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Chair

The Honourable Wayne Easter

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● (0850)

[*English*]

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

Today will be another set of hearings under Standing Order 83.1, pre-budget consultations in advance of the 2019 budget.

I want to thank all of the witnesses for coming and also thank those who have submitted submissions. Members have them on their iPads and they may be referring to their iPads. They're not playing games on their iPads; they're looking at those submissions—we assume.

Anyway, welcome.

We'll start with Canada Without Poverty and Ms. McLachlan and Ms. Biss.

Ms. Harriett McLachlan (Deputy Director, Canada Without Poverty): Good morning and thank you for the opportunity to address this committee.

My name is Harriett McLachlan and I am the deputy director of Canada Without Poverty. As you just said, I am joined today by Canada Without Poverty's legal education and outreach coordinator, Michèle Biss.

For those of you who are not aware of our organization, Canada Without Poverty is a non-partisan, not-for-profit and charitable organization dedicated to ending poverty in Canada. For nearly 50 years, Canada Without Poverty has been championing the human rights of individuals experiencing poverty, and for our entire existence, our board of directors has been comprised entirely of people with a lived experience of poverty.

As this committee knows, to relieve poverty in Canada we must identify and address systemic discrimination against people in poverty. The best way to do so is by hearing directly from those with a lived experience.

We approach poverty from the perspective that as a signatory to the sustainable development goals, the International Covenant on Economic, Social and Cultural Rights and other human rights treaties, Canada is obliged under international human rights law to meet the rights to housing, food, work, health and an adequate standard of living.

It will come as no surprise to those on this committee that poverty is a significant problem in Canada. Consider the numbers. According to the low-income measure, 4.8 million people live in poverty, including 1.2 million children. Poverty, homelessness and food insecurity disproportionately impact marginalized groups across the country, particularly persons with disabilities, single parents, women, racialized persons, indigenous peoples, and LGBTQ2S youth.

You are also no doubt aware that high levels of poverty, food insecurity and inadequate housing significantly impede Canada's economic growth. Socio-economic disparities account for 20% of total annual health cost spending and poverty has been consistently linked with poorer health, higher health care costs, greater demand on social and community services, reduced productivity and diminished educational and economic activity and output.

Ms. Michèle Biss (Coordinator, Legal Education and Outreach, Canada Without Poverty): Eradicating poverty is key to strengthening the Canadian economy and increasing competitiveness. It is also crucial to advancing gender equality and women's empowerment, central pillars of Canada's G7 presidency.

As the government considers a senior engagement strategy between civil society and indigenous groups to ensure that we adhere to our obligations under international covenants, we urge this committee to take very seriously the need for a robust democracy. We recommend three immediate steps the government can take to embrace inclusion and innovation in budget 2019.

First, in keeping with the United Nations sustainable development goals as well as recommendations from many United Nations treaty bodies and the universal periodic review, we recommend that Canada prioritize its first poverty strategy, “Opportunity for All”, at all levels of decision-making. Building on the government's announcement in August 2018, we recommend that this strategy be backed by investment in budget 2019. Additionally, this strategy should be supported by human rights-based legislation to be tabled this autumn, and develop claiming mechanisms for systemic discrimination for people living in poverty.

Second, we recommend that budget 2019 develop a national affordable child care framework to establish human rights standards for all levels of government, which would include an increase of federal spending on child care, with the ultimate goal of achieving the international benchmark of spending at least 1% of gross domestic product on early childhood education and care by 2020.

Third, while this government has at times lauded the value of Canada's civil society organizations at events like the W7, the on-the-ground reality is that organizations led by women, particularly those from marginalized communities who do essential work for underserved groups, face significant funding and resource challenges. Therefore, we recommend that Canada invest in women's grassroots organizations to ensure inclusivity and a more robust civil society.

We further suggest that the government track core funding for organizations composed of and led by women from diverse and marginalized communities to ensure it continues to grow in line with gross domestic product.

We look forward to answering your questions in this regard.

Thank you.

● (0855)

The Chair: Thank you very much.

Next we will hear from the Canadian Centre for Policy Alternatives, Mr. Bleyer.

Welcome, Peter.

Mr. Peter Bleyer (Executive Director, Canadian Centre for Policy Alternatives): Thank you, Mr. Chair, and thank you for the opportunity to present our recommendations today.

The Canadian Centre for Policy Alternatives is Canada's leading progressive policy research institute. We produce the research and analysis necessary for policy-makers, activists and everyday Canadians to work towards a more equitable, sustainable and just future.

According to the big business lobby, the most pressing threats to Canada going into 2019 come from uncertainty in our trade relationship and our relative tax competitiveness with the United States, and the effects of burdensome regulations on lagging productivity. Are these really the biggest challenges facing Canada today?

The reality is this: Canadian economic competitiveness is threatened far less by corporate tax and regulatory changes south of the border than it is by climate change, persistent inequality, and dramatically underfunded public services and social programs. Canada stays a desirable place to do business to the extent that we have a healthy, well-educated population, a skilled workforce, a cohesive society and liveable communities. We can improve our competitiveness by continuing to invest in our people and our communities.

Let me highlight a few key recommendations from the alternative federal budget we released yesterday.

First, given the changing nature of work in a fast-evolving economy, this budget needs to make lifelong investments in Canadians to set them up for success. Employment insurance needs a fundamental rethink to address a changing labour market and income inequality. Setting a universal EI entrance requirement of 360 hours makes sense, given the prevalence of part-time and precarious work, as does a minimum benefits floor and doubling the length of EI sick leave.

[*Translation*]

We need a new policy framework for post-secondary education that expands access to higher education and training by eliminating tuition fees.

And we need to correct Canada's relative underinvestment in skilled trades apprenticeships and adult education.

[*English*]

Second, competitiveness depends on the resilience of Canadian communities and workers in the face of climate change and stronger action to lower emissions. Canada needs a national decarbonization strategy to meet our Paris Agreement commitments and to future-proof our economy. A strategic investment of a billion dollars in training could ensure a supply of skilled workers for new jobs in the clean economy, and a sustainable infrastructure transformation fund would inject $6 billion into high-speed rail, clean electricity and other key infrastructure.

Third, the budget needs to invest in public services that support a high quality of life and a well-functioning economy. For example, the last budget's commitment to pharmacare is a historic opportunity. Canada's current multi-payer drug coverage is among the most expensive in the world. Implementing a national universal single-payer pharmacare plan could create annual savings of up to $11.5 billion across the entire economy.

[*Translation*]

Most countries spend at least 1% of GDP on childcare, but Canada trails at 0.3%. No government serious about gender equality or economic growth can stall on this priority.

These are just some examples of how Canada can become more competitive and a healthier, more equitable society. But they can't be achieved without revenue.

[*English*]

Decades of tax cuts have compromised the fiscal health of government. Federal revenues are now at 14.4% of GDP, much lower than the 50-year average of 16.4%. That 2% gap represents a loss of $46 billion in 2019 alone. Canada does not have a spending problem. It has a revenue problem. The crackdown on corporate tax evasion and tax dodging must continue. It is well past time to close expensive tax loopholes that benefit mainly the wealthiest income earners, including the stock option deduction and preferential taxation of capital gains.

There are options for Canada, and we can afford to act on them. The choices we make today to tackle inequality, implement universal pharmacare and act on catastrophic climate change will determine the sustainability of our society and economy for years to come.

Thank you.

● (0900)

The Chair: Thank you, Peter.

From the Canadian Museums Association, we have Mr. McAvity, executive director, and Mr. Laidler, Museums Foundation of Canada. Welcome.

[*Translation*]

Mr. John McAvity (Executive Director, Canadian Museums Association): Hello, Mr. Chair.

My name is John McAvity and I am the executive director of the Canadian Museums Association.

[*English*]

I am joined this morning by Mr. Bob Laidler. He is a volunteer, one of 115,000 volunteers who work in the museum sector.

Museums are one of the most important valuable assets that unite Canadians. They support Canada on the world stage and build a better nation at home. However, this sector has suffered from numerous funding cuts over the years.

Canada is home to approximately 2,600 not-for-profit museums, galleries, science centres and related institutions. They attract over 75 million attendants each year, and that attendance is going up by some 10%.

The tragic fire at the National Museum in Brazil caught the world's attention. Neglected and underfunded for years, this tragedy forced the government to move quickly due to the public's outcry. That outcry was loud and fierce over the neglect of this precious institution.

Mr. Bob Laidler (Director, Museums Foundation of Canada, Canadian Museums Association): Could this happen in Canada? Yes, it certainly could and has happened in the recent past.

There are numerous cases where museums were damaged by fire, floods and high winds, and we can inform you of these during the question period. Perhaps the most dramatic one was the collapse of the roof of the Art Gallery of Grande Prairie in 2006. Thanks to the fast thinking of the director and the staff, the visitors and schoolchildren were evacuated minutes before the roof collapsed, destroying the building and much of its collection. This was a designated heritage site.

We cannot avoid all tragedies, but we can be better prepared to ensure our cultural buildings and repositories are not neglected.

Mr. John McAvity: On Tuesday of this week, your colleagues on the Standing Committee on Canadian Heritage released a long-awaited report on the state of Canadian museums. It took two years to complete, and contains 15 significant recommendations to move forward and address the issues of the museum sector. We urge you to take these recommendations into consideration for budget 2019. Their recommendations are, in fact, parallel to the ones that we have made to you in our brief.

According to the Department of Canadian Heritage, some 38% of museums are in poor or out-of-date buildings. Leaky roofs, improper or out-of-date fire systems, and inadequate environmental controls abound. In addition, lack of federal leadership in this sector has resulted in many other issues, including a serious decline in scholarship, care of collections, conservation and other back-of-house responsibilities.

Museums are not just about the collections of valuable artifacts, works of art and specimens. They are about far more than that. They are about building a better society and nation. In short, these institutions bring out the best in people. Museums are at the heart of Canada and at the heart of their communities. They welcome everyone and address contemporary issues through a historical lens, and vice versa. They bring people together and build awareness, appreciation and understanding.

Mr. Bob Laidler: Museums contribute to the economy and the tourism industry. Over 60% of all our international visitors attend museums. Museums are catalysts for creative hubs, a collaborative community building upon its ability to stimulate creativity, innovation and business development and to build a culture of success and prosperity.

The CMA is named in the TRC call to action number 67, which calls for the complete review of museum practices and policies. We have established a special reconciliation council composed of 15 respected individuals—with a majority of indigenous descent—to address this review.

In addition, before the House is Bill C-391, which calls for a national strategy on repatriation. We have supplied a comprehensive brief to you, based on extensive consultations. These are based on several main pillars of support: reconciliation, digitization, social inclusion, diversity and financial stability.

Mr. John McAvity: Federal funding for museums has declined significantly over the years. The main funding mechanism, the museum assistance program, was started in 1972 with a budget of $7 million per year. Today, 46 years later, that budget is about $6 million—less than in 1972. If it had kept pace with inflation, it would be at approximately $40 million today. That program is underfunded, out of date, difficult to access, and is unable to meet the needs of the sector.

There is a serious decline in research, conservation and travelling exhibitions at our museums. In addition, valuable support agencies such as the Canadian Conservation Institute and the Canadian Heritage Information Network have suffered major losses in funding.

Meanwhile, the federal government has done an impressive job with many of the needs in the arts sector, such as the CBC/Radio-Canada, the Canada Council for the Arts, the National Arts Centre and the film industry, among others. Museums have not been addressed for many years, and it's time to do so now.

Thank you very much.

● (0905)

The Chair: Thank you both.

Turning to MNP LLP, we have Ms. Lidder, senior vice-president, and Ms. Drever.

Welcome.

Ms. Amanjit Lidder (Senior Vice-President, Taxation Services, MNP LLP): Good morning, Chairman and members of the finance committee. Thank you for inviting us here today.

Let there be no doubt, our economy and our businesses are facing significant headwinds. Canada's competitive landscape has dramatically changed. Canadian capital and skilled labour are leaving. Foreign investment is on a dangerous downward trend. This is not ideological. This is not partisan. This is our reality.

The mandate of this committee is a significant one. It will require meaningful consultation and bold, decisive leadership. We truly appreciate being part of this process.

Kim and I are partners with MNP. For the last 60 years, MNP has been dedicated to our clients' success. Today, we proudly serve and respond to the needs of more then 150,000 private enterprises and small businesses and 16,000 farms throughout this country. We are the third-largest tax filer in Canada.

We are here to present MNP's 10-point, made-in-Canada action plan for competitiveness and growth. These tax proposals are pragmatic, targeted and actionable today. Like all of you, MNP believes that the Canadian economy is at its strongest when middle-class families, entrepreneurs, small businesses and farmers thrive. It's important to remember that small businesses, those with fewer than 50 employees, contribute one-third of our national GDP.

We acknowledge tax competitiveness as only one factor that a business will consider when making investment decisions. However, it is a significant one that drives individual behaviour. All too often we consider the tax rate in a vacuum. Taxes paid are a result of two components. The tax rate must be considered in tandem with the computation of income, and our plan looks at both.

To address global competitiveness, reduce the combined corporate tax rate from 27% to 20%, one point lower than the U.S., and reduce the combined personal tax rate to below 50%.

Increase the top personal tax bracket. The U.S. top rate starts at $500,000, a $300,000 advantage compared with Canada. Increase taxable capital limits to account for inflation. We believe that there is a better way to encourage and support entrepreneurship and balance the risks and rewards of starting a business. The cumulative effect of the tax changes over the last five years has left private companies with less incentive to grow their businesses, or even to remain open.

To address tax barriers, simplify tax compliance for entrepreneurs and small businesses so that it is fair, predictable and certain—the tenets of sound tax policy. To increase capital investment, allow for a 100% writeoff of capital cost allowance and capital asset purchases. To foster entrepreneurship, increase the threshold for passive investments held inside small businesses. Make education more affordable for all families. Allow full tuition credit transfers to parents with children in universities, colleges and technical schools. Many families need this to send their kids to school.

