toronto where tourism is such a huge part of our economy, what impact this decline in tourism and other visits is having, and why do you believe this decline is taking place? Is the dollar the only factor, or are there other factors involved?

Ms. Joyce Reynolds: The dollar certainly is very significant, and the chart I have doesn't even reflect what's happened in the last quarter. Of course, we've seen a further increase in that deficit between Canadians travelling to the U.S. and Americans travelling to Canada.

So yes, the new passport requirements in the U.S. are having an impact. Obviously energy prices and the rise in the Canadian dollar are having an impact. What we've seen is that the percentage of our industry sales from international tourists has decreased by, I think, 31%—is that correct? It has decreased quite dramatically, so it's of huge concern to our sector, particularly in the border communities. We have a lot of restaurants in hotels, and it's obviously impacting them. It's of huge concern to us.

Ms. Peggy Nash: I would think it would be the border communities and also the major urban centres and major tourist locations. Can you tell me, do you think another factor could be the lack of marketing?

I'm thinking of Toronto. I'm a Toronto MP. It seems to me that there's a lack of investment in Toronto to make it the kind of tourist draw that it ought to be as our largest city. But that's a very local perspective.

Ms. Joyce Reynolds: I think if you went to any community across Canada, they would feel that their community also deserves to be marketed. I think there are efforts being made to market the communities and cities in the country—

Ms. Peggy Nash: They're failing, then.

● (0950)

Ms. Joyce Reynolds: It's very difficult, given the significant challenges and obstacles. I guess that's one of the reasons—and I want to emphasize this—that there's the concern about GST-PST harmonization. In Saskatchewan and B.C., you have no provincial sales tax on restaurant meals. So you're going to put another obstacle to bringing tourists to Canada. When tourists come to Canada and they have to pay an HST of 15%, whereas, as you pointed out earlier, in the U.S. you don't pay any tax, taxation becomes another part of it, as well as the dollar.

Ms. Peggy Nash: Madam Brisebois, turning to the comments you made earlier about training and turnover rates, I'd like to explore that a little more. Certainly people who work in the retail sector who are at the bottom end of the scale, if they don't like a particular workplace, can leave and go someplace else, because they're not giving up a lot.

I know with some of the small retailers in my community...I'll take a Home Hardware, for example, that's owner-operated. They do invest in a lot of training, and their pay scales are higher, and there are people who work there for decades. How can the federal government assist retailers to develop that kind of investment in their employees that adds value to the retail operators and reduces the turnover rate? I obviously know that wages and working conditions are part of it, but I also know there are other factors as well.

Ms. Diane Brisebois: Thank you very much. This is an important question.

I mentioned in my opening remarks the model that's being used in Quebec to recognize in-house training. If you look at the retail sector, a lot of the training, from entry level to the top, is very much in-house.

Home Hardware is a perfect example. It's a co-op; it's a franchise; it's owner-operated, as you said, and they spend an enormous amount of time and money. The issue here, though, the reason they've had fewer problems than maybe other retailers, is that 80% of their stores are located in more rural areas. There are a few urban stores, but most of them are rural, so the turnover tends to be much lower. The relationship exists. For urban stores, even if they're independent stores, the challenge is the cost of training. And that does impact on the amount of money you then have left to pay employees.

The good news is, if you look at the entire service sector, the retail wages have been going up faster. That's because of the competitiveness for labour. But there's no question, if we recognize that retail plays an important part, we need to look at ways to allow retailers to recoup some of the costs of in-house training. That would be big.

The Chair: Thank you.

Thank you, Ms. Nash.

Now to Mr. Simard, please.

Hon. Raymond Simard (Saint Boniface, Lib.): Thank you very much, Mr. Chair.

Thank you for being here this morning, Ms. Reynolds.

I would like to speak to you about the GST, because the comment you've made is actually quite remarkable and flies in the face of virtually every economist's, every expert's opinion on the GST.

As a matter of fact, the majority of countries in the industrialized world, including Europe, are reducing corporate taxes, personal taxes, and are increasing their value-added taxes to 15%, 17%, and 18%. That is the reality of what's happening out there. Actually, when you say it's a regressive tax, I disagree with you. For lower-income Canadians there are rebates. There are GST rebates and tax credits to look after them.

So would you comment on that? Can all those experts and all those countries be wrong and you be right?

● (0955)

Ms. Joyce Reynolds: One of the things we have to look at is, are we comparing apples to apples? Are we talking about true value-added taxes, or are we talking about taxes where there are significant exemptions and inequities? For instance, if it really was a true value-added tax, the rate would actually be lower and it would be much less expensive to administer.

So let's look at what these taxes are over in Europe. And of course, the U.S., which is our closest competitor, doesn't have any national tax at all. We compete directly with the U.S., particularly with regard to tourism, so—

Hon. Raymond Simard: But as Madam Brisebois was saying, there's a premium that you pay when you're Canadian. When you go to the hospital, you don't pay a million dollars to get surgery. Those are the offsets there. You have to raise so much revenue to cover the expenditures. Any country has to do that.

In fact, every expert seems to say as well that reducing corporate or personal taxes will provide greater growth. In the end, your industry would benefit more from greater growth than by cutting the GST. So in the end, I think, probably the other taxes being cut is preferable.

Ms. Joyce Reynolds: My key point is that we should fix the flaws in the GST. That's what we would like to see. We would like to see the same food, purchased at different establishments, not treated differently. That's our main point on the GST. Let's fix the flaws in the GST.

We are the one industry that's truly disadvantaged, because our closest competitors have a tax advantage.

