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Chair

The Honourable Wayne Easter

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● (1105)

[*English*]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I will call the meeting to order. For the record, we're dealing with the order of reference of Tuesday, April 30 on Bill C-97, an act to implement certain provisions of the budget tabled in Parliament on March 19, 2019, and other measures.

We have five groups in the first panel and we have Ms. Macklin joining us by video conference.

We will start with Mr. Achen, with Achen Henderson LLP. The floor is yours.

Mr. Clayton Achen (Managing Partner, Achen Henderson LLP): Thank you, Mr. Chair.

Thank you very much for allowing my voice to be heard in this committee. I am truly honoured and humbled to be here with you all today.

My name is Clayton Achen. I'm a founding partner at Achen Henderson CPAs in Calgary. Given my practice area, my primary interest with respect to Bill C-97 is tax—specifically the taxation of private companies and small businesses and their owners. I'm primarily interested in what's missing from Bill C-97.

My firm's day-to-day work as a chartered professional accounting firm is to work directly with middle-class small business families. This has given us better perspective than most to see how hard it is for entrepreneurs to earn a living. We also see how easy it has become for our government to take those hard-earned dollars away, sometimes under the guise of fairness, which is a clever word that does nothing to consider the risks and ultimate hardships that an entrepreneur endures.

I'll spend a few minutes talking about some of their more recent challenges, including economic challenges, increases to tax, increased compliance burdens and uncertainty, and challenges in dealing with the CRA and navigating our tax system. I'll then make some brief comments on Canada's desperate need for a modern tax system and close with my thoughts on a few business-related items that are contained in Bill C-97.

It cannot be understated how complicated our tax system has become in the last 50 years, which was the last time that a comprehensive review was undertaken. Our last three budgets have heaped more and more layers of complication and burdens of compliance onto Canadian small businesses. While I am grateful that the attack on private corporations and their shareholders appears to have subsided in 2019, I am disappointed that the bill contains nearly nothing to help them.

What we've seen, particularly in my home province of Alberta, is that entrepreneurs have faced tremendous adversity in the last five years and particularly in the last three and a half.

In Alberta, some small businesses have managed to survive a long and sustained economic downturn with very little help from our governments. A lot have simply closed their doors and are out of work.

For all Canadian small businesses, the cost of compliance has increased dramatically as a result of changes to the inter-corporate dividend rules, tax on split income, the specified corporate income and association rules, changes to family trust reporting and new penalties for saving too much in your business regardless of the reason.

Many wealthier clients have increased their risk tolerance with regard to tax planning strategies and reduced their tolerance for economic risks. Many wealthier clients are shifting their wealth out of Canada.

Most of this is a direct side effect of the offensive and ill-conceived attempt at tax reform for private corporations and their shareholders that was announced on July 18, 2017. Moreover, all companies, including small businesses, are now shouldering significant CPP increases for the next seven years.

According to research conducted by the CFIB, Canadian small businesses are now being asked to shoulder nearly half of the federal carbon tax take, which increases the cost of everything—and I mean everything—while receiving disproportionately small rebates.

In many cases, small businesses have tried to pass these costs on to consumers in order to remain viable. In many cases, they simply can't. This results in corporate inequity, meaning smaller companies are simply unable to compete with larger corporations and multi-nationals who are better positioned or better equipped to shoulder these additional tax and compliance burdens.

I share these insights with you today not to complain, but rather to highlight that there have been real, rapid and sustained challenges for middle-class small businesses owners across Canada and Bill C-97 offers very little in the way of assistance or stimulus.

The next issue is the CRA's service levels. I can confirm the substance of the 2017 Auditor General's report, which says it is very difficult to reach the CRA by phone and even more difficult to get a complete and correct answer. We still deal with this daily. At Achen Henderson, we have been forced to add this to our service levels and have elected to do so at no additional cost to our clients.

While I'm thankful for my newfound love of chamber music and encouraged that the government recognizes the problem, we must ask ourselves if the measures in Bill C-97 are the correct approach. While advances have been made by the CRA to be more accessible and user-friendly online, it confuses us that the CRA requires five times the staff per capita to administer our tax system than the IRS does, with more hiring announced in the 2019 federal budget.

Based on our extensive experience in dealing with the CRA and helping many organizations who have experienced similar challenges, we've come to believe that the CRA's issues are cultural in nature. Defective cultures always result in operational bottlenecks. These bottlenecks are magnified by a tax system that is far too complicated for the average CRA agent or taxpayer to navigate, which is further magnified by a lack of or inadequate professional training, in our opinion.

● (1110)

Next, instead of taking steps toward modernizing our tax system to make it more transparent, competitive and easy to comply with and administer, Bill C-97 is a continuation by our government of using taxation to pick winners with tax breaks in various economic areas and industries. Furthermore, C-97 does nearly nothing to address tax competitiveness with the United States. Instead, the bill stretches the fabric of our tax act even further, mending holes where the fabric breaks with more patches, resulting in legislation that is impossible to comply with and administer.

lt's not all bad. There are some welcome patches in the bill, such as the improvements to the RDSP rules and the specified corporate income rules, but I can't help but wonder how many more holes will need to be patched until we consider modernizing our tax system.

The patch to the SR and ED program is a step in the right direction. lt undoubtedly makes the program more accessible to certain CCPCs. For them, this should help to tip the balance between compliance costs versus benefits and increased support. Unfortunately, these changes do not address the administration issues in the SR and ED program, and they only impact a very small portion of private companies in Canada.

While the accelerated investment incentive will be helpful to some private companies—namely those who are doing well and/or those who are able to expand or upgrade—the full expensing of M and P equipment, clean energy equipment and electric vehicles seems like boutique benefits that will only help certain private companies. We are disappointed that the accelerated CCA measures are temporary in nature.

ln closing, entrepreneurs have endured a lot these last few years. Many continue to struggle with uncertainty and excessive tax complexity, and have received very little from their government in return. While C-97 doesn't ask them to shoulder much more, it doesn't offer much in the way of assistance or stimulus.

We've seen improvements in the CRA's online offerings, but we have experienced very little improvement in hold times or service levels, and we question if Bill C-97's approach to resolving these problems is the correct one. Bill C-97 is a missed opportunity to initiate a comprehensive review of our tax system with the goals of modernization and simplification at its core.

Lastly, the accelerated CCA measures in C-97 are targeted at specific industries and temporary in nature, and we think they miss the mark on tax competitiveness with the United States.

Thank you very much for inviting me to speak today. I'd be happy to take your questions.

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

Next is the Canadian Consumer Specialty Products Association, with Ms. Coombs, president.

Ms. Shannon Coombs (President, Canadian Consumer Specialty Products Association): Good morning, Mr. Chair and members of Parliament. It's a pleasure to be here today to provide our proposal for your consideration and to include in the clause-by-clause consideration of Bill C-97.

My name is Shannon Coombs and I'm the President of the Canadian Consumer Speciality Products Association. For 21 years, I have proudly represented the many accomplishments of this responsible and proactive industry. Today, I provided a one-pager, “Imagine Life Without Us?”, which illustrates the types of products CCSPA represents. I'm sure you have used many of them today.

CCSPA is a national trade association that represents 35 member companies across Canada, collectively a $20-billion industry employing 12,000 people across 87 facilities. Our companies manufacture, process, package and distribute consumer, industrial and institutional speciality products such as soaps and detergents, domestic pest control products, aerosols, hard surface disinfectants, deodorizers and automotive chemicals, or as I call it, everything under the kitchen sink.

I would also like to thank those MPs around the table who are assisting CCSPA with our social media campaigns on Lyme awareness, tick prevention and hand washing.

