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The Honourable Wayne Easter

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•(1105)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I call the meeting to order.

This is our second meeting. Pursuant to Standing Order 83(1), we are doing pre-budget consultations for budget 2016.

First of all, welcome, witnesses. I definitely want to thank you for putting your submissions together quickly. I know we're under a very, very tight time frame, and I'm sure that has made it difficult for people to get their pre-budget submissions together. We have a very intense week of hearings, with somewhere between 84 and 90 witnesses.

To begin, I would mention to the committee—and I've talked to people who are on the steering committee about it—that we expected the minister to be here this Thursday. He can't attend, so, along with the Department of Finance, he will make his presentation next Tuesday. This means we can handle about six to eight more witnesses in the minister's slot this Thursday, so the steering committee will be meeting at eight o'clock tonight to make those decisions.

With that, I'll turn to the first witnesses.

From the Assembly of First Nations, we have Peter Dinsdale and Dale LeClair.

Go ahead.

Mr. Dale LeClair (Chief of Staff, Assembly of First Nations): Thank you very much, Chair.

First of all I'd like to acknowledge the honour song by the member. It is truly enlightening to see this in a committee.

For those of you who may not be aware, the role and function of the AFN is to serve as a national delegated forum for determining and harmonizing effective, collective, and co-operative measures on any subject matters that the first nations delegate for review, study, response, or action and to advance the aspirations of first nations.

Our 2016 budget submission focuses on the demonstrable need for additional funding to close the gap between first nations and the rest of Canada. This includes funding for education, health, housing, water, capital infrastructure, children and family, environmental stewardship, economic development, social development, and the removal of the 2% cap.

AFN continues to emphasize that in addition to significant investments to create equitable funding, a fundamental transforma-

tion of relationships between first nations and Canada is required in order to achieve significant change for first nations.

Prime Minister Trudeau has committed to:

...immediately lift[ing] the two percent cap on funding for First Nations programs and work[ing] to establish a new fiscal relationship that gives First Nations communities sufficient, predictable, and sustainable funding.

I will now turn it over to Mr. Dinsdale.

Mr. Peter Dinsdale (Chief Executive Officer, Assembly of First Nations): Thank you very much.

My name is Peter Dinsdale. I'm the chief executive officer of the Assembly of First Nations. Dale LeClair is the chief of staff. It's certainly an honour to be here to present to the committee. I'd like to thank the member for the honour song and acknowledge that we're on the unceded Algonquin territories. We're pleased to be here to present.

As Mr. LeClair noted, a number of spending priorities have been articulated over the past while, certainly during the campaign. We've endeavoured, as the Assembly of First Nations, to pull together a submission, which we just handed out here this morning. It outlines some of those funding commitments and priorities that were stated during the campaign.

Mr. LeClair already mentioned the need for the removal of the 2% cap. We would also acknowledge that in the federal election there was a commitment to create new funding mechanisms to make sure that first nations are funded appropriately as levels of government. As you may be aware, currently they're funded through contribution agreement-type processes through existing Treasury Board formats and models, which, of course, is problematic in the operation of government institutions.

We've also highlighted in our submission other areas of funding commitments that have been made. First nations education, of course, comes to the forefront—understanding the need for first nations control of first nations education, understanding that during the campaign there were various commitments in the platform and costing out in terms of what it would take. We have commentary around that.

Certainly the child protection and child welfare issue is really pressing upon us, given the recent Canadian Human Rights Tribunal findings of discrimination in funding of on-reserve child welfare. There need to be some remedies, and the budget is a natural opportunity to do that.

We've taken a moment to highlight the need for indigenous languages to be appropriately resourced. Across the country very few indigenous languages are expected to survive, so the kind of honour song you heard this morning would not be sung by future generations, because people would no longer be able to speak that language.

Investments in skills and training are critical. A number of programs are up for renewal and are lapsing. Over the past fiscal year, they have not been funded or increased in any way. We're looking for those to be addressed as well.

Areas of justice around family violence prevention, first nations policing, and aboriginal justice strategies are highlighted. All of them have various programs that are sunseting, and there are various opportunities to increase programming and to make robust and better programming available.

A very important and critical issue with all Canadians and with first nations is infrastructure. In the case of first nations, we're not talking about public transportation lines and P3s and green energy programs; we're talking about clean drinking water in communities. We're talking about basic housing. We're talking about the basic infrastructure required in communities just to function. It's what we'd expect across Canada. While we appreciate that there have been significant commitments made, there needs to be a specific first nations component. P3 projects won't work, because we don't have the fiscal arrangements in order to have the matching contribution. There are things of that nature, and the types of investments that are required are quite different.

The Prime Minister committed to having clean drinking water within five years. This budget is the perfect opportunity to launch that and get to work on it immediately.

There are other areas in our submission. There are full summary tables as well. I'd be happy to answer any questions.

We promised, because there are two of us, that we'd take only five minutes, so thank you very much.

• (1110)

The Chair: Thank you very much, gentlemen.

I would mention as well that you did give us a presentation that will be translated and given to all committee members.

Turning to the Atlantic Institute for Market Studies, we have John Williamson, vice-president of research. He knows this place well.

Mr. John Williamson (Vice President, Research, Atlantic Institute for Market Studies): Mr. Chairman and members of the House of Commons finance committee, I'm pleased to be here on behalf of the Atlantic Institute for Market Studies to offer our viewpoint to you.

There are, of course, many challenges facing the new government, and indeed the government will want to act on them. We all understand that the government's spending power is considerable, but that power ultimately comes from its ability to tax and accumulate debt.

If the Atlantic Institute for Market Studies can leave members with one overriding objective, it is not to become hooked on chronic

deficit spending that will eventually return Canada to the days of a government that is overextended.

Going into debt is a lot like getting entangled in a foreign conflict: easy to get into and very difficult to get out of. We know this from Canada's experience with deficit spending in the 1970s, 1980s, and 1990s, and more recently but less dramatically in the last Parliament, when the former government worked to balance the budget following heightened spending in the aftermath of the 2008 great recession.

It is worrisome to hear from the current government that promised annual deficits of no more than \$10 billion could see the red ink more than double this year. This would make it nearly impossible to return to balance in the near term. Once we start down this road, we know how it ends: rising and wasteful spending on annual interest payments, higher taxes, and even eventual cuts to federal transfer payments.

Here are three suggestions to control costs while still hitting policy objectives.

First, plan future infrastructure spending so that it achieves the maximum economic benefit. The finance minister is under great pressure to get money out the door quickly, but give him some room to manoeuvre so that the money isn't poorly spent. The original Liberal promise was to spend more over a four-year mandate, not push it all out quickly. Stick to that plan so that tax dollars are wisely spent.

Second, control the number of public sector workers, as well as pay, benefit, and pension costs. According to the public accounts, the cost per federal employee is \$124,497. While there is debate over the size of the wage gap, there is near-universal agreement that public sector workers enjoy more generous benefits than those in the private sector.

There are two ways to control the overall budget envelope: reduce the number of workers or lower the cost by using outside benchmarks when negotiating contracts. This committee will be well advised to monitor the size and costs of the public sector, as the bureaucracy has the ability to quietly but quickly expand when attention is focused elsewhere. Indeed, our work at AIMS reveals that the size and cost of my region's public sector is larger and costlier than that in other parts of Canada. It is one reason for our budget deficits and why taxes back home are at punitive levels.

Third, incentives do matter. As the old proverb goes, give a man a fish and you feed him for a day, but teach a man to fish and you feed him for a lifetime. Provinces are very much like the proverbial man. Simply providing additional federal transfers for social programs to low-growth provinces ultimately does a disservice to these regions.

The fiscal gap these provinces experience is due in part to a dwindling workforce and the departure of young workers to other provinces. This results in these provinces having more seniors as a percentage of the overall population, which of course reduces the tax base and drives up the per capita health costs.

Equalization is the complex tool to ensure that so-called “have-not” provinces have similar fiscal capacity. Meanwhile, federal transfers to all provinces and territories for health, education, and social services should remain uniform and be calculated on a per capita basis across the country. This is the way to incentivize provinces to adopt pro-growth policies that create jobs in order to keep and attract young workers. Offering additional transfer dollars because of long-standing tough circumstances will not change the dismal economic outlook for these jurisdictions. If provincial governments are provided more transfers without a requirement to adopt growth policies and develop their resources, the economic outlook for Atlantic Canada will not improve, and after a few years, after more workers have departed and the situation has worsened, these governments will be back asking Ottawa for more.

A robust economy is the result of good public policy choices. When the productive sector of the economy is healthy, it means governments have the resources to fund important social programs.

Finally, I'd be remiss if I did not make the case for the Energy East pipeline project. This project will create good-paying jobs across Canada and in the Maritimes, along with the other large projects in the region, such as shipbuilding in Halifax and the Lower Churchill project in Newfoundland and Labrador. Energy East is important to growth in our region and to the long-term development of Atlantic Canada.

Thank you very much. I appreciate your time and attention.

• (1115)

The Chair: Thank you very much, John.

The next witness is from the Atlantic Provinces Economic Council. Go ahead, Mr. Poschmann.

Mr. Finn Poschmann (President and Chief Executive Officer, Atlantic Provinces Economic Council): Thank you, Mr. Chairman.

Allow me to put in another Atlantic vote for an Energy East.

Good morning, Mr. Chairman. Good morning, all.

Thank you for inviting me today. This is my first visit to this session. I've testified often before this committee and others under prior forums. I see familiar faces and some new ones, and to everyone I say that it is an honour to appear at the first substantive meeting of a committee I have always held in high esteem.

To turn the tables, from the perspective of a witness, welcome to you and welcome all around. This is a very important committee in the parliamentary process.

Now to business. I think we're all aware of the economic and fiscal backdrop, so I won't spend time on it. Instead, I'll suggest a few budget-relevant items from the new government's platform, suggest some areas where more study is needed, and add some substantive suggestions, if I may.

Items that need further study include the notion of an infrastructure bank. The case for it depends on federal borrowing costs being lower than those of subsidiary governments, yet if the federal government is to be a responsible steward, it would have to lend on terms that reflect borrowing costs, plus the borrower's

idiosyncratic risks. An infrastructure bank cannot make those risks disappear, and taxpayers would still bear them.

As to prioritizing infrastructure spending, the idea that interest rates are low, so what better time for governments to borrow to finance infrastructure spending, is simply a mirage. Potential projects must always be ranked in declining order of public and private investment—always. Infrastructure projects that improve private sector productivity and build jobs and incomes—for example, transport linkages—are the projects to be preferred; otherwise, we toss good money after bad.

To give an example, the new government's mandate favours public transit, and that might be great. Public transit helps people where congestion is an issue, but it does little for the rest of us, and nothing at all for moving goods or for the international trade and services on which Canada depends. Exhibit A for how to get this profoundly wrong is the disaster of the rail link from Union Station to Pearson Airport in Toronto. This is a predictable and predicted and unprintable financial disaster, and it could stretch into nine figures.

Shifting back to the new government's platform, one item is the maintenance of Income Tax Act provisions for labour-sponsored venture capital corporations. On innovation, businesses in Canada have a mixed record in turning ideas into growth. There are successes and failures. LSVCCs, the venture capital corps, have a clear record on the failure front. They have a financial record of value destruction and as an unproductive tax system subsidy, and alternatives should be sought.

Switching to the more positive side, the personal income tax system hasn't had a serious look in 16 years, and it has grown ornaments in dubious credits and benefits. A top-to-bottom examination of the personal tax system is well overdue.

The corporate tax system last got a serious look in 1997-1998, and that led to useful changes.

Canada's system of international tax got another look in 2008 by way of a federal advisory panel, on which I had the honour to serve. We got some good changes at that time, but there is more to do on the business and international tax front, so I'm looking for a fresh review with an eye to innovation.

There are things we can do that don't involve directly subsidizing R and D, a habit for which we have very little to show. I would rather see us use the tax system to encourage innovation, to encourage the adoption of new ideas by way of a reduced tax rate for business income when we adopt and commercialize intellectual property. What I'm talking about is known as the innovation box, or a patent box, and it taxes business income from innovation at a lower rate than otherwise. This approach is becoming more common among our western European competitors and is on the table in the U.S. Congress as of this past summer.

If I were allowed just two things in this budget, one would be a thorough tax system review, including a tax expenditure review, and the other would be a call for a proper evaluation of the case for an innovation box in Canada's corporate income tax system with an eye to generating the innovation that we say we seek.

With that, I think my time is up, and I thank you for yours.

• (1120)

The Chair: Thank you very much. I thank everybody for remaining within their allotted time.

From the Canadian Airports Council, we have Mr. Gooch, the president.

Welcome. The floor is yours.

Mr. Daniel-Robert Gooch (President, Canadian Airports Council): Thank you.

Mr. Chair, ladies and gentlemen of the committee, and colleagues on the panel, thank you for the opportunity to speak to you today on two areas of urgency to Canada's airports. One is infrastructure funding criteria for six small airports on federal land. The other is the provision of sufficient resources to support CATSA screening.

As an industry, airports are a key component in Canada's \$35 billion air transport sector, supporting 141,000 direct jobs around the country. The CAC has 48 members, with airports that range in size from global hubs like Toronto Pearson and Vancouver International to smaller community airports in places like Charlottetown and Prince George.

[*Translation*]

According to the current user-pay approach imposed by the Canadian air transport policy, passengers are expected to cover the cost of infrastructure and airports services.

This approach has served Canada well in several ways. According to the World Economic Forum, we have the best airport infrastructure in the world. Moreover, without the help of taxpayers, our airports have invested over \$19 billion to improve infrastructure, since 1992 when the federal government began to transfer jurisdiction for airports to non-stock corporations.

[*English*]

However, I respectfully suggest that the two files I'm here to talk to you about today support the need to update our air transport policy approach. While we look forward to working with Minister Garneau on the recommendations we anticipate in the Canada Transportation Act review report, we hope you will agree that there is some urgency to our work in the two areas we're outlining today.

Canada's airports have confidence in the security value being provided by the team at the Canadian Air Transport Security Authority, which has a tough job, but at the best of times, security screening isn't pleasant for travellers, and these haven't been the best of times. Aviation is an economic issue, and it's a sector that's growing. This growth means that our airports have been experiencing ever-increasing demand. In fact, Canada's airports have seen a 24% increase in traffic over the past five years. With one of the highest air traveller security charges in the world, this has meant record revenue for the federal government, but the money transferred

to CATSA has failed to keep pace with traffic growth. Funding has been unpredictable from year to year.

As a result, we have seen wait times grow at our largest airports. At Toronto Pearson last year, for example, about 17% of passengers waited more than 15 minutes, and waits of 45 minutes were experienced at some peak hours.