[*Translation*]

Hon. Raymond Simard: You said earlier, Ms. Brisebois, that people had to pay a premium to be Canadian. For example, I thinking of the tariffs that have to be paid in Canada, but not in the United States. I agree with you. There is also a price to be paid for our health care system.

How much is this premium? On average is it 5% or 10%? The price difference on a given product in the United States can be 30%, 40% or 50%. How much is the real premium?

When the dollar was worth 63 ¢, we thought the Canadian manufacturers were making a profit nonetheless. Perhaps it was more competitive. But today, the dollar they get is worth a dollar. How high is the premium? Can Canadians expect to pay 5%, 10% or 15% more?

Ms. Diane Brisebois: I do not think there is a specific percentage that could... In our industry, there is probably a percentage, but even there, it probably depends on the category of product.

Let me explain what I mean. An effort must be made to eliminate tariffs, particularly import duties, particularly if they are not protecting industries that are supposed to be protected in Canada. In comparison, we could say that—

[*English*]

It's not a level playing field.

[*Translation*]

Our industry certainly agrees that people must pay a premium, and we are very proud to do so. However, as regards taxes on imports, that makes no sense.

There is an interesting point about prices. It should be understood that—and consumers do not understand this—most retailers in Canada, even the largest ones, do their purchasing through distributors in Canada. That means that if you want to buy Nike running shoes, even if you are the largest retailer in Canada—without mentioning any names—you have to go through Nike Canada, not Nike U.S. The same is true of all our retailers.

As retailers, we would like to be able to eliminate import duties and to negotiate with manufacturers located mainly in the United States and with their distributors in Canada to ensure that if there is a rise in the Canadian dollar, we will be able to benefit from the savings and pass them on to consumers. But that is not what happened.

A preliminary study shows that the percentage attributable to the cost of living in Canada compared to that in the United States is about 15%, assuming we eliminate unnecessary import duties.

[*English*]

The Chair: Okay, that's it.

Ms. Diane Brisebois: The chairman is having a problem with me.

● (1000)

The Chair: The second round is five minutes. It is one minute shorter. There may be another opportunity, Mr. Simard.

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

Mr. Bruce Stanton (Simcoe North, CPC): Thank you, Mr. Chair, and thank you to our witnesses for joining us today.

I appreciate the time you've taken to enlighten us on some of the policy issues that confront your industry sectors. In fact, the purpose of our looking at the service sector is to help us, as parliamentarians, understand better the complexities of the service industry, how this sector strengthens Canada's economy, and how it provides opportunity for Canadians. So I'd like to shift slightly to that line of questioning.

I have many questions, actually, so I hope there'll be sufficient time.

Both of you in your presentations mentioned the degree to which your industries, through the course of your sales, are in fact purchasing commodities other than goods for sale. You're in fact engaging information systems. In other words, the indirect benefits that come to the communities in which your members operate are spinoffs.

Joyce, I think you mentioned, for example, that for a new restaurant in a local economy there is some $5.2 million in spinoff spending. I don't know what the gross was for that particular restaurant.

I'd ask you both to comment on two things. First, what is the degree to which this multiplier effect occurs in your communities? How many other businesses do you employ and support?

The second is with regard to training. How much are you actually spending on training to improve things like average wages, and how much have you been asked, as an industry, to address those issues to advance better, higher-paid occupations for your workers?

So my questions are on those two fronts. Take a minute or two each, if there's time. I'll ask Joyce first, or whatever you decide.

Ms. Diane Brisebois: We've calculated that for general merchandise retailers, the investment made in the community through retrofitting stores, opening new stores, training employees, and using trades was last year close to $10 billion, so it's huge. The point I'd like to make is that we have to start looking as a country at the service sector, certainly retail, as being an important part of the success of manufacturing. I think we have looked at the economy here and separated both, but certainly when you look at the investments that the service sector makes within the community, it's extremely important.

As for training, unfortunately I can't provide specific percentages. All I can say, though, is that our members have reported that in the last five years they've more than doubled their budgets in training, and we are now in the field to get a sense of how much money they are investing.

Ms. Joyce Reynolds: I'm going to have to check with our economist on the exact percentage, but we do have some numbers in terms of, for every dollar that the food service generates, how many additional dollars are generated within the economy. I can't remember the exact number, so instead of providing you with an inaccurate number, I'm going to go back and find it and provide it for you.

Mr. Bruce Stanton: That would be great.

Ms. Joyce Reynolds: In terms of training, again I don't have a percentage, but I can reinforce what Diane is saying in terms of the emphasis and the importance of it.

For our members out in western Canada, where the labour shortage is critical, one of the huge frustrations is the amount of time that has been taken away from training because they're so pressed just to keep their operations open. They're having to close parts of their business. They're having to reduce their hours. They're having to spend so much time doing the work that employees normally do that they're very frustrated, because they're not even able to provide the type of training that they traditionally provide and they would like to be able to provide.

So I'd like to say that it's increasing, but I have to say, because of some of the labour shortage problems our industry is facing, it's becoming more of a challenge.

Mr. Bruce Stanton: Just before I finish up, because I know we're tight for time, I wonder if you could—

● (1005)

The Chair: You're at the end of your time. You will have another spot, actually.

Mr. Bruce Stanton: Okay, next time.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Stanton.

It's not that I like to do this; it's that I'm given a mandate by the committee for time.

We'll go now to Monsieur Vincent.

[*Translation*]

Mr. Robert Vincent (Shefford, BQ): Thank you. My first question is to Ms. Brisebois.

I would like to know why there are no signs in stores or elsewhere advertising Quebec products, products from other provinces or Canadian products? Why is there no special signage so that we can see which products are produced here and buy them?

