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Chair

Mr. James Rajotte

Standing Committee on Finance

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● (1105)

[*English*]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call this meeting to order. This is meeting number nine of the Standing Committee on Finance.

I want to welcome our guests, who are appearing today pursuant to Standing Order 83.1 on our pre-budget consultations 2013.

We have one motion to deal with as a committee. I understand we are going to deal with it very quickly. It's a motion by Mr. Hoback.

Colleagues, we dealt with this in the last session. You should have it in front of you.

I'm going to go to Mr. Hoback very briefly, and then to Ms. Nash.

Mr. Hoback, please.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Mr. Chair.

This is more of a formality, colleagues. I was under the impression that this would automatically come back into the committee, but with prorogation it was parked, so we have to bring it forward again.

I don't expect a lot of debate. It was passed quite easily before. You've heard the arguments for and against the need to do the study and what is involved in it. Nothing has changed, as far as that goes.

I think that's fair enough, Mr. Chair.

The Chair: Thank you, Mr. Hoback.

Ms. Nash, please.

Ms. Peggy Nash (Parkdale—High Park, NDP): Mr. Chair, can you clarify what the timeframe of our study would be? How many meetings are we looking at, including voting on the motion? How much time would it take?

The Chair: My understanding, with respect to the number of meetings, and Mr. Hoback can correct me, is that three to four would be required for this study. The thought would be, and we can change it, that we would start with this study in the new year and then we would move to the study proposed by you on youth under-employment. That is the plan at this point. I don't know how many meetings would be allocated for that.

Does that answer your question?

Ms. Peggy Nash: Yes.

The Chair: Mr. Hoback, is that okay?

Mr. Randy Hoback: Yes. If we can do it in three, fine. If it has to be four, let's see about that, but I think three would probably be close.

The Chair: Thank you.

Monsieur Caron.

[*Translation*]

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Would that include a meeting with officials and the clause-by-clause consideration?

[*English*]

The Chair: There is no clause-by-clause examination. It's a study of—

Mr. Guy Caron: Oh, it's just a motion. Okay.

The Chair: It's a study of mobile payments.

My understanding is that Mr. Hoback would propose something like actually seeing mobile payments in action, perhaps a site visit, if you want to call it that, and then two or three meetings.

[*Translation*]

Mr. Guy Caron: I didn't mean to say clause-by-clause consideration. I was referring to the consideration of the report.

[*English*]

The Chair: Why don't we say four meetings including consideration of a report? Is that okay?

Mr. Randy Hoback: That's fair. I don't see it going to more than four meetings. I think that if we were to have one good meeting to go through the technology and then bring in witnesses for the next meeting or two and then we would be done in the fourth meeting is probably more than fair.

The Chair: Thank you.

Can I call the vote, then?

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

The Chair: It's unanimous.

Thank you very much, colleagues, for dealing with this so quickly.

We'll now move back to our witnesses. Again, welcome to our committee meeting this morning regarding pre-budget consultations.

We have six people presenting. First of all, from the Canadian Association of Petroleum Producers, we have Mr. Alex Ferguson. We have the president of the Canadian Construction Association, Mr. Michael Atkinson. From the Canadian Manufacturers & Exporters we have Monsieur Martin Lavoie. From the Quebec Employers' Council, we have Ms. Norma Kozhaya. From Northam Brands Ltd., we have Jayson Columbus.

[*Translation*]

Finally, we have Julie Labrecque from the Regroupement des jeunes chambres de commerce du Québec.

Welcome to the committee.

[*English*]

You will each have a maximum of five minutes for an opening statement.

We'll begin with Mr. Ferguson, please.

Mr. Alex Ferguson (Vice-President, Policy and Environment, Canadian Association of Petroleum Producers): Good morning, Mr. Chairman, and members of the committee.

As mentioned, my name is Alex Ferguson. I work with the Canadian Association of Petroleum Producers. As you probably know, our members collectively find and develop over 90% of Canada's petroleum resources.

Thank you for inviting us to participate in this panel on maximizing employment opportunities for Canadians. In our August submission to the committee, we provided comments and recommendations on increasing access to new export markets, continuing regulatory reforms, ensuring a competitive business tax structure, and promoting the growth of a Canadian skilled workforce. The supplementary brief we are providing today details how some of these recommendations can help maximize employment opportunities for Canadians. I will highlight a few of these in short comments this morning.

The upstream oil and gas sector is one of Canada's largest industries. Annual revenues total about $100 billion. The industry is Canada's largest private sector investor with over $60 billion a year spent on exploring and developing Canada's vast resources. About a quarter of the value of the shares traded on the TSX is related to oil and gas.

More than half a million Canadians are directly employed by this industry. While our success in contributing to national economic growth and generating jobs has been significant, we need to expand our horizons beyond our single export customer. Opportunities exist to tap into growing Asian markets for both oil and gas. Without access to these markets, Canada will be left behind while other countries take advantage.

We are blessed with an overabundance of supplies in this country and in North America, but if we can't get to new markets, we'll have let the opportunity for Canadian economic growth and job creation slip through our fingers.

The finance committee recognized the importance of diversifying Canada's export markets in its report last year. You recommended that "the federal government expeditiously encourage and support the development of infrastructure in relation to liquefied natural gas exports".

The same sentiment is just as true for encouraging exports of our oil, of which we have the third largest reserves in the world to new markets. Opening new markets for Canadian oil and gas is key to helping maximize employment opportunities for Canadians. Once we know we have a growing market for our products, we need to ensure there is available investment capital and a skilled workforce to make that growth happen. Continuing to reduce investment uncertainty and increase the focus on balanced decision-making will help increase Canada's global competitiveness. The federal government can ensure the timely implementation of key regulatory initiatives, including regulations, and better implementation of the Species at Risk Act, the Fisheries Act, climate policy, and air quality initiatives.

The government also needs to ensure that the business tax structure is competitive and that investment capital is treated equitably across sectors. In particular, last year CAPP recommended that LNG, liquefied natural gas, export facilities be fairly recognized as manufacturing and processing for tax purposes. This remains our view.

Over the next decade this industry expects to create upwards of over 150,000 new direct jobs. This growth can't happen without the necessary skilled employees. In addition to the positive steps already taken in the Canada job grant program, the federal government can continue to strengthen essential skills development and training and education programs, tighten the link between post-secondary education and needed workforce skills, reduce the barriers that keep Canadians from being able to seek employment across the country in their area of expertise, and continue the EI system reforms that allow better links between employers and jobseekers.

Even with this Canadians first focus, Canada will need to rely on workforce supplies from abroad. Strengthened and clear programs both for permanent immigration and through a robust temporary foreign worker program are necessary for Canada to benefit from that talented labour available abroad.

These are my opening remarks on how to maximize employment opportunities for Canadians through gaining access to new markets, continuing regulatory reforms, ensuring a competitive business tax structure, and strengthening skills development, as well as through immigration and an effective, robust, temporary foreign worker program.

With that, Mr. Chairman and committee members, I look forward to your questions and an interesting discussion.

Thank you.

● (1110)

The Chair: Thank you, Mr. Ferguson.

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

Mr. Michael Atkinson (President, Canadian Construction Association): Mr. Chair, I wish to first of all thank the committee members for providing the Canadian Construction Association with the opportunity to appear before you in connection with your annual pre-budget consultations.

The Canadian Construction Association, as some of you know, represents some 20,000 member firms from coast to coast to coast in Canada, active in the non-residential sector of the construction industry. We build Canada's public infrastructure. We build many of Mr. Ferguson's members' facilities.

Since the theme for today's session is maximizing employment opportunities for Canadians, my comments will focus specifically on three recommendations we believe will help to achieve this goal. While I do not have a supplementary submission for you, I would be pleased to provide the committee with any follow-up information you may wish arising from my presentation.

As I said, our focus is on three specific measures. They are as follows: one, the need for a construction mobility tax credit; two, improvements and enhancements to the current federal apprenticeship job creation tax credit; and three, a change to the current capital allowance treatment of mobile diesel-powered construction equipment to better align depreciation rates with the useful service of the equipment and to bring such tax measures in line with those in the United States.

First of all, with respect to the mobility tax credit, while I appreciate there is a private member's bill before Parliament dealing with this matter currently, our approach to this issue is entirely non-partisan. We support the concept, and have supported the concept for several years now, regardless of the ultimate mechanism chosen by Parliament for its implementation.

Labour mobility is something that is critical to the construction industry, indeed critical to Mr. Ferguson's members' projects, which are often in very remote areas. Unlike the workforces of many other industries which are attached to a given location, the construction industry's workforce must be mobile in order to follow the work wherever it may be. If we have a mining project in northern British Columbia, we can't move the mine to downtown Toronto.

While it is true that employers will generally cover the expenses associated with sending their employees to relocate temporarily to work at distant or remote work sites, that is not the case for unemployed tradespeople seeking work in more hot markets than their home markets.

Construction workers are used to leaving their homes and families to work at distant sites for periods of time. A 2007 study conducted by the Construction Sector Council found that 70% of surveyed tradespeople travelled to find work at least once in their careers. Canada's Building Trades Unions have research that suggests the average mobile construction worker spends approximately $3,500 of his or her own money to temporarily relocate.

The sector council study I mentioned also found that the cost of temporary relocation is one of the biggest impediments to labour force mobility in the construction industry. We need a construction workforce that is mobile if we are going to meet the tremendous demand our industry is seeing from the resource-based sector, with some 600 resource-based projects to proceed in the next 10 years, worth over $650 billion, many of which are in remote parts of our country. For this reason, we are championing the concept of a mobility tax credit.

Second is the apprenticeship job creation tax credit. We applaud the federal government for the introduction of various support programs designed to encourage apprenticeship training across the country. I want to focus on the apprenticeship job creation tax credit, because it's really the only federal incentive for employers to actually engage apprentices, in this case first-year and second-year apprentices.

The apprenticeship job creation tax credit was lauded by our members when it was first introduced. We believed it would help incentivize smaller firms with fewer resources to become more directly engaged in apprenticeship training. The credit provides an employer incentive to hire first-year and second-year Red Seal trade apprentices through an annual non-refundable tax credit equal to a maximum of $2,000 of eligible salaries and wages per apprentice.

However, a 2007 Canada Revenue Agency ruling effectively removed any incentive by treating the tax credit as government assistance and wage subsidies and requiring it to be included in the taxpayer's income the following year. So if you take the tax credit one year, you have to bring that amount back in.

The Chair: You have one minute.

Mr. Michael Atkinson: Finally, I'll turn to capital cost allowances, CCAs. In Canada, class 38 purchases, which are basically mobile construction equipment, have a 30% declining balance, which means you can't effectively write off your machinery for almost 13 years.

What we'd like to see is an accelerated CCA for that equipment equivalent to what happens in the United States where they have a 25% straight line depreciation. We believe that would not only increase productivity enhancements by encouraging firms to buy newer equipment but also help the environment, because the new diesel-powered engines have better emission controls on them. We think it's a win-win across the board.

● (1115)

I will stop there, Mr. Chair. I look forward to questions.

Thank you.

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

[*Translation*]

Mr. Lavoie, you may start.

Mr. Martin Lavoie (Director, Manufacturing Competitiveness and Innovation Policy, Canadian Manufacturers and Exporters): Good morning, Mr. Chair and hon. members. Thank you for inviting my organization and I to discuss our priorities for the next federal budget. I will start my presentation in French and switch to English afterwards.

I represent Canadian Manufacturers & Exporters, Canada's largest business association. We represent almost 10,000 companies across the country. Our sector accounts for more than 88% of all Canadian exports and 75% of all research and development spending in the private sector in Canada.

Today, I will make six recommendations that can be grouped in four major categories.

The first category is support for research and development activities. Our first recommendation has to do with research and development tax credits that are not used by medium and large businesses in Canada. The scientific research and experimental development program provides large industrial companies with non-refundable tax credits that can be carried over to subsequent years while waiting for a more profitable outcome.

The 2,600 medium and large businesses that are using the tax credit have carried over almost $7 billion in unused tax credits since 2001. In keeping with the current government's intentions to make more direct investments in research and development for businesses, we recommend that a program be set up to exchange unused tax credits for government contributions and to support capital investment that is used for research and development purposes. Those contributions would therefore be an alternative to the complete elimination of capital expenditures for the scientific research and experimental development tax credits that were announced in budget 2012 and that will be in effect starting next year.

The second recommendation has to do with the direct funding for research and development. We strongly support the creation of the support fund for the advanced manufacturing sector in southern Ontario. We firmly believe that all the other regional economic development organizations in the country should adopt similar programs for the advanced manufacturing sector.

[*English*]

Our next recommendation is about large-scale capital investment attraction. CME suggests the creation of a national fund to boost new investments in capital for the manufacturing sector. This new capital investment fund would target projects that would demonstrate an ability to increase manufacturing and processing output in Canada.

The sorts of projects that could be eligible for such direct funding would include the building of new production facilities, the expansion of current facilities, revamping existing operations, or the upgrading of machinery and equipment,

Our fourth recommendation is related to machines and equipment. It's something that my colleagues have talked about.

The accelerated capital cost allowance for machinery and equipment has been in place since 2007, and is set to expire in 2015. We strongly recommend that the ACCA become a permanent feature of the Canadian tax system, recognizing the importance of capital expenditures for the future of our sector and for increased productivity in the Canadian economy.

We also strongly encourage the federal government to review all the classes of assets and to align them with the U.S. depreciation rules in order to provide a level playing field in the fiscal treatment of business investments.

Our next recommendation is with respect to commercialization of new products in Canada. We recommend the adoption of a patent box model. A patent box is a tax incentive that provides relief from corporate tax on income generated from certain types of qualifying intellectual property, such as patents. Relief can be given as a reduced tax rate on revenues generated by the sales of products that were invented and commercialized in Canada. Countries such as the United Kingdom, Belgium, and the Netherlands have already implemented similar systems successfully.

The Chair: You have one minute left.

Mr. Martin Lavoie: Okay.

Our last recommendation is with respect to the new upcoming infrastructure fund, the building Canada plan. This program will transfer $47 billion over the next 10 years to provinces and municipalities for their infrastructure projects.

We urge the federal government to maximize the benefits of these projects for the Canadian manufacturing sector and job creation while respecting our international trade obligations. Recently our organization sent a letter to the infrastructure minister to raise the importance of using the building Canada plan in order to provide a level playing field for Canadian manufacturers.

As you know, Canada has one of the most open procurement regimes in the world, and yet our trade partners keep imposing trade barriers that force our companies to delocalize their production in these countries in order to bid on projects, especially infrastructure projects.

● (1120)

We strongly suggest that the federal government adopt a reciprocity policy that would be implemented in the funding agreements under the building Canada plan which—

The Chair: Wrap up very quickly, please.

Mr. Martin Lavoie: Those are our recommendations.

Thank you for inviting me.

The Chair: Thank you for your presentation.

[*Translation*]

Ms. Kozhaya, the floor is yours.

Ms. Norma Kozhaya (Director of Research and Chief Economist, Quebec Employers' Council): Good morning.

The Quebec Employers Council would like to thank the Standing Committee on Finance for the opportunity to present its comments on the theme “Maximize job creation in consideration of the 2014-2015 federal budget preparations”.

The maximizing of jobs is, of course, predicated on the presence of competitive companies that have a favourable tax and regulatory environment. It also hinges on market innovation and openness. Equally important as the maximizing of job creation, matching available job skills and companies' needs is an essential element in raising productivity. And labour costs, including all of the mandatory contributions that add to salaries, have to be competitive.

I will start by talking about the last item, that is payroll contributions. Increasing the tax load on payrolls for employers puts the brakes on investments and job creation. In this area, the Employers Council has serious reservations about the various proposals to enhance public pension plans, meaning the Canada pension plan and the Quebec pension plan.

It is worth noting that, internationally, Canada ranks quite well in terms of retirement savings. This does not obscure the interest in promoting savings, but there isn't a generalized need. Cookie-cutter solutions such as the ones being proposed do not respond to the needs. On the contrary, this runs the risk of having adverse effects on economic activity, investments, jobs and salaries in particular. Moreover, such enhancements don't encourage the extending of an active life, an objective we should pursue.

In terms of employment insurance, which is another payroll program, we are proposing the introduction of an employment insurance credit for training expenses, which would also improve productivity and help in maintaining and creating jobs.

