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Chair

Mr. James Rajotte

Standing Committee on Finance

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• (0930)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)):
Good morning.

Welcome to the Standing Committee on Finance. It is our 20th meeting of this session. We're continuing with consultations on pre-budget 2011 for next year's budget of 2012.

We're very pleased to be here in Prince Rupert, British Columbia. We want to thank all of our witnesses for joining us here this morning.

We have four organizations presenting this morning. First of all, we have the Clean Energy Association of British Columbia. The Mining Association of Canada is second. Third, we have First Call: B.C. Child and Youth Advocacy Coalition. The fourth organization is the Prince Rupert Port Authority.

Thank you all for being here.

You each have up to five minutes for an opening statement, and we'll then have questions from members.

We'll begin with Mr. Kariya, please.

Mr. Paul Kariya (Executive Director, Clean Energy Association of British Columbia): Thank you very much.

Let me say that I'm pleased to be invited to be here, but I have to make a comment about our setting. While I'm representing the Clean Energy Association, I'm very partial to coastal British Columbia, and what a magnificent place in which to be. Thank you for being here.

For members of the committee who are not familiar with the Clean Energy Association of B.C., our mandate is to develop a viable, independent power industry in British Columbia that serves the public interest by providing cost-effective electricity through the efficient and environmentally responsible development of the province's energy resources. We have about 300 members.

More than 1,100 workers are currently directly employed in 48 operating projects, and another 15 projects are under construction. The proven technologies include run-of-river hydro, small storage hydro, wind, biomass, biogas, and natural gas. Today these projects represent an estimated \$5.4 billion in capital investments. They have a significant multiplier effect through our first nations partnerships and provide tax revenue to all levels of government at a community level and through our extensive supplier chains.

Currently, 125 Indian bands out of 203 in British Columbia have some involvement with our sector. We're very proud of the relationships we have with first nations.

This year your deliberations occur at a time when there is a unique combination of global economic uncertainty and unprecedented opportunity for British Columbia and Canada in significant new industrial activities in LNG, mining, and shale gas. I know my colleagues on the mining side have a lot of exciting news to share with you in terms of the outlook in B.C.

A key hotbed of this activity is happening in northern British Columbia, which is anchored by regional centres such as Prince Rupert, Terrace, Kitimat, Prince George, Fort St. John, and Fort Nelson. By naming those centres, I'm in no way forgetting the smaller centres that exist throughout northern B.C.

B.C. recently announced its provincial jobs plan, which serves as an excellent foundation to stimulate the investment required to realize the opportunities the province has in front of it.

Clean Energy B.C. believes the ambitious targets outlined for three LNG facilities by 2020 and eight new mines and nine upgrade expansions by 2015 are attainable and laudable goals. Clean Energy B.C. members strongly support the sustainable development of our natural resources to provide the jobs and government revenue that allow our province to enjoy one of the highest standards of living in the world.

As our industrial base grows with these new opportunities, CEB. C. also applauds the provincial government's commitment to ensure the province remains a climate change leader. Around the world and within the rapidly growing clean energy sector, British Columbia's leadership in addressing climate change has put the province on the map for investors.

What can the Government of Canada do to help out?

The first recommendation would be that we need an energy vision. Canada has bits and pieces of programs and strategies. We need to tie this together with what the provinces are doing through a strategy that underpins it all. Conservation initiatives, coal, oil and gas, renewables such as my sector, clean technologies, transmission lines, transmission developments, smart grids and distributed generation, a climate change agenda, industrial growth, and economic development all need to come under a new energy vision for Canada.

The second recommendation is more specific. British Columbia needs help to build the necessary transmission infrastructure in northern B.C. Federal participation in the northwest transmission line, which is very close to here, is welcome and a good model for what else is needed and how it can be done, but we also need a northeast transmission line and upgrades that go from Prince George, westward to Terrace, and ultimately to Prince Rupert.

Thirdly, in terms of renewable energy, Canada needs to spur development in the renewable sector. Supportive policies and instruments such as potential tax incentives or a green bond would help increase investment, innovation, and new developments.

Furthermore, we need to see harmonization between federal and provincial environmental assessments and permit regulations. We create jobs at a high level that last by having our federal and provincial investment conditions coordinated with market opportunities. Human and natural resource capital is synchronized to maximize what we create.

More specifically within the energy sector, we have new opportunities for industrial load growth that are fundamentally different from those in the past. Specific to the energy requirement for this industrial load, recent B.C. Hydro estimates show a range of relatively short-term growth specific to the opportunities that is equivalent to over three Site C dams. This is the major dam project that B.C. Hydro is pursuing in the northeast, which is a significant development. But the load growth that's proposed for northern B.C. is three times what would be met by that one project.

• (0935)

Clean energy fuel solutions are cost-competitive with whatever B.C. Hydro can provide. Gas and clean energy are the two options that are before the province and the federal government. We're saying that both need to be engaged and involved. We certainly ask for a place for the clean energy sector to help with the economies anchored by centres like Prince Rupert, Terrace, and Kitimat.

With that, let me conclude. Thank you very much.

The Chair: Thank you very much for your presentation.

I should correct that our second guest is the Mining Association of Canada, but we have the Mining Association of British Columbia here as well, so I apologize for that oversight.

It's my understanding that the Mining Association of British Columbia is giving the formal presentation, but both of you will be presenting. Is that correct?

A voice: That's correct. Thank you.

The Chair: Welcome, and please begin your presentation.

Mr. Pierre Gratton (President and Chief Executive Officer, Mining Association of Canada): Okay.

We are very related. We are independent from each other, but I used to have her job until June, so I do understand this province a little bit as a result, if I haven't forgotten too much.

We're also similar in that we both represent the producing side of the mining business, so we have members who produce a whole range of commodities. In my case, because I represent the Mining Association of Canada, we represent everything from base metals, to gold, precious metals, diamonds, uranium, oil from the oil sands, copper. You name it, and you'll find it produced by our members.

I also wanted to echo the comment made about this great backdrop. This is one of the most important gateways to the emerging markets in Asia, and right here you can see the kind of underlying economic strength in Canada as a result of our natural resource sector. I wanted to emphasize that point today. We're all aware of the extreme volatility in today's global economy, and Canada's outperforming most of the world. One of the reasons we're doing so is obviously the actions taken by governments in the past to put us in stronger financial shape to begin with, but also because we have a natural resource strength that other countries do not have.

By way of example, in the mining sector just between 2009 and 2010, our contributions to government increased by 65%. Ours was one of the first sectors to rebound from the 2008 crisis so quickly. Within three months, our industry was back on track and we've been going strong ever since. Notwithstanding the volatility of the last few months, you will see commodity prices that are still at a pretty healthy range. Our industry and our companies are also today in a more solid position than they were in 2008, which caught a lot of companies off guard. We do have some underlying strengths now that position us well for the future.

I have this presentation, which I'm not going to go through slide by slide, given that it's five minutes. I'll just ask you to flip ahead to China as the mineral price driver. I think you're all familiar with this, but the underlying strength behind what's happening in the mining business is because of countries like China, India, Brazil, Mexico, and so on. They're the reason that commodity prices continue to remain strong, notwithstanding what's happening in Europe. Our industry is bullish about the future. We believe that we will remain a cyclical industry, but we are in a period now of long-term economic opportunity and growth that will probably be with us for several decades. For Canada, which has a mining sector that is homegrown, which is a global leader and a vast country with tremendous resources, we have a huge opportunity ahead of us.