Ms. Diane Brisebois: I want my answer to be good because I agree with you entirely. I think that the sector needs to develop a better relationship with our Quebec and Canadian manufacturers, but the fact of the matter is, every survey indicates only a small proportion of consumers buy products because they are made locally. There's a long way to go, and I think that a parliamentary committee like this one will be a big help. Canada and Quebec's manufacturing and service sectors, and especially retailers, should have an agreement for the development of a long-term program of this sort.

Mr. Robert Vincent: Do you know where products were made when you buy them? It might be a good idea to put "Product of Canada" or "Product of Quebec" on the label. You said that only 1% of buyers care. I know that the current trend in Quebec is to buy local. But it's always tougher—

Ms. Diane Brisebois: It would suit me, Mr. Vincent, to agree with you, but when you look at the figures on cross-border shopping in Quebec, you'll see that they're just as high as in Ontario and British Columbia. The fact is that consumers don't have as much money in their hip pockets. If they need three loafs of bread, three mattresses, and can save 20%, well then it doesn't matter whether the product was made in Quebec or Canada, it doesn't mean much, unfortunately.

The important thing here—and you referred to this challenge a few moments ago—is the import tax situation. If you want to make sure that Canadian and Quebec merchants are able to promote and sell their local products, then you also need to ensure that there's no import tax on the sale of brand names. This will keep these businesses competitive, and they'll do a better job keeping local consumers. It will also mean that they'll be making enough money to be able to develop a relationship with local manufacturers and sell their products.

Mr. Robert Vincent: Thank you.

Mr. Reaman, could you tell me a bit about your background and what allows you to determine what is outdated, such as supply management, for example? What about your knowledge of agriculture tells you that supply management is an outdated tool for farmers?

[*English*]

Mr. Ron Reaman: I am currently the vice-president of federal government affairs for the Canadian Restaurant and Foodservices Association. Previously I was the vice-president of food supply, which specifically had a mandate to work within the agricultural commodities sector. So I have a fairly extensive interaction with, in particular, the Dairy Farmers of Canada, the Canadian Dairy Commission—

[*Translation*]

Mr. Robert Vincent: Could you elaborate on your role as vice-president of food supply?

You don't work on the agriculture side, if I've understood correctly. In Quebec, there's Mr. Groleau, for the UPA. Could you tell me a little bit more about your position at the time?

[*English*]

Mr. Ron Reaman: With the UPA?

[*Translation*]

Mr. Robert Vincent: I'm talking about the supply management position you held before this one.

[*English*]

Mr. Ron Reaman: As I said earlier, very, in the sense that I work very closely with Agriculture and Agri-Food Canada and Foreign Affairs and International Trade Canada with respect to agricultural commodity and international trade, with the Dairy Farmers of Canada, with the Chicken Farmers of Canada, with the Ontario.... We have some kind of relationship with all the commodity boards across this country and have worked with them very closely over the course of many, many years.

[*Translation*]

Mr. Robert Vincent: So if I understand correctly, you work for the government and not the union. That's why you don't think supply management is important anymore.

Were you aware that there's been an increasing trend over the last couple of years of farmers committing suicide because the industry no longer gets any government subsidies?

● (1010)

[*English*]

The Chair: Okay. We'll have a brief response. There's very little time left, so Mr. Reaman.

Mr. Ron Reaman: I'm not sure how to respond to that. I'm not sure what your question is.

[*Translation*]

Mr. Robert Vincent: We only have five minutes. It's not much. By the time I've explained myself and you've understood what I'm trying to get at, our time will have already run out.

[*English*]

The Chair: Okay, I think it may be more of a comment than a question.

We'll go back to Mr. Stanton for five minutes.

Mr. Bruce Stanton: Thank you, Mr. Chair.

To continue in the same vein with respect to the question, one of the narratives we've come across in this consideration of the service sector is the notion that service sector jobs are “McJobs”. I wonder how the Canadian Restaurant and Foodservices Association responds to that.

Ms. Joyce Reynolds: We provide entry-level, first job experience for hundreds of thousands of youths. We provide a flexible work environment for students who want to save for or contribute to their education, who like the flexible hours that allow them to work part-time and maintain their school responsibilities, their family responsibilities.

We provide a foundation. We provide valuable experience for any career path. We provide problem solving skills, time management skills, service management skills: the basic job skills to give young people a start and—

Mr. Bruce Stanton: I know one of your members, McDonald's Restaurants of Canada. Are they not one of the largest in terms of their investment in training and in their managerial systems for entry-level employees from which these employees go on to use those skills?

Ms. Joyce Reynolds: Absolutely, and we often hear people say if a young person has McDonald's Restaurants of Canada on their resumé, that's something other employers recognize, that these people have portable job skills.

You mentioned McDonald's Restaurants of Canada. I have to say that the president of McDonald's Canada, Louie Mele, started out at McDonald's as a crewperson. And you'll find that happens often in this industry. Boston Pizza is a great example of that. People who start as waiters and waitresses at Boston Pizza are now franchisees, investing in other communities, employing 80 to 100 people.

Obviously not everybody who starts in the food service industry—because something like one in three Canadians get their start in the food service industry—ends up in food service careers, but they get a start, they get the foundation to build into other careers.

Mr. Bruce Stanton: Madam Brisebois, I was really quite surprised and pleased to see the increase in average pay for retailers. We had seen some information earlier that put retail, for example, in the lower quadrant of that, but since 2000 to 2006, up to now, an average of $15.18 per hour—

Ms. Diane Brisebois: Hourly wages.

Mr. Bruce Stanton: Yes. Have you done projections on where that's going?