This is more than just a problem of passenger experience for Canadian travellers, however, as it also impacts air carrier on-time departures, and it impacts our competitive positioning in the world for valuable transit passengers, who don't need to travel through Canada, and will not if the experience is unpredictable or unpleasant.

Any solution to the problem has to start with the establishment of service level standards. Under the standard jointly proposed by the airports, Air Canada, and WestJet, nearly all passengers would be screened in 10 minutes or less, and no passenger would wait more than 20 minutes. This approach will require a commitment to fund to the standard, and it will require some time to work through the machinery of government.

This is why our request at this hour is specific: provide CATSA with the additional funding it needs to provide a competitive level of service at screening for the next fiscal year. To compete globally, we need to ensure screening at Canada's airports is provided at a level of service better than current levels. I hope you will agree that travellers should be receiving value for money in the government services they pay for, but when it comes to the passenger experience at screening, we cannot say today that they are, and growth continues. Toronto and Vancouver alone anticipate 3.8 million additional passengers this year. That's equivalent to an airport about the size of Halifax or Winnipeg being added to the system this year.

On the infrastructure side, it was an essential tenet of the national airports policy that NAS airports on federal lands be self-sufficient for operating and capital costs. As a system, this has been the case, and it will continue to be the case even if federal infrastructure programs are to be opened up as we suggest. While airports around the country have invested \$19 billion in infrastructure improvements without taxpayer support, they have also contributed more than \$4.6 billion back to the government in airport rents since 1992. This far exceeds the \$38 million a year in capital assistance that goes back to other small airports and a handful of other one-time investments made by past governments under regional development funds.

I hope you'll agree that this has been a good value for taxpayers, but even back when the national airports policy was being written, it was understood that NAS airports with particularly low traffic volumes would find it challenging to cover both operating and capital costs.

•(1125)

Nevertheless, language barring airports on federal land has been inserted into eligibility criteria for federal funding programs, most notably Building Canada and the airports capital assistance program. This criterion has seen federal money go to some airports with higher traffic volumes, while the airports at Charlottetown, Fredericton, Gander, London, Prince George, and Saint John have been barred from even applying to the same programs. These airports also, I might add, are either paying rent to the federal government today or will start paying rent this year. In fact, all but one of the airports will start paying rent this year; the other one already does.

[Translation]

The air transport sector, including airports, is concerned by the cost increases due to operations and the competitiveness of the industry. There are, however, few options to finance airport infrastructure under the current policy. That is why we are pleased that the Liberal Party came out in favour of this during the last election. With your support, we hope to see the necessary changes.

[English]

In 2016, we look forward to your support on the areas that I outlined today.

[Translation]

It will be my pleasure to answer any questions you may have.

Thank you very much.

[English]

The Chair: Thank you very much, Mr. Gooch. I'm well aware of the complaints from small airports. I live near one.

Next is Ms. MacEwen, who is a senior economist in social and economic policy with the Canadian Labour Congress.

The floor is yours.

Ms. Angella MacEwen (Senior Economist, Social and Economic Policy, Canadian Labour Congress): Thank you very much.

I'm here on behalf of the Canadian Labour Congress, which is the national voice of 3.3 million unionized workers in Canada. Our affiliated unions' members work in virtually all sectors of the Canadian economy, in all occupations, and in all parts of Canada.

As you know, in the near term the macroeconomic picture for Canada appears bleak. Fortunately, Canada has a comparatively strong fiscal position and has ample fiscal room to undertake significant long-term investments in public, physical, and social infrastructure. The federal government has a historic opportunity to make targeted and strategic investments in infrastructure that will lift long-term productivity growth while also repairing a portion of the badly frayed social safety net that Canadians rely on.

We have provided the clerk with a longer brief outlining some of our priorities for building a fairer and more prosperous Canada. Given the time constraints, I will focus my comments on infrastructure, training, and employment insurance.

The Canadian Labour Congress absolutely supports the federal government's plan to invest in physical and social infrastructure. In the short term, infrastructure spending, housing investments, and transfers to low-income households carry the highest stimulus multipliers, with relatively small leakages to savings or to imports. We recommend that all infrastructure spending should consider the necessity of a transition to a green economy. There's enormous potential here to create good jobs and build for the future.

In fact, the labour movement in Canada has developed a plan that would create one million climate jobs over five years. That would put us on track to reduce our greenhouse gas emissions by one-third in a decade. This plan includes just, fair transition commitments and labour adjustment mechanisms. The three priority infrastructure areas that we've identified in this plan are energy efficiency, public transit, and renewable energy. These investments will help us achieve our greenhouse gas reduction goals and provide good jobs for workers.

In addition, we urge the federal government to invest in a green jobs skills training program to ensure that workers are equipped and available to perform the energy-efficiency home and building retrofits that are needed to reduce energy consumption. This is the lowest-hanging fruit we have. The biggest difference we can make is in energy efficiency. We have people who are mostly trained to do these things, but with a little bit of additional training, they can be rerouted from jobs they've lost in the oil sands, for instance, to jobs in energy efficiency. To this end, we encourage the federal government to develop a green skills fund in advance of anticipated federal transfers for new infrastructure investments.

Federal infrastructure projects are also a perfect opportunity for the federal government to work with unions, industry leaders, and the Assembly of First Nations to remove barriers and create opportunities for women and other under-represented groups in skilled trades.

I want to second what was said earlier, which was that within infrastructure there is a very special requirement for first nations. Federal funding for drinking water and sanitation in indigenous communities should be a high priority for this government. It is unacceptable that in a nation as wealthy as ours, this critical necessity is not available to everyone.

The labour movement also encourages the federal government to ensure that social infrastructure investments, such as child care and health care, are provided publicly, and to implement uniform national standards.

With regard to employment insurance, we urge the government to act swiftly on their commitment to eliminate the current 910-hour eligibility hurdle for new entrants and re-entrants to the labour market and to reverse the 2012 changes that were punitive to unemployed workers.

We would also like to bring it to your attention that cuts to front-line services have meant long delays in accessing benefits for many unemployed workers, particularly in the west, surprisingly, and in Atlantic Canada. We urge an immediate allocation of \$100 million in 2016-17 to the EI program in order to improve processing times and reduce delays in appeals and reconsideration-of-benefits decisions.

We note that there will be an accumulated surplus in the employment insurance account in 2016 and ask that the government use this surplus to implement these promises immediately, in their first budget.

Thank you very much.

• (1130)

The Chair: Thank you very much as well.

From the Conference Board of Canada, we have Mr. Hodgson, senior vice-president and chief economist. The floor is yours, sir.

Mr. Glen Hodgson (Senior Vice-President and Chief Economist, Conference Board of Canada): Thank you very much, Mr. Chair. Welcome to all members of the committee. I've been here many times. For some of you it's the first time, so I hope we get a chance to know each other a bit better.

I'm part of the circle of economists who give advice to Minister Morneau directly. In fact, we were meeting with the minister in Toronto on Friday, so I thought one of the things I could usefully put on the table this morning are my comments from Friday. I have four points to make.

First of all, on the economic outlook, I think the consensus is that our economy is growing. I think the best word for the growth is probably "feeble". We think Alberta will be in a recession again this year. Growth is going to be very weak in both Saskatchewan and Newfoundland, but in other parts of the economy, growth will probably be robust. We think B.C. can grow around 3% and central Canada around 2.25% to 2.5%, but overall our forecast is for national growth of 1.7%.

The purpose of this first budget should be to give the economy a gentle nudge without necessarily building up a large stock of debt down the road. That's my second point. I do think it's important for a new government to establish fiscal anchors and to give the public a sense of what your strategy is going forward. I would put a lot of weight on the debt-to-GDP ratio falling over the next four years to ensure that we have the capacity to add more significant fiscal stimulus if we fall back into the kind of recession we saw in 2008-2009. Don't take just a one-year view; take a whole-term view about the debt load the federal government can afford to carry going forward, knowing that the more interest payments you make, the less you have available for other purposes.

I advised Minister Morneau to be prudent in this budget. That's my third point. You can be prudent by using a fairly modest growth forecast. The federal government forecast nominal income growth—not the real growth of the economy, but real growth plus inflation. I think there's a widespread agreement amongst economists that nominal income growth is going to be fairly weak, and I would aim toward the lower end of the band to ensure that you have upside potential. Another way to add prudence to your budget is by increasing the reserves built into the budget and have a sense that

you can hit your fiscal targets and even have a bit more room to spare. Prudence is either a matter of using modest growth assumptions or building reserves into the budget, but I do think prudence is called for.

For the fourth point I'm going to pick up on some of the comments of my colleagues here.

The real purpose of the budget should be to start setting out a plan for stronger growth in Canada. We're now in a period of aging demographics, when economic growth of even 2% is going to be hard to reach, and we should be examining all possible options to try to add greater growth to our economy going forward. I mean things like making the right investments in infrastructure, which includes not spending on things that just give payback today but on things that are going to give the economy a long-term payback going out 20 to 25 years.

I also mean things like rethinking the tax system. Finn, I liked your comments a great deal. I've been writing about that for a decade or so. It's time to rethink the tax system to deal with the massive tax expenditures that leak out about \$100 billion a year in federal revenue. We don't know what the interaction is amongst all the expenditures as well. That might be a challenge for this committee. You could show leadership by taking on the task of rethinking the tax system. You're going to be here for at least four years. What a great opportunity to add to the vitality of the Canadian economy.

Mr. Chair, I'll close by saying I've never tweeted from a committee before, but I had a chance to take a photo and tweet, so the committee is now being shared with my followers across the country, which is kind of a fun thing to do.

• (1135)

The Chair: Thank you. I hope we were all smiling when that tweet went out. Were we?

Mr. Glen Hodgson: You certainly were, Mr. Chair.

The Chair: Thank you.

Thank you to all the witnesses. I'll turn now to the first round of questions, which is seven minutes. I will remind the witnesses that first there will be some questions in French, so if you could have your translation device on, we won't have to take a lot of time for that.

The first question is from the Liberal Party. Go ahead, Mr. Ouellette.

[Translation]

Mr. Robert-Falcon Ouellette (Winnipeg Centre, Lib.): Thank you very much, Mr. Chair.

I thank all of the witnesses for their statements today. We appreciate them greatly.

My first question is for the representative of the Assembly of First Nations.

I would like to know why there are very few urban reserves in Canada. We know that these economic development zones can create a lot of jobs and allow for the accumulation of capital, but there are not very many in our country. Why?

[English]

Mr. Peter Dinsdale: Thank you very much for the question.

Frankly, that's something we're trying to have more of. Many TLEs and additions to reserve that are outstanding were with the last government. For whatever reason, they weren't pushed through. That is certainly something to look at, and it is certainly something we support.

Mr. Robert-Falcon Ouellette: There are not enough urban reserves, and I often think about how it's often not the amount of money the federal government spends but simply ensuring that there is a faster and more efficient process to create these economic development zones, these urban reserves in communities, where people can actually accumulate capital, which I think is so important for first nations people and for anyone who wants to participate in the modern economy.

Mr. Dale LeClair: Thank you very much.

I think you are correct. We have a great number of urban reserves out there, more commonly on the Lower Mainland in the Squamish and Tsleil-Waututh and Musqueam communities.

I think a lot of dynamics go on with urban reserves. Probably our greatest difficulty is having communities, regions, municipalities, and provinces agree when we start to negotiate land deals and TLEs. I think there is a great deal of resistance because there's a misunderstanding that first nations reserves are not part of the local economy. I think that's quite wrong. The Squamish Nation certainly demonstrates that it can be a co-operative economy and a very lucrative, informative, and successful program.

Mr. Robert-Falcon Ouellette: Thank you very much.

My next question is for Mr. John Williamson from the Atlantic Institute for Market Studies.

I think you were suggesting that in various regions of the country that are not doing well economically, it's normal for people to move away, and that in fact this is actually beneficial for the long-term economy, so we shouldn't even be doing too many transfers to these regions that aren't doing well.

I would also like to point out to you that I was reading one of the reports from your institute, "A Good Problem to Have: Lessons from Atlantic Canada from Alberta's Experience with Natural Resource Revenue". I thought it was a very well-written paper. It talked about how we should save for those times in the future when we might not have those resources, or the market for natural resources might not be doing so well.

If you know about this report, could you discuss it a little bit?

Mr. John Williamson: Thank you for your question.

First of all, I'd like to be very clear on a point you made. It is actually not beneficial for people to leave a region. We see that now in Atlantic Canada, where the drain of young workers is having a serious negative economic impact on the region. As a result of that, social spending has increased and is set to increase to levels that are unsustainable because the tax base is just not there.

With regard to the report you cited, I'm not familiar with it in detail. I will say that obviously there is a debate in the country over

how best to use natural resources and how to balance the economic opportunities with the environmental costs. These are decisions for every single province and region to make on their own, under the federal framework.

• (1140)

The Chair: Mr. Ouellette, you still have three minutes.

Mr. Robert-Falcon Ouellette: Great.

Mr. Poschmann, thank you very much for being a witness today. I want to ask you about manufacturing, because in the past you wrote a report on manufacturing. I'll quote from it:

Aggregate data show that Atlantic manufacturing firms are smaller than nationally, with exports per plant about 30% lower. Atlantic plants also tend to have lower productivity (measured in terms of output per hour worked), are less likely to innovate and adopt advanced technology, and are less likely to export or be otherwise involved in global business activities.

Could you talk about some of the ways we could support these value-added industries to create really good-paying, long-term jobs?

Mr. Finn Poschmann: Mr. Chairman, that is a very great question.

Some of the measures apply everywhere. Some of them are more particularly helpful in the Atlantic region. Key is education at the primary and secondary levels and building a foundation through education for the long haul, which is where we lag in terms of standards. Then your post-secondary performance improves as well, and you have a better-trained workforce that has the skills to engage globally and compete globally.

The other issues are around scale. The cities in the Atlantic provinces tend to be small. This is one of the reasons that population and population growth are such key issues. Generating centres of attraction that attract, bring, and retain people, especially young people, are very long-term approaches, but I think they're the ones we have to take. One of the reasons I think about scale and attracting and retaining people, including immigrants, is that if you build up enough density with enough people, they'll figure out what to do. They'll create their own markets and opportunities.

The Chair: Thank you, Mr. Poschmann.

You can have a very quick one, Robert.

Mr. Robert-Falcon Ouellette: I'd like to share my time this year with the parliamentary secretary, if that's all right with the rest of the members of the committee.

The Chair: Does he have consent? He does.

Go ahead, Mr. Champagne.

[Translation]

Mr. François-Philippe Champagne (Saint-Maurice—Champlain, Lib.): Good morning.

My question is for you, Ms. MacEwen. You spoke about stimulating the green economy, about energy efficiency, renewable energy, public transit and other similar investments. After having consulted people throughout the country, I can tell you that that is indeed what they are asking us to do.