I would like to briefly turn to the proposal for the Canada job grant. The Employers Council hails the intention of the federal government to have more employer input by striving to have a better matching of skills training to their needs. However, we are wondering whether a more favourable course of action would be to negotiate a new agreement with the provinces so that each province remains in charge of their respective programs. The federal government could still set the national guidelines and objectives.

The area of regulations is also an important aspect to look at. Of course, businesses appreciate the continued implementation of measures designed to reduce the regulatory burden and applaud the government's desire to establish the one-for-one rule in terms of regulations. In this area, we feel that the new regulations the government plans to implement in transportation, financial services and telecommunications should adhere to the same one-for-one principle.

Quebec employers are elated by the signing of the Canada-European Union Comprehensive Economic and Trade Agreement. This agreement should come into effect in about two years' time. To maximize the benefits, we suggest taking advantage of this two-year interim to better prepare our businesses through training and information, so that they are able to effectively seize the new opportunities that will arise. The Quebec Employers Council offers its collaboration in this regard.

Investment in our transportation infrastructure continues to be a major concern in terms of ensuring optimal mobility of goods and people. We suggest that the government move ahead, without further delay, with its plans to replace the Champlain Bridge and that it promote the sustainable development of our natural resources in compliance with environmental and safety standards.

Finally, the Quebec Employers Council believes that only sound public finances will allow the government to maintain competitive tax rates and to encourage prosperity and job creation. We urge the government to continue its efforts to eliminate the deficit.

● (1125)

We therefore also encourage the government to introduce the balanced budget bill.

Thank you.

The Chair: Thank you.

[*English*]

Next we'll go to Mr. Columbus, please.

Mr. Jayson Columbus (Director, Finance and Administration, Northam Brands Ltd.): Thank you, Mr. Chair, and members of the committee.

My recommendation today concerns federal excise rules that pertain to domestic production of apple ciders in Canada and their impact on employment, the cider beverage producers, and cider apple orchardists.

In B.C., orchardists supply apple wine as a key ingredient for authentic ciders. Producers buy bulk apple wine and use it for final packaging for consumer cider sale.

I'll provide some background on the industry, our company, and the issue at hand.

In Canada, the national retail cider category is valued at $140 million, according to the Association of Canadian Distillers, and has experienced explosive growth at 24% in the last year alone. Canadian-produced brands currently represent 63% of the market and are growing at 18% per year, slower than market growth. Import brands account for 37% of the market and lead growth at 36% per year, capturing increasing market share.

This trend is a concern for us as domestic cider producers. The cider market alone in B.C. is valued at $62 million and over 44% of the national market, making B.C. a very important contributor to national cider production.

Our group, Northam, is one of western Canada's fastest growing beverage makers in three business segments: cider, beer, and ready-to-drink beverages, such as coolers. We are ranked the fifth largest domestic cider producer nationally and we are 100% B.C. owned.

Here are some facts on the excise treatment for cider. Apple wine is a base ingredient for authentic apple cider and is regulated by wine excise rules. Cider is excise free if the agricultural content is 100% Canadian. Cider attracts 29.5¢ per litre of excise duty on finished product if ingredients in any amount are not in compliance with Canadian content rules.

We understand that the Canadian content rule for excise-free status is to assist Canadian orchards to develop and produce products in a cost-competitive manner and to compete domestically with foreign imports and stimulate Canadian business growth and employment.

We believe there is an industry issue for cider producers in B.C., and perhaps in all of Canada. We are losing ground to foreign imports primarily due to some flavour attributes of domestic industry products, an issue that can easily be corrected. To be competitive with imports, it is imperative that an authentic cider have a key ingredient, apple concentrate, that is required for mouth feel and olfactory attributes on the back of the palate.

The Canadian food and drug regulations list apple cider concentrate as the second ingredient allowable for cider, but as yet there are no reliable sources of Canadian apple concentrate. We therefore resort to using manufactured flavourings to compete with imports. We assert that only small amounts of apple concentrate are necessary for quality authentic cider to compete with foreign ciders and level the playing field.

Our recommendation is for a temporary relaxation of excise rules to allow cider producers to use a small percentage of imported apple concentrate while the industry works with Canadian producers to adapt and supply a reliable source of 100% Canadian content concentrate where no supply currently exists in Canada.

We request a staged approach to the relaxation of excise rules over a period of 10 years to allow small amounts of foreign concentrate into the final blend of finished ciders before final consumer packaging. For absolute clarity, foreign concentrate would not be allowed for the additional fermentation and alcohol production.

Over the first four years, we request an allowance of 5% foreign concentrate content; for the next three years, 2.5% foreign content; and for the final two years, to allow 1% of foreign concentrate content. Then afterward the 100% Canadian content rule can continue to apply.

We believe that Canadian jobs and the economy in the sector are at risk. If we do not allow the industry to adapt, there could be unfavourable consequences. There could be a loss of Canadian jobs in both the beverage and agricultural sectors, including a potential reduction in orchards. The domestic industry could produce an inferior product and continue to lose ground to foreign companies. Domestic industry producers could adapt by sourcing 100% foreign ingredients and pay excise, at the cost of Canadian agricultural jobs. There could be lower Canadian business income and tax base for Canada.

In closing, I would like to thank you, Mr. Chair, and committee members, for the opportunity to present today.

Thank you.

● (1130)

The Chair: Thank you, Mr. Columbus.

We'll now go to Madame Labrecque, *s'il vous plaît.*

[*Translation*]

Ms. Julie Labrecque (Vice-President, Regroupement des jeunes chambres de commerce du Québec): Good morning. My name is Julie Labrecque, and I am here on behalf of Regroupement des jeunes chambres de commerce du Québec.

Mr. Chair, distinguished committee members and MPs, I want to begin by thanking your for inviting us to appear today and allowing us to share our recommendations for the next budget.

For over 20 years, Regroupement des jeunes chambres de commerce du Québec has represented 35 junior chambers of commerce across Quebec, comprising more than 8,000 young entrepreneurs, business people and independent workers.

Today, we would like to make three recommendations to the committee.

Our first recommendation is the inclusion of measures that support intergenerational equity in the next budget. We applaud the benefits granted to previous generations, but we believe it is now time to focus on balancing the budget, thereby protecting the future of the next generations. To that end, we would welcome measures aimed at boosting long-term investor confidence among young entrepreneurs. In addition, we would support a plan designed to return to a balanced budget and eliminate the national debt; we would also be eager to take part in the consultations leading to such a plan.

As for our second recommendation, some of you may already be familiar with our access to entrepreneurship plan or RAE. We want to see a measure that facilitates the transfer of Canadian businesses, to avoid, at all costs, their being sold or shut down when the time comes for them to change hands. We don't want them to end up in foreign hands. We want Canadian companies to stay Canadian, and we support giving young entrepreneurs access to business opportunities.

RAE is a bit like the federal home buyers' plan. The measure we are proposing would introduce a third dimension. We want young entrepreneurs to have the ability to use money from their RRSP to buy a business without incurring a tax penalty. We firmly believe in this program and are open to exploring the idea with the government, to determine how the plan should be drawn up and implemented, and what its parameters should be. The main purpose of the access to entrepreneurship program is to retain Canadian businesses and jobs, giving them an injection of youth, in order to preserve Canadian innovations.

As you know, 98% of Canadian businesses are SMEs, employing 48% of Canada's workforce. It is therefore critical to ensure that Canadian businesses remain in Canada, in the hands of Canada's young entrepreneurs. That is why we want to see an access to entrepreneurship plan in the next budget.

Our third recommendation has to do with maintaining the Canada job grant. Regroupement des jeunes chambres de commerce views the continuation of the grant program as essential. To the extent possible, agreements with the provinces need to be renewed, especially with Quebec.

With respect to the grant's continuation, we commend the government's desire to work more closely with employers. However, we believe that Quebec is doing an excellent job of managing the program. It is our position that clear objectives and parameters will have to be set to ensure the program is implemented effectively. The Canada job grant is aimed at benefiting participating employers and adding value to Canada's economy.

In conclusion, Mr. Chair, we believe that intergenerational equity should be an integral part of the budget. Regroupement des jeunes chambres de commerce du Québec has taken steps to ensure that young people sit on the boards of directors of Quebec's crown corporations. In that vein, we also believe the next budget should contain a measure requiring every crown corporation to have at least one young person on its board of directors to facilitate business renewal.

● (1135)

The Chair: Thank you kindly.

[*English*]

Colleagues, we'll begin member's questions.

Ms. Nash, you have five minutes, please.

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

[*Translation*]

Good morning and welcome to all the witnesses.

I am going to start with Mr. Lavoie.

Some say the manufacturing sector is dying and has no place in our economic future. Can you reassure us that that is not the case and that the industry is still able to generate good jobs?

Mr. Martin Lavoie: Thank you for that question, Ms. Nash.

I hope I'm not part of a dying industry. I don't want to have to flip burgers in a few years.

There's no denying the fact that our sector was especially hard hit by the global economic crisis and the financial meltdown. Most sectors are now back to pre-recession levels. Ours is a sector that is undergoing transformation, but certainly not one that is dying. Instead, I would say it's in a period of technological change.

The strength of our sector's economy does not lie so much in its share of the GDP, although it does account for 14%. It isn't the sector with the largest share, however, when you compare it with the service industry. As I said in my opening remarks, the manufacturing sector produces 88% of Canada's exports and is responsible for 75% of R&D spending. So, for all of our sakes, I hope it isn't a dying sector. Nevertheless, I can reassure you that it isn't. We're actually seeing advanced manufacturing sectors emerging, particularly in western countries.

Advanced manufacturing relies much more heavily on new technologies. And these new technologies are focused on innovative manufacturing processes.

[*English*]

Ms. Peggy Nash: Yes. In fact, there are some who say that having a healthy advanced manufacturing sector is really the key to a healthy developed economy. Would you agree with that?

Mr. Martin Lavoie: I would definitely. We're the sector of the economy that has the biggest multiplier effect. For every dollar spent in manufacturing, you get, on average, between $3 and $4 in multiplying effect.

Think about any big law firm or accounting firm in most of our big cities. Large manufacturers are some of their most important clients. That's why we have such a big multiplier effect beyond the supply chain effect.

Ms. Peggy Nash: Yes, and yet Canada's macroeconomy continues to be very sluggish. We have a lot of slack in our system. It's evident when you look at business capital investment.

That's why I think you have been arguing for targeted tax credits, to be able to leverage funds in the private sector to make those capital investments that you're talking about.

Mr. Martin Lavoie: To clarify, we're actually saying there should be direct investment to attract capital investment.

We know that most of the large multinationals have plans to increase production capacities, or build new labs for new technological developments. They're waiting to see how the world economy is going to do. If we want Canada to be on the map to attract those investments, maybe we need to put together that national fund.

Some of the provinces already have these funds. I know that Investissement Québec, for example, is a very popular program for companies looking for new investments in Canada. I think the federal level maybe should have one that could even be matched by the provincial funds that currently exist.

● (1140)

Ms. Peggy Nash: It's a longer discussion, obviously. I am concerned that our exports are down, and the government seems to have its foot partially on the brake when it comes to federal spending. We see companies being very cautious in terms of their investment. In spite of significant corporate tax cuts, they have not really reinvested that money and are still sitting on quite a bit of cash. I'm certainly interested in how we can get the private sector really reinvesting in the economy, because I think in spite of these across-the-board tax cuts, that has not materialized.

I do have a question for you, Mr. Atkinson.

How can the government act to help with the retention of trades? In construction obviously it goes project to project, but many smaller companies don't want to invest the money, and they're afraid of losing their trades.

The Chair: Mr. Atkinson, this will be a big topic today, so if you could just address it briefly here, we'll come back to it.

Mr. Michael Atkinson: It is such a big topic. It's hard to peel back the onion on this.

I think one of the things that has to be remembered in our industry in particular is that according to StatsCan, 99% of the firms active in our industry are small businesses and 60% have fewer than five employees.

Many of them are family-owned mom-and-pop businesses. There are, I would argue, additional difficulties and challenges for small businesses in investing in capital and in their people.

The Chair: Okay. Thank you.

Thank you, Ms. Nash.

We'll go to Mr. Hoback, I believe.

Mr. Randy Hoback: Thank you, Chair.

Thank you to the witnesses for being here this morning.

I come from Saskatchewan where the labour shortage is just huge. The unemployment rate is 3.6%. We're screaming for skilled and unskilled workers. We're doing everything we can to include our aboriginal communities. We're looking behind every door to find people just to fill the jobs there.

Mr. Ferguson, I know we've talked about temporary foreign worker programs and stuff like that, but I guess the question I have for you is this. Are the types of jobs you're seeing created in your industry temporary in nature, or are they full-time, long-term jobs that will make for good careers?

Mr. Alex Ferguson: The reality is it's a mix of both.

We're looking at and rely on, as do our allied friends in the construction and manufacturing sector, the temporary foreign workers to fill those short-term gaps and bumps, but really, the pathway forward when you look at the kind of investment plans that are in place across Canada for our sector, it's a long-term game that we're looking to play. Some of the skilled power engineers and those kind of trades are not six-month or one-year ventures. We're looking for long-term, permanent stability in that workforce.

Mr. Randy Hoback: It would be fair to say that a good quantity of those jobs would turn into good careers. You're going to train that person and hope they are going to stay with you for a long time.

Mr. Alex Ferguson: Absolutely.

Mr. Randy Hoback: Do you want an increase in immigration?

Mr. Alex Ferguson: The workforce challenge to me is about growing Canada, not just looking at a few more skilled trades. We need the folks who support our business, the service sector, and the allied sectors like the restaurants and those kinds of things. We need to grow Canada.

Mr. Randy Hoback: Of course, the domino effect takes over. It doesn't matter what part of the country you grow in, the domino effect is right through Canada. Look at the manufacturing sector, for example, here in eastern Canada. If we threw, let's say, another 100,000 people into Saskatchewan or Alberta or both, what with the number of cars and the goods they would buy, it would be great for the whole country, provided that there were not any interprovincial trade barriers.

How would you look at that, Mr. Lavoie?

Mr. Martin Lavoie: You are right. The trade barrier is an important one. The Minister of Industry has pushed to reduce the internal trade barriers. We have suggested that labour mobility is another issue, especially for skilled trades.

It's also a bit ironic that the Province of Quebec has signed a labour mobility agreement with France, and yet we can't have a construction worker going from Ontario to Quebec.

Mr. Randy Hoback: I'll stop there.

Chair, I'll turn my time over to Mr. Jean.

The Chair: Mr. Jean.

● (1145)

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you very much. I hope I get another opportunity. I have a lot of questions.

Oil and gas is very important to me. I'm from Fort McMurray and I have represented that area for 10 years.

When I hear Ms. Nash talk, I wonder what planet I'm on. In the last seven or eight years we've had I don't know how many megaprojects. They all require an investment of over $1 billion. You can't start an oil sands plant without a couple of billion dollars. How many billions of dollars of investment have there been in the last eight years in northern Alberta? You can't count that high.

Mr. Alex Ferguson: No, I can't, sorry.

Mr. Brian Jean: The truth is that it's probably somewhere around $20 billion to $35 billion that has been announced or that has been already started to be invested in that area. It's very significant and it certainly helps the Canadian economy.

In fact, Mr. Lavoie, I remember one particular example of a forklift company from southwestern Ontario whose representative said that he'd be out of business were it not for the oil sands, because more than 50% of his shipments of forklifts go to the oil sands.

Is that a fair comment in relation to what's happening, even with most of the manufacturing sector in southwestern Ontario and Quebec?

Mr. Martin Lavoie: We just finished a study that I can provide if you want. It's not only on the actual construction of the sites and stuff like that. We found there are a lot of manufacturers that also benefit from the maintenance year after year.

Mr. Brian Jean: I have 6,000 Quebeckers in my riding. I have the oldest francophone community in Alberta in my riding. I'm very proud of that. I have to tell you that we have a very active community there.

I am interested in market access. That's really what it's about. Right now we're discounting our oil. We're not receiving what we should, and it's shameful. How can we, as the federal government, change policy to create more access to more international markets?

The Chair: Please give us a very brief response.