Ms. Diane Brisebois: We used to do projections, and we've stepped back for two reasons: one, because of the labour shortage and the impact that Alberta is having on wages right across the country; and two, on the impact of the high Canadian dollar. But generally, and this is anecdotal, so far we've spoken to about 70 of the largest retailers located across the country, and all of them are reporting higher wages going forward.

We believe as an association that in order to attract the right people, to try to reduce the attrition, wages will have to be competitive with other sectors. So I suspect that we will see those wages go up. In fact, that's the only way, because in fact our members compete with the restaurant members, and the only way you get the best employees and keep those employees is to pay them competitive wages.

● (1015)

Mr. Bruce Stanton: Very good. Thank you, Mr. Chair.

The Chair: Thank you, Mr. Stanton.

We'll go to Ms. Nash, please.

Ms. Peggy Nash: Thank you, Mr. Chair.

I have a question for you, Ms. Reynolds. Your slides show a decline in the availability of young workers over the next several years. What percentage of the restaurant and food jobs today would be held by youth, under age 24?

Ms. Joyce Reynolds: Forty-five per cent.

Ms. Peggy Nash: Forty-five per cent. And what percentage would be held by seniors over 65?

Ms. Joyce Reynolds: I don't have that, but it would be a fairly small percentage.

Ms. Peggy Nash: So about half of these jobs are held by people who are over 24, who are for all intents and purposes not youth but adults. Do you know the average length of service of people in that category, the over-24-year-olds?

Ms. Joyce Reynolds: I don't know if we have that or not. I can check on that and get back to you. I certainly don't know it offhand. I am not sure that is a stat we have, but it is something I can look for.

Ms. Peggy Nash: Looking at some background notes that were prepared for us, they say that in accommodation and food services the average weekly earnings are $304. That may vary. I am sure it does vary in places like Alberta right now, where there is a labour shortage. But again, I'm thinking of my neck of the woods, which is Ontario, specifically Toronto, the most expensive city in the country, and I imagine that someone who is an adult over 25, living on weekly earnings even slightly higher than this, would find it extremely difficult.

I'm wondering what would be the average wage in the accommodation and food services sector in Toronto, for example.

Ms. Joyce Reynolds: We are a diverse industry with so many different positions and so many different wage levels, it is very difficult to reach an average for the whole food service industry. For instance, 75% of those who are earning close to minimum wage are students. They're working part time. They are not full-time positions where they're trying to support a family. These people are often from high-income households and they are people who are working a limited number of hours while they're going to school.

You also have people who are earning close to minimum wage who are tip employees. As I mentioned earlier, they're making hundreds of additional dollars a week.

Ms. Peggy Nash: But I know that, for example, there are more than a million people in the city of Toronto who make less than $10 an hour, which is about the poverty level. Now, some of them, as you say, may be students, although today's students are not like when I went to school, when I could work in the summer and pay my tuition. Today students are carrying a huge level of debt and certainly need more income from their work experience. But I do certainly talk to people every week who are trying to support themselves and their families. They're working in the food service sector, and it's a great challenge for them.

I think that work in the food service sector is reputable work. It's important work. Feeding society is important work, and I think that with our busy lifestyle today, eating out is more common for people than it was, say, in my parents' day.

So I'm interested in your ideas about how we help people who spend not just a few months as a student but significant parts of their working lives in this sector, how we help them make a living in this field and provide a job through which, if they do spend years in the job, they can actually support themselves and their families.

Ms. Joyce Reynolds: There certainly are opportunities to advance in this industry from a front-line position into a supervisory or managerial position and, as I said previously, even become an owner-operator of a restaurant. I think we have to look at how competitive the industry is and the fact that our profit margins are so skinny that there is not a lot of room to push on wages. If we're—

● (1020)

Ms. Peggy Nash: Are we selling food for too little? Is that the problem? Should we be actually charging more for this sector?

Ms. Joyce Reynolds: The problem is that when you start charging $10 for a sandwich, then people will not buy sandwiches any more at restaurants. They will refuse to buy a sandwich for $10. That's the issue. You can't push those prices on to consumers.

The Chair: Thank you, Ms. Reynolds.

Thank you, Ms. Nash.

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

Hon. Dan McTeague (Pickering—Scarborough East, Lib.): Thank you very much.

[*Translation*]

Welcome, everyone, and thank you for your presentations.

I can see that there are problems that lie ahead. It's a little depressing, but you only have to read the papers to see that in about a year's time, despite the fairly rosy picture here in Canada at the moment, the economic situation will be considerably different, especially in terms of job creation.

[*English*]

Maybe I could get a response from either and all of you with respect to the impact, first and foremost, of credit availability in Canada.

As a scenario has it, the commercial paper problem in the United States continues to sideswipe the Canadian economy, both with a higher dollar increase appreciation yesterday and the prospect, real or apprehended, of less money being made available for commercial loans. What contingencies do you anticipate your industries are going to need to undertake to, as it were, cushion the blow?

The Chair: Who would like to start?

Ms. Brisebois?

Ms. Diane Brisebois: The industry is already feeling the pinch, so to speak, because of what's happening in the U.S., for several reasons. One of them is that the manufacturers that retailers depend on in Canada, regardless of whether they're Canadian based or foreign owned, developed over the years a very lucrative export market in the United States, and that allowed retailers to purchase their goods in Canada at more competitive pricing because of economies of scale.

So we've already started with contingency plans because we realize that those manufacturers who now have 75% of their business in the U.S. and are losing it because their prices are too high will not be able to provide competitive prices in Canada. So we suspect that in the next couple of years we will see more retailers go offshore to try to find competitive pricing.