You also spoke about home renovations, which could contribute to that considerably. I know for having been there that England has brought in a similar program aimed at making large investments in home renovation, because this is a sector that can contribute a lot to reducing greenhouse gases.

I would like to hear you on the best practices you have seen in certain provinces in Canada, or elsewhere in the world, which might be a source of inspiration for our next budget.

[English]

The Chair: I'll have to cut you off there. We're going to run over time, so please give a quick answer.

Ms. Angella MacEwen: Sure. Manitoba in particular has done some innovative things around pay as you save. We have a report on the Green Economy Network in which we outline some of what has been done. You can take a look at that and how you can have programs to incentivize people to do this private sector stuff.

The Chair: Ms. Raitt is next.

Hon. Lisa Raitt (Milton, CPC): Thank you very much.

Mr. Chair, I'm going to start by going back to what you said at the beginning, which was that the minister will not be appearing before committee this week and that we can expect him for next week.

I would like to remind the chair that we anticipate his testimony and we look forward to it. I do hope he will show up next week. I am concerned other things will happen that will take away from his busy schedule.

I will just leave this for the committee to remember. On this side we have Conservative members and we have NDP members, and together we represent 9.1 million Canadians. That is an important number to remember, because it's in this committee and this House of Commons that the minister has accountability to those 9.1 million Canadians. I take it very seriously, and I expect him to be here.

Mr. Chair, you were a minister. I was a minister for seven years as well. You always take the invitation of the committee. I understand that there are scheduling issues, but this is a serious matter, and I will take great offence if he does not come here next Tuesday and speak to us.

With that, I will turn my nicer face to the witnesses, and thank them for their testimony so far. You're not going to get cranky, Lisa.

I have three separate sets of questions, if you will indulge me.

First of all, to the Assembly of First Nations, I'm sorry that we don't have your full report yet. It's coming from translation. In the meantime, can you give me an idea of what the total bucket or the total ask is? I just want to get a sense from you. I ask that question because I know the minister has already promised many billions.

• (1145)

Mr. Peter Dinsdale: Summary budgets are provided, and the ask we're presenting here today is a total of \$3.9 billion, which includes all the education commitments and a portion of the infrastructure ask.

Hon. Lisa Raitt: Thank you very much.

Second, do you have delivery systems currently in place to be able to make sure the money gets into the programs you talked about: culture, indigenous languages, all that stuff?

Mr. Peter Dinsdale: Absolutely. There are a variety of different existing programs where they are talking about upping infrastructure. There are, of course, oversubscribes in all the areas where they are.

These aren't new programs. These are enhancements to existing programs.

Hon. Lisa Raitt: Okay. That's good to know, because, of course, if the money does flow from a budget, you want to make sure it's not caught up in a bureaucratic case, which it can be.

Mr. Peter Dinsdale: Absolutely.

Hon. Lisa Raitt: Then third and finally, if you will indulge me, I believe a new term was brought to our attention this week, the term "indigenous licence". I'd like to get your perspective, just from the finance point of view. What is indigenous licence, and does the term have a monetary component from my perspective in terms of finance? Obviously we're talking about total packages here.

Mr. Dale LeClair: Certainly. Thank you very much for the question.

It is a term that has and will continue to evolve with regard to the nation-to-nation relationship, how we engage government, and how we move through this process, whether it's in finance, environment, or natural resources. We firmly believe this government has committed to the recognition of the inherent right of first nations people. I think we talk about full engagement, full dialogue, and full accommodation, so I think with regard to the overriding political concept of indigenous licences, it's one of a full-out relationship and a full dialogue.

Mr. Dinsdale, do you want to add to that?

Mr. Peter Dinsdale: Yes, and I'll be quick.

I think I'd caution—and you weren't saying this—against any notion that this means we're not pro-engagement on projects such as those that have been described here. I think the important point is that the Supreme Court has found that there are significant indigenous rights that exist. People understand the notion of social licence. I think it's a social licence with the combined impact of recognizing those titles and rights that exist and finding the appropriate compromise.

Just last week we finished an energy forum that brought together members of industry, first nations, and environmental people, all to have this very conversation in terms of how we move forward.

Hon. Lisa Raitt: Thank you very much. That was very helpful.

This question is for the Canadian Airports Council.

You mentioned that there were six small airports that have difficulties doing some things as simple as buying a snow blower, and on a day like today in Ottawa, you can understand the importance of a snow blower in some of these airports.

I understand what you're saying about target investment, but can you take a step back for a second and give us the pitch on why this is an important investment, specifically for communities that are trying to take advantage of a growing tourism market in these non-traditional destinations? I think it's important for the committee to hear that it's not about Toronto, Montreal, or Vancouver, but about places off the beaten path that would like to be able to serve a greater tourist market, which is growing market right now, and I'm sure we'll hear from tourism people.

If you could help us with that, Mr. Gooch, I would be appreciative.

Mr. Daniel-Robert Gooch: The six small airports that I've identified, including Charlottetown, Fredericton, and Prince George, are in smaller communities and have lower traffic volumes. These are all airports that handle fewer than 600,000 passengers a year. Even when the national airports policy was being written, it was recognized that airports with these lower traffic volumes would face challenges paying for infrastructure.

These are the gateways to the community. In the case of Prince George, which is located in northern British Columbia, I believe it takes about seven or eight hours to drive to Vancouver. We don't always think of these communities as having international business, but they do. If you go to Prince George, there is a college there that attracts students from all over the world, so the infrastructure components are critical, but they don't have the volumes of traffic that even the airports in Winnipeg or Halifax have. They are not large enough in the grand scheme of things, in terms of the volume of traffic, to get the revenue required through normal business practices to be able to cover the cost of infrastructure and their ongoing operating costs on a regular basis.

Air transportation is a highly capital-intensive industry. It's an expensive industry to operate in, and in the small communities, the economies of scale are just not there.

• (1150)

The Chair: You have time for a quick short question.

Hon. Lisa Raitt: Absolutely, and it is short. It's for the Canadian Labour Congress.

I notice that you're a senior economist, so I'm wondering if, as an economist, you can define for me what you use in your analysis as the income band for the middle-class label.

Ms. Angella MacEwen: I, as an economist, don't use the term "middle class". I find it quite meaningless, but if somebody were forcing me to talk about the middle class, I would probably go with the 20th to the 80th percentile in terms of income.

Hon. Lisa Raitt: Thank you very much.

That's it, Mr. Chair.

The Chair: Thank you, Ms. Raitt.

Mr. Caron, you have seven minutes.

[Translation]

Mr. Guy Caron: Thank you very much, Mr. Chair.

I want to say that I support Ms. Raitt's comments on the importance of the minister's presence at the committee. We would

not go so far as to talk about contempt of the committee, as can happen in the United States. Nevertheless his presence is extremely important in terms of accountability and the work we do here, which is much more independent than what we do in the House of Commons.

I would like to begin with the Assembly of First Nations.

Welcome to the committee.

I have lot of questions to ask you, but I will limit myself to three. I will group them all together.

As you mentioned, spending on education was capped in 1996, some 20 years ago, by the government of the time.

Can you tell us what amounts should have been spent between 1996 and 2016 to meet the education needs and costs of the first nations? What are the amounts that were not spent over those 20 years? If we had kept pace with the increase in the cost of education, what amount should be spent in 2016-2017, in your opinion?

[English]

Mr. Dale LeClair: Thank you very much for the question. It's a bit of a technical question and it's one that is difficult to arrive at in the time period that it has affected.

You'll see in our submission that we have taken a look at the funding cap, as you've described it, and here's what we've put together. The AFN has estimated that had there not been a 2% cap and had it not been imposed in 1996, the budget would have seen an additional \$3.34 billion today. That is the effect today. As for the cumulative effect over the time period, we've calculated that about \$25.5 billion has not flowed to the first nations communities because of the cap.

[Translation]

Mr. Guy Caron: Fine.

So basically, you are saying that the increase in the cost of education above and beyond the 2% cap, that is to say all of the money that was not invested year after year over 20 years, amounts to \$25 billion. As for the education budget, it is \$3.3 billion.

Removing—and we hope that is going to happen—the 2% cap is an important step. There is also, however, the issue of spending on health and social programs. The provinces are currently receiving a 6% increase from the federal government. This means about 3% for social programs. As for spending on education, there seems to be a gradual yearly increase that amounts to approximately 5%.

Based on your knowledge of the issues, can you tell us about the increase in expenditures and investments for first nations programs?

[English]

Mr. Peter Dinsdale: Thank you for the question.

As you have indicated, each area has a different kind of proxy. In health we have the 6% proxy. We're seeing education being closer to 4.4% vis-à-vis the provincial jurisdictions. For things like infrastructure, we have no proxy. There's no existing proxy to utilize in terms of growth. For a lot of our growth estimates, we've taken the 4.5% rate, which seems to be an average of growth in the social indicators, and we applied those to the estimates that are in our submission as well.

• (1155)

[Translation]

Mr. Guy Caron: Fine.

I have one last question.

You talked about the importance of the availability of clean drinking water on reserves, which is sadly lacking at this time. The government has committed to solving that problem and to putting an end to all of the boiled water advisories on reserves and among First Nations.

How can that be put in effect quickly, so as to attain that objective? Finally, what kind of investment will be required to achieve that?

[English]

Mr. Dale LeClair: I think the initial investment's going to be quite large. We have worked with the department, and there's been a lot of identification of what needs to be done and the types of investments. A great many are shovel ready, and many studies have been done. I think there is going to be the opportunity to do some immediate direct investment for those communities that are ready to go.

There are obviously far too many boil-water advisories in the country in our first nations communities that need to be addressed immediately, although they will take substantially more time to get at.

Right now, if we look at requests with regard to the infrastructure commitment, I would hope that in the first year the commitment that was made could be addressed within the 12- to 18-month timeline, as set out.

[Translation]

Mr. Guy Caron: Thank you very much.

My questions will now be addressed to Ms. MacEwen.

On the topic of employment insurance, we often hear about the importance of premiums. A lot of the debate between the Liberals and Conservatives had to do with premium rates, especially those of the employer.

The role of employment insurance as an economic stabilizer is often ignored in the debate. We know that the situation in Alberta, Saskatchewan, and Newfoundland and Labrador is far from easy. Mr. Hodgson in fact confirmed that.

Can you explain to us how employment insurance plays a role as an economic stabilizer in communities, particularly during difficult economic times?

[English]

Ms. Angella MacEwen: Certainly. I'm actually a member of an employment insurance working group that has put out a pre-budget statement. In that statement, we cited federal government research from HRSDC showing that employment insurance is the single most effective automatic stabilizer that the government has, and it reduces the impact of recessions and unemployment by about 14% in the wake of recessions.

It's also money that can be got out quickly, so it's the fastest out the door. If you're worried about implementing the right infrastructure project, take your time to implement those infrastructure projects that we need to have done, and get money to people through the employment insurance program so that they can buy the things they need in their daily lives and make ends meet until they can find another job.

[Translation]

Mr. Guy Caron: What has been the impact of the changes made to employment insurance? I am thinking in particular of the current situation where you can be eligible for employment insurance after having worked 910 hours.

In Alberta and Saskatchewan, for instance, many people are losing their jobs. Often, in order to survive they find small jobs here and there while hoping that the economy will recover. In the meantime, they nevertheless hold down several small jobs. Correct me if I am mistaken, but I think that at this time in Alberta, you have to have worked approximately 600 or 700 hours in order to be eligible for employment insurance. It varies according to the unemployment rate. So you must accumulate 600 hours in small jobs in order to have access to employment insurance.

Is that correct?

However, the reform that was brought in...

[English]

The Chair: Mr. Caron, we're going to have to.... Ms. MacEwan could answer that, but we're running a bit over time.

[Translation]

Mr. Guy Caron: In that case, I will ask one last question quickly.

Because of the reform, when you apply for employment insurance you have to be willing to accept a job with a lower salary.

What is the impact of these measures on the effect of employment insurance as an economic stabilizer?

[English]

Ms. Angella MacEwen: The changes that were made forced people to take lower-paying jobs or jobs outside of their original jobs. We lose the human capital that had been created if they have to take jobs outside of their normal work or end up with lower wages. We lose capacity. The company loses capacity. If we can keep those people in the higher-paying jobs related to the training they already have as much as possible, then we end up with a more productive economy.

[Translation]

Mr. Guy Caron: Thank you very much.

[English]

The Chair: Thank you both.

We will turn to Mr. Sorbara.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Mr. Chair. The first question is directed to Glen, from the Conference Board.

Glen, in the last couple of months we've had significant revisions to Canada's economic growth profile for 2016. We've had a large downward revision in economic growth from the private sector forecasters. We've seen the output gap, if you want to call it that, probably not close quickly enough or as quickly as we had assumed.

We have 10-year government rates at 1% and 30-year rates at below 2%. We have a historic moment when we can undertake strategic investments, as you commented in your opening remarks, in a prudent fashion and allow the debt-to-GDP ratio to decline but at the same time take advantage of slackened labour markets where stimulus is needed, investment is needed, and there's an infrastructure deficit. We've had the Governor of the Bank of Canada comment that infrastructure spending and investment are economic enablers.

Two or three months ago, Mr. Bernanke was in Toronto, where he opined the same thing. We've also had the past governor, Mr. Dodge, come out vigorously for strategic investment in infrastructure across Canada.

I would like to ask your views on the infrastructure spending that could occur in the coming months. We think it will occur and that it is needed, with the understanding that we continue to allow the debt-to-GDP ratio to decline and we provide mild stimulus investment for the economy.

• (1200)

Mr. Glen Hodgson: There are a number of comments I could make.

First of all, I think it's fair to say that most economists now think we have to rebalance our macroeconomic strategy and that we've reached a point where cutting interest rates further is pushing on a string. The Bank of Canada has done its job now, as central banks have around the world. It is legitimate to think about adding a bit of a nudge forward in terms of physical stimulus.

We've done a lot of work on infrastructure over the years. Canada has systematically underinvested in public infrastructure for about the last 30 years. You have to go back a long period of time. The Federation of Canadian Municipalities talks about a deficit of \$175 billion across the country. That's a shockingly high number simply to maintain current urban infrastructure. We're looking at a big bill. You can't fix that overnight. It's not a one-year plan.

It has to be almost a generational plan in finding more clever ways to dedicate federal, provincial, and city resources. I guess that's one of the key pieces. We've written about having all three levels of government working in harmony together as a collective. The feds have arguably more financing capacity, but don't have the line of sight the other two levels of government do. I would say a critical piece in this is coordination among three levels of government, working with cities and provinces to try to identify not only the most

important projects but also the ones that are going to give you the biggest payback over a generation.