Let's talk about family succession. Currently, family businesses face a bias to sell their business to a third party. This is because there is an inherent double tax on succession within a family. This double tax goes away when the business is sold outside of the family. To foster entrepreneurship, allow small business rollovers to keep private businesses within the family. Allow families to use their lifetime capital gains exemption in a bonafide succession, without harm to the next generation. There have been calls for a death tax, or an inheritance tax, by some. The fact is, Canada already has one. This tax causes hardship for many families, as taxes are levied without cash proceeds. We see many families forced to sell.

MNP's 10-point action plan is a starting point to achieve tax competitiveness. We urge this committee to recommend a made-in-Canada approach to restore our ability to compete worldwide.

Thank you for your leadership and your time.

Kim and I look forward to your questions.

● (0910)

The Chair: Thank you very much.

Next we have, from Mortgage Professionals Canada, Mr. Taylor, who is president and CEO, and Mr. Kerzner, past chair, board of directors. Welcome.

Mr. Mark Kerzner (Past Chair, Board of Directors, Mortgage Professionals Canada): Thank you, Mr. Chair.

Good morning, ladies and gentlemen.

My name is Mark Kerzner. I am the immediate past chair of the board of Mortgage Professionals Canada. Along with me is Paul Taylor, who is the president and CEO of Mortgage Professionals Canada.

Mortgage Professionals Canada is the national mortgage industry association representing 11,500 individuals and 1,000 companies, including mortgage brokerages, lenders, insurers and industry service providers. Our members make up the largest and most respected network of mortgage professionals in the country, whose interests we represent to government, regulators, media and consumers. Together we are dedicated to maintaining a high standard of industry ethics, consumer protection and best practices.

The mortgage broker channel originates more than 35% of all mortgages in Canada and 55% of mortgages for first-time home buyers. That equates to approximately $80 billion in annual economic activity.

With this diverse and strong membership we are uniquely positioned to speak to the issues impacting all aspects of the mortgage origination process. We are pleased to lend our collective membership's recommendations for how the 2019 federal budget can ensure Canada's competitiveness and help grow the middle class. We have previously provided a written submission outlining nine recommendations that, if implemented, would strengthen the middle class, the Canadian economy, and increase competition within the Canadian mortgage market.

This morning we will outline just some of those recommendations.

First, the government should implement an exemption to the guideline B-20 stress test for mortgage holders who have completed and met their obligations of their original mortgage term and who wish to switch to a different lender upon renewal. Additionally, individuals who need to port their mortgage to a different property should also be exempted if no additional funds are required. We propose that a technical adjustment be made for consumers who have a proven history of credit worthiness evidenced by paying all obligations as agreed through their original mortgage term period, exempting them from stress test qualifications when they port their mortgage or when they renew their mortgage to a different lender.

These individuals are responsible borrowers who have a proven track record, have not accumulated additional mortgage debt and have prudently managed their financial obligations. They are not the high-risk borrowers the government is concerned with. Restricting these individuals from accessing competitive mortgage rates from other lenders at renewal time only serves to ensure more Canadians are paying higher interest carrying costs than they otherwise could be.

The next recommendation is to adjust the November 30, 2016, change to allow for refinances to be included in portfolio insurance up to a 75% loan to value. This adjustment would alleviate some of the competitive disadvantages the recent changes place on many non-bank lenders. With this amendment, which could be made with a simple technical clarification document rather than an official announcement, non-bank lenders would be better positioned to adjust to the other required changes while remaining adequately capitalized. This adjustment would also ensure greater marketplace competition by assisting smaller lenders to fund their mortgages and would positively benefit competition within the mortgage market.

This would only account for a small portion of the recently seen 76% reduction in government-supported portfolio insurance, and would keep intact the integrity of the vast majority of mortgage insurance changes.

The next recommendation is for both insured and uninsured mortgages. It is to decouple the stress test from the posted Bank of Canada rate and instead set it at 75 basis points, or 0.75% above the contract rate. According to calculations conducted by our chief economist, Will Dunning, a 75 basis points stress test achieves an appropriate protection to consumers in the event that rates rise, while not unduly pricing too many consumers out of the marketplace.

It's important that a market-based rate be used to calculate the stress test to ensure the appropriate balance between stability and affordability is found for Canadians. According to our analysis, reducing the stress test to 75 basis points would allow an additional 37,500 Canadian families to qualify for a mortgage each year in today's interest rate environment. Noting that as interest rates rise, as we suspect they may continue to, fewer and fewer people will qualify. Making this minor adjustment to the stress test ensures that the policy intent of the stress test is maintained while improving the competitiveness required to sustain a healthy and robust housing market.

● (0915)

Mr. Paul Taylor (President and Chief Executive Officer, Mortgage Professionals Canada): In our recommendation four, we would recommend implementing an indexation to inflation for the mortgage insurance cap, and also to consider setting regional limits to better reflect localized housing market conditions rather than setting a national standard.

Adjusting the valuation eligibility cap for mortgage insurance would actually help mitigate against the shifting portfolios of mortgage insurers. The new cap removes eligibility for mortgage insurance for a large number of homes in Toronto and Vancouver, which are very liquid markets with high-income and high-credit borrowers. This is resulting in a higher percentage of insured mortgages in illiquid markets that have higher loss rates and weaker income and credit scores. This, therefore, is creating a riskier aggregate portfolio and geographic footprint for mortgage insurers, and it ultimately increases the risk for the guaranteeing taxpayers.

Regionalizing valuation caps and indexing the caps to inflation would allow for a slow, safe increase in the caps for mortgage insurance, while still maintaining the desired policy objective. Regionalizing will ensure mortgage insurers are able to continue to service high-value areas, which, perhaps counterintuitively, are often less risky due largely to the liquidity of those markets, and it ensures overall safer, more balanced portfolios for the insured properties. Without an indexation for inflation, the cap is actually decreasing, in real dollars, the number of properties that can be insured, regardless of what loan-to-value is in place.

Recommendation five, similarly, is to implement an indexation to inflation for the RRSP home buyers' plan limit.

Many young Canadians need to save in order to obtain a down payment—many more, actually, as a result of the recent mortgage insurance changes. In a recent survey we conducted, 48% of soon-to-be Canadian homeowners said they had less than a 20% down payment, and of those, 31% said they would need to withdraw from their RRSP in order to afford their purchase. In addition, 63% of Canadian homeowners said they would have been unable to afford their home without some form of down payment assistance. Indexing the RRSP home buyers' plan to inflation would be a positive way to help many young Canadians use more of their savings to purchase a home, thereby assisting them to reach the middle class.

On the last recommendation today, we would support implementing interest-free loans to municipalities to help develop land to create more supply in the housing market.

Affordability and livability are important to help grow Canada's competitive advantage for human and financial capital. Two of Canada's global cities, Toronto and Vancouver, have experienced rapid price growth over the last number of years, which has created competitiveness challenges in those markets.

The best way to address affordability challenges in Toronto and Vancouver is really through the addition of supply. The federal government is probably best positioned to assist, by providing financing options to the provinces and municipalities to incent development. We believe this can be best done through interest-free loans, potentially through CMHC. This can certainly help with the costly development process and help municipalities ensure that the primary infrastructure is in place in the ground before construction of these residences actually begins.

Thank you very much, indeed, for the opportunity to present the recommendations this morning. We very much look forward to any questions you may have.

The Chair: Thank you both.

I'll turn to Mr. Bergamini, from the National Airlines Council of Canada.

Welcome again.

Mr. Massimo Bergamini (President and Chief Executive Officer, National Airlines Council of Canada): Good morning, Mr. Chair and members of the committee

[*Translation*]

My name is Massimo Bergamini and I am the president and chief executive officer of the National Airlines Council of Canada.

I would like to thank you for this opportunity to appear before the committee during your pre-budget consultations.

● (0920)

[*English*]

As you have our detailed submission, I will focus my remarks on the issues at the heart of the problem. Let me begin by sharing four snapshots of Canada's commercial aviation industry. Each tells a piece of the story that is relevant to your deliberations.

Here's the first snapshot. Our members alone employ over 50,000 Canadians directly and contribute more than 400,000 jobs in related sectors, such as aerospace and tourism.

Here's the second snapshot. Every day, some 300,000 passengers board one of our members' flights to travel for work, visit family or explore our country and the world. To put that in some context, that's almost the equivalent of the population of Toronto—every woman, man and child—boarding those flights every week.

Here's the third snapshot. Over the last decade, the cost of air transportation in Canada has grown more slowly than the rate of inflation. Again, for a bit of context, that's slower than many basic household goods such as coffee, fresh fruit and vegetables, public transit and electricity.

Whether you look at those snapshots individually or as a montage, you see a thriving industry aligned with the realities of modern Canada, moving Canadians efficiently and economically, and creating jobs and opportunities. However, something is not right with that picture. Indeed, for the first time in a decade there are signs of turbulence. Domestic capacity is being reduced. Why is that?

The fourth snapshot completes the picture and brings it into focus. Over the last 10 years, Canadian taxpayers have subsidized marine transportation by over $12 billion and rail transport by some $4 billion. Over the same period, the federal government generated a $2.9-billion windfall from commercial aviation. It would be disingenuous to suggest that federal policies alone are behind the loss of lift that we're seeing for the first time in a decade, but remember how the cost of air travel grew more slowly than the rate of inflation? The cost of a base domestic fare actually decreased.

Simply put, while governments fly first class on the gravy plane, Canadians have been paying the ticket. In general, user pay is a way for governments to allocate scarce public resources more efficiently, or to put a price on negative externalities.

In a country as sparsely populated and as vast as Canada, it would be hard for any government to make a public case that the supply of air transport should be limited. However, when it comes to aviation, what we have in Canada is not user pay but the imposition of sin taxes. Successive governments have literally banked on two myths to normalize this policy: air travel as the preserve of jet-setting elites, and an abundance of transportation options for all Canadians. We're beginning to see the results.

In our detailed submission, we identify some of the more egregious symptoms of this broken policy, whether it's CATSA funding, airport rents or fuel taxes. There's more, though. From the federal carbon tax backstop to passenger rights regulations, federal policies are being developed in silos with no consideration to their cascading impact on our industry, or on the people and communities who rely on air transportation.

Canadian carriers are recognized as among the best in the world. Their success should be recognized as Canada's success. Given the impact of Canada's aviation sin tax policy on individual Canadians, on families, on communities and on the industry that serves them, it is time to replace drag with lift. It's time to stop taxing air travel like a luxury. To put a fine point on it, it's time to stop the gravy plane.

Thank you.

The Chair: Thank you all for your presentations.

We will have time for seven-minute rounds, starting with Mr. Sorbara.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Mr. Chair, and welcome everyone.

I'll start with the Canada Without Poverty folks, and then I have a question for the Centre for Policy Alternatives.

In our fight to eliminate and reduce inequality and to ensure that no Canadians and no Canadian children live in poverty, our government came out several weeks ago with a national poverty strategy, setting hard targets for the first time. This should be known and always viewed holistically. We have the Canada workers benefit, the Canada child benefit and the 10% increase to the guaranteed income supplement for the most vulnerable seniors and most of our single seniors who live in poverty. We have also made a middle-class tax cut that benefited nine million Canadians, among other things.

For the first time in history, a government is coming out and setting hard targets for reducing poverty. Isn't this a good thing? Can you please comment very briefly on that?

● (0925)

Ms. Harriett McLachlan: For sure this is historic. Senator David Croll in 1971 presented a document saying that we have to address poverty, but there are elements of this that are not helpful and that could be improved. We welcome these improvements that have been put forth.

I'll let Michèle address this.

Ms. Michèle Biss: That's a great question. Thank you for bringing up the Canadian poverty reduction strategy. As Harriett mentioned, we're extremely excited about this. This is something that's been called for by civil society for many years. In fact, long before Prime Minister Trudeau issued the mandate letter to Minister Duclos, this is something that civil society was really hoping for. We absolutely celebrated that announcement in August.

You asked for a brief answer, and I will do that. I know there are many other witnesses. You mentioned the target question, and that's a good one. One thing I want to state about this is that there was an overall approach within the strategy, in invoking the sustainable development goals, to reduce poverty by at least 50% by 2030. What's interesting about this is that the goal within the sustainable development goals, goal number one, is to end poverty by 2030. We were actually very much hoping that the goal that would be articulated in the strategy would be that which we asked so many other countries to sign on to within the sustainable development goals. It is true that sub-goal 1.2 is to reduce poverty by at least 50% —that's absolutely right—but we were very much hoping that it would go a bit further.

There are some really excellent pieces within that Canadian poverty strategy. We are very much hoping that the government will continue to go further and in particular ensure, and it's so mindful considering we're talking about budget 2019, that adequate investment will accompany the strategy. Of course, in the announcement in August we didn't see any new policy or funding.

Mr. Francesco Sorbara: Thank you. I'll leave it at that because I do want to move on to the other witnesses. One thing I'd point out is that globally, poverty rates are at their lowest on record and they're falling. It's really important that we get the message out that the poverty rate is going down in Canada and globally. Worldwide, the global economy is actually doing quite well and people are benefiting.

Kim and Am, thank you for coming. It's great to see you. Regarding your 10-point action plan, our study is based on competitiveness. That's the theme we're going for. Yes, the U.S. came out with a number of fiscal measures earlier this year. I think the Bank of Montreal called it Christmastime for U.S. corporations and taxpayers. I think that was the name.

I looked at your list of recommendations. Perhaps I can zero in on a few of them: number two, the accelerated capital cost allowance; number five, full tuition credit transfers to parents of children in post-secondary; and number eight, small businesses. Looking at those three measures, how important or powerful would they be for competitiveness and getting firms to invest in our economy?

Ms. Jennifer Kim Drever (Regional Tax Leader, MNP LLP): For the accelerated CCA, we believe strongly that this would be an important consideration for government at this point in time. It would allow Canadian businesses to replace their property. It would allow them to increase their efficiencies. It would allow them to remain competitive with their counterparts in the U.S.A. We believe in a made-in-Canada approach, but when the U.S. does something as out of the box as accelerated CCA, I think we do have to react to that.

As far as the small business rollovers are concerned, we believe this is a very important aspect for Canadian business if we want to keep Canadian business within the families. Currently there is a bias against transitioning within a family. There is an inherent double tax. The parent will pay tax and the child will pay tax on the exact same value. We think one way to ensure that we can keep our businesses competitive and keep them within the family is to allow for a rollover.

