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—
Chair

Mr. James Rajotte

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• (1005)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call this meeting to order. This is meeting number six of the Standing Committee on Finance. Our orders today concern Bill C-10, an act to implement certain provisions of the budget tabled in Parliament on January 27, 2009, and related fiscal measures.

In the first part of our meeting, we have six groups before us this morning. We'll go in the order of the groups in terms of presentations. We have first of all the Public Service Alliance of Canada. We have the Assembly of First Nations of Quebec and Labrador, Fédération des femmes du Québec, Front d'action populaire en réaménagement urbain, the Professional Institute of the Public Service of Canada, and the Canadian Real Estate Association.

We'll have a five-minute presentation from each organization, and we'll go in that order. We'll start with the Public Service Alliance of Canada. At the end of the last presentation we'll start with questions from members.

Mr. Gordon, you may begin at any time.

Mr. John Gordon (National President, Public Service Alliance of Canada): Thank you very much, Mr. Chair.

On behalf of the 166,000 members of the Public Service Alliance of Canada, I welcome the opportunity to be here today and provide members of the finance committee with a few observations on Bill C-10, the Budget Implementation Act, 2009.

In our submission we focus on two aspects of Bill C-10, namely, the Expenditure Restraint Act and the Public Sector Equitable Compensation Act. Both are unnecessary and abhorrent.

If adopted, the Expenditure Restraint Act will be the subject of extensive litigation. Given that unfortunate but inevitable circumstance, I'll focus my opening statements on the Public Sector Equitable Compensation Act and why it should be withdrawn from Bill C-10.

Let me be clear: equal pay for work of equal value is not a budget measure but a fundamental human right that is protected by the charter and enforced by the Canadian Human Rights Act. The budget is no place to debate or to trade off human rights enshrined in legislation and in international instruments.

Moreover, as government officials have affirmed, the Public Sector Equitable Compensation Act is not about saving money. Whatever the government motivation was when drafting and

introducing the Public Sector Equitable Compensation Act, it is clear that the act has nothing to do with stimulating the economy or with protecting jobs, sectors of the economy, and the unemployed.

While we take the position that the Public Sector Equitable Compensation Act has no place in Bill C-10, we also believe that the federal pay equity legislative framework does need reform.

In this regard, we note that the federal pay equity task force issued a comprehensive report in 2004 on how to improve the current law and make it fairer and more accessible. This report, the culmination of years of consultation with employers, including the federal government, and unions, individuals, and women's groups, should be the starting point for a legislative agenda on equal pay for work of equal value.

In appendices to our submission, we have provided your committee with an analysis of the Public Sector Equitable Compensation Act, as well as a document that compares the Public Sector Equitable Compensation Act and the Ontario and Manitoba pay equity models.

We urge you to review this material carefully, because we have noted that some debate in the House has equated the PSECA and the Ontario and Manitoba pay equity models. Unfortunately, the PSECA bears no resemblance whatsoever to the Ontario or Manitoba legislation.

Before concluding, let me make the point that pay equity legislation is fundamentally important. It is fundamentally important in a society where women earn 70% of what men earn, and, as a human right protected by the charter, it is fundamentally important to all Canadians.

As a union that has championed equal pay for work of equal value for decades, we understand full well that the current system takes too long and is unnecessarily legalistic. Moreover, pay equity has been costly because of the government's refusal to recognize and compensate for paying discriminatory wages to employees in female-dominated occupations.

The PSAC 1984 pay equity complaint against the federal government resulted in 15 years of protracted court and other actions on behalf of the government at the taxpayer's expense. These protracted actions resulted in an obligation to pay \$3.2 billion to workers and former workers whose wages were found to be discriminatory all those years.

I'll conclude by saying that the pay equity model articulated in Bill C-10 is flawed beyond redemption. The PSAC strongly recommends that it be withdrawn. At the very least, it should be introduced as a stand-alone bill. That said, our preference is that the government go back to the drawing board and draft a new bill based on recommendations of the pay equity task force.

I thank you for the opportunity to appear.

•(1010)

The Chair: Thank you very much, Mr. Gordon.

We'll now go to the Assembly of First Nations of Quebec and Labrador for their presentation.

[*Translation*]

Grand Chief Lucien Wabanonik (Grand Chief of the Anishnabeg Nation, Assembly of First Nations of Quebec and Labrador): Good morning. Firstly, I wish to thank the members of the Standing Committee on Finance for their invitation.

I wish to begin by stating that the first nations live in a situation of permanent economic recession, deprived of their territories and resources. The first nations are sensitive to what the Canadian population is currently experiencing. However, we warn the government: the poor state of public finances must not serve as a pretext for maintaining or aggravating the unacceptable socio-economic situation of the first nations.

If we were given the opportunity, we could address the committee members for several days. However, we will go directly to page 2, and talk about housing.

Investments in housing and safe drinking water for aboriginal communities are a far cry from meeting our needs. In the recently adopted federal budget, \$400 million, over a two year period, have been earmarked for first nations on-reserve housing. An additional \$165 million was allocated for the completion of infrastructure projects related to safe drinking water and wastewater. Out of the announced \$400 million, our communities will benefit at the very best, from \$20 million per year for two years. The needs would require 10 times this amount, and this, over a five-year period, in order to meet the social housing needs of the first nations of Quebec and Labrador.

Also, no measure has been provided for thousands of Aboriginals living off-reserve in alarming situations.

I will now hand the floor over to Chief Whiteduck.

[*English*]

Chief Gilbert Whiteduck (Chief, Kitigan Zibi Anishinabeg, Assembly of First Nations of Quebec and Labrador): In regard to improving the conditions linked to safe drinking water, the AFNQL estimated the needs of the communities to be about \$100 million. The budget foresees \$165 million for all of Canada. It's inconceivable to believe that the measures that were announced will have a true and immediate impact on the conditions for safe drinking water.

The amounts that were announced are really negligible in ensuring decent living for the aboriginal populations of Quebec and Labrador. In the community of Kitigan Zibi, where I'm from, we have a

uranium problem. We have natural uranium in our water. All of our households are now getting bottled water. I've been getting bottled water for the past ten years.

Really, very little work has been done. We believe the limited funding is again just going to put off this work for a long time, which is unfortunate. We believe we're entitled to have safe drinking water and to ensure that the source system and what not are in place, like any other Canadian might be able to have. We certainly can no longer wait for that to occur.

[*Translation*]

Grand Chief Lucien Wabanonik: Following the presentation of the federal budget, the first nations of Quebec also expressed a major concern about the underfunding of education. Sums invested by the government do not tally with the needs or the gaps identified in several studies. Moreover, nothing is provided for ending the chronic underfunding of first nations education, except for specific measures that are clearly insufficient, and which were elaborated, once again, without consultation. The schools of the first nations have no reason whatsoever to rejoice, especially since the gap that separates them from the other schools in Canada is only bound to widen. The government is doing nothing to allow us to close the gap that affects our institutions and our children. Our schools are trying to survive with a funding formula that has not changed for 20 years. It is exactly as if the Quebec schools were financed as they were in 1980! It is scandalous.

Although the federal government made an announcement of \$268 million over a five-year period for all of the first nations schools in Canada, it should be noted that the sums are conditional on specific criteria, and that schools must submit project proposals in order to have access to them. There is no provincial government whatsoever that would dare require from their schools that they submit a lot of small initiatives in order to have access to their financing. Yet, this is how the Department of Indian Affairs administers the education of the first nations.

According to an analysis on financing carried out by the First Nations Education Council, a loss in real monetary value of \$28.1 million will be brought about by not taking into account the increase in the cost of living and the number of students, solely for the region of Quebec and for the year 2009-2010. In Canada, this loss is assessed at \$267.3 million. This has been going on since 1996. It has now become unbearable for our communities to support such a lack of funding. We have to cut somewhere else to try and provide a modest education to our children, which is unacceptable for a society that claims to be fair and modern.

This drop in education funding is only one example of a situation which persists since the federal government imposed a limit of 2% in regards to expenses of Indian government programs, and this since 1996.

We also wish to remind you that the community of Kitcisakik is a small Algonquian community that is still dreaming of running water and electricity. The community is still awaiting a response from the federal government.

To conclude, I wish to draw your attention to the will of first nations to develop, and to the necessity for the government to support our economic development in an active way. We are asking you to help us help ourselves, as you did on various occasions for other private or public organizations in the past. We are asking you to not apply a policy of negation towards our nations; we can become partners and succeed. This is the will and hope that we entertain, in spite of these hard times for everybody.

Thank you. Meegwetch.

• (1015)

The Chair: Thank you very much.

We will now turn to the Quebec Women's Federation.

Ms. Michèle Asselin (President, Fédération des femmes du Québec): Good morning. Thank you for your invitation.

I wish to begin my presentation with an important reminder. I wish to remind you that Canada signed on to the Convention on the Elimination of all Forms of Discrimination against Women on July 17, 1980, and ratified that convention on December 10, 1981.

Under that commitment, we believe that the federal budget should place a priority on measures to promote equality of women. Must we remind you that there are still wide gaps between men and women in some very key sectors in our country? The average wages earned by working women are still significantly lower than the wages earned by men. Women represent a disproportionate segment of the population that is earning a low income, and they are much more likely than men to only be working part-time. I could provide a long list of statistics that were provided by Statistics Canada, and that department could certainly not be labeled a radical feminist group.

Women remain unequal in Canada, and we expect concrete measures to fight against this discrimination. The budget tabled in Parliament on January 27 by the Minister of Finance, Mr. Jim Flaherty, does not introduce any new measures to fight discrimination against women. Worse still, there are certain legislative measures in the Budget Implementation Act of 2009, the bill that you are considering today, that prohibit women workers in the federal public service from demanding pay equity. To our mind, this is a real sign of regression.

Through this bill, the government is reiterating its intention to suspend legal recourse in all cases dealing with pay equity. In our opinion, the government should instead adopt measures that align the Canadian pay equity system with our national and international commitments to women's rights. It must adopt measures that recognize the contribution of women workers to our economy.

Quebec has a proactive law that governs both private and public sectors. That act has proven to be much more effective than the federal model that is complaint-based. We therefore recommend repealing all legislative measures on pay equity from the Budget Implementation Act of 2009, specifically speaking part 11. In addition, we recommend that the government adopt a proactive federal piece of legislation on pay equity, as was recommended by the 2004 Working Group on Pay Equity.

With respect to employment insurance, women are particularly penalized because they make up the vast majority of people working

part-time, or who are returning to the workforce after a prolonged leave. Changes made to the Employment Insurance Act do not eliminate this discrimination and do not bring about any significant improvement. Indeed, eligibility criteria will not be relaxed, income replacement rates will not be increased, there is still the two-week waiting period, and training programs will remain inaccessible to those who are not eligible to receive employment insurance benefits. It is expected that six out of ten unemployed workers will remain ineligible.

As for eliminating certain provisions of the employment insurance system that discriminate against women, particularly the establishment of eligibility requirements, and hours worked, these criteria discriminate against people who are working part-time, the majority of whom are women. We believe that there must be a significant improvement to the employment insurance system so that the unemployed can maintain a decent standard of living.

Thank you.

• (1020)

The Chair: Thank you very much.

Mr. Roy.

Mr. François Roy (Representative, Front d'action populaire en réaménagement urbain): Good morning. My name is François Roy and I'm the coordinator of Logemen'occupe, an active member of the FRAPRU, a community activist group that advocates for social housing.

Our umbrella association seeks to promote and defend the right to housing for all. It is comprised of 130 member groups that represent almost all regions across Quebec. Of these groups, 27 are fully aligned with the position and actions of FRAPRU.

The 2006 Canadian census took place during a time of economic growth for Quebec and for the rest of Canada that began in the 1990s. Between 2000 and 2005, the gross domestic product of Quebec increased by 22.7%; labour force participation rates for Quebec rose from 63.1% to 65.6%; the number of households receiving social assistance fell to 43,200.

All of these statistics should have led to a marked drop in the number of renters that paid too high a portion of their income to rent. Yet, the number reached 448,840 in 2006, whereas it was 445,200 five years earlier.

Renters today are poorer than they were 25 years ago. In 1981, the income of renters was \$14,746. Had it risen in proportion to the cost of living calculated on increases in the Consumer Price Index, that income should have been \$35,287 in 2006. Yet, figures from the most recent census indicate that that income was \$29,416; in other words 16.6% less. Yet, average rents in Quebec were \$223 per month in 1981. Based on increases to the cost of living, average rents should have been \$534 in 2006. Instead, it was \$566, 6% more than in 1981.

It is abundantly clear that to resolve this problem, the federal government must increase its investments in new social and community housing units. By setting aside slightly more than \$2 billion for social housing, there's recognition in the budget that the government can do something to face this economic crisis.

However, according to FRAPRU, these investments will not meet the needs. Even if the figure of \$2 billion seems rather large, the provinces will only be receiving \$475 million over two years to build new social housing for older people, and disabled people. For Quebec, this translates into funding for approximately 850 dwellings, under the Quebec program AccèsLogis, in order to meet all of the existing needs. No money was made available to other households in need.

The budget does not set aside any additional money for programs that the government decided to extend for five years, as announced last fall, mainly the Affordable Housing Initiative, the Residential Rehabilitation Assistance Program, and the Homelessness Partnering Strategy. Funding for these programs was not indexed to the cost of living in the past several years, and is insufficient relative to the scope and scale of the needs. As regards the Affordable Housing Initiative, the announced investment of \$125 million per year is even less than the initial budget set in 2001, of \$680 million over five years, or \$136 million per year.

By investing so little in housing the government is not taking steps to protect its most vulnerable citizens from the consequences of the economic crisis. For example, the 1991-1992 recession led to a 48% increase in the number of households which were most in need of housing help, according to the Canada Mortgage and Housing Corporation's own figures. Indeed, investments are clearly insufficient to make up for the shortage of rental units, a situation that is now affecting 26 of the 34 metropolitan regions canvassed during the last national census.

Thank you.

•(1025)

[English]

The Chair: Merci.

We'll now go to the Professional Institute of the Public Service of Canada.

On behalf of all committee members here today, I think it's appropriate that I express our condolences to you and everyone in your organization on Michèle's sudden passing. I know it must be a difficult time. We certainly appreciate you being here.

Mr. Geoffrey Grenville-Wood (General Counsel, Professional Institute of the Public Service of Canada): Thank you very much, Mr. Chairman.

I'm sure you're all aware of the fact that we're going through a very difficult time. Only this weekend we appointed an acting president, who is present today. I hope you'll take the opportunity to meet with him during the break: Mr. Gary Corbett.