Mr. Francesco Sorbara: I would like to switch gears over to the Atlantic provinces.

We all are well aware of the demographic challenges facing Atlantic Canada and the economic challenges in terms of where the commodity markets are going. In my estimation, our government's agenda is to target strategic investments in innovation. Innovation occurring in Atlantic Canada is going to be key to getting that economy turned around, to getting growth back, and to reversing the internal brain drain that's occurring in Canada. I wanted to hear your thoughts on that tangent, please.

Mr. Finn Poschmann: Thank you, and thank you, Mr. Chairman.

I agree entirely with the premise of the question. Innovation is very important. The question is, who is good at choosing where we invest in innovative processes, in technologies, in industries or sectors? It's a mixed bag, looking historically across jurisdictions. Sometimes we get them right, but often we get them wrong. That is why, when I was describing, for example, a federal innovation box policy for the corporate income tax, the approach is silent. It's agnostic about exactly what it is or where it is that we pursue innovation and make use of intellectual property. That, I think, is more likely to produce good outcomes, because they're market driven.

May I add to the infrastructure prioritization question? I think there are great examples and bad ones. I generally agree with the themes that Glen enumerated. We do need long-term investment, and that helps you prioritize. The point that I was making earlier is that it has to enhance productivity, meaning things like transport linkages, such as ports and airports. Those all work.

I also strongly recommend, for something quicker, the point raised by the Assembly of First Nations on water quality. That is a terrific one. We don't have boil-water warnings because of lead or mercury poisoning. It's biological. It's bacterial or protozoan. We know how to deal with those things. We know how to fix them. The technology is off the shelf and not that expensive, and this investment would have huge improvements for quality of life and productivity on-reserve.

• (1205)

Mr. Francesco Sorbara: I think we're all well aware of the productivity challenge we face as a nation, and that ties into our innovation agenda, such as going through the universities and allowing them to flourish as incubators and so forth. Our government agenda is on that tangent. We need to do better and we will do better.

Mr. Chair, I'd like to share my time with the parliamentary secretary.

The Chair: Okay, go ahead. You only have about 20 seconds, so you'll have to make it quick.

Mr. François-Philippe Champagne: Let me just quote an IMF report. I'd like to ask Mr. Hodgson to comment on it.

It says:

...increasing infrastructure investment on quality projects tends to raise output in both the short and long term, without increasing the debt-to-GDP ratio.

I'd like to hear from you on that. That's the IMF report talking about Canada. Can you comment on whether you agree and tell us what your view is?

Mr. Glen Hodgson: Yes. We've done a lot of research for the federal government, for provinces, and for cities. Our research shows that \$1 invested gives you more than \$1 payback for the economy. It's one of the highest-priority forms of stimulus spending we could imagine.

The Chair: Thank you both.

Mr. McColeman is next.

Mr. Phil McColeman (Brantford—Brant, CPC): I want to thank the witnesses for being here.

I'd like to start with Mr. Williamson.

You mentioned two items that are of interest to me as a previous small business owner. Point number one was control of the expense side of the balance sheet. It's all talk about spend, spend, spend. We've heard lots of it, and I'm sure we're going to get it. However, in your point number two you mentioned what the federal government would have control of on the expense side, and that's the public sector costs of running government.

I wonder if you could comment on one item that is timely in terms of what's going on there, which is the public service sick leave benefit that has been floated and what is going to happen with it. Do you have any thoughts regarding that?

Mr. John Williamson: We've all seen the reports over the last couple of years about the gap that exists between the public sector and the private sector, the cost of the current government system, and the need for reform. Reform is needed for two reasons, I think.

One, of course, is the cost savings that have been outlined in the past. The other deals with the intergenerational inequality whereby young public sector workers who come on the job might not have the hours or days built up to take time off if illness strikes them at an early age. It's a question of both fairness for all workers throughout the public sector as well as cost.

Again, we're talking about changes on the margins throughout the system here. We've found in government that we're not talking about massive changes in a single year but about making incremental changes that build up over time.

If you cross the various spending outlets when it comes to the public sector—pensions, sick leave, vacation pay, and pay—you can realize significant savings over the medium term.

Mr. Phil McColeman: I agree with that approach. It's very close to home. My son and daughter are both public sector workers, and I understand exactly what you're saying.

However, the balance between what was experienced by small businesses in the country versus what the public sector is moving

toward is something that should be taken into account when we're talking about bringing forward budgets, in the sense that every nickel matters to the bottom line in the end.

The other point that you made was regarding incentives. I believe your words were that “incentives matter”. Could you expand on who you think they matter to? Where do incentives work, and where do they not work? Can you give me your thoughts and perspective on that?

• (1210)

Mr. John Williamson: Incentives always matter in that any government program or system is going to incentivize people to behave one way or another. The challenge for policy-makers, for the men and women in this room and Parliament, is to have the foresight when they put together a program to envision or think through how it is going to impact the real world out there.

As an example, I'm going to go back to the case I made, because it's one that is very topical right now in Atlantic Canada. There's a call to increase federal transfers for health care. Why is that? That is because we have an older demographic, and of course health care costs are going up. My emphasis back home to provincial policy-makers is that this may be fine and that we understand that challenge. In addressing it, it's not just Ottawa that plays a role; provinces as well have to take advantage of the resources and opportunities that are there for them to tackle. Far too often a lifeline from the federal government can be helpful in the short term but actually detrimental in the long term. If provinces are just turning to Ottawa for that lifeline for problems that have existed for decades now, it doesn't serve them by changing what they're doing.

For example, we see energy as an opportunity that will create jobs, as is taking advantage of natural resources back home. The biggest struggle we have is men and women going to Saskatchewan to work in the shale gas industry, for example, which is an industry we haven't opened in New Brunswick and throughout the region. We're losing people to the very industry that we won't tackle or open up in Atlantic Canada. We are losing those young workers and with them the tax base.

Incentives always matter, and again, it's trying to get at what we are trying to do and how best we can help communities across the country.

The Chair: Mr. Grewal is next.

Mr. Raj Grewal (Brampton East, Lib.): Thank you to all the witnesses who came out to present today.

I want to mention, before I begin my questioning, that the finance minister has an obligation to all Canadians, not just the 9.1 million who voted for the opposition party. I'm very excited that the minister will be here on Tuesday to present in front of this committee.

My question is for Mr. Williamson. I know you've been a busy man today, so I'll keep it short.

It's a good time to invest. There are low interest rates in the country, and we have a declining debt-to-GDP ratio. As the parliamentary secretary mentioned, the IMF has basically said that Canada is in a great, unique position for investment. You mentioned in your testimony that infrastructure projects may not be all that they're assumed to be in terms of growth. The government has made a pledge that it's going to spend its money wisely. It should be on projects that stimulate growth in the short term and in the long term, and we should benefit from a long-term perspective.

In 2008, when the Obama administration came into power, the Americans focused on spending money. Over those eight years in power, we've seen a declining unemployment rate and growth rates at historical levels in the United States. In the same period in Canada, we haven't had that growth. In the last 10 years, we've had the worst growth rates since World War II.

Investment in infrastructure spending has always been seen as a way to stimulate the economy. Could we hear your views on that, and how the Atlantic provinces could benefit and should benefit from federal government spending on infrastructure?

Mr. John Williamson: Look, I want to be clear here. I don't want to leave you with the wrong impression. I certainly do not suggest that infrastructure spending can't be beneficial or is not beneficial for communities and for provinces—far from it. My point was that the platform commitments the Liberal Party made involved a plan over the mandate, but increasingly we're hearing that we should just get the money out the door quickly, because we need to spend it.

I actually think that would be the wrong approach. In fact, I think there have also been comparisons looking at how Canada spends its infrastructure money versus how the Obama administration did in its early years. I don't quite agree with you that their growth records are well ahead of ours in Canada. Until very recently, Canada had a lower unemployment rate than the United States did. You are correct that they are beginning to take off now, but that has actually happened at the back end of the administration's term. Canada, for a time, had a lower unemployment rate, something we haven't seen in generations in this country.

My point on this infrastructure spending is to take your time. Do it well. Do it over the next four years, as you committed to in the campaign. Work with the provinces. Work with municipalities. Don't let the public pressure you now, which you are going to experience, to get it all out in the first year and end up funding programs or projects that actually won't have the long-term economic benefit that we want to see them have.

• (1215)

Mr. Raj Grewal: Thank you.

My next question is for Mr. Poschmann.

You alluded to public transit not being that important in terms of infrastructure spending. You alluded to the UP Express experiment from Pearson into Toronto, and to how the financial model there doesn't work, because the price for ridership is \$27 or something like that.

This weekend, Family Day weekend, it was free, and there was almost four times the ridership. The demand, from a public perspective, is there, as is the financial model. There was an op-ed

piece in the *National Post* last week about how it was something designed by the private sector and that's why it didn't work out, but the demand to get people moving in the country is still there.

I'd like your comments on the importance of public transit and on how infrastructure spending can ensure that the economy benefits overall.

Mr. Finn Poschmann: Thank you.

Mr. Chairman, I just spent a little over 17 years working in downtown Toronto, so I am a fan of things that improve urban congestion.

I think my point was that it doesn't help everybody everywhere. We really do have to prioritize where scarce dollars are spent. I used Union Pearson as an example of something that plainly has not delivered. Maybe one day it will. We can keep hoping, I guess, but don't hold your breath.

The other point about transportation is whether you are talking about moving goods, getting people to markets, or just improving congestion. Congestion is a thing to be addressed, and addressing it is a thing of value, but is it the most important one?

Looking at things from an Atlantic perspective, highways are actually not that bad. We do have a choke point, which is important to the New Brunswick and Nova Scotia economies, in particular, and that is the highways in eastern Quebec. Your infrastructure investment in eastern Quebec would be very helpful to people who are shipping goods to and from Nova Scotia, New Brunswick, and P.E.I.

You need to do the analysis.

The Chair: I'll have to cut you off there, Raj.

Mr. Liepert is next.

Mr. Ron Liepert (Calgary Signal Hill, CPC): Thank you all for being here on short notice today. I think we gained a lot from all of your presentations.

I happen to be the only member of Parliament on this committee from west of Winnipeg, so when I say that the Energy East pipeline is very important to the three western provinces, I was heartened to hear both of the presenters from Atlantic Canada advocating for Energy East.

We know that the federal cabinet will decide whether to approve Energy East. Presumably that decision will be based on the comprehensive review by the National Energy Board. One other factor, I would hope, is that the federal cabinet will listen to the input from their caucus members, all of whom sit around this table today.

I would ask whether you, as representatives from your region, have been having these discussions with your members of Parliament from the regions of Atlantic Canada and expressing to them how important Energy East is.

After they have answered that question, I would like to ask each one of the presenters today to simply answer yes or no as to whether they support the Energy East pipeline.

The Chair: Who wants to start?

Mr. Ron Liepert: I would like an answer from the two members from Atlantic Canada first.

The Chair: Okay. It will be Mr. Williamson and then Mr. Poschmann.

Mr. John Williamson: Very quickly, the energy east pipeline in New Brunswick has bipartisan support. The Liberals support it, and the Conservatives support it. It has bipartisan support. The NDP supports it as well. It has overwhelming support. The message, I think, is well known and well heard. By and large, it is uniform across the province.

That said, we're going to hear the position of the aboriginal community. Negotiations and discussions are ongoing there, as they are with communities through which the pipeline could traverse.

There is overwhelming support at home for the pipeline.

The Chair: Mr. Poschmann.

Mr. Finn Poschmann: Yes, the support is bipartisan. It's federal and provincial, in my experience, and perhaps what is more important is that it is not only at the political level but in general at the committee level.

The Chair: Does anybody else want to add anything?

Mr. Hodgson.

Mr. Glen Hodgson: We've actually done the analyses on both the Trans Mountain project and the Energy East project, and the numbers are clear. The economic benefits from both projects proceeding are massive.

One of the biggest benefits.... There's a construction period and an operation period, but the real benefit is getting a world price for the product. The western select discount is massive, and we have to find a way to capture the benefit of a world price.

Of course, the decision is political. We're non-partisan, so I'm not going to give you a vote.

• (1220)

The Chair: Mr. LeClair.

Mr. Dale LeClair: What I would say is we don't have a mandate to tell you yes or no, but what we would like to hear is that this government will absolutely listen to and engage the rights holders that are affected by the pipeline. That would be our answer.

The Chair: Ms. MacEwen.

Ms. Angella MacEwen: I also don't have a mandate to say yes or no, but our position is that oil should be moved in the safest way possible, that there should be environmental guidelines for moving it, and that those jobs are critical in Atlantic Canada.

The Chair: Mr. Liepert.

Mr. Ron Liepert: I would ask Mr. Hodgson as well not only about the benefits, but have you done an assessment on the amount of money the country is losing based on importing foreign oil into Atlantic Canada?

Mr. Glen Hodgson: The short answer is no. We focus on the analyses of the two pipeline projects, and the benefits are construction jobs, operation jobs, revenues for both levels of government—provincial and federal—and getting the world price for the product.

The Chair: You have time for one more, Ron.

Mr. Ron Liepert: I'm good.

The Chair: I'll turn to Ms. O'Connell.

Ms. Jennifer O'Connell (Pickering—Uxbridge, Lib.): Thank you, Mr. Chair.

Thank you, everyone, for coming here and presenting to us. I'll start with Ms. MacEwen from the Canadian Labour Congress.

You talked about having more women in trades and more non-traditional workers in the labour union. How do you propose this? Especially given the commitment for infrastructure, if there is a boost in this sector, it would be extremely helpful for the country to have a boost not only in the sector but also in the workforce itself. What is your organization, and probably other organizations, doing to diversify the workforce?

Ms. Angella MacEwen: Unions such as Unifor and Canada's Building Trades Unions have programs that run the gamut, because it is a complex problem. There are pre-apprenticeship programs that try to attract women or under-represented workers to have them get some of the skills necessary to enter the trades. They mentor people at work and they try to provide a work environment.

I was in the naval reserve, so I've worked in very male-dominated environments. Sometimes cultures arise that are hostile to people from outside of that culture. They work with mentors to change the culture to make it more welcoming to people who are coming through. It's not, obviously, just getting them into training; it's getting people to complete the training and into jobs.

Ms. Jennifer O'Connell: Thank you.

My next question is for Mr. Hodgson in regard to his comments about changing the tax system.

There is a short amount of time, but could you elaborate a little bit on some of the pieces you would like us to look at specifically or that you think would have a big impact? I know it's a complex issue and a complex question, but could you elaborate a little in a very short time?