The third one you brought up was the tuition credit. So many families in Canada rely on the tuition credits to help fund the cost of education. With that, currently a child can transfer only $5,000 to the parent. We believe that should be the maximum of the tuition that is being paid. We also believe that the education credit should be reintroduced. It got removed in a recent budget. That is a big part of helping fund the cost of education. It creates an educated workforce and helps with Canada's competitiveness.

● (0930)

Mr. Francesco Sorbara: Paul and Mark, it's great to see you again.

On the two comments you had about the stress test rate, the posted rate, housing affordability is a big thing. It's a big thing for millennials. It's rated as the number one issue for millennials and first-time homebuyers. Could you comment briefly on the current stress test?

Also, in terms of market dynamics, there is a technical issue. When you go to renew your mortgage—not refinance but renew your mortgage—how important for consumer choice and competition is the ability to go to another lender without having to incur the stress test?

Mr. Paul Taylor: Thanks very much indeed for the question.

The stress test is currently at a rate of 2% above posted. I'm oversimplifying it, but essentially if a contract is issued today for a five-year term at around a 3.5% rate, people have to qualify at a 5.5% rate. The logic is that you can ensure you can manage the payments if interest rates rise over time in the future.

Interest rates have risen across the last year—there have actually been four increases—so we're about a percentage point higher organically in the market now than we were at the time the stress test was introduced. The longer the stress test stays in place without some adjustment, the more people you're actually pushing out of the marketplace.

First-time buyers—young middle-class Canadians—are already having an incredibly difficult time getting the first foot on that first rung of the ladder. I think it's probably really incumbent upon government to start taking a look seriously at reducing that. The housing market numbers across the last year have been a whole lot slower than even average transaction numbers. We can see that there are a number of first-time buyers and also traditional move-up buyers at the bottom of the ladder who are having a hard time moving forward. Growing families need an extra bedroom, etc. That stress test creates a pretty significant reduction in overall borrowing power, so we really do recommend a reduction of that.

To the other question about moving at renewal time without having to requalify, I think it just makes good sense from a competitive market standpoint. I don't think lenders are incented to offer their most competitive rate at renewal if they understand that there's a hurdle for consumers in their ability to take that loan somewhere else. We see—Mark can probably comment first-hand—that oftentimes it's advantageous to an individual to take that mortgage to a different lender at that five-year point. I think the policy, while well intentioned—to ensure that people didn't get stuck—has actually had the reverse effect and has trapped a few people at a higher interest rate than they otherwise would have had.

Mr. Francesco Sorbara: Thank you very much.

The Chair: Mr. Richards.

Mr. Blake Richards (Banff—Airdrie, CPC): Thank you.

I appreciate all of you being here. I'll try to get in some questions for at least a few of you.

I'll start with MNP. You have provided us 10 recommendations in a 10-point action plan for competitiveness and stimulating growth. I think that's a very key area for recommendations to be made in. We thank you for that.

What we've heard—or at least what I've heard many times—is that while Canada seems to be going in one direction in terms of moving towards more regulation and more taxation, we're seeing our neighbour and our biggest competitor and ally, the United States, going in the opposite direction. There seems to be less taxation, with less regulation, and therefore, there seems to be a lot of business owners who are looking at moving businesses into the United States, away from Canada, if it's a possibility for them. This takes jobs away from Canada into the United States as well, obviously.

I want to first of all get your comment on that. Do you see that phenomenon occurring? Do you believe that the plan you've put forward here will have some impact on reducing that fleeing from Canada to the United States? Also, will it make us more competitive against the United States?

● (0935)

Ms. Jennifer Kim Drever: For your first question, whether we see our clients considering moving, and/or moving to the United States, we absolutely do. There is a cumulative effect of a lot of changes over the last five years, let's say, that have made it harder to compete in Canada. Some of those are regulations. Some of those are tax motivated. We have clients right now who are moving manufacturing operations south of the border.

Tax is a concept of two things: a computation of the income, and also the rate. Our computation of income is not competitive and our rate is not competitive. We layer two issues on top of each other, which is making it less profitable to do business in Canada, and less likely we'll be able to compete with our neighbours south of the border.

There is also an issue in the United States right now with the rise in the made-in-America approach. Some of our clients are trying to access the ability to say that they are made in America, versus made in Canada.

But the rate is very significant. We strongly believe that the corporate tax rate should be reduced. It's 27% right now. The Americans are at 21%. We are one of the highest in the OECD. We are higher than the average. Great Britain is below us. France is below us. The United States is below us. We have burdensome red tape, we have high taxes, and in order to improve competitiveness, we have to deal with both of those.

Mr. Blake Richards: Thank you.

You just mentioned the red tape. That was one of the follow-up questions I had for you. In your point number six, you mention reducing uncertainty, red tape and bureaucracy. That's certainly something I hear quite often, from small business owners in particular. Obviously, the red tape and bureaucracy that is imposed upon businesses has a greater impact on small businesses, because they have less ability to absorb the difficulties that arise from that. Obviously, there are generally fewer employers. It usually ends up being the business owners themselves trying to deal with the red tape, and it takes away from their ability and time to grow their business and serve their customers.

I wonder if you could give us some specific suggestions on things that could be done to reduce uncertainty, red tape and bureaucracy and ideas that you have that would help to do that.

Ms. Jennifer Kim Drever: Tax should be certain, predictable and fair. We've had a cumulative effect of layering complexity on top of complexity on top of complexity for a number of years. Many small business owners and their advisers are not able to even comprehend what these new tax changes are, let alone comply with them.

In order for a small business to be compliant, they have so much more burden to try to determine what their income is. I wasn't going to go here, but the tax on split income really increases the red tape on private businesses in terms of trying to determine what is reasonable and tracking historical work performed in businesses. We're being asked to have information that was never tracked in the past. We have to go back, historically, and figure out what happened from the start of that business in order to support how we compensate the owners on a go-forward basis.

There is that. There is even the compliance with things like the carbon taxes and the differences in the CPP. There's just more and more things layering on to a business.

Mr. Blake Richards: I'll move now to Mr. Taylor, from Mortgage Professionals Canada.

There are a couple of things in regard to some of the changes that have been made to the mortgage rules, in particular, the stress test. I've heard some pretty significant estimates in terms of the number of people who are potentially taken out of having the ability of home ownership, and also the effect this has had. You're essentially making policy. This government has been making policy, dealing with two cities in Canada, and it affects the markets in every other part of the country as well. We're seeing softening housing markets and prices going down, and it's becoming very difficult for people.

I think about my province of Alberta where people are struggling right now. Some people are trying to sell a home but they're going to have to sell it at a loss because things have softened up.

I wonder if you could just comment on that impact, and if you have seen that impact as well in terms of the number of people being able to enter the market and if it's having an effect on the prices in places where it obviously wasn't intended to.

● (0940)

Mr. Paul Taylor: I think that anybody who has been paying attention to real estate transactions will see that there's been a pretty significant fall-off in that since the beginning of the year when the uninsured stress test was introduced. We're quite concerned that it really does disproportionately affect first-time buyers and younger Canadians. From the perspective of the long-term economic health of the country, if we're not enabling folks to start building equity early on, then a decade from now, the average balance sheet of a Canadian is going to be a whole lot worse. That's not really going to be a great news story for us.

It's really incumbent upon the government to take a look at the fact that interest rates have risen as well since the time that this stress test was introduced, which organically will push some people out of the marketplace. We're almost doubling down on the impact of some of these increases. I understand that there is concern about debt-to-income ratios and things, but I think it's also really important to make a clear distinction between debt that's used with an asset to secure it versus things that are not secured and therefore much more discretionary.

There's also no crisis, really. OREA's rates on mortgages were at 23 or 24 basis points. In really clear numbers, 23 or 24 out of 10,000 homeowners were behind on their mortgage payments. I feel like we've put protections in place to make sure that we have a stable financial system, which is, of course, a laudable goal, but we seem to have lost sight of the overall health of the middle-class Canadian who we're trying to support longer term.

The Chair: Thank you, all.

Mr. Julian, you have roughly seven minutes.

Mr. Peter Julian (New Westminster—Burnaby, NDP): Thanks, Mr. Chair.

Thanks to all witnesses. You're providing us with important contributions for the pre-budget report.

I want to start with Ms. Biss and Ms. McLachlan. Thank you for your very important presentation.

It's shocking to me that we're looking at 4.8 million Canadians living in poverty. I know in my area in New Westminster—Burnaby, we're seeing an increase in poverty. This is largely linked to an inability to provide housing. Jagmeet Singh, our national leader, and I hosted a round table in Burnaby last Friday with organizations that are trying desperately to keep the roof over the heads of their clients.

We met a number of people who are on the verge of homelessness, including one, Edward. He is a senior citizen who has worked all of his life as a tradesperson. He has a modest pension, and the pension just does not keep up with the cost of housing. He said to me, “Every morning, I go online desperately trying to find an affordable place to live, and I am competing with hundreds of other people who are doing the same thing. If there's something posted online that's over an hour old, I know it's already been taken.” In 11 days now, Edward will be homeless, because, despite the fact that he has been searching for weeks, he's been unable to find affordable housing.

I'd like to ask you what role the housing crisis, the homelessness crisis, that we're facing in this country is playing on the massive number of Canadians who are living in poverty. You specifically talk about an adequate level of investment in budget 2019. I think it would be very helpful to this committee if you gave us figures.

What would be your expectation? We have a crisis in this country. We have to deal with it. We can't wait for years and years. How best would the federal government be showing that it is serious about poverty reduction in budget 2019? What are the amounts? Where are the investments? Where would they need to go?

Ms. Michèle Biss: The housing crisis is one that's really in mind for many living in poverty in Canada. For the numbers piece, I'll turn it over to Peter—I'll give him a heads-up about that—because we also contributed to the alternative federal budget, and he has some sharp numbers for you.

That being said, one piece that I want to address here is this issue that people who experience homelessness—when they experience it, when we see these violations of their rights, the systemic discrimination—have nowhere to go. We do not thus far have a claiming mechanism in Canada for those who are experiencing homelessness. There's nowhere to go.

However, there is a real opportunity here, and I'll flag this for the committee, within the national housing strategy. Currently legislation is being considered to accompany the national housing strategy. We're hoping to see a system where we can have a federal advocate have power, autonomy, be adequately funded and be independent from the government to be able to investigate big issues of systemic discrimination.

As we see growing financialization of housing across the country, in cities like Vancouver, Toronto and others, and as we see growing numbers of marginalized groups experiencing homelessness and inadequate housing, it's critical that they have someone to speak to when issues of systemic discrimination exist. There is a real opportunity here. There's a lot of talk about human rights within the national housing strategy that we, as an organization, are very excited about. We're hoping that the legislation that will be tabled accompanying the national housing strategy is going to take seriously the role of accountability through the federal housing advocate.

I will pass the numbers issue over to Peter, who is our expert.

● (0945)

Mr. Peter Julian: If I may, before we go to Mr. Bleyer, I was also going to ask him a question. I'll let him answer both what you referred him to and also the issue around competitiveness and the Canadian economy.

I ran a social enterprise before I was elected to Parliament. Universal health care provided a benefit of $3,000 per year, per employee. That is a major competitive advantage that is often not mentioned around this table.

Mr. Bleyer, you mentioned issues like single-payer pharmacare, and we've been talking about child care. These are all competitive advantages to Canadian businesses, because it means that their costs, if they're treating their employees effectively, are taken away and provided for as part of a generalized system. That's a major competitive advantage.

Could you speak to that as well, as you mention the figures, in terms of what that would meaningfully mean in an attempt by the federal government to reduce poverty in Canada?

Mr. Peter Bleyer: I will play my role for the broader collective first, and I will refer you to pages 47 and 48 of the alternative federal budget, published yesterday as well.

Quickly, we have three recommendations that were brought together by the broader civil society folks. First of all, it's to allocate $1.5 billion immediately to the Canada housing benefit to help 250,000 low-income households afford their rent. That is moving forward an expenditure that I think was intended for 2020. Second is to enhance the national housing co-investment fund with an additional billion dollars in grant money for new build. Third is allocating $1 billion annually to build new supportive housing for vulnerable populations. Those are very explicit, clear recommendations for immediate action on housing.

As to the question of competitive advantage, I think this is critical. Any discussion of competitiveness can go down at least two different tracks. There are values and choices involved here, going back to the competitive advantage of medicare and other social programs.

For example, let's look at the automobile industry in this country. Do we believe we would have been able to thrive for decades without the competitive advantage that medicare provided in the context of the development of the Canadian automobile industry? Certainly going forward, we have to remember that lesson and understand that building that kind of social infrastructure is critical to competitive advantage.

There are very different narratives around what competitiveness means. For me, a fundamental question is about values and choices: what you're willing to accept, what you're willing to externalize from that viewpoint. Are you willing to leave poverty, exclusion and inequality, for example, as externalities, and make decisions around tax policy regardless, or do you understand that these are critical values and objectives that we have as a society?

Moreover, there are ways, which, for example, the alternative federal budget explores annually, to come up with a fully costed, reasonable plan that can accept and advance those values, and at the same time maintain and build competitive advantage. It's really a question of values and choices that one has to make, in addition to the very clear competitive advantages that come explicitly from medicare and a future pharmacare program, and many other social programs as well.

● (0950)

The Chair: Thank you. We're well over on all three questioners this time.

I have a quick question on the alternative budget. Can you send a copy of that to the clerk, or do we go to your website?

You state in your brief—and I think you're the third one who said it—that Canada trails at 0.3% funding on child care. Does that include the Canada child benefit or does it not? Does it include the Canada child benefit, which is huge?

Mr. Peter Bleyer: That's a good question. I don't believe it does, because the Canada child benefit is not a child care expenditure. That's the difference.

The Chair: We will have to figure it out. There are a lot of comparisons.

Ms. Rudd.

Ms. Kim Rudd (Northumberland—Peterborough South, Lib.): Thank you, Mr. Chair.

Thank you, all, for coming today.

I'd like to start with Mr. Laidler and Mr. McAvity.