[Translation]

Mr. Chairman, honourable members and ladies and gentlemen, I would first like to introduce to you those appearing on behalf of the Professional Institute of the Public Service of Canada. I am Geoffrey Grenville-Wood, the general counsel for the institute. With me here at the table is Isabelle Roy, legal counsel. Present in the audience is Gary Corbett, interim president of PIPSC.

We are grateful to the committee for offering us the opportunity to present to you our views on the legislation before you, Bill C-10, which is the budget implementation legislation. We are most concerned with parts 10 and 11, the Expenditure Restraint Act and the Public Sector Equitable Compensation Act respectively.

[English]

The Professional Institute of the Public Service represents 55,000 professionals across Canada's public sector, the vast majority of whom work in the federal public service. Institute members work in the federal government's departments, agencies, crown corporations, museums, archives, laboratories, research institutes, and field research stations. We represent, among others, the scientists who work for the Canadian Nuclear Safety Commission, the veterinarians who work for the Canadian Food Inspection Agency, the auditors of Canada Revenue Agency, information technology experts in that agency as well, health professionals working for Health Canada, and many other specialists and professionals who, on a daily basis, work to protect and advance the health, safety, and well-being of Canadians from coast to coast to coast.

Our members are directly affected and indeed singled out by Bill C-10, in particular by parts 10 and 11.

We are of the view that the two proposed acts constitute an unwarranted and unnecessary attack on the charter rights of unions representing federal public service employees. Our brief, which has been distributed to all honourable members, presents our analysis and criticisms of the legislation, but let me be clear and unequivocal: these two pieces of proposed legislation represent an unconstitutional interference with the rights of our members and of female public service employees.

The brief sets out in greater detail our reasons for taking this view; however, it is appropriate for honourable members, in our submission, to think about how Parliament can knowingly pass unconstitutional legislation. As our colleague Mr. Gordon said, this proposed legislation will lead to litigation. There is absolutely no doubt about it, and it is going to be long and protracted and difficult litigation. If Parliament is going to pass this bill, it should do so knowing that.

With respect to the proposed Expenditure Restraint Act, let me first state that I'm sure you already know that the process of collective bargaining is now protected by the Charter of Rights and Freedoms. This fact was affirmed by the Supreme Court of Canada in the B.C. Health Services case. Part 10 of Bill C-10 represents an attack on the process of lawful collective bargaining. It will not withstand scrutiny under the charter. In our respectful view, the courts will likely conclude that the proposed legislation ought to be struck down as being an unacceptable interference in the process of collective bargaining.

The Professional Institute urges the committee to carefully reconsider this proposed legislation in light of the constitutional principles laid down by the Supreme Court of Canada, as recently upheld by other courts, including the Court of Appeal for Ontario.

•(1030)

[*Translation*]

In the light of the constitutional protection for collective bargaining, the charter places limitations on Parliament's power to enact legislation that interferes with collective bargaining. Legislation that has the effect of substantially interfering with the process of collective bargaining is unconstitutional.

In its decision regarding the B. C. health case, the Supreme Court stated the following:

[...] the state must not substantially interfere with the ability of a union to exert meaningful influence over working conditions through a process of collective bargaining conducted in accordance with the duty to bargain in good faith. Thus the employees' right to collective bargaining imposes corresponding duties on the employer. It requires both employer and employees to meet and to bargain in good faith, in the pursuit of a common goal of peaceful and productive accommodation.

[*English*]

There are ample grounds for concluding that this legislation constitutes substantial interference with collective bargaining. I commend you to read our brief, because my time is short here today, and I won't go into that in greater detail.

In other words, and to cut to the bottom line, so to speak, permitting bargaining to continue on non-monetary issues, as this bill proposes, does not give the government a free pass to restrict all collective bargaining on all pay-related issues.

Let me also make it clear to the committee that the International Labour Organization also indicates that such legislation would be inappropriate.

[*Translation*]

I would like to turn now to part 11, the Equitable Compensation Act. The equity legislation is designed to assist women. When that legislation discriminates against the portion of the group it was designed to help, women working in the federal public service, than that legislation violates the equality guarantee in section 15 of the Canadian Charter of Rights and Freedoms.

The preamble to this bill affirms that women should receive equal pay for work of equal value. In our respectful submission, this is a hollow and cynical promise, for the provisions of the bill are designed to ensure that there is no workable or practical means of attaining this objective.

[*English*]

The Chair: I'm sorry, we are well over time here. I am sure this will come up during the question period.

Mr. Geoffrey Grenville-Wood: Can I just conclude then, Mr. Chairman?

The Chair: Yes, very briefly.

Mr. Geoffrey Grenville-Wood: It is our considered view with respect to part 11 that it is not only unconstitutional, but it also creates an unworkable, self-defeating morass in which the concept of pay equity will not only not prosper and advance but will wither and die. This ought not to be the intent of Parliament.

In conclusion, the Professional Institute of the Public Service of Canada believes that the laws proposed constitute a gross intrusion into and interference with the constitutional rights of our members generally and with our female members in particular with respect to pay equity law.

[*Translation*]

We believe that, at the very least, this legislation should be removed from the omnibus budget implementation legislation and referred to the appropriate committee of the House for in-depth study and analysis.

We would be pleased to appear before such a committee to propose amendments and approaches that would improve the legislation, while meeting the overall objective of having pay equity the subject of negotiations between the employer and the various public service unions.

Finally, Mr. Chairman—

[*English*]

The Chair: Thank you.

Mr. Grenville-Wood, we're way over time. I'm sorry, I'm trying to be fair to every organization.

•(1035)

Mr. Geoffrey Grenville-Wood: I'm just going to say thank you very much.

The Chair: Thank you very much for your presentation.

We'll now go to our final presenter, the Canadian Real Estate Association.

[*Translation*]

Mr. Pierre Beauchamp (Chief Executive Officer, Canadian Real Estate Association): Thank you, Mr. Chairman.

Honourable members, I am Pierre Beauchamp, chief executive officer of the Canadian Real Estate Association. At my side is Allison McLure, legal counsel regarding the Competition Act.

[*English*]

The Canadian Real Estate Association is one of Canada's largest single-industry trade associations, representing more than 97,000 real estate brokers and agents who work through our various real estate boards in Canada, provincial associations, as well as one territorial association.

[*Translation*]

While strongly in favour of efforts to improve the act, we feel that it is extremely important to ensure that any amendments do not have significant negative and unintended consequences.

The amendments to the Competition Act should be dealt with as a separate bill. The amendments to the Competition Act proposed in Bill C-10 are substantial, and we believe that they deserve to be studied in depth.

[English]

In 2008, Mr. Chairman, the competition policy review panel considered amendments to the conspiracy provisions of the act, the introduction of AMPs for abuse of dominance, as well as an increase of AMPs for deceptive marketing practices. Responses to the panel at that time of the panel's report were split, with half of the submissions supporting the amendments and half of the submissions speaking against the amendments. This is hardly a consensus and does not represent justification for including these amendments to the Competition Act in this bill. We propose that they should be divorced from the budget and be dealt with in a separate bill.

With respect to conspiracy provisions amendments, Bill C-10 proposes the creation of a two-track system that would define per se illegal agreements to be prosecuted criminally without a competitive effects screen such as the current "undueness" element in section 45 of the Competition Act. Removing the undue lessening of competition requirement would render the resulting provision overly broad. Without the qualification of "undue", a very wide range of agreements would fall within the scope of the offence. Surely this is not the intent of the amendments. Unfortunately, though, it is probably a likely result. For example, a real estate broker's office policy regarding commission rates charged by the broker's agents working in the same office may fall under the proposed section 45 even if the broker and his agents do not have market power. The agents and broker could be considered competitors within that same office, and there is no exemption that would clearly apply to an agreement between a principal and his or her agents.

Brokers need to have the ability or the right to set policies on commissions within their own offices with the confidence that they are not violating the law. The new law may force brokers out of business since they will not be able to operate using their existing business models. The increased potential for their agreements to fall under the scope of section 45 and the increased threat of criminal sanctions could result in a chilling effect. We strongly recommend that the current provisions relating to conspiracy be maintained, and we further submit that should this dual-track system be adopted, an exemption should be added to both the criminal provision and the civil provision for agreements between principals and agents in a manner that clearly exempts brokers and their agents.

[Translation]

We believe that the proposed AMPs for abuse of dominance would be punitive in nature, which is not appropriate for conduct that is not inherently anticompetitive, and in fact, is usually procompetitive and efficiency-enhancing.

[English]

We do not believe there is any demonstrated need for additional deterrence for the reviewable trade practice provisions. As for increasing the AMPs for deceptive marketing practices to a maximum of \$15 million, we feel that the risk of such a large AMP could cause a small-business person to be excessively cautious and therefore less informative in their advertising. Accordingly, the issue of increased AMPs is a significant concern, since the majority of our members, again, own and work for small businesses. As such, we strongly suggest that the amendments regarding AMPs not be

accepted, not be adopted. At a minimum, there should be at least a grace period before the AMP sections enter into force.

Thank you, Mr. Chair.

• (1040)

The Chair: Thank you very much for your presentation.

We'll now go to questions from members.

Mr. McCallum, you have seven minutes.

[Translation]

Hon. John McCallum (Markham—Unionville, Lib.): Thank you, Mr. Chairman, and I thank all the witnesses who are here this morning.

Before putting any specific questions, I would like to make a general observation: Canada is presently in a full-blown economic crisis.

[English]

That has to take priority, in our view. In other words, every day, every week, every month there are thousands or tens of thousands of people losing their jobs and being laid off. The government ought to have acted many months ago to support the economy through a fiscal stimulus. Finally they have it, and in our view the top priority has to be to get that fiscal stimulus out the door as quickly as possible in order to support jobs.

We are aware that there are huge deficiencies in this budget. We are aware that the government should have acted earlier. We are aware that the government needs to be monitored. But my general point is that if witnesses wish to make amendments to the budget, they will have to penetrate the hearts of those people on the other side of the table, because otherwise we think the top priority for the country at this time of crisis is to get the money flowing to support jobs.

Having said that, I'd like to ask a question to Mr. Pierre Beauchamp on the Competition Act. I think the Competition Act is framework legislation and generally is not changed more than every twenty years. It's an egregious breach of process to rush it through with little debate in a budget bill. I agree with the position that many have taken on that point.

I was interested in your comments about the chilling effect that certain aspects of this legislation may have on small business in particular. I wonder if you could elaborate a little bit on that briefly.

Mr. Pierre Beauchamp: Thank you for the question.

We feel that this is going to have a very negative effect, because the new definitions, as I said earlier, of per se illegal agreements could be prosecuted criminally without the undueness element. This essentially means that small-business people who don't have market power and who enter into competitive alliances for competitive reasons will be caught by the changes under the criminal conspiracy provisions that are being proposed.

If they are caught in this manner, they will change their strategies, and they will be afraid to enter into such ventures with other real estate brokers. The idea is to catch people here who would in fact be in situations where they are dominant and want to control markets. In this case, the assumption would be that you're possibly guilty just by trying to do this. There is no proof, no weight at all given to arguments within those two brokerages, which I've mentioned in our paper, that try to get together to compete within any given market in this country. Therefore if they can't do that, if they're afraid to be caught within this particular new legislation, they will obviously not compete in this fashion. That, in our opinion, is exactly the opposite of what competition policy is designed to do.

Hon. John McCallum: Thank you very much.

I'd now like to ask a question to Mr. Grenville-Wood about the constitutionality issue.

You're a lawyer and I'm an economist. Lawyers and economists frequently disagree with each other. I think it's a very serious thing if the government knowingly proposes a law that is unconstitutional. The government may disagree with you on constitutionality, so my question to you is whether this is a legal opinion. How certain are you? Can you tell us non-lawyers in language we can understand how this is truly and obviously unconstitutional and the government has to know it?

• (1045)

Mr. Geoffrey Grenville-Wood: Thank you, Mr. McCallum. It's an important question.

I've heard of two-handed economists, and there are two-handed lawyers as well, but in this case we aren't two-handed. I think it's very clear in the context of the B.C. Health Services case, which dealt with very similar legislation produced by the B.C. government limiting the right of collective bargaining, cancelling collective agreements, and having retroactive effect. Even in that particular case, the right to negotiate salaries was maintained in the legislation. However, the Supreme Court of Canada said it was unconstitutional interference with the right to collective bargaining to limit the scope of bargaining on other issues and to cancel existing contracts.

This is exactly what this legislation is doing. It's cancelling existing contracts in many cases. It's cancelling the negotiations that have taken place, and it's not permitting negotiations to take place in the future on a very major part of collective bargaining.

In our submission, it's about as clear as you can get. As I say, there are always two-handed economists and two-handed lawyers. There are people who will say it's all right, and I presume, in all fairness and with all due respect to the government, that they have probably obtained a legal opinion to say this is constitutional. In our view—and we've looked at it very carefully and obtained several legal opinions—it is unconstitutional, period.

Hon. John McCallum: Thank you very much.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. McCallum.

Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Thank you, Mr. Chairman. I would also like to make a general opening statement. I want to thank all the people who have come here as witnesses before our committee.

Just now, I heard my colleague Mr. McCallum say that we are in a full-blown recession. We also understand that, but I do not believe that this was reason enough to include in the budget measures that violate the rights of workers and of women. The budget could have been used to propose measures that would have truly fostered social housing and building new housing units on aboriginal reserves. That would also stimulate the economy. Really, further measures would definitely have been needed to further all of our aims.

First, I would like to put a question to Ms. Asselin. Members of the Bloc Québécois stood up in the House and decried the part of the 2009 Budget Implementation Act that violates the principle of pay equity. Conservative members often answered by saying that the new legislation that they wanted to see introduced at the federal level was similar to existing legislation in Quebec.

You mentioned the Pay Equity Act in Quebec and you said that it was proactive legislation. I would like you to give us further details about it. What are the differences between the bill that is currently on the table and the existing Quebec legislation? I do not think that they are similar.

Ms. Michèle Asselin: They are completely different. In Quebec, the Loi sur l'équité salariale is supported by the Commission sur l'équité salariale. After having gone through procedures as prescribed by the legislation—I will spare you all the technical terms—if working women are not satisfied with the decision, they can complain before the commission, which is actually a labour tribunal administered by the Commission sur l'équité salariale.

That is totally different from what is proposed in part 11, which will deprive women working in the Canadian public service of their rights to take their case to court. This is imposed in the negotiation. It is entirely different from the Loi sur l'équité salariale, which is proactive legislation that also obliges the employer to provide equal pay to working women. If they are not satisfied, they can resort to a procedure governed by the Commission sur l'équité salariale to lodge their complaints.