Mr. Alex Ferguson: We've outlined a few broad ideas in the brief that I provided, but a lot of it is continuing the work the federal government has been doing, getting out there, being visible, telling the international communities, the U.S. in particular, how important this is for us. We are also strengthening some of that discussion domestically, building more public confidence so that we can get some of the pipeline corridors through and get some of the LNG plants built. There are a number of things we've outlined that the federal government can do.

The Chair: Thank you very much.

Thank you very much, Mr. Jean.

We're now going to go to apparently the most collegial member of the House of Commons, Mr. Rodger Cuzner.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): A lot of people thought they were voting for you, Mr. Chairman. You're sort of my evil twin.

The Chair: I don't know why. I'm much taller than you. I tower over you, Rodger.

Voices: Oh, oh!

Mr. Rodger Cuzner: I'd like to thank the witnesses for being here today.

Mr. Atkinson, I want to echo your comments. Being a representative from Cape Breton, we've always had a large pool of skilled tradespeople who have worked on some of the biggest projects around the world, so mobility obviously is a big issue.

Going back to the apprenticeship stuff, we know that not even 50% of apprentices who begin programs complete those programs. In the initial investment on the tax credit program for apprenticeships, the government put in about $150 million, and they never used all of it. It had never been exhausted, and they have cut it back by about a third over the last couple of years.

We know that when surveyed the apprentices who would benefit from that tax credit, 90% of them said—and this is the government's own stats on it—they would have entered into the apprenticeship regardless of whether or not there was an incentive.

Is it the best vehicle to support apprentices, and is it the best vehicle to help with success with regard to pulling apprentices over?

Mr. Ferguson may want to comment on that too.

Mr. Michael Atkinson: Very quickly, on the completion ratios and rates, one of the concerns we have had is the way incompletions are counted. Unless they have rectified this, if I start my apprenticeship in Ontario and move to Alberta, I'm incomplete in Ontario even though I may succeed in Alberta.

Also, if my apprenticeship training leads to another position or occupation where I don't have to get the journeyperson status, for example, when building a refinery one of Mr. Ferguson's members employs me to work in that refinery and I don't need my ticket, if you will, I'm again considered incomplete even though my apprenticeship training has led to my being gainfully employed in an occupation I've been trained for.

I think the first question I would have is, are completion rates the correct benchmark for success for apprenticeship training? That's a question I have which I don't have an answer for, but I'd love to see an examination. That's number one.

Number two, I think the incentive grants have been helpful to apprentices; there's no question about it. My concern, however, is the incentive for employers to engage first-year and second-year apprentices through the apprenticeship job creation tax credit, as the incentive was gutted by the CRA ruling. I don't blame the CRA. They just said that's the way the thing was designed, hence this is the way we have to act.

My last point on that, is it's limited to Red Seal trades only. While Red Seal trades are important, there are a lot of trades that aren't Red Seal that are provincially recognized.

● (1150)

Mr. Rodger Cuzner: There are only a couple of minutes, but this probably would be more for Mr. Columbus and Mr. Lavoie.

Parallel to any jobs that have been created, there has also been a 72% increase in the number of Canadians who are working for minimum wage. There has been a significant increase in the working poor.

I wouldn't see that probably in the oil sector, the gas sector, or construction sector, but I would see it in manufacturing and probably where you're involved. What has the trend been with wages?

Mr. Martin Lavoie: In general, the average weekly pay in manufacturing is about $300 more than the average in the economy. In certain sectors the labour costs have been increasing because of some labour shortages. If you go into regions where there are a lot of other projects, such as for example, shipbuilding and oil and gas, a lot of manufacturers would lose their engineers who want to go into these areas so they have to cope with that. A longer-term effect—

Mr. Rodger Cuzner: Are you seeing an upward pressure on wages?

Mr. Martin Lavoie: On wages, yes, and in the longer-term trend, the impact of the higher currency brings your labour costs higher as well.

The Chair: Very briefly respond, Mr. Columbus.

Mr. Jayson Columbus: As a representative of small and medium-sized business, our company is a growing company, and we definitely do face the pressures of lower skilled individuals who earn a lower income.

The pressures we face on the competitive side are to create enough profitability, an appropriate profitability within the company, in order to compensate and invest more in our employees through their salaries and wages.

The Chair: Thank you.

Thank you, Mr. Cuzner.

I'm going back to Mr. Jean.

Mr. Brian Jean: That's fantastic, Mr. Chair. Thank you very much.

I don't run out of things to talk about when it comes to jobs. Jobs are very important.

I want to get back to the oil industry, in particular. I go back and forth between Fort McMurray just about every weekend. There are three direct flights a day from Toronto. They are coming from St. John's. They are coming from Cape Breton. I was surprised not to hear Rodger talk about his time playing hockey in Fort McMurray, and all the jobs there, and all his relatives and constituents who go up there now, because I know that all Canadians are certainly benefiting from this.

I want to talk about the other options we have to grow our economy through federal regulations and through what the finance committee can recommend, especially regarding the pipeline constraint for oil, because that's very important. I know what's going on with LNG. Right now we get about $3.00 to $3.20 for liquid natural gas. In Asia they're getting $12 to $14, but because we have no pipeline going to the west coast and no LNG facility, we can't take advantage of that. We're getting stifled there by about 300% to 400%, and we're doing the same thing with our oil.

It seems bizarre that because we don't have pipeline capacity, the oil sands companies and oil companies generally are spending $11 per barrel to ship oil on rail, which is 10 times more expensive than pipeline capacity, at least 10 times more, and to put it bluntly, who pays for that? Consumers do.

Let's talk about how we can we keep the economy growing, how we can keep employees going, and how we can create a better distribution network.

Mr. Alex Ferguson: To start with, at a very high level, one of the things we were encouraged to see is the growing cohesiveness, at least in the western provinces, but all the provinces with the federal government, on key elements. We would hope that some of that growing cohesiveness would expand into the market access discussions. I mention the Canada job grant as one where we seem to have all the provinces aligned on a position.

It would be helpful for us to get a similar type of alignment on the aspirational goal for Canada for gaining that market access across the provinces. We have some struggles in certain jurisdictions, not all. We have some really great support, for example, in the Atlantic provinces. I would suggest that it's maybe a little bit less so on the western side. If you get down to more granularity, one of the things the federal government could help us with is the requirement for a world-class spill response and prevention program. We already have that on the east coast. It would be nice to develop the same kind of knowledge and awareness and acceptance on both coasts.

● (1155)

Mr. Brian Jean: My understanding is, as a country, we are doing that. We've brought in some of the toughest laws ever in relation to navigation and marine safety. When I was on the transport committee, I remember hearing from experts who identified Canada as one of the safest jurisdictions in the world for marine transport.

Is that not correct?

Mr. Alex Ferguson: Yes.

Mr. Brian Jean: I also want to talk about SARA. I started my master of laws in environmental law. I was going to be an environmental lawyer. That's all I was interested in. I want to talk about SARA because I think there has been a miscalculation on the balance relating to the Species at Risk Act.

Could you tell us about that?

Mr. Alex Ferguson: Certainly.

We've been spending a lot of time on the Species at Risk Act, trying to get it more functional. Our view is that it is a pretty significant constraint not only on the land base but also on Canada's reputation.

Concerning the performance on SARA, with over 500 species currently listed, none has been fully recovered or protected under that legislation. We see an opportunity to increase the performance on that and at the same time create more of a reputational opportunity for us for those market access considerations.

Mr. Brian Jean: In fact, if I can be fair, my kids are raised in Fort McMurray, and people who work in the oil sands industry, their kids are raised in Fort McMurray or Calgary, for instance. Nobody wants to see animals gone. Nobody wants to see their children not breathe proper air, etc.

The reality is that the people on the ground in Alberta, and particularly in Fort McMurray, are more concerned about SARA, the animals, and plant life than anywhere else in the country, in my opinion.

Would that be a fair assumption based on what you've heard?

Mr. Alex Ferguson: I wouldn't restrict it to being unique around the Fort McMurray area. Certainly, other parts of the country have the same ethic and desire concerning those species.

Mr. Brian Jean: Of course, the people who live in it are very concerned about it as well.

Mr. Alex Ferguson: Very much, very much; so we believe it's a good opportunity to increase performance on SARA.

Mr. Brian Jean: Exactly, and rebalance the performance so that we do both of what we need to do.

The Chair: Thank you, Mr. Jean.

[*Translation*]

Mr. Caron, the floor is yours.

Mr. Guy Caron: Thank you very much.

I am going to ask Mr. Lavoie, Ms. Kozhaya and Ms. Labrecque all the same question.

As you know, Bill C-4, which we will begin studying next week, contains a government measure to eliminate the tax credit for labour-sponsored venture capital funds. The measure is especially relevant for Quebec, since 90% of the tax credit goes to Quebec funds.

Where do your respective organizations stand on the subject? In your view, how important are labour-sponsored venture capital funds to Quebec's economy? What do you recommend as far as this measure is concerned?

Mr. Martin Lavoie: I'll go first.

We haven't received a lot of complaints from our members about the measure. I know that some manufacturers do benefit from such funds. Keep in mind that ours isn't the sector that benefits most from venture capital. It's more the IT and telecom sectors that benefit in that respect. We haven't taken an official stand. We understand the measure is tied to the tax credit for RRSP contributions.

Mr. Guy Caron: Unless I'm mistaken, Manufacturiers et exportateurs du Québec issued a press release condemning the government's decision.

Mr. Martin Lavoie: No doubt, Quebec has more members who benefit from the tax credit.

Mr. Guy Caron: Thank you.

Ms. Kozhaya, where do you stand on the matter?

Ms. Norma Kozhaya: We made a statement indicating that the tax credit for the Fonds de solidarité had helped create jobs in Quebec; that sums up our statement. In the past, we have advocated revisiting the way the tax system treats all venture capital funds.

Mr. Guy Caron: Your organization, in particular, also recognizes the importance of investment in private venture capital funds. Contrary to popular belief, labour-sponsored funds aren't invested solely in unionized organizations or companies. The money is also invested in private venture capital funds.

● (1200)

Ms. Norma Kozhaya: Absolutely. The funds invest in a variety of sectors and not just in unionized workers' funds.

Mr. Guy Caron: Ms. Labrecque, what is your view on the subject?

Ms. Julie Labrecque: Ours is similar to that of the Quebec Employers Council. We, too, want those tax credits preserved because they give companies and investors better funding. Companies benefit from those investments, and we want those tax credits to continue. The measure helps investors because it enables them to build equity for retirement. They can also invest that equity in other types of companies, not to mention in the local and regional economies. Private venture capital funds should also be preserved.

Mr. Guy Caron: Thank you very much.

Your position is actually in line with those of the Fédération des chambres de commerce du Québec and the Board of Trade of Metropolitan Montreal. Quebec's business community is a major proponent of maintaining the tax credit. The province's business sector recognizes the importance of the credit, especially in an area as vulnerable as venture capital, where it's incredibly tough to access the funding required to help businesses.

Ms. Julie Labrecque: Absolutely.

Mr. Guy Caron: I would like all three of you to comment on what I say next.

I'm not sure whether you know or not, but in late October, Quebec's two main labour funds, Fondaction and Fonds de solidarité FTQ, brought a proposal to the finance minister; it called for the continuation of the tax credit and addressed the federal government's concerns, including cutting the cost of the tax credit by reducing it by a third. That would mean a cap on how many new shares the two labour funds could issue.

Under the proposal, the two main funds would invest $550 million in private funds in Quebec, with the option of investing anywhere in Canada, not just in Quebec. A total of $400 million would be directly invested in private funds outside Quebec, including $120 million in the federal government's venture capital action plan. And just over $1 billion would be invested directly in companies, in addition to the funds' investments in the venture capital action plan.

That was what the two labour funds put forward in a proposal totalling $2 billion over 10 years, in exchange for the tax credit, which would end up costing somewhere between $80 million and $90 million a year. The federal government rejected the proposal, sticking to its decision, whereby it will spend $400 million in one fell swoop and that will be the end of it. What do you think of that proposal? How should the federal government have responded?

Ms. Kozhaya, you can start us off.

Ms. Norma Kozhaya: We didn't really review the proposal. It is our position that those funds contribute to Quebec's economy, as we have already said.

Mr. Guy Caron: Thank you.

The Chair: Ms. Labrecque, what about you?

Ms. Julie Labrecque: We, too, are still considering the proposal. We're examining it very closely. We believe these investments, whether in private funds in Canada or elsewhere, benefit the economy. Tax credits for the funds should be maintained.

[*English*]

The Chair: Thank you.

Thank you, Mr. Caron.

We'll go to Mr. Saxton, please.

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

I thank our witnesses for being here today.

My first question is for Madame Labrecque,

[*Translation*]

from Regroupement des jeunes chambres de commerce du Québec.

[*English*]

Madame Labrecque, in your submission, you argue that the government should wipe out the budget deficit quickly and work on implementing a debt repayment plan. You sound like a natural Conservative. I appreciate that.

As you may know, our government did in fact repay $38 billion of the national debt in our first two years in government. We now have the lowest net debt to GDP in the G-7, by far.

Since the time of your submission, the government has announced steps forward on both of these issues. Our government set an ambitious debt-to-GDP target of 25% by 2021. Also, I would like you to know that in the economic and fiscal update, we're on track to balance the budget in 2015.

I'm interested in knowing how important this is for young people in Quebec and across Canada.

[*Translation*]

Ms. Julie Labrecque: Thank you for highlighting that aspect of our recommendations. Our recommendation addresses the short term as well as the medium term. Basically, we want to make sure that the tax and debt burdens aren't always passed on to the next generations.

We are simply trying to ensure that future generations will have access to the same pension funds and services their predecessors did. It's a good thing that the government is already setting targets and taking steps to bring down the debt, because, when all is said and done, we don't want it being passed on to the next generations. Tangible measures need to be taken in order to reduce the debt and balance the budget across every government department.

The debt should not always be passed on to the next generations. That is our objective.

● (1205)

Mr. Andrew Saxton: Thank you kindly.

My next question is for Ms. Kozhaya, of the Quebec Employers Council.

[*English*]

In your opening remarks, you mentioned how raising the CPP at this time would be difficult for employers. Obviously, we all want to have a strong retirement plan for Canadians; however, unlike the official opposition, we don't think this is the right time to put an extra burden on employers and employees by imposing an increased premium on the CPP.

Can you please explain how it is important that we should not be doing this at this time?

[*Translation*]

Ms. Norma Kozhaya: Thank you for the question.

Indeed, we see them as levies on the economy. In the short term, an impact will certainly be felt. It's already clear that the economic recovery is very slow, not just in Canada, but also everywhere else, including the United States, Europe and emerging countries, which we may have relied on a bit more in the past.

Those levies will add up and deter job creation. In the long term, however, benefits could flow.

There is also a focus on encouraging savings, but is this the only way to do that? Efforts have been made in the past, including the federal government's pooled registered pension plan and Quebec's voluntary retirement savings plan. Time will tell whether those plans prove successful.

As I also said in my opening remarks, the need for retirement savings isn't generalized. A number of studies have shown that. This certainly won't help low-income earners meet their retirement needs. I don't think it is meant to help the rich either. If you examine the measures designed to help the households who may need them, you're looking at about 30% of households, not 100%. We don't need a universal solution because the need isn't universal.

Mr. Andrew Saxton: Thank you very much.

[*English*]

My next question is for Martin Lavoie of Canadian Manufacturers & Exporters. It's a very quick question.

CME president and CEO Jayson Myers recently called the signing of the comprehensive economic trade agreement with the European Union “the Wayne Gretzky of trade deals”. Could you explain to us what you think about this new trade deal?

Mr. Martin Lavoie: Yes, we thought it wasn't good enough to call it the Maurice Richard of trade deals.

Voices: Oh, oh!

Mr. Andrew Saxton: They both work.

Mr. Martin Lavoie: It's quite supported across the board. Across CME we applaud this deal from all sectors. That's all I can say quickly.

The Chair: Thank you.

Thank you, Mr. Saxton.

Monsieur Côté, s'il vous plaît.

[*Translation*]

Mr. Raymond Côté (Beauport—Limoilou, NDP): Thank you, Mr. Chair.

What Mr. Saxton failed to mention about the deficit is that it was artificially created. We have to take a very long and pointless detour before we achieve some semblance of a balanced budget again.