I really enjoyed your presentation. In terms of the work your organization is doing around museums, it's something, as a young country, I don't think we've necessarily been laser-focused on for what sounds like a good number of years. I'd like you to expand a bit on your thinking around one of your recommendations, which was around the matching dollars. Could you expand on that, please?

Mr. John McAvity: I'd be delighted to.

We've made a proposal, for a number of years, that the way to increase the stability of our institutions and to raise private sector support—I mean money or securities, not donations of works of art—would be to provide a matching mechanism. Currently, there is a program quite similar, but museums are excluded from it by the Department of Canadian Heritage. However, that is for matching to go into endowments.

Our preferred route is to have a program that would be an incentive to encourage philanthropy in this country in donations to priority projects that the museum or gallery, itself, could identify. We would very much welcome your support. I know that was a recommendation made last year; however, it was to endowments and it did not make the federal budget.

Ms. Kim Rudd: I think you gave the number during your presentation, but I missed it. How many people, broadly, across the country, do museums employ? As well, what is the number of volunteers?

Mr. John McAvity: There are about 36,000 employees in museums, and 115,000 volunteers.

To make another point on your earlier question, donations currently are about 10% at museums. We believe the matching donation can take that up to 20%. In the United States it's closer to 40%, but it is a different tax regime in the United States, as we all recognize.

Ms. Kim Rudd: Thank you very much.

My next question is for Kim and Amanjit. Thank you for your presentation.

There was a little bit of doom and gloom in the presentation. I'm a small business owner and have been for 30 years. There is a lot of good stuff out there too, so I think we want to make sure that while we recognize there are challenges, we also have to look at what those opportunities are. When you talk about clients looking to leave the country and going to the U.S., or not continuing, I think we have to remember there have been a number of companies coming to Canada—large companies, companies big and small. In my riding Weston Foods just closed two of their plants in the U.S. and they've moved all of their operations to a small community in Ontario in which they're expanding by about 150 jobs.

There's always a balance to those things. I'm sure you have new clients who come to you, who have moved here, looking for advice, and it's a very important role you play in ensuring that they're getting that good advice.

You mentioned a couple of things in your presentation around qualifying capital asset purchases. You used the word “qualifying” in your.... I wonder if you could expand on what you see “qualifying” as meaning. You mentioned the word “efficiency” as well, in terms of capital costs to increase efficiency. Do you have any thoughts around what that would look like, and is there a threshold built into that?

● (0955)

Ms. Jennifer Kim Drever: We haven't considered whether there was a threshold built into that. As for what would be qualifying, we think that it's any kind of equipment that is, let's say, tangible. It's property that you can see and touch, whether it's for manufacturing, whether it's for farming or whether it's for any other kind of business in Canada, that improves efficiencies. In the oil field sector, it could be new equipment. For trucking, it could be trucking equipment and things that help with the logistics. We don't think that there should be, necessarily, ceilings on it, as long as it improves the efficiency and the competitiveness of the business to compete.

As for what other kinds of equipment is concerned, I don't know if we had anything that we thought should be restricted.

Ms. Kim Rudd: You just used the word “qualifying” in your presentation so I wondered if you had anything specific around that.

Are you looking at a phase-in of...? I know that you've mentioned the U.S. a number of times in your presentation. Of course we're looking at trade agreements all around the world to expand markets for Canadian companies, which I think is extremely important. I think we have to look at the fact that, globally in that context, yes, the U.S. is certainly our largest trading partner, but that is changing incrementally.

Is there a thought about what that accelerated capital cost should look at because we've heard it from other presentations as well? What is that number? Should it be phased in over a number of years? What is that percentage? Any thoughts on that?

Ms. Jennifer Kim Drever: I don't think it should be phased in. I think in the budget there should be an announcement that, as of a certain date, equipment purchases from then on would be 100% accelerated CCA for a period of time until we get the economy back on its feet.

The Americans put a timeline on theirs. I don't think we should have an accelerated CCA forever, but it does encourage businesses to invest when there is a better writeoff.

Ms. Kim Rudd: You're not suggesting...as you know, various equipment, various things have.... I remember the days when computers used to be written off over 10 years, and now it's an expense.

Have you given any thought to what that would look like? You mentioned that it may be reviewed and time limited, as you're suggesting it is in the States, but they didn't just jump to 100% either. Did they not go from $500,000 to $1 million?

Ms. Jennifer Kim Drever: We're going to check the notes.

Ms. Kim Rudd: That's okay. We'll come back to that.

What opportunities do you see within the trade agreements for your clients and for small businesses generally across Canada?

Ms. Jennifer Kim Drever: That's a good question.

I think that whenever we have any kind of trade agreement that encourages Canadian businesses to be able to export abroad, that's always a great thing. It helps a lot of the export businesses. We see a lot of our clients in oil field services, agriculture and those kinds of industries. Some of them are having trouble getting their products to market abroad, so when we have a product that we have one buyer for, we tend to have problems. We also have problems with some of our farmers having their grain tied up in the elevators for a long period of time because they can't get it transported on rail.

Ms. Kim Rudd: Thank you. I think we're done.

The Chair: Thank you.

We're going to leave it there. We are turning to Mr. McColeman. We'll have to go to four minutes to get the next four questions in.

We were a little too liberal on the first round.

Hon. Pierre Poilievre (Carleton, CPC): That is often the case.

Mr. Phil McColeman (Brantford—Brant, CPC): It's often the case, especially with this chair.

The Chair: Go ahead.

Mr. Phil McColeman: Thank you, Mr. Chair.

For some context and full disclosure, I spent the summer meeting with many businesses in my riding. I come from a proud, heavily industrial community called Brantford, Ontario. There are six major businesses that would employ somewhere around 2,000 people in total. Two of them have gone on the national news saying they're on the precipice of either going bankrupt or moving to the United States. I'll give you the names of the companies, because they are on public record. Patriot Forge in Brantford is the largest forging company of specialty forging. They employ approximately 400 people. JEM Manufacturing does metal strapping. They have a workforce of just under 100. Both of those owners have been at committee over the summer here in Ottawa, or have been profiled on national media.

It is real. I'll give you an example from the industry I was in. I had my own business for just under 30 years in the construction and development business. I was on your side, as president of the Ontario Home Builders' Association in 1992-93. When the keys are handed over by the builder to the new owner of her home, 35% to 45% of the price of the home is government taxation, or red tape or approval process fees.

People talk about the affordability of a new home. The governments at all three levels are taking, in some jurisdictions, up to 45% of the price of that home. I want to talk to the mortgage people about this because everyone cries about affordability. You mentioned entry-level buyers, and the effects of the price of the home and the affordability of the home being distorted by two major markets in this country. Hence, we get the rules that affect communities like mine, of 100,000 people, and put small builders, like those with 20 employees, out of business.

Has your association ever dealt with the fact of the makeup of the price of a home? Let's say 35%, 40% or 45% are government-imposed costs that end up being paid by the consumer at the end of the day. Remember, all the other costs—the land, the materials, the labour, and everything else—makes up the other 55% to 65%. What are your thoughts on that?

● (1000)

Mr. Paul Taylor: Thank you very much indeed for the question.

The recommendation we're making regarding providing interest-free loans to municipalities actually ties into this, to a degree. I think a lot of measures have been implemented that are essentially trying to tamp down demand when the answer to the problem, in terms of Vancouver, is probably adding supply. The only way to make sure that you mitigate prices in just those two regions is to ensure that there are enough places to live for the number coming into the cities.

I understand that the cost is very high to put pipe in the ground to make some of the property that is earmarked as residential land through the city of Toronto. I think the city is probably trying to get some money to allow them to even begin that development. If there is a mechanism to help funding, that might offset that. Certainly those costs needs to be examined, though.

We spend a lot of time in discussion with the Canadian Home Builders' Association when we're considering our strategies around these things. Those costs are very high.

Mr. Phil McColeman: Can I also refer to 2008 to 2012, when we were dealing with the subprime mortgage situation in the United States, which was the impetus of a global recession that this country went through relatively unscathed?

I worked very closely with the finance minister, Mr. Flaherty, during those years. Mr. Flaherty came out with policies, watched housing, watched mortgage levels, and in fact restricted mortgage levels during that period of time. This government has seemed to take them further for the protection of a subprime mortgage collapse in Canada. Is that something you have ever seen on the horizon for Canada, or would see in the future?

Mr. Paul Taylor: Do you want to take that one?

The Chair: I need a fairly quick answer, please.

Mr. Mark Kerzner: We see the markets as two completely separate markets. We believe that prudent measures taken 10 years ago and those taken recently are important to ensure the sustainability of and confidence in the Canadian housing markets. When you were able to refinance a home at 95% of the value and take 100% financing out on a Beacon score of 640, there were steps taken to bring prudent lending practices to Canada.

Our recommendations here are to tweak the most recent recommendations to ensure that Canadians have the opportunity to afford to get into the housing market. We think some of the changes here are keeping too many Canadians, who would otherwise be very prudent choices for lenders, out of the housing market. The arrears rates are very low. Portfolios are performing well. Credit scores for homeowners have gone up and up, each and every year.

We don't see the correlation between what's happened in the Canadian market and what happened in the U.S. market 10 years ago. The lending atmosphere is completely different. The arrears rates there were 8%, 9%, and 10%. As Mr. Taylor mentioned here, we're under a quarter of a per cent at 90 days arrears right now.

What we're advocating for is the opportunity to get more Canadians into the housing market, prudently, which we also believe will help with affordability. Right now, we have a lot of those Canadians staying either in mom and dad's basement or renting, which further takes stock out of the rental pools, tightens up the vacancy rate in rentals, and has an impact on affordable housing there as well.

● (1005)

The Chair: Mr. Fergus.

[*Translation*]

Mr. Greg Fergus (Hull—Aylmer, Lib.): Thank you, Mr. Chair.

I would like to thank all the witnesses for being here today. It is very kind of you to come here to take part in our pre-budget consultations.

My first question is for Mr. Bleyer, from the Canadian Centre for Policy Alternatives.

First, I would like to congratulate the CCPA. For years, I have followed your analysis of the federal budget. Most of the time, in the Harper years, you were right on the mark in predicting deficits.

Your third recommendation is that we should use carbon tax revenues to reduce carbon emissions generated by our activities.

I have two questions.

The first is a general one. Why does the CCPA advocate putting a price on pollution? Can you explain how taxing pollution can help the economy become more efficient and even greener?

Mr. Peter Bleyer: Thank you for your support all these years. I hope our projections will be as clear, definite and accurate during the years of this Liberal government. I think they have been so far.

Taxing pollution is not the only tool available, but it is an important tool given the major, existential crisis that our country, our generation and the whole world are facing right now. It is important to use all the tools that are necessary and available to address this crisis.

With respect to economic competition, taxing pollution is an important tool that can guide us in the right direction towards a sustainable economy that can withstand future challenges. It can lead us to a livable society and livable communities. It can provide jobs for future generations. It can lead us to a society that can limit inequality. In a climate crisis, this can only be achieved by adapting policies and developing an economy that recognizes that pollution has to be reduced.

So carbon pricing is an important tool in this strategy.

● (1010)

[*English*]

The Chair: Pierre Poilievre is next, and then Mr. McLeod will have the last question for this panel.

Mr. Poilievre.

Hon. Pierre Poilievre: Thank you.

My questions are for the witnesses from MNP.

Do you have anecdotal evidence of money leaving the country as a result of the relatively high taxes in Canada?

Ms. Jennifer Kim Drever: We do. We have anecdotal evidence from clients of money leaving the country. We also have anecdotal evidence of foreign investment not coming in.

We've had clients who have left. I've had clients in my office who've said every option is on the table: “Are we going to stay in Canada or not? Where in the world are we going to set up business?” We've had people looking at emigrating. There are people who have emigrated. We have doctors looking at.... The options are such that it may make more sense for them to go and practice down in the United States or somewhere else.

It's happening all the time. We've had clients who were at the 19th hour of selling their business to an American company, when the Americans walked away because they didn't want their capital in our country. That's happened, where it's almost sold and then they've pulled away.

Can I just mention one...? Ms. Rudd, you'd asked us about the American...about the capital. It's a full writeoff until 2022, and then it gets phased out between 2023 to 2026.

Hon. Pierre Poilievre: There's no question that there's data now to support your claim that money is leaving the country. Canadian investment in the United States is up two-thirds. U.S. investment in Canada is down by half. President Trump's made it clear his goal is to take our money and our businesses. Clearly the policies of this government are helping him do both.

My next question is about the revenues to the government from higher taxes. Data from CRA showed that the wealthiest 1% of Canadians paid $4.5 billion less in the first full year after the government's tax changes came into effect. They were supposed to pay $3 billion more according to the Liberal platform. There's a gap of almost $7 billion.

Recently, the government tried to bring in some very aggressive tax increases on small businesses that are incorporated. Did you see evidence that people reacted to the threat of those changes by withdrawing cash from their businesses or making the decision to leave and pay an exit tax in the 2017 year?

Ms. Jennifer Kim Drever: That's a two-part question.

The first was about the reduction, or was it that less tax was collected although the rates went up?

Hon. Pierre Poilievre: Yes.

Ms. Jennifer Kim Drever: It's probably too early to tell what the long-term ramifications were, but one thing that did happen.... I live in Alberta and we had a compounding effect. We had a 5% increase provincially, and we had a 4% increase federally, but our dividend rates also went up 11%. What we did in 2015, in anticipation, was extract significant amounts of money from corporations wherever possible, so that we wouldn't have clients paying high personal tax rates going forward.

There were also timing differences, so we probably spiked in 2015. We had a significant reduction in 2016. We also had clients who did leave in 2017, paying exit taxes.

Hon. Pierre Poilievre: So they left and they paid exit taxes.

The Chair: We're going to have to cut it there.

Is your answer complete, Kim?

● (1015)

Ms. Jennifer Kim Drever: Yes.

The Chair: Okay.

Mr. McLeod, you have the last question.

Mr. Michael McLeod (Northwest Territories, Lib.): Mr. Chair, I just wanted to quickly ask a couple of questions for clarity, the first to the Canadian Centre for Policy Alternatives.