Why are we here today? Bill C-97 makes amendments to various pieces legislation. Part 4, division 9 of Bill C-97 includes provisions to support regulatory modernization in Canada. Four of the acts included within the regulatory modernization section impact our members. These pieces of legislation are the Pest Control Products Act, the Weights and Measures Act, the Food and Drugs Act, and the Hazardous Materials Information Review Act.

I would be pleased to answer any questions you may have regarding those acts. However, our primary focus today is not these but the Hazardous Products Act.

First and foremost, CCSPA applauds the government's commitment to support regulatory modernization in Canada. Minister Morneau's fall economic statement underscored the need for regulatory reform to make it easier for Canadian businesses to grow and remain competitive while still protecting the health and safety of Canadians. Given this commitment, we are here today to request the removal of a costly and unique-to-Canada provision in the Hazardous Products Act via Bill C-97.

The requirement found in paragraph 14.3(1)(a) of the Hazardous Products Act requires suppliers to keep a “true copy” of labels for workplace chemicals housed on a server in Canada for six years. This unique-to-Canada provision was included in the omnibus bill of 2014, when amendments were made to the Hazardous Products Act to allow for the modernization of the hazardous products regulations. As the provision for the “true copy” was included in the legislation, it did not have to go through any costing for companies. In the development of the regulations, it also avoided regulatory costing oversight as it was considered “compliance” and outside the scope of the regulations and the one-for-one rule. To date, no clear policy intent or objectives have been provided to us related to the true copy provision.

The cost for our member companies to comply with the true copy requirement is prohibitive and is realized throughout the entirety of the Canadian supply chain. On average, CCSPA members will have an initial investment for the first year of $4.2 million, $17 million in ongoing investment for each year for human resources, and up to $10 million associated with the Canadian server. If we were to break it down and look at the impact on an individual company, annual costs for one member with four manufacturing sites are estimated at $400,000 to inspect, photograph and catalogue 23,000 receipts of their raw materials annually. The costly process has been captured on the left-hand side of the the document that I provided to the clerk for your reference.

As members can see from the diagram on the right-hand side, costs are not just borne by the manufacturer but upstream by the supplier and downstream by the distributors. Everyone will have to collect and retain the label information already captured on the safety data sheet. The redundancy of collecting this information at multiple points in the supply chain is an unnecessary burden and one without a clearly defined benefit.

As mentioned earlier in my remarks, regulatory modernization must work together for the “health and safety of Canadians” policy objective. The removal of the true copy provision within the HPA does not diminish the protection of Canadian workers. Industry is obligated to provide safety data sheets for all hazardous materials and chemicals used in the workplace. Under the Hazardous Products Act, suppliers are required to retain a copy of all safety data sheets for six years. This requirement is aligned with the United States and the EU requirement for safety data sheet retention. We are the outlier with respect to this unique label data collection.

● (1115)

The role of a safety data sheet is such that employers are obligated to train workers on hazardous chemicals that they work with and to ensure that workers read and understand the safety data sheets before they begin handling the products. This helps to ensure that their workers are protected when they use those products. The safety data sheet, which contains all of the important information on how to use that product, is the most comprehensive document that can be used to train workers on the hazards and precautions specific to that product. As members can see from the copy of the SDS that the clerk has shared with you, it is the most comprehensive piece of information. The label is a limited restatement of those hazards and precautions that already appear on the SDS.

CCSPA has been and remains committed to working with this government to support an efficient and effective regulatory climate for businesses so that we can be competitive at home and abroad. We believe that the issues, as outlined, support our collective goal of meaningful regulatory change as per the government's regulatory reform agenda.

For companies who wish to be competitive in North America, this unusual paper burden, unique to Canada, is a disincentive to innovation and keeping businesses here. We respectfully request that the finance committee help us to remove this unique legislative burden and deliver against the government's regulatory reform agenda.

Thank you, Mr. Chair.

The Chair: Thank you, Shannon.

Next we have, from CropLife Canada, Mr. Prouse, Vice-President, Government Affairs.

Go ahead, Dennis.

Mr. Dennis Prouse (Vice-President, Government Affairs, CropLife Canada): Thank you, Mr. Chair and committee members.

As Mr. Easter said, I'm Dennis Prouse, vice-president of government affairs for CropLife Canada.

CropLife Canada represents the Canadian manufacturers, developers and distributors of pest control and modern plant-breeding products. Our organization's primary focus is on providing tools to help farmers be more productive and more sustainable. We also develop products for use in urban green spaces, public health settings and transportation corridors.

We are here to speak in support of Bill C-97 due to the fact that it makes an important start down the road of regulatory modernization. As we know from both the advisory council on economic growth report—often known as the Barton report—and the agri-food economic strategy table, Canada must overcome internal regulatory barriers that hinder innovation and competitiveness if it is going to meet the government's target of $75 billion in agri-food exports by 2025.

Bill C-97 takes significant actions to address regulatory modernization. In particular, it makes key amendments to the Pest Control Products Act—PCPA for short—to help alleviate resource pressure on Health Canada's pest management regulatory agency to allow it to focus on work that meaningfully contributes to the agency's mandate.

The current requirement in section 17 of the PCPA requires the Minister of Health to initiate a special review of any pesticide where an OECD country bans all uses of an active ingredient. The language gives no discretion to the minister to determine whether or not a special review is necessary. An active ingredient that is currently under re-evaluation or has just been reviewed in Canada can still be subject to a new special review.

Certain interest groups have learned to exploit the current system, and the onerous special reviews, coupled with the challenges with the current re-evaluation process, are contributing to the PMRA's unsustainable workload. These duplicative efforts only serve to bog down the system and to prevent farmers from having access to the tools that they need to protect their crops and help drive Canada's economy.

Under Bill C-97, the Pest Control Products Act would be amended to give the Minister of Health discretion to move forward with a special review only when it stands to serve the best interests of Canadians. It also allows the minister to consolidate related special reviews, which would fix the tsunami effect that might otherwise result.

We applaud the efforts of Bill C-97 to address regulatory modernization, but it is only one part of a much broader set of improvements that are needed. For instance, we continue to press for critical improvements that can and need to be made to PMRA's re-evaluation process under existing authorities, as these have not yet been addressed.

Similarly, we are seeking formal cabinet-level acknowledgement of the economic role that both PMRA and the Canadian Food Inspection Agency play in facilitating agriculture and agri-food's economic growth. On the CFIA side for instance, the agency has still not yet clarified its regulatory oversight for products of gene editing. Gene editing is poised to transform agriculture around the globe. Despite this, Canada is falling behind some of its global competitors who are acting decisively on creating timely, predictable approaches to regulatory oversight for products of gene editing.

Examples like this are why the government needs to act quickly on the concept articulated in budget 2019 of placing a competitiveness lens on regulatory agencies. Competitiveness does not come at the expense of health and safety, which must always remain at the forefront. What it does mean is that regulators acknowledge and embrace their role in helping to facilitate innovation and competitiveness for Canadian companies, all while maintaining their focus on science-based regulation.

Action is also required for the annual regulatory modernization bill as outlined in budget 2019. The new external advisory committee on regulatory competitiveness will no doubt have some strong content for that bill.

It is encouraging to see momentum building around regulatory modernization that will serve to drive growth in Canadian agriculture and the economy writ large. However, regulatory modernization must be a whole-of-government exercise and must be led by key economic players, namely the Department of Finance and Treasury Board. Regulatory agencies do not reform themselves. They respond only to strong direction and leadership from above. Absent of that, regulatory modernization will slowly lose momentum and collapse. Given the promise held by economic growth in Canadian agriculture and agri-food, that would be a tragic development.

Thank you, Mr. Chair. I look forward to the questions that the committee might have.

● (1120)

The Chair: Thank you very much, Dennis.