Mr. Glen Hodgson: I think the starting point is that our personal income tax system is, in theory, a self-administered system, but probably two-thirds or more of us now pay somebody else to do our taxes for us. That's a sign that maybe we've gone a step too far in terms of building the complexity of our system. It's the same thing on the business side. Most estimates would say that businesses spend between 1% and 2% of their operating expenses simply in complying with the tax system. That's a good starting point. There's a lot of personal time and revenue, and business time and revenue, that's being expended to comply with a very complex tax system.

We know from Finance Canada that we have \$100 billion in revenue leakage, some of which is on things we would all value, such as the RRSP, for example. Maybe it's time to step back and think about how we can have a tax system that actually boosts the productivity and performance of our economy rather than one that just captures revenue and then selectively provides incentives to different interest groups.

Ms. Jennifer O'Connell: Great. Thank you very much.

I have a question to Mr. Williamson.

You mentioned the analogy of teaching the provinces to fish. You want the provinces to learn to fish, but you seem to want the federal government to implement Energy East without all of the stakeholders or their social licence. How do we teach provinces and other groups to fish if we take back the rod or give it to them when the federal government sees fit? Wouldn't having the social licence actually be exactly what you're suggesting—teaching them to fish—because we'd be listening?

• (1225)

Mr. John Williamson: That's an interesting question.

I guess Energy East was a kind of tag line at the end. I just wanted to make the point of how important that is. Energy East is something that the provinces do want to do. I think they'll do it in partnership with the federal government review, which is going on now before the National Energy Board.

My point was really that just providing additional transfers to Atlantic Canada is not helping Atlantic Canada over the long term. You might think you're helping in the short term, but if the policies are not geared to local growth, people are going to leave.

Look at Saskatchewan. Saskatchewan had a problem 15 years ago. People were leaving to Alberta to find work. The province hadn't grown since the dirty thirties and the economy was flatlined. Under the NDP, no less, they fixed their balance sheet, they reformed the tax code to take advantage of resources, and they continue to do that under the Saskatchewan Party. That's the kind of thinking we need in Atlantic Canada so that we can take advantage of our opportunities.

It's not necessarily a question of teaching Atlantic Canadians anything. I think Atlantic Canadians need to be liberated to take advantage of their economy. Too often provinces are focused on maximizing revenues from Ottawa and not looking at what they can do in their own backyard to generate growth, economic opportunity, and jobs.

The Chair: Thank you, Jennifer.

Before I turn to Mr. Caron, I had one question for Mr. Hodgson.

You talked about \$100 billion in revenue leakage. Do you have some examples?

Mr. Glen Hodgson: Well, we have more than 180 expenditures now built into our tax code for individuals and for businesses. When we add up all the expenditures for which we're giving people credit, such as different activities, we end up losing more more than \$100 billion annually in revenue. These numbers are actually calculated by Finance Canada on their website. That's the starting point for me. To ask questions about whether we're getting value for money from a \$100 billion in forgone revenue....

There are some good things. I don't think anybody would argue that the RRSP has not been really fundamental to retirement savings, but I do think it's time to have a fundamental review of the working of our tax system.

Finn, you were part of the review of our business tax about 20 years ago. We got some benefit from that, but I think we have to go to the next step and ask ourselves whether we have a tax system that works for all Canadians and all Canadian businesses or whether it's too chopped up to really provide any benefit.

The Chair: Thank you.

Mr. Caron, you have three minutes.

[*Translation*]

Mr. Guy Caron: I don't have a question as such, Ms. MacEwen.

In reference to your study on the employment insurance program as an economic stabilizer, you mentioned that the existence of that program lessened the impact of recessions or economic slowdowns by 14%.

Can you provide the committee with a document or a study that would confirm that percentage? I would appreciate that a great deal.

[*English*]

Ms. Angella MacEwen: Yes, I can send an email to the clerk. I have a PDF of the study that I can send from HRSDC.

[*Translation*]

Mr. Guy Caron: I would be very grateful.

My question is for Mr. Poschmann and Mr. Hodgson.

Regarding infrastructure, you said that one of the important things was to invest where there will be a return on investment. We agree, and I said the same thing. However, I would like to hear your definition of investments that will increase productivity or produce a positive return on investment.

Mr. Finn Poschmann: Thank you for the question.

[*English*]

I think the short answer is to contemplate investment in terms of private returns and public returns.

We're used to private investments from which we look for a particular return on equity or a return on investment. In the case of public infrastructure, we look for returns that are more broadly spread. I used a transport linkages in ports as an example. They improve the functioning of the businesses and individuals who take advantage of exactly those things, so there is a public return that we consider or contemplate when we evaluate public infrastructure investments.

What I worry about, though, is the idea that infrastructure is necessarily good or that a dollar spent on infrastructure produces more than a dollar of return, because it vitally depends on what it is spent on. I could just as easily turn that dollar into 50¢ as into \$1.50.

• (1230)

Mr. Glen Hodgson: I can't improve on that answer.

[Translation]

Mr. Guy Caron: Concerning infrastructure, I agree with what you said about ports, roads and airports, as well as about the means to improve our international trade capacity. I do not disagree with that. However, there are also smaller-scale projects that can help a community develop economically.

I will give you an example. In the new Building Canada Plan, broadband Internet is mentioned, which allows the regions to develop their high speed Internet capacity. For the moment, funding for cell towers is not mentioned in that program.

Can this type of investment in high speed Internet in the regions, which may not directly benefit the economy of large cities, contribute to economic growth? Do you consider that these are productive and profitable investments? Could that produce a good return on investments?

[English]

Mr. Finn Poschmann: That's a tough one. It really depends.

Yes, where you have denser areas, it's going to be easier to make a business case for Internet service. In rural areas, the business case is harder to make, but I don't jump to the assumption that publicly funded high-speed or high-bandwidth communication is the right answer, because we do have other technologies. Satellite is imperfect, but it is one. You really have to ask yourself if it is really the most important thing for this community.

The Chair: Thank you all for your presentations. I certainly want to thank you for bringing forward your information and your briefs on such short notice. We know you didn't have a lot of time, and for seven members of Parliament here, this was their first committee meeting, so thank you all as well.

We'll suspend for five minutes while we bring forward the next witnesses.

Thank you.

• (1230)

(Pause)

• (1240)

The Chair: We'll begin with Mr. Mueller from the Canada Green Building Council.

Thank you for coming.

Mr. Thomas Mueller (President and Chief Executive Officer, Canada Green Building Council): Thank you for the invitation, Mr. Chair.

The building sector represents a significant opportunity to reduce carbon emissions and other environmental impacts. In Canada, over 30% of emissions come from the building sector. The green building industry, over the last 10 years, has acquired the capacity and the knowledge to deliver results on carbon emission reductions with a positive return on investment.

In 2014 the industry supported 298,000 jobs and generated \$23 billion in GDP. However, taking action would require investment, as the construction sector in Canada ranks at the bottom of all industries in terms of expenditures in research and development.

The Canada Green Building Council is proposing a national cross-sector building strategy, led by industry and supported by the Government of Canada, to accelerate the transition toward a low-carbon built environment. Our focus would be on making efficiency gains. Building efficiency is the most cost-effective option by far to achieve tangible results.

We have a number of recommendations.

First, invest in government-owned buildings. The Government of Canada is the largest building owner in Canada and has an opportunity to show leadership in reducing carbon emissions and environmental impacts for a significantly large number of its own buildings. The government could consider upping its current green building policy for real property, pursuing higher-performance targets for all new construction projects to a level of LEED Gold or better, and the government could also consider starting to certify its portfolio of large existing buildings under LEED. Such an initiative would require a cross-departmental initiative, including the real property branch of Public Service and Procurement Canada as well as custodial departments.

Our second recommendation is to support energy benchmarking initiatives across Canada. About 50% of existing buildings will still be in use by 2050; therefore, we consider it to be vital to focus on the existing building stock with a potential for 20% to 40% reduction of energy consumption and carbon emissions. Energy benchmarking, reporting, and disclosure are critical strategies in engaging building owners in reducing energy use.

Several jurisdictions in the U.S. have already adopted mandatory policies, including such cities as New York, Chicago, and Seattle. In Canada, policies are under development at both the provincial and local levels, including the Province of Ontario, the City of Vancouver, and the Province of B.C. In this regard, we recommend that the Government of Canada invest in the development and delivery of a national, industry-led program to support benchmarking efforts across Canada. The government could establish a national centre of excellence on building performance.

A second strategy would be to provide direct funding for provinces and cities to support their policies through incentives or, better, to provide financing to owners to help them drive down energy use.

The third strategy would be to invest in the expansion of the Energy Star Portfolio Manager, which has actually been operated by Natural Resources Canada for the last three years. The expansion would include more building types and reporting capabilities to support the national benchmarking efforts.

Our final recommendation is with regard to moving toward net zero emission buildings. It is essential at this time that we advance the design of net zero emission buildings as a key component of a low-carbon building strategy. This requires investment in applied research and development to support the industry in developing capacity, knowledge, and technologies to deliver net zero emission buildings in larger numbers.

This approach would drive innovation in Canada to invest in the next generation of buildings that would have a significantly lower carbon footprint and would align well with the federal government's leadership and commitments to climate change targets.

Thank you very much.

• (1245)

The Chair: Thank you very much, Mr. Mueller, and thank you as well for the brief. I don't think you put that together, those 105 pages, over the weekend.

Mr. Thomas Mueller: It was our pleasure to do that.

The Chair: Thank you.

We have the Canadian Cattlemen's Association, with Dennis Laycraft.

Welcome, Dennis.

Mr. Dennis Laycraft (Executive Vice-President, Canadian Cattlemen's Association): Thanks, Mr. Chairman. It's terrific to be here. It's nice to see a couple of familiar faces that understand and know agriculture as well as our chairman and Ron certainly do.

On behalf of Canada's 68,500 beef cattle operations, we're grateful to receive this invitation. In 2014 the cattle industry generated \$9.8 billion in farm cash receipts and was the largest source of farm income in Canada. We expect that for 2015 we'll top \$10 billion.

Our industry is one of the positive stories in our national economy, and it has the potential to continue growing. Global demand for high-quality beef is increasing as economies grow around the world, and we produce the best beef in the world right here in Canada. We're also leading the world on our sustainability work.

We're an industry that depends on trade. Almost half our production is exported. The U.S. is our largest customer, but we also export to many other countries. Export sales complement our domestic market and generate exceptional value for our producers. We estimate that almost \$500 per head of additional value is generated by selling a range of beef and beef offal products that Canadians may not like but are delicacies in other parts of the world. Simply put, trade is vital to our future prosperity.

The overarching objective I'd like to imprint on the committee would be the need to help the Canadian beef sector compete against international beef competitors here in Canada and around the world. That takes investment, both in opening export markets and in ensuring we have a competitive and innovative domestic industry.

It is paramount that the Trans-Pacific Partnership be approved and implemented as quickly as possible so that we can reclaim Japanese customers lost to Australian beef. Australians currently benefit from a free trade agreement in that market and have lower tariffs than we do when going into that market. Furthermore, if we're not part of the Trans-Pacific Partnership but others are, we will ultimately lose all access to that market.

We also want to see progress in addressing the technical barriers to Canadian beef in Europe and then have the CETA come into effect. There are some plant approval issues that still require work, and it's important that we bring dedicated resources to addressing those

issues in a timely manner that results in commercially meaningful beef exports.

As we've found out, once various trade agreements are implemented, there are often issues that arise later on. That's why we advocated the creation of the agriculture market access secretariat. We'd ask that the agriculture market access secretariat be fully funded so that it can continue to carry out its important work in paving the way for Canadian agri-food exports. One thing I will say is that we truly believe that Canadian agri-food exports will continue to be an engine of growth for our country.

We also ask that there be sufficient funding to support incoming missions of foreign government food inspectors, since that is often a prerequisite to export approval. In recent years, that cost has been downloaded to the industry, but it's really bringing in foreign regulators to assess our regulatory and inspection systems to ensure they meet their conditions.

One of the key ways in which the government can facilitate a competitive Canadian agriculture sector is to help us innovate by investing in research. Industry/government funded research clusters have been one of the great success stories in Canada. We strongly support continuing this exceptional approach to collaborative research and encourage the Government of Canada to continue to maintain and modernize its research infrastructure.

On environmental sustainability, we've created the Canadian Roundtable for Sustainable Beef, and we're working with McDonald's in their first-ever pilot project to source verified sustainable beef.

To ensure we continue to be a world leader, we encourage the government to support ranchers' conservation actions and ensure funds are available for the continuation and expansion of agri-environmental programs and the development of market-based instruments. Collaborative research on beneficial management practices and an adaptive management approach to implementing and incentivizing them is more efficient than an expansive and expensive regulatory framework.

Investment in infrastructure is also needed.

A major water management project in Manitoba is long overdue to mitigate the impact of the flooding of agricultural lands, largely caused by water diversion. Expanded port and border facilities to eliminate the bottlenecks that often occur in trying to export our products remain very important. As well, as we look at northern Ontario, there's the opportunity to release some federal lands and provincial crown lands for sale so that they could go back into agriculture production.

• (1250)

We also need to modernize our research facilities. A number of them have required some investment for a period of time. Research is very important to the work that's done in our industry.

I also want to talk about the labour shortages that are preventing more value-added processing from occurring right here in Canada. There's a shortage of people willing to work in Canadian agriculture and agri-food processing. This is a chronic and long-term challenge that will only get worse, given Canada's workforce demographics. We need viable immigration programs as an integrated component of a national agricultural labour strategy. We're also looking to work with the refugees who are coming in. We view that as an important stream as well, but as a long-term adequate solution, we need people who want those positions.

Turning to risk management, cattle production is a long-term business that involves many risks. We have long recommended that the federal government ensure there be sufficiently funded national business risk management programs. We also support some flexibility in the government's contribution to regional and provincial livestock insurance programs, assuming that the overall level of support is even across the country and that the programs are market neutral.

We believe that western livestock price insurance is a forward-looking, market-based insurance-style program that's designed to be actuarially sound. It allows producers to manage price risk. It's a pilot project, but it should be made permanent.

I want to talk for a moment on capital requirements. Cattle prices have increased in the past few years to record levels. For many producers who purchase cattle for breeding, backgrounding, or finishing, their credit requirements have almost doubled. The limits on lending programs will need to reflect this new reality as we move forward.

In closing, our sector encourages finance policies and a fiscal environment that support long-term growth and continuous improvement through innovation and collaboration and expand our capability to competitively produce and market our products to the world.

Thank you.

The Chair: Thank you, Dennis.

Ms. Bérubé, I guess this thick presentation is yours. Welcome.

Ms. Annie Bérubé (Coordinator, Green Budget Coalition): Thank you, honourable Chair. Committee members, thank you for inviting the Green Budget Coalition to present before you today. You should have before you our comprehensive recommendations for budget 2016.