In your presentation you refer to first nations, Métis and Inuit, but then in your recommendation you only refer to “on reserve”. The Métis don't have reserves. The Inuit don't have reserves. In the Northwest Territories we don't have reserves. We have public communities, but we do have the highest core need for housing in the country.

Can you clarify whether that was intentional or unintentional? If it was intentional, does it include the north? If it does, how?

Mr. Peter Bleyer: Thank you for that. When you have a project that's gone on for 24 years, not only do you sometimes not get it exactly right, but you clearly learn and improve year after year. I'll look into that in terms of the detail but also, absolutely, in terms of the content, and I'm going to hand over to the clerk the copies as well as the online copy.

The focus in our section on first nations and indigenous peoples includes a broad gamut of needs. The specific program, the cap on funding increases for first nations programs and services, I believe goes beyond reserves. These are all the programs that had a cap—

Mr. Michael McLeod: Okay, thank you for that. If we could get clarity on it, that would be greatly appreciated.

The second question is to the museums association. I'm very happy to see that you made some recommendations that include the community cultural centres and museums.

In the north, we have a lot of artifacts that are not protected. I was just in coastal communities in my riding on the Beaufort Sea, and because of climate change, we're seeing ice receding. Two years ago, we got a report that there were at least 70 ships that came through. Now, when they say ships, we're talking about all sizes. The Inuit people, the Inuvialuit people in my riding, are saying that what was theirs historically forever, what they never had to protect, is now starting to disappear. People are coming with sailboats, and they see the artifacts on the ground in hunting areas, and they're taking them. We really need to step it up and start looking at protection.

We also have a few museums, some smaller community ones in the north. We have the Prince of Wales museum, as you know. It's full of artifacts from the aboriginal people of the area. We don't have a whole lot of people working there who are engaged in this.

Maybe you could talk a little about how we're going to step it up so that we can take full advantage of having people from the indigenous communities working in the museum, plus how we can do more to set up community centres and start protecting what's out there.

Mr. John McAvity: Those are excellent questions. Thank you very much.

We received some funding from the Royal Bank, and we have established an indigenous mentorship program. It's a very small program, but it's something that could be built upon.

I take your point. We have very few indigenous trained professionals. There's a great opportunity and need for that. The Canadian Museum of History operates a small program and trains about four or five per year, but the needs are much greater. The needs also are that they are employed back home in their communities, in their cultural centres, which are owned and operated by indigenous communities.

There's a huge opportunity, a huge need. It's one of the areas that our council on reconciliation will be looking at as part of the process.

The Chair: We're going to end it at that and turn to our second panel.

I want to thank all the witnesses for their submissions and their discussion today. We will suspend for a couple minutes for the next panel.

● (1015)

(Pause)

● (1025)

The Chair: We will call the meeting back to order. Everyone knows we're dealing with pre-budget consultations in advance of the 2019 budget. I want to thank the witnesses for coming and for the submissions sent in prior to mid-August. Those are on members' iPads and they'll be likely referring to those every once in a while.

We'll start with the Canadian Association of Social Workers.

Sally Guy, director of policy and strategy, welcome and go ahead, please.

Ms. Sally Guy (Director, Policy and Strategy, Canadian Association of Social Workers): Thank you very much.

Good morning, everybody.

On behalf of the Canadian Association of Social Workers' board of directors and our federation partners in the provinces and territories, I thank you for inviting our profession's perspectives to these important consultations.

We've been asked to provide recommendations on economic growth. Our simple message is that Canada will only thrive when children and families are supported to reach their potential. Over this past summer we released a major research report on child welfare that surveyed over 3,000 social workers, and also did 20 stakeholder interviews with leaders and experts from across the country. We found that right across Canada excessive caseloads are preventing child and family-centred care.

The intended role of social workers in child welfare roles is to protect children, yes, but also to develop relationships with communities, to reduce risks for children, and to support families to remain together safely. Families that could benefit from preventative interventions are only seen once they're already in full crisis. It puts children at risk and often leads to their placement into care. Beyond the critical argument for compassion, removing children from their homes and placing them into alternative care is incredibly fiscally costly, and it has compounding intergenerational consequences as well. Most social workers serve a mix of rural and urban communities, and for three-quarters of the social workers we surveyed, indigenous families made up more than a half of their caseloads.

We also know that child welfare practice is the most successful at keeping families together when the community has a long-term relationship with the worker. Currently, though, because of these high caseloads, we're seeing frequent burnout creating a turnstile effect in the communities that's rupturing families' relationships with these professionals and discouraging families from seeking supports up stream.

As it stands, there's no national standard governing caseload size in child welfare. There's been no large-scale study to help child welfare organizations, both on and off reserve, to determine what a healthy and appropriate caseload for social workers might look like. Tools for how to measure appropriate caseload size and complexity vary from region to region, and of course practices and successes then vary as well.

In light of this situation, we have three recommendations.

The first is that the federal government fund a nationwide child welfare caseload study to gather data and begin developing those standards. Right now we have no mechanism in place to gather information or to see what's working. We need caseload standards to make sure social workers can put children first and serve families effectively.

Our next recommendation is to implement student loan forgiveness for social workers who are in rural and remote communities. A 2012 CIHI report on rural and remote care found that out of 11 countries Canadians waited the longest for care. Things have only gotten worse since then, and the Mental Health Commission of Canada has identified harms directly correlated to these waits. Additionally, when you consider our particular context in Canada where many indigenous communities are located in rural and remote areas, these underserved populations are made even more vulnerable.

Social workers are highly trained professionals able to offer many of the same services as other mental health providers, and often at a lower cost. In a small community that can maybe only support one mental health provider, a social worker provides excellent value. We have broad skill sets and can provide myriad types of care: assessments, therapeutic counselling, case work, referrals. At the same time, many communities are having a tough time attracting mental health practitioners. We propose that eligibility for student loan forgiveness would greatly support social workers to be recruited to practice in, to stay in, and often to return home to rural and remote communities.

Finally, we recommend that to ensure Canada's competitiveness moving forward, we must determine where money is being spent, and of course whether it's being spent effectively, before we spend more. That's why we continue to advocate for the introduction of a social care act for Canada. This federal government has rightfully placed a high importance on data, evidence and innovation, but we argue that without accountability to the Canada social transfer, which we would hope would include a requirement to report on its use and outcomes, we are woefully without the right data or the conditions to support innovation and best practices in our country.

● (1030)

We are proposing that we adopt a social care act with principles similar to those of the Canada Health Act to guide the Canada social transfer and other social investments. The act could help the provinces and territories design policies that best fit their unique needs, while also helping the federal government to understand where the dollars are being spent and, in turn, where more targeted investments might actually be needed. It would help share evidence and best practices across different regions and to foster innovation.

Finally, and maybe most importantly, it would also support Canada's first poverty reduction strategy by helping to produce comparable outcomes across our country.

Thank you. We look forward to any questions.

The Chair: Thank you, Sally.

We turn now to the Canadian Cardiovascular Society.

Dr. Kells, president, the floor is yours. Welcome on your 32nd anniversary.

Dr. Catherine Kells (President, Canadian Cardiovascular Society): Thank you. Happy anniversary day.

My name is Dr. Cathy Kells. I'm a practising cardiologist in Halifax and serve as president of the Canadian Cardiovascular Society. As such, I represent over 2,500 doctors across Canada, including cardiologists, heart surgeons and scientists who care for Canadians with heart disease. I appeared before this committee last year to recommend that the federal government invest a modest $2.5 million annually for five years to sustain a national cardiac benchmarking program. This program highlights pockets of excellence of care in Canada and demonstrates areas where there are gaps in care so efforts can then be made to focus on improvement.

There's currently no pan-Canadian system that does this despite the $25 billion that we spend annually on cardiac care. In 2017 this committee understood the importance of accountability and made it a top recommendation for funding. Unfortunately it was not included in the final federal budget, so, at your invitation, I am back.

Our inability to measure and compare access to care and results is like running a multi-billion dollar business without knowing our inventory and whether customers got the right product, whether it had a positive or negative impact, or whether the competition is doing it better. Cardiac data collection systems do exist in some provinces, but the systems don't communicate with each other. Many centres especially in small provinces have no ability to compare their outcomes with those of any other centre. This results in each centre operating in a vacuum while believing that they're providing excellent care but having no way to know if this is actually true.

Just this past weekend, a family doctor from Kensington, P.E.I., asked me if heart attack patients from P.E.I. do worse than those from Nova Scotia because of the long transport times to reach the centre. The truth is I don't know. We have no data.

Countries that systematically report on quality indicators have achieved the best results for quality and cost-effectiveness, and Canada is being left behind. Cardiovascular care costs will top $30 billion by 2020. With an aging population and disparities in access to care, this issue needs urgent attention. The solution is a pan-Canadian, transparent benchmarking program.

Recognizing this, the Public Health Agency of Canada funded us, the CCS, to develop this system. We engaged clinicians and partnered with the existing organizations, agreed upon what to measure, how to measure it, and how to communicate it back to providers to inform improvements. We now have a tested model with public reports like this one right here that we give back to the heart specialists and care teams across the country.

When the federal funding ended in 2016, we tapped our own resources to continue the project because we believe the data is essential to improving care. Now our discretionary funds are depleted and we are at a crossroads: either secure funds or end the work.

You might ask why CIHI or another Canadian health organization has not taken this on. The answer is that we collaborate extensively with them, but no current C-organization has this vital service within its current mandate. CIHI reports on administrative data but not on clinical outcomes like quality of life, access to specialist care, or adherence to medications. Individual provinces have similarly declined to take this on.

We're aware of the federal review of pan-Canadian health organizations, and this may lead to a reorganization and shifting of resources. However, this will take considerable time to build. Our hope for the long term is that our program will reside within a pan-Canadian entity and can serve as a model and expand to additional disease areas like diabetes or COPD. Until then, we strongly believe we cannot lose the gains we have made. We must sustain the project and we want to work with Health Canada to determine the long-term model.

In summary, imagine a country in which the government and the taxpayers know that our health care dollars are being utilized to deliver the best care in the most cost-effective way, and in which questions about why women and indigenous people with heart attacks don't have as good outcomes as do white men can be answered just by looking at the data.

Imagine if we have a system to determine whether new programs, such as a national pharmacare program, change outcomes after implementation. We actually have this program. We just need to not throw it out while we wait for reorganization. The CCS recommendation for budget 2019 is for federal investment of $2.5 million per annum for five years to sustain this program and provide bridge funding as we work with our partners in Health Canada for the future.

● (1035)

Thank you very much.

The Chair: Thank you.

Turning to the other side of the table and the Canadian Medical Association, we have Ms. Osler, president, and Mr. Adams, chief policy officer.

The floor is yours.

Dr. Gigi Osler (President, Canadian Medical Association): Thank you very much for having me here today. I'm Dr. Gigi Osler, and I'm the current president of the Canadian Medical Association.

[*Translation*]

Thank you for this opportunity to speak to you today about our health and health care.

[*English*]

It's a pivotal time for medicine in Canada, with medical innovations, new patient expectations and emerging technologies set to revolutionize the way physicians practise and potentially transform our system. For physicians, these have important implications and raise many questions.

At our health summit last month in Winnipeg, we talked about how we can leverage innovation to deliver care in new ways. How do we scale up virtual care? How do we address the digital divide and ensure vulnerable populations aren't left behind?

Being able to deliver care in new, more effective and more accessible ways is even more important when we consider our current demographics. Canada has a rapidly aging population, and they have very specific health needs. However, our current hospital-focused system wasn't designed to respond to these types of needs—such as multiple chronic diseases, frailty, and Alzheimer's—or this level of demand, and the system is now straining under the pressure.

Much of this pressure comes down to the lack of long-term care beds and home care support. More support for caregivers is also very much needed. In many communities across the country, seniors are spending up to three years on wait-lists for long-term care, and it's often about geographic availability, especially in our northern and rural communities.

Not only are seniors in these communities waiting far too long, but they're often forced to accept a placement hundreds of kilometres away from family and friends. As we know, while seniors wait for long-term placement and/or home care, they often have no choice other than to stay in hospital.

Not only are they not getting the kind of specialized care they need, our health care dollars are not being put to the best use. That's because hospital care is about seven times more expensive than long-term care, and about 20 times more expensive than home care. It's hard to get an accurate figure for home care because many expenses are borne by family and caregivers out of their own pockets. Also, there are implications for the system as a whole. Our resources are overstretched, wait times in the emergency room are increasing and surgeries and tests are being cancelled.

Canadians across the board are being affected, so it's not surprising that their confidence in the system is divided. A recent Ipsos survey found that only half of Canadians are confident that the health care system will be able to meet the needs of Canada's seniors.

In recent weeks and months, we have seen provincial governments show a clear commitment to the issue, but the reality is that their vision of better seniors care will not come to fruition unless it's backed up by the appropriate investments.

● (1040)

[*Translation*]

In short, changes to current funding are needed in order to better support the real costs of health care.

[*English*]

While this is a national issue affecting all provinces and territories, those with the oldest populations, such as the Atlantic provinces, are feeling the hardest effects. We need to take population aging into account while determining funding levels so that certain jurisdictions and their seniors aren't disadvantaged.

That's why the CMA is recommending that the federal government address the health care costs of population aging by introducing a demographic top-up to the Canada health transfer. This new funding would account for age and would provide much-needed support for provinces and territories to create more long-term care beds, expand palliative and home care programs, and support the development of new, more effective and accessible care for seniors.

Not only would this funding help improve care for our seniors. It could improve care for Canadians of all ages. It could alleviate the pressures on our hospitals, emergency rooms and operating theatres, and create a system of better-coordinated care.

Our population is getting older and the challenges we see today are only going to get worse.

[*Translation*]

It is not too late, though. We can act now.

[*English*]

As we prepare for a future of better health, we look forward to working with the new Minister of Seniors, the Minister of Innovation, the Minister of Health and many others on these and other priorities that affect seniors and all Canadians.

Thank you.

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

Turning to the Canadian Nurses Association, we'll have Mr. Villeneuve.

Mr. Michael Villeneuve (Chief Executive Officer, Canadian Nurses Association): Thank you, Mr. Chair and members.