I'm going to stay on the topic of the deficit.

Mr. Atkinson, the Federation of Canadian Municipalities said there was still a major shortfall in terms of infrastructure across the country. We're talking nearly $150 billion. The federal government has responsibilities and some jurisdiction in the area of infrastructure. The Parliamentary Budget Officer determined that, as far as federal funding allocated to investment programs was concerned, some $4 billion had not been spent. So the much talked about program valued at $170 billion over 10 years is partly funded by recycled money.

The federal government has not taken the necessary steps to improve infrastructure or help municipalities. Would you care to comment on that?

● (1210)

[*English*]

Mr. Michael Atkinson (President, Canadian Construction Association): Like the FCM, our position would be that governments plural are not doing what we need to do to ensure our critical public infrastructure supports Canada's economic growth, prosperity, etc., because custodianship of critical public infrastructure in Canada is primarily at the municipal level now. Municipalities are the front-line gatekeepers, if you will; provincial governments have an extremely important role, and the federal government has a role.

From our perspective the 10-year program was a step in the right direction, as was the seven-year building Canada plan, because for the first time in Canada we had a multi-year plan that provided some permanency, some reliability. That's so important in planning, both for municipal and provincial governments, but also for our industry that has to build this. We have taken positive steps, and when I say “we” I say all levels of government have taken positive steps to address our infrastructure deficits. There's more to do. There's more work we have to do, and we have to find a way because there is no option. It's not either/or; we must address our critical public infrastructure needs, no question.

When it comes to the dollars, what's spent, etc., what's the right number, what's the appropriate share, if you will, of responsibility among governments, the one thing I can say is that it's a co-shared responsibility. All levels of government have a role to play in dealing with this issue.

[*Translation*]

Mr. Raymond Côté: Ms. Kozhaya, in the third recommendation of the brief you submitted by email, you say that the Canada Job Grant is a bad idea, given the agreement concluded in 1998 between the provinces and the federal government. You stressed the fact that the implementation of that grant would require the federal government to create new administrative structures in order to manage the new program. Would you like to comment on that extra red tape and the addition of specific measures?

Ms. Norma Kozhaya: As I said, we hailed the intention to have a better matching of training to employers' needs. As it has been mentioned, the Commission des partenaires du marché du travail du Québec has done some good work. Of course, the situation is not perfect and neither are our results. There is room for improvement. However, certain structures could probably be used more effectively, even as targets and objectives are being reviewed. The federal government has shown some openness and flexibility. We want Quebec to remain in charge of the implementation, even if that means reviewing targets and objectives based on the results that best meet companies' needs.

Mr. Raymond Côté: Ms. Kozhaya, you talked about issues related to the new procedure in health care transfers. Your organization is actually pretty critical of that unilateral process.

Could you give us more details on a potential new transfer agreement and on the needs that are not being met in the provinces?

Ms. Norma Kozhaya: We were basically saying that we must make sure that the needs do not grow at the same pace as the economy. We also think that, over the longer term, the Canada Health Act should be reviewed, so as to give the provinces more flexibility if they deem that some of the needs need to be met differently.

The Chair: Thank you.

Thank you, Mr. Côté.

[*English*]

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

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

Welcome to our witnesses. I have several questions.

I can't help but state at the beginning, with respect to Mr. Côté's comment on balancing the budget, that quite frankly, if your party would have had your way, our deficit would be a lot higher than it is today. Maybe I'd just set the record straight there.

I have a question for Mr. Columbus. Jayson, I'm puzzled because you're telling me there's no manufacturer of Canadian apple juice concentrate.

● (1215)

Mr. Jayson Columbus: There's no reliable source of Canadian apple juice concentrate. You may or may not be familiar with Muwin Estate Wines. It's from my home community of New Ross. They make Bulwark apple cider, which is a world award-winning cider. It's made by the Quebec and British method. It's really a lovely cider.

Mr. Gerald Keddy: I have a barn full of green barrels for spray from when I was in the Christmas tree industry that have written on them "Canadian apple concentrate".

Mr. Jayson Columbus: From the sources that we looked into, the different brokers in the west, in B.C., as well as into the east, even in the Ontario Tender Fruit Producers Marketing Board, we've had confirmation, specifically from the Ontario board, that none exists. In B.C. we know there is a supplier, but it's very unreliable for the commercial quantities required.

Mr. Gerald Keddy: You don't intend upon squeezing your own apples.

Mr. Jayson Columbus: We're not a cottage cidery where we can go out and do that kind of thing. We rely on the production from the actual producers, the orchardists that will squeeze the apples and produce the concentrate on our behalf.

Mr. Gerald Keddy: Well, I think you have to go a little further east. The east doesn't stop at Ontario.

Mr. Jayson Columbus: Understood. Thank you.

Mr. Gerald Keddy: If there is an excise tax on that, it's something I think we could certainly look at. I think you need a little more explanation and little more depth to your request when you put it to us.

The other area I want to go into is with Mr. Atkinson. I want to specifically talk about the apprenticeship training. There are some very similar comments coming from all of our witnesses here today. As a member of this committee I certainly appreciate that, because it tells us there are some areas where we need to improve and there are some concerns coming from across the country, from various and related groups, that are similar.

On the apprenticeship training, you talk about the fact that we were forced to make the apprenticeship dollars, $1,000 per apprentice, taxable, but you don't explain that it's not taxable for the full amount. Did I get that wrong?

Mr. Michael Atkinson: Yes. I'm talking about the tax credit for employers. We don't think it's effective enough.

Mr. Gerald Keddy: You're claiming that as income in the following year.

Mr. Michael Atkinson: Correct.

Mr. Gerald Keddy: You're taxed at your low business tax rate. You're not taxed 100% of it back.

Mr. Michael Atkinson: No, that's true, but you still have to take it back in. Also, we think the credit is limited in the sense that it only applies to Red Seal trades; it doesn't apply to provincially regulated trades. Also, it's for first-year and second-year apprentices only. We understand that.

We're asking that it be looked at to ensure it's doing what it was intended to do.

Mr. Gerald Keddy: To be clear, it's not all being hauled back. You're paying at 15%, or something.

Mr. Michael Atkinson: The full amount of the credit has to be brought back into income.

Mr. Gerald Keddy: I appreciate that.

The other comment you made about the apprenticeship program was that there were a number of other areas where you thought it should apply outside of the Red Seal programs.

Mr. Michael Atkinson: Correct.

Mr. Gerald Keddy: What specifically are those?

Mr. Michael Atkinson: They are provincially regulated trades that aren't Red Seal trades.

Mr. Gerald Keddy: Which ones are they?

Mr. Michael Atkinson: There are a ton of them. Off the top of my head—

Mr. Gerald Keddy: Give me examples.

Mr. Michael Atkinson: That could be a problem for me right now.

Mr. Gerald Keddy: You can get back to us on it.

Mr. Michael Atkinson: Absolutely.

There are only some 40 Red Seal trades, and there are many more —

Mr. Gerald Keddy: The other comment made was—and this is the difficulty with the Red Seal trades—about moving from jurisdiction to jurisdiction, if you're trained in Quebec and you move to Alberta, or if you're trained in Nova Scotia and you move to Newfoundland or Alberta, but you can challenge as well. If you have your hours in, you have the ability as an individual simply to challenge and write the exam.

The Chair: Be very brief.

Mr. Gerald Keddy: I'm not saying that's the preferred answer.

Mr. Michael Atkinson: I know that the government is working with the Canadian Council of Directors of Apprenticeship to try to harmonize apprenticeship much better across provinces, which is great news from our perspective. I also know that the labour and mobility provisions in the Agreement on Internal Trade were amended. If you're certified in a trade in one province, that should be good enough now right across the country, regardless of whether you are Red Seal certified or not.

The Chair: Thank you, Mr. Keddy.

Next is Mr. Rankin, please.

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

Welcome to all of our witnesses. *Bienvenue.*

I want to pose a couple of questions to Mr. Ferguson of the Canadian Association of Petroleum Producers.

About a year ago now, I ran in a byelection in Victoria. I suppose the principal plank of my platform was an opposition to the Enbridge northern gateway project, for which I found literally zero support in our community.

My question is directed at you.

I was at a rally in Vancouver at which there were a couple of thousand people last weekend. It was one of 130 rallies across the country opposing this project among others. One thing that someone said struck me as poignant. They said, "The cabinet may give the permits, but the population gives the permission."

My question for you is, if Enbridge were to continue in the face of opposition by both non-aboriginal and aboriginal Canadians, would CAPP support that position, if they got the permit from the regulator?

● (1220)

Mr. Alex Ferguson: That's a difficult thing to answer for a specific company.

Mr. Murray Rankin: I'm asking you about CAPP's position were Enbridge to say that they were going to go ahead because they had obtained the permits, in the face of the kind of opposition that you must know exists in my part of the world.

Mr. Alex Ferguson: I think we would support proceeding, given that we would fully expect not only the industry but the project proponent itself to carry through with whatever requirements are put in place to try to increase their social licence.

Will it get through the permit process? We haven't really speculated through that process yet; we're waiting to see the outcome of it. There is a growing need certainly to increase a level of support hopefully for market access not just for one specific project but for projects across Canada.

Mr. Murray Rankin: I certainly don't see it in my part of the world; I assure you.

In your brief you say, “Bills C-38 and C-45 work to improve regulatory efficiency” and “responsible environmental” performance.

Those were the bills that gutted the Fisheries Act and repealed the Canadian Environmental Assessment Act and replaced it with a very pale imitation of the statute that was repealed.

What are you proposing when you say that the full benefits require “effective and efficient...regulations and policy” that are “implemented on an aligned 'whole of government' and timely basis”?

Can you explain what you mean by that?

Mr. Alex Ferguson: Certainly.

First of all, we look at the changes to some of that legislation and we see continued good environmental performance.

There are some process changes that we believe took place in those two acts. We're very supportive of the new Fisheries Act, for example, because we think it points to a really good, focused vehicle to get on with what we should be doing with fisheries, values.

Mr. Murray Rankin: I would agree with you that it's a good, focused vehicle, not for environmental protection surely, but rather for development at all costs.

Mr. Alex Ferguson: That's certainly not our view.

One issue that we see in the Fisheries Act, though, and I'm alluding to the second part of your question, is that it's a piece of legislation that doesn't have a lot of regulation written yet. For it to be an effective piece of work, we would like to see the regulations come out. They are starting to come out now. I think those will be the true telling of just what effect they will have on either process or environmental protections.

Mr. Murray Rankin: Last year, the International Centre for Climate Governance reported that Luxembourg and Canada were “the farthest from the emission levels they agreed to keep, by 29% and 27% respectively”. Canada was the 38th worst performer out of 39 among countries on climate change commitment. Places such as Taiwan have grown their economy while at the same time cutting their emissions.

My question for the Canadian Association of Petroleum Producers is, do you have a climate policy and what is it?

Mr. Alex Ferguson: Certainly we've advocated and structured our position on greenhouse gas emissions policy for Canada around three key areas.

The first is to keep an eye on the competitiveness piece for the sector. The second is accepting and being responsive to the social licence issues related to that. The third, a key underpinning, is reliance on technology and innovation as a key vehicle with respect to our reductions. You have seen the numbers on oil sands reductions over time. They have been pretty significant. We're looking at continuing that work through the results of what Canada will come out with in terms of a GHG policy. We believe that a snapshot in time is probably not the best vehicle to look at, certainly in our industry's performance.

The Chair: Thank you very much.

Thank you, Mr. Rankin.

The final round will go to Mr. Van Kesteren, please.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you all for coming this morning. I'm so glad I got the final questions.

You know you're getting old when you start to refer to the younger generation, and I do that often. Sometimes I lament, as most older people do; they think things were so much better....

But I have to tell you, my spirits have been revived. I see a phoenix rising from the ashes when I see the young people here today. I hear what they're saying.

I mean this with all sincerity, when I see your passion and the vision that you have, because I believe it's absolutely correct.

I'm going to be fair. Forgive me, gentlemen, but I want to focus on the four here this morning.

Maybe I'll go through a few of the policies. We know already that you support the elimination of our deficit. I'm hearing from you that we need to start to chip away at or pay down our national debt.

Regarding the lowering of corporate taxes, do you all agree that this is...?

I'm seeing nods. Could I just hear “Amen” or “Yes, sir”, or something along those lines from each one of you?

Would you agree, Martin, that the lowering of corporate tax is on the correct path?

● (1225)

Mr. Martin Lavoie: Yes.

A voice: Definitely.

Ms. Norma Kozhaya: Absolutely.

Mr. Dave Van Kesteren: Would you agree, Julie, that the continuation of opening up new markets—we talked a little bit about the EU, but also about the situation to the south of us, the American one—is going in the right direction?

Ms. Julie Labrecque: Sure.

Mr. Martin Lavoie: Yes.

Mr. Dave Van Kesteren: Jayson and Norman?

I'm going to go out on a limb. I want to ask you, and you can be honest, but please don't take too much time, because there's another question that I also want to introduce, are there areas in which we are moving in the wrong direction?

It's not a loaded question. Hit me. We need to know if there are things that you think are incorrect. Speak to me as young people with your whole lives ahead of you, your future ahead of you.

Julie, perhaps I could start with you.

[*Translation*]

Ms. Julie Labrecque: I want to emphasize that the new generation should be encouraged to innovate and be provided with the tools they need to do so. It's nice to see young entrepreneurs investing, trying to build their own company or taking over a family company, but if we do not help them or ensure that companies across the country remain in Canadian hands, the initiative will not be successful.

[*English*]

Mr. Dave Van Kesteren: Succession planning needs to be addressed?

Ms. Julie Labrecque: Yes.

Mr. Dave Van Kesteren: Right.

Jayson?

Mr. Jayson Columbus: Yes, I definitely agree with that.

Also, I want to mention that among things that are going well specifically for our business, we've been able to take advantage of some of the federal incentives for our employees for training, such as the career start youth program. Those have been invaluable for us in employing youth who are learning and are investing themselves in their degrees and professional designations and things of that nature. We believe that this is a solid path the government is setting.

Mr. Dave Van Kesteren: Thank you.

Norma.

Ms. Norma Kozhaya: Sometimes it's the way things have been done. For instance, we were critical of what was proposed for the telecom industry. Of course we are for competition and consumer protection and all that; however, we have to make sure that we don't disadvantage our companies.

Mr. Dave Van Kesteren: Martin?

Mr. Martin Lavoie: In our sector I have to say there's not a single week I don't get a call about the cuts to the SR and ED tax credit. A lot of companies think there is nothing else for them to replace what they've lost, especially in sectors that have not benefited from direct support, such as aerospace and automotive, and a lot of other sectors, outside of Ontario and Quebec as well.

The second one is that a lot of companies bidding on infrastructure procurement projects feel more and more that when they want to bid in the U.S. and other countries, they're banned from public infrastructure projects. When they're here in Canada competing on large bridge projects or other infrastructure projects, they have to compete with all these other foreign players from countries that systematically discriminate against Canadian manufacturers.

The Chair: Okay, you have about 30 seconds.

Mr. Dave Van Kesteren: This is my pet peeve.

Especially, Julie, with you representing the chamber, you talked about legacy costs and what we pass to our children. What are you doing to stop some of these ridiculous pensions that are starting to bleed the municipalities dry?

● (1230)

[*Translation*]

The Chair: Ms. Labrecque, please answer very briefly.

Ms. Julie Labrecque: We are continually consulting various stakeholders at municipal, provincial and federal levels, as well as our members, in order to analyze the situation and find solutions to those deficiencies.

The Chair: Thank you.

[*English*]

I'm sorry, I know members have more questions, but we are going to have to cut it there.

Merci beaucoup à tous.

Thank you so much for your presentations and for participating in the pre-budget consultations.

Colleagues, I will suspend for a couple of minutes and we'll bring the next panel forward.

If you could just review the budget request you have before you, hopefully we can deal with that today.

Thank you.

● (1230)

(Pause)

● (1235)

The Chair: I'd like to call this meeting back to order. I would ask our witnesses and colleagues to find seats as soon as possible, please. Thank you. I'm sorry, but we're very tight on time today.

Colleagues, briefly, have you had a chance to review this budget? Are there any questions? This is for Bill C-4. The amount requested is $26,400. Are there any concerns about it?

Ms. Nash.