What's behind some of this? There are some little facts here, but if you just look over the foreseeable future, Chinese growth is expected to be in the 6% to 9% range over the next number of years. And look at what's happening in China. Right now, only 10 people per 100 have a car in China, versus 76 in the United States; four have a personal computer, versus 76 in the United States. This is the kind of change that is happening now. As this just continues, the demand for the things that make these things that the Chinese want is going to continue to support commodity prices.

If you look at the Canadian opportunities, we have now estimated that there are some \$137 billion in new private sector investment that could be spent in the next five years in the mining sector alone. A lot of this is actually already committed. Some of it has been announced. Vale, for example, has announced that there's some \$10 billion going into Manitoba, Ontario, and Newfoundland. Teck here in British Columbia has announced major investments to its Trail facility and to expanding Highland Valley. So there's a lot that's already there, but there's a lot more that could come.

Why are we in this situation? Because of the steps that successive governments have made to make Canada one of the most attractive jurisdictions in the world for mining. We now capture the largest share of global mineral exploration because of tax measures like flow-through, because we have tremendous human resource capacity, and because we are a global leader. We know how to do this in this country.

● (0940)

We've been smart about our infrastructure. Here we have, for example, Ridley Terminals, the investments in the gateway, the new investments in the Highway 37 power line, which will open up a whole new region of British Columbia for economic development, and a huge copper resource.

So we've done a lot to plan things.

I'm nearing the end.

The Chair: You have five minutes for the two of you.

Mr. Pierre Gratton: Oh. We thought we each had five, and then we thought we didn't, and then we thought we did again.

The Chair: We can ask the will of the committee. Is it okay?

Some hon. members: Agreed.

Mr. Pierre Gratton: We've come a long way for this, you know.

A voice: This is the government and B.C. actually getting along.

The Chair: That's a five-minute introduction.

Mr. Pierre Gratton: Do I still have a minute?

The Chair: You have 30 seconds.

Mr. Pierre Gratton: Okay. So what do we need to do going forward? I want to focus on the single most important thing you can do.

In order to enable this \$137 billion to actually happen, or at least a good part of it, we need an efficient environmental review process. Resources were provided by the Canadian Environmental Assessment Agency last year. Amendments were done to make the process more efficient. That funding runs out at the end of this year. We would ask that the funding be renewed so that you can actually make sure this economic value can be brought forward for Canadians.

That is probably our single most important request on the part of the mining industry in Canada.

The Chair: Thank you for your presentation.

We'll now hear from the Mining Association of B.C., please.

Mrs. Karina Briño (President and Chief Executive Officer, Mining Association of British Columbia; Mining Association of Canada): Thanks very much.

Thank you for the opportunity to speak to you today. Sorry for the confusion about what we were all going to be doing.

I will try to keep it brief. I think Pierre has provided a very good and succinct overview of what's going on in the mining sector in Canada.

In British Columbia, we are seeing unprecedented growth in the opportunity for a healthy and thriving mining industry in B.C. We are adopting measures that I think are going to allow us to provide more information to the public about current and modern mining practices through the adoption of sustainable mining. This is a management system that will allow us to report publicly on how we're doing business in the communities where we are operating.

What I would like to focus on, and what I think would be of interest to your committee, is the potential for mining in British Columbia. I would like to echo Pierre's comments about the extreme urgency to have an effective and timely permitting process. We have a regulatory system that dictates that both governments have a say on how projects are developed and implemented, not only in Canada but in particular here in B.C.

So for us, the primary focus will be on seeking opportunities for collaboration on finding efficiencies. Continued funding for the major projects and management offices is something we're advocating for as well.

We are leaving you with a deck for your reference later. I think—and Paul alluded to this—we do have a commitment or a strategy from the B.C. government to grow the industry over the next four years. The timelines are not only very ambitious but also very aggressive. We like to hear that message, but that does require very strong collaboration with the federal government, and we're here to say that's our intent—to ensure that we do have those partnerships and that we do have those opportunities to work with you.

One of the things that I think is going to provide that opportunity to come to fruition is the ability to not only have a very effective permitting process with the appropriate funding going into those agencies, but also to have human resources. The federal government has been a very strong contributor to the creation of programs and services that address the capacity issues we have on the labour side of the industry. We're here to let you know that is a very critical factor, going forward.

We do understand that sector council funding and some of the initiatives have been discontinued, but I think there is an opportunity to look for the creation of partnerships between industry and government to ensure that those services and programs continue to be available. I'm speaking specifically of the Mining Industry Human Resources Council and also the funding that has been allocated for aboriginal and youth training.

So permitting and training are things we're looking forward to working with you on, to ensure that not only the B.C. government's agenda is met in terms of the growth of the industry, but also the federal government's.

Thank you.

• (0945)

The Chair: Thank you very much for your presentation.

We'll now hear from First Call: B.C. Child and Youth Advocacy Coalition, please.

Ms. Louisa Sanchez (School Trustee, First Call: B.C. Child and Youth Advocacy Coalition): Thank you very much for your interest in listening to our presentation. Seeing that it's five minutes, I must go on.

First Call: B.C. Child and Youth Advocacy Coalition is a coalition of provincial and regional organizations, individuals, and local community networks who share the belief that children and youth should have first call on our nation's resources.

Our 90 partner organizations are committed to achieving the following four keys to success for all children and youth: a strong commitment to early childhood development; support in transitions from childhood to youth and adulthood; increased economic equality; and safe and caring communities.

Our coalition is really pleased to respond to the finance committee's invitation for advice on how to achieve sustained economic recovery, as investments in children's healthy growth and

development form the foundation of any society's social and economic sustainability. Similarly, we are pleased to share our recommendations with the committee for budget measures that will help ensure shared prosperity and a high standard of living for all.

This submission makes three recommendations for the committee's consideration with regard to the preparation for the 2012 federal budget.

Number one would be to place a high priority on increasing Canada's annual investments in early childhood care and learning, from our current 0.25% of GDP to the recommended UNICEF benchmark of 1% of GDP.

Number two would be to focus spending and redesign federal tax policy with the aim of reversing the growth of income inequality in Canada.

Number three would be to submit all budget decisions to the scrutiny of a child impact assessment, especially for impacts on members of particularly vulnerable groups, such as aboriginal children, children with disabilities, recent immigrant children, and children in lone-parent and female-led families, in order to ensure we do no harm.

Accomplishing the first two broad objectives, supporting early childhood development and reducing income inequality, is fundamental to creating a healthier, more sustainable path of social and economic development for our country. The third recommendation provides a process with little or no cost, which will reduce the risk for negative unintended consequences.

Canada's public expenditure on early childhood services is extremely low in comparison to other OECD countries. Yet we know from extensive research on human development that the early years represent the unique window in the human life course during which citizens' physical, socio-emotional, and cognitive potential are especially malleable to the positive effects of nurturing environments and strategic human capital investments.

Canada's failure to properly support young children and their families through more effective social policy, such as more generous and inclusive parental leave, adequate income supports for those in need, and universal access to quality early care and learning for all children is resulting in high rates of vulnerability in children. This vulnerability translates into weakened educational outcomes, health inequities, and long-term loss of productive potential. This is a recipe for unsustainability and rising social costs.

If we are truly interested in increasing productivity and ensuring the next generation is equipped to compete in an international, knowledge-based economy, the starting place is increasing Canada's public investments in early childhood development and education.

● (0950)

You've asked us to give our best thoughts on what's important, our recommended priorities for next year, and what the government can do to help us. In answering, we start from the assumption that we all want what is best for B.C.'s children, while recognizing that there will be disagreements—sometimes within the coalition and sometimes with the government of the day—about which public policies include budget priorities that will be serve our children.