We'll turn, then, to the Canadian Credit Union Association and Mr. Hatch, Associate Vice-President.

Welcome.

Mr. Michael Hatch (Associate Vice-President, Financial Sector Policy, Canadian Credit Union Association): Thank you, Mr. Chair.

[*Translation*]

I want to thank the committee members for giving me the opportunity to speak this morning.

[*English*]

My name is Michael Hatch, as the chairman mentioned, and I am the Associate Vice-President for Financial Sector Policy with the Canadian Credit Union Association. Try saying that five times fast.

We represent 248 credit unions and caisses populaires outside of Quebec. Collectively, our sector contributes $6.5 billion to the Canadian economy. We have 5.8 million members. We employ almost 30,000 Canadians and we manage over $225 billion in assets. In 2018 we donated $62.5 million back to community initiatives and projects across the country, which is a much higher share of our after-tax income than the large banks.

Credit unions are owned by the people who bank with them, as many of you will know and appreciate, and that's what sets us apart. We're the only banking services provider with a physical branch in 395 communities across Canada, many of which are represented around this table today.

Despite our smaller size, we have market share comparable to the big five banks in agricultural and small business lending. We lend to small businesses because we are small business. In the western provinces, for example, credit unions often have between 30% and 50% of the market. In Manitoba, one out of every two consumers banks with a credit union.

The important work we do in our communities is why credit unions have been asking the government to modernize some outdated provisions within the Bank Act, which are obsolete and a barrier to innovation and competition in financial services. We were pleased to see two of our pre-budget recommendations included in budget 2019, back on March 22. These were changes to federal credit union member voting for AGMs, and an elimination of the outdated requirement for federal credit unions to send paper statements to all members each year.

We thank the government for hearing our concerns and for working to address some of our recommendations in budget 2019. However, we were disappointed that only one of these two recommendations was included in Bill C-97. This means that federal credit unions will have to continue sending out inefficient, costly and environmentally unfriendly paper statements to all of their members, including children, preventing the credit unions from returning the savings that electronic notices would provide back to their communities, until at least 2020 and perhaps beyond.

One of our federal credit unions has estimated that this costs it nearly $1 million every year. This money would be much better spent on reinvestment in the credit union or on the community programs that our members support so generously.

While the Bank Act does apply directly to only federal credit unions, it is important to note that modernization of outdated provisions eliminates barriers to entry for credit unions considering going federal, as well as sending an important message to provincial regulators, encouraging them to re-examine their own outdated provisions in their own legislation. Several provinces still have similarly outdated provisions. These recommendations will have an impact not only in the federal sphere but across Canada in increasing competitiveness and innovation within the sector.

With the support of the all-party credit union caucus—of which many members are here this morning—and all parties, credit unions remain hopeful that the Parliament elected in October will follow through with the budget measure on the elimination of the requirement to send paper statements, and our other recommendations to support innovation and competition within the financial services sector.

Ultimately, policy should encourage competition in financial services in Canada. Our financial sector is not noted for its high levels of consumer choice. Credit unions represent the only real alternative to the large banks in Canada. Further, policy-driven concentration in financial services in this country is not in the interests of the consumer or the economy.

Credit unions will continue to advocate for the changes that the government committed to in its budget this year but that did not make it into this bill, regardless of the outcome of the election later this year. The sector appreciates the support of the all-party credit union caucus and asks this committee for its support in ensuring that these changes are implemented at the earliest legislative opportunity.

Thank you very much.

● (1125)

The Chair: Thank you, Michael.

We'll turn, via video conference, to the University of Toronto and Ms. Macklin, Director of the Centre for Criminology and Sociolegal Studies.

Welcome.

Professor Audrey Macklin (Director, Centre for Criminology and Sociolegal Studies, University of Toronto, As an Individual): Thank you.

[*Translation*]

Thank you for giving me the opportunity to speak to the committee. This is my first appearance, and I hope that I [*Technical difficulty—Editor*].

Can you hear me?

[*English*]

The Chair: Could you go maybe go a little more slowly, Ms. Macklin, and we'll see how that works?

Prof. Audrey Macklin: I will focus on two aspects of Bill C-97 touching on immigration.

The first, starting at clause 305 of Bill C-97 is the diversion of a subset of refugee claimants from the Immigration and Refugee Board's refugee determination process to a pre-removal risk assessment. This applies to those who have made a refugee claim in one of the Five Eyes countries before coming to Canada, and that country is by and large the United States.

Why is this happening and with what effect? It's important to know that the pre-removal risk assessment is designed to be a supplement to, not a substitute for, a proper refugee determination. A proper refugee determination provides an oral hearing before an independent expert decision-maker. The pre-removal risk assessment is conducted by an employee of Immigration, Refugees and Citizenship Canada—someone who is not independent, someone who is not an expert in refugee determination and does not routinely provide oral hearings.

Why would one make this change from a process designed for refugee determination to one that is intended only as a supplement—one that is, for purposes of refugee determination, clearly inferior? Two reasons have been proffered. One is to address the delays, backlog and inefficiencies arising from the growth in the flow of incoming refugee claimants entering the system.

With respect to this problem, legal scholars—me included—and lawmakers, when confronted with a policy challenge, often reach first to law as the solution. The problem of a law is it's a bad law, and if it's a bad law, we'll make a better law. But that's often not the case and it's not the case here. The problem for the Immigration and Refugee Board was the inadequacy of the resources it had to manage an increasing flow of refugee claimants and, candidly, a lack of nimbleness in responding to the challenges of doing its job. These were amply documented in a recent audit report about the refugee determination process.

Having said that, since the data was gathered for that report, the Immigration and Refugee Board has received increased resources from the federal government, to the government's credit, and the IRB itself has developed new and better techniques for managing its workload, so that at present, they have exceeded their performance target for fiscal year 2019. In other words, there was a policy challenge, it was operational and administrative and they're meeting it.

For the government to switch horses in the middle and start to divert claims to another process, I think, is operationally unwise. More importantly, or in addition to that, this new process, or PRRA—pre-removal risk assessment process—is not able at the moment to manage refugee determination. It doesn't do oral hearings. It doesn't have expert decision-makers. There has been no calculation of the additional resources, delays and costs that will be imposed by switching to a different process for that subset of claims. In short, I think it is an inappropriate policy response to an operational or administrative challenge, and one that, indeed, on the evidence, is being addressed under the existing system.

I will move on to another concern about this, or another reason this process has been suggested, which is to somehow respond to the increased movement of so-called irregular border crossers who are coming to make asylum claims in Canada. I have a couple of responses to that.

First, the evidence suggests that very few of those people who are crossing irregularly into Canada have made asylum claims in the United States. So if the goal is to somehow address that population, it isn't going to be addressed by this move.

Second, for this allocation of refugee claimants who have made a claim in the United States the pre-removal risk assessment applies not only to irregular border crossers but to people who cross the border in any way—people who fly into Canada or people who enter to make a refugee claim under one of the exceptional categories of the safe third country agreement, for example, if they already have a relative in Canada. In other words, it doesn't just apply to irregular border crossers.

● (1130)

Finally, there seems to be a misconception that people who are diverted to the pre-removal risk assessment process because they have made a refugee claim in the United States will, if they fail before the PRRA, be removed to the United States. That's not right.

Let me give you an example. Let's say there is somebody from Iran in the United States who entered before the Muslim ban—a student, for example. The situation has become dangerous for her to return to Iran, and she decides, perhaps not unreasonably, that the United States is not a safe place for her to make a refugee claim. Maybe she makes a refugee claim in the United States and changes her mind, or maybe she doesn't make one at all. She comes to Canada. She gets this pre-removal risk assessment, which is an inferior process to a refugee determination process and one that will have a higher risk of false negatives, false refusals. If she is refused under this process, she isn't returned to the United States to complete her refugee claim there. She's returned to Iran.