Ms. Peggy Nash: Mr. Chair, I have a quick question. This sounds fine. If we were to have a situation in which we needed an additional video conference or there was something else, I assume we could make amendments if they were found to be necessary.

The Chair: We could ask for additional funding. So far, with respect to video conferences, we have budgeted for six and we have four confirmed.

Ms. Peggy Nash: Okay, so we should be fine.

Thanks.

The Chair: There is some latitude there.

Mr. Jean, do you have any questions on this?

Mr. Brian Jean: I have a very brief comment. I want to compliment you on the austerity you've shown on this compared to budgets a year or two ago. I notice there's a tremendous difference in savings for taxpayers. You've encouraged video conferencing, and I'd like to compliment you on that. I know that's your role, along with the clerk's.

The Chair: Thank you. I'll share that credit with our committee staff. They've done an excellent job.

Are all in favour of this budget proposed by Mr. Jean?

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

The Chair: I want to welcome our guests to our second panel. Thank you so much for being with us today.

We have six presenters on this panel. We have from the Canadian Energy Pipeline Association, the president and CEO, Brenda Kenny. From the Canadian Labour Congress, we have the senior economist, Angella MacEwen. From the Canadian Restaurant and Foodservices Association, we have the president and CEO, Mr. Garth Whyte. We have from l'Institut de recherche et d'informations socioéconomiques, professeur Éric Pineault. From Unifor, we have economist Jim Stanford back with the committee. From the United Steelworkers, we have their economist, Mr. Erin Weir.

Welcome. Thank you so much for being with us. You have five minutes maximum for an opening statement, and then we'll have questions from members. We will begin with Ms. Kenny, please.

Dr. Brenda Kenny (President and Chief Executive Officer, Canadian Energy Pipeline Association): Good morning members of the committee, Mr. Chairman.

My name is Brenda Kenny. I am president and CEO of Canadian Energy Pipeline Association. We look forward to the opportunity to provide our views on the 2014 budget.

As you probably know, we represent all the large transmission pipeline companies in Canada. Together they ship about 97% of all of Canada's daily onshore crude oil and natural gas production, and meet the needs of consumers in that fashion every day.

Our membership currently operates more than 115,000 km of pipelines in North America. We are big job creators on the cusp of investing more than $25 billion on nationally significant projects and we recommend that the federal government support pipeline technology research and collaboration across Canada. This would support continuous improvement on pipeline safety and security while also improving social licence to operate, reaching needed new markets, but also very importantly positioning Canada as a world leader in engineering research, development, and deployment.

Federal support for collaboration would be defined as a modest contribution comprised of two things: first, sufficient capacity within a key department such as Natural Resources Canada, through which the federal government could participate in collaborative efforts; second, funding of up to $5 million for three to five years to establish investments in technology and collaboration, perhaps through a CANMET energy program.

The economic benefits of increased pipeline infrastructure are clear. Salaries and benefits support thousands of families, local businesses, and many regional economies from coast to coast to coast. Last Friday we released an economic evaluation that showed direct employment across the country of over 9,000 people. Our members for, operating systems alone, pay over $1 billion a year in taxes. We also benefit thousands of local suppliers, welding, steel manufacturing, construction, information technology, even hotels, restaurants, and banking. They are all impacted by the pipeline industry, and we have a golden opportunity to broaden that long-term trade.

Infrastructure delays are estimated to cost this country $30 million to $70 million a year. The Canadian Chamber of Commerce calculates that $18 billion a year is lost and the overall market differential would cost Canada $135 trillion in the coming years. Of course, safety is job one, and we in our industry have committed to strive to zero incidents through design, constructing, operating, etc.

One of the most significant ways in which we improve safety is through deployment of advanced technologies. Collaboration is key. To really break the back and get a step change, we need to find better ways to collaborate. We have established the CEPA Foundation, which is the means through which suppliers and contractors across industry come together.

We've also been working with others on something called the Canadian Pipeline Technology Collaborative,which is a pan-Canadian approach to leverage and optimize R and D. This is similar to what Australia has done. It focuses on a number of core areas that are outlined in our letter to the committee. Actions on these objectives are critical through a tri-sector approach that includes governments, the research community, and industry, resulting in safety and new jobs through new high-tech firms.

Fundamentally, there is a number of key examples also outlined in the document provided to the committee. This complements our sophisticated risk management approach through the CEPA integrity first risk management program. The federal government's involvement is critical. We need to have capacity from the federal government to be engaged in collaboration and support for matched commitments to come. This supportive collaboration is an important part of Canada's golden opportunity in opening and securing new markets while meeting Canadians' public interest priorities respecting safety and environmental protection.

Thank you.

● (1240)

The Chair: Thank you very much, Ms. Kenny.

We'll now hear from Ms. MacEwen, please.

Ms. Angella MacEwen (Senior Economist, Social and Economic Policy, Canadian Labour Congress): On behalf of the 3.3 million members of the Canadian Labour Congress, we want to thank you for the opportunity to present our views. The CLC brings together workers from virtually all sectors of the Canadian economy in all occupations and in all parts of Canada.

Leading economists, including bank economists, say that Canada's economic growth prospects remain weak due to insufficient business investment, high household debt, and weak global growth. Leading economists also fail to see any sign of labour shortages emerging. Some even suggest we should welcome the eventual tightening of the labour markets that will come when boomers retire.

Business investments are not where they should be. The across-the-board corporate tax cuts did not deliver the promised investments in real assets, such as new factories, or in workers' training. Thus these cuts failed to boost economic growth and productivity and did not help to create more and better jobs.

The overall labour force participation rate and the employment rate have not recovered to their pre-recession levels. Employment growth has been shallower than labour force growth, and the labour force participation rate is at its lowest level in 10 years. The participation and employment rates for 20- to 35-year-olds is markedly lower than pre-recession, indicating there's a difficulty for young workers to break into the labour market. On the other hand, employment rates have increased throughout the recession and recovery for people over 55.

Programs targeted at helping young workers get experience in the job market and information that helps them choose training for in-demand careers are both critical components of addressing this pressing issue. Second chance retraining opportunities for older workers affected by structural shifts in the economy are also important.

We're concerned about the rise in precarious labour, part of a much longer-term trend. For example, two million workers are employed in temporary jobs in Canada right now, which is about 13.5% of all employees, up from about 12% just before the recession.

Underemployment is also an issue that we're looking at closely. For the year between November 2012 and October 2013, an average of 1.35 million workers were unemployed. Some 900,000 workers worked part-time but wanted full-time work. That represents 27% of all part-time workers. Some 472,000 people were not in the labour force, but indicated to Statistics Canada that they did want work. These are marginally attached workers and they're an indication of how many people may be looking to enter the labour market should labour market prospects improve. Statistics Canada tells us that there are 6.4 unemployed persons per job vacancy in Canada, but that number doubles when we consider these marginally attached and underemployed workers.

The proportion of unemployed workers who remain unemployed for long stretches is also higher than pre-recession, with 20% of unemployed workers having been unemployed for more than 27 weeks, and 7% unemployed for more than a year. This is compared to pre-recession levels of 13% and 4%. All of this is to say that the labour market is weaker than the headline unemployment rate of 6.9% would indicate.

A recent TD Economics report by Derek Burleton and his colleagues found there are no wage pressures in high-demand occupations. In Saskatchewan, wages for in-demand occupations are actually growing at a slower rate than the provincial average. This evidence supports the position that before the government intervenes in labour markets, either to provide easy access to migrant works or to subsidize employer training costs, you ensure employers have “more skin in the game”, as employment Minister Jason Kenney aptly expressed. To properly assess the presence of actual labour shortages, we need better labour market information.

The CLC urges the government to take seriously the need for timely, reliable, and detailed labour market information as part of a broader investment in improving Canada's labour market productivity.

Is the time up?

● (1245)

The Chair: You've got about 30 seconds.

Ms. Angella MacEwen: Okay.

The CLC also calls for the development of a national tripartite skills development strategy to prepare for the consequences of the aging workforce and to meet the specific needs of groups such as aboriginals, recent immigrants, and youth.

Training and lifelong learning are critical, and literacy and numeracy skills in Canada lag behind many other countries. LMA, labour market agreement, funding has been key to supporting this goal. We know that 86% of LMA clients are employed after participating in an LMA program and earn an average of $332 more a week. LMAs also have proven track records of reaching vulnerable and marginalized populations. For example, the CBC reports that in Saskatchewan, 60% of LMA beneficiaries were aboriginal persons and many of them lived in areas where new economic projects were planned.

Thank you.

The Chair: Thank you very much for your presentation. We'll now go to Mr. Whyte, please.

Mr. Garth Whyte (President and Chief Executive Officer, Canadian Restaurant and Foodservices Association): Thank you, Mr. Chair, and thank you to the committee for inviting us to speak to you today.

We note that this committee is looking at six issues: economic growth, vulnerable Canadians, R and D, rural issues, urban issues, and red tape. We could be in every one of those committees.

Today we're going to talk about maximizing employment opportunities for Canadians. I have a powerpoint presentation, which is not on a powerpoint, but I have a deck here that I'll be referring to.

If there's an overall key message I would like to leave with the committee today it's that the restaurant industry will continue to play a significant role in job creation across Canada, especially with youth, first-time jobs, as well as skilled jobs.

If I may turn to the next page, I don't know if some of you saw this several years back, but it was a United Way campaign. It was a good campaign in what they were trying to do, but you can see here they had a new Canadian working in a dungeon. It was obviously not a very good job, and he needed to get out of that job into a nurse's position.

I started in my position months before this ad went out. I showed this to my board. My board has 30 members—which is a lot, and we can talk about that later—with everyone from CEOs of multinational corporations to chefs for fine dining to independent restaurateurs, and to a person they were angry and hurt. Many of them, including CEOs of multi-billion dollar corporations, started as dishwashers. Many of them have their kids starting as dishwashers. It became apparent that if we don't tell our story, other people will tell it for us and this is the story they're going to tell.

I'd like to move to the second page, which is the United Way campaign three years later. It shows a builder of careers, of jobs, of communities, builders in urban and rural settings in every community. As an organization and as a sector, whether we're talking about agrifood, health, tourism, or economic development, we're positioning ourselves, and you should see us as part of the solution, not part of the problem.

As we talk about employment we move to the next slide, what is called an infograph. We have 18 million Canadians visit us every day. We give back almost $300 million to the community. We support 1.1 million jobs and we support $250,000 indirect jobs in agrifood primarily. It says $65 billion, but we're a $69 billion industry.

We are the number one creator of first-time jobs. We hire underprivileged people, people from the aboriginal community, seniors. We hire from all categories. We'll take them all. We are the number two creator of jobs for youth. These jobs are across Canada.

The next page refers to a labour force survey and Statistics Canada information. We looked at sectors and put it together. You may remember 2009 and 2010. We are a reflection of consumers; if they are uncertain we feel it. Even during those times we continued to create jobs. We were the third largest job creator. The others were a mix of private and public sector jobs. We were just behind construction. Even during our tough times we were creating jobs.

We ask our members to look at the economy. We meet with the bank governor, Finance, and premiers because our members are the canaries in the mine shaft. With 18 million visits a day, they know what's going on in the economy, and 80% are saying that in the next six months they're going to maintain or increase their employment.

We asked them what their most important issues were. Seventy per cent of their costs are food and labour. Those are the issues, but I want to point out that a third said that a shortage of skilled labour is a concern for them—it depends which region—and another 28% said it was a shortage of unskilled labour.

We are anticipating a labour shortage and we are feeling it in some regions. We can do statistics and data and we strongly recommend we need better labour market information, but you can see we're facing a skill shortage and many of our members are feeling it now.

● (1250)

Mr. Chair, in conclusion, we're a significant employer in every community, and we have a key role with youth employment and first-time jobs.

We have a shortage of skilled labour issue. It's becoming a growing issue. We strongly support and need a federal-provincial private sector strategy to deal with future labour shortages, and government policy should enhance and not stifle restaurant growth.

Thank you, Mr. Chair.

The Chair: Thank you very much for your presentation.

[*Translation*]

We now go to Mr. Pineault, who has five minutes.

[*English*]

Mr. Éric Pineault (Professor, Institut de recherche et d'informations socio-économiques): Thank you, Mr. Chair. Thank you, committee members.

[*Translation*]

I will continue in French.

I would like to quickly tell you about a study published in the spring by the Institut de recherche et d'informations socio-éconoiques. The study was an attempt to understand the current economic recovery by comparing it to the country's past recoveries in the wake of the last three major recessions—in 1975, in 1980 and in 1990.

The idea was to take up a hypothesis established by the IMF about a year and a half ago, whereby there is a major difference in the way the recovery is unfolding today. I worked with that hypothesis in 2008. In 2009, I published an article in the journal *Options politiques* regarding the notion of an L-shaped recovery, rather than a V-shaped or a U-shaped recovery.

That idea of an L-shaped recovery refers to an interpretation that I will present to you—an interpretation involving stagnant structural forces in the economy. I think it's very important to keep that context in mind in order to understand how the budgetary policy will behave. I will only talk to you about the diagnosis, leaving it to others to deduce from that policies moving in one direction or another. I would like to point out that this interpretation is similar to the one Larry Summers just presented to the IMF last week, and to Paul Krugman's interpretation. It is starting to make its way through the mainstream circles. However, when I started working on this, people looked at me in disbelief.

One of the tables illustrates the performance of the Canadian economy. The figure of 100—which stands for 100%—shows where the economy was just before the recession began. You can see two curves in the chart. The first one represents the average of recoveries since 1975, and the second one represents the current situation.

You can see that the performance of our economy is weak, that the economy is having difficulty recovering from the crisis and that we are going through a “non-recovery” or an extremely weak recovery, without experiencing a double-dip. How can that be explained? We can come back to the explanation later, but one thing is clear—ours in an open economy that is highly dependent on the global market. The U.S. finds itself much deeper than us in that stagnant crisis, but we are still affected.

How has the state reacted to that crisis? When we consider all the public spending, at all levels of government in Canada, we can clearly note a major difference in the way the state is handling the crisis. This means that the level of spending is significantly lower. In addition, as of the third year, we see that the state's impact has been neutral—that is, the spending stopped progressing and has been stagnant. So this is a new way to react to a crisis—instead of stimulating the economy, the government decided to apply policies characterized by austerity that neutralize the state's impact.

Let's now look at federal transfers. The 1990s were marked by major reforms implemented by Paul Martin. You can see that the federal government's impact on the economy was very neutral. In fact, the major economic stabilizers we have had in the past—such as transfers to provinces and municipalities, employment insurance, and so on—have not had an impact and were not triggered by the recession. The remaining tools consist of discretionary spending, whereby a decision is made in the budget to increase spending on infrastructure or ongoing expenses.

You can see that in this curve. Year 0 is the year of the recession. The figure “minus one” is my starting point. You can see that there is only the countercyclical curve, which represents government investments. Yet that accounts for only 4% of the GDP. The leveraging effect is very weak because, unfortunately, our tool has very little control over the economy. Household consumption expenditures, as we know, make up most of the Canadian economy. They accounted for 56% of the GDP in 2012.

I want to draw your attention to the following: we can see that the export sector has really dragged the economy down, but we are not just talking about the export sector, as investments and companies also have a major impact. Household consumption expenditures appear to be stable.

The last issue I wanted to discuss with you is somewhat worrisome. The following three curves should be considered: consumer credit as a total volume, expenditures and household income. You can see that, until the crisis, the expenditures and household income were in line with one another....

The Chair: You have 30 seconds left.

Mr. Éric Pineault: ... and that the credit is above. You see that, since the crisis, the income has been the floor, and the expenditures have been maintained thanks to an increase in consumer credit. That's not sustainable.

● (1255)

The Chair: Thank you for your presentation.

[*English*]

Next we'll have Mr. Stanford, please.

Mr. Jim Stanford (Economist, Unifor): Mr. Chair, members of the committee, thank you very much for inviting Unifor to your hearings.

We agree with the supposition of the meeting that economic growth and job creation are the central goals and should be the central goals of a federal budget policy.

Unifor is Canada's largest trade union in the private sector of the economy. We represent over 300,000 members in over 20 different sectors. We were formed earlier this year through the merger of the former Canadian Auto Workers and the Communications, Energy and Paper Workers. I do want to recognize my colleague with me today, Dave Moffat, assistant to the president of Unifor and the top negotiator and official in charge of our energy, communications, and media sectors.