We are looking for the 2012 federal budget to demonstrate the wisdom of long-term thinking, which judges every tax and program spending measure from the view of its impact on the well-being of Canada's youngest and most vulnerable, children and families, and places child and youth rights at the top of the priority list.

That's my five minutes?

● (0955)

The Chair: Yes. Thank you for your presentation.

We'll now hear from the Prince Rupert Port Authority, please.

Mr. Don Krusel (Chief Executive Officer, Prince Rupert Port Authority): Good morning, ladies and gentlemen, and thank you for this opportunity to address the Government of Canada's Standing Committee on Finance.

First, I would like to welcome all of you to Prince Rupert and the Port of Prince Rupert, which is becoming a household name throughout the international transportation community as a shining star and an example of how ports can create economic wealth and prosperity.

I think it's very significant that this committee has come here today to witness first-hand the type of economic growth that can be created through the strategic investment of public funds in ports and infrastructure. During the next five minutes I will propose that continued investment by the Government of Canada in the Port of Prince Rupert and the Asia-Pacific gateway and corridor initiative will continue to unleash the full economic potential of Canada's trade with Asian economies.

The year 2007 was a watershed year in the port's history, with the conversion of the Fairview facility into a highly efficient container terminal. I need to emphasize at this point that this capital project was to become the first investment by the federal and provincial governments into what is now referred to as Canada's Pacific gateway. It has made a profound and extraordinary impact on this community and the rest of western Canada, as it ushered in an amazing period of growth that has continued relentlessly despite the global recession.

In the 45 months of operation since it opened in October 2007, we have experienced an unprecedented 40 months of year-over-year growth in container volume. Last year, the Port of Prince Rupert was recognized as the fastest-growing container terminal in North America and the eighth-fastest in the world.

In 2004, and once again with the financial support of federal and provincial governments, we built and opened a new cruise ship terminal on the downtown waterfront. It was an immediate success and during its peak year attracted over 110,000 cruise passengers to

this community. The direct impact on the city's tourism retail business exceeds \$4.5 million annually, and when passengers come onshore this city's population increases by nearly 20%. You can imagine the economic impact that has.

Today the Port of Prince Rupert serves as the North American gateway of the northwest transportation corridor. This corridor extends to central Canada and also on to Chicago and beyond to Memphis and New Orleans. It connects the populations and industry of central North America to the rapidly growing Asian economies.

The port has a unique strategic advantage of being the closest North American port to Asia by up to three days' sailing time. In brief, we are located on the shortest land-sea trade link between two of the world's most dynamic economies.

In terms of bulk cargoes, Ridley Terminals Inc., or RTI, which is a federal crown corporation, operates the advanced coal facility on Ridley Island. It has begun a major expansion to its existing facilities that will increase its capacity from the current 12 million tonnes per year to a projected 24 million tonnes per year. A potential second phase of expansion could increase RTI's annual capacity to over 40 million tonnes of capacity, making it the largest bulk handling terminal on the west coast of North America.

This initiative alone has created dozens of local construction jobs. And more importantly, it supports the growth of the mining concerns throughout western Canada. Although we here in Prince Rupert are focused on the 20 to 25 new permanent jobs that will be created at the terminal by this expansion, that is a shadow of the several hundreds of mining jobs and the hundreds of millions of dollars of mining development investment that will be made possible by this additional capacity on Canada's gateway to Asia.

Prince Rupert is an essential component of the federal government's Asia-Pacific gateway and corridor initiative, but currently all terminals on the North American west coast are near capacity and require expansion to facilitate the continued growth of Canada's resource-based economy.

In Canada, in the resource sector, a substantial private investment is planned over the coming years. However, none of these export trade opportunities can be realized for Canada without a gateway, a doorway to international markets. We here at the Port of Prince Rupert are that doorway for Canadian trade.

Without the continued expansion of port infrastructure, Canada's resources and products will be shut out of international markets. It would be like building a grand mansion with many rooms, but with no front door to gain access to its rooms.

•(1000)

But we here at the Port of Prince Rupert have a plan that will ensure that Canada's trade door remains open, and open wide, on the west coast. We have a vision that we refer to as the 20-20 development plan, and once fully realized the Port of Prince Rupert will have the added capacity of over 100 million tonnes to service Canada's expanding trade objectives with Asian markets. Nowhere on the west coast of North America is there greater availability and opportunity for such expansion.

The potential is enormous. The economic spinoffs described earlier with the container terminal pale in comparison to the promise of the 20-20 development plan. As I am sure you are all aware, Canada is primed to take advantage of the increasing trade opportunities with Asia. Seizing these opportunities means wealth and employment for all Canadians, but it also requires strategic investments in Canada's doorway to the world markets: the Port of Prince Rupert.

Thank you very much.

The Chair: Thank you very much for your presentation.

We'll begin members' questions with you, Mr. Mai. We'll have a five-minute round, please.

Mr. Hoang Mai (Brossard—La Prairie, NDP): Thank you very much.

Thank you very much to all the witnesses for being here today. I'm sure I can say on behalf of my colleagues that it is a pleasure for us to be here. It's beautiful, from what we've seen so far.

I have a quick question for the Clean Energy Association of British Columbia. In the opposition we've been pushing for more action from the government regarding greenhouse gas emissions. We've been saying that we should put a price on pollution and also we've been pushing the cap and trade. Can you say whether you believe that from a federal perspective we should push more for the cap and trade system?

Mr. Paul Kariya: Thank you very much for your question, Mr. Mai.

I think first and foremost Canada needs an energy vision, a strategy that pulls together various elements of what our economy is about. Cap and trade is one tool. So is a carbon tax. These are all necessary, but I think without that strategy first, these are disjointed. Similarly with conservation efforts. We need to fuel our economy, there's no doubt about it, and there's a role for different fuels, including gas and including oil and coal and what not. But we need a strategy that oversees all this. Without that, I think tools in isolation can get lost.

So I'm very supportive of cap and trade, we're very supportive of the carbon tax, and in that I need to give credit to British Columbia and the vision it has had as a province. But I think first and foremost we need a strategy.

Mr. Hoang Mai: Thank you very much.

In one of your recommendations you talked about green bonds. Can you link that maybe with the bonds and the benefit that we would get?

Mr. Paul Kariya: I think first and foremost I want to lead off that our sector in British Columbia has not been heavily subsidized. I know in other jurisdictions there have been subsidies for renewables. Having said that, I think it's important that if we're going to make the transition economically, we need to spur on development in clean technologies, clean energy, and so forth. One tool to use, as well as tax measures, is something like a green bond. We need to help make that transition to a cleaner economy, and I think a tool like green bonds can help.

I recognize that during a tough economic time all of that is a tough sell, but again we need to make that transition.

Mr. Hoang Mai: Thank you very much.

For the B.C. Child and Youth Advocacy Coalition, thank you very much for your presentation. It's very important. Can you maybe expand on what kind of investment you're looking for in terms of early childhood care and learning?

Ms. Louisa Sanchez: Firstly, we are looking for an increase in supported parental leave for 18 months and a top-up for low-wage earners who cannot now afford to even take a year's leave available through employment insurance because 55% of a low wage is not enough to live on.

Secondly, we are looking for a significant investment of federal funds in child care through provincial agreements, or directly, to support parents' ability to work and their children's right to quality care and learning. Too many parents are unable to return to work after the birth of a child because there is either no space available or it is too expensive. High-quality child care after a period of supported parental leave is the essential building block that is missing in Canada's support for families with young children.

•(1005)

Mr. Hoang Mai: Also in your report you wrote about child impact assessments. Can you give us an example of how that would work?