This process exposes people to a very real risk of refoulement—a return to face persecution—and indeed through an unfair, incomplete, inadequate process.

Why, then, is this being done to people who have made refugee claims elsewhere? If it's under the assumption that they should complete their refugee claim in the place they started, as I pointed out, they aren't going to be returned to the place where they started their refugee claim. They're going to be returned to a place where they may fear persecution. If there is a view that somehow people ought not to make a refugee claim in one of the Five Eyes countries and then come to Canada, I will only refer you to the written submission of Professor Karen Musalo, an expert in U.S. immigration and refugee law.

She testified before the citizenship and immigration parliamentary committee on the question of what kind of asylum process now exists in the United States. She provides ample evidence about the extent to which it is unfair in its process, through things like, for example, the detention of children and the separation of families, and how it is unfair in its content and substance, by, for example, denying protection to women who flee domestic violence from other countries and cannot obtain refugee protection.

There has also been some claim that people who undertake this or who are subjected to this pre-removal risk assessment will in fact get a robust oral hearing and full access to appeal. I would refer you to the actual provisions in this legislation, in this bill, clause 305 and onwards. Nowhere in there does it say that anybody will get an oral hearing. Nowhere does it say that they will get an appeal. These are mere promises that are held out as something that may be done in regulation if this legislation is passed. I would encourage you not to sign a blank cheque on this. There is no oral hearing provided in this legislation. There's no provision for appeal under the present pre-removal risk assessment. There is very rarely occasion for oral hearings. They are generally not given.

In the moment that remains, I will just highlight for you something I will not pursue here, which is another provision in the bill regarding visas. There is a provision here to systematically deny visitor visas and other kinds of visas from countries that Canada considers unwilling to furnish adequate travel documents for purposes of removal of those already in Canada.

Let me cut to the chase on that. What this proposes, for example, is that if a country like China, which often does not issue travel documents readily to people being removed from Canada to China.... Canada decides it's not going to give any more travel documents to Chinese visitors to Canada. You as MPs are going to have an office full of angry constituents who say, “My mother can't visit for a wedding because she's from China, and China isn't delivering travel documents for returning Chinese visitors fast enough.” I'm not sure if you want to confront that situation in your constituency offices, but that's what this legislation will permit and authorize.

With that, I welcome your questions. Thank you very much.

● (1135)

The Chair: Thank you, Ms. Macklin. Thank you all for your presentations.

We'll start with seven-minute rounds. First up is Mr. Sorbara.

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

Good morning everyone and thank you for your testimony. I'll try to do a couple of questions here so we can go across the board.

First off is Clayton. I listened to your comments. My first question is this. In Canada right now our debt-to-GDP ratio is declining. We're running a deficit-to-GDP ratio around 0.7%. In the United States, the equivalent deficit-to-GDP ratio is around 5%. Would you argue for stimulus—whether it's a tax expenditure, a tax cut or increased spending—to increase our deficit?

A lot of your comments were aligned with the party across. Would you argue for a higher deficit? How would you pay for it? What services would you cut?

I'd like a brief response, in 20 seconds, please.

Mr. Clayton Achen: I think that cherry-picking economic indicators is probably not the right approach to looking at the challenges that small business owners face in Canada. I think there needs to be a bit more compassion and empathy towards the plight that real people face, in particular with these new legislative challenges, so I'd argue for a comprehensive tax reform to analyze the things that you've just discussed, which are very critical points.

● (1140)

Mr. Francesco Sorbara: You're not answering the question.

My second comment is this. We cut the small business tax rate from 11% to 9%, a $7,500 saving for every business across Canada. Over a million jobs have been created by Canadian businesses here in Canada. A.T. Kearney ranked us the number two place to invest in the world last year in their annual rankings, and I'm sure we're going to be up near the top again this year. We introduced the accelerated investment incentive and, for some reason you forgot to mention, the marginal effective tax rate on new investments in Canada is five points lower than in the United States.

I'm going to stop there and I'm going to move over to Mr. Hatch.

Mr. Clayton Achen: Do I get a chance to respond to that?

Mr. Francesco Sorbara: No, there was no question.

The Chair: We have to give Mr. Achen equal time, Francesco.

Mr. Clayton Achen: Thank you very much, Mr. Chair.

You know, I completely agree, and shortly after the uproar that resulted from the July 18, 2017, attack on private companies, the government brought back the 2015 plan to lower the small business rate. Whether or not that was a good idea is a question for economists. The jury is out on whether or not that encourages small business rewards and risks. A recent CPA report cited the need to review the tax system in order to determine if there's a net positive effect.

The small business deduction only helps those who are fortunate enough to be earning enough to leave some behind after they've paid themselves and their employees. This seems a bit contrary to the government's objective of helping the middle class, or maybe there isn't enough to be left behind.

The Chair: I'm just allowing equal time here, Mr. Sorbara.

Mr. Francesco Sorbara: Chair, I'm going to move on. He is effectively arguing for higher tax rates on small businesses. I thank him for his comments.

Mr. Clayton Achen: I'd appreciate it if you didn't put words in my mouth. That's not what I said, sir.

Mr. Francesco Sorbara: Michael, good morning to you. It's great to have the chair of the credit union caucus here this morning. We have worked together, I believe, very co-operatively with all parties in ensuring consumers have greater choice and that there's competition in the marketplace.

I understand the two budget measures are the budget measures that were introduced in budget 2019, one of which just made it to the BIA. I would argue that the actual governance structure that is being put in place is a longer term work in progress amongst yourselves, the government and the finance officials, but it has generally been very co-operative.

Just to clarify, the rules that have been put in place under the BIA would only impact those credit unions that are federally regulated.

Mr. Michael Hatch: That's right. Thank you for the question and thank you for your leadership on the all-party credit union caucus. It's been a really instrumental piece of the puzzle, along with Mr. Albas from the Conservatives and Mr. Julian co-chairing that group.

Yes, to answer your question, these provisions directly apply to only federal credit unions. There are only two of them, and two more soon to be going through that process, but if I may add, there's an important downstream effect at the provincial level. I can tell you that in B.C., for example, they are currently undergoing a review of their FIA, their Financial Institutions Act, and this same provision exists for provincial credit unions in B.C.

But partially as a result of the progress that we've made on this requirement to send paper statements at the federal level, B.C. is now strongly considering eliminating that for provincial credit unions in that province, which would obviously be a huge win.

Mr. Francesco Sorbara: Thank you, and you have our support in terms of continuing the movement forward to ensure a more competitive financial services sector across Canada.

Shannon, welcome. We've met several times over the last couple of years with you and with your organization. The regulatory reform aspect, or regulations, are obviously very important for the economy to innovate and for companies to invest. It's my personal opinion, with regard to the issue that you've brought forward, that we need to examine it judiciously. You have made some very valid points with regard to oversight that is potentially not necessarily needed when things are in place.

Can you comment further in terms of what your members, your stakeholders, are saying on this issue?

Ms. Shannon Coombs: Thank you for the question.

As I mentioned in my comments, we are very excited about the opportunities with an annual regulatory modernization bill. The fact that the first one has been incorporated into this bill is why we're here today. We are striving to deliver against the very ambitious agenda that the government has set out. I believe that when the officials were here, they talked about how the regulatory modernization banner that was added within the bill is to help cut costs for both regulated parties and regulators in a bid to make regulation more efficient, and many of these changes will respond to long-standing irritants.