The Green Budget Coalition represents 16 national environmental organizations. We've been operating since 1999. We make an annual submission to the federal government to ensure that the federal government has the resources to address the most pressing issues regarding environmental sustainability in Canada.

This year the focus of our budget 2016 recommendations is to ensure that the federal departments and their respective ministers have the resources not only to deliver the commitments and the mandate letters of the new government but also to deliver on some ongoing statutory obligations and international commitments.

I will take you very briefly through our detailed recommendations.

With regard to clean energy and climate change leadership, we make a series of recommendations for strategic federal investment in advancing the generation of renewable energy in Canada. This includes modernizing the electrical distribution grid and providing some fiscal incentives for electricity storage technologies, which are absolutely critical to ensure Canada meets its full renewable energy generation potential.

Complementary to renewable energy, we make a series of recommendations on energy efficiency and to encourage energy conservation in Canadian homes and businesses. This includes a national home energy retrofit plan with a grant program that low-income families would be able to access to retrofit their homes.

We make a recommendation to begin a complete phase-out of all the tax preferences to the fossil fuel industry sector. As you know, this is a commitment that Canada made to the G20, and it is in the current mandate letter of the Minister of Finance. We want to see a complete phase-out of the tax preferences to the fossil fuel sectors over the next five years.

Complementary to that, we would like to see a review of the public financing portfolio of Export Development Canada, as Export Development Canada continues to provide public financing to the oil and gas sectors for explorations overseas.

We have a recommendation to develop a national carbon pricing standard to ensure that we reach a common, coordinated carbon price across Canada of at least \$50 per tonne of CO₂ by 2020.

We make a very comprehensive series of recommendations to protect our changing Arctic from the impacts of climate change. That includes ensuring the safety of marine transportation, building climate-resilient infrastructure, and bringing renewable energy and energy efficiency projects to Canada's north.

With regard to infrastructure spending, this is about to be a very large investment of this government. We want to ensure that any federal funding for infrastructure meets some strict criteria to ensure that it meets core policy objectives to reduce greenhouse gas emissions, sequester carbon, and enhance the resiliency of our communities against climate change.

We recommend a minimum investment of \$2 billion per year for public transit in Canada. We make a series of recommendations to bring green infrastructure into first nations communities as well as to ensure clean drinking water across first nations communities.

With regard to Canada's international conservation commitments, the Government of Canada has made commitments under the United Nations Convention on Biological Diversity to protect 17% of our land and inland waters by 2020. This requires investment in areas of strict federal jurisdiction, including species at risk protection, creating new national parks, creating national wildlife areas, and protecting migratory birds.

The Government of Canada, under the same convention, also committed to protecting 10% of our oceans by 2020. This will require significant federal investment to create new marine protected areas and to improve ocean science and monitoring.

Finally, it is critical that private landowners be engaged and be supported and compensated for their stewardship initiatives, and that they contribute to meeting our international conservation commitments.

We make a recommendation to engage Canadians in nature to ensure Canadians have the opportunity to experience the outdoors and to create employment opportunities for youth in the environmental sector.

With regard to protecting Canada's fresh water, we recommend the creation of a Canada water fund to ensure that the Canadian clean technology sector implements best practices in waste water treatment technologies and water quality monitoring.

• (1255)

We also have some international commitments with regard to the Great Lakes Water Quality Agreement. Significant new federal funding will be required in order to deliver on those commitments.

Our final series of recommendations is related to a healthy environment and healthy Canadians. We want to ensure that we address inequity in environmental risk exposure within the Canadian population. We would like to see a new tax credit being provided so that Canadians can remediate the impacts of radon in their homes.

This is a very brief overview of our comprehensive submissions for this year.

Thank you very much.

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

Mr. Obed, and I'll get you to name your organization because I'll not have it right.

Mr. Natan Obed (President, Inuit Tapiriit Kanatami): Thank you, honourable chair and committee members, for the opportunity to speak to you today.

My name is Natan Obed. I'm the president of Inuit Tapiriit Kanatami, the representational voice of Canada's 60,000 Inuit from Nunatsiavut in the east to the Inuvialuit region in the western Arctic.

We're at a very interesting point in the relationship between the Government of Canada and its indigenous peoples, and we are very excited as Inuit to explore the renewal of the Inuit-to-crown relationship within the overarching nation-to-nation discussion that the Prime Minister has started.

In many ways we can renew this relationship through governance and through working together in different ways that will allow for

greater efficiencies and greater access to programs or services or a political voice. That doesn't necessarily cost any money, but major investments are necessary to renew the relationship, and that's what I'm here to talk about today.

First, we have to consider the Inuit-specific lens that we put on any sort of investments that happen in our regions. In every single Speech from the Throne, in every single budget, in every major funding announcement we listen to to see if the Government of Canada understands the complexity of indigenous jurisdictions and indigenous peoples in Canada, time and time again we, as Inuit, find ourselves either left out or only partially covered or covered in a way that does not reflect the realities in which we live.

Whether it's the recent Speech from the Throne talking about first nations education instead of indigenous education or a northern strategy that excludes two of the four Inuit regions in Canada, the terminology used and the specific wording in budgets or in announcements have great implications for Inuit, and if the government would like to do its best for indigenous people, it needs to do a better job on how it phrases the wording and be honest about who is inside and who is outside the funding envelope. I believe Canada can do better in articulating exactly which investments will be for Inuit, which will be for first nations, and which will be for Métis, as well as which will be indigenous in scope.

It isn't as if we are looking for a relationship that is completely exclusive or inclusive. We don't live on reserves. We have four comprehensive land claim agreements that create the governance space for all our interactions with the federal government, so we do not fall under the Indian Act, but it is very important that right from the beginning we have a very clear sense of what investments are made for us and do not have to figure it out after the fact because "first nations" is used sometimes instead of "indigenous", or "indigenous" is used when it only means certain indigenous peoples in Canada.

I'll speak very briefly about some of our top priorities.

The first is in relation to infrastructure. Canada is still incomplete in its building process. We do not have the infrastructure in our 53 communities in the Arctic that many people enjoy in southern Canada. We still don't have ports in many of our communities, even though all but two of our communities are marine communities.

We still have diesel generation that powers all our communities in an age where we are looking for better and cleaner energy alternatives. This is completely unacceptable.

We have lack of connectivity or decreased connectivity compared to most Canadians because of the expense of connectivity in the Arctic and the limitations of the satellites that provide it. We believe Canada can make investments to ensure that connectivity in the Arctic is just as good as connectivity in southern Canada.

• (1300)

We also have massive infrastructure issues in relation to getting goods and services into and out of our communities. Just about all of our communities have marine access in the summer and only air access in the winter, when it is fly in and fly out. We have some communities that have ice roads and some communities that do have year-round roads, but those are very few in number. The investment that Canada makes in infrastructure in Inuit communities helps build Canada. It helps build sovereignty and the discussion about sovereignty in Canada, but it also allows for economic development to happen.

We also have a housing crisis in our regions. We need large investments to ensure that we do not continue to live in overcrowded conditions, as we currently do, with over half of our people in overcrowded social housing.

That brings me to our social envelope.

There have been many discussions over the past three or four months about improving the lives of indigenous Canadians, specifically Inuit. I will start with the government's commitment to the implementation of the Truth and Reconciliation Commission's 94 calls to action, the implementation of the UN Declaration on the Rights of Indigenous Peoples, and the inquiry into murdered and missing indigenous women and girls. We will expect that the budget will include funding to implement those three very large, very comprehensive, and very much needed different scopes of work that will be reflective of Inuit as well as the other indigenous Canadians in a way that is respectful and comprehensive.

• (1305)

The Chair: Perhaps I could get you to sum up pretty quickly, as we're a fair bit over. Thank you.

Mr. Natan Obed: Sure.

We also have a number of different mental health and health-related initiatives that we hope to see funding for, especially in relation to suicide and suicide prevention.

The last thing I would like to add is that Inuit organizations have taken huge hits over the last decade. The framework of Inuit organizations from the community level to the international level has been undercut and undermined by funding cuts. This war on our people and on the way we try to help one another and represent ourselves to Canada and the world needs to end. We need funding to be able to ensure that we can provide services at the community and regional level and that we can represent ourselves at the national and international levels.

Thank you very much.

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

Next we have Mr. Chartier, from the Métis National Council.

Go ahead.

Mr. Clément Chartier (President, Métis National Council): Thank you, Mr. Chairman, for inviting me to address your committee on the upcoming federal budget and the Métis Nation.

The Métis Nation is greatly impressed by the adoption of a Métis Nation policy by the current government. This policy, advancing and achieving reconciliation for the Métis Nation, is a far-reaching plan for the government to work in partnership with the Métis Nation on a nation-to-nation basis to further Métis self-government and economic prosperity.

The starting point for reconciliation, in my view, is a commitment to begin processes for settling land claims and advancing self-government. The Métis Nation policy also rightly recognizes the critical importance of certain programs and services for our people and the proven track record of Métis Nation governments in their delivery.

It makes a number of commitments that we trust will find their way into the budget, including a \$25-million investment over five years in the Métis economic development strategy; the renewal and expansion of the aboriginal strategic employment and training strategy, or ASETS; and the enhancement of existing scholarships and bursaries available to Métis students at various colleges and universities, in partnership with the Métis Nation.

The government's policy commitment to convert funding to the Métis National Council's governing members for Métis identification and registration into a permanent initiative will ensure an ongoing and reliable base of funding, and is very much appreciated. We welcome this initiative, and we see its inclusion in the budget as a first step in overhauling the overall federal funding system for the Métis Nation to put it on a nation-to-nation, government-to-government basis.

We also welcome the whole-of-government approach of the new government in its dealings with indigenous people's governments. The Prime Minister has set the stage for our engagement with multiple federal ministers and in the intergovernmental process on such key issues as the health accord and climate change.

While welcoming this opportunity, we are woefully underfunded and underequipped to participate effectively under the current funding system. I believe the government is aware of this challenge and is preparing to boost our capacity to be able to participate meaningfully in the unfolding talks and processes. This critical requirement for expanding resources should also be addressed in the budget.

Past efforts at getting Métis Nation-specific requests into the budget have been few and unsuccessful. For example, while asked by former Prime Minister Harper to submit a stimulus proposal for budget 2009, we ended up completely left out. The federal denial of jurisdiction for Métis served as a barrier, and the Métis had no one in the government to fight for our interests. The Daniels case before the Supreme Court of Canada, and the strong likelihood of its confirmation of federal jurisdiction for the Métis under section 91, item 24, of the Constitution Act, 1867, will likely reinforce the evolution of a new relationship between Ottawa and the Métis Nation, which has already started under the Trudeau's government's Métis Nation policy. At the same time, the long history of our budget requests being overlooked altogether, or, in the few cases when they were put forward, ending up on the cutting floor, makes us naturally vigilant.

We will continue to work with the government to ensure that their bold commitments are put into effect, and we encourage this committee to support us in these efforts.

Thank you. *Mahsi*.

• (1310)

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

Mr. McLellan, with the Saskatchewan Chamber of Commerce, the floor is yours.

Mr. Steve McLellan (Chief Executive Officer, Saskatchewan Chamber of Commerce): Thank you, and I appreciate the opportunity to come. I have our presentation in hard copy in English only, only because of the turnaround time. If you'd like copies of it, they are here.

Mr. Chairman, in recent years Saskatchewan has been one of the primary economic engines keeping the Canadian economy stable while other parts of the country were experiencing reduced economic activity. Saskatchewan's economic growth has temporarily slowed during the current downturn, but given the diversified mix of industries in our province, we will be well positioned to benefit as the global economy and commodity prices recover.

In order to take advantage of this future recovery, however, there are some particular issues that the Government of Canada could greatly help with in the meantime. While we certainly applaud the recent decision and announcement by the federal government to fast-track \$300 million towards Saskatchewan-based infrastructure projects, not all of the things we're here to ask for today cost money to make them happen.

While Saskatchewan and most western provinces continue to be impacted by the downturn of commodity prices, long-term growth targets are contingent on businesses being able to access the skilled personnel they need when they need them. That requires a reliable, expeditious immigration system that complements but does not replace our domestic workforce development. As an example, we believe the Canada job grant is an effective government program. Given recent changes, though, to the federal immigration system and the temporary foreign worker program, we must increase our efforts to develop the workforce within our province by expanding this initiative and increasing its flexibility for use by business.

Since Saskatchewan is not currently able to use all of the federal money allocated to the province for the program during each fiscal year, we ask for greater flexibility to be introduced for the province to use the surplus money for other training and labour market development initiatives.

Next, there's a close correlation between after-tax business profits and a number of key economic indicators, including government revenues. It's important that Canada maintain a current tax regime that leads not only North America in competitiveness, but the world.

Increasingly the subsidy for healthy food provided through Nutrition North Canada is another item the Saskatchewan Chamber of Commerce advocates, and we encourage the federal government to focus on it. Our province's remote northern communities currently receive the lowest subsidy available through the program. While there certainly need to be criteria in place to determine the eligibility of the communities to participate in a program like this, using their participation in the previous food mail program as a benchmark for their needs is a flawed process.

Ensuring that the issues that face aboriginal people across the country are being fixed with the necessary level of focus, planning, and funding should also be a priority for the federal government. Creating solutions with clear time frames, implementation plans, and full costing is a critical part of improving the lives of these Canadians. One of Saskatchewan's greatest untapped strengths is our large aboriginal population, but one of our greatest failures as a province and, I would suggest, as a country has been our continuing inability to help them fully participate in our economy across this nation.

A concerted effort is also required on infrastructure renewal. Accompanied by strategic and sustained levels of federal investment, it's fundamental to protecting the future prosperity of our province. Again we applaud the recent decision of fast-tracking the \$300 million.

Also, the ability of our producers and extractors to move their commodities is directly tied to economic growth. Farmers must ship their grain in order to purchase new equipment, and mining companies must transport their resources to invest in new jobs and new technologies. The federal government must capitalize on all levers available to improve rail access in terms of frequency, modal choice, and cost competitiveness. The growing role of rail in transporting crude oil is largely a result of our current pipeline access becoming increasingly constrained. For this reason, the Government of Canada must start supporting and promoting Canadian pipeline projects to a much greater extent.

While it's important to give these types of projects appropriate safety and environmental consideration, we cannot continue to play divisive political games with them. If we keep doing this, our caution is that our country will lose out on opportunities for increasing foreign investment, creating jobs, and growing the Canadian economy.

•(1315)

Let's get back to Saskatchewan's north for a second. Further investments into building and maintaining northern roads and high-quality Internet connectivity are additional infrastructure items that the Saskatchewan Chamber of Commerce urges the federal government to focus on. By enhancing the physical and digital connection between our province's northern communities and the rest of Saskatchewan and Canada, we will improve their ability to learn, improve their access to health services, and improve their ability to run businesses from their unique geographic locations.