We cannot, in good faith, say that what is proposed here is the same as what is being applied in Quebec. It is very different.

Mr. Jean-Yves Laforest: Thank you, Ms. Asselin.

My next question is for Mr. François Roy. You gave comparisons involving the income of tenants in Quebec. Of course, this has to do with housing, but it also has to do with the living conditions of tenants as a whole. This not only involves housing, but it also has to do with access to a more decent income.

Could you tell us if this affects every region in Quebec?

• (1050)

Mr. François Roy: Indeed, it applies to every region in Quebec. The CMHC and the Société d'habitation du Québec consider that low-income households are in urgent need of social housing when they have to spend more than 30% of their income on housing.

Let us look at the results of the 2006 census. In Quebec, 87,000 households were spending more than 80% of their income on housing. It goes without saying that these households do not have enough money to buy sufficient food, to educate their children correctly or to pay for health care. This has a major impact on the standard of living of citizens in general.

In Quebec as a whole, 448,000 households spend more than the standard 30% of their income on housing. Along with that, the major centres, the towns and villages in Quebec are currently going through an unprecedented housing crisis. There is a shortage of rental housing in almost every municipality in Quebec.

We believe that it is important to invest more in building social housing units. We think that the federal government could make greater efforts, so as to give economic development a strong stimulus. Building social housing creates jobs, and moreover, it has an impact on the social development of our communities.

Mr. Jean-Yves Laforest: We know that the Conservative members held pre-budget consultation amongst themselves behind closed doors. Were you invited to present your requests to them?

Mr. François Roy: The FRAPRU regularly makes representations in order to present our demands. Once again, the content of the current budget is much less than what we are asking for. In our opinion, investment in social housing in Canada should be doubled so as to meet the needs.

The problem of homelessness is beyond tragic. A few years ago, the Federation of Canadian Municipalities declared that the situation was a national catastrophe, and that is also our reading of the current state of affairs. The government has not even indexed the funding for the HPI since it was implemented under the Liberal government. At the time, it was called the SCPI. The current investment levels only allow us to build an additional 850 units in Quebec. In light of the needs, this is clearly not enough.

Mr. Jean-Yves Laforest: Thank you, Mr. Roy.

I have a question for Mr. Wabanonik. You spoke of the educational needs of the first nations. You said that there is a budget of \$268 million over five years for all the first nations' schools, but you said that they have to meet specific criteria. Basically, we are talking about targeted measures.

Could you give us one or two examples of this problem?

Grand Chief Lucien Wabanonik: Thank you for your question.

We do not have any tools or mechanisms to help children who are having trouble adjusting to school. That's one specific example. We do not have enough libraries or other facilities. In many of our schools, there is no space to set up a library, even though a library is essential for education.

[English]

The Chair: Merci.

Mr. Menzies, please.

Mr. Ted Menzies (Macleod, CPC): Thank you, Mr. Chair.

Thank you to all our presenters here today. I know it was short notice for many of you, and we do appreciate your coming.

We respect all of the comments that are made here today. Even though many of them tend to be criticisms, we'll take those criticisms as constructive, as we always do.

I must also acknowledge our colleagues on the other side, who have recognized that this is a very serious situation Canada finds itself in—and through no fault of any Canadian, I would suggest. We're at the whim of what has happened throughout the world. It has placed all of us in a very difficult position. The government finds itself in a very difficult position in dealing with that and trying to deal with that in the fairest way to all Canadians.

Your comments here today are well accepted as constructive criticism, but we need to remember that many Canadians won't have a job at the end of this year. To suggest that your bargaining rights are not as strong as they were last year doesn't carry a lot of water with somebody who doesn't have a job. We respect that. We respect the role that leadership in this country, whether it's union or government, has to play in doing the best you can for those you represent. Please believe me when I say that's what we're doing: we're trying to recognize the difficulty all Canadians are in, and trying to be sympathetic and empathetic to that role.

All of the pieces of this budget actually fit together to be able to very quickly roll out infrastructure spending accountably, to inject financial stimulus where we can through the lending institutions to create a financial sector that continues to be strong, to be able to fund growth in this economy.

It's very important that we remember that. The opposition has recognized that, and we appreciate that. We seem to be moving quickly, and we are, to make sure that we get this money rolled out. There's \$6 billion tied up in this Budget Implementation Act, which we need to protect jobs. There's a five-week extension to employment insurance. People are calling our offices every day and asking when they can get their extension and when they can get their employment insurance. We ask that you recognize that we are in unprecedented waters as we move forward.

We did provide the broadest consultation process. Some of my colleagues here in Ottawa invited many people. There was no in camera session, by the way; it was a wide-open session for those who wanted to come. There were public consultations across the country. Union groups, farmers, and fishermen were invited to this consultation process. There was an online process where all people were able to provide input. We certainly hope that you all availed yourselves of that opportunity.

Now to my question, Mr. Chair, if I may.

I'm very troubled with the comments to do with aboriginal Canadians and the Quebec Assembly of First Nations. I agree with you: I've heard this 2% factor in education, and I would sincerely love to talk with you at some point about that. I've heard that from my first nations too. Perhaps that's something we need to look at, going forward.

You mentioned something about skills training. We've put \$100 million aside for aboriginal skills training and employment partnership and \$75 million over two years for aboriginal skills training and investment fund. That's a substantial investment. What can we do better to make sure that this actually gets to young aboriginals?

•(1055)

[Translation]

Grand Chief Lucien Wabanonik: Thank you for that question.

Perhaps the first thing to do would be to remove the 2% limit. It has been in place for 20 years, and in no way helps us catch up.

[English]

Mr. Ted Menzies: That's pertaining to the education part of it. On the skills and employment partnership, have you looked at ways on your reserves that you could implement this? Do you have the physical training facilities, or are we looking at construction of new facilities to provide this training?

•(1100)

Chief Gilbert Whiteduck: It depends on the community. A lot of communities are prepared to offer training courses in partnership with colleges and with the Ministry of Education. Those are ready to go. But the funding has to flow and it has to flow very quickly.

We recognize that there's been some effort made. We need to recognize that that's a fact—except the reality of day to day, whether it be housing, water, or education, is that there is so much catching up to do that it's frustrating and upsetting at the community level. That's the problem we're meeting. Now we're hearing the budget announcement and we still don't have any clue of when it's coming, how we should be preparing. As the chief of a community, none of that has been told to us. So we are in limbo. We are ready to move, ready to have concrete action that will stimulate our own community economy and will stimulate the economy around our communities. When money flows to our communities, the local municipalities gain from that because we're spending our money in those municipalities, so everyone wins.

Let's get the money flowing and get things done now as we look at other issues like education, which, I would put to all of you here, is the key to pulling us out of poverty. We need to make a significant difference in the areas of education and training and we need to do it very quickly.

Mr. Ted Menzies: I couldn't agree more.

The Chair: Thank you, Mr. Menzies.

We'll go to Mr. Mulcair.

[Translation]

Mr. Thomas Mulcair (Outremont, NDP): Thank you, Mr. Chairman.

Now it's my turn to congratulate and thank the people who have come to give testimony today and who have shed light on a number of topics. We don't have a lot of time, so I am going to focus on just one of these topics. The Conservatives, with the shameful complicity of the Liberals, are preparing to take rights away from Canadian women. They will not be able to turn to the courts to ensure that their human rights are respected, in particular the right to equal pay for work of equal value.

In this regard, I would like to thank Ms. Asselin for clarifying one point. I had to withdraw my remarks in the House after I called the president of the Treasury Board a liar. He had stated that what he was proposing was the same as was being done in Quebec. I realized that

because of the rules of Parliament, I had to retract my remarks, but it was not because I was wrong. Thank you for that clarification.

I would also like to thank Mr. Gordon for telling us the truth in such a lively manner. Today's *Hill Times* contains some of his remarks. I would also like to focus on the legal presentation. I am also a lawyer, Mr. Grenville-Wood, but I must admit to you that I rarely heard such a complex matter. I myself practised labour law for many years, but I must say that you have really succeeded in getting to the heart of the matter and sharing it with the committee members. I sincerely thank you for that.

[English]

Today, Mr. Chair, *The Hill Times* teaches us that this bill is about to go through your committee at "lightning speed". Now, that particular quote about "lightning speed" comes from Mr. McCallum. Having had the occasion to work with Mr. McCallum over the years, I've noticed that he doesn't do anything at lightning speed—

Some hon. members: Oh, oh!

Mr. Thomas Mulcair: —but "Lightning McCallum" has decided that this bill has to go through the committee very quickly.

I guess the reason is the following: the Liberals, who still have the name even though they don't have the principles, are going to allow this bill to go through this committee despite the fact that it removes a human right from Canadian women to have equal pay for work of equal value.

There was a time—in fact, it was November 27, 2008—when the Liberals believed this was such an important issue that they were ready to topple the government. They had a Liberal leader at that time. Two months later, the exact same provision is in this bill, and now they're pleading; they're saying that because of the economic downturn they have to go against women's rights. What a scandal.

That, coming from the Conservatives, is an ideological standpoint and doesn't surprise us, but it is properly scandalous to hear the party of Pierre Trudeau, the party of the Charter of Rights, come before this committee today and plead in favour of the removal of human rights from Canadian women, saying that it's because of the economic downturn.

The two are unrelated. There's not a single penny involved in this bill. There's no spending involved. The government has admitted that it won't save any money. They're simply withdrawing from women the right to have equal pay for work of equal value.

The bill goes further, and this is a point well worth looking at. It now sets the bar at 70%, across the board, for the triggering mechanism to determine when this can be looked at. The problem is that Ontario, Quebec, and New Brunswick have set it at 60% over the years, so the government is essentially, through the back door, eliminating any possibility to even trigger the weak mechanism that's there. And with the complicity, the shameful complicity, of the Liberals, this bill is going to get through.

The only thing that Lightning McCallum and his team are worried about is getting this bill through as fast as possible so they don't have to wear the shame of backing the Conservatives in taking away women's rights, taking away workers' rights, taking away native rights, and taking away all of the things they claim to represent and speak for in this country but simply don't believe in.

You know why, Mr. Chair? Because they don't believe in anything. They are the most unprincipled group ever to have sat in this Parliament.

• (1105)

[Translation]

Mr. Chairman, I would like to ask Ms. Asselin to tell us if in her opinion, there is some kind of financial motivation behind this proposal from the Conservatives, with the complicity of the Liberals, or is it more of an ideological attack?

Ms. Michèle Asselin: I would say that it's both. First of all, the government says that we need a budget that allows for quick action and job creation. However, when they create jobs by way of infrastructure programs—which can be a good strategy—for the most part, the jobs are for men. You may say that both women and men are experiencing the crisis the same way, and that even jobs for men were lost. Except that in the case of women, we started off further back.

The decision to refuse to pass proactive legislation on pay equity is an ideological one. Particularly since all the figures show that women earned less before the crisis and even less during the crisis. We are still earning 70% of what men are earning, despite the fact that we women are better and better educated. And the situation is even worse if you are an immigrant woman or an aboriginal woman.

What are words worth when one is making a commitment to fight discrimination? The government must roll up its shirtsleeves very quickly and bring in budgets that have real measures to stop discrimination against women. Within the context of the current crisis, if the government ignores the status of women instead of moving towards equality, women will see no progress, or at the worst, they will lose ground. That is where ideology comes into play. Why is the government fighting pay equity? That is a good question. In our opinion, this is a totally unjustifiable step backwards, particularly since Canada—and even Mr. Harper—reiterated its commitment to respect the Convention on the Elimination of All Forms of Discrimination against Women.

I realize that there is an economic crisis on the way and that funding must flow quickly, but the government has to realize that discrimination against women does exist in Canada. If the government does not take that into account, the status of women will deteriorate.

Mr. Thomas Mulcair: Thank you very much, Ms. Asselin.

In closing, on the very specific point of the economy or the lack of money, we are after all dealing with legislation to implement a budget. Mr. Flaherty tells us that the aim of the budget is not to allow the government to save money. So, once again that brings us to the issue of why this matter is included in a bill to implement the budget. Isn't clear that with a threshold of 70%—that is to say, 70% of the members of an occupational group would have to be women—the

government is just trying to make sure that never again there will be any ruling in favour of women in cases of discrimination based on gender. In other words, a woman would never be able to get equal pay for work of equal value.

Ms. Michèle Asselin: It is totally unjustifiable, since all the figures show that systemic discrimination against women does exist. It is high time that women see some progress made. So, we need proactive legislation. But part 11 in its current form certainly will not bring about progress. Women will lose ground. The government is sending a very clear message to all other employers that the days of pay equity in Canada are over. So the government absolutely must change its approach.

[English]

The Chair: Merci, Madame.

We'll go to Ms. Hall Findlay, please.

Ms. Martha Hall Findlay (Willowdale, Lib.): Thank you.

Thank you very much to all the witnesses for your time this morning. I would like to say that my comments are in the context of the comments of my colleague, John McCallum, that there are many parts of this budget that we as Liberals do not support, that we do not like, but there is an overwhelming need in this country to deal with the economic challenge. We do understand the need to get money out, particularly to those in need, as soon as possible.

I will also make the comment to my other colleague, Mr. Menzies, that the effort to get money out to those who need it quickly does not necessarily need to have pay equity legislation, navigable waters legislation, and various other aspects in this budget bill that are not necessarily budget items.

In those two contexts, however, in understanding that the pay equity legislation proposal is flawed, I would like to do what we can to be constructive. Pay equity is an issue for both unionized and non-unionized women. I appreciate very much the input from the unionized sector this morning, but I also want to make sure that it's clear that it affects non-unionized women. So my question is to Madame Asselin. Acknowledging, if you will, that there is a need for legislation—and you can disagree with me—do you support the concept that the human rights commission approach has not been perfect, that there is a need for firm legislation at the federal level? If you do, do you support the examples we have seen so far in Quebec, as you talked about, in Manitoba, and in Ontario? I ask that in an effort to add input to the Conservative government to possible ways that they can improve what they're proposing.

•(1110)

[Translation]

Ms. Michèle Asselin: You are absolutely right. Pay equity is a matter of fundamental justice for all Canadian and Quebec women. I cannot speak to the laws of Manitoba or Ontario, since I am not an expert. However, I can tell you that the proactive legislation on pay equity in Quebec, which we passed over 10 years ago, marked important progress for women. But despite the adoption of this proactive legislation in Quebec, we still need to help non-unionized women. If this bill which will restrict the rights of unionized women is adopted, just imagine what kind of message the government would be sending to other employers. It is high time to take up the fight against discrimination against women once more. However, the meaning within part 11 does the exact opposite.