I hope I've been able to highlight that today. We are going to be able to save $17.5 million a year for our companies. They won't have to make that initial investment to this unique requirement. I know from other stakeholders that we have support in the industry. The Canadian Paint and Coatings Association has also submitted a letter providing comments on how it's an $18.5 million cost to their industry. I know that our Chemistry Industry Association also has a member that is looking at a $3-million investment up front, with around $750,000 a year for this requirement. As well, Responsible Distribution, which is another organization that represents suppliers, is also looking at a $2-million cost per year to be able to implement this—unique to Canada.

We're hopeful that we'll be able to take this amendment and—

● (1145)

The Chair: We will have to end it there.

Mr. Richards, you have seven minutes.

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

Actually, I want to touch on this issue of regulatory burdens and barriers as well.

Ms. Coombs, if you have anything you want to add, you can certainly do that.

Mr. Prouse, I also noticed that you had mentioned in your opening remarks about some regulatory concerns. This is something that I certainly hear. In fact, it's probably the number one issue that I hear when I meet with chambers of commerce or business owners across the country. I hear about the regulatory burden, the regulatory compliance and how much time is taken away from the important things that a business owner should be doing, like serving customers, mentoring employees and growing their business, in order to comply with government red tape.

Mr. Prouse, I'll give you an opportunity and Ms. Coombs, too, if you have anything you want to add.

Mr. Achen, I don't know if you had anything you'd like to say on this as well. In terms of the regulatory burden in this country and how it's stifling innovation and reducing our ability to be competitive globally, I want to hear thoughts on that.

I'll start with you, Mr. Prouse.

Mr. Dennis Prouse: Thank you, Mr. Richards.

I would say the biggest issue flagged by our members is re-evaluation of existing products—existing pesticides—by PMRA. It's a very large and onerous job. The number of re-evals coming through are increasing and will be increasing over the next 10 years. There have been a number of decisions that are going to place Canada out of alignment with our key global competitors. That is a huge concern and it's going to make farmers less competitive if this continues on. It makes Canada a less attractive place to invest.

This is why we're pushing hard to have that competitiveness lens that was discussed in the budget actually placed because regulators need to have a mandate that includes competitiveness. Absent that, they're going to do a very strict interpretation of the act, and they have. I'm here to beseech the political leadership to apply that competitiveness lens to a regulatory body like Health Canada's pest management regulatory agency.

I share some common membership with Shannon's organization. I'm sure she'll have some additional thoughts.

Mr. Blake Richards: Ms. Coombs, did you have anything you wanted to add to your previous comments?

Ms. Shannon Coombs: I just wanted to highlight that CCSPA has been very engaged in the regulatory modernization agenda since it was first announced and we did provide comments to the minister, Scott Brison, at the time. We provided addendums and then an addendum with a costing on this particular issue. We want to be very engaged on how we can bring these issues forward in a productive manner.

Given that the timing is here to fix this now, we would ask that the committee consider that this would be the appropriate time to make this amendment and deliver against the regulatory reform agenda.

Mr. Blake Richards: Mr. Achen, was there anything you wanted to add as well?

Mr. Clayton Achen: I'll just quickly comment that over the last few years, simple things for middle-class small business families—like paying a dividend—have now become such onerous chores. To go see your tax professional.... I'm talking about general accountants who are not specifically trained in tax. A lot of them aren't even equipped to handle these new rules that have come out.

In fact, at a round table as early as last week, the CRA couldn't even answer a bunch of questions about them. It's a national issue, they say, so they skipped by a bunch of questions on it in Red Deer. How on earth are we supposed to advise our clients on how to pay a dividend from their company to their holding company or to their spouse? How on earth are we supposed to manage that when we can't even get answers from the tax administrator in this country? We can't get consensus on how to apply these new rules because they're so vague, onerous and open to interpretation. This is going to keep the courts busy for a long time.

Mr. Blake Richards: I'd like to come back to that in a minute, if I can.

Mr. Prouse, I want to go back to you first. In terms of some of these regulatory burdens, in your opening remarks and just now in your response, you mentioned specifically the PMRA, and you also mentioned the CFIA. I hear at different times from constituents and others about some of the challenges, particularly in comparison to the U.S. and how products there can be treated much differently than they are here, which therefore makes us uncompetitive against our U.S. neighbours.

Do you have any examples that you can share with us of that type of thing that you've seen in your organization?

● (1150)

Mr. Dennis Prouse: Actually, there's a very good example, very close to Ottawa. It's a company called Sevita seeds. They developed a soybean that has a healthier oil profile to meet a market demand in Japan. It doesn't need pre-market assessment anywhere else in the world. It's not a GMO. It's not a product of gene editing, but unfortunately CFIA couldn't decide whether it needed to go through the two-year assessment process or not. As a result, Sevita took its seeds, took its technology, went to the United States and farmers in the United States will now grow this product to ship to Japan. That is a very real-life example of a regulatory barrier that costs the Canadian industry.

It's easily fixable by having a clear mandate for an agency such as CFIA to consider the competitiveness.

Mr. Blake Richards: Thank you. Unfortunately, I hear those types of examples all too often. Those are the types of things that we obviously need to be looking at to try to address with regulatory compliance.

Mr. Achen, regarding the CRA, you raised an issue that is also one I hear so frequently. You mentioned, and I actually hadn't heard this statistic before, that we have five times the number of agents per capita in the CRA than does the IRS. I've heard that expressed in different ways before, about the thousands and thousands of agents that we have at CRA, yet when you make a phone call, you can never get any one of them on the phone. People always wonder how the heck it is possible, with all those people there, that you can't even get someone on the phone. Then they say, if you ever do get someone on the phone, you might talk to four different agents and get six or eight different opinions, so that's obviously a source of frustration.

I wonder if you might speak to the opportunity that's lost for our businesses, particularly our small businesses, when they're dealing with these types of compliance burdens with the CRA. Obviously the complicated nature of the tax code and the fact that even the CRA agents can't really give you a proper interpretation of it, what do those effects mean for our small businesses in terms of lost opportunity to be able to be competitive and to be able to grow their businesses, mentor employees and so on?

Mr. Clayton Achen: In terms of one of the biggest challenges, of course, we live in a self-assessment system where you're expected to file your own taxes and the tax of your corporation. You're responsible for those. A common source, particularly for middle-class small business owners who can't afford a fancy accountant, is to turn to the CRA for answers, and unfortunately, we get the wrong answers a lot.

Coming back to the impact that has on them, that results in improper tax filing, probably, in some cases, diminished revenues to the government, and a very high level of frustration when the CRA figures out that they've filed something wrong, and particularly in the area of GST/HST we see this quite a lot.

In a lot of cases, for people who can't afford tax accountants, the real costs are a sense of frustration, followed by a sense of a lack of trust in the tax system, followed by CRA reassessments because they got something wrong when they tried their best to comply with it.

The Chair: Thank you both.

We'll go to Mr. Dusseault, and then back to Mr. Fragiskatos.

[*Translation*]

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): Thank you, Mr. Chair.

I want to thank all the witnesses here today.

My first questions are for Ms. Macklin, who is joining us by video conference from Toronto.

First, I want to know whether you find that the division of the bill that amends the Immigration and Refugee Protection Act creates two classes of refugees, namely, those who have entered the country in a regular way and those who have entered the country in an irregular way.

[*English*]

Prof. Audrey Macklin: It certainly creates classes of refugee claimants: those who are deemed worthy of a proper, full and fair refugee hearing, and those who are not.

As I explained, those who are not and who are relegated to the PRRA process, are not mainly, or even probably, those who have entered irregularly. Relatively few of those who have entered irregularly, it appears, have in fact claimed refugee status in the United States. What it does do is set up a distinction between those who deserve a proper hearing and those who, apparently, for reasons that are never fully explained or justified, don't warrant a full hearing.