Ms. Louisa Sanchez: Too many Canadian children live in poverty, which is a violation of their rights in such a wealthy country as Canada. We have been asking for the maximum child tax benefit to be increased to \$5,400 per child per year. It's currently about \$3,485. This change would lift thousands of children out of poverty. A budget that assessed the impact on children of this aspect of the tax system would identify the cost-effectiveness of lowering the child poverty rate and reducing income inequity. The evidence on cost-effectiveness is there for all to see in the higher cost we all pay for health care, education, and the justice system when children grow up in poverty and social exclusion increases.

Mr. Hoang Mai: Thank you very much.

The Chair: Thank you, Mr. Mai.

We'll go to Ms. McLeod, please.

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Thank you.

It's certainly my pleasure to be here. Even though I'm a British Columbian, I haven't been to Prince Rupert before, so it is a treat to come and see this beautiful part of the country. Last night was a very interesting evening, for sure.

I want to ask a quick question to Mr. Kariya. You didn't mention geothermal hydro. Is that not part of your organization? I think there are enormous benefits or opportunities within British Columbia. Is it part of your organization, and is there good opportunity?

Mr. Paul Kariya: We do have geothermal members, and British Columbia is a terrific spot for geothermal hydro. The problem is that within the cost curve on fuels we have so many other options in the marketplace that are cheaper and easier. Wind and hydro are now cost-competitive with anything that B.C. Hydro produces. Unfortunately, ocean and geothermal hydro are not yet there. In time they will be, as the marketplace responds to the true cost of electricity.

Mrs. Cathy McLeod: Thank you.

My next question is to either the Canadian or British Columbia Mining Association.

Certainly mining plays a critical role in the riding I represent. You mentioned accelerated capital cost allowance, the flow-through shares, and the mining exploration tax credit. You might be aware that we have an ongoing debate within Parliament on the raising of taxes on businesses up a couple percent. So could you briefly talk about a competitive tax structure and what that might do to your industry and its robustness?

Mr. Pierre Gratton: One way to look at this is to look at what is currently happening in Australia. Canada was the largest destination for mineral exploration spending until about 1992. Then things started to turn, and Australia took over first place. In 2002 Canada became number one again, and we've been number one ever since.

Right now there is an outflow from Australia because of tax measures being taken there with super-tax policies. The carbon tax they introduced has been very controversial. Canada is a beneficiary of this. Australia is probably our largest competitor in the world, and now we attract the largest share of global exploration and investment. The \$137 billion I referred to is just potential new mining investment, and it speaks to the importance of having a competitive tax climate.

• (1010)

Mrs. Cathy McLeod: Thank you.

You both talked about the environmental assessment process. We've certainly moved forward on the major projects office, but can you talk about the reality on the ground of what the companies face in the environmental assessment process? Obviously you always want to completely protect the environment and have good integrity in the process, but at the same time reduce the redundancies and the inefficiencies of the system. How far along are we in that process, and where should we be going?

Mr. Pierre Gratton: We made some really good strides last year with amendments that were long in coming—amendments made to the Canadian Environmental Assessment Act that put the Canadian Environmental Assessment Agency in charge.

Now, this may sound funny. We have had the agency for years, and probably most people thought they ran environmental assessments. Actually, they didn't. If you're a mining company, one of the biggest sources of delay was trying to get the EA started. You'd pound on the door of Fisheries and Oceans Canada or Natural Resources Canada or Environment Canada and say you need an EA and could they please start it.

It would fall on an individual department to put up its hand and say it would do it. None of them wanted to, because it was a big undertaking and a lot of time and resources were involved.

Last year the agency was finally put in charge, and it was given the resources necessary to manage environmental assessment. We have seen the elimination of about 18 months of delay from the federal approval process in Canada as a result, because it was estimated that it took 18 months just to start.

What this also means, and then I'll turn it over to Karina, is that now the federal and provincial governments can actually harmonize, because the feds aren't a year and a half behind. What we're seeing on the ground in B.C. is a much improved process.

Do you want to add to that?

The Chair: Very briefly.

Mrs. Karina Briño: We have certainly seen an improvement in terms of the relations, the collaboration, the scoping of projects, and who is going to be involved and when. However, I think we would still be interested in looking for perhaps one process that would be able to meet the requirements of both levels of government in a way that is going to keep the integrity of the evaluation and the assessment, but without the duplication of the company going through that process twice.

The Chair: Thank you.

We'll go to Mr. Brison, please.

Hon. Scott Brison (Kings—Hants, Lib.): Thank you very much, Mr. Chair.

Thank you to each of you for your valuable interventions today.

Mr. Gratton and Ms. Briño, do you believe that British Columbia is a good place to do business, and a good place for the mining industry?

Mrs. Karina Briño: Absolutely. I mean that seriously.

British Columbia has certainly gained some momentum in terms of its reputation, in terms of mining practices and policies that have been implemented lately. We still have a long ways to go.

We have seen that in the increase in mineral exploration investment, and also in companies that are still operating in B.C., wanting to continue to expand and grow.

Hon. Scott Brison: Certainly we see the growth in industry leaders like Teck over the last few years, in fact garnering investment from some of the best international investors in sovereign wealth funds in the world, like CIC as an example.

The capacity to attract capital to British Columbia mining and enterprise has actually grown in the last couple of years.

You mentioned tax policy as a determinant in that, which leads me to the carbon tax of the Campbell government, subsequently endorsed by the Clark government, that was implemented in British Columbia. In fact the right-of-centre magazine *The Economist* referred to it on July 21, saying that “The carbon tax has been good for the environment, good for taxpayers, and it hasn't hurt the economy.”

So you have to consider tax policy in full, whether you have flow-through-share provisions, competitive corporate tax rates, and potentially putting a price on carbon with a predictable carbon tax.

Would you say, Mr. Kariya, that putting a price on carbon in British Columbia has helped create jobs in your industry?

●(1015)

Mr. Paul Kariya: Most definitely. I recognize that with my colleagues to the left, and others, traditional natural resource industries—forest sector and that—have some difficulty with an aggressive carbon tax. We're saying we need to make inroads, that this is the way we need to go, but we need to do it in a way that is sensitive to the economic welfare of the province. But we need to get going on it.

Hon. Scott Brison: I really appreciate seeing the consensus here that the answers to meeting the world's insatiable demand for energy—China and India—needs an energy mix, combining conventional energy with new and alternative energy.

What is the potential for Canada to become a global leader, particularly in the area of clean conventional energy? Given that we are already a leader in conventional energy, that seems to be area where we ought to be putting a significant amount of focus, whether it's in carbon capture and storage, sequestration technologies, or coal gasification. In 20 years we're still going to see coal being a significant part of the global energy supply.

What is the role for Canada to develop, export, and commercialize the technologies to develop cleaner coal technologies and cleaner mining, cleaner extractive sector technologies?

Mr. Pierre Gratton: Let me first address the carbon tax issue, just to clarify. We are an energy-intensive industry, so a tax on carbon can be quite punitive to those sectors that are energy-intensive.

A carbon tax as a measure is probably one of the simplest ways to put a price on carbon—

Hon. Scott Brison: Predictable.

Mr. Pierre Gratton: —in a carbon-constrained future. But the issue is that if B.C. does it alone, it gives an advantage to other jurisdictions that don't have a carbon tax. The question then becomes how to create a level playing field, which B.C. has attempted to do by staying relatively revenue-neutral by reducing corporate taxes at the same time. However, I think many industries would say that although it may have been revenue-neutral overall, it wasn't necessarily so for the industry. But that can be done; you can try to shift the tax base to give more of a price on carbon.

There is an awful lot of R and D going into carbon sequestration, but I don't know if there are specific timelines when we think we'll be able to achieve that. It's part of Canada's challenge—and Paul can add to this—that because we have a fairly small population over a vast area, the economics of renewables can be more challenging.