I would invite you to look at the work done by the Task Force on pay equity. The task force did important, detailed and in-depth work, and conducted inquiries, and its recommendation is clear: we must adopt proactive pay equity legislation. Therefore, we certainly cannot support part 11 of this bill.

[English]

Ms. Martha Hall Findlay: Merci.

The message—yes, legislation is needed, but it can be much improved—is a very strong one for the Conservative government.

I have an additional question for Mr. Grenville-Wood. In both cases you talked about the unconstitutionality, in your view, of these two additions. I just want it on the record, and you can confirm it, but it sounded as though you were saying pretty clearly to the current government that with the passage of this bill with these elements, including the pay equity one—and your material specifically also indicates that the view is that that too is unconstitutional—there will be constitutional challenges to both.

The Chair: You have about 30 seconds to answer, Mr. Grenville-Wood.

Mr. Geoffrey Grenville-Wood: Thank you, Ms. Hall Findlay.

Our position is that this legislation will attract litigation. I'm not saying that we will undertake litigation or that anyone else necessarily will, but I suspect it will attract litigation.

I suspect that litigation will go to the constitutionality of both provisions: pay equity, with respect to a breach of section 15, and the other with respect to a breach of section 2 dealing with the freedom of association.

Let me just add that neither of these pieces of legislation, in our view, is saved by section 1 of the charter. That is the escape clause, if you wish, which allows governments to act in a way that is consonant with “a free and democratic society”. I don't think these pieces of legislation would pass that test.

•(1115)

Ms. Martha Hall Findlay: Thank you very much.

The Chair: Monsieur Carrier.

[Translation]

Mr. Robert Carrier (Alfred-Pellan, BQ): Thank you, Mr. Chair.

Good morning, ladies and gentlemen. I find it unfortunate to hear what you are telling us, and the Bloc Québécois shares your views.

A little earlier, the parliamentary secretary said that we must focus on stimulating the economy and that it is urgent to adopt the implementation bill. However, the bill contains some elements which make it unacceptable. I denounce the support given by the Liberals to the government, which has included ideological reforms in a budget which should only be focused on economic stimulus.

As a member of Parliament, I am almost ashamed of talking to my constituents, whom I run into on a regular basis. These people need housing. The budget does nothing to increase worker eligibility to employment insurance. Less than 50% of workers receive employment insurance; the other half are not eligible because they have not worked enough hours. The government has chosen to extend the length of time people can receive EI benefits, but of those eligible, only 10% receive benefits for the entirety of that period. This measure is a failed attempt to help workers.

The problems are huge. The government has attacked pay equity, something which has been discussed at length. The stimulus plan also includes a measure regarding collective bargaining, and it amends the Competition Act. It even has a section on the Navigable Waters Protection Act. In fact, the stimulus plan would see the act amended. We studied the bill at the Standing Committee on Transport, Infrastructure and Communities, and we did not get to the bottom of things. So now it has been included in the budget and we are being asked to quickly accept it. So you can understand why the Bloc Québécois did not support the budget.

I have a question for Mr. François Roy regarding social housing. It is an issue which deeply concerns me; there is a huge shortfall of public housing. Statistics show that Quebec alone needs 52,000 social housing units. You said that 800 units might be built under this budget. The Canada Mortgage and Housing Corporation, which used to be in the social housing business, has a surplus of over \$8 billion. We might ask ourselves what this surplus is good for. The Auditor General has said that a reserve or surplus of \$2 billion is more than enough.

I would like to know what Mr. Roy thinks about the Canada Mortgage and Housing Corporation's surplus, which could have been used in the stimulus plan to specifically help build new social housing.

Mr. François Roy: Indeed, the huge surplus could be used to help address the social housing shortfall in Canada and Quebec. According to FRAPRU, it does not matter where the money comes from, we have to invest more in community and social housing. For years now, we have been asking that investment in social housing be doubled. We would like to see \$2 billion of new money per year invested in social housing. For us, that would be the minimum, because ever since the federal government pulled out of social housing in 1994, and even before that when Brian Mulroney's Conservatives were in government, it created a shortfall of 50,000 units in Quebec alone. If we had maintained the same level of investments since 1994, we would not have this current crisis. There would be 50,000 more social housing units in Quebec today.

Mr. Robert Carrier: Thank you, Mr. Roy.

My question is for Mr. Grenville-Wood.

You said that the principles of collective bargaining would be eliminated under part 10 or 11 of the bill. I would like you to tell us a little more about the national and even international repercussions this might have.

• (1120)

Mr. Geoffrey Grenville-Wood: The International Labour Organization has adopted Convention No. 87, which deals with the collective bargaining of contracts between employers and employees. So this is already enshrined in international law. Further, the Supreme Court has ruled that collective bargaining is part and parcel of international law. The Supreme Court interpreted paragraph 2(d) of the charter that way, since collective bargaining is enshrined in international law, because Canada is a signatory to the convention. So Canadian law has absorbed that principle of international law. For this reason, the Supreme Court amended decisions going back years which were counter to the interpretation applied to the case involving British Columbia's health care services.

The Chair: Thank you.

Mr. Bernier, you have the floor.

Hon. Maxime Bernier (Beauce, CPC): I am very pleased to take part in this discussion today.

A lot of people are saying that our government should do more to stimulate the economy. People are talking about economic stimulus and how money will be spent to benefit specific lucky groups, including all of us and our children. However, they are the ones who will have to pay back the cost of the stimulus package. As you know, the Government of Canada is taking on debt to stimulate the economy. We are doing this by using a balanced approach which takes into account the short-term need to stimulate the economy, that is, to help groups in need, and the long-term impact this debt will have on all of society. The long-term impact will translate into additional taxes which all Canadians might have to pay in the future.

Mr. Roy, I was pleased to hear you say that our plan will create an additional 850 social housing units in Canada. As you know, social housing is a shared jurisdiction between the federal government and the provinces. So the budget includes money for social housing, but we cannot forget that the federal government has done much for Quebec since it was elected. Federal transfers to Quebec increased by over 37%. In 2009-2010 alone, Quebec will receive \$17 billion

from the federal government. Since our election, equalization programs transfers have increased by 70%. This year alone, that represents \$8.3 billion. It is an area of shared jurisdiction. We have done our part, and the provinces are free to choose whether to also invest in social housing.

My question is for Mr. Roy.

You said a little earlier that the Canadian debt should be increased by \$2 billion to help solve the social housing problem in Canada. Did I understand you correctly?

Mr. François Roy: In our opinion, it's not an expenditure but rather an investment to foster economic and social development. Investing in social housing, particularly during a crisis such as this, enables significantly more jobs to be created while resolving major problems such as poverty.

The federal government played a very significant role in the development of social housing after the Second World War. There was the creation, among other things of the Canada Mortgage and Housing Corporation. As I mentioned earlier, Brian Mulroney's Conservative government unfortunately withdrew from this in 1994, and that decision had major impacts on Canadians, particularly low-income households.

As was mentioned, the most recent budget includes investments to allow the creation of nearly 800 units in Quebec, but this is very little. In the Saint-Georges de Beauce region alone, 1,700 households spend more than 30% of their income on housing. The vacancy rate is 0.6%, although experts agree that a balanced rate would be approximately 3%. One small municipality in Quebec shows us what is happening throughout the province. Yet, the budget will only allow us to build 800 units throughout Quebec. In our opinion, this is not an expenditure but rather an investment.

• (1125)

Hon. Maxime Bernier: I was pleased to note, as you said earlier, that this is an area of shared jurisdiction. You incessantly say that the various orders of government should invest more in social housing. I think that it's a good thing to do. As I mentioned, difficult choices had to be made with regard to the budget, and we made one. In passing, Quebec has the means, thanks to the equalization formula, to invest in social housing. I hope that the governments of the other provinces will follow suit as you have done.

Mr. François Roy: If I may, Mr. Chair, I would like to clarify that the Federation of Canadian Municipalities has indicated that social housing is a shared responsibility, but that the federal government should play a major role in terms of the housing crisis. We recognize that the Government of Quebec plays a role, but so do the Government of Canada and the municipalities. The majority of the spending power is situated at the federal level.

[English]

The Chair: Merci.

Mr. McKay.

Hon. John McKay (Scarborough—Guildwood, Lib.): Thank you, Mr. Chair, and thank you to the witnesses.

I am going to direct my question to Mr. Beauchamp.

Mr. Beauchamp, as obnoxious as it may be on the part of the government to throw all of these other things into the budget bill, you'd have to agree that the Competition Act has been in need of a fix for quite a while. Certainly criminally it is very difficult to obtain a conviction. You not only have to prove conspiracy but also have to prove that somehow or another it created damages. Consequently, there have been virtually no convictions under the current legislation.

The government is proposing that you don't so much have to prove the damages any more. I certainly fail to see how your body is really going to be affected under the criminal provisions. I can see how you may be more concerned with regard to the civil proceedings. Surely there is an argument to be made that consumers should be able to access real estate services on a competitive basis without there being some sort of backdoor agreement among brokers as to how much will be charged in a particular region for commissions.

Mr. Pierre Beauchamp: Thank you for the question, Mr. McKay.

Basically, we are very concerned that small business in Canada is targeted by this particular proposed change. The undueness element exists at the moment. I think it is powerful, in that before things can happen here you have to be able to demonstrate that there has been an abuse, that market power has been attempted, or at least thought of. In this case, when you're talking about people just trying to come up with good, solid competition—which is the purpose of the Competition Act, by the way—and you see them targeted in this particular situation when basically they are just trying to do a good job.... They can still be captured if it's proven, under the present law, that there is undue lessening of competition. There is absolutely nothing wrong with those particular conditions as they exist today.

Hon. John McKay: That has become virtually impossible to prove, hasn't it?

Mr. Pierre Beauchamp: Certainly in real estate if two real estate brokerages have controlling interest in a particular area, I think that would be fairly easy to demonstrate, as a matter of fact. Obviously it requires research.

Hon. John McKay: It's fairly easy to demonstrate the fact that there is an agreement among brokers in a given region. What is difficult to prove, though, is the damage, or that competition has been reduced as a result of that agreement.

• (1130)

Mr. Pierre Beauchamp: That may be, but the contention we have for the government to establish that is that the tools are there today. As of now we are concerned, because we're talking about small-business people, and there have not have been any major attempts. We have worked very closely with the Competition Bureau. We have a good dialogue with the bureau on a number of topics, and that one in particular has not been the focus of their effort.

Hon. John McKay: Yes, it may be an inelegant solution. I don't disagree with you on that point, and this is, if you will, a hazard of throwing an extraneous piece of legislation into a budget bill.

Thank you.

The Chair: Thank you.

Thank you, Mr. McKay.

I thank all the witnesses for your presentations and your responses here today.

Members, we will suspend for a couple of minutes and have the next group of witnesses come to the table.

Thank you.

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_____ (Pause) _____

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• (1135)

The Chair: We have with us six organizations for our second panel: the Canadian Trucking Alliance, the Confédération des syndicats nationaux, the Québec Forest Industry Council, the Quebec Federation of University Students, the Canadian Federation of Students, and the Association of Universities and Colleges of Canada.

If we could proceed in that order for each of your five-minute presentations, we'll then go to questions from members.

Thank you all for coming in on very short notice.

We will start with Mr. Bradley, please.

Mr. David Bradley (Chief Executive Officer, Canadian Trucking Alliance): Thank you very much, Mr. Chairman and members of the committee.

My name is David Bradley, and I'm CEO of the Canadian Trucking Alliance.

Trucking is the preferred mode of freight transportation in Canada. We haul about 90% of all consumer products and foodstuffs, as well as two-thirds by value of Canada's trade with the United States. In normal times the industry employs over 400,000 Canadians, who in turn hail from virtually every community in the country. Of all the transportation modes, trucking is the major contributor to GDP. Trucking isn't necessarily the cheapest way of moving freight, but it's the service that truckers provide—the door-to-door small shipments of time-sensitive freight—that sets the industry apart from its competition. It's been said that the just-in-time inventory system and time-definite logistics systems that are so much a part of our competitive situation today have been built around trucks.

CTA is a federation of the provincial trucking associations in Canada, representing over 4,500 trucking companies from all provinces, of all sizes, serving every industrial sector in the country. Our members are involved in all facets of the business, from short pickup and delivery, local pickups and deliveries, to long-distance, cross-border movements. The intermodal freight system relies upon trucks to start or complete every shipment. Therefore, trucking is perhaps the best leading indicator of economic activity there is. We're a drive-demand industry. As the economy goes, so goes trucking. My members feel every economic jolt. We are usually the first in and the first out of a slowdown, often by six months or more.

While perhaps no one could have foreseen the financial crisis that has rocked world markets in recent months, which has certainly exacerbated the economic situation in North America and beyond, the fact is that the trucking industry in many parts of the country, but starting particularly in central Canada, has been grappling with the freight recession for over 18 months now. The significant deterioration in freight volumes that our industry began experiencing a year and a half or more ago was clearly a harbinger of what was to come for the overall economy, a point we attempted to make in the pre-budget consultations in each of the previous two federal budgets.

Moreover, I can tell you there is virtually no indication that a recovery in freight volumes and therefore in overall economic activity is on the near-term horizon. This fact is reflected in reduced employment numbers in our industry. Last month alone, almost a fifth of the national decline in employment in Canada was attributed to reduced employment—almost 30,000 jobs—in trucking, especially in Ontario. In addition, the industry has witnessed a record number of bankruptcies in both 2007 and 2008 and a significant reduction in the number of trucks crossing the busiest Canada-U.S. border entry ports over each of the last two years. It's now reached the point where volumes are less than they were in the year of 9/11. It is no surprise to the trucking industry that Canada now finds itself in a trade-deficit situation.

The moderation in the price of diesel fuel and the depreciation in the value of the Canada dollar in recent months have come too late in the current business cycle to be of much benefit. Of course the fact is that our biggest customer—the United States—simply isn't buying. So it will come as no surprise that during the consultations on the 2009 budget, we felt that a package of initiatives aimed at stimulating economic activity in the short term was warranted, but we also believed that those measures should be in the long-term competitive interest of the Canadian economy. For example, we welcomed the announcement, on the part of the federal government in concert with the provinces, about accelerating the investment in infrastructure such as highways and bridges.