Let me add to that. The pre-removal risk assessment was designed to be a supplement to the refugee determination system. Somebody who went through the system and had been refused, but for whom a long time had passed before they were about to be removed, had the chance to say, "Here is new evidence. Something has changed since I was refused refugee status. Please look at it before you make the final removal."

The idea is that they had already had one fair and full decision made, and this is a supplement to that. In the present circumstances, the bill will take people who don't have any decision made about them in the United States, Australia, England or anywhere else. They are simply people who have claimed refugee protection, yet for that reason, they are denied a full and fair hearing and confined only to this inferior process.

● (1155)

[*Translation*]

Mr. Pierre-Luc Dusseault: Exactly.

I want to know the consequences for a refugee claimant who has entered the country in an irregular way.

Last week, our committee met with Seidu Mohammed, who spoke about his experience. He said that, if the amendments to the act proposed today had been in effect, he would have most likely been sent back and his life would have been in danger.

After the pre-removal risk assessment, are refugee claimants ultimately sent back to the country where they came from, meaning the country where they made their claim, which in most cases happens to be the United States, or are they sent back to their country of origin, where their safety is at risk?

[*English*]

Prof. Audrey Macklin: They are sent back to their country of origin.

[*Translation*]

Mr. Pierre-Luc Dusseault: They aren't sent back to the United States, for example, which is the country where most claims are made.

In Mr. Mohammed's case, he would have been sent directly to Ghana because he came from Ghana.

[*English*]

Prof. Audrey Macklin: That is correct.

[*Translation*]

Mr. Pierre-Luc Dusseault: This would have occurred even without a full and independent review of his refugee claim, such as the one carried out for all other refugee claims.

[*English*]

Prof. Audrey Macklin: That's correct. If he had made a refugee claim in the United States, he would, under this system, only have access to a pre-removal risk assessment before people who are not independent, not expert, not trained and, at least under the present law and the law proposed, have no obligation to provide an oral hearing.

Given all of those factors, the risks of an erroneous refusal—that is, a false negative—are heightened, and that would lead to refoulement to a place where he has a reasonable fear of persecution.

[*Translation*]

Mr. Pierre-Luc Dusseault: As you said, no appeal mechanism has been incorporated into the bill. After the pre-removal risk assessment, claimants would have no way to appeal the decision to say that an error occurred and that they're in danger in their country of origin.

[*English*]

Prof. Audrey Macklin: Under current law, there is an appeal from a refugee protection division hearing to the refugee appeal division. There is no appeal to the refugee appeal division for a pre-removal risk assessment. The most one can do is to apply for what's called judicial review, but you need leave, that is, you need the permission of the court to get judicial review. The court denies it in the vast majority of cases, and there is no stay. You can be deported while you're waiting for that.

[*Translation*]

Mr. Pierre-Luc Dusseault: I have one last question about this issue.

In your opinion, are there any ways to improve the bill, Division 16 in particular, or should we simply remove this division from the bill, repeal it completely and not make the changes?

● (1200)

[*English*]

Prof. Audrey Macklin: When you say "section 16", I don't know which provision you mean exactly.

[*Translation*]

Mr. Pierre-Luc Dusseault: I'm talking about division 16 of part 4 of the bill, which we've just discussed.

I want to know whether you think that it can be amended or whether it should simply be repealed and thrown out.

[*English*]

Prof. Audrey Macklin: You don't need it. There is a system in place for this. It's the Immigration and Refugee Board's refugee protection division. They are getting better. There is significant improvement in how they process their claims. If the concern is delay and inefficiency, they're working on that.

Know that if you divert to a new system—and I hope members of a finance committee appreciate this—it's going to cost money and time, and there's going to be a lot of litigation in setting up a new system. If you think it's cheaper and faster to send it to this PRRA, just know that there's been no cost estimate done of what it's going to cost in time, resources and money to hire more people, train them and deal with the litigation and the delay.

I think it makes more sense to continue to work on improving the existing system, which is happening now.

The Chair: Okay. We'll have to end it there.

We'll go to Mr. Fragiskatos and then back to Mr. Poilievre.

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

Ms. Coombs, I appreciate your testimony very much. Through no fault of your own, I ask this question.

Most Canadians will hear “true copy” and have questions about what on earth that means. Could you tell this committee once again and in basic terms what we're dealing with when we talk about true copy from a regulatory perspective?

Ms. Shannon Coombs: Currently we have to provide our safety data sheets, which I think the clerk has shared with all of you, and we have to retain those in a database. This additional request has evolved over the course of the implementation of the Hazardous Products Act and its regulations.

Just to clarify, the Hazardous Products Act classifies and labels workplace chemicals. The act is very thick and very technical. The regulations are thick, and the guidance is thick. It's a very complicated piece of legislation and regulation to make sure that companies are compliant. As a result of this being put into the act, we have been asking Health Canada for an explanation as to how we as companies can comply with the law, paragraph 14.3(1)(a). It's been an evolving narrative.

Where we've landed over the course of the discussions in the last 18 months is that they want us to take a photo of every label we receive. They want a ruler beside the label and the photo kept, and they want us to retain that photo in a database in Canada for six years.

It's a very cumbersome process, as we go through and have to take a photo of each raw material that comes in and keep that in a database. It would be like going into Walmart or a bulk store and taking a picture of every label, and as new products come in, taking pictures of all those products as well. Then, for any changes that are made to current labels within your stock, you have to make sure those are up to date as well.

Mr. Peter Fragiskatos: Thank you very much.

One of your members is 3M, and in London, Ontario, 3M is a very important company. They employ 800 people. I think about what this proposed measure would entail for them from a cost perspective, in particular, as well as for many other companies, not to mention only 3M.

I heard you say in your testimony that there's no clearly defined benefit that's been articulated to you. The organization engaged on this with officials from Health Canada, I believe. Is that correct?

Ms. Shannon Coombs: Yes.

Mr. Peter Fragiskatos: What was the rationale offered? There must have been some....

Ms. Shannon Coombs: That's an evolving narrative, as well.

Mr. Peter Fragiskatos: What has your organization been told about what this proposed change is going to lead to?

Ms. Shannon Coombs: First of all, we had the officials speak to us and say it's a legibility issue. We've never had this requirement previously, and it was in 2014 that it was put in. It was illegibility. Well, then, if it's legibility, could you please clarify what that means? Then we moved into, “Oh, we need it for inspection purposes.” We've never needed that before, so why do we need it for inspection? Now we're being told that they need it for latent adverse effects. Latent adverse effects are a lot longer than six years.

As I said, it's a constantly evolving narrative as to why.

● (1205)

Mr. Peter Fragiskatos: You've been given different explanations.

It's my understanding that no other country has this in place. Is that correct?

Ms. Shannon Coombs: Yes, that is correct.

Mr. Peter Fragiskatos: That is your understanding as well. That's a concern. Certainly as a member of Parliament based in London, Ontario, when a company like 3M...and there would be other companies because we have a manufacturing base in London that is very important to our local economy. Your concerns are justified, and therefore, I'm concerned.

Thank you very much for raising your perspective today.

Ms. Shannon Coombs: Thank you very much.

Mr. Peter Fragiskatos: I believe I have three minutes remaining, Mr. Chair, so I want to turn questions to Ms. Macklin, if I could.

Professor, do you respect the work of the United Nations High Commissioner for Refugees?

Prof. Audrey Macklin: Some of it.

Mr. Peter Fragiskatos: It's interesting. I listened to your testimony, and you've done very important work over the years at the University of Toronto. You've been an outspoken advocate on the need for Canada to remain a welcoming country.

I want to read for you what the representative of the UNHCR to Canada, Mr. Jean-Nicolas Beuze, says about the proposed change. He says, “The measure...still upholds a welcoming approach”. He calls it reasonable, and he says, most importantly, that what has been proposed here in the BIA is “in line with international law” because asylum seekers are still entitled to a process that considers whether they will face persecution in their home country if deported from Canada.