Number two, there's some great concern with regard to opening new stores and expanding throughout the country in light of the fact that retailers are concerned that consumers may lose their jobs. They may not feel as confident as they have in the past.

I have to be honest, though. Retailers generally are a very optimistic lot, but most of the large employers in retail are very much aware of the problems in the U.S. and those impacts in Canada. So to answer your question, they have a plan A, which is caution, a plan B, which is optimistic, and right now they're riding a bit more on the caution.

Hon. Dan McTeague: There has been a rapid increase in the presence of retail outlets throughout, I would suggest, my area in Ontario. It's staggering and impressive. But considering what might be in store in the next few months...today, for instance, a major oil pipeline disruption to the United States could see energy increases at least for the next couple of weeks, as we get into colder weather. I'm not sure if the industry has been so healthy, certainly in the retail side of things, that one small event south of the border or around the world could not trigger a precipitous decline in employment and possible bankruptcies. Fifteen years ago we had those problems, and we've slowly come out of that.

Ms. Diane Brisebois: Based on our discussions and our projections for 2008, we don't suspect we will experience the same problems as we did in the early nineties.

I have to say, though, that our biggest concern is for independent margins. You have to realize that we spend a lot of time talking about very large companies. Yes, they're large employers and they provide great head office jobs as well, but all of our communities live because of independent merchants who have been there for 30 or 40 years on Main Street, and they are the ones who are suffering right now, first, because of cross-border shopping, and second, because they're not seeing the savings in the Canadian dollar. We are very concerned for them.

● (1025)

Hon. Dan McTeague: Maybe not in a response, but I'd like all of you to consider the impact of counterfeit products in your industry as well. On a somewhat related note, I think it's important the committee has done some work on this.

Ms. Diane Brisebois: It's of great concern to us, because as you can well appreciate, if you're a small merchant, this is called the golden quarter. If you always wondered why in the United States they call it Black Friday, it's because it's finally when retailers start making money. They live in the red until Thanksgiving Friday, and it's Black Friday.

So you can imagine that at this point our small retailers are probably not making money. It concerns us because then they will try to find alternative ways of sourcing products that are less expensive. We as an association are out there working with, as you know, the justice department and the provinces to ensure that our retailers understand they have to be extremely careful when they source products because of counterfeit. Product safety is another issue.

The Chair: Thank you, Mr. McTeague.

We will go now to Mr. Lunney, please.

Mr. James Lunney (Nanaimo—Alberni, CPC): Thank you very much, Mr. Chair.

I've been enjoying this discussion. I'm not usually a member of this committee, but I'm finding this a very interesting discussion.

I am noting the increase in average weekly earnings for food service employees. Of course, I'm a western member—my riding is on Vancouver Island—and some of the problems that retailers and the food service industry are experiencing in Alberta are certainly hitting British Columbia in a significant way now, particularly on the island, where we're well known for having a large retirement community. In that regard, we're seeing a lot of seniors actually working in the retail industry and also in food service to supplement their retirement incomes, as is increasingly happening where there's a shortage of labour.

Anyway, I'm pleased to note, in the average for Canada, a 9.4% increase for wages over last year. Considering the competition in the industry, that's quite remarkable. In British Columbia it's 9.3%, so it's a very positive thing. We know Canadians do like to eat, we're very social critters, and we do like to shop.

I am wondering about this good news story, though. I know it's certainly a challenge providing employees with training and then seeing them go to another job, particularly in Alberta—and it's happening. It's frustrating for many of our service providers. The employees just get them trained, and zoom, they're gone. That's certainly a problem.

I guess it's market fluctuations. Eventually it will sort itself out. In B.C. I would certainly say it's being helped by the entrance of some retired people.

I wanted to ask you this, though. How is that going to sort itself out? Do you see these trends across the country? You have more people coming into the industry that way. What solutions do you see in that sector?

Perhaps another thing you might comment on is that more Canadians are travelling at home. We certainly see that on Vancouver Island, where there's an influx. Maybe there are fewer Americans, but there are more Canadians travelling at home and spending at home.

Ms. Joyce Reynolds: Thanks for the question.

You are quite right that the restaurants that are going to have the competitive advantage in the coming decades are the ones with the best human resources practices. There is more and more emphasis on that in terms of recruitment strategies and retention strategies. Certainly all restaurant operators are looking at how they can reduce the labour component of their businesses. But of course, that's a challenge in a service industry and in the food service industry in particular.

They are increasing salaries and benefits, but as you noted, their margins are being reduced accordingly, and that's an issue. They are putting more emphasis on attracting and accommodating groups that are under-represented in the labour force: aboriginals, people with disabilities, and seniors. That is why one of the recommendations we made was to make it easier for seniors who do want to work, who do want some additional income, to work without seeing their guaranteed income supplement reduced. We're looking at anything and everything, because we see this as a tremendous challenge in the years ahead.

● (1030)

Mr. James Lunney: Do you have any comment on the tendency of Canadians to travel more?

Ms. Joyce Reynolds: Yes. Thank you for raising that.

That is a good news story in terms of the fact that while our international travellers have increased dramatically, we are seeing a trend to greater domestic tourism, which is very positive. The increase in domestic tourism has made up some of the gap that's resulted from the drop in international tourists.

Mr. James Lunney: Certainly in our end of the world—it's probably indirectly related to your industry—one of the things in particular keeping seniors, our snow birds, at home is the high cost of health insurance. If they get a change in medication, they can't travel, and so on. We're increasingly finding Canadians coming out to the west coast, and I know that's good for our retail sector out there.

Thank you very much.

The Chair: Thank you, Mr. Lunney.

We'll go now to Mr. Simard.

Hon. Raymond Simard: Thank you, Mr. Chair.