Our province is one that is built on exports. That's why a fair and reciprocal access to both domestic and international markets is fundamental to stimulate investment, create jobs, and drive long-term growth.

Saskatchewan businesses support the ratification and quick implementation of both CETA and the TPP. We encourage this government to do it.

Saskatchewan businesses are ready, willing, and able to work with the Government of Canada to help build Canada. Please ensure, as we move forward, that we move forward together.

Thank you, sir.

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

Thank you all for your presentations.

We'll start the first round, and because we run into a hard stop at two o'clock, we'll go six-minute rounds rather than the usual seven, starting with Mr. Grewal.

Mr. Raj Grewal: Thank you, Mr. Chair.

Thank you to everyone for coming out and presenting today.

My first question is for Mr. Laycraft.

As you mentioned in your testimony, the U.S. is your largest export market. On December 18, 2015, the U.S. passed a bill to repeal the country of origin on beef and pork. Can you elaborate on how quickly the membership of your organization will benefit from the repeal of this legislation, and how important it is to remain repealed in your industry?

Mr. Dennis Laycraft: Thanks for that question.

It was, first of all, a great victory for the work of the Government of Canada. We fought for close to five years in a legal dispute to get through that.

The rules were unfairly discriminating against the exports of live cattle and hogs to the U.S., which meant that every time we sold an animal, there was a discount of around a \$45 a head on Canadian animals going south, either as feeder cattle or as animals direct for processing down there. That reduces the price spread, so there's an immediate price impact there, but for the longer term the demand for Canadian cattle and hogs in the U.S. will increase.

I've visited a number of feedlots where we've talked about the quality of our beef. The quality of our cattle is among the very best in the world. They believe the cattle they import from Canada have the best rate of gain, and they're the most efficient animals they feed

all year. That increases the price of every animal in Canada, whether we feed and process them in Canada or export them. Getting back to a functioning and integrated North American market is great for our industry, and we believe it will start to spur more growth in our herds.

•(1320)

Mr. Raj Grewal: As a follow-up, you mentioned there is a shortage of workforce in your industry and that the immigration program should be reformed to accommodate that shortfall. Can you elaborate on what types of programs you are thinking of? Would it be a provincial nominee program or would another skilled category be developed to help address the shortage in the industry?

Mr. Dennis Laycraft: We've worked on a labour strategy and through CAHRC to come up with a comprehensive strategy, so it's probably all of the above when it comes down to it. We need to have access to a labour pool of people who are interested in the positions. We brought in employees to work in our packing plants, a lot of them from other parts of the world through the temporary foreign worker program, and with those employees we had a retention rate of almost 97%. When we could find people to work in those jobs from the local communities, the retention rate was below 50%, and often it was as low as 15% over the course of a year. If you're going to have quality-based systems, you need people who want those jobs and who are prepared to make an investment.

Our issue with the temporary program was that we were never looking for a temporary foreign workers program; instead, we wanted to fill these jobs with people who wanted to become Canadians and wanted to become permanent employees in these organizations and these processing operations.

There isn't one quick answer to your question. It's all of these solutions. We're hoping, as I mentioned earlier, that as new people who are refugees today become Canadians, a number of them will look to find careers in our industry as well.

Mr. Raj Grewal: Thank you.

My next question is for Annie.

In your report you have some funding allocated to electric vehicle rebates and infrastructure. You're basing it on the model in Ontario. If there were widespread adoption of electric vehicles, there's a report out there that says the grid wouldn't be able to accommodate them and we would have a major crash.

A lot of this is left to the provincial level. Where do you see the federal government playing a role? Do you not think that the infrastructure side should be handled mostly by industry? In America, Tesla has built a coast-to-coast network of recharging stations. I would like your comments on that.

Ms. Annie Bérubé: You are right about the electrical grid. There is no doubt there needs to be some investment in modernizing the Canadian electrical grid. This is an area of shared jurisdiction.

Our specific recommendation is to give funding to Natural Resources Canada to lead the development of a transition plan, working with the provinces and territories to modernize the electrical grid. We would like to see some more east-west connections to bring renewable energy across the country. The grid needs to be modernized to be able to accommodate electrical transportation and the intermittent nature of renewable energy. This is our recommendation.

Part of our recommendation is also to bring a lot of the renewable energy potential that is in the Canadian north to the major centres. We need some grid extensions there. Whether the funding comes through an infrastructure portfolio really doesn't matter to us. We've made it in the context of the low-carbon economy trust that the government is proposing. Certainly, it could be part of the proposed infrastructure funding that the federal government is going to put forth.

With regard to your comment on Tesla and the private sector, we see electricity generation and the adoption of electrical vehicles as a public good in Canada because of our commitment to reduce greenhouse gas emissions and to improve local air quality. We believe there is a specific role for the federal government to play by providing rebates for the purchase of electrical vehicles and by supporting charging stations across the country.

The Chair: Thank you, Mr. Grewal.

Mr. McColeman is next.

Mr. Phil McColeman: Thank you, witnesses, for being here today.

Mr. Mueller, I would like to start with your suggestions regarding buildings and taking them to a level of zero emissions. I just need a little bit of clarification. Can you tell me what you're thinking of in terms of energy benchmarks? Would these depend on the region of the country, so that each region would have energy benchmarks, obviously depending on the climate in each part of the country? Can you give me a little more detail on how you perceive the outcome of that?

• (1325)

Mr. Thomas Mueller: That's a very good point. It would vary by region. In some regions, the fuel mix is based on coal and in some regions it is based on hydro, so the benchmarks we would strive for would vary from region to region. That's correct.

One of the first steps would be to define what net zero building emissions would mean by region. We'd have to really establish the metrics. We're talking not only about net zero emission but also about low-carbon buildings. That means we need to define at what point a building would qualify as low carbon, because we have to move the industry slowly towards that goal. We are at about 50% energy efficiency, maybe 60%. We need to get to about 80% or 90% over time. It's really important to define the metric and then to move towards how that can be achieved.

We already have net zero buildings, but we want a larger number of those buildings.

Mr. Phil McColeman: Do you have much knowledge of international experience as to which jurisdictions in the world are leading the way on energy efficiency in terms of construction?

Mr. Thomas Mueller: I would have to say western and northern Europe. Over the last 20 years, they have been driven mainly by EU regulation. They really systematically work towards low-energy and energy-plus buildings, as they call them.

I can tell you, just as a matter of comparison, that our average home would use roughly, depending where you are, maybe 300 kilowatt hours per square metre per year. In some of the European countries with strong building envelopes and so on, they are getting them down to about 30 kilowatt hours per square metre, so there's a huge jump in innovation, and it continues to drive that usage down in the residential, institutional, and commercial sectors.

Mr. Phil McColeman: I have some experience in the residential industry. Whenever our independent studies were done, Canada always came up as providing the best quality in housing compared to any other jurisdiction in the world. We build better housing in many ways. With the building codes the way they are today, energy efficiency is a very high priority in most areas. I was involved in the residential industry, so it's interesting to hear you say that.

I need to move on because of time. I'd like to ask Annie a fairly practical question.

There's a company in my jurisdiction that consumes about \$10,000 a month in electricity costs right now. They did an analysis a few years ago about what a carbon tax would mean to them. This is a company that employs about 600 people, a fairly large-scale manufacturer in the forging industry. At the time of the 2011 election, they figured it would cost \$9,000 per employee for the carbon tax that was being proposed during that election. This meant that they had a critical decision to make, which was either to expand in Canada or to move to Michigan, and there were two other locations they could move to.

I look at the aggressive pricing you've put on carbon here, and the other things. Have you looked at the impact on companies and communities like mine that would lose 650 jobs overnight if that happened?

Ms. Annie Bérubé: I would point to the experience in British Columbia. As you know, they have a carbon price that is currently at \$30 per tonne of CO₂. It's been in place since 2008. Some really strong economic data that was published this year on energy policy looked at the effects of the B.C. carbon tax on employment. That has shown a very minimal effect on the province; in fact, the province has enjoyed economic growth similar or equivalent to the rest of the provinces in Canada, and about 10% of British Columbia's greenhouse gas emissions reduction can be attributed to the tax.

Our recommendation to alleviate any potential impact on employment is to make sure that the tax is gradual. We would see a national carbon pricing standard starting at \$30 per tonne, like British Columbia, and increasing over time, making sure that it's a very transparent timeline so that industry can adjust.

There has been some concern by several industrial sectors about potential interprovincial competitiveness issues. We're very aware of that. That's why we say it's critical that the federal government show leadership and ensure there is a consistent carbon price across all provinces and territories.

You'll note in our recommendation for a national carbon pricing standard that one of the principles we want to see implemented in all provincial and territorial carbon pricing regimes is that there be funding allocated from the revenues to the transition and retraining of the workers affected by the transition to the low-carbon economy.

• (1330)

Mr. Phil McColeman: Your plan involves foreseeing that there is going to be displacement of certain industries.

Ms. Annie Bérubé: Yes, exactly.

Mr. Phil McColeman: Certain industries are just going to pick up and leave because they cannot be competitive on a global basis, and —

The Chair: You'll have to leave it there, Phil. We're over the time. We have six-minute rounds this time.

Mr. Caron.

[*Translation*]

Mr. Guy Caron: Thank you very much, Mr. Chair.

I thank all of the witnesses.

I will begin with Mr. Obed and Mr. Chartier.

Your presence here is important. The Inuit and Métis people are indeed a part of the founding peoples. I think they must be considered distinct, not only in terms of issues, but also with regard to the history of first nations in general. It is good for us to be exposed to other perspectives here.

I will begin with Mr. Obed.

Your organization receives operating funds from the federal government, correct?

[*English*]

Mr. Natan Obed: Yes, we receive some core funding from Indigenous and Northern Affairs Canada.

[*Translation*]

Mr. Guy Caron: Have there been cuts to the operating funds you received from the federal government over the past years?

[*English*]

Mr. Natan Obed: Yes, since 2011, 50% of our federal funds have been cut from the organization.

[*Translation*]

Mr. Guy Caron: How much money is that?

[*English*]

Mr. Natan Obed: The core funding from the aboriginal representative organizations fund was a much smaller cut than the Health Canada and other project funding that allowed for Inuit to participate in various projects or work on various issues. I believe we're looking in the neighbourhood of \$2 million in cuts.

[*Translation*]

Mr. Guy Caron: Your organization is fundamental in that it responds to the concerns of the Inuit people and allows them to speak with a common voice.

[*English*]

Mr. Natan Obed: Yes, absolutely. We are the democratically elected representational organization for Canadian Inuit. It fulfills constitutional requirements, the overarching duty to consult. It is the way in which Inuit have chosen to mobilize and to interact at the national level with the federal government, yes.

[*Translation*]

Mr. Guy Caron: Mr. Chartier, I would like to ask you the same question. Does the council also receive federal funding?

[*English*]

Mr. Clément Chartier: Yes, that's correct. We also experienced the same diminution of funding. For example, in 2008 we had about 30 staff, and today we have about seven.

[*Translation*]

Mr. Guy Caron: Your organization also allows the Métis from all over the territory to speak with one voice, does it not?

[*English*]

Mr. Clément Chartier: Yes, that is correct, but we have five governing members from Ontario west. They deliver the programs and services on the ground, such as the federal assets program and programs received from the provinces. At the national level we're the policy body that interacts on an intergovernmental basis with Canada and the provinces, and also internationally. Yes, we represent the historic Métis nation.

[*Translation*]

Mr. Guy Caron: Would you say that the cuts you have been subject to these past years greatly hampered your capacity to do your work in an appropriate and effective manner?

[*English*]

Mr. Clément Chartier: Well, yes, certainly it has, on all levels. In particular, for example, on international matters, we continue to be involved when it comes from our pockets. Nationally, we have, of course, been severely cut in our ability to marshal the forces that are required to put forward a strong position.

I believe things are better. With the previous government, we did have a process on economic development and we were having a bit of progress there, so it wasn't all lost. We did have some progress.

• (1335)

[*Translation*]

Mr. Guy Caron: And does that apply to you as well?

[English]

Mr. Natan Obed: Yes. In our organization, we have four land claim regions that have their own processes. At the national level, we've created a system in which, on technical issues, we bring representatives from each of those four regions into the same room to then inform the way in which our positions, as the national organization, are structured and finalized. We've had to virtually suspend all of those processes that would allow for Inuit from the four different regions to provide one voice with which to then speak to government.

There's a very huge utility in ensuring that any programs or services that government offers to Inuit are informed by Inuit from across Canada in one particular voice. Otherwise the programs and services, or the policies that are created, are not done in a way that Inuit would like, and they also aren't informed by what would actually work for Inuit in *Inuit nunaat*, in our regions.

[Translation]

Mr. Guy Caron: Thank you very much.

[English]

The Chair: You have one minute left, Monsieur Caron.

[Translation]

Mr. Guy Caron: Thank you, Mr. Chair.

My last question is addressed to Mr. Chartier.

The events in La Loche were extremely tragic for the first nations, Métis and Inuit.

Does your organization have some concrete proposals to make to the government to improve the situation and to see to it that young people in aboriginal communities feel that they have a future?

[English]

Mr. Clément Chartier: That question actually hits quite close to home.

My granddaughter is a grade 10 student at the school. She happened to be outside the school, so that was fortunate.

The community itself is a historic Métis community. Unfortunately, the press and politicians who covered it viewed it as a first nations community. We're beginning to reverse that.

Minister Bennett was up there last week, as was I, addressing and meeting with the Métis community. Next week, an official from her department and I will be there again. We're looking at ways and means to get the community back, involved and working within the Métis Nation governance structure. Part of it is because of the weakness of the provincial body at this time, but that's being corrected as well.

There is a plan in place to begin addressing those issues. I know that the federal Minister of Health, who was there with the Prime Minister, agreed to put aside the jurisdictional barriers and to treat the Métis in the village the same as they would first nations people, in terms of the services provided by the First Nations and Inuit Health Branch.

Things are beginning to take place. It will be a long process, but we are encouraged that things will be looked at, that it won't be just a

one-time visit and people will be forgotten. I'll ensure that doesn't happen, in any event.

The Chair: Thank you, Mr. Caron and Mr. Chartier. I think you can be assured that all members of the committee would pass on their regards with respect to that tragedy.

Mr. Maloney is next.

Mr. James Maloney (Etobicoke—Lakeshore, Lib.): Thank you, Mr. Chairman.

Thank you all for being here today.

My first question is directed to Mr. Mueller and Ms. Bérubé, although the rest of you are welcome to comment on it.

I think we're at a stage finally where green energy and environmental issues are understood and recognized by everybody to be important. People ask me what issue is important. I always tell them to ask a 15-year-old, because 15-year-olds have a better sense of things and they're not tainted by divisive political gains. That, I think, is what Mr. McLellan was referring to.