The Chair: Mr. Kariya, very briefly, if you can.

Mr. Paul Kariya: I'd reiterate that we need a mix of fuels going forward, and that for some of the more polluting fuels, if you will, we need a transition strategy. We also need to increase our R and D in terms of cleaner technology. I think Canada is and can be a leader in this area, and it's exportable.

The Chair: Thank you.

Thank you, Mr. Brison.

We'll go to Mr. Adler, please.

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

I thank all the witnesses for appearing here today.

I'd like to direct my questions to the two mining associations first. I saw a report last night on the news on Peace River and how the demand for jobs there is just going through the roof; they cannot keep up with the number of people needed to fill positions. Free trade agreements such as China and India are on the horizon, and the demand from Asia—as you all indicated—is astronomical. Could you comment on the Peace River situation and how that's indicative of the whole mining sector?

Mrs. Karina Briño: Thanks for the question. I assume you're talking about Peace River Coal.

●(1020)

Mr. Mark Adler: Coal, yes.

Mrs. Karina Briño: I have not seen that specific report. However, it is a factor that affects the industry in British Columbia and in Canada as a whole. The lack of skilled workers, from entry-level jobs to professional designations—as you said—is astronomical, as much as the demand.

There are several initiatives, both at the national and the provincial levels, to address some of those issues, but it does require a very strong strategic approach at all levels of government, including the industry. The industry is making a lot of progress in terms of recruiting and attempts to attract foreign workers. However, we have people in Canada—in British Columbia—who are not employed, and we need to provide the programs and services that are going to allow us to recruit and employ people at a local level as well, because that's going to improve the health of our communities. So that specific issue in the northeast is of great concern to us.

Mr. Mark Adler: Is that indicative of a lot of different communities?

Mrs. Karina Briño: Yes.

Mr. Mark Adler: Yes, that's what I thought.

The expansion of the METC that's contained in the nine free trade agreements that have been negotiated since 2006, which my friends opposite have all opposed—

An hon. member: That's not true.

Mr. Mark Adler: Could you comment on how government policies have helped push that along?

Mr. Pierre Gratton: I was asked by the Minister of International Trade a month or so ago about the European free trade agreement and what was most important to us. Because there's already a free flow of goods between Europe and Canada, the issue was labour mobility, being able to tap into another pool of workers if we don't have some of the skills for jobs here, and vice-versa. I mean, we have Canadians who can go and work in Europe.

We are big proponents of free trade as a sector and we strongly support the efforts by the government to conclude free trade agreements with Honduras and Colombia. Latin America is a hugely important market and progress with China and India is also important.

Mr. Mark Adler: So your industry would reject an increase in corporate taxes. A carbon tax would not be a good thing for your industry, would it?

Mr. Pierre Gratton: I don't know if any industry sector would say that it would like to have higher taxes. We wouldn't be in that category either. I wouldn't say you couldn't put a price on carbon into the tax regime in some way, but if you do it, you have to make sure it's done in a way that doesn't indirectly undermine the competitiveness of Canadian business.

Mr. Mark Adler: Right, it would come at a cost.

Mr. Pierre Gratton: You have to balance it through other elements of the tax system.

British Columbia has tried it, and it hasn't been an outright failure, but it could be further refined.

Mr. Mark Adler: Mr. Krusel, could you comment on the free trade agreements that our government has negotiated, the potential for the future, and how this would benefit the port authority?

Mr. Don Krusel: All I can say is that I think a greater focus needs to be on free trade agreements with the Asia Pacific. I was going to say that the economic centre of the world economy is gravitating to Asia, but actually, it's there already.

For decades we have been at the doorstep of the U.S. economy. Well, we are at the doorstep of the Asian economy on the west coast. There's a body of water that separates us, but that's where the ports come in. There is a huge potential. We as a nation need to focus more on the Asia Pacific.

The Chair: Thank you, Mr. Adler.

We'll go to Mr. Marston.

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP): Thank you, Mr. Chair.

I'll try not to poke anybody in the eye on the other side in my round, but I want to talk about one thing. The federal government is continually asked to invest in a variety of things like training, which is crucial to get people out of poverty. In my home town of Hamilton, one in five people live in poverty. We had value-added manufacturing in Hamilton, but we lost 50,000 jobs from 1988 to 1992, thanks to the free trade agreement.

As for taxes, our friends like to point to our wanting to raise taxes, but in the year 2000, the corporate tax rate was 38% and for the Americans it was 36%. Mr. Martin dropped it to 20%. Our concern is the drop from 20% to 15%, and the \$16 billion it takes out of the coffers of the government to do the things that are needed in our country. That is where there's a serious problem.

We were just in the Yukon. Their population is low, but their infrastructure dates back to the 1950s. How do we address these things if we do not have some kind of strategy?

We've been calling all along, as these tax breaks occur each year, to stop at a certain level. The taxes wouldn't have been increased; they would have remained where they were. So there are mixed messages coming out.

What's the state of the infrastructure here in B.C., particularly northern B.C.?

● (1025)

Mr. Paul Kariya: When you say infrastructure—

Mr. Wayne Marston: I mean hydro transmission, broadband, and things of that nature.

Mr. Paul Kariya: There certainly needs to be an upgrade. If we're going to fuel the industrial development that we've all spoken of in northern B.C.—the electrification, the transmission network—it needs to be strengthened. There is a role for both federal and provincial funding and participation. We have a good example of co-operation with the northwest transmission, where you have the private sector and public sector involved.

Mr. Wayne Marston: Your green bond suggestion sounds interesting and worthy of consideration.

We've been calling for a manufacturing strategy as well as an environmental strategy. Coming from the industrial heartland, I think it's a good idea. We haven't seen that to date. We have all the talks about taxes, as if taxes and free trade agreements are going to settle it all, but they won't. We have to assist our companies. This might shock some people over here, but we have to assist companies in that kind of investment. We're not going to be able to meet world demand at the rate we're going unless we have a vision that's supported by our federal government. I wouldn't mind your comments on that.

Mr. Pierre Gratton: If you look at our brief, we're not asking for any economic help from the government. Our companies don't need subsidies. We have \$137 billion in investment that we're prepared to start spending now.

The moneys we do want are simply to enable that to happen by having an efficient and timely program.

Mr. Wayne Marston: I think one of the things you raised in your briefs was you were talking about the problems of getting employment matches. The boomers are going to be retiring. Ms. Sanchez was talking about bridging our Canadian schoolchildren of today into the jobs of the future, and those kinds of things.

I was a school board trustee in Hamilton. We had a 28% dropout rate because we were streaming everybody toward university and nobody toward blue collar jobs. Guess where we've got the real problem?

Mr. Pierre Gratton: There was a decision by the government this year to terminate the sector council program. It's winding down by 2013. To be honest, this is not something we're all that happy about.

Mr. Wayne Marston: Send them a letter.

Mr. Pierre Gratton: In the mining industry we have one of the most active and most successful sector councils. Part of the work the mining industry has done is to go into areas like the automotive industry and try to find workers there who could transition into mining.

Mr. Wayne Marston: We did the same thing with steelworkers in Hamilton.

Mr. Pierre Gratton: We are concerned about the termination of this program. We're hopeful that our particular council will be able to continue through our own efforts and some program funding will still be available under the new system.

We have nice things to say about a number of the decisions the government makes, but some decisions it made we didn't like and this is one of them.

Mr. Wayne Marston: I think in fairness to all of us, things should be laid on the table. It's important that if this is needed, then people need to hear it.

Thanks.