I have a few questions with regard to the labour shortage. I think that's a very important issue, and I think it will probably be an increasing problem down the road.

Both of you mentioned the temporary foreign worker permits, but nobody mentioned the provincial nominee program. I'm from Manitoba, and I'll tell you, it is probably the most successful program in the country. You identify the jobs first and you bring people in to take up those jobs. The retention rate in Manitoba, I believe, is somewhere around 92% or 93%. People are staying in the provinces. It's a collaboration between the provinces and the federal government. It would seem to me that this committee should be encouraging more of these things.

I don't know if you have a comment on that.

Ms. Diane Brisebois: It's the same program, is it not?

Ms. Joyce Reynolds: No. Every province has a different provincial nominee program.

I think you're quite right that Manitoba has a unique program. One of the things Manitoba tries to do with their program is that when they bring people in, because people tend to go where their family is and where their friends are, they encourage that. They have developed the program around relationships. So if you have somebody you can sponsor who you're pretty sure is going to move to the community where there are labour shortages, then those people are accommodated. It's very different from the federal point system approach. The provincial nominee programs in Alberta and B.C. are also looking at lower-skilled components that are required, and this is something we encourage.

Thank you for raising that. It's something we're pursuing.

The only thing I find interesting is that the provinces, when we talk about the provincial nominee program, say that it's a federal responsibility and that they need to change the points system. Then when we talk to the federal government, they say that the provinces now have the authority to do whatever they want; it's their responsibility. And we're seeing a lot of this. Let's look at a coordinated approach that benefits employers across the country without having to....

Hon. Raymond Simard: I think we should look at the Manitoba model, because we were bringing in 4,000 people four to five years ago, and it's 10,000 this year. And they are planning on 15,000 next year. It's the most successful in the land. I really think this works. When you bring somebody in who has a job already, the odds that they'll stick around are pretty good. Right? I think this committee should actually look at that.

Alberta obviously has a very unique problem in terms of a labour shortage. Can you tell us if the labour shortage is pretty well consistent across the land, or are there areas where there is not a problem, for instance?

Ms. Joyce Reynolds: It's certainly the most critical in Alberta, probably followed by B.C. But Saskatchewan is also becoming a real problem for many employers who are trying to attract staff. We are hearing from operators in virtually every province of this country.

Ms. Diane Brisebois: I would support that.

It started a couple of years ago with Alberta being in a crisis situation, but we're hearing from local members from coast to coast and national chains that they're starting to feel the pressure, that it's more and more difficult to attract and keep employees, and that it has nothing to do with wages. It simply has to do with a greater demand for people.

So I would support Joyce in encouraging this committee to work with the federal government and provincial governments in looking at ways of bringing in workers—new immigrants with skills—right across the country.

● (1035)

Hon. Raymond Simard: So the witness we had yesterday who was promoting relocation may not have the answer, because if you have a need everywhere across the country...and you're talking about Atlantic Canada having a problem as well.

You talked about Saskatchewan. Is there a strategy for the aboriginal community? You said the situation was pretty well flatlined in terms of new Canadians, but in Manitoba and Saskatchewan, for instance, within the next four or five years, 25% of the workforce will be aboriginal youth. So is there a strategy in your organizations to accommodate that?

Ms. Joyce Reynolds: Yes, we are working with aboriginal groups. In fact, at our next labour shortage task force meeting, we will have representatives from the aboriginal community participating, and we are looking at ways we can work together. With the individual provincial governments, we are looking at ways we can link their aboriginal programs with the needs of our industry.

So yes, we definitely are looking at that.

Ms. Diane Brisebois: We have already developed a program in cooperation with Alberta, and it's our first test program. We are looking at the educational material and the training material we've developed, and we are now sitting with the aboriginal community to see what changes need to be made.

We have the advantage of having a member called the North West Company, the old Hudson's Bay Company. They consider all of us to be living in the south; they see themselves as living in the north. They've brought some great learning, and we'll be pleased to share it with the committee, because we're seeing some great progress there.

Hon. Raymond Simard: That would be very important.

Thank you very much.

The Chair: Thank you, Mr. Simard.

Members, we have about 20 minutes left. On the list, I have Mr. Stanton briefly, I have Madame Brunelle, and then I will ask few questions. But if anyone else wants to ask some more questions, please indicate that to me.

So we'll go now to Mr. Stanton.

Mr. Bruce Stanton: Thank you, Mr. Chair, for this extra opportunity.

Madame Brisebois, one of the other issues we talked about is the notion that the demand for retail products only exists because there is other primary employment in the communities in which you operate. In other words, it's secondary. The people who are otherwise employed have the wealth from that that they need to purchase your products.

Could you comment on the context of that notion, as it relates to your industry? I'm more or less asking, who are your customers, and where do they come from, and where do they get the money they need to buy your products?

Ms. Diane Brisebois: We look at the retail sector as part and parcel of the supply chain. If you look at the sixties and seventies, manufacturers controlled what we all chose to buy—or what we thought we'd chosen to buy. Then eventually in the late eighties and early nineties, retailers became stronger and dictated what products would be in the stores and what consumers would buy. This has changed completely. If you want to know who's in control of the supply chain, it's the consumer, it's the community. It is quite fascinating that all of the research is done there, looking at how they're doing economically; and secondly, it looks at what age group they're in and how their lifestyles have changed. That information goes to the retailer and then to the manufacturer. So in fact it's very difficult to separate.

So yes, it has gone from top to bottom. Now it's bottom to top. As you know, there's no question that the health and well-being of a retail business mirrors the health and well-being of the community; if the community is employed and has that support, there's no question those are grounds for growth and prosperity for our retail sector.