I think it's very important for the record to reflect what the UNHCR has to say on this issue. The UNHCR, arguably, is the global body tasked with advocating for refugees and respected for that very reason. We can agree or disagree, obviously.

You said, Professor, that you disagree with some of their positions on certain issues but the UNHCR's work speaks for itself. It's done an outstanding job in making sure that refugees are protected.

You gave a hypothetical example of an Iranian student who may feel justifiably, as you put it, that the U.S. is not a safe country for them. I wonder, though, what you would tell the 50,000 people who applied to be refugees in 2018, who were refugee claimants, who sought refuge in the United States. That is to ask you a very specific question. I understand your concerns about the United States, but I would ask you this. Is it not the case that the United States is much more than simply the presidency, that there is in fact a rule of law system in place in the United States, that there are avenues for individuals to seek due process under the law, fairly and equitably?

When we raise these hypotheticals, with all due respect, it needlessly creates questions and fears among Canadians who want our country to remain welcoming. When we have the UNHCR on side with this proposed change, when we take into account that the United States is not simply President Trump, that it's a much more complicated.... There are nuances here. There's a real democracy still in place in the United States—

The Chair: We're going to have to get to an answer, Peter.

Mr. Peter Fragiskatos: The final point is that the proposed change would only impact 3% of refugee claimants in Canada. With the greatest of respect, the doomsday scenario that you point out is really not here. We hear that from the NDP, certainly, here at the committee and in Parliament when it comes to this change. This measure is intended to bring about greater fairness in the system here in Canada. That's how I see it. You're free to comment if you wish.

The Chair: Ms. Macklin, go ahead.

Prof. Audrey Macklin: If it only affects 3%, but it could be a matter of life and death for that 3%, why are you doing it at all?

Mr. Peter Fragiskatos: They are still entitled to a hearing. They are still entitled to due process—

Prof. Audrey Macklin: Well, that—

● (1210)

Mr. Peter Fragiskatos: —to determine whether they are genuine refugees. If they are, they can stay.

The Chair: Peter, we have to let Ms. Macklin answer. I think you made the point.

Prof. Audrey Macklin: If it's 3% and it's a matter of life or death for them, I'm not sure why the government insists on proceeding with this. The whole point here is that there is no due process as it is understood under the existing PRRA. The United Nations high commissioner's representative's remarks were based on his belief that what is in the proposed legislation includes a so-called enhanced PRRA, with a robust oral hearing and a full appeal. As I have pointed out to you, these are absent in the legislation. At most, they are a proposal of what may be in regulation, but of course with no obligation to do that.

Second, and candidly, the United Nations High Commissioner for Refugees does admirable, wonderful work in delivering humanitarian protection all over the world. It is less robust in its defences of the legal protections, and particularly in those countries that happen to be [*Technical difficulty—Editor*] of the United Nations High Commissioner for Refugees. The UNHCR [*Technical difficulty—Editor*] costs money.

Turning to the United States, I've heard this before—the idea of how do we really know what's happening in the United States and that President Trump doesn't control the whole system. I rely, for my information, on what people who are experts in the U.S. immigration and refugee system are saying about what is happening now. They're talking about the way people are being treated by customs and border police, detention practices, what's happening before immigration judges and what's happening all over the system.

If you are interested in knowing what's happening on the ground, not merely what President Trump is pronouncing, then I urge you to seek recourse to those experts. It is not satisfactory to not seek that recourse, not ask the questions, and then say you don't really know what's happening there. If you want to know—

The Chair: Ms. Macklin, we're going to have to move on. We're well over.

I want to get four more questioners in.

We'll have Mr. Poilievre first, and then go back to Ms. Rudd.

Hon. Pierre Poilievre (Carleton, CPC): Mr. Prouse, you mentioned an Ottawa company that designed a strain of soybean. What was the company's name?

Mr. Dennis Prouse: It's Sevita. They may even be in your riding; I'll need to check.

Hon. Pierre Poilievre: They developed a new strain of soybean. Would Canadian soils be suitable for that crop?

Mr. Dennis Prouse: Yes. We grow a great deal of soy in Canada.

Hon. Pierre Poilievre: Of course, but this particular strain...?

Mr. Dennis Prouse: Yes.

Hon. Pierre Poilievre: As a result, this would have been an opportunity for Canadian farmers.

Mr. Dennis Prouse: Yes, it would have. The cherry on top, the added bonus, is that it had a healthier oil profile. That's the great thing about ag innovation. It's developing healthier strains.

Hon. Pierre Poilievre: A healthier product and....

They contacted the regulator and asked if they could plant this, or if it had to go through a review.

Mr. Dennis Prouse: That's correct.

Hon. Pierre Poilievre: The answer was...?

Mr. Dennis Prouse: We're not sure.

Hon. Pierre Poilievre: The guys who make the decision couldn't tell whether there was a decision.

Mr. Dennis Prouse: No, they weren't able to determine whether this was a seed with a novel trait. All seeds with a novel trait have to go through the approval process.

It's worth keeping in mind that nowhere else in the world was there a regulatory body that thought this needed to go through an approval process. Japan itself, which has a very stringent system, one of the stickiest, didn't view this as needing a special review. Canada couldn't decide. It's why we need clearer guidelines.

Hon. Pierre Poilievre: The company asked if they were good to go, if they could plant this seed and countries around the world—everywhere—said, “Sure, plant away”, except in Canada, where they said maybe and they'd get back to them eventually.

Did they ever get an answer from CFIA, the Canadian regulator?

Mr. Dennis Prouse: I don't think they waited to get an answer. They simply moved the operation to the U.S. because there was a market opportunity in Japan. These things tend to move quickly.

Hon. Pierre Poilievre: They took a Canadian innovation, developed with Canadian dollars, out of Canada to plant and grow in another country, and now U.S. farmers are harvesting the crop that Canadians paid to develop and are profiting from that opportunity.

Mr. Dennis Prouse: Yes.

For us, it's an example of what is potentially coming down the road on gene editing.

● (1215)

Hon. Pierre Poilievre: Right.

Mr. Dennis Prouse: As I mentioned in my testimony, gene editing is.... There are going to be several examples like this coming, which is why we are beseeching CFIA to have clear, predictable rules on products with gene editing.

Hon. Pierre Poilievre: Right, but here we have an example of where government blocked innovation, and as a result, some other country literally harvested the benefit of our investments.

I'm going to move over to Mr. Achen now.

You spoke about the immense paper burden faced by your clients —small businesses across this country. Do you believe there are similar examples, but in other sectors and from other bureaucracies, where Canadian opportunities are blocked by excessive government rules and paperwork?

Mr. Clayton Achen: Sorry—do you mean not related to tax?

Hon. Pierre Poilievre: I mean related to any sector of the Canadian economy that is held back by excessive government rules, regulations, paperwork and delays.

Mr. Clayton Achen: Maybe I see where you're going here. Alberta is suffering tremendously from our inability to get any development going for the energy industry.

That would be a key one that I see. Does that affect middle-class, small business families? Absolutely. A lot of our clients are energy service companies that have had to significantly scale back, lay off and/or close their doors.

Hon. Pierre Poilievre: You've covered energy now.

If there were less complexity in the tax and regulatory system, would that make it easier for the small businesses you serve to succeed and grow in Canada?

Mr. Clayton Achen: I'd argue that any simplification of our tax system would definitely encourage entrepreneurialism. Right now, we have a system that's set up to discourage them. I think to go through tax modernization in Canada would help encourage entrepreneurs to plant seeds in Canada.