Mr. Pierre Gratton: Karina also mentioned that the investment in training for first nations is important, and a really important source of workers for our industry.

Mr. Wayne Marston: And people don't have to leave their communities.

The Chair: Thank you, Mr. Marston.

We'll go to Mr. Van Kesteren, please.

• (1030)

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

Thank you all for this invitation. I don't know, though, we might be sticking around here for a little while.

I want to tell you that I got a call from my brother-in-law. He lives in Smithers, just a little ways down the road. He saw on Facebook that I was going to be here. I asked him about the port. He pretty much reiterated what you said, and that is that this has been a great boon to the economy.

I want to talk a little bit in defence of Mr. Brison. He's absolutely right. He is a free trader, but it befuddles me when he starts talking about carbon tax. I'm going to give you my take, if you'll bear with me a little while.

This is a great example. Ontario has a green energy program that has introduced wind turbines, and nobody would be against that. But a number of years back—we don't have to go back too far—Ontario was an exporter of energy, and today we have become an importer of energy. Here's the problem. The wind's blowing at nighttime when nobody uses the stuff, and in the daytime, when we need it, the wind quits blowing. So what we do is sell the energy at a loss, or I think at 2¢ a kilowatt, to Quebec and they dam up the dams and open them up in the daytime and sell it back to us for 9¢ or 10¢ during the day at the peak times. So it has disrupted our grid.

Again, we'd all love to see a perfectly green environment, but I look at a country like China, and God bless them, they're doing wonderfully. But Mr. Brison and I, when we went there—and I talked about this at the last meeting too—the air was thick with coal. They're buying your coal and they're running it through the port here and producing energy at 3¢ or 4¢ a kilowatt.

The result in Ontario is that our manufacturing has been totally dissipated. I'm not saying that's the only reason, but it certainly is a major cost. The fact that we can no longer compete in one of the areas, and one of the last areas in which we were competitive was in energy, is indefensible. And the Chinese have told us that they're not interested in any of those projects you're talking about, any of those green.... They look at us as being the polluters for the last 200 years, and they've got a long way to go before they catch up.

How do you balance that? Ms. Sanchez, you've made a wonderful request—and I don't think there's anybody here whose heart doesn't go out to our children—but when you talk about 1% of GDP when we are in a time where tax revenues are such that we're running a deficit and we're starting to load up our national debt to the effect that we're going to become a have-not, how do you balance that? I'm really looking for a balance. When I hear about carbon tax, that simply blows me away, because now not only have we disadvantaged ourselves in the marketplace with energy, we're now going to load something else on. How do you balance that? How do we become a generous nation, as Ms. Sanchez rightly pointed out, a rich nation that rather than take moneys from an economy that we saw four or five years ago, when there was a surplus and we could have these projects, to a situation now where we're hanging by a thread...? How can you advocate something like a carbon tax? I'm curious, especially with that kind of information.

The Chair: Mr. Kariya, please.

Mr. Paul Kariya: First and foremost, I think it speaks of leadership. Carbon tax is a tool. There are other strategies that can be used. Cap and trade was mentioned. We need to chart a different course, and it's going to be—

Mr. Dave Van Kesteren: Let me interrupt. Somebody mentioned that Australia tried that route, and today we're at an advantage where we can start to grow our mining because they've made themselves non-competitive.

Mr. Paul Kariya: But if we're not careful, we're mortgaging our children's future in terms of the environment and air quality.

Mr. Dave Van Kesteren: I suggest we're doing that now, by the fact that we're running huge deficits. We look at Europe, and Europe is in a meltdown position. I'm looking for answers.

Mr. Paul Kariya: You spoke of balance, Dave, and I think that's what we need. We can't mortgage the environment totally for the economic development of today. I don't think anybody in the mining sector is saying that, or any of the forward-thinking industrial sectors. We need to start to make those shifts, and that's what it is about.

The jobs that we speak of here, including my sector, can help provide for the social kinds of things that are referenced here. That's the balance that we need. And I think there is a green side of it as well as the traditional industrial side of it.

Could I also say that if Ontario is the example—

•(1035)

The Chair: We're out of time. Very briefly, please.

Mr. Paul Kariya: If Ontario is the example of how to do the green sector, I'd say we have some concerns about that. I think they went too far in terms of overpricing with their FIT program. We didn't go that route in British Columbia.

[*Translation*]

The Chair: Mr. Giguère has the floor. You have five minutes.

Mr. Alain Giguère (Marc-Aurèle-Fortin, NDP): Thank you very much, Mr. Chair.

[*English*]

My first question is for Mr. Kariya.

Okay, I'll speak French.

[*Translation*]

Mr. Paul Kariya: I got my Level B when I was a manager with the Government of Canada, a while back...

[*English*]

I don't know. It was 30 years ago.

Mr. Alain Giguère: Presently, the wood and paper industry in British Columbia has the financial capacity to make a change for new production—paper and...all at the same time.

Mr. Paul Kariya: The forest sector is going through a transition. There is still a good part of it with value-added products, dimension lumber and so forth. Many of the pulp and paper companies have gone into the grain energy sector using biomass. I think that's just a natural outgrowth of the sector, getting better value for the wood we have, including what we consider wood waste. So that is happening, yes.

Mr. Alain Giguère: Thank you very much.

[*Translation*]

Mr. Gratton, we are probably going to have the Governor of the Bank of Canada with us in the next few months. Could you tell us your opinion about the value of the Canadian dollar against the American dollar? Should it be adjusted?

Mr. Pierre Gratton: In our sector, the Canadian dollar has a pretty marginal effect because it goes up and down with the price of our products. When the price of copper goes up, the value of the dollar likely does too.

Our sector is not one that kicks and screams when the Canadian dollar goes up in value. It is not such a big deal for us. Of course, we would like prices high and the dollar low, but that does not happen.

Mr. Alain Giguère: In terms of value added, Canada is presently lacking a number of processing plants, foundries.

Why is money not being put into that? Is it because of a lack of financing, is it political?

Mr. Pierre Gratton: Our frame of reference is global. It is very difficult to compete with countries like Chile, China or Japan whose plants are more competitive. It is difficult for plants to be really competitive because there is not much in the way of a margin. It isn't easy. Building a foundry takes several billion dollars. It makes no sense for us.

Mr. Alain Giguère: Thank you very much.

I would now like to ask Mr. Krusel some questions.

[English]

Presently you have a very important augmentation of your exports. You speak of 100 million tonnes. You have the transport infrastructure for that and the security of transport for the Canadian Coast Guard, a lot of other equipment, to stop the tanker incidents or other catastrophes?

Mr. Don Krusel: Addressing the security issue, this is probably the port that has the highest level of security in North America, to be quite honest. Because the container facility we opened up in 2007 was the first facility that was developed in North America post-9/11, security played a large role in the planning of it. Every container that comes off a vessel goes through a radiation detector. It's a 100% screen on the radiation side. It's very rare to find that in U.S. ports; they talk about that in single-digit percentages.

When a train of containers leaves Prince Rupert and crosses the border into the United States, the entire train is scanned through what we call a—

• (1040)

Mr. Alain Giguère: I am not speaking about security. I am not speaking about the prevention of terrorist acts. I am speaking about when a ship sinks after a collision.

Mr. Don Krusel: This is the safest port on the west coast of North America from a marine risk perspective. It is ironic, because so many people are talking about concerns about tanker traffic on the north coast. This gateway is the safest from a marine risk perspective. It goes back to the 1970s, when there was a marine risk study completed on the entire west coast to determine how Alaska crude should go from Alaska to the rest of the continent. They studied all the various locations. This location had the lowest risk factor.

The Chair: Thank you.