Mr. Bruce Stanton: Thank you, Mr. Chair.

The Chair: We'll go to Madame Brunelle.

[*Translation*]

Ms. Paule Brunelle: Thank you, Mr. Chairman.

I have a preliminary comment to make concerning temporary foreign workers. I found my colleague Mr. Simard's comments very interesting. Still, we must be careful when we adopt measures. I don't think we can pass legislation that is the same for every Canadian province. We have other concerns, particularly in Quebec where we must keep our workers. That was just a preliminary comment.

I am obviously very concerned by the job losses in the manufacturing sector. We can see that our economy is destructuring. In Quebec, we have lost 135,000 jobs since 2002. There is also the issue of gas prices, which clearly has an effect on the transportation of goods, including your markets. There is also the issue of the rising dollar. I think that will indeed have an effect on tourism. You can be certain that there will be an impact on your sectors of activity.

In Trois-Rivières, for example, there were big companies—paper mills among others—offering average salaries of $70,000 a year. Those jobs were replaced by call centre jobs at minimum wage. The level of employment is unchanged, but the fact remains that we clearly do not have the same consumers of goods and services.

Are you planning any particular steps to help retailers, shop-keepers, to face the coming crisis, particularly if there is a recession next year?

● (1040)

Ms. Diane Brisebois: Thank you for your question.

Often, we make a distinction between retailers and manufacturers, whereas in fact, they co-exist. If there are no workers in the manufacturing sector earning $60,000 to $70,000 per year, there are no new businesses; there are even retailers who are going out of business. It is important to have a healthy society where there are a lot of jobs, a lot of good jobs. There is no doubt about that.

The Retail Council of Canada and our partner in Quebec, the Retail Council of Quebec are sending the following message: governments are separating the sectors, whereas they should be considered to be joined at the hip. One cannot live without the other. Many of our retailers across the country are asking us if we did not see this coming, because they did, and they are also asking us if we have any solutions.

The sector is not in a state of shock; it seems that everyone is in a state of shock. Nevertheless, most people were expecting this. It is very sad that there is no plan B.

We must work together to ensure that we keep these jobs in the community. I worry about the fact that it may be too late, but as the representative of retailers, I remain optimistic nevertheless.

Ms. Paule Brunelle: Thank you.

[*English*]

The Chair: *Merci.*

We'll now go to Ms. Nash, please.

Ms. Peggy Nash: I'd like to go back to the discussion about the very small businesses, whether they're restaurants or other retailers. In my community, they're really the heart of the community; they're what gives the community its life. People move there so they can walk to a restaurant or walk to a store; they don't have to get in a car and drive someplace. I agree that these smaller businesses are particularly vulnerable during a downturn, or even now with the high dollar.

What's your prognosis for these smaller businesses, and what would you recommend this committee do to help alleviate some of the pressure on these very small businesses? We certainly don't want to see them go out of businesses and lose their tremendous contribution, because they really are in so many ways community builders. They add so much to our local neighbourhoods.

I don't know who would like to go first.

Ms. Joyce Reynolds: I'll go first this time.

Thank you for recognizing that.

We've done some projections, and between 2007 and 2010, food service sales are projected to grow by an average of 0.5% after inflation and population growth. This is a sharp drop from the average per capita growth of 3.5% between 1997 and 2000. Our projections show there will be a decline in individual food service establishments, particularly those small independents that are so important to communities.

You have to look at how a food service operation is structured. Food and labour are our biggest input costs. Those costs continue to increase; so these small operators are continually being squeezed. So if there's anything we can do to alleviate those labour and food costs from increasing further, it would make a difference to those independent operators.

Ms. Peggy Nash: Earlier one of you also mentioned energy costs. Is there a role for the federal government to assist, perhaps in partnership with small businesses, to provide small grants to increase energy efficiency? For example, right now, the City of Toronto provides façade improvements for small businesses. They have matching investment on the part of the company.

Is the energy efficiency piece something that might help, given that energy costs are going up?

● (1045)

Ms. Joyce Reynolds: They are obviously already motivated to increase their energy efficiency. They see it as important for the environment and they see it as important to their bottom line. They would always welcome any kind of assistance to be able to do that, but they are already highly motivated to do that.

Ms. Diane Brisebois: Can I add something? I think our advice to this committee, if we want to help small business, regardless of where they are, would be that we look at the red tape. If we're going to provide programs to small merchants, for example, on energy conservation, those programs would have to be easy to manage and they'd have to be accessible. We find that's the biggest barrier for a lot of our small businesses. They don't have the time. They're doing way too much paperwork, and they're dealing with regulations or programs that don't make sense. That's certainly the feedback we get from a lot of our small businesses.

They unlock the door in the morning, and they lock the door at night. They're in the backroom getting the merchandise and installing it. They are small business, and they are 80% of all our establishments in this country. So we have to keep the programs easy, simple to understand, and accessible.

Ms. Peggy Nash: Do you think something around helping with energy efficiency might make sense?

I agree with you. I see retailers there from early in the morning until late at night. They truly are our mom-and-pop organizations.

Do you think there is a need around energy efficiency, or is that really not a big cost?

Ms. Diane Brisebois: I think there is a need. Is it top-of-mind for small business? Probably not. Often a small business does not have control over its environment. They don't always own the building they're in. They're often in malls, and they don't really control those costs.

I think if we're looking at helping small business, we look at the things they do control, the costs they do control. It can be merchandise, import tariffs, so eliminate those; and also, training incentives are extremely important for small business.

The Chair: Thank you.

Mr. Simard, you wanted to ask one brief question.

Hon. Raymond Simard: It's actually a comment, Mr. Chair.