My name is Mike Villeneuve, CEO of the Canadian Nurses Association. I've been an RN for the past 35 years, and I worked for 40 years in the health care system in a couple of other roles.

I would like to thank the Standing Committee on Finance for the opportunity to present recommendations from CNA, which is the national and global professional voice of registered nursing, representing over 139,000 registered nurses and nurse practitioners across Canada.

Our submission highlights four recommendations, but I'd like to focus on two of them today.

Our first recommendation calls for the creation of a health care innovation agency for Canada. CNA believes that the federal government has an opportunity to build on what provincial and territorial counterparts have already achieved by facilitating new opportunities for health care innovations across Canada. We see the spark. There are some successful innovations right across the country, but there is no mechanism to help spread them and scale them up. A new federal agency would target funding on innovative health projects to ensure that they are adopted more widely for everyone in Canada, including indigenous peoples, wherever they live.

The new agency, for example, could lead efforts to evolve medicare to help overcome the sometimes fragmented nature of our health care system. To drive the notion of the right care provided by the right provider at the right time in the right place and delivered at costs we all can bear, we need innovations that will accelerate the de-hospitalization of health systems, not unlike what you just heard from the Canadian Medical Association president. Nurses work at all points in health systems, and we recommend that nurses have a strong leadership role in any such new agency. There are nearly 428,000 regulated nurses across Canada, and we're well poised to dig in and help.

The second recommendation I'd like to highlight today and encourage the committee to support is the third one in our submission, which is about improving access to palliative care and support for people in Canada who are acting as caregivers.

I am pleased to inform the committee that CNA is a member of the Quality End-of-life Care Coalition of Canada, and I serve as co-chair of a committee of the national network along with 38 other national organizations whose vision is that all Canadians have the right to quality end-of-life care that allows them to die with dignity, free of pain, surrounded by loved ones and in the setting of their choice. Most Canadians tell us that they want that care, and we know they could benefit from it. Better palliation drives down costs. Most Canadians never receive that care.

The challenges we face in palliative care are compounded by our country's aging demographics. As I always remind people, we are set to become one of 13 super-aging nations by 2020, just 18 months from now. Nearly one in four Canadians will be over 65 by 2031.

We recommend that the Framework on Palliative Care in Canada Act, which was passed into law in December 2017, must include targeted federal investments for both new and existing federal programs to improve standardization of delivery of palliative care for people across Canada. We were happy to support Bill C-277, tabled by the shadow minister of health. We acted strongly to help that move along.

New federal funding that is predictable and sustained would help to address the gaps that currently exist in palliative care across Canada. We are pleased that the framework recognizes the palliative care training and education needs of health care providers as well as other caregivers, and we urge the committee to support our recommendation to provide funding for early career access to palliative care training and education to nurses and all other health care providers.

Research tells us that our country does not have adequate palliative care training for health care providers. One way to address the gap is to include education and training in core curricula for students, but we also need to create structures to provide that education soon after licensure. We are also calling on the federal government to provide increased financial support for the country's 8.1 million caregivers by making refundable the former family caregiver amount tax credit, which is now under the new Canada caregiver credit, and extending the compassionate care benefits to include a two-week period of bereavement.

In its current form, the tax credit is not paid to recipients as a direct cash benefit. We support the drive to move care out of hospitals, but we have also pushed significant costs on ordinary people. Many caregivers face high out-of-pocket expenses for specialized medical aids, medications, transportation, hiring staff, lost wages and so on. A refundable tax credit could help ensure that all eligible households receive something in return for those expenditures of time and money.

Regarding the CCB, CNA believes that adding a two-week period for time for bereavement would allow flexibility for caregivers, many of whom are employed, after a patient's death. Such a measure also allows for a more reflective and humane palliative care process.

● (1045)

Currently, support that's provided for successful applicants only covers the caregiving period for up to 26 weeks and not bereavement. Adding that two-week bereavement period would surely provide caregivers with some important financial support after such a profound loss.

Thank you for hearing our ideas, and I look forward to our conversation.

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

Turning to the Canadian Pharmacists Association, we welcome Ms. Walker.

● (1050)

Ms. Joelle Walker (Director, Public Affairs, Canadian Pharmacists Association): Thank you, Mr. Chair and members of the committee.

[*Translation*]

I will give my presentation in English, but will be pleased to answer your questions in French and English.

[*English*]

I'm here today on behalf of Canada's 42,000 pharmacists who work primarily in community pharmacies, but also in hospitals and primary health care settings. I think probably our biggest contribution to the economy is helping Canadians stay healthy in their day-to-day lives. But I would be remiss not to mention that pharmacies and the pharmacists that work in them are also important contributors to our economy.

With over 10,000 pharmacies in Canada, either owned directly by pharmacists or pharmacies that employ our members, pharmacists create almost 250,000 jobs and contribute over $16 billion to our GDP. It might interest some of the committee members to know there are probably about 340 pharmacies in your ridings alone that create over 8,000 jobs and contribute $500 million annually to our GDP. We have that many pharmacies so we can provide care in rural, northern and remote areas, offer specialized treatments, and offer and ensure patient choice.

Many of you will think of pharmacists as people who dispense drugs, but we do a lot more than that, particularly as the needs of our patients are changing. I will leave one parting message to the members here, which is that as flu season approaches I would encourage all of you to get your flu shots from your local pharmacists.

Today I would like to speak to our three budget recommendations.

Our first recommendation relates to pharmacare. Because pharmacists are on the front line of drug access and act as drug plan managers, we see the issue from a unique perspective and believe it's time for us to complete the coverage for Canadians. Recognizing that the consultation process is ongoing, we also felt it was important for us to highlight some of the areas where the federal government could invest some funding more immediately to address some of the gaps in coverage.

Specifically, we recommend that budget 2019 support a more harmonized catastrophic drug approach across Canada to limit out-of-pocket costs. To achieve this, we have envisioned a federal catastrophic drug transfer to the provinces requiring all provinces to limit out-of-pocket costs to 3% of household income. We estimate that such a transfer would likely cost the government approximately $1.4 billion a year, but would improve access and alleviate the financial burden for over 5% of Canadians who spend over 3% of their annual income on drugs.

We would also like to use this opportunity to stress the importance of improving drug utilization as part of any pharmacare program that's implemented and to recognize the importance of medication services. These services help improve drug safety, adherence, issues associated with medication over-prescribing, misuse and wastage, which are all key to a sustainable pharmacare system moving forward.

The second issue we would like to speak to is whether or not the cannabis excise tax should apply to patients, which we believe it should not. Patients who use cannabis for medical reasons have very different needs from recreational users. Unlike recreational cannabis users who seek the more euphoric effects of THC, medical cannabis patients tend to require strains that will alleviate symptoms while minimizing intoxication like those available through CBD. By applying the same recreational excise tax to the medical cannabis stream, a real concern is that cannabis patients won't be able to afford their medication, and they will have little incentive to remain in the medical stream, which will lead to them to self-medicate without any clinical oversight.

Our last recommendation is probably one that everybody is thinking about on the current opioid crisis in Canada. Pharmacists are on the front lines of the opioid crisis, and we want to play an even bigger role in addressing the underlying causes of opioid use and supporting people who are living with addiction. While there's a lot to be done in this area, our last recommendation is focused on medication return programs, and their important role in reducing drug diversion.

Like many Canadians I am sure we all have unused medications sitting in our medicine cabinet. About 90% of pharmacies currently accept medication returns. However, many Canadians are not aware of this, and more could be done to promote the programs to Canadians. Unused opioids in the home could accidentally be ingested by children, stolen by family members for their own use, or diverted to the black market.

I will leave you with the statistics. In 2017, on the Ontario student drug use and health survey, 11% of Canadian teenagers had admitted to using opioids to get high, and 55% of these teenagers say they obtained it from their homes. Therefore, we recommend that the federal government invest $1 million a year for five years in a nationwide awareness campaign for pharmacy-led medication return programs.

Thank you.

The Chair: Thank you very much, Joelle.

From the International Association of Fire Fighters, Mr. Marks, the floor is yours.

● (1055)

Mr. Scott Marks (Assistant to the General President, Canadian Operations, International Association of Fire Fighters): Thank you for the opportunity to share my views with the committee on behalf of the International Association of Fire Fighters.

We represent over 25,000 men and women in 185 cities and towns across nine provinces and two territories. We are the first line of defence in the event of virtually any emergency, large or small. Canada's full-time firefighters are an all-hazard response on duty 24 hours a day, seven days a week, 365 days a year. Firefighters are highly skilled, cross-trained professionals who are on the scene of any emergency within minutes, whether it's a fire, medical emergency, vehicular accident requiring extrication, water rescue or an emergency involving hazardous materials.

The important work that firefighters do, like the work of all first responders, constitutes part of the nation's critical infrastructure and an important support in virtually all aspects of society and our economy, including the nation's ability to ensure economic competitiveness. In that vein, we recommend that the government renew its partnership with the International Association of Fire Fighters by providing a renewed funding contribution in the amount of $500,000 annually for the next five years for the IAFF's Canadian haz-mat and CBRNE training Initiative.

In our view, the growth in key sectors like mining, forestry, agriculture, transportation and energy requires a balanced investment in public and first responder safety. To this I would add the upcoming legalization of recreational cannabis that will potentially result in new and emerging public and first responder safety considerations.

Our haz-mat and CBRNE training program, thanks to federal government funding, has been a major success since our first courses were held in 2009. Since that time, we've trained thousands of first responders across Canada to a recognized level of haz-mat response that meets National Fire Protection Association standards. That means that millions of Canadians are better protected against haz-mat incidents, by firefighters and others who are now prepared to respond safely and effectively to some of the most dangerous emergencies imaginable.

All first responders are welcome to take our course. We've trained career and part-time municipal firefighters as well as airport, industrial, forest and first nations firefighters. Our program has trained hundreds of paramedics and municipal police officers, and we delivered it at firefighting schools in Ontario and Prince Edward Island. We've also trained search and rescue personnel and federal workers, including the RCMP, Canadian Forces personnel and Parks Canada staff.

Our program is available in English and French and promotes interoperability between various responder agencies within a jurisdiction and also amongst jurisdictions. The IAFF training model is cost-effective because we are a non-profit and because our training is delivered right in the first responders' own communities by two regionally based IAFF master instructors. In other words, our instructors travel, not the students. The training is provided free to municipalities, thanks to Government of Canada funding.

Since 2009, our training has been delivered to first responder agencies in hundreds of communities across nine provinces, the Northwest Territories and Yukon, from major cities like Toronto, Ottawa, Quebec City and Calgary to smaller cities like Vaughan and Pickering, Ontario, and New Westminster, B.C., to rural and remote communities like Oyster River, B.C., and Millstream, New Brunswick.

In total, we've had 278 courses that have trained more than 5,600 first responders for a total of 133,608 contact hours at a cost to the federal government of less than $30 per hour, per student.

Our training is customizable for specific hazards that exist in a community, for example, an area's unique industrial, agricultural or natural risks. We're now offering a train-the-trainer program that enables larger fire departments to develop their own ongoing training capabilities for the course. As we see cannabis and other economic sectors take form, there is the potential to adapt and use the IAFF delivery model as a template for new and emerging areas that require specific emergency response operations.

While a growing number of communities are safer due to our training, the need for the training is ongoing as cities grow, as first responder agencies experience natural turnover in personnel, and as training evolves in response to emerging hazards. Our program has been a success, but the current funding agreement expires at the end of March 2019, and it would be a shame to see this successful program come to an end when there are so many more communities that can benefit from haz-mat training.

● (1100)

We're asking the committee to support a recommendation for another five-year funding contribution arrangement of up to $500,000 annually. We appreciate the opportunity to bring this issue before you today.

With that, I welcome any questions you may have.

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

I've watched one of those training sessions, and I failed terribly at getting into a haz-mat suit in time.

We'll turn to Mr. Fragiskatos.

You have five minutes.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Chair.

I want to begin with the pharmacists.

Southwestern Ontario has been plagued by an opioid crisis. Certainly, British Columbia is very correctly mentioned at the top of the list when it comes to this issue, but southwestern Ontario has not been immune to the problems.

I thank you very much for putting the whole issue of medication return programs on the table here today. I don't know much about them, except what I've read. You're an expert in this area. They seem to have had some success. I was reading about the case in Manitoba. A program there was recently renewed for five years. In 2017, according to a report in the Winnipeg Free Press, 16,000 kilograms of unused or expired medications were returned by citizens. That's medications in general, but it sounds very good.

I have two questions for you. Manitoba is participating. Is this program in place in all provinces? You said that 90% of pharmacies are offering this. I'm going to guess that provinces across the country offer this.

Ms. Joelle Walker: The programs will vary province by province. There's an association called the Health Products Stewardship Association, and it operates in about half of the provinces. It helps fund some of these programs.

Unfortunately, because health care is so disparate across the country, the reality is that some provinces don't have those programs. New Brunswick is one example where pharmacists pay out of pocket themselves for the destruction of the returns.

Health Canada continues to put in place certain parameters by which this can be done, to limit diversion, so pharmacists have to have bins and special bags in their pharmacies. They have to be able to dispose of drugs in a safe way, especially when you think about needles, sharps, as well as other potentially dangerous substances. Just about all pharmacies accept them, but the amount which they do....

I think the statistics you were referring to have more of a national perspective. I think the total approximate number of medication returns is about 400 million tonnes annually.

When you consider this in the context of the other issue we talked about with pharmacare, there's a lot of wastage in our system. Those are areas that we think should be tackled with both the opioid crisis that's happening, as well as—

Mr. Peter Fragiskatos: I'm sorry. You're saying 400 million tonnes are being...?

Ms. Joelle Walker: They're being returned to pharmacies annually.

Mr. Peter Fragiskatos: Okay.

With respect to the advertising campaign, the money would go to promoting what key messages?

Ms. Joelle Walker: There have been similar campaigns in the past. Most notably, there was a one-day medication return that was led by the pharmacists association and also by the police chiefs. We also found that a lot of Canadians keep their medications at home for long periods of time. People don't necessarily think to clean out medication cabinets when their family members pass away, and there have been some very unfortunate situations where people have broken into their homes.