We'll go to Ms. Glover, please.

Mrs. Shelly Glover (Saint Boniface, CPC): I'm from a prairie province, so being here in British Columbia, I keep leaning towards the wonderful view we have, because we don't have these beautiful mountains and the beautiful water you have.

I'm going to start with Ms. Sanchez. I want to thank you for your organization's commitment to children. I myself have five children and am constantly trying to push my provincial representatives to address some of the needs.

I want to be clear about this. As we all know, there are constitutional mandates that must be followed. One of the things you mentioned today is child care. Child care clearly falls under the mandate of provincial governments.

I am curious to know where you got the figure of 0.25% of GDP. Then I'll move on to the next question.

Ms. Louisa Sanchez: Actually, I did quite a bit of research in that area. That is where I got it. I think I might have the information here.

Mrs. Shelly Glover: You can submit it later. I only get five minutes. I'd really like to know how you came to that determination.

Ms. Louisa Sanchez: Okay. I will certainly submit that to you.

Mrs. Shelly Glover: That would be great, because I might argue with you that it's maybe an incorrect number.

Nevertheless, it is a provincial responsibility, although I must admit that the federal government has put forward initiatives, such as in 2007, to try to encourage businesses to produce some child care spaces in their workplaces by providing them with tax incentives to do that, which I thought was a step in the right direction.

I would also like to know how much this recommendation you've made about the child impact assessments would cost. I'm looking at a brief with all the measures put in the budget, and you're suggesting that every single measure in the budget be submitted for this child assessment. There are things such as the \$60 million for transformative technology for the environment and the value of the wood program. Having all of these things subjected to an assessment of child impact would be very costly.

I want to know how much your recommendation is going to cost the government. Do you really think it's an efficient use of government resources to do impact assessments on budget items that really aren't directly impacting children?

Ms. Louisa Sanchez: I am not an expert, but I would like to refer you to the first poverty report card, which is on our website, which explains the different measures we use in the appendix. There is before tax and after tax, the low-income cut-off—

Mrs. Shelly Glover: I'm sorry, ma'am, you're not answering the question. I only have five minutes.

The wood program is a tax measure in our budget. You're saying in your recommendation that it ought to be assessed for child impact, which means dollars put into resources, dollars for government employees to do this assessment. Did you cost your recommendation?

• (1045)

Ms. Louisa Sanchez: To be honest, no.

Mrs. Shelly Glover: I'm suggesting to you that you might want to cost that, because to do budget assessments on every item.... I can understand if you were suggesting doing them only on those that might have an actual impact on children, but to do all of them, which is what you're suggesting, would be inefficient and a waste of taxpayer dollars, wouldn't you think?

Ms. Louisa Sanchez: Well....

Mrs. Shelly Glover: Do you really think we need to pay someone to do a child impact assessment of a wood program? Yes or no.

Ms. Louisa Sanchez: When I look at it in that fashion, I look at all areas in terms of what's happening and what we can do to help our children in Canada.

Mrs. Shelly Glover: On the wood program, do you think we should do a child assessment and spend money on that rather than directing money to things that might help our children?

I'm just trying to understand your recommendation.

Ms. Louisa Sanchez: I hear you on that, but I believe that if we don't do that type of thing, sometimes when we look at it, there are some things that are left out. What we're trying to do is to make sure that when we look at the revenue.... For us it's an ounce of prevention.

Mrs. Shelly Glover: I know what you're trying to say, and I agree with your intent, but I don't think your organization has looked close enough at costing. I would be interested to see your cost of it and I would be interested in seeing if you would want to amend your recommendation to not include all budget items. Frankly, it wouldn't be efficient.

Ms. Louisa Sanchez: So you just want to see the one on wood.

Mrs. Shelly Glover: No, there are many in there, such as the mineral tax exploration.

The Chair: All right, thank you.

We'll go to Mr. Mai, please.

Mr. Hoang Mai: Thank you, Mr. Chair.

I have a question for the Mining Association.

You've talked about the impact of decreasing the funding regarding the Canadian Environmental Assessment Agency. Can you tell us what the impact would be in terms of reducing or cutting the funds?

Mr. Pierre Gratton: I think it's extremely important that it be renewed. We have finally reached a point now where environmental assessments are being managed well, where timelines are being met, and where the federal government is able to coordinate with provincial governments. We actually can now speak of harmonized reviews.

It's not like we've heard the funding is going to be cut or anything. It's just that the funding expires at the end of this year. I think it was a three-year or five-year funding envelope, and it ends. We need it renewed so they can continue to operate the environmental assessment regime properly. Otherwise, we think projects will come up and we'll be back to where we were and we won't be able to bring that private sector investment forward.

Mr. Hoang Mai: Thank you very much.

This is for you and also the Prince Rupert Port Authority.

You've been talking about investment and infrastructure, and that's something we've been pushing for. I also understand that we need to have a long-term vision in terms of a plan in order to ensure that sustainable funding is being put forward. There was a request to index the gas tax fund and to increase the gas tax by one cent.

Do you think it's a good thing for the federal government to have a national strategy regarding infrastructure and assured funding?

I'll start with you, Mr. Krusel.

Mr. Don Krusel: I would absolutely encourage and support a long-term strategy. As is being noted around every corner of this country, most of the infrastructure was built back in the 1960s and such, so there's a dire need for both upkeep and replacement.

To be honest, the infrastructure that we talk about in the Port of Prince Rupert, everything is relatively new. It's not so much about

sustaining old infrastructure, it's about having the funds, the plan, and the vision to build the necessary basic infrastructure to support the trade initiatives.

Mr. Hoang Mai: Mr. Gratton or Ms. Briño.

• (1050)

Mr. Pierre Gratton: I would agree completely. I think it would be a wonderful task for one of the committees of Parliament to undertake a longer-term view of Canada's infrastructure needs. I very much appreciate what my colleague has had to say about this area in particular. This is a huge area that's benefited a lot from infrastructure investment.

Mr. Hoang Mai: Ms. Sanchez, we've actually seen—and you mentioned it in your report—an increase in the gap between the rich and the poor. We've been telling the government that focusing on reducing corporate taxes doesn't necessarily help that issue and it doesn't help decrease the gap.

Do you think the way the government has been acting in terms of corporate tax cuts has an impact on the gap between the rich and the poor?

Ms. Louisa Sanchez: When I look at it, it continues to look that way to us. Actually, there's so much in the news today in terms of what's happening—just look at the big demonstrations we're having in our city. It didn't start in B.C., but it's here. I think those are some of the things we want to have a look at.

How can we work that out? How can we have a wise balance between what's happening for the rich and for the poor? I don't want to go to the 99% and 1%. But at least let's see what we can do, especially in terms of what we can do to help, especially the lower-income people. That's where our problem lies.

Mr. Hoang Mai: Do you think enough has been done on that by the government?

Ms. Louisa Sanchez: No, it hasn't been done. That's why we're recommending that we have some type of a balance, to make sure that happens.

Mr. Hoang Mai: Thank you.

The Chair: Thank you, Mr. Mai.

I'm going to take the next round.

I wanted to start off with Mr. Kariya. You mentioned a national energy strategy. I've supported this for about 11 years now. I think it's a fantastic idea. I know other colleagues have worked on it. I know Mr. Van Kesteren has worked on a natural gas initiative for a long time as part of that.

I just wanted to pose a question to you and to the mining associations. Our approach is for sector-by-sector regulation. You've outlined what's being done in B.C. If you look at the Alberta plan, it basically says that if you're a large emitter and you go above a certain amount, you pay a \$15 price. It goes into a fund, and that fund is invested in transformative technologies to address carbon emissions.