I believe Madame Brisebois mentioned the training tax credit and that Quebec was already offering something similar to that. I wonder if our analysts could provide the committee with that information. That might be helpful.

The Chair: Thank you.

Members, I want to take a few minutes and ask some final questions and perhaps drill down into some of the specific recommendations. I'm glad Mr. Simard mentioned that, because that was one of the things I was going to ask.

We did recommend a tax credit in the manufacturing report—for manufacturers, obviously. We could look at it beyond that, but the answer some of us get back is that it's difficult in the way you actually measure that, particularly when people move from company to company or industry to industry. It's difficult to measure how much a company actually invests in training, in terms of measuring it from a government point of view, and then how to credit that. You don't have to answer that now, but any information you can provide on that would be very helpful to us.

I do appreciate very much, as a western Canadian and as an Albertan, the fact that you've highlighted the labour shortage issue. It's something we try to tell our fellow members of Parliament. You can walk into a restaurant that's one-tenth full and the manager comes to you and says, “I'm sorry, we can't serve you. I don't have enough people today. You'll have to go somewhere else.” That happens daily in Edmonton. It's a message we try to pass along to our colleagues.

Along those lines, then, I did want to make sure we have the specific recommendations.

Ms. Reynolds, in your presentation you talk about revising the point system for citizenship and immigration to better match labour market needs, the CIC criteria. Then you talk about temporary foreign worker programs and bridging, so that if someone comes here on a two-year program and works for two years and perhaps their employer says they are a very good worker, they can then stay within Canada and apply for permanent residency from within Canada as they're finishing that program. Is that what you're recommending?

Also, in terms of the temporary foreign worker program, that's the biggest issue I am approached on by businesses out west. The number of applications has gone up dramatically. So do you have any specific recommendations in terms of how to streamline that—labour market opinions, perhaps?

● (1050)

Ms. Joyce Reynolds: We do appreciate the steps that have been taken by this government in the last year to try to streamline the program. Certainly the labour market opinion process has been streamlined. But there's still a backlog of actual temporary foreign worker applications at foreign embassies. So we've been able to kind of relieve the backlog a bit here, but there's still a backlog in terms of processing the actual temporary foreign worker applications.

The Chair: Too many being denied and things like that.

Ms. Joyce Reynolds: You know, there'll be one or two people in the embassy and they don't have the capacity to process the number of applications that are coming their way. So both those scenarios, actually.

The Chair: Okay.

I'm going through this very quickly, because I don't have much time. Allow temporary foreign workers to work in Canada up to four years. Is that skilled and unskilled?

Ms. Joyce Reynolds: Yes.

Again, I appreciate you've already extended it from one year to two years—

The Chair: That's correct.

Ms. Joyce Reynolds: —and I think if we were able to get the type of bridging mechanism that we're looking for, that may not be necessary. But until that bridging mechanism is in place, we would like to see the temporary foreign worker period extended.

The Chair: Increasing the basic personal income tax exemption, are you saying, beyond what was done in the fiscal update?

Ms. Joyce Reynolds: We were looking for the increase that was provided in the November economic statement this year. But we're looking for that to be further increased over the next five years.

The Chair: You also mentioned older workers, and that is increasingly happening in western Canada. One of the things older workers are saying is, first of all, especially if they take a part-time position, that they are paying EI that they will never be able to collect. That's one of their concerns. And if they are eligible for OAS, the OAS can in some cases be clawed back. Are these the two changes you're recommending, or is there something beyond that?

Ms. Joyce Reynolds: It would be the clawback of their guaranteed income supplement.

The Chair: Of their OAS.

Ms. Joyce Reynolds: We were talking about EI clawback. That would apply to more than only seniors. If you have other higher-earning employees who are on benefits, and they want to earn some additional income by working part-time, we think they should be able to without having all their EI benefits clawed back.

The Chair: Thank you for clarifying those.

For the Retail Council, I wanted to clarify.You mentioned the differential and the parity of our dollar now with the U.S. dollar. But you also mentioned import duties, cabotage, regulation. You mentioned the suppliers' differential between Canada and the U.S. Are there any other factors or issues you want the committee to examine?

Ms. Diane Brisebois: I think the training issue. We talked about the training tax.

The Chair: Training, yes.

Ms. Diane Brisebois: Not the tax as much as an incentive, I think, would be a key area for us.

The Chair: Ms. Reynolds.

Ms. Joyce Reynolds: Mr. Chairman, may I make one comment?

We do have concerns about the way the training tax credit would be implemented. If it results in having to go through institutionalized training and another bureaucracy being set up, and the type of programs that companies are already providing, if there isn't a way to recognize that training, this isn't something that's going to work for our sector. I want to be clear about that.

Ms. Diane Brisebois: In fact, we were clear about that. We're talking about in-house training. We're not talking about third-party training.

Ms. Joyce Reynolds: Okay, as long as we're clear about that.

Ms. Diane Brisebois: I think you need to look at the Quebec model, because I think they really made an effort to try to resolve that ambiguity. It's not perfect, and they admit it's not, but I think it's worth looking at.

The Chair: Following Mr. Simard's suggestion, I think we will have the analysts present something. But if you have any comments on specifically how it should work, shouldn't work, your advice and opinion would be very helpful.

Thank you very much for the session.

Hon. Raymond Simard: I'd simply like to say that I have a private member's bill, as a matter of fact, that would prevent the pension income from being utilized as revenue. It is in the House of Commons already, and I think it's a very valid one.

● (1055)

The Chair: Thank you, members.

Thank you. That was a fascinating session. We appreciate your presentations.

This meeting is adjourned.

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