A large part of this campaign is going to be about stressing the importance of returning medications on a regular basis, as opposed to holding on to them and disposing of them once a year, if that.

Mr. Peter Fragiskatos: To the Canadian Nurses Association, thank you very much, and thank you to the pharmacists for the work that you do. We have a network of hospitals in London, Ontario, which is a proud nursing community, and we're all better off in London because of that.

Mr. Villeneuve, I was quite interested in the section of your brief where climate change is framed as a health issue, and I wonder if you could delve into that. You talk about particular diseases coming on the horizon that need to be understood from the perspective of climate change. I know Lyme disease, for example, has been understood in that way for a number of years.

I wonder if you could expand on that and tell us why your association is now framing climate change as a health issue.

Mr. Michael Villeneuve: The evidence tells us that with the change in climate moving to the north—and we're a northern country —we're seeing a potential change over the next 10 years, such that 10% of the north that currently can't be farmed will be be farmable. That will be 80% by the end of the century. Diseases that we used to only see in Florida, for example, are moving steadily north.

I don't know if you noticed the recent report about the emergence of black widow spiders in southwestern Ontario, and the movement of Lyme disease north. We have to think about people who live in the Far North who have never had those kinds of diseases before and who will now be exposed to communicable diseases. We didn't have to think about this in the past, so it has impacts on health care, vaccine programs and so on. We see the two as being very much tied.

● (1105)

The Chair: Thank you to all.

Mr. Poilievre.

Hon. Pierre Poilievre: Thank you.

My question is for Madam Guy of the Canadian Association of Social Workers.

Madam Guy, you mentioned that you would like to see more results for federal social transfers. I'm interested in your proposals on this. What is the best way to measure the results we get for the billions of dollars in social transfers that provinces receive?

Ms. Sally Guy: Thank you very much for the question. I just want to address how you phrased it.

You said “more results”. Of course we would like more results for more money, but first we would just like to see where the money is being spent.

Hon. Pierre Poilievre: Right.

Ms. Sally Guy: I think the main crux of the issue—this always surprises people when I say it—is the fact that the Canada social transfer gets put into general revenue. It could be used for potholes. We don't know, so the first step is knowing how it's used. Then we can get to outcomes.

I will say that on the outcomes side, there's some really interesting work being done around social return on investment, but a lot of it comes down to addressing poverty and fundamentally addressing social determinants of health.

Hon. Pierre Poilievre: Do you believe in pay-for-performance type approaches to social spending?

Ms. Sally Guy: Our organization did release a position paper in 2014 against specifically social impact bonds, knowing that it's one type of pay-for-performance model that's used in social financing. We think there are some issues with it. We think there are also ways to mitigate those problems. There's not a blanket answer when it comes to this kind of funding, because every application it's used for will be so diverse—as diverse as the populations it's meant to serve.

Hon. Pierre Poilievre: Your organization has in the past raised concerns about high marginal effective tax rates on lower-income people, a concern I share. I tried to address it in my private member's bill. Do you have any suggestions for this committee on how to reduce those marginal effective tax rates on people who are trying to leave social assistance and enter the workforce?

Ms. Sally Guy: First, we were supportive of your private member's bill.

Hon. Pierre Poilievre: Thank you.

Ms. Sally Guy: We are very concerned with clawbacks. That's basically the issue. If you could say it in the most simple way, it's that if people are working more and harder, they should be rewarded for that. They shouldn't be seeing their assistance clawed back.

Thank you for your questions.

Hon. Pierre Poilievre: Thank you for your answers.

To the Canadian Medical Association, have any of your members been affected by federal tax changes in the last couple of years?

Dr. Gigi Osler: Certainly we have had anecdotal reports from members. We've seen some anecdotal reports in the media. We haven't formally surveyed our members in regard to that specific question.

Hon. Pierre Poilievre: The government has made such changes as forcing doctors to divide up their small business tax deduction. For example, if 15 or 20 doctors happen to be working for the same medical institution, they have to divide up the small business tax deduction amongst them, which effectively raises their in-year tax rate by about 10%.

Would that kind of tax increase have any impact on the supply of medical professionals in the long run?

Dr. Gigi Osler: That's a good question. I will say that as front-line health care providers, Canada's doctors are continuing to try to deliver the best possible care to patients regardless of the circumstances they find themselves in. Certainly, as I think we've heard from all of the panellists today, there are challenges. There certainly are issues. What we're trying to do as an association is to continue to support our members as best we can with the changing situations they find themselves in.

● (1110)

Hon. Pierre Poilievre: Okay.

The Chair: You're out of time.

Mr. Julian.

Mr. Peter Julian: Thanks to all the witnesses.

Thank you, Mr. Marks, for your shout-out and training program provided to New Westminster, B.C. Anytime folks mention New Westminster, B.C., I'm very gratified.

I wanted to start with Ms. Guy. It was a very important presentation that you made particularly indicating that Canadians wait the longest for care, for access to social workers.

Last year I visited a community called La Loche in northern Saskatchewan that has lived through a lot of tragedy and trauma. The government had committed to increasing the number of social workers that they have in La Loche, but they still have just one very overloaded social worker trying to handle the needs of a community that needs much more support from social workers.

I'm wondering to what extent you've evaluated the shortage of the number of social workers that are actually needed in this country, and what other measures you might suggest to address that. La Loche is just one community where the shortage is very apparent. Some of the recommendations you are making obviously would address that.

Ms. Sally Guy: Thank you very much for the question.

We initiated a large-scale study that we just completed this summer. It was over a year of research. We found that across the country—and yes, acutely in rural and remote regions, but in urban areas as well—every single expert we spoke to as well as the over 3,200 social workers who we surveyed all said the same thing. They all said they are suffering under their caseloads. Our data showed that 75% of them reported that unmanageable workloads were critical issues. Due to stress or vicarious trauma, which is tied to burnout, 45% of them left. Just as one social worker in La Loche couldn't serve clients effectively, 72% of them said that administrative responsibilities prevented them from spending adequate one-on-one time with their clients.

That's to say that we don't necessarily have the exact data on how many. What would help us have that data would be a caseload study to show what the ideal ratio would be so that we could say, "Do you know how many La Loche needs? La Loche needs five, because there's this many people who are needing care." We need that data.

Mr. Peter Julian: Thank you. That's a very compelling case.

Ms. Sally Guy: Would you like to add something?

Mr. Fred Phelps (Executive Director, Canadian Association of Social Workers): I would add this. When I looked at social work I saw that the last time there was a sector study was in about 2005, I believe. It's not part of this submission but we have asked for and been looking at another sector study that looks at the number of social workers across Canada serving the populations. Independent of a caseload study, we'd be looking at how many social workers are actually there and actually providing services. Overwhelmingly, over 70% of the social workers surveyed say their caseloads are beyond their ability to manage, and we really have no national snapshot or standards when it comes to how many children should be on a caseload.

We can when it comes to Veteran Affairs. We can set national standards, which I think is 25:1. We can do that. I think it's time we actually started to put children first, if we're going to look at how to maintain children out of care. A report just came out of Manitoba today.

Mr. Peter Julian: I'm actually going to have to cut you off there. Thank you very much. I did want to go to Ms. Osler.

Ms. Osler, you've indicated the shortage in funding. A few years ago when the former government capped the funding to the health care system, we knew this would cause problems. The current government has continued that same process. You've been very eloquent in talking about what the impacts have been to Canadians waiting for care and not getting adequate health care. To what extent would funding for home care, for pharmacare, make a difference as well in terms of more effective health care outcomes, but also providing more support for Canadians?

Dr. Gigi Osler: Thank you for the question.

Certainly pharmacare and home care are pieces of the puzzle. What we're recommending in terms of the demographic top-up to the Canada health transfer would be broader than that. If you look at health care spending, say, for Canadians under the age of 64, you see it's about $2,700 per year. If you're 65 or older, it's about four times that. When you look at that as a whole with an aging population, you see it needs to be a multi-pronged or multi-faceted approach to look at the needs of our aging population.

Home care is part of it. Pharmacare will be part of it, but also consider that the top-up would help to alleviate some of the greater issues we're seeing in the health care system today, like emergency room wait times or elective surgeries getting cancelled because there are no beds in the hospital. Yes, it is addressing the seniors' population, but there are going to be downstream effects throughout the whole health care system.

● (1115)

The Chair: Thank you.

We'll have to move to Mr. Fergus.

[*Translation*]

Mr. Greg Fergus: Thank you very much, Mr. Chair.

My question is for Ms. Walker, from the Canadian Pharmacists Association.

Thank you very much for your presentation.

It is rare for an MP to ask a question to which they don't know the answer, but I do have one. It pertains to your position on the excise tax on cannabis products.

I do not completely understand the situation. From what I understood, when a product has a drug identification number, there is no excise tax. You argued that the excise tax should be eliminated on recreational products and products that people get with a doctor's prescription. After October 17, however, their status could change.

Can you please explain your position? I find it strange that the Canadian Pharmacists Association would call for the elimination of the excise tax on a product without a drug identification number.

Ms. Joelle Walker: My position is as follows. We maintain that recreational cannabis and medical cannabis should be two completely separate cases.

A patient who—

Mr. Greg Fergus: One moment, please.

Mr. Chair, I can hear interpretation coming from a speaker somewhere and find it a bit distracting.

[*English*]

The Chair: Somebody's earpiece is too close to one of these and that will screw the system up.

Go ahead.

[*Translation*]

Ms. Joelle Walker: I am also having trouble hearing you.

Our position is that, for patients who use medical cannabis and people who use recreational cannabis, these are two completely different avenues. Clearly, there will be no excise tax on products with a drug identification number, or DIN.

Mr. Greg Fergus: Yes.

Ms. Joelle Walker: Our position is not that patients who use recreational cannabis should be exempt from an excise tax, but rather that patients with a medical prescription who obtain their cannabis in accordance with the regulations should not have to pay the tax.

Mr. Greg Fergus: Those regulations date back to before cannabis was legalized. In other words, the scientific aspect was not completely standardized.

Are we in a transition period? Do you expect that, at some point, when the science is more clearly established and the medical value of these products is certain, things will be standardized so the excise tax will not apply to products with a DIN, but will apply to all other products?

This is not the same situation as for non-prescription drugs.

● (1120)

Ms. Joelle Walker: You also have to realize that patients use cannabis in many forms: there are oils, the dry product, as well as drugs approved by Health Canada. We think that medical cannabis should be maintained for those patients because they are not using it for the same reason as people who use cannabis recreationally. The government has said that it would maintain medical cannabis, according to the regulations, for five years and then evaluate how things are evolving. It is quite possible that, in the next five years, there could be more scientific evidence in support of certain treatments.

The reality is that patients are using it now. Our concern is that, once cannabis becomes legal, on October 17, they will not want to go to their doctor any more to get a medical prescription. We are afraid they will get their cannabis from the SAQ in Quebec, or other places in Ontario, for example, where those patients will not necessarily get the kind of clinical support that doctors and pharmacists can provide. Their use of the product will not be included in their medical profile. Establishing a different tax regime for each of these two groups will mean that patients will still be in a medical framework.

Mr. Greg Fergus: Thank you very much, Ms. Walker.

My next question is for Ms. Guy. My wife has a BA and an MA in social work, so I am quite familiar with the Canadian Association of Social Workers.

I would like to know whether you think loan forgiveness for social workers is enough to encourage them to work in the regions of Canada or in communities, especially indigenous communities, that are very remote from all infrastructure.

Ms. Sally Guy: Thank you very much for your question. I'm sorry, but I will answer in English.

Mr. Greg Fergus: That's fine. That is your right.

[*English*]

Ms. Sally Guy: In a blue-sky perfect world we would ask for all kinds of things, but we really felt that this was achievable, that this was a bite-sized piece, an achievable policy that we could actually get done that would really help people, especially young women in a female-dominated profession, to return home to these communities. If you want to talk to me after about things that we would like to incentivize social workers generally, there are things we would like to see.

I'm wondering, Fred, if there's anything else that you would like to add.

Mr. Fred Phelps: There's supporting northern education in the territories to ensure that social workers have programs that they can take within their communities, or access within their communities, so they can stay within their communities. I think this committee is well aware that when individuals leave their communities for education, coming back into the communities is extremely difficult.

We presented last year about a program at Aurora College in the north. The government was looking to eradicate that program and that would have had the intergenerational consequence of removing social workers from the north when we should be doing everything we can to encourage social workers to stay within their communities and be trained within their communities and serve their communities.

The Chair: Mr. McColeman.

Mr. Phil McColeman: Thank you, Chair, and thank you, witnesses, for being here.

First of all, Mr. Marks, I believe in your testimony you had said your request is for a renewal of a program that you've been providing, looking for $500,000 of funding. Am I accurate in hearing your testimony?

Mr. Scott Marks: The program was first created in 2009 and we got five-year funding. Since that time we continue to get renewals based on one- and two-year renewal periods. The last renewal brought us funding from April 1, 2017, and it will expire on March 31 of next year.

Mr. Phil McColeman: I'm not a permanent member of this committee, although I used to be at the start of this Parliament. I'm filling in today.

Having gone through pre-budget consultations previously something that's amazed me is the amount and size of what is asked of any government be it this government, our previous government, or any government. The asks as you do pre-budget consultation are just over the top unachievable. Let's put it that way. Of course, we sit here coming from our own frame of reference in our lives to be parliamentarians trying to determine value for money. When I hear a number of $500,000 to do a national program, it's such an infinitesimally small amount of money, and not knowing the scope of what you provide but listening to your testimony, it's amazing to me that it hasn't been renewed already. That being said, you're here advocating that it be renewed, and I would say when I think of the relationship most members of Parliament have in their own committees with the firefighters, most of us have a relationship somewhere along the line with that or with the firefighters in our own personal situations. It baffles me that it just isn't an automatic.

I appreciate your testimony, Ms. Guy, today with your what I would call rather modest approach of what is achievable. I'm not saying that to cast aspersions on anything from other people who are asking. They brought their priorities and they've thought them through and they brought them to this committee. But the reality, as I said, any government faces is the fact that it's a matter of priority, of sifting through everybody and all the asks and setting the realities.