Hon. Pierre Poilievre: Ms. Coombs, you said that the government brought in this new record-keeping requirement that is of great cost burden to your members. You also say in your background note that the government ignored the one-for-one rule that requires the government to eliminate one regulatory rule for every one it brings in.

How did they get around the law that requires one subtraction for each addition?

Ms. Shannon Coombs: It's a very good question.

First of all, when it was introduced in the legislation, there was no costing required because it was a legislative amendment, in 2014. When we went through the regulatory process, we were aligning with the U.S. under the regulatory co-operation council, which was very ambitious and effective, because we are harmonized, for almost all intents and purposes, on our safety data sheets with the U.S.

We moved away from the costing because there was already a regulation in place, so they could say that the regulation was neutral, under the one-for-one rule.

The Chair: We'll have to leave it there.

I have a question for Mr. Prouse, on Sevita. In terms of the difficulty getting approval, was it CFIA, Health Canada or a combination of both? We're trying to deal with a couple of similar issues at the moment and the stumbling block seems to be Health Canada.

Mr. Dennis Prouse: In this particular case, it's CFIA and its rules about seeds with novel traits, because it is the one that ultimately holds the key for approvals. As I say, this is just one example. There are potentially many more coming down the pike in the next few years, which is why it's so critical for their mandate to receive some clarity from government.

The Chair: That's a good message. We need to receive some clarity in these kinds of things.

Ms. Rudd.

Ms. Kim Rudd (Northumberland—Peterborough South, Lib.): Thank you, Chair. I'm going to give our new member of our committee, Rachel, a chance to ask a question during my time.

I have a couple of quick comments, and then I'm going to turn it over to Rachel.

First of all, Shannon, thank you for coming up and chatting with me before the meeting, and for all of the work that you and your organization are doing to be engaged in the process. I think, as with anything else, we all want the result that's best for industry, business and Canadians, so thank you for that work.

I want to make a comment to Mr. Achen. You've become quite famous so I want to say congratulations. A Conservative witness on Thursday sent me your video. It's also on Rebel Media. There's a lot of singing from the same songbook, but you're becoming quite famous as a celebrity on this subject of the 11% cut to 9% not being good for small business. As a small business owner, I think it's pretty good.

If I could let Rachel—

● (1220)

Mr. Clayton Achen: Mr. Easter, can I get a chance to respond to that?

The Chair: You will.

Ms. Kim Rudd: I'll turn it over to Rachel.

The Chair: I'll let Mr. Achen speak, except in fairness, there has to be a quick response. There will be time at the end to get to a round, if you want to go that way.

Mr. Achen.

Mr. Clayton Achen: Thank you, Mr. Chair.

They're trying to tie me to Rebel Media and the fact that it picked up and posted a video. I don't appreciate that. It seems a bit dirty to me.

Secondly, to insinuate that I think that small businesses should pay more taxes is absolutely incorrect. I think that the small business limit certainly introduces a huge amount of complexity for small business owners in Canada, and maybe it's time for a rethink. That's all I'm saying.

I can't imagine why anybody around this table would argue that modernizing Canada's tax system is a bad idea. The reason I say that is that I haven't heard one good argument against modernizing Canada's tax system.

Thank you very much for the opportunity to respond.

The Chair: We have time for one more question from you. Then we'll go to four minutes for Mr. Poilievre and four minutes for Rachel.

Ms. Kim Rudd: Thank you.

Michael—Mr. Hatch—thank you for your comments as well. I come from a rural riding in eastern Ontario, Northumberland—Peterborough South, and certainly credit unions, as you mentioned, for farmers and small businesses, are very instrumental in our communities. I want to say they are very generous contributors to our community in terms of donating and supporting a number of causes.

Can you give me the percentage of federally regulated versus provincially regulated credit unions, as what we've been talking about is only for Canadian-regulated credit unions?

Mr. Michael Hatch: The percentage is quite low—two out of 250, in terms of actual institutions. But it tends to be the larger credit unions that go federal, so in terms of their share of the asset base of our system as a whole, it's much higher than two out of 250, which is less than 1%.

It's the larger credit unions that tend to go federal, because once you outgrow your province of origin as a credit union, the only option if you want to expand beyond your borders is to go federal.

Two more, as I mentioned, are in the process of switching to the federal regulatory regime and we expect that process to continue as more of our members grow and as consolidation continues to take place.

The Chair: Thank you.

Mr. Poilievre, we'll go to a four-minute round. That will give everybody an opportunity.

Hon. Pierre Poilievre: I think the reason Mr. Achen has become so famous is that when he walked out the front door of his house and recorded his frustrations with this high-tax government, and posted the resulting video, unedited, on LinkedIn, small businesses across the country could relate. They have been under attack since 2015, when the then-government raised the small business tax rate from 9% to 11%, only to have to reverse itself under immense pressure. They are now paying higher payroll taxes on CPP payroll. They're paying a higher carbon tax for which small businesses get no rebate whatsoever, and of course, the tax changes introduced in 2017 and now coming into effect penalize small businesses for saving within their companies or sharing the work and earnings with family members.

It is no surprise that you became a celebrity when you very succinctly and authentically expressed your personal frustration with the outright attack that this government declared on people like you and the clients you serve. I want to thank you for sharing their frustration and giving voice on behalf of entrepreneurs everywhere.

Out of deference, I'll give you a chance to respond.

Mr. Clayton Achen: Thanks. I don't have a have a whole bunch more to add to that.

Thank you very much for recognizing that it was a fairly non-partisan video, I would say, about what my clients are actually experiencing on the ground.

Hon. Pierre Poilievre: We've seen the government members attack other small business leaders before the panel who have dared to speak out, so don't feel that you are individually targeted. It's all small businesses and all entrepreneurs who are under attack, not just you.

● (1225)

Mr. Clayton Achen: I can assure you, Mr. Poilievre, should you get into government and make similar mistakes, I'll be all over you as well.

Hon. Pierre Poilievre: Excellent, I'm duly warned. I can tell you that we don't plan on making the mistakes that you've seen from the other side.

The Chair: We've seen attacks here both ways.

Hon. Pierre Poilievre: Going back to Mr. Prouse, I just want to make sure I understand the case in question. This small business developed a strain of soybean that could have been planted, prospered and grown here by our farmers for export around the world, but because government bureaucrats refused to indicate whether it was approved for planting, they had to take this Canadian seed and plant it south of the border, to prosper foreign businesses and foreign farmers at Canadian expense.

Did I capture that story properly?

Mr. Dennis Prouse: Yes, you did.

Hon. Pierre Poilievre: We need to remove the government from these obstacles so that we can allow our entrepreneurs to prosper. Thank you for bringing this example to our attention.

The Chair: Thank you both.

I do expect, though, that it had to go through their regulatory system as well. Is that right? It's just that their regulatory system was faster.

Mr. Dennis Prouse: Yes. What we're looking for is speed and predictability, because that is what investors are looking for. The predictability part is important too.

The Chair: I agree.

Mr. Dennis Prouse: You can't have a system that's erratic. Without that predictability, they'll go elsewhere.

The Chair: You'll get no disagreement from me on that.

Ms. Bendayan.

[*Translation*]

Ms. Rachel Bendayan (Outremont, Lib.): Thank you, Mr. Chair.

I want to thank the witnesses for joining us.

Given that the presentations were in English, I'll also ask my questions in English.

[*English*]

Mr. Prouse, first, your recommendation of a government-business working group, as you probably saw, was reflected in the fall economic statement.

Mr. Dennis Prouse: Yes.

Ms. Rachel Bendayan: The government has also announced a process for modernizing Canada's regulatory system, making it more efficient, more agile, and as you suggested, ensuring the competitiveness angle as well.

My husband is a small business owner. It's how we put food