Just as sort of an "open blue sky" question, for a national government, what approach do you see as better? You can compare the B.C. plan or the Alberta plan or the national plan. The challenge for us is that it's a divided jurisdiction, environment and natural resources. We don't have sole jurisdiction over that federally, so we deal with provinces with different plans.

Could I get you to just very briefly indicate what you would do if you were a national government in that situation?

Mr. Paul Kariya: One needs to recognize that because of the geographical differences between provinces, there are going to be different strategies at a provincial level. That's fine. We recognize that. It has to be that way. But on top of that, we are a federation. We need to have things that pull us together.

Take transmission lines, for example. A more national perspective rather than a province-by-province one would help with those. For example, in the case of British Columbia and Alberta, the ties between us are very weak in terms of electricity. We could not provide to Alberta. We can barely meet trading back and forth overnight.

If we had a robust inter-tie between the provinces, maybe we could help with the oil sands. We could help in terms of the gas sector and so forth. There are things that would come out of a national plan that would help those kinds of things.

Leave the provincial stuff to the provinces, but there are things that cut across, and infrastructure is one of them.

The Chair: Would either of you want to make a brief comment on that, in terms of what plan would be preferable if you were doing it from a national perspective?

Mr. Pierre Gratton: I would say only that we would want to ensure that there wasn't any kind of.... It does happen that you have different levels of government in conflict with one another over policy directions and various instruments, so it can create confusion, and that's a challenge.

The Chair: Let me put you guys on the spot. If you were a federal minister, what would you do? If you had sector-by-sector, the B.C. carbon tax, or the Alberta carbon price for large emitters, and you were the minister and you had to choose one of the three, what would you do?

• (1055)

Mr. Pierre Gratton: Honestly, I'm not familiar enough with Alberta's. I'm familiar with B.C.'s, because that's where I used to work. I couldn't really comment on it. Unfortunately, I can't shed light on it.

The Chair: Mr. Kariya or Mr. Krusel, do you want to comment?

Mr. Don Krusel: I don't have enough background to be able to.

Mr. Paul Kariya: I'm going to speak in favour of what we have in British Columbia, and say it is a reasonable approach to go with a carbon tax. And I think related to that, over time we also need a cap-and-trade system.

The Chair: I wanted to follow up with Ms. Sanchez on a couple of points.

You talked about growing inequality, but one of the challenging questions I have is a number of measures have been put in place by our government and by past governments to address this. If you look at our government, the working income tax benefit, in my view, is one of the biggest changes for working people in terms of assisting them to move up on the economic scale. The former government introduced the Canada child tax benefit, the national child benefit, which to me is very good policy. Our government has expanded on it because it is a very good policy.

When I see measures like this put in place and then I still see statements saying inequality is growing, are these measures...? I take your point: you said you would want additional measures. But are these measures, combined with the increases to the provinces for health care, education, social assistance for affordable housing...? What has been done is working. I think we need to take stock of all the programs that have been put in place, and if they're working, build on them, but if they're not working that effectively, maybe we need to have a closer look at them.

Ms. Louisa Sanchez: What we're looking at is the will of Parliament. When we look at the economic growth and prosperity in our country, we're dealing with a whole lot of children who are not prepared because of the economic situation they're facing.

I also want to draw your attention to the cost of not dealing with social and economic deficits that are caused by continuously high rates of child and family poverty. Recent studies estimate the cost of poverty to be between \$8.1 billion and \$9.2 billion in British Columbia alone, and I'm talking British Columbia because I live here. Nationally, the cost of lost revenue and remedial expenditures is even higher.

According to *The Cost of Poverty: An Analysis of the Economic Cost of Poverty in Ontario*, the annual cost of child or intergenerational poverty is very high, and if poverty were eliminated, the extra income tax revenues nationally would be between \$3.1 billion and \$3.8 billion. That came from an analysis we got in 2008. So—

The Chair: Ms. Sanchez, unfortunately my time is up. As I cut off everyone else, I have to cut myself off.

I'll go to Ms. McLeod, please.

Mrs. Cathy McLeod: Thank you.

I think because we're in Prince Rupert one of the last questions should perhaps focus on the Prince Rupert Port Authority. Certainly as members of the B.C. caucus, we hear regularly in terms of what's happening here. I can remember my former colleague Stockwell Day, as the minister for the Asia-Pacific gateway, being incredibly enthusiastic, and of course now Minister Fast has taken up that very great portfolio, in my mind.

The government has committed significant dollars over time to what's been happening up here. I think it's about \$1.4 billion. I have to quickly make a note in terms of infrastructure. Of course we have had the Building Canada fund, we've had enormous extra support through the stimulus program that was needed, and we have made a commitment for a conversation about where we need to go on an ongoing basis. Can you talk about how the government should focus its infrastructure investments going forward, from your lens?

Mr. Don Krusel: Thank you very much.

The first round—and it was over \$1 billion—of Pacific gateway infrastructure funding was focused on smoothing out the supply chain, and working on the bottlenecks. I guess I would just have to say that we didn't have those bottlenecks and congestion problems in this corridor. Of the \$1.2 billion in the first round—and I say the first round because we were hoping that there would be more rounds—there was only probably about \$40 million that was spent in this entire corridor.

This next opportunity for Canada is all about trade, the export of our resource trade with Asia. There's a huge demand for our resources, but it also puts a huge demand on building the infrastructure I talked about in my presentation. Really, that's what I think the next round of investment should be focused on, building capacity on the west coast.

With that, I have to emphasize that the mine association and such isn't just about investments in Prince Rupert or Vancouver. It's really all about investing to enable. Whether it's a potash mine development in Saskatchewan, a coal mine in northern Alberta or B.C., or the grain fields of this land, it's all about providing the doorway and the capacity so that we can take advantage of the tremendous opportunity that is unfolding in Asia.

The investment should be placed to make sure that we have capacity at our doorway, to build the doorway larger, and build it more fluidly so that Canada can take advantage of trade opportunities, create jobs, prosperity, and opportunity right across

the entire country. Actually I think it goes a long way to addressing what is being talked about right here, and this community is a good example. You build infrastructure that creates jobs and opportunities.

I would suggest that the economic gap here in this community has been improved dramatically by the fact that we have a container port and a bulk port that are growing. The level of jobs that have been created here in the last five years, on a ratio scale, has been absolutely tremendous, and it's all about that first initial strategic investment in the infrastructure.

• (1100)

The Chair: You have 30 seconds, Ms. McLeod.

Mrs. Cathy McLeod: In terms of Prince Rupert employment, it sounded like you managed to ease through from 2008 with perhaps less pain than a forestry-dependent community.

Mr. Don Krusel: Absolutely. Bearing in mind that the community is still in a very tight and desperate economic situation because we have lost a number of sectors, I and most people in this community would suggest that it has been the port and transportation sectors that saved this community, and built jobs.

We're not at the job level that we perhaps were ten years ago, but we're getting close to that. With the type of expansion that we're projecting over the coming years, we will more than surpass the economic activity that we had ten years ago with those other sectors. It will all be as a result of that port infrastructure.

The Chair: Thank you, Ms. McLeod.

That's a good segue into our afternoon session. We're actually going to be touring the port with the port authority and the coast guard. We're very much looking forward to that.

Colleagues, please feel free if you do want to get into somewhat more casual gear that is more resistant to certain types of weather. We need to be ready to go at 12 noon sharp, so we're having lunch here.

I do want to thank our guests very much for coming in today, for presenting, and for responding to our questions.

I know there were some comments about having further information. Please submit that to the clerk and we will ensure that every member gets that information.

Thank you so much for being with us here.

The meeting is adjourned.

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