We believe, however, that infrastructure dollars should be invested strategically. When it comes to highways and bridges, it's important to us that most of the funding go to projects that are part of the country's key economic corridors. We were pleased that a number of the projects recommended by CTA and the provincial trucking associations were specifically mentioned in the budget. In addition to a strategic infrastructure program, we believe there also needs to be a meaningful program of measures introduced to get consumers, both the public and businesses, purchasing and investing again. We acknowledge that the budget contains some modest measures for business, such as the increase in the annual amount of active business income eligible for the reduced small-business federal corporate income tax rate and the 100% CCA writeoff for computers and software. We have also received early positive indications from our vehicle financing companies with regard to the creation of the \$12 billion Canadian secured credit facility to support financing of vehicles and equipment for consumers and businesses.

• (1140)

You had to look deep into the notice of ways and means, but the budget also calls for a repeal of an arcane provision of the customs tariff, section 9801.10, which technically, at least, required Canadian

trucking companies to pay duty and taxes on U.S. trailers in cross-border moves.

Whether this is enough, in combination with these and other budget measures, to provide short-term stimulus remains to be seen. I can only say that we hope so.

We recognize that there are and will continue to be many demands on the federal government from many sectors seeking inclusion in a stimulus package. I can only speak for trucking. We don't expect government to solve all of our problems, but there is a role for the federal government to facilitate positive long-term change in industries like ours. As I stated previously, the trucking industry is the major contributor to GDP of all the freight transportation modes and as such has a major potential role to play in the economic turnaround. The industry's ability to invest in new equipment, trucks, trailers, and other equipment, not for expansion in these times but to replace older, worn-out equipment with safer and more environmentally friendly equipment, has been severely impaired over the last two years.

We were disappointed by the absence of some other measures that we had been proposing, which we believe are not only justifiable in these difficult times but also justifiable in terms of sound and appropriate tax policy in the country's long-term economic, safety, and environmental goals—

The Chair: Mr. Bradley, could I ask you to conclude, please?

Mr. David Bradley: I'm moving.

Specifically, we talked to you during the budget consultations about a program to accelerate the penetration of smog-free trucks and fuel efficiency devices that will tackle GHG. We didn't see anything. We wanted to see the implementation of the two-cent-per-litre reduction in the federal excise tax on diesel fuel. We didn't see that. Not only does that make sense—and perhaps it's not all that it's cracked up to be in terms of a stimulus package, but it is sound economic and tax policy. That tax should have been woven in with the GST 20 years ago.

Finally, we asked for an acceleration of the capital cost allowances for trucks and tractors, nothing different from what you provided to the railways in 2008 and to other sectors of the economy but that didn't come to our industry. Again, that is fundamental, long-term, sound tax policy.

In closing, no industry feels the pain or understands the economy and that these are challenging times better than trucking. We believe in an appropriate response to the immediate challenges but also to long-term, sound tax policy for our sector to rid us of some of the issues we've been dealing with and labouring with for years.

Thank you very much.

The Chair: Thank you.

Monsieur Patry.

[*Translation*]

Mr. Pierre Patry (Treasurer, Confédération des syndicats nationaux): Thank you very much, Mr. Chair.

I want to thank the Standing Committee on Finance for allowing the Confédération des syndicats nationaux, or the CSN, to express its opinion on Bill C-10. The CSN represents 300,000 members across Canada, the majority of whom are in Quebec, and in all sectors of activity.

During the current financial crisis and recession, the Conservative government finally resigned itself to tabling a budget that included an economic stimulus package. Although there is money in this stimulus package, the CSN feels that this budget remains unacceptable and unfair for the unemployed, older workers, women, and Quebec. Furthermore, attacking the right of public service employees to negotiate their wages is completely unacceptable.

The budget proposes no new approaches to basic issues such as equalization and federal transfers for social programs, support for the failing economic sector, employment insurance, the tax burden, climate change, in addition to attacking fundamental rights.

The changes announced to the equalization formula last fall, and then confirmed in the budget, are major and unacceptable for Quebec, which will lose a billion dollars this year and up to \$2 billion next year. As a result of this unilateral amendment of the equalization formula, Quebec is losing the only good thing that really came out of the partial resolution of the fiscal imbalance in Budget 2007.

Still in relation to equalization, Ontario benefits from an amendment to the equalization program that should also apply to Quebec. Hydro One dividends would be considered as a source of revenue under the corporate tax base rather than the natural resource base. The CSN feels that such provisions under equalization should also apply to Hydro Quebec's transportation and distribution activities.

Furthermore, federal transfers under health, post-secondary education and social assistance have increased less rapidly in Quebec than elsewhere, in recent years, because they are no longer based on needs and cost sharing, but rather on the number of residents per province. Let us not forget that the Government of Quebec is still awaiting the additional \$800 million that would restore federal funding to 1994-95 levels, in real terms, in post-secondary education.

Finally, there are clear signs in this budget of the very real continued existence of the fiscal imbalance. First, there is the federal government's desire to move forward with the implementation of a

pan-Canadian securities commission, with complete disregard for constitutional jurisdictions of Quebec in that area. There is also the initiative to directly grant loans to municipalities going over the heads of the provinces.

The CSN notes that the budget is inequitable in its treatment of the various regions of Canada, not only with regard to federal transfers, but also with regard to support for the various economic sectors, without ensuring equity between the regions. The only major budget initiative related to manufacturing concerns the auto industry, and therefore, the economy of Ontario.

Although 129,000 jobs were lost in Canada in January, it is extremely disappointing to note that the employment insurance program contains almost no substantial improvements, particularly with regard to eligibility.

Following numerous negative changes to the EI program with the 1990s reforms, we are now experiencing a major economic crisis for the first time with a plan that is ill-equipped for the situation. The CSN is still asking that the two-week waiting period be abolished, that significant improvements be made to the eligibility rules and that there be a 60% income replacement rate based on the 12 best weeks for the reference period.

Furthermore, the CSN has long demanded a financial support program to allow older workers who have lost their jobs to make ends meet in the time between when their EI benefits run out and their retirement benefits kick in.

Despite the recession reducing federal revenue, the government has decided to go forward with new tax cuts that could impose budget cuts to get out of the recession. If the tax credit to support the construction industry seeks to play a role in the economic stimulus plan, the general tax cuts for individuals is instead an ideology seeking to reduce the role and size of the state.

The CSN has calculated that the new cumulative tax cuts introduced by the Conservatives in fiscal 2009-2010, including those in the most recent budget, total \$82 billion. For 2009-2010 alone, this economic strategy will deprive the government of \$29 billion.

The CSN condemns the fact that this budget, like its predecessors, is making it even more unlikely that Canada will reach the Kyoto Protocol targets. The Canadian government continues to grant financial assistance to the oil and gas industry when even the OECD suggests abolishing them. The recent budget continues this trend: the government is offering hundreds of millions of dollars to develop a carbon capture project, yet another initiative that will benefit the oil companies.

● (1145)

Lastly, I would have a few words to say about the fundamental rights that are being undermined by bill C-10.

First of all, there is the issue of federal public servants' pay increases that have been capped at 1.5%. In the case of the CSN and its affiliate, the Union of Canadian Correctional Officers, an agreement was reached for a 2% increase for 2009-2010. We are witnessing a denial of the right to negotiate, as recognized by international conventions.

As for pay equity, we believe that the bill is an affront to women's fundamental rights and the recognition of the value of their work. The government is even redefining the notion of "job class", allowing it to limit the concept to "female predominant job group". The government is making this right negotiable, rather than requiring the implementation of true pay equity programs.

We are calling on the government to remove the pay equity provisions from bill C-10 in order to adopt truly proactive legislation at a later date.

• (1150)

The Chair: Thank you, Mr. Patry.

Mr. Chevette, the floor is yours.

Mr. Guy Chevette (President and Chief Executive Officer, Quebec Forest Industry Council): Thank you, Mr. Chair. To simplify things, I will take the two five-minute blocks, that is the one granted to my colleague Mr. Vincent and myself, for a total of 10 minutes.

The forest industry has been in a crisis since 2005. Some levels of government are only starting to understand that we are in a major crisis. That is surprising, given that some other groups took only six months to understand the situation.

At the outset, allow me to refute the argument of some politicians who say that there can be no support for the forest industry because of the softwood lumber agreement. I would ask you to refrain from making that case, because it is utterly false. It is intellectually dishonest to say that. Allow me to give you a piece of advice: I would suggest you read the arguments concerning the present dispute put forward by the American coalition. Their case plainly states that the matter does not revolve around a loan guarantee at a commercial rate. So please do not say it is impossible; it is extremely possible.

I am very happy for the 500,000 workers in the automobile sector, but extremely disappointed for the 825,000 workers in Canada's forest industry. In Quebec alone, there have been 42,000 job losses since April 2005. No one seems to want to provide us with assistance. Measures have been taken, but who will benefit from them if there is no loan guarantee program to allow for refinancing? This will be a good budget for those who have made it through dire straits, but it does not help businesses and the industry as a whole.

That is the crux of the problem. Some politicians are justifying their position and firmly maintaining that it is impossible within the framework of the softwood lumber agreement. I am asking them to show me the section of the NAFTA treaty or softwood lumber agreement that states otherwise, and they should reread the arguments of the American coalition. They will come to realize that they are out to lunch. What they are saying does not hold up and stand analysis. I would add that, under the circumstances, it is pernicious to make people believe that the industry cannot be helped because of an agreement that is in place. Let us put an end to that, it is simply not true.

We have written to all political leaders and have asked for loan guarantees. We thought that we would be treated fairly, but we were not. You may well have nice support programs in place, but they will

only be for those still left standing. The crisis in the forest industry is not over; you and I both know that.

From 2,200,000 permits in the United States, we are now down to 466,000, as of last week. You can imagine how serious that is for our exports. It is obvious. I do not believe that there will be an economic turnaround before the end of 2009, or even the start of 2010. We need a refinancing program and a support program in order to be well positioned for the recovery. Some businesses have to carry out major repairs, but do not currently have access to credit. Others would like to profit from the crisis by innovating but cannot make any investment, for want of capital. Governments—including provincial governments—are putting money on the table, but we do not even have the additional money to invest in order to benefit from these advantages.

I am pleading with you. I ask you to think before stating that you are unable to help. If the situation is dramatic in the automobile sector, it is all the more so in ours. In Quebec, 150 small towns depend 100% on the forest, while another 100 are 80% dependent on it. Think about that. That is the situation in Quebec today.

I ask you to show a little sensitivity and not engage in partisan games. We need true support.

[English]

The Chair: Merci.

We'll go now to the Quebec Federation of University Students, please.

[Translation]

Mr. David Paradis (President, Quebec Federation of University Students): My name is David Paradis. I am the president of the Quebec Federation of University Students, the FEUQ. We represent 120,000 university students from across Quebec throughout the academic levels. We are also the only university student representative group recognized by the Quebec government.

I thank the committee for having invited us here today. However, I have to say that we are very concerned about the budget we were presented with on January 27. There is a serious lack of vision for post-secondary education. The budget is deplorable in three respects.

First, rather than dealing with the underfunding of post-secondary education, the budget interferes in areas of provincial jurisdiction. Second, it widens the funding gap between various university disciplines. Third, we deplore the budget because it reduces basic funding for granting agencies that support research.

In terms of funding—I heard some stakeholders speak to this—there is a consensus regarding the \$3.5 billion shortfall in federal transfers for post-secondary education, that would be required to catch up to the 1994 level of funding. In our opinion, as is the case for all advocates for education in Quebec, restoring federal transfers to the 1994 level will provide the solution. It is quite simple, the provinces are responsible for expenditures and education, therefore it is simply an issue of common sense that the provinces should be given the means to exercise their jurisdiction in the field of education.

Rather than resolving the underfunding issue, the Harper government is infringing on the provinces' areas of jurisdiction. In fact, the budget provides for \$2 billion over two years, managed by Industry Canada, and this is exclusively to speed up the repair and oversee the maintenance of university and college infrastructure, without any mention of the provinces. In short, this is \$2 billion to repair the windows and mop the floors, but there is absolutely nothing with which to hire new professors. That is more or less what is in the budget. Let's say that this is a very narrow vision of universities because, we must not delude ourselves, improving infrastructure cannot be the solution to the problems that our colleges and universities are experiencing. We must hire professors, make studying accessible, and provide well-stocked libraries. These are critical elements in order for our universities to be quality establishments. And, let me remind you that our universities have an undeniable impact on the economy. It is therefore most unfortunate.

The provinces are in the best position to effectively respond to the reality of universities. It should therefore be their choice to decide in which way to use these resources, and not Industry Canada's, that much is clear. It is truly unfortunate.

Another deplorable aspect of this budget is that the government is temporarily topping up the Canada Graduate Scholarships Program by funnelling \$87.5 million to it through the federal granting agencies. And yet, with the knowledge economy and competition from emerging countries, we simply cannot allow ourselves to take temporary or timid action. We will receive no gifts from the other countries of the world. We need long-term, strong and productive measures. This is not what we see. The government is indeed adding to the inequity between disciplines. The humanities are neglected. Not only are they neglected, the only sector being funded is the financial sector, which is somewhat problematic.

We see that the social sciences and humanities research council will receive \$17.5 million in new bursaries, whereas the other two councils will each receive twice as much, that is to say \$35 million. It makes us wonder whether the humanities, like economics, psychology, social work or public administration are of lesser interest. Is this to say that the disciplines of the social sciences and humanities that do not deal with business are without interest? This is, once again, a budget decision that reveals a very narrow vision and a disconnect, which we deplore.

Finally, we also lament the cutbacks to research granting agencies. We see that the budget provides for successive cutbacks of 17, 43 and \$87 million over the next three years, without taking into account the suspension of funding for Genome Canada, which represents \$100 million per year, 33 research projects and 2,000 jobs, and this at a time when the job market is shrinking.

Once again, in this global economic reality, with competition from emerging countries, and the realities of the knowledge economy, we will certainly not distinguish ourselves on the world scene by making massive reductions in research. Once again, this is most unfortunate.

As you have seen, we regret the lack of post-secondary education vision in this budget. We see some kind of very fuzzy idea of the knowledge economy in this budget, under which the government

prefers to invest in concrete rather than in brains. We wonder if someone has mistaken one grey matter for another.

• (1155)

We thus encourage the members of Parliament to amend this bill to ensure that the reality of Quebec students is better taken into account, in accordance with the points we have just raised.

• (1200)

[*English*]

The Chair: Merci.

We'll go to the Canadian Federation of Students.

Mr. Ian Boyko (Government Relations Coordinator, Canadian Federation of Students): Thank you, Mr. Chair.

Thanks to the members of the committee for inviting the Canadian Federation of Students to appear today.

I will be addressing three facets of the budget: the infrastructure for universities and colleges; research funding; and the student loan crackdown.

The 2009 budget allocation of \$1 billion in 2009 and \$1 billion in 2010 for campus infrastructure is a significant commitment to our public institutions. But for reasons that have yet to be articulated, only a quarter of this funding will be distributed to colleges and technical institutes. This is a regrettable apportioning of this funding.

Beyond the college and university split, the government has decided that there should be at least two caveats to receiving this funding, both of which the Canadian Federation of Students opposes.

First, the infrastructure funding will be directed primarily to research facilities. This is unhelpful. Research facilities already have a significant amount of federal funds flowing to them, including from the Canada Foundation for Innovation. Many institutions, large and small, but perhaps especially the small, will not benefit from the infrastructure funding because their needs lie elsewhere: in classrooms, residences, and offices, to name a few.

The second caveat—that federal dollars for infrastructure be matched—is also unhelpful. Many institutions with urgent needs will likely have difficulty leveraging that funding from provincial governments or, worse, from a private sector already limping because of a recession.

We urge you to remove these two criteria from the campus infrastructure funding.

I'll move on now to address the research funding in January's budget. In our pre-budget submissions, we were vocal advocates for increased graduate scholarships for Canada. However, we were very disappointed to see the government's proposal to increase social and cultural research funding for only a very narrow range of disciplines, just as we were disappointed to see \$150 million in cuts to the granting councils.

Having business-only scholarships is a short-sighted initiative that is totally divorced from the realities of graduate student enrollment in Canada, not to mention an unnecessary departure from the spirit of the program when it was introduced. Roughly 50% of student researchers in Canada work in the social sciences and humanities, a majority of which are women. Of these student researchers, roughly 7% are students in the graduate business programs eligible for the federal research grants, and the majority are men.

It is not the government's role to direct the granting agencies as to what research projects to fund. This is precisely why such bodies are independent from government. Each of the granting councils allocates funding based on a peer review of applications. As such, each proposal is judged according to its merits. There is no good reason to discontinue this practice.

In forcing the granting councils to fund only certain disciplines of its choosing, the government is intervening in an area in which it has no expertise. As with the strings attached to the CFI in the budget, the Minister of Industry is masquerading as an expert where he is not, and bureaucrats in Industry Canada are taking on responsibilities that they have no business taking on.

The government's interference is unwelcome and is contrary to proper science. We implore you to let the experts do their work and give research grants to those who deserve them, business students or otherwise.

I'll finish my remarks today by discussing the unanticipated student loan crackdown that crept into the budget's Bill C-10. It's not so much that we oppose measures that increase the integrity of the Canada student loans program or that we would counsel anyone to commit fraud on their applications; what is frustrating about the legislation, starting at about clause 358, is how the government is diagnosing problems.

If students and their families are actually desperate enough to tweak their student loan applications to go even deeper into debt than they technically should be, their real needs are not the problem. The problem is the government's underfunding of an unaffordable post-secondary education. The problem is a flawed application process that does not meet the need of average income earners.

The budget's unanticipated student loan changes could target those for whom Canada's student debt-based system has failed. We encourage the committee members to make sure that the budget legislation attacks the causes and not simply the symptoms of an underfunded public university and college sector.

In closing, the government has correctly identified several areas of need in post-secondary education and research. However, the level of interventionism associated with the spending is either misguided or simply detrimental to the budget's stated goals.

Thanks again for this opportunity to discuss the budget. I look forward to your questions.

The Chair: Thank you.

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

Ms. Claire Morris (President and Chief Executive Officer, Association of Universities and Colleges of Canada): Thank you, Mr. Chairman.

Thank you for the opportunity to present AUCC's views regarding the budget implementation bill.

[*Translation*]

The acknowledged challenge for this 2009 federal budget was how to most effectively provide a stimulus to the Canadian economy during the most significant global economic downturn in decades.

Universities responded quickly to this downturn in an open letter to Canadians released last October that affirmed their commitment to maintaining and enhancing their role as key contributors to the country's economy and to supporting local industries and communities in their efforts to weather these challenging times.

Over the course of the following few months, AUCC, on behalf of Canadian universities, advocated to all parties in Parliament for a package of investments that would assist the country to attain both its short-term and longer-term objectives. Specifically, we proposed investments in university infrastructure in order to make an important contribution to job creation in many communities across Canada. We also asked that the federal government maintain its investment in university research to support Canada's longer-term knowledge and people advantages, which are essential to successfully emerge from this economic downturn.

● (1205)

[*English*]

We're here today to thank the government and parliamentarians for listening to our recommendations and to reiterate that we strongly support this budget's investments in universities. I'd like to briefly highlight the magnitude of the investment in post-secondary infrastructure contained in this budget.

As outlined in the budget documents, there will be \$1 billion this year and \$1 billion next year aimed at accelerating repairs, maintenance, and construction on university and college campuses. In addition, there's an immediate commitment in 2009-2010 of \$150 million to existing Canada Foundation for Innovation competitions, as well as \$600 million for future competitions. A further \$87.5 million for a three-year expansion of Canada graduate scholarships and \$3.5 million for internships in science and business were also announced.

AUCC has provided further advice on the implementation of the infrastructure investments, recommending that the \$2 billion in post-secondary infrastructure funding build on existing provincial post-secondary infrastructure initiatives, be administratively efficient, and support infrastructure improvements across a broad range of research and teaching facilities. We anticipate that in the coming weeks, clear federal guidelines on the use of the funds and reporting requirements will be established.

We welcome these significant investments as part of a meaningful short-term stimulus package. We also recognize that they must be seen in the context of a multi-year strategy that supports the four foundational elements of the university research enterprise that work together to create the optimal environment for innovative research. Those four are the talent, the research funding, the infrastructure, and the institutional support.

We fully understand that not everything can be accomplished in one budget, and that the January budget investments represent only part of the multi-year plan the government has put forward in its science and technology strategy. We recognize that in the three budgets previous to this one, new investments in science and technology-related activities included increases in funding for the three federal granting councils to expand their core programming, building upon very substantive investments in R and D from previous governments.

However, we share the disappointment of our research community in the reductions of the granting council funds. We must keep pace with the international competition and the international context in which our research community operates. As part of their stimulus packages, countries around the world are now making significant investments in their research enterprises. In particular, the new U.S. administration has just approved an injection of billions over the next 18 months in its R and D enterprise, including large increases in the amounts of funding available to researchers.

Canada's investments through the multi-year S and T strategy will determine Canada's ability to compete on the world stage. Over the next few weeks and months our members will initiate the maintenance, repair, and construction projects that will be made possible by the significant investments in this budget, providing short-term stimulus to the Canadian economy and positioning universities to better contribute to Canada's future competitiveness. Moving forward, we're committed to working with the government to optimize these investments as a foundation for a vibrant university research enterprise that will continue to provide the highly skilled workers and innovation needed to create long-term social and economic prosperity.

Once again, Mr. Chairman, I thank you and the committee for your time and welcome any questions the committee members might have.

• (1210)

The Chair: Thank you very much for your presentations.

We'll now start with Mr. McCallum, for seven minutes, please.

[*Translation*]

Hon. John McCallum: Thank you, Mr. Chair, and thanks to all witnesses for being here today.

I would first like to make a general comment before asking more specific questions. Canada is in the midst of an economic crisis and that should be the priority of the government and of all political parties. Today, we learned that retail sales have plunged significantly. A few minutes ago, I received a message from someone whose employment insurance benefits will run out on April 4. This person wants to know whether the budget will be adopted so that he can take advantage of the 5-week extension of benefits.

[*English*]

I'm saying that although there is much in this budget that we think is bad, that we do not like, and that we think should be separated from the budget because it has nothing to do with the economy, nevertheless for us the economy is job one. The massive employment losses and a crisis we haven't seen in our lifetimes have to be addressed. The government should have acted many months ago, and it failed to do so. But now the government has billions that can go out the door, and we think our top priority is to make sure there is no further delay in that support to the economy, which will help many Canadians not lose their jobs.

[*Translation*]

That is our basic position, even if we do not agree with the government on many aspects of the budget.

[*English*]

I'd like to ask something principally to Claire Morris and perhaps to Mr. Ian Boyko.

One aspect of the budget that we don't like and that hasn't been discussed much recently is that it has no long-run vision for the Canadian economy in the 21st century.

Ms. Morris talked about infrastructure. Yes, the government is building bricks and mortar. At least they allege that they are. One of the things we will do is monitor them, because their record in getting money out the door on bricks and mortar has been deplorable. But we don't need just bricks and mortar. We need the brains that will drive the 21st-century economy. We saw in this budget very little or nothing for science. We saw Genome Canada cut off. We saw research grants cut. We've seen very little for education, which clearly has to be a priority if we're to build a smart economy going forward.

I'd like to ask Ms. Morris this. I know you like the infrastructure. Any university would like that. But where is the vision for an ideas-based knowledge economy, especially when you compare it with Barack Obama's vision? Barack Obama put billions into science and research. We've put in next to nothing or made cutbacks. Don't you think that might put Canada at a competitive disadvantage compared with the United States and other countries that seem to believe in science and technology in a way that this government does not?

Ms. Claire Morris: Thank you. In fact that is why we constantly refer to the four foundational elements of the research enterprise. Infrastructure is a very big piece of it. The talent is an absolutely huge piece of it—getting the right people there. The direct funding, the research funding available to those talented people to carry out their research is a piece of it. And then there is the institutional support that's required to support those researchers.

The focus of our AUCC pre-budget submission, as you well know, was clearly the university infrastructure. We recognized the \$5.1 billion well-documented deficit in maintenance and repairs in the universities. We did that recognizing that this had to be an economic stimulus budget for all the reasons you outlined so well in your opening remarks.

We did, however, also include in that submission a plea that the government maintain its current investment in research, because in fact when we come out of the economic crisis, we want to be sure that we have the talent and the capacity to really make the economy strong going forward.

So we would argue that the balance isn't right yet, but we know that what was needed this year was the economic stimulus that will benefit communities across the country.

●(1215)

Hon. John McCallum: Thank you.

Mr. Boyko, I would have thought that a lot of people who are potential students might be losing jobs or finding it harder than usual to get jobs, or they might have less money than normal, so I'd like your view on some further support for students, even temporarily during the period of recession. I don't expect you to disagree with me on that, but I'd like to ask for your view.

Mr. Ian Boyko: To put a finer point on it, maybe, I think the comparison to the American stimulus package is very interesting in this context, because if Canada did it on the same scale, scaled down for our economy, and if the Canadian budget did what the American stimulus package proposes to do, it would result in doubling the budget for student grants in Canada. It would result in an increase of about \$500 million to student grants. There was nothing pertaining to financial assistance in that budget, so that's certainly an unfortunate hole.

I agree. There are short-term strategies that involve stimulus and, then, as Claire said, there are things that will better prepare us when we're being propelled out of a recession. Access to high quality post-secondary education is one of those things.

Hon. John McCallum: I have one last quick question, if I may. I'm told I have 30 seconds.

Again, for Claire Morris, the record on getting money out for infrastructure has been lamentable in general. You talked about the

\$2 billion for university and college infrastructure and you say that in coming weeks they might get around to thinking about what the rules are. Should I be encouraged? This will certainly be part of our review process, but how confident should we be that this money will actually flow in the timeframe promised?

Ms. Claire Morris: Mr. Chair, I have to believe that everybody wants that money out the door so that employment can start as soon as the snow disappears. One of the pieces of advice that we've given to Industry Canada is that there's been an incredible amount of work done at the provincial level between the provinces and their post-secondary institutions. They have a list of priority projects that are ready to go, so finding a way to work effectively between Industry Canada and the provincial level will be part of the challenge.

But again, I think we all have to believe that the main objective is to get those jobs and projects moving this spring as soon as they can.

The Chair: Thank you, Ms. Morris.

We'll go to Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest: Thank you, Mr. Chair.

Greetings to all witnesses, and thank you for being here.

I find it pathetic to hear my Liberal colleague Mr. McCallum talk about the scope of the crisis in order to justify the fact that the Liberals are voting for such a budget. They are supporting a Conservative budget that has no measure to solve the problem that you have raised. On the contrary, the Bloc Québécois feels that the lack of any such measure to solve these problems isn't enough to vote against such a budget.

Mr. Chevette, I find your testimony even more pathetic. You spoke about the forestry industry in Quebec, which has been in dire straits since 2005. It's not a recent problem. You stated that under the softwood lumber agreement, there are no constraints on loan guarantees. Even the Quebec government offered loan guarantees through Investissement Québec, but the Conservative ministers Paradis and Lebel are telling us that if they did this, it would paralyze the entire forestry industry.

When Investissement Québec granted loan guarantees in Quebec, did this cause problems? Why isn't the Conservative government doing the same thing? Can you give us other reasons, aside from simply saying that it's not possible?

●(1220)

Mr. Guy Chevette: Allow me to say at the outset that Quebec is the only place where the entire forest industry officially voted in favour of the softwood lumber agreement. There is even an action plan to protect this agreement, because we cannot afford to pay anti-dumping duties of 35% or 40%. In this context, when the Quebec government takes action, it consults the industry and says that it has U.S. and Canadian legal counsel and that it studies the entire issue before taking any action. We take this issue seriously, and I am meeting this very afternoon with Mr. Stockwell Day concerning the softwood lumber agreement, to ensure that it is respected.

I am a former politician and I have no intention of betraying my past. If I recall correctly, during the leaders' debate in Montreal in January 2006, Mr. Harper himself advocated loan guarantees for the forest industry because of the crisis that had been affecting this sector since 2005. Why is it that these guarantees were valid in 2006 but are no longer so today, whereas the crisis is only getting worse? I can't see any logic in this situation.

Look at NAFTA and tell us how loan guarantees at a commercial rate of return violate... Look at what is being done in the aeronautics and automotive industry. Look at the recent arguments of the U.S. coalition. The Americans are challenging certain elements of the agreement. They claim that it violates trade terms, because they know very well that a loan at a commercial rate of return is eligible under the agreement and under NAFTA. I think that that is just an excuse to simply fall back on the existence of a softwood lumber agreement.

Mr. Jean-Yves Laforest: In a newspaper article dated February 19, ministers Paradis and Lebel stated that the industry was satisfied with the amount of \$170 million. Were you consulted on that initiative?

Mr. Guy Chevrette: They are confusing their associations. Mr. Lebel is referring to the FPCA, which has 14 members in Canada. It is a national association of paper manufacturers. My association has 300 members, and my mandate is to obtain loan guarantees. That is what I explained to Mr. Lebel on the phone. I do not understand why he persists in saying such things in letters when he knows that it is wrong. All they have to do is call the American lawyers who represent us before the U.S. coalition. I could even give them the names and phone numbers so they can check. It is a specious argument that they should not use because they are misleading the public.

Mr. Jean-Yves Laforest: Thank you, Mr. Chevrette.

Mr. Patry, you said that the members of the CSN feel that this budget is unacceptable for workers, Quebec women, basic rights and for Quebec more specifically. You talked about equalization payments and other topics, but also about Hydro One.

Could you tell us more about how this agreement benefits Hydro One, in Ontario, whereas Hydro-Quebec does not benefit? Hydro-Quebec also carries out transportation activities, but this budget does not take that into account.

Mr. Pierre Patry: I was as surprised as you to hear Mr. McCallum say that this budget needed to be adopted as a result of the economic crisis. A cooperation agreement was reached on December 1 between the Liberal Party and the NDP, supported by the Bloc Québécois. In our opinion, this agreement was a much better way to get out of the crisis than the current budget. There were other solutions than the budget.

Before the current economic crisis, there was an environmental crisis. The current budget allocates a lot of funding for infrastructure projects, and we recognize that this is good. However, we would have liked there to have been more money to develop green energy. The budget allocates \$1 billion over five years, which is quite derisory if we compare that amount to the funds allocated to infrastructure.

I want to come back to the issue of equalization. Hydro One's profits are not coming from natural resources, but rather from corporate dividends, for example from energy transmission, but Hydro-Quebec is not getting the same treatment. This creates an inequity between Ontario and Quebec in this regard, all the more so because Quebec will experience significant cuts under equalization which was one of the things, if not the major element, that resulted from the partial resolution of the fiscal imbalance. We feel that this adds to Quebec's difficulties.

• (1225)

[English]

The Chair: Merci, Monsieur Patry.

Merci, Monsieur Laforest.

We will now go to Mr. Dechert, please.

Mr. Bob Dechert (Mississauga—Erindale, CPC): Thank you, Mr. Chair.

A number of speakers today have referred to the state of our economy and, in particular, the loss of manufacturing jobs in our economy, throughout Canada. I want to point out that the 2009 budget contains multiple provisions to support and encourage manufacturing in all sectors in Canada.

In particular, there are significant new investments in road, bridge, and border-crossing infrastructure, and also measures to eliminate tariffs on a range of manufacturing machinery and equipment. There are funds for the development of manufacturing in southern Ontario under the southern Ontario development fund. There are, as we know, funds for support for the auto industry, in conjunction with the Ontario government.

I wonder if Mr. Bradley could comment on how many of these initiatives might impact the Canadian trucking industry.

Mr. David Bradley: Obviously, I indicated in my comments that we're a derived demand industry, so anything that contributes to increased aggregate demand in the economy helps our industry. Clearly, we're suffering from the impacts of the ravages that have been imposed on our traditional customers: the manufacturers, the forestry sector, and the retail sector.

To the extent that those things help, so be it, but at the same time, for us to remain competitive as a nation, and also with the onus that's placed on our industry in terms of our own safety and environmental performance, we do think there are some things germane to our sector that need to be dealt with as well.

As far as I'm concerned, this budget discussion is over. We need to be planning now for the 2010 budget, so that's the context in which I raised those things.

Mr. Bob Dechert: Sure. I understand your point. Certainly there's always more that can be done. I want to thank you for your presentation and I'm very confident that the Minister of Finance and others will look at those suggestions very carefully as they go forward towards the next budget.

The government's projection is that the changes in, for example, the elimination of tariffs on imported machinery will affect close to \$2 billion in annual imports of machinery and equipment and provide over \$440 million in savings for Canadian industry over the next five years. These will lower costs for Canadian producers in a variety of sectors, such as forestry, energy, and food processing, many of which must purchase specialized equipment from overseas to modernize their operations and enhance productivity.

I'm assuming that when this equipment comes to Canada from wherever it's coming from, it has to be moved, and your industry would be very much involved in moving this equipment in, so hopefully that \$2 billion in new manufacturing equipment will benefit your industry as it moves into Canada. I certainly hope it will.

Thanks very much, Mr. Chair.

The Chair: Thank you, Mr. Dechert.

We'll go now to Mr. Mulcair for seven minutes.

[*Translation*]

Mr. Thomas Mulcair: Thank you, Mr. Chair.

I too am pleased to welcome those who are making presentations today, namely Mr. Patry and Mr. Chevrette, who respectively represent the CSN and the forestry sector.

I will start with a question for Mr. Patry. Earlier, Mr. Chevrette mentioned that more than 40,000 jobs were lost in the forestry sector alone in Quebec. Could you indicate how many jobs were lost in the manufacturing sector in Quebec over the last three or four years?

• (1230)

Mr. Pierre Patry: In the past three years, approximately 140,000 jobs in manufacturing have been lost in Quebec.

I would also like to confirm what Mr. Chevrette has said. We have the Fédération des travailleurs et des travailleuses du papier et de la forêt. Three years ago, there were 14,000 members working in this sector, now there are only 9,500. This gives you an idea of the magnitude.

When we include indirect jobs for the industry as a whole, we can state that this sector has experienced massive job losses.

Mr. Thomas Mulcair: The Liberals are trying to have a clear conscience by saying that it is urgent. However, I would like to say that we are talking about jobs that were lost over the last three years, before the current crisis hit in August or September 2008. This is not something that has just happened.

Mr. Pierre Patry: No, indeed, this is not new. This sector is undergoing a structural crisis, but the economic crisis has doubled the difficulties experienced by this industry. That is why we are also asking for improvements to the EI program for these workers, but also for others. It is great to extend the EI program by five weeks, but individuals who are not eligible for EI will not be able to get those extra weeks. We also want to help older workers because there are a lot of them who will not be able to find a job, despite the fact that some positive measures are being implemented. So, we need to find a way to allow them to make ends meet until they retire.

Mr. Thomas Mulcair: Are you aware that the Conservative minister said that EI benefits were lucrative? That is why she said that they should not be too easy to get, because people will stay home in order to get these lucrative benefits. Did you hear that?

Mr. Pierre Patry: No, I had not heard that before today.

Mr. Thomas Mulcair: It is no mistake. She continues to say this. She has said so several times in the House.

Welcome, Mr. Chevrette. You and I have often had an opportunity to engage in what was at times lively debates because we were on opposite sides, but I must confess that, this time round, we are really on the same side, particularly as far as your analysis is concerned.

I am, in fact, going to ask you an old politician's question. Have you ever seen a government persist in publicly maintaining a lie such as this one, namely, that NAFTA and the Softwood Lumber Agreement would constitute an obstacle to the type of assistance you are seeking from the committee? Personally, I have never seen that in my lifetime.

Mr. Guy Chevrette: Me neither. Personally, you can understand why I am somewhat at a loss because, unfortunately, this statement has taken root in public opinion. As the saying goes, "Keep throwing us mud at the wall, some of it will stick." But this is false.

If I were to give you a loan at the going commercial rate, how could I have any influence over the price or the market with the Americans? That does not hold water, for someone who takes the time to stop a little bit and think about it, nothing more.

Mr. Thomas Mulcair: I do not know whether you are able to do this, but I would ask you whether or not this is possible. You referred to some legal opinions. For example, certain presentations from people in the group that testified here just before you focused on the illegal nature of the objectives of the Conservatives, with the help of the Liberals, to take away a fundamental right from women. It might help us if you were able to present us with one of these legal opinions—yours or those of the Government of Quebec, if it agrees. That would perhaps enable the people on the other side to see their way clearly with respect to this question.

Mr. Guy Chevrette: Yes, perhaps we could do this because I can tell you that the government is attending the same conferences as we are, with their lawyers, when it is a question of analyzing legalities. As you know, forests are exclusively under provincial jurisdiction and international trade is the responsibility of the federal government. So, every province is taking every possible precaution and must be consulted by the federal ministers. So why is it that the representatives of the federal government are currently going around stating that it is impossible to give us loan guarantees at a commercial rate? This does not make sense. In addition, they have access, I am sure, to the same advisors.

Mr. Thomas Mulcair: One of the main arguments used by the Americans, when this whole dispute began, pertained to the unsustainable and unviable nature of our forestry practices. Unfortunately, the Coulombe report tended to repeat some of these accusations.

I would like to give you an opportunity to talk to us a bit about what you have done for the Quebec forest in recent years, in order to make production more perennial, sustainable and viable.

● (1235)

Mr. Guy Chevette: I must say that Quebec is quite advanced on many fronts, in that it already has a protected area network that amounts to 8%; it already has pilot projects on ecosystem management; a plan for the woodland caribou is being formulated; it already has a chief forester who monitors forest activities each day; and cutting in the forest has dropped by 23% overall. We are also establishing a comprehensive system that will probably be implemented at the end of this year. At present, 16 groups in Quebec are working in partnership. They include hunters, fishers, outfitters and municipal unions. We also have one union involved, the FTQ, and I think the CSN has also been invited to join a group. In the end, we will probably have some twenty groups working together to safeguard the health and longevity of our forests, with a forest management system that is viable and sustainable.

I would remind the committee what sustainable development means. It does mean protecting the environment, but it also involves social, human and economic considerations. If you are somewhat familiar with Quebec, you will know that it owes its existence to the forest industry. When you take the forest industry away from all these small towns, all the towns cease to exist, and people simply have to leave. By the time we reach the end of the crisis at the end of 2009—we were talking about labour earlier, and you also mentioned it a number of different times—we fear we may have lost 2,000 to 3,000 field workers. We simply will not be ready for the economic renewal. The federal government has to get involved.

[English]

The Chair: Merci.

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

Hon. John McKay: Thank you, Chair, and thank you, witnesses.

My first question is to Mr. Bradley. Last week Canadians were quite rightly charmed by President Obama and reacted quite positively to his visit. However, one of the things he said, which seems to be somewhat problematic for us, is that they continue to have their concerns about security at the border. I was wondering whether you and your membership had noticed any thickening of the border in the last little while.

Mr. David Bradley: It depends on what you mean by the last little while. Obviously over the last number of years we've seen a gross thickening of the border. We're waiting to see what we can learn from Secretary Napolitano's report, which so far has not been released to us. I can tell you that right now it's not having much of an impact in terms of delays because quite frankly there's no freight moving. I'm concerned that when things do turn around—we all hope they will at some point—we'll find ourselves in the soup again.

Hon. John McKay: It's a bit perverse: no business, no problems at the border.

My second question is to Ms. Morris. You and Mr. Boyko don't seem to see this \$2 billion in exactly the same light. Mr. Boyko's criticism of this \$2 billion was that he didn't like the way the splits were happening among the institutions. He didn't like the fact that

there had to be some matching moneys put up. He didn't like the weighting of the money to science over humanities. And he had a number of other criticisms. So I was just wondering whether you accept his criticism or if you think that you'll be happy to take the money whichever way you get it.

Ms. Claire Morris: In our pre-budget submission we used all of the work that's been done over the last several years by the Canadian Association of University Business Officers to put the case forward that there is \$5.1 billion worth of accumulated deferred maintenance required by our universities. The average age of a Canadian university is 32 years. You know that's the time at which major systems start to fail.

Of that \$5.1 billion, \$2.4 billion worth of maintenance has been identified as urgent and priority. So our estimation is that with the \$700 million that comes to us in year one and in year two, we will begin to address some of those needs. I can understand that there's not enough to meet everybody's needs across the country's universities and colleges, but we feel we have a very well-documented case for what's required on our university campuses.

On the issue of the range of infrastructure that will be addressed, we have argued—and I said it in my statement—for the infrastructure investments to be available across a broad range of research and teaching facilities. That's how the infrastructure needs have been assessed.

On your third point, with respect to the matching formula, we're well aware of a number of provinces having come forward with their own commitments with respect to post-secondary infrastructure. New Brunswick's made a major announcement on investment. Ontario has done the same, as have provinces across the country. We're hopeful that constitutes a good part of the matching that would be required. We believe both the provinces and the federal government recognize the infrastructure needs that are there.

● (1240)

Hon. John McKay: Mr. Boyko, in light of what Ms. Morris has said, do you accept her analysis?

Mr. Ian Boyko: I guess it all depends on how it will hit the ground. The budget was very clear about the priority being given to projects that build research capacity or something to that effect. To me, that doesn't include teaching. It can be interpreted to exclude teaching investments. That's a concern for us. So when it does hit the ground, we want to make sure that labs aren't the only things benefiting from the infrastructure funding in the budget, and that classrooms and other teaching-related facilities get that funding. I hope it plays out that way. I don't see the word "teaching" in the budget when it comes to priority items; I only see "research". That's a significant concern for us.

Hon. John McKay: Thank you.

The Chair: Thank you, Mr. McKay.

Monsieur Carrier.

[Translation]

Mr. Robert Carrier: I would like to repeat that we are looking at a budget and wondering whether it really is geared to meeting the needs of people facing a significant economic crisis, given all the deficiencies that we have heard listed this morning. Quebec has been particularly vociferous in criticizing the budget. I am wondering about the government's real intentions towards Quebec, which it has recognized as a nation. Does the government see Quebec as a nation to be eliminated, or to be set aside?

I would like to come back to something Mr. Chevette said—he said that this morning he wanted us to hear his cry from the heart. I think he is quite right. I wonder whether representatives of the Conservative Party and the Liberal Party have heard his cry from the heart. Think about the huge economic importance of the forest industry in the regions, and think of the other considerations you mentioned, for example the urgency of having the government guarantee loans. We know that the current government has already announced \$2.7 billion in loan guarantees for the auto industry, which is concentrated in Ontario.

What is your view of the government's intentions regarding the forest industry in Quebec? Are you saying that forest companies will end up closing down one by one, and no longer be there when the economic renewal comes around? Will that be the end of the forest industry? Could you please expand on your comments on the forest industry's immediate future?

Mr. Guy Chevette: Before coming here, I read chapter 3 of the budget very carefully, page by page. On page 67, the government announces \$200 billion. On page 74, the government explained that this refers to providing financing for credit markets, \$200 billion for credit markets that will save Canada.

On pages 78 to 83, the government describes what it calls the extraordinary financing framework, but I found no words on forests. On page 81, the budget describes the business credit availability program, which is to be made available in times of economic uncertainty. We found our situation compared with the lobster crisis in Prince Edward Island. On page 170, we find that we are being given \$170 million over two years. However, on page 185, we discover that those \$170 million are intended for forestry marketing and innovation, and nothing more. There's not one red cent to pay for anything else. We will need loan guarantees at commercial rates to save our shirts. We're all going to die, we're in agony. We're not talking about marketing, we're talking about survival.

• (1245)

Mr. Robert Carrier: Thank you, Mr. Chevette.