I must make one note regarding process. I know that in addition to these pre-budget hearings your committee is also investigating the current budget implementation bill, Bill C-4. Representatives from Unifor will appear before you next week to express our views on certain aspects of that legislation, but we do want to register as an organization our concerns regarding the process by which these budget omnibus bills, such as C-4, are being used to change far-flung pieces of legislation that have no direct relation to a budget bill. In our judgment, some of the issues tackled by your committee through the C-4 hearings should be considered more directly and fulsomely through a normal legislative process.

On the issue at hand about economic growth and job creation, we have a written submission that has been distributed. Let me briefly highlight four points from the written document, and I refer you to the document for more details.

First of all, in terms of the status of Canada's overall labour market, it is often claimed that our labour market has done very well, sometimes supported by discussion about absolute increase in employment or percentage growth in employment. That is not the best way to measure labour market performance either over time or across countries, for the simple reason that we also have to take into account growth in the working age population, which is the pool of workers who are available for those jobs. A better measure is the employment rate, which considers the level of employment relative to growth and labour in the working-age population, which is relatively rapid in Canada's case. We have one of the fastest rates of population growth in the developed world.

In that regard, I'll refer you to figure 1 at the end of our brief, which shows the evolution of the employment rate in Canada since the years before the recession to present. As the recession hit, the employment rate fell rapidly, by 2.5 percentage points of the working-age population. That was the most dramatic and rapid decline in the employment rate since the 1930s. With the initial stimulus effort, fiscal and monetary interventions and other measures, that recuperated in the first year and a half of the recovery by about half of a percentage point, or about one-fifth of the way back. What's very important to note, though, is that since late 2010, for three years now, there's been no increase in the employment rate at all, so from a jobs market perspective relative to our population growth, the recovery has completely stalled. This picture is in fact a perfect L. In regard to my colleague's presentation recently about an L-shaped recovery, this is a perfect L. The only reason the unemployment rate has declined gradually over the last three years is the decline in labour force participation, which is nothing to be proud of.

I'll also refer you to table 1 at the back of the brief, which compares Canada's performance in the employment rate to the other industrialized countries of the world. Again, if we adjust for the differential population growth rates in different countries, Canada does not rank at the top, or even near the top. We rank 20th out of 34 countries in terms of the change in the employment rate from 2008, when the recession hit, to 2012 most recently. This shows that the argument of our labour market problem being one of a mismatch between available workers and available jobs, or certainly a shortage of workers or even a shortage of skills workers, is quite misplaced. That is a misdiagnosis of the problem and could lead to incorrect policy responses, including some of the measures the federal government has taken clearly aimed at trying to push a labour supply, whether that's temporary migrants, or changes to the EI rules, or other measures. In fact, I would argue there are over 20 unemployed Canadians effectively for every available job vacancy.

The general thrust of fiscal policy should be to address the main problem in the job market, which is a lack of jobs. So it's job creation and an expansionary program, and we have five dimensions of that written in the brief. In general, I think the continued emphasis on fiscal austerity, which has been indicated by the finance minister, is quite misplaced. We will balance the budget a year early; we will underspend our budgets in several key areas; and then we will further decline program spending relative to GDP in the years even after a balanced budget.

● (1300)

That is a very hollow victory at a moment when over two million Canadians are effectively unemployed. I think the continuing decline in program spending as a share of GDP after the balanced budget has been attained will reduce our GDP growth by up to half a point of GDP a year. I think that continuing austerity is both unnecessary and counterproductive.

Thank you for having us.

The Chair: Thank you.

We'll now hear from Mr. Weir.

Mr. Erin Weir (Economist, Canadian National Office, United Steelworkers): Thank you very much. I'm very happy to be here.

In addition to my work as an economist for the United Steelworkers union, I also serve as the volunteer chair of an organization called the Progressive Economics Forum, which has about 200 members across Canada. I'm very proud of the fact that four of those members are sitting in front of you on this panel. Angella, Eric, and Jim are also members of the PEF. Typically we hold sessions at the Canadian Economics Association meetings, and I'm very pleased that we're able to hold a session at the House of Commons finance committee.

A positive aspect of having these other eminent economists on the panel is that you already have a good overview of the labour market, fiscal policy, and the Canadian economy. What I want to do is focus a little more specifically on the question of whether corporate income tax cuts have helped create jobs by spurring investment.

In that vein, I would refer you to the document we provided you entitled, "Have Corporate Tax Cuts Increased Investment and Employment?". It shows that the federal corporate tax rate, as we all know, has basically been cut in half since the year 2000. It's gone from just over 29% down to 15% today. It's quite a dramatic corporate income tax cut.

After-tax corporate profits as a share of gross domestic product have increased quite dramatically over that period of time. It started out at a little below 10% in 2000 and it's now up to about 14% of gross domestic product. That has been caused by an increase in pre-tax corporate profits, by a reduction in the federal corporate income tax rate, and by corporate tax cuts at the provincial level.

We've seen this huge drop in the corporate tax rate and a huge increase in after-tax profits. One would hope that would have led to a pretty impressive increase in business investment. That prompts the question of how we should measure investment. Often the way we measure business investment in the economy is to look at non-residential structures, machinery and equipment as a component of expenditure-based GDP.

I think that is a decent proxy for what we're trying to look at, but the problem is that it includes some investment in non-residential structures, machinery, and equipment by non-corporate entities, and it also excludes some residential investment by corporations.

I looked at Statistics Canada's financial flow accounts in order to zero in on the corporate sector. Business investment by the corporate sector as a share of gross domestic product has been pretty flat. Actually, in most years it's been lower than it was back in 2000 when these corporate tax cuts began.

It's not a particularly encouraging picture and it's even weaker when you compare it with after-tax profits as a share of the economy. In 2000 when this process started, corporate investment was actually bigger as a share of GDP than after-tax profits. That's exactly what you'd expect if you look at—

Yes?

● (1305)

The Chair: You have five minutes.

Mr. Erin Weir: Thank you very much.

—an economic textbook. Companies would borrow money to finance investment over and above their profits. That relationship has flipped around. More recently you can see that after-tax profits are quite a bit larger than investment. It's actually even worse than that, because of course, this business investment includes investment to cover depreciation, whereas the profits are net of depreciation, so there's actually even a bigger imbalance going on here.

The final point I want to make is that this overall corporate sector actually includes crown corporations, which is the next line on that table. While investment by crown corporations is very small as a share of GDP, it's actually increased by quite a large proportion. It's basically doubled since 2000. I think one of the untold stories of the great recession is how crown corporations were actually a stabilizing force to our economy.

When you take crown corporations out of it and you look at private corporations, the ones that are actually subject to the corporate tax rate and which might have benefited from these corporate tax cuts, what you see is an even clearer pattern of business investment actually having declined as a share of the economy as these corporate tax cuts were happening.

Thanks very much.

The Chair: Thank you for your presentation.

We'll begin members' questions with Ms. Nash, please, for five minutes.

● (1310)

Ms. Peggy Nash: Thank you, and welcome to all of the witnesses.

Mr. Stanford, I'd like to begin with you.

Your analysis indicates that the government's public relations about its economic performance don't actually match the reality of its economic performance. Would you agree with that statement?

Mr. Jim Stanford: I won't comment on any particular public relations exercise or particular advertisements, or whatever, but the hard economic data—and this is all from Statistics Canada for the Canadian story and from the OECD for the international comparisons—show that most of the damage that was done to our labour market by the downturn has not been repaired. Perhaps one fifth of it has by that measure of the employment rate but in main street Canada, if you like, it still feels like a recession, and this graph tells you why.

The official unemployment rate doesn't tell the whole story, and internationally on this score, our performance has been relatively poor. There are other countries I think that could legitimately claim that their labour markets have recovered fully from the recession, places like Germany and Korea, but Canada cannot make that claim.

Ms. Peggy Nash: I've heard it described as though the Bank of Canada has its foot on the gas in terms of low interest rates as a stimulus, but the government has its foot on the brake in terms of austerity measures.

Does that reflect what's happening, or is it much more complex than that?

Mr. Jim Stanford: There was initial fiscal stimulus in Canada from the federal and provincial levels of government and that was quite appropriate. In the initial period of that post-recession turnaround, we did start to make progress. We were creating jobs faster than the population was growing. During the two years roughly of that proactive stimulus, I think we genuinely were recovering.

Since late 2010, however, governments at the federal level and in many provinces have emphasized austerity rather than recovery, so the foot is definitely on the brake on the fiscal side. Is the monetary foot on the gas? To some extent it is, but remember the Bank of Canada increased their interest rates before other central banks did. It could be argued that in fact they did so prematurely.

Certainly the fiscal foot is firmly on the brake, and given our poor labour market recovery, our stagnant growth, and the lack of positive momentum from other sectors of the economy, exports, business investments, and soon I suspect the housing sector, that's where the importance of not having a fiscal foot on the brake becomes all the more apparent.

Ms. Peggy Nash: You say in your brief, “The bottom line is an all-time record current account deficit (currently $60 billion per year) that is far more damaging than the federal budget deficit which attracts so much more political attention.”

Can you elaborate on that for us?

Mr. Jim Stanford: My colleague, Mr. Pineault, highlighted the different sources of economic weakness, business investment. Mr. Weir did the same. Mr. Pineault also mentioned the very poor trade performance.

Our exports have been stagnant. In fact, they've fallen back to a level equivalent to where they were in the year 2000, and our imports have grown much more. We do have a current account deficit in Canada. It's about $60 billion a year. I would argue that's more significant than a budget deficit, primarily because it shows flagging competitiveness in world markets, and every dollar of that in one way or another translates into increased indebtedness to the rest of the world.

Our budget deficit, on the other hand, first of all is much smaller. Second, the federal debt as a share of GDP, which is the more appropriate measure of the level of indebtedness, is already falling and is at rather modest levels. I think we should pay more attention to some of those other sources of weakness and less attention to balancing the budget as fast as possible, which I wouldn't even view as an appropriate goal at this junction.

Ms. Peggy Nash: You said that we're dashing down at about 20th of the OECD member countries and that there were other more successful high-value exporting countries that you would point to that are doing a much better job.

Mr. Stanford, to you or any of the other witnesses, what are some of the other examples that have a better record that we could be looking to rather than the austerity measures we're enacting here in Canada?

Mr. Jim Stanford: For most of the countries on that table, 19 countries are higher than Canada. There are several countries where the change in the employment rate between 2008 and 2012 was positive, from Israel where it grew the most, down to Mexico which broke even.

I would say that one common factor many of those countries have had is a very successful export-building strategy, including the role of proactive industrial strategies to develop key industries for export. The Germans, of course, have been enormously successful, as has Korea. Israel, where the government has played a very hands-on proactive role in partnering with private investment in key high-tech and export-oriented industries, is another example.

I think something on the export side is going to be a key part of it.

• (1315)

The Chair: Thanks very much.

Thank you, Ms. Nash.

We'll go to Mr. Adler, please.

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

Thanks to all of you for being here this afternoon. It's nice to see many of you again.

I have a couple of questions for a number of members on the panel.

First of all, I want to begin with something that I heard and which I just have a little difficulty accepting.

Mr. Stanford, first of all, how many job vacancies are there in Canada currently?

Mr. Jim Stanford: There's a new Statistics Canada survey of job vacancies. This began in 2011. It's a very important survey. It's kind of surprising that we've never done this before.

Mr. Mark Adler: Can I just ask you for roughly the number?

Mr. Jim Stanford: At present it's just over 200,000.

Mr. Mark Adler: It's 200,000. You said there are 20 people for every job vacancy, so that's 20 times 200,000. What is that number?

Mr. Jim Stanford: What I describe in the text is that of the 200,000, a share of them are normally going to be there. Even a fully utilized labour market will have some vacancies in a healthy setting.

Mr. Mark Adler: That's four million. Are there four million unemployed people in this country?

Mr. Jim Stanford: As I described in the text, there are over two million—

Mr. Mark Adler: I'm asking you a question, Mr. Stanford: are there four million unemployed people in this country?

Mr. Jim Stanford: No, there are over two million effective—

Mr. Mark Adler: So your statistic wasn't—

Mr. Jim Stanford: [*Inaudible—Editor*]...unemployed—

Mr. Mark Adler: —accurate then, right?

Mr. Jim Stanford: My statistic is entirely on track—

Mr. Mark Adler: Thank you very much.

Mr. Jim Stanford: —because I say 200,000—

Mr. Mark Adler: I have another question.

Mr. Jim Stanford: —shouldn't be in the denominator.

Mr. Murray Rankin: On a point of order, let the witness answer the question.

Mr. Mark Adler: This is my time, Mr. Rankin, thank you very much.

Mr. Murray Rankin: Yes, but there's a matter of—

The Vice-Chair (Ms. Peggy Nash): If you're going to ask a question, give the witness some time to reply, but we only have five minutes, so I'd ask people to keep their—

Mr. Mark Adler: Chair, with all due respect, I only have five minutes and I would appreciate a direct answer, not something where's he's trying to be evasive.

An hon. member: Ask a direct question.

Mr. Mark Adler: I asked him if there are four million people in Canada unemployed. It's a yes or no answer. It's as simple as that. Are there?

Mr. Jim Stanford: I said no.

Mr. Mark Adler: Thank you very much. Your claim then during the course of your presentation was inaccurate.

Mr. Jim Stanford: My claim was accurate. If you read the... [*Inaudible—Editor*]

Mr. Mark Adler: You just said that...[*Inaudible—Editor*]

Mr. Jim Stanford: Effective unemployment as a ratio...[*Inaudible—Editor*]

Mr. Mark Adler: Thank you very much. I have my answer.

Mr. Jim Stanford: [*Inaudible—Editor*]...vacancies.

The Vice-Chair (Ms. Peggy Nash): Let the witness answer.

Mr. Mark Adler: No, I'm satisfied with the answer. This is my time. I'm satisfied with the answer.

Yesterday we had the president of CUPE, Paul Moist, in. I asked him if his trade union was a for-profit organization, and he claimed that it is not. I asked him what appears on the financial statements, if there is a profit showing, and he said no. This is my mistake. I should have checked the statements before. He said they appear on his website. It does show that CUPE made a profit of $11 million last year, not to mention $100 million in investments.

Now, my understanding is, and I think we would all agree in this room, that everybody should be paying their fair share of taxes. Businesses certainly do. It's odd to me that trade unions that make money, that make a profit, do not pay taxes.

Ms. MacEwen, would you agree with that? Do you think trade unions that make a profit should be paying their fair share of taxes?

Ms. Angella MacEwen: I would dispute that it's a profit. How is that used? The money is used in the interests of workers.

Mr. Mark Adler: It claims on the financial statements that there's a profit of $11 million.

Ms. Angella MacEwen: Does it pay dividends?

Mr. Mark Adler: Not every profit makes dividends.

Ms. Angella MacEwen: Does it sit there to be used later, or is it taken home by somebody?

Mr. Mark Adler: That's not relevant.

Ms. Angella MacEwen: It's there to be used later. It is relevant.

Mr. Mark Adler: No, it's not.

Ms. Angella MacEwen: Yes, it is, because that money is paid by workers—

Mr. Mark Adler: There's a profit on the financial statements.

Ms. Angella MacEwen: —to be used in their best interests, so that's not a profit.

Mr. Mark Adler: No, no, no. This is after all of the strike funds have been paid.

Ms. Angella MacEwen: It's not used as a profit. You're incorrect.

Mr. Mark Adler: This is after all of the expenses have been paid. I'm asking your opinion. Do you agree that trade unions that make a profit...? If they don't, they shouldn't be—

Ms. Angella MacEwen: They do not make a profit. I refuse to accept the premise of your question, sir.

Mr. Mark Adler: Okay. Well, then, let the record show that the Canadian Labour Congress does not agree that trade unions that make a profit should be paying their fair taxation just like every other Canadian.

Mr. Whyte, as someone who creates jobs, you represent how many members?

Mr. Garth Whyte: Thirty thousand.

Mr. Mark Adler: Employing how many people?

Mr. Garth Whyte: Employing 1.1 million.