I'm sad to say I was part of a lobbying organization back in the mid-1990s and we used to sometimes embellish our need. I'm just making that comment not so much to ask a question but to say, what are the things your organizations—and any of you can respond to this if you wish—can do and do well either for modest requests of government, and not just the federal government but perhaps the provincial and municipal governments if you do work with them, or do without funding, but something else that government supports could give you? Does anyone care to respond?

● (1125)

The Chair: Dr. Kells, you haven't been on yet.

What will the money you're asking for do in the broader sense in terms of maybe being an example for the value for money in the system?

Dr. Catherine Kells: You've really hit the nail on the head. That is exactly what we're trying to do in cardiac care.

Together, cardiac care and cancer are the leading causes of death, and the two situations together actually cost the Canadian taxpayers 80% of the health care dollars, which are spent on treating the burden of those two diseases.

For cancer, there is a reporting system. For cardiac care, we don't have a quality reporting system that is transparent and pan-Canadian, in all provinces. When a new technology comes out, the example would be the report I showed, transcatheter aortic valve implantations. It's a fancy new treatment. Every valve costs $25,000. It's really expensive. Currently, it's reserved for elderly people. We actually analyzed the results to see if this brand new, really expensive technology was working. Was it effective? How much money did it cost? Did the people really live longer? Did they feel better, and so on?

Over five years, the Public Health Agency of Canada put in approximately $7 million to get this system up and running so that we could answer those questions for all areas of cardiac care, whether it be heart failure or cardiac surgery. For a very small amount of money, $2.5 million each year, we can keep this system going. We can grow it and answer more questions such as why is it that indigenous people do poorly.

If we don't measure things, we can't see what's wrong and we can't then go look and find out why it's wrong. It's great value for money.

● (1130)

Mr. Phil McColeman: Thank you, Chair.

The Chair: Mr. Villeneuve, you wanted in as well.

Mr. Michael Villeneuve: I want to share that it's a little hard to get our hands on 428,000 RNs and nurses in all categories and where they work, because they're all through the system. Therefore, how you do something? Simply, it is tough.

When we talk about innovation, let me give you one example. At Toronto Western Hospital, they discovered that they had an awful lot of admissions of older folks transferred in from nursing homes, and we know that every time we transfer an older person, they're never quite the same after. They never recover the same way we would, and the older you get, the more of a problem it is.

They undertook an initiative to see if they could reduce the number of transfers by sending nurses out from the emergency room to those places rather than bringing the people in. A one-year trial showed an 80% reduction in the number of people being transferred. There were huge implications for those people and for the costs. How could governments help? Someone needs to send the nurse out. Someone needs to pay for the cab to send the person out there.

When I got sick in London, England, last year, I did what one always does. I googled, “What do you do when you're dying in London?” It said to go to a certain place, a clinic. First of all, they didn't ask for any information, other than my name. They didn't want any money. They didn't want to charge me for the drugs. That was the whole thing, and it was run entirely by nurses. There were seven nurses and 200 patients a day. They triage you within three minutes and you're out the door in two hours. They weren't affiliated with a doctor or a hospital. They were nurse-run clinics.

In answer to your question about how we could work with governments, we're ready to set those things up. We have a nurse practitioner workforce across the country and a registered nurse workforce. We just need some help to make it happen, to move it. There has to be a place for them to go. They have to be regulated to be able to do that. I think we're ready to jump on some of those for a fairly reasonable cost.

The Chair: Mr. Sorbara.

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

[*Translation*]

Welcome, everyone.

[*English*]

There's a bit of a theme here, obviously, with the CMA, CNA, CPA and CCS in terms of health care. One of the things we're dealing with in our country is that there are now more people over age 65 than there are people under the age of 15. The majority of the health care costs that we incur are incurred at points of time in our lives, and that usually happens near end of life, unless we're getting treatment for cancer or some other illness. It's really important that we come up with strategies to make sure our system is efficient and make sure that people are covered.

To the pharmacists, you've used a term that I actually quite like, called a “close the gap” approach to pharmacare. Whereas approximately 80%, or thereabouts, of Canadians have coverage when they need a prescription drug, and my family does, fortunately, as we have two young children so it's very important, some Canadians don't and that “some” number is actually quite large.

I wonder if you could just elaborate on this catastrophic drug coverage plan, knowing in the basis that, because we are a federation of provinces, each province is different. Quebec has a great model, a great formulary model in place, but I do want to hear more on the “close the gap” approach to pharmacare.

Ms. Joelle Walker: Thank you very much for the question.

We support universal pharmacare in Canada. There are too many Canadians who either don't have coverage or are under-covered.

Universal pharmacare can be achieved in different ways. Quebec is probably the best model to suggest. They actually have universal pharmacare. It's just built on both the private and the public plans. There are advantages to that, just as there are of course probably some disadvantages, but on the front lines we see some of the advantages that building on that coverage we have brings to Canadians.

The reality is that private plans are more comprehensive than public plans, generally. As we move forward, our hope is that the public plans would actually raise up and the access for Canadians would not be brought down. I think that building on the strengths of those, of the mix, is probably a good place to start.

Mr. Francesco Sorbara: If I can interject, some people like to bring up New Zealand as an example, but if you look at the public plan they have, the coverage is well below the coverage you would receive here in Canada under a private plan that's offered, i.e., for the better drugs. Especially on personalized medicine that you get coverage for here in Canada per se, it's my understanding that those would not be available for the folks down in New Zealand under their public plan. Is that correct?

● (1135)

Ms. Joelle Walker: That is correct. They have fewer choices in New Zealand. They have a smaller formulary.

Mr. Francesco Sorbara: If I may, then, I'll move on to the Canadian Cardiovascular Society.

You've been here before. I've supported your request, quite frankly, for $2.5 million. If I look at just the input and then the output, the input is small and the output is quite large in measuring health outcomes. How important is it for us to know how well people are doing after they go in for surgery or some sort of treatment for heart disease and so forth?

Dr. Catherine Kells: For the amount of money that we cost the Canadian taxpayers and the government and for the importance of heart disease, as one in 12 Canadians have it, I would say that it's almost irresponsible to not know that we are offering treatments that are cost-effective. It is crazy for people to be staying in hospital for 12 days after their aortic valve replacement in one centre while other hospitals are sending them home in two days.

Those who were keeping people 12 days, which was costing I don't know how much money per day, didn't know that there was a better way of doing it until we produced reports, in English and in French, that real practitioners could read and then say, “Oh, my gosh, look at that. B.C. is sending them home in one day, so let's find out how they do that.”

Whenever we give information they care about to the providers, as soon as they see that their centre is not as good as another centre, it immediately triggers an audit. They look at the charts. They look at the cases. They call a meeting and they figure out how to do it better. The few things that we've done with the start-up money we had from the Public Health Agency of Canada are publicly available and you can look at the website and see whether your centre is doing well or not.

We take in this information that we get and we have workshops to teach the providers how to do things better.

Mr. Francesco Sorbara: This question is for the firefighters.

The Chair: Make it very short.

Mr. Francesco Sorbara: I'm really proud to say that in the city of Vaughan we recently appointed our new fire chief, Deryn Rizzi, who is awesome. She is, I believe, one of the first female fire chiefs in Ontario, and she is doing a great job.

Can you expand upon your request on that lapsing program, please?

Mr. Scott Marks: I'm happy to. It's one of the things people need to understand about the fire service and how we tie into the economic infrastructure of society. One of the mistakes the fire service made a number of years ago was that we were always talking about fires as losses. When we have a major fire, we talk about the loss to the community in dollars. We realized that we should be talking about what proper fire protection actually saves a community, and this relates just as much to hazardous material training.

When you think about it, that proper first response for a hazardous material accident will allow the entire incident to be mitigated. If the first responding crews are making appropriate decisions on whether people need to be evacuated or the area needs to be cordoned off and diked, we are enabling the commercial and industrial community around there to function. It is not disrupted for a number of days because improper decisions were made.

Therefore, it's actually a commercial saving to the community if all these things are run properly, just as when you have the proper response to a fire in a community. A proper response, which can then put the fire out or mitigate the loss, actually results in a savings down the road, as there's less disruption. In a retail operation, for instance, you have people going back to work the next day because the fire was stopped and the adjacent stores are able to continue to operate.

We need to talk more about the value the fire service brings to the community, as opposed to just what the costs of these incidents are.

● (1140)

The Chair: Go ahead, Mr. Richards.

Mr. Blake Richards: This question is for the Canadian Medical Association with regard to the disability tax credit. An academic review was done earlier this year. It found that about 1.8 million people are living with severe disability in Canada, but only about 40% of them actually receive the disability tax credit. The report suggests that what it calls the mind-numbing rules of the Canada Revenue Agency to assess eligibility for the credit are one of the reasons for the poor uptake. It also indicates that even those who go and try to get this done find that many doctors who try to fill these forms will have different interpretations of the guidelines because they are so difficult to interpret.

That report indicated that basically a lot of patients are being wrongly denied the credit for that reason. Do you have any thoughts, suggestions or recommendations in that area?

Dr. Gigi Osler: I'm an ENT surgeon. In my speciality in particular, there aren't a lot of patients coming with the disability tax credit forms, but I have filled it out again and again over the last 20 years.

Personally speaking, I think there has been a simplification of the form in recent years, and where I see my patients struggling is probably due to my field. They don't realize that they may qualify for a disability tax credit. In the ear, nose and throat world, hearing loss is probably one of the biggest disabilities I see. Education and awareness among patients about what would qualify for the disability tax credit would be helpful. We certainly have those discussions among ourselves, as doctors, to make sure we understand which patients qualify so that we can ensure that they fill out the forms appropriately and apply for the tax credit.

I don't think anybody—doctor or patient—wants more complicated forms.

The Chair: Mr. McLeod.

Mr. Michael McLeod: Thank you, Mr. Chair. I want to put a question to the Canadian Medical Association and the Canadian Nurses Association.

First of all, thank you for raising the issue of long-term care and indigenous health in your submission. I certainly believe the federal government has a role to play in supporting long-term care, especially when it comes to small jurisdictions such as the one I represent, the Northwest Territories. I've watched all my life as a lot of people in my communities have to go to centres that are located either in the south or in regional centres. Our challenge is that we have to eat different foods, not everybody speaks the same language and patients are away from their friends and family. It's heartbreaking.

We have to start looking at doing things differently. I've talked to the Government of the Northwest Territories, which has been working with indigenous governments, the Métis, the first nations and the Inuit, and it's apparent that the federal government has a role to play if we're going to do any justice to this issue and start providing better support.

How do you envision indigenous governments getting involved in supporting and addressing the issue of long-term care?

Dr. Gigi Osler: Thank you for the question.

Coming from Manitoba, where most of the care is delivered in Winnipeg, we see the problem with delivering care effectively to remote northern and indigenous communities. I have patients who come down from Nunavut. You're right; it is difficult. I think there has to be ongoing discussion and consultation about how to better deliver health care in our indigenous communities, especially in the communities that now have the ability to run their own health care system.

With the demographic top-up to the Canada health transfer, I see the potential for improving care to all Canadians—not just our seniors—particularly in some of the remote, northern, or rural communities. For example, you could use innovation and technology so that you could monitor patients in their home communities and not have them come down to Winnipeg for a very quick follow-up visit. If we had some of those strategies in place, I think we could deliver better care to our under-serviced people across the country.

● (1145)

Mr. Michael McLeod: I just want to ask a second question to Sally Guy. I think I asked this question before, but you could speak to it. I had talked about student loan forgiveness for social workers the last time. It made it into the recommendation, but it didn't get into the budget. Maybe you could expand on that.

You talked about some of the challenges with burnout and caseloads, but you didn't mention PTSD. I have a region, an area where we have a high number of suicides. I talked to a social worker fairly recently who had to deal with four suicides in one year. These are front-line workers, and I'm not sure the supports are there for them. It's a huge issue. How do we deal with that?

I live in a community where I see a social worker come in about every 10 months. They can't stay. They can't deal with it. It's just too much for them. The burnout rate is so high, and there are so many other challenges. Could you just quickly talk about those two things?

Ms. Sally Guy: To go back to the report we just released this summer, we found that 44% of social workers experience threats or violence on the job. That's almost 50%. You are absolutely correct that those types of traumas, as well as vicarious trauma by seeing people go through these situations and witnessing suicides and things like that, are absolutely taking a toll on the care that is being provided to those communities. The first thing I would say is to go back to the idea of a caseload study. Even if the supports are there in place to help people get through these kinds of situations, they're not going to be able to take advantage of them if they're just drowning in administrative burden and caseload size. We really need to figure out an appropriate caseload before we even start thinking about the next steps.

Mr. Fred Phelps: In terms of PTSD, we have and will continue to push the federal government, while it is looking at first responders, to include social workers in that. Oftentimes, as a past front-line child protection worker, I have seen things that keep me awake at night. If you're on the front line for 20 or 30 years, that compounds. The vicarious trauma compounds, as does the PTSD. First responders, firefighters, and the police are there, but oftentimes, it's the social worker who makes the call for them to come.

I very much appreciate your question.

The Chair: Does anyone have one quick last question?

Go ahead, Peter.

[*Translation*]

Mr. Peter Julian: Thank you very much, Mr. Chair.

I have a question for Ms. Walker about the possibility of a universal pharmacare program.

The parliamentary budget officer has evaluated our current system and concluded that a universal system would save companies and individuals a great deal of money.

If I understand correctly, your association is not opposed to establishing a universal system instead of the current system to plug any holes. Is that correct?

Ms. Joelle Walker: Based on what is happening at the community pharmacies where we see patients, we think it would be possible to target people who have insufficient drug insurance.

That said, I accept your opinion that it would be possible to reduce certain costs. A universal program might be very expensive for the federal government though if the universal coverage is strictly public, instead of universal coverage with a combination of public and private elements. You will really have to choose between those two options at some point. I can see that my colleagues here all have their own ideas about the investments in health care that are needed.

Establishing a universal plan is realistic, but it might be possible to do so at a lower cost to the federal and provincial governments.

● (1150)

[*English*]

The Chair: We will have to leave it at that.

I want to thank each and every one of the witnesses for their submissions and responses to questions.

With that, we will adjourn. Thank you very much.

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