Recognizing the importance of the initiatives the two of you are talking about—and I assume they're set out in the materials—my sense is that there's a perception with the public and in some circles that green energy costs money. Can you help us, help me, understand a way that we could explain to people that it doesn't always cost more money or have to cost more money, and help us with some messaging? What happens if we don't follow through on these types of initiatives you're talking about?

● (1340)

Mr. Thomas Mueller: Thank you. That's a very good question.

I have to comment from a buildings perspective, and it's an infrastructure perspective as well.

We need to design our overall system a lot more efficiently, because simply replacing the energy that's based on fossil fuel now with renewable green energy would not be an easy transition. Basically we need to bring down the end use of the energy we're using. It's not just on a building to building basis; it's also the infrastructure we're providing to provide clean energy. I think there's enough evidence out there now, again depending on the region of the country and what form of energy they use. For example, a geothermal system, which is considered to be a green form of energy, has been used widely in building projects in Canada quite successfully. Business cases show there are very favourable paybacks. The costs of solar voltaic panels and building integrated photovoltaics have come down so significantly that the business case is becoming a lot stronger.

We also have to think about the fact that energy investments are long-term investments. Over the long term they will certainly pay back. We have to think about infrastructure, and these are meant for the long term. I think the business case is getting stronger and stronger as the economies of using those types of technologies increase. Again, it needs to go hand in hand with efficient infrastructure and a very efficient new and existing building stock. If we don't do it, I think we will not be the ones who reap the benefits from reducing our carbon output. It will be two or three generations later.

However, I think we have a responsibility, and I would say more responsibility, to look at all options to reduce our carbon output. As you know, the natural world is already changing, and we are already paying for the effects of climate change in terms of infrastructure, insurance rates, and so on.

Thank you.

The Chair: Ms. Bérubé.

Ms. Annie Bérubé: With regard to your question that green energy costs money, traditional fossil fuel energy costs money, but the taxpayers and the public foot the bill. I'm an economist by training, and we talk about market externalities. We pay for our carbon emissions through the impacts of climate change in the communities—the flooding, the extreme weather that's only going to get worse for the next generation, the impact on air quality, and the adverse health effects—so our current energy system is extremely expensive. It's not just the consumer who's paying the bill; it's the taxpayers and the public overall. We need to recoup those externalities.

I would echo the previous comment that renewable energy technologies are currently becoming market competitive. Solar panels have gone down in price. Canada is about to miss the boat, if we don't make this transition right now. It's an economic imperative. It's the Royal Bank telling us that. It's Bloomberg Finance telling us that. It's no longer Greenpeace or the David Suzuki Foundation. China is the single largest investor in clean energy technology right now, and Canadian companies need to grab our rightful share of that global clean energy market if we don't want to miss this economic opportunity.

The Chair: Mr. Maloney, it had better be a very tight question.

Mr. James Maloney: Okay, I'll have to pick from one of many, then.

Again, I don't want to pick on the two of you, but you were talking about the construction industry and you were talking about private landowners. What incentives would you suggest are appropriate to get construction companies and landowners to buy into what we need to do here?

Mr. Thomas Mueller: I think it depends on the sector of the construction industry.

For example, developers that build market-based housing—we see a lot of construction in major cities such as Toronto, Vancouver, and so on—need third-party financing to pay for the costs of energy improvements in their buildings. They build and they sell and they have very little interest in investing in something when they really don't have a payback in that sense. The payback or the benefit goes to the tenant.

In that sector the investment would really be providing the opportunity to finance the energy improvements in that building by a third party. It could be a utility or it could simply just be an investor. There is a business case in how these energy systems and these designs are paying back over time.

On the commercial side, I think it's not so much an incentive in terms of money, because the commercial sector is already quite involved and is already showing some leadership in making improvements to both new and existing buildings. That sector is

really showing quite a bit of leadership, mainly driven by institutional investors and pension funds in Canada.

If you go down from a class A building to a class B or C building, these are the ones that actually need to be incentivized, and again it's financing in terms of loans to make the improvements to the buildings, or a tax exemption, because if you invest in your building you have a better building, but at the end of the day you pay more taxes because you have a better building. Therefore, you pay for the improvements and then you pay for the tax.

The federal government and the provinces are in a position to use some of the existing mechanisms to provide incentives to the sector to invest in energy efficiency and low-carbon buildings, and then also to create a favourable business model for a building that's less capitalized to derive some benefit from that.

• (1345)

The Chair: Thank you, Mr. Mueller.

Mr. Liepert.

Mr. Ron Liepert: Mr. McLellan, I just wanted to explore something with you that you touched on very briefly.

There's probably no province in the country that relies on our transportation infrastructure more than Saskatchewan. We have heard a lot from the government about spending money on infrastructure. We've also heard a lot of requests, and I'm sure we're going to hear a lot more about spending money before these hearings are concluded.

You touched briefly on the fact that from a Saskatchewan standpoint, pipeline capacity would take away the need to use rail. I'm assuming that because so much oil is being shipped today by rail, pipeline capacity will have an impact on your other commodities that are important to Saskatchewan, such as potash and grain, and I suppose to a lesser degree maybe the cattle industry.

Could you just outline a little bit, without spending very much money—at least government money—how changing what has become a transportation inequity would affect your province?

Mr. Steve McLellan: It would mean great things.

We're a province that's absolutely reliant on exports. We export more per capita than British Columbia and Alberta.

We have to make our entire modal system, our transportation system, more fluid. We would not eliminate the need to put oil on rail by having the pipelines, but pipelines would reduce the impact dramatically, and I would encourage, as I've indicated, the quick approval of the Energy East project, for example.

The other reality that I think we need to ask this government to look at is the Canada Transportation Act review that is under way, initiated by the previous government. Many of our organizations in Saskatchewan, including our provincial government, have put in submissions. There are some legislative changes that need to be done to enhance that system as well.

I think there also needs to be some consideration given to the port communities and the access to those areas. Living next to a railway line that's increasingly busy is not much fun, I'm sure, and I think that as a federal government, you need to focus on what can be done there, as the provincial government does in British Columbia.

The reality is that in 2013 Saskatchewan had its most successful year. We won a Grey Cup and we had a bumper crop. Subsequent to that, the only thing that people talked about in the winter of 2014 was the Roughriders win.

I don't use that as an excuse to make reference to it again, but I do make the point that we had a crisis in our agricultural sector. Our federal and provincial governments sort of poked the rail lines, but we took a more tangible action and hired the Conference Board of Canada to do a study to analyze what could be done. We have that available to you all, and we encourage you to have a look at it.

The Chair: Ms. Raitt is next.

Hon. Lisa Raitt: Thank you.

I'm sorry, Madam Bérubé, but I missed some of the presentation for the Green Budget Coalition. I've gone through the document. It's very well laid out indeed.

Do you have the number for the total ask?

Ms. Annie Bérubé: No. We did not do that this year on purpose. We wanted to present options for the new government to deliver the mandate letter, so we did not tally the total funding ask.

Hon. Lisa Raitt: I did, and it's \$3 billion in 2016, and it's \$22 billion over five years.

I would assume you put this forward in a piecemeal...not "piecemeal", but in more of a pick-and-play fashion, where they can see the parts. That make sense.

Ms. Annie Bérubé: Yes.

Hon. Lisa Raitt: You're a group of 16 organizations. Do you come together in advocacy only for this piece, or do you work together on other matters as well?

Ms. Annie Bérubé: Our coalition is strictly for making a submission to the federal budget. I should say, however, that we work all year long. We have a series of consultations in the fall with senior government officials, where we show our preliminary recommendations. We want to make sure they're in line with departmental needs. It's a year-long effort to come to these recommendations.

• (1350)

Hon. Lisa Raitt: I guess, as the manager, you would know the total revenue you have as a line item to pull this together. How much do you spend in putting this document together over the year?

Ms. Annie Bérubé: We spend about \$100,000 a year. It's a very small budget.

Hon. Lisa Raitt: Okay.

Thank you very much.

The Chair: Thank you, Ms. Raitt.

Before I turn to Mr. Sorbara, I have a question for Mr. Laycraft.

In your presentation, you talked about value-added processing. Coming from the agriculture sector, I'm told that because some of the international slaughterhouse companies can't get labour to run slaughter lines 24 hours a day, they're actually electing to ship cattle to facilities in the U.S.

Do you know if that is happening? If it is, what is the impact on the economy, and what's the solution? I mean, we need the jobs, the stimulus, and the value-added in Canada. What's the solution there?

Mr. Dennis Laycraft: We're about 1000 employees short in our large plants. Two companies that I'm talking about in the beef industry process about 85%, but if you go to Prince Edward Island, they're concerned there as well with island beef and maintaining the workforce there.

What happens is that we'll send some live cattle south as a result of that, but more often than not, it's product that you might further process into consumer-ready product. Rather than doing that, we're just exporting it as a bone-in product, because it takes less labour to export it either like that or as what's called a subprimal, a large cut, that you haven't made into products in consumer-sized portions. We'll export that rather than do the value-adding here. That happens on a regular basis.

This past fall, one of the companies said they had a choice: they could do the consumer portioning work at the plant or they could reduce the number of animals they were processing, because they'd have to take off one line. They don't have enough employees for both lines. That's a real problem that we're seeing today.

The Chair: Thank you.

Before I forget, Mr. McLellan, if you give the report on the railway tie-up, etc., to the clerk, she can distribute it to the committee.

Mr. Sorbara.

Mr. Francesco Sorbara: Thank you, Mr. Chair.

Actually, Mr. Laycraft, to go from what the chair said, my understanding is that the labour market shortage impact in your industry is also impacting industries in eastern Canada, whether it's processing fish or picking potatoes, which are some of the seasonal industries. If you had to put this on a scale of one to 10, where are we in terms of this being a problem, and where do we see ourselves on this issue a year or two from now?

Mr. Dennis Laycraft: On the first comment, yes, we're hearing this from every plant we're talking to in Canada. We're hearing from other sectors, such as the pork and seafood industries, that it remains a challenge. In the longer term, they would prefer to get to the point where they can start double-shifting again. You can really get a lot of efficiencies when you do that.

With the current economy, it's probably dropped down to an eight in importance, but that's still pretty important. A year ago, we probably would have had it up at the nine level in terms of being one of the major constraints. For me to give a nine to something—that's about as high a level as you can give it.

Mr. Francesco Sorbara: This question is for the gentlemen from the indigenous communities.

I had the pleasure of growing up in northern British Columbia with a very large aboriginal population, some of whom were my best friends in the community I grew up in. I'd like you to say two or three things about how we can get indigenous youth across Canada to be involved in the trades and skills. In my humble opinion, they are a vastly untapped, fantastic resource that we need to have participate in our economy. I would love to hear your thoughts on that.

• (1355)

Mr. Clément Chartier: Thank you for the question.

We are currently involved in the ASETS program, which is a training and employment program. It's been very successful in our Métis communities. We believe that it's the right step, but it needs to be increased and expanded.

Also, in terms of the Métis, we don't have access to post-secondary education services from the federal government, but as I mentioned, there was a promise in the campaign of \$25 million. Actually, it's not for that; it's for economic development, which is also going to be helpful in this connection. There is also a promise to enhance the scholarships and bursary programs that we currently have through the ASETS program with universities and colleges in western Canada. That would be another step forward.

I believe that an enhancement of economic development, the bursaries program, and the ASETS program would significantly increase our opportunities in that sector. Ensuring that industry doesn't just pay lip service to the Métis when it comes to the duty to consult and accommodate would also be important for the Métis, because they don't view us as rights holders, and the federal government doesn't really step forward and ensure that we are engaged to the degree that we should be. There's a combination of these things, but it's something we look forward to working out with the new government.

Mr. Francesco Sorbara: The cost of solar power has declined drastically in recent years. Where are we on the technology side in being able to store renewable energy? Has the cost of solar power declined to a level where potentially subsidies aren't needed anymore?

Ms. Annie Bérubé: I would answer that question by saying that we don't have a level playing field in Canada when it comes to energy investments. That's because the federal government continues to offer tax preferences to oil and gas and natural gas that are not available to the rest of the energy sector, so it's very unfair and challenging to compare the cost of energy in Canada, given that these tax preferences and these tax credits remain. This is why I recommend phasing out those tax preferences to oil and gas and natural gas industries, which are critical, and then you'll see a level playing field when it comes to investments in clean energy and clean technology.

With regard to the cost of solar panels themselves, I couldn't give you a figure right now, but we have some experts who could get back to you on that.

The Chair: Thank you.

Ms. Raitt, we have only about three minutes.

Hon. Lisa Raitt: Thank you very much, Mr. Chair.

This question is for the Saskatchewan Chamber of Commerce and the Cattlemen's Association.

Could you give me an understanding of the importance of the strength of the United States' economy to the businesses that you represent? We're going to be looking at growth in this country based upon the fact that the U.S. is going to be bouncing back a little bit faster and a little bit harder on the consumption side, quite frankly. How important is that growth to what you're going to be seeing in your communities? As well, if they don't do that, given the election year and given that we don't quite know what's going on, if their growth does sputter, what does that mean to you?

Mr. Steve McLellan: From a Saskatchewan perspective, it's absolutely critical, not only for potash but also for oil and for some services. In the fall of this past year, we co-hosted a Saskatchewan-U.S. trade summit. North Dakota has a 2% unemployment rate right now. They're in the black and they're heavily invested in oil. It's absolutely critical for that economy to continue, and we celebrate it every single day. We also have some advantage with the dollar right now. We're not celebrating the dollar, but it's an advantage when we're selling into that area.

Hon. Lisa Raitt: Thank you very much.

Mr. Dennis Laycraft: Canada and the U.S. have the largest two-way trade of any two countries in the world in agri-food products, so it's extremely important to our industry. Half of our production is exported, and close to 80% of our exports go to the U.S. They're the world's largest beef market on a per-value basis, so whatever occurs down there does have an impact on our prices.

At the same time, I'll go back to the other things that are starting to come into play as we start to see the growth through TPP and the reduction in tariffs in Japan. It isn't an isolated economic condition around the world. As we, hopefully, get the opportunity for preferential access under CETA and get those issues resolved, we'll see the tariffs reduced.

There are also the hidden gems of Vietnam and other countries. South Korea has expressed an interest. Those will all diversify our ability, but they'll also strengthen U.S. markets, so we get a win-win out of that. A stronger U.S. market and stronger demand for Canadian beef is the ideal situation for our industry moving forward.

• (1400)

The Chair: We will cut it off there.

I wish to thank all the witnesses for coming in on a very tight time frame.

I remind committee members that we start at 3:30 p.m. sharp in room C-110, 1 Wellington Street.

The meeting is adjourned

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