Mr. Mark Adler: As you mentioned in your presentation, this is really the first point of entry for a lot of young people who get involved in the labour force and really cut their teeth working in the restaurant sector. I know I did, and I'm sure a lot of people around this table did at one point in their lives.

How important is that sector to the Canadian economy and to job creation? How have our government policies, in terms of lowering the corporate tax rate, keeping employment premiums at $1.88 per $100, freezing them for 2014, helped create jobs in the restaurant sector?

● (1320)

Mr. Garth Whyte: It's critically important. We're critically important in every community. If you compare Detroit versus another city, Detroit is gutted. They need a restaurant sector. We are the number one employer of first-time jobs, and we're number two for youth employment. A lot of those people go on to other careers everywhere.

I've got to say, instead of fighting around here, we really should be.... It's a non-partisan issue. I do think we need better labour market information, because somehow people forget about demographics.

The worst time to plan for a crisis is during a crisis. We collectively need to talk about this, all of us. We can try to one-up each other, but we have an issue coming at us, and we're feeling it. We're feeling it. The demographic cohort that's declining, that's the younger folks. We need to look at all strategies to deal with this.

To go back to your question, certainty is really important to us, and you've provided certainty. Certainty that payroll taxes won't increase when you're labour intensive is important. When you invest in the community and you're a smaller business, it's really, really important. When you're making decisions to expand, it's important, but so is the labour force, and it hurts expansion when you don't feel you can get that labour force. A lot of the skilled jobs we have lose out if we don't have the unskilled jobs.

The Vice-Chair (Ms. Peggy Nash): Thank you, Mr. Whyte.

Mr. Cuzner, please.

Mr. Rodger Cuzner: Thank you very much, Madam Chair.

Witnesses, thanks very much.

Mr. Whyte, you're saying that we have to prepare, and I agree wholeheartedly. It's like this skills shortage, perceived anyway, is hitting us like a runaway van.

For example, in terms of the people you represent, have you seen an increase in spending on skills development and training? Can you measure a noted increase in training for your sector?

Mr. Garth Whyte: Yes and no. Yesterday we had a meeting with the employment commissioner, and we had 24 groups, associations, around the table. All of them said that they feel the crisis coming. Then we talked about measurement of training. They were using the Conference Board and the OECD study that said Canada's not training as much as they should.

Then we asked this question.... This is a 10-year, 20-year problem that we continually let happen. All we measure is formal training. There are examples of where companies will be declining and they can get recognition for formal training as they're declining, but we don't measure informal training. That's the highest level of training.

I'll ask every one of the MPs around here, how much formal training have you had? Have you grown in experience? Absolutely.

That's informal training, and we need to track that.

Mr. Rodger Cuzner: I don't mean to cut you off—I appreciate that answer—but we only have five minutes.

This question is probably for the CLC, but anybody else can answer this if they want.

You mentioned the minister's comments about having more skin in the game. I agree with you 100% on that, and I agree with the minister's comments on it. You know, with the jobs grant, if he would have brought new money to that program, I would have bought on and I would have been a cheerleader for that program.

What's the CLC's position on how this is being presented? Taking the money from the LMAs, how's that going to impact? We're hearing it from the provinces. Does CLC have a position on this?

Ms. Angella MacEwen: Absolutely. We think the LMAs are vital. Right now only about 37% or 38% of people qualify for EI.

The LMAs are structured to address training for vulnerable people who don't get EI. The LMAs are critical, because that's a larger group, and those are more vulnerable workers.

We think the Canada jobs grant is an excellent experiment if it's new money, but if it's not new money, we can't support it.

Mr. Rodger Cuzner: You made sure we got that qualifier at the end of your comments.

On the employment rate, Mr. Stanford, you say that's the key part. The decline in the labour force participation is key. With EI rates going down, we're seeing, I think, even more people not being eligible to receive EI benefits.

I asked the last panel this, and perhaps I can get your comments on it. We're seeing 72% more Canadians working for minimum wage, so they're almost living in poverty. With two million unemployed, is there a measurement out there of those who are underemployed? Is there a measurement out there of those working so close to the line as to being close to living in poverty?

● (1325)

Mr. Jim Stanford: Well, the two million number does include some underemployment. It includes people who are working part-time but want and need full-time work. It also includes the discouraged workers who have left the official labour market. That's how you get from the official unemployment of 1.35 million to effective unemployment of over two million, using a broader definition of the unemployment rate.

If you then counted people who were employed, even full-time, but at very low wages or in ways that underutilize the skills they have.... You know, we often hear about the need for new skills, but Canadians are actually the best-educated workforce in the world. There are a lot of Canadians out there who have skills they aren't using fully in their jobs. I think underemployment is even bigger than the two million number that I cited.

Mr. Rodger Cuzner: Would anybody else like to comment on that?

Mr. Garth Whyte: We have a lot of minimum wage workers who are making more than their employers.

Mr. Rodger Cuzner: And that is compounded by bad tippers like our chairman.

Voices: Oh, oh!

The Vice-Chair (Ms. Peggy Nash): Not this chair.

Mr. Rodger Cuzner: What's happening with these people who aren't engaging in the workforce? Anecdotally, I would think they're landing on provincial community service rolls. Are there any studies to do with where those people are? Is there an increase in community supports if they're not working?

Mr. Éric Pineault: There's maybe one small thing that's important. The decline in the unemployment insurance coverage rate is one of the factors that explains the growth in consumer credit. People aren't getting the unemployment cheques so they're using a credit card as their unemployment insurance. This is one of the big stories in this recession compared to other recessions. It's one of the big drivers in consumer debt. That's the social protection these people have now. They don't have access to what was traditionally social protection, so they use their credit cards

A voice: At 22%.

Mr. Éric Pineault: Yes, exactly.

Ms. Angella MacEwen: I would just add that with the elimination of the National Council of Welfare, it's very difficult to get data on welfare rolls in Canada. That's a huge void.

The Chair: Thank you.

Thank you, Mr. Cuzner. I'll just point out to the committee that he has never actually purchased anything that we've shared together, so that's why I can't comment on how he tips.

Voices: Oh, oh!

The Chair: I'll go now to Mr. Jean again.

Mr. Brian Jean: Thank you very much, Mr. Chair. I appreciate this opportunity and I appreciate all the witnesses coming in today.

I want to let you know I'm not sure if I'm okay to say this or not, but I was a member of CUPE for a while when I was much younger. I'm not sure if I'll be okay with that.

Fortunately, Mr. Adler didn't hear that.

You have, I think, 3.2 million members across Canada.

Ms. Angella MacEwen: We say 3.3 million.

Mr. Brian Jean: Well, you can say 3.3 million; I don't mind that. Do you have 423,000 in Alberta?

Ms. Angella MacEwen: That sounds right.

Mr. Brian Jean: You have a lot more members per capita. For instance, we're about 11% of the population, and about 13% of all your union members in the whole country are in Alberta, so I'm just suggesting that there are a lot of union people in Alberta. In fact, I would say Unifor, for instance, now has, I think, 120,000 members. Is that correct? Is that across Canada?

Mr. Jim Stanford: We have over 300,000 across Canada—

Mr. Brian Jean: That's because you just amalgamated with the Paperworkers—

Mr. Jim Stanford: Yes.

Mr. Brian Jean: —which has, of course, Suncor.

Mr. Jim Stanford: We have a good group in Alberta.

Mr. Brian Jean: Now you represent Suncor, one of the largest employers in Canada and one of the largest employers in Alberta—

Mr. Jim Stanford: Yes.

Mr. Brian Jean: —with 80,000 workers. Congratulations on that. I know that was a big coup for you.

You have a large number of union members in Alberta. I like to say that I represent more union members than anybody else in the House of Commons, more than probably all of them combined, I'd like to say, but I know that's not true.

I just know there are a lot of union members up there, because I was one once and most of my family have been. It's very important to union members in relation to the continuation of the oil sands and the oil sector generally. That's why I want to talk a little bit to Ms. Kenny specifically.

I do want to say, Mr. Whyte, that I was very impressed with something you said. I think it illustrates what's going on in Fort McMurray and generally across the busy places in Canada, which is that skilled jobs cannot be there without unskilled jobs to support them. I can't tell you how true that is in Fort McMurray. We have hotel rooms and hotel floors that close, restaurants that close Mondays, Fridays and Saturdays because people can't get employees, so what happens? Nobody goes there. We can't get skilled workers to come because the quality of life is so bad.

Ms. Kenny, can we talk just briefly about pipelines? I'm a big believer in pipelines, because I see 500 or 600 train cars going to Vancouver, crossing over roads. That's six or seven separate cars. I know they were having problems back in the 1990s and in the early 2000s with trains. Now we have more trains full of oil going down there than ever before. We all know what happens if those trains are not treated properly and the safety aspects are not taken into consideration.

We also have a lot of trucks. I understand there are about 110 to 120 trucks a day that go to Vancouver airport with jet fuel, because we have no capacity to do that in Canada; they're coming from the United States. We're discounting our oil by $30 million to $50 million a day, which by my calculation is for sure somewhere around a new school every day in Canada that we could afford to build if we had pipeline capacity to the west coast.

Can we talk about how great pipelines are compared to trucks and rail for Canadians?

We don't have a lot of time, but I know you could spend a long time on it.

● (1330)

Dr. Brenda Kenny: I am going to answer this with a focus on a long-term strategy, and clearly a metre under the ground, the cost efficiency opportunities and the Canadian leadership around safety in pipelines are second to none in the world.

In Canada we will need sustained energy infrastructure even as we transition to alternative forms of energy. Any of the big energy reports point to a very long run on the use of fossil fuels as we continue to mitigate GHG emissions.

It's fundamental to Canada that we have good energy infrastructure. Pipelines are absolutely the way to go on that. That's why you see so many separate projects under proposal, the most current one being the northern gateway that will have a decision from the independent panel by the end of this year, and one will consider then where to go.

Mr. Brian Jean: In fact, isn't it fair to say that if we shipped all of our oil and fuel by pipeline, we would lower emissions dramatically on the basis of taking the trucks off the road? Even though on trains it's very efficient, pipelines would lower our per capita use and our intensity of taking oil from the oil sands dramatically.

Dr. Brenda Kenny: My understanding of the comparators on the transition is that it is true, but I think it's also really important to look at the overall use of energy around the world. Oil sands in terms of production represents 0.15% of global GHG emissions.

Mr. Brian Jean: It's getting better per barrel every day.

Dr. Brenda Kenny: Absolutely. We look at all measures we can in terms of efficiency. On the pipelines our job is safe, environmentally sound delivery, and they are getting better all the time. We really need to take a look at this on a global level and understand how we play into that.

Technology is a fundamental part of that, both in the upstream and in the pipelines themselves.

Mr. Brian Jean: We do have the safest pipeline system in the world for new pipelines.

The Chair: Thank you.

Thank you, Mr. Jean.

Monsieur Côté, *s'il vous plâit.*

[*Translation*]

Mr. Raymond Côté: Thank you very much, Mr. Chair.

I want to thank all our witnesses for joining us.

Mr. Stanford, in his essay, “The Price of Inequality”, economist Joseph Stiglitz discussed the issue of young people entering the workforce during a crisis and the ensuing difficulties. I would call that a gap in employment integration of young people. Once they face the initial difficulties of entering the labour market, those problems accumulate, and it becomes very difficult, if not impossible, to remedy the situation.

Could you tell us a bit about that problem in Canada currently?

[*English*]

Mr. Jim Stanford: In my submission, I haven't pulled out the numbers on youth unemployment or youth labour market participation specifically, but that research is readily available. I know my colleague, Ms. MacEwen, has done a lot in her work. She might like to comment.

The lasting effects of non-participation and non-employment by young people are very severe for them, for their families, and for their communities. Even their lifetime earnings can be negatively affected because even if they do eventually get a job and start working their way up the ladder, they have had a five-year delay before they start to get the earnings that would normally come with experience.

The international evidence, even from fields like criminology or health studies, shows that type of disengagement from society, the isolation, as well as the poverty, has tremendous long-term impacts not just on those affected but on all of society.

● (1335)

[*Translation*]

Mr. Raymond Côté: Thank you very much.

Mr. Pineault, during our study on inequalities, Toronto-Dominion Bank's Chief Economist, Craig Alexander, talked about the conclusions drawn by Michael Wolfson, professor at the University of Ottawa, regarding the 0.01% of the population that had increased their income drastically in some 15 years.

In your study, you said that there was an ever-widening gap. In relation to that, let's recall the Gini coefficient, which broke in the 1990s as a result of the Chrétien government's actions. Could you comment on the fact that the vast majority of Canadians are no longer participating in economic activity or recovery?

Mr. Eric Pineault: What this study is trying to show is that there are two recoveries—one of which is a real economic recovery that is very weak and trapped in stagnation. Everyone—be they business people or workers attached to that economy—sees their income stagnate. They have a rising amount of debt that is not sustainable. That's the first part of the story. The debt I am talking about is not related to homes. I am not talking about real estate debt.

Let's now talk about the other part of the story. The financial economy is doing great, interest rates are very low and banks have recovered very quickly. The situation is great for everyone whose income is attached to that financial economy. You can see that most of the growth is headed in that direction. The bit of growth and the profit rate Erin was talking about earlier transform into financial income.

So if you depend on a financial rent in one form or another—stock options, dividends, capital gains, investments, and so on—you will be doing very well. Unfortunately, most Canadians live off their income. The figure of 0.01% represents people who live off that financial economy, and they are doing very well. The implemented tax policies helped them because their income is not taxed in the same way. As you know, $1 of income translates to $1 in taxes, while $1 of capital gains means $0.50 or $0.75 in taxes, depending on where it comes from.

Mr. Raymond Côté: Mr. Weir, this week, we heard the testimony of Justin Smith, from the Calgary Chamber of Commerce. He put forward a very interesting point of view regarding the government's activities. Instead of making massive cuts, he thought it was much more realistic to match the growth of government expenditures with economic activity.

Given what you laid out in your chart regarding the investments of government corporations, what do you think about Mr. Smith's position?

Mr. Erin Weir: I would like to clarify Mr. Smith's position. According to him, government spending should be linked to the GDP.

Mr. Raymond Côté: Definitely.

Mr. Erin Weir: I think that's a good idea. It's better than what the government is currently doing. It is cutting expenditures, and thereby hurting our economy. I think it would be preferable to increase public spending in order to provide the necessary services and to support our economy.

The Chair: Thank you, Mr. Côté.

[*English*]

Mr. Saxton, please.

Mr. Andrew Saxton: Mr. Chair, I have the good news that I'll be sharing my time with you since you've been such a good chair today.

My first question is for Garth Whyte, president and CEO of the Canadian Restaurant and Foodservices Association. Thank you, Mr. Whyte, for being here today.

Our government has been focused on job creation. I think it has proven to be very successful, given that we have the best job creation record in the G-7 with over a million net new jobs created since the recession in 2009. I would like to ask you how freezing EI premiums and extending the hiring credit, which is designed to help employers to create jobs and hire more employees, especially small business, has helped your industry.

Mr. Garth Whyte: It helps to a significant amount. Many times our members feel like it's death by a thousand cuts, and nothing is more frustrating than to have a tax on payroll. That's what EI can turn into.

I'll digress a bit. I came prepared to talk about employment, and I could talk about deficits. I could talk about the provincial debt, which no one is talking about here, but it's the aggregate debt that's really important.

I could talk about when I worked in finance in Saskatchewan, the founding province of health care, and the founding party had a triple-B credit rating and had to cut health care. Deficits are not compassionate. Deficits aren't how you get out of things. You need to have some balance, and I think we've had some, but there has been a very uncertain recovery. I totally agree with that. The worst thing you can do is create uncertainty, With the freezing of EI premiums, that helps create certainty. It helps us significantly.

By not increasing debt at least federally, it helps us. Provincially, a huge debt load is starting to run. It creates a lot of uncertainty. You can see growth in different provinces differently, and that's why.

Even municipally, we've had some people...they invest across the country, some of our larger members. There are certain cities where they've said they can't invest there. Why? They're afraid. They're afraid what the next tax level is going to be. They're afraid about what regulations they're going to face. They're concerned about the labour force. So they're going to go over here. Those are decisions that are being made.

Meanwhile, the other half of our members are small independents who stick in their local communities and they get hurt.

We need to have this balanced. The certainty that you've helped put in place, I think is very important.