It is sad to see that the government does not seem to recognize the situation.

I would like to put my question to the two representatives of student associations. We have all been students in our day, myself included. You find it unfortunate that the grants and bursaries the government wants to establish would be awarded only to students in the disciplines that the government has targeted. In your view, is the government taking an ideological stance in including this measure in a budget that ignores provincial jurisdiction? As we know, in Canada as it is today, education is an area under provincial jurisdiction. Yet,

in its wisdom, the federal government is suddenly targeting student groups. Could you give me a brief answer, please?

Mr. David Paradis: Exactly. Education comes under provincial jurisdiction. All the federal government has to do is provide funding, and give provinces the financial means to spend what they need to spend in their area of expertise. That does not exclude research. There is some ambiguity, constitutionally speaking, with regard to each level of government's role in research, but in the absence of any indication to the contrary, it comes under provincial jurisdiction. Thus, research funding should be disbursed out through existing granting organizations in Quebec.

The fact that some disciplines are specified, and strongly targeted, unfortunately reveals poor understanding of the academic environment, which can produce totally unexpected research and innovation results, without such results having been provided for in advance, somehow by remote control. In fact, our greatest breakthroughs are often unexpected. Take Watson and Crick's discovery of the DNA helix, for example. Nobody had sponsored it, yet its discovery had a huge impact. Take the studies carried out on bats, which made it possible to build radar technology, which contributed to overcoming the Nazis during World War II. That had not been forecast either, but had an unprecedented and tremendous impact. So it is truly deplorable that only some disciplines have been targeted. Every discipline is capable of coming out with major advances for the country. That freedom is what we would like to see.

[English]

The Chair: Merci.

Mr. Boyko, very briefly, if you want to respond.

Mr. Ian Boyko: Just briefly, this is a very dangerous road that the government is going down in picking and choosing which fields are valuable. I don't think that's its role. This is a three-year increase to the Canada graduate scholarship. This is only for three years. What do we expect these business students to produce in three years? I just don't understand. I'm not clear about what the reasoning is for why these fields for only three years at this time. It's not clear to me.

The Chair: Thank you.

We'll go to Mr. Wallace, please.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair, and I want to thank the witnesses for coming today.

I'd like to correct the record on some of the things that have been said. I hope the opposition members are listening, because it's not anything that I'm making up; it is straight facts.

If you turn to page 189, for example.... I don't criticize that you're coming here to ask for more money. I've been on the budget committee for three years, and I hear every year about more money and so on. But just to be absolutely factual, the health transfer to the provinces is going up by 6%, at \$22.6 billion a year, and the Canadian social transfer is going up by 3%, as promised.

Then there was a question about equalization. For the whole country equalization is \$14 billion in round numbers, and in this budget \$8 billion of that \$14 billion goes to Quebec. The next closest province is Manitoba, at \$2 billion. If you look at the change from 2006-07, even if you went back as far as 2005-06, in 2008-09 it goes from almost \$4.8 billion to \$8 billion, a significant increase in equalization payments, as deserved by the formula that has been agreed to by all the provinces through our constitutional discussions that happened. That money has actually been flowing through equalization. It's in black and white; it's nothing that I have made up. It's available to anybody who wants to see the actual figures.

In chapter 3, which was mentioned before, we talked about sectoral competitiveness. In this section we have money and changes and improvements for short-term stimulus for forestry, for agriculture, for the Canada space industry, for shipbuilding, for the automotive industry—which is important in my area of Burlington, with Ford right next door in Oakville—for culture and sport, for tourism. It's all listed there on the moneys we're putting toward these programs for a short-term stimulus to make these things happen.

In the pre-budget consultations we heard over and over again from organizations about money needed for infrastructure and putting it forward. We have done that for colleges and universities. I can tell you, this past week when I was in my riding I had a meeting with the chamber of commerce. They had an open forum for those who are political action organizations. There were 85 people there. The local community college was there, Mohawk College, asking about the money, happy that the money was there. I'm glad I'm hearing some positive feedback that the money has been set aside. But for us to get it out the door, we need to get this passed.

I'll give you another example. We heard from the forestry industry in January about how important work-share had been as an employment piece to their organizations to make sure they are able to keep their employees working at least part of the week. We've extended work-share in this budget by 14 weeks.

I would just like to say that I appreciate the comments that we're hearing today, and I also appreciate the comment from the colleges and universities representative saying, "We fully understand that everything cannot be accomplished in one budget and that the January investments represent only a part of the multi-year plan this government has put forward in its science and technology strategy, but not just in that strategy, but in many of the things we have tried to accomplish."

My point is that we have listened. We have implemented much of what you've heard today. I was feeling that we had to put the record straight on what is actually in this stimulus package, in this economic plan, in this implementation legislation that we have here.

I appreciate the time. Thank you, Mr. Chair.

•(1250)

The Chair: Thank you, Mr. Wallace.

We'll go to Mr. Pacetti, please.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Thank you, Mr. Chairman.

[*Translation*]

Mr. Thomas Mulcair: Point of Order, Mr. Chairman.

Having heard Mr. Wallace's impassioned comments, some people, particularly Mr. Chevette, would like a chance to respond. Could they be extended that courtesy?

[*English*]

The Chair: Mr. Wallace unfortunately used his time, and there are many members here who have been making statements all day today. As I've been advised in the past, the fact of the matter is members have a fair amount of leeway on how they choose to use their time. Obviously preference for the witnesses would be for questions, but members can choose to make statements if that's how they wish to use their time.

We'll go to Mr. Pacetti.

[*Translation*]

Mr. Massimo Pacetti: Thank you, Mr. Chair. I will be brief.

Mr. Chevette, in January or February 2008, a sum of about \$1 billion was earmarked for innovative ideas in the manufacturing sector. A percentage of this sum was supposed to go to your industry. Was that money made available to you? Have you received some of it?

•(1255)

Mr. Guy Chevette: There are virtually no projects. Those we have at the moment have to do with biomass and co-generation. Very few projects were actually initiated.

There is a discussion of work sharing, and I would take this opportunity to answer Mr. Wallace's question. In order to do work sharing, there has to be a job. When there is full employment, the work may be done by one person, or two, three or four, depending. That is not the situation at this time. We are talking about survival.

You invited me to discuss this issue, and I am here to tell you that in order to survive, we must have access to a loan guarantee at a commercial rate. We have to be ready as soon as there is a recovery. What is going to happen?

Mr. Massimo Pacetti: Of the sums that were transferred last year, was there not a certain percentage for the forestry industry?

Mr. Guy Chevette: As far as I know, the discussions in Quebec are mainly about Quebec programs having to do with cogeneration and biomass.

In addition, many projects are being considered, at Forintek Canada, for example. Universities also have many projects on their drawing boards, but no concrete projects have actually been carried out, which is what you are asking about.

Mr. Massimo Pacetti: Will the accelerated capital cost allowances be useful to your industry?

Mr. Guy Chevette: I will ask our economist to reply, but I think that under the circumstances, we could say that it will.

Mr. Michel Vincent (Director, Economics and Markets, Quebec Forest Industry Council): Definitely, we have been calling for that for a long time, and we were very pleased to get it.

Mr. Massimo Pacetti: Even though the forestry companies are making almost no money, are some of them making a little money, enough to be able to use this allowance?

Mr. Michel Vincent: They must be refundable tax credits, otherwise there is no point.

Mr. Guy Chevette: If you are not paying any income tax...

Mr. Massimo Pacetti: That is why I asked the question. Thank you very much.

[*English*]

The Chair: Merci, Monsieur Pacetti.

Thank you all for coming in today, for your presentations, for your responses to our questions.

Members, we will suspend for a couple of minutes. You can say goodbye to the witnesses, and then we will go to some committee business immediately thereafter. We do have to approve the budget, and we have a motion by Mr. Mulcair.

I will suspend for about a minute.

Thank you.

• _____ (Pause) _____

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• (1300)

The Chair: Members, we have a motion by Mr. Mulcair.

First of all, I just want to deal with the operational budget. We have an operational budget request. I hope all members have a copy of this. The amount requested is \$20,900. Will someone move this?

Hon. John McKay: I so move.

The Chair: Mr. McKay moves that we adopt the budget.

Mr. Pacetti, do you have a question on the budget?

Mr. Massimo Pacetti: I think it's the same question I always have. It's just basically where do we get the amounts from, the \$1,500 for Toronto, the \$1,700 for Quebec, and the \$300 for Montreal? I think the \$300 is reasonable, because you can cycle here or you can even cross-country ski here, but I'm not sure why the Toronto rate is at \$1,500 and Quebec is at \$1,700. I'd hate to see people coming from out west or up north and how much they're allocated.

How much of this do we expect to be spent for the hearings?

• (1305)

The Chair: We don't have any witnesses coming from outside of these three centres or from Ottawa. In terms of why they chose the number \$1,500 for Toronto, I'm not sure.

Do you want to address that?

The Clerk of the Committee (Mr. Jean-François Pagé): It could be less than that. They pay their own expenses and we reimburse them. So we don't know how much it's going to cost. That's the usual practice.

Mr. Massimo Pacetti: How much are the other committees approving for Toronto and Quebec? Is this the House, or is this a figure that has come up between the chairman and the clerk?

The Clerk: No, it's our financial officer, the logistical officer, who deals with that.

Mr. Massimo Pacetti: So this is what the other committees are approving as well. How much of this are we expecting to spend?

The Clerk: We have seven witnesses from Toronto and three from Quebec.

Mr. Massimo Pacetti: And all the witnesses submit claims?

The Clerk: They are entitled to. I don't know if they will.

Mr. Massimo Pacetti: But based on your experience...?

The Clerk: Yes, they do.

Mr. Massimo Pacetti: Thank you, Mr. Chairman.

The Chair: Thank you.

Are there any further questions or discussion on the budget?

Mr. Menzies.

Mr. Ted Menzies: Just as long as this is standard practice.... But I do need to remind the chair that when I was a private citizen and I used to travel here from Alberta, I did so at my own expense because I felt it was important.

An hon. member: You cross-country-skied.

Mr. Ted Menzies: No, I paid for air fare, because it would take many days to get here by cross-country skis.

How long has this been a standing practice?

The Chair: We have a routine motion—as does, I assume, every single committee before the House—to cover the expenses of witnesses. The motion the committee voted for—

Mr. Ted Menzies: How far back can I submit expenses?

A voice: You have 60 days.

Mr. Ted Menzies: I just wanted that point out there.

The Chair: If the committee so desires, we have Liaison Committee meetings, and I can bring up the fact that this committee in particular feels that the expenses for Toronto and Quebec City are too high. If this committee wants me to raise that, I will.

Mr. Ted Menzies: I'm just a little concerned.

The Chair: Or at least get some background from the logistics people as to what the cost is.

Mr. Ted Menzies: Exactly. I'd be very interested in that.

The Chair: It's my understanding that this is a maximum. Whoever comes here will have to submit their plane ticket and hotel....

Mr. Ted Menzies: I trust we're not paying business class from Toronto.

The Chair: No, we're not paying business class.

Mr. Ted Menzies: Thank you.

The Chair: Mr. Mulcair, on this point.

[Translation]

Mr. Thomas Mulcair: I just hope that giving Mr. Menzies this information will not prevent us from passing this request for funds. I really see no problem with it. Furthermore, as you said yourself, this is a maximum, and it will be in compliance with existing rules about distance travelled, for example. This is not a big deal. I think it is important we pass this.

[English]

The Chair: I'm going to call for the committee to adopt this budget request, and then I will go to the Liaison Committee or we will go to the logistics people and ask for a further explanation in the future as to why these amounts are selected.

(Motion agreed to) [See *Minutes of Proceedings*]

• (1310)

The Chair: My understanding, Mr. Wallace, is that you are not moving your motion at this time.

Mr. Mike Wallace: Not at this time.

The Chair: Mr. Mulcair, you have the floor for your motion, if you want to introduce your motion and a rationale for its adoption.

[Translation]

Mr. Thomas Mulcair: Thank you, Mr. Chair.

The notice of motion reads as follows:

That the Standing Committee on Finance report to the House that an order be adopted to separate Part 11 of Bill C-10 as a separate bill.

Let me explain what I mean. Part 11 has to do with so-called pay equity in public sector compensation. First, as you heard this morning, this part does not involve any additional spending or savings for the government. It is therefore not a budgetary measure. Second, if the objective is to speed up the process, it would be a complete failure.

There will actually be more court challenges, and this will slow down the process further. We are suggesting that the bill be split. If we do this, we may find out that, contrary to what I said this morning, the Liberals have some principles, if they vote to split off this part of the bill. If that happens, I will be the first to apologize in public. However, you will not be surprised to hear that I am not holding my breath.

[English]

The Chair: Merci, Monsieur Mulcair.

I have Mr. Menzies on the list to speak.

Mr. Ted Menzies: Mr. Chair, I would like to move that the motion now be put and that we vote on this.

The Chair: I have Monsieur Laforest on the speaking list. Do you want to hear from Monsieur Laforest, or do you want the motion to be put?

Mr. Ted Menzies: I'd just as soon call the vote.

Go ahead.

The Chair: Monsieur Laforest.

[Translation]

Mr. Jean-Yves Laforest: Thank you, Mr. Chair.

The Bloc Québécois will be supporting this motion. I think it is important. We understood very clearly this morning that the bill is not the best way of dealing with pay equity. In fact, this will create injustices. We heard that this bill was similar to the Quebec legislation. As Ms. Asselin said, Quebec has proactive legislation. In other words, there is an attempt to deal with problems ahead of time, rather than waiting to deal with them later. That is the difference between proactive and non-proactive legislation. I think Mr. Mulcair's motion will eventually make it possible for the government to come forward with a bill similar to the one in Quebec. That is not what we have at the moment. We therefore agree with the motion.

[English]

The Chair: Okay, thank you.

I know members want to get to question period, so I'll allow Mr. Pacetti, and then we'll call the vote.

Mr. Massimo Pacetti: Just quickly, I haven't had much time to look at the motion and I'm not sure how I'm going to be voting. Hearing the arguments from Mr. Mulcair and the Bloc, I'm not convinced that I should be voting for the motion, but I haven't heard an argument why I should be voting against. I'd like to hear why the government has decided to put this type of clause in this budget bill.

The Chair: Thank you, Mr. Pacetti.

Mr. Menzies has asked that the question be put, so I call the question.

(Motion negated)

The Chair: I declare the motion defeated.

Thank you, ladies and gentlemen. We will see you at 3:30. We have the minister here for an hour, from 3:30 to 4:30.

Thank you. The meeting is adjourned.

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