● (1340)

Mr. Andrew Saxton: Thank you very much.

I have a quick one-word-answer question for Brenda Kenny.

Brenda, is there a safer, more efficient way to transport oil than through a pipe in the ground?

Dr. Brenda Kenny: No.

Mr. Andrew Saxton: Thank you.

The Chair: Thank you.

I'll follow up from Mr. Saxton.

Ms. MacEwen, you referenced the TD report on jobs, which is a very good report. This report says that Canada's job record over the past decade has been robust, especially relative to other G-7 countries. I think we should get it on the record that the report recognizes that. Also, the report very much agrees with what a number of you are saying, that governments cannot act alone. Employers, educators, and employees need to join the fray.

I appreciate your support for what Minister Kenny has said. I heard your comments in response to Mr. Cuzner that you'd support the concept of the Canada job grant if it was new additional money. I like the model of having the federal government, the provincial government, employers, and labour unions with skin in the game to ensure that people get training so that there is not a jobs mismatch at the end.

I have to say as someone who comes from Edmonton—Leduc that there is a labour shortage in my riding. I'd be happy to host any of you out there in Nisku. We could drive around and visit companies like Tenaris in the steel industry that is operating at two-thirds capacity because they cannot find people. They ask me, “James, do you know anyone who will work a shift here in the steel industry? We need people. Do you know anyone? Do you have any resumés for us?” That's simply the reality in my area.

I take issue with some of the comments in the TD report. I'm showing I'm being fair: I disagree with labour unions and with bank economists as well. I wanted you to comment on that.

Mr. Whyte, I wanted you to comment on the Canada job grant that the government has proposed. I'd like to know how you think it should be implemented and whether you support it.

Ms. MacEwen and then Mr. Whyte.

Ms. Angella MacEwen: What the TD report and Minister Kenny said was that wages haven't increased. There may be labour shortages, but the proper market response to those labour shortages is to raise wages and for employers to increase training if those are skilled jobs. That hasn't happened, so it's not really a labour shortage. They could raise wages.

Minister Kenny said it, not me. He said to raise wages. That's how the market responds to a labour shortage. That's how you signal to people who are unemployed that this is a good job, that there are jobs over here, that it's good money.

The other point is that Alberta is quite a hot labour market and so it can be quite expensive to live there. If you're looking for people to work in the food and accommodation industries, it's difficult to get them there because it's really expensive to live there. You don't move from Ontario to Alberta to wait on tables.

The Chair: Okay.

I apologize, Mr. Whyte, I'm way over time. I will come back to you on that question, I hope, at the end of the session.

We will go to Mr. Rankin.

Mr. Murray Rankin: Thank you, Chair, and my thanks to everyone for being here.

My first questions are for Ms. Kenny of the Canadian Energy Pipeline Association. You refer in your brief to the Canadian Pipeline Technology Collaborative and the CEPA Foundation as well as the objective of increasing collaboration for research and development, which I think is a great thing.

In July 2010, the Kalamazoo spill from a pipeline operated by Enbridge constituted the largest on-land oil spill and one of the costliest oil spills in history. The pipeline carried bitumen from the oil sands. The bitumen sank and the EPA fined the Enbridge company $3.7 million for 22 violations. One of the problems the National Transportation Safety Board investigation pointed out, Ms. Kenny, was the corrosion fatigue of the pipeline as a consequence of carrying dilbit and heavy bitumen. That was what they said was one of the key factors in a cleanup that cost $767 million U.S..

Does your association or the Pipeline Technology Collaborative you referenced study that aspect of it, the corrosion fatigue of pipelines carrying bitumen?

● (1345)

Dr. Brenda Kenny: Let me be clear. In looking at the NTSB report, I'm not sure there was any specific metallurgical connection made between the product and that phenomenon. It was carrying that kind of product and that kind of phenomenon can occur on pipelines. There is research into that phenomena, particularly in ways to detect it early so that you can take preventive measures.

There has also been extensive research on whether or not diluted bitumen is corrosive or damaging to pipelines, which is something we're very interested in. We had a commission from the U.K., a global survey of research, on that point. Separately, the American National Academy of Sciences did a full inquiry into it. That plus a number of other points I could go to all conclude absolutely that there is no corrosive mechanism related to dilbit that injures pipelines.

Mr. Murray Rankin: You reject the national Transportation Safety Board—

Dr. Brenda Kenny: I reject the premise in which the quote has been extracted. Dilbit is not corrosive to pipelines. That's been proven very thoroughly in the science by peer reviewed journals as well as other studies.

Mr. Murray Rankin: I'm sure you're familiar with the International Center for Climate Governance, which last year ranked Canada 38 out of 39 on commitment to address greenhouse gases and the climate crisis.

My question for you is this. Does your association or the collaborative you refer to conduct research on climate change, and if so, to what degree and how?

Dr. Brenda Kenny: We have a very active climate change working group, with respect to our own operations. Oil pipelines generally use electric pumps and therefore, in and of themselves are zero emitting. Natural gas pipelines use gas-fired compressors. We're looking for ways to run those more efficiently, and also to do waste heat recovery and other technologies.

I would just add, though, that on a global level, I personally do believe in climate change. I'm active personally on the board, for example, of the Climate Change and Emissions Management Corporation in Alberta, which is where the carbon levy funds $1.3 billion of technology projects.

I think in Canada we do need to recognize that from the oil sands, for example, we are producing just 0.15% of global emissions overall. The World Energy Council recently concluded its conference in Korea. I think that the closing statements from all global energy and environment leaders were very profound about the need to really address the global issues directly.

Mr. Murray Rankin: Thank goodness someone in your industry sees it that way.

I'd like to ask Ms. MacEwen a question. In your report, you refer to the Canada pension plan, and a point you make, which I thought was really telling, was that there would be considerable savings in the guaranteed income supplement that we taxpayers have to pay for if the government were to go along with that kind of increase.

I'd like you to elaborate a little bit on that recommendation.

The Chair: Just make a brief response, please.

Ms. Angella MacEwen: Sure. It makes sense if we consider pensions to be deferred wages. If you're putting that money away ahead of time to make sure you have a larger pension, then that money won't be paid out to you in the guaranteed income supplement.

You'll have more money when you retire.

The Chair: Okay, thank you.

Thank you, Mr. Rankin.

We're going to Mr. Keddy, please.

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

Welcome to our witnesses. This is a good discussion.

I have several questions. The first one is for Angella—and I'm going to say that in Nova Scotia we pronounce your surname as “Mackwen”, but I'm sure that's not quite right.

Ms. Angella MacEwen: It's not spelled right. There's no *k*.

The Chair: I apologize for that.

Mr. Gerald Keddy: You made a comment about the wage shortage in Alberta, and I want to try to find some clarification on it. It would seem to me that you're partially right, but not 100% right, in your answer. You basically stated that if you had a wage shortage, you increase wages and that'll be covered. I think, in some instances when there's enough profitability, that's probably correct, but I think what you didn't say is that we're not exactly in normal times yet. We're still coming out of the recession and we're still in recovery mode.

I know many of the companies in my riding on the south shore of Nova Scotia are working on very, very small margins and it's very, very difficult to raise wages. I just wanted to add that. I don't want to put words into your mouth, but would you agree with that?

● (1350)

Ms. Angella MacEwen: Absolutely. I would say Nova Scotia is a completely different situation from Alberta.

Mr. Gerald Keddy: Yes, it's a different situation in Nova Scotia, but it's not a different situation if you're still selling.... We all sell in a world marketplace. Nova Scotia sells in the world marketplace, the same as Alberta does.

If you're producing a product that's being sold to the rest of the world, and your margin is still narrow, it's determined by outside forces. That's my point. There may be room to raise wages, or there may not be. I'm suggesting that in a recovery period, there's not.

Ms. Angella MacEwen: I would suggest that in Nova Scotia, there's actually a wage advantage because the cost of living in Nova Scotia is lower, so you can pay lower wages in Nova Scotia. A business that's exporting something from Nova Scotia has an advantage over a business that's exporting from Alberta.

Mr. Gerald Keddy: That's not what I asked you, but that's fine.

It's a question of time here. We have five minutes for questions and a lot of questions to get out.

This is for the Canadian restaurant association. Mr. Whyte, you made a couple of statements that I want to pick up on. I want to engage the rest of the group on it. This is not about being a union member or not being a union member, but the many gateway jobs. This is the first job that a lot of young people, especially in more urban settings, will have. I live in a rural setting and there are jobs for young people and sometimes young people don't fill them. Sometimes that's a problem with the family. They don't think they need to do that job and they can get a better one somehow. I think it's a real, serious, and growing problem.

Mr. Stanford made a statement on that at the same time, and I can't find it right now, but it was to the same idea that we're not getting these young people to fill the jobs, so we have a job shortage, I believe, an employment shortage in the country. We have people to fill those jobs. Do we have to start over on the equation? Is it an educational process? Is it a societal process? We've gone wrong, but where have we gone wrong?

Mr. Garth Whyte: I think the answer is yes. We need to corral all of us here. It's provincial and federal. It's education, training. It's EI. It's immigration. We have to look at a whole menu of strategies.

As far as youth employment is concerned, it is double. The 15-to-24 cohort unemployment rate is higher. Part of it is matching the jobs through the schools. I do know that colleges, the culinary schools, have line-ups to get in there. We have to figure out how to deal with this. I have metrics, but I also have three kids. I have to push them sometimes to get that first job.

Then we talk about, well, should someone who has never had a job, who doesn't know anything get top dollar. No. They are being trained. They have to be trained. There's a huge benefit, and they'll tell you this, and you'll tell us this. One out of three Canadians worked in a restaurant at some point in time. It's a great opportunity and I think we should leverage that opportunity.

Mr. Gerald Keddy: To build their own self-esteem and to be able to enter that job market at another time....

Very quickly to Mr. Whyte—

The Chair: I apologize, Mr. Keddy, but I have to move on to Mr. Thibeault.

Mr. Glenn Thibeault (Sudbury, NDP): Thank you, Mr. Chair.

Thank you, witnesses, for being here today.

Ms. MacEwen, I'd like to start off with you. In the opening round of questioning Mr. Adler asked you a question about worker contributions from CUPE, and then didn't like where the answer was going, so he put something on the record for you. I'd like to give you a minute or so to be able to put your point on the record.

● (1355)

Ms. Angella MacEwen: Sure. I guess the issue is that union dues are tax deductible. I am a proud member of Unifor and I pay dues to Unifor. Part of that is in the eventuality of a strike. If that should ever happen, we pay wages. There's a strike fund. That may be what he is referring to as profit; I'm not sure.

There is also the responsibility of the union to have savings in case of a rainy day, so counter-cyclical savings. We have a responsibility to care for our union members. There may be negotiations that come up that have to be paid for, or arbitrations, and that is what that money is used for. It's always used in the best interests of the workers. The workers always have access to that information. It's a democratic thing, responsible—

Mr. Glenn Thibeault: Great. Perfect. Thank you for clarifying. I thought it was important that you be able to answer that question.

Ms. Angella MacEwen: Thank you.

Mr. Glenn Thibeault: Mr. Whyte, thank you for being here today. I've had the opportunity of meeting with your members from coast to coast to coast when we're talking about merchant fees. They are exasperated with the amount of money they're having to spend every month, to the tune of $20,000 in some cases. This summer the Competition Tribunal made a ruling on some of the anti-competitive practices that we've seen from Visa, MasterCard, and Amex. They've punted that back to the House of Commons because we as parliamentarians will need to make a decision on that.

When we're talking about job creation and investing in your community, it is our small and medium-sized business owners and restaurant owners who do that in our communities. When you're hearing that they are having to spend $20,000 just to accept credit cards when that could actually be hiring more people, isn't it time that Parliament acted?

I would like to know two things. Do you think the voluntary code right now that we have should become mandatory? Should we be looking in this budget at ensuring there is some mechanism now that we address the issues which the Competition Tribunal punted back to Parliament?

Mr. Garth Whyte: We pay $40 million in fees, just on the tax portion of the bill.

Mr. Glenn Thibeault: That's not going to—

Mr. Garth Whyte: That's $40 million, so can we not do something about that? It was punted back. The Competition Bureau went forward with it, did great presentations, and they basically said we could appeal all we wanted to, but they had to make a decision. There has to be a decision. It absolutely has to be dealt with. The voluntary code needs to be tightened. We think the base rate should be brought to the EU levels. Things can be done. We had a round table with all the different players. We told the banks and the credit card companies what is going to happen some day is that we're going to hopscotch over credit cards and we're going to find other alternatives, such as PayPal and Square. Work with your customers. We serve our members a lot. This is by far the number one issue. It galvanized our membership: 90% said it was an issue, 72% didn't even understand the fees. It's a big issue, and you need to deal with it.

Mr. Glenn Thibeault: Yes, exactly. Thank you.

You mentioned that some of your restaurant owners make less than minimum wage employees. This is a great way of addressing that issue. Before Jack Layton passed away, we held an event in his riding with a restaurateur who put on the bottom of his menu “please pay with cash or debit”, which is breaking the contract because you can't promote one form of payment over another. That individual saved $18,000. He bought a new stove with that, which allowed him to put more product on the table, which meant he had to hire two more people. At the end of the day, those spinoffs had him moving to a larger location.

Mr. Garth Whyte: If I can clarify, the minimum wage staff I'm talking about are making incredible money in tips.

Mr. Glenn Thibeault: Who are then having to pay a merchant fee on top of that if the person uses their credit card.

Mr. Garth Whyte: We do need to deal with this, but the devil is in the details. Canada is blessed with a great debit card program and depending on the type of regulation we do, we could undermine that. We really have to figure this out.

Mr. Glenn Thibeault: That's perfect. I'm out of time, but thank you.

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

Colleagues, I know question period is starting, so if you have to go. I'll just remind you that there are no motions but I did want to finish.

Mr. Whyte, I want you to address the questions that I posed. On the labour shortage issue, unless your members and other members and other companies like Tenaris in the steel sector or PCL or others are saying things to me that are completely false, there is a massive labour shortage in my area and in Alberta. In terms of wages, these are companies that are not paying low wages and benefits. Frankly, many of the employers are finding housing for people who are working for them. Can you address that issue?

● (1400)

Mr. Garth Whyte: Absolutely. Pay higher wages. They can't get them, period. They just can't get them in certain spots. You know what? Surprisingly, that's happening in St. John's. It's happening in certain pockets. You also asked about the Canadian jobs strategy.

The Chair: Can you discuss the model and implementation of that?

Mr. Garth Whyte: The goal is good. The devil is in the details. The federal government and provinces still aren't getting their act together, which is confusing for us. You asked what you can do. I think in the LMA, labour market agreement, the problem has been that the only measure was on take up, not on getting the actual jobs.

Ms. Angella MacEwen: That's not true.

Mr. Garth Whyte: A lot of it was. You couldn't and you still can't. If you're going to put this program in place, I would recommend getting your metrics to see where it follows through, rather than just finding people who know how to leverage getting dollars for training. Make sure we can see where it's going and how it helps. That's always been the challenge with any of these programs.

The Chair: Okay, I appreciate that.

Dr. Kenny, can you give this committee a ballpark number of temporary and permanent jobs with respect to three pipeline proposals: Keystone, gateway, the west-east? I know that's a big question, but this session is about job creation and employing Canadians.

Dr. Brenda Kenny: Maybe I could make an undertaking to come back with that from those three, but I would say that the overall plan in terms of investment is about $25 billion and a typical large pipeline construction project will employ about 4,000 people. The bigger story is what it enables. Clearly, all the job growth that comes from being able to produce, develop, export, and deliver energy is in the hundreds of thousands of jobs, and that is enabled by having these new pipeline projects in place. Our jobs in getting a pipeline built are minuscule, albeit important, compared to what it enables.

The Chair: That's why when I had colleagues in Nisku in my area, the relationship between the manufacturing sector and the energy sector is direct. That's why there are some labour movements that are actually very strongly supportive of building of pipelines.

Dr. Brenda Kenny: That's certainly what we've seen in the U.S. as well on Keystone, yes.

The Chair: I apologize, but the time is up.

That was a very interesting panel. Thank you so much for being with us. If you have anything further you wish to submit to the committee, please do so. We look forward to seeing some of you here again on Bill C-4.

The meeting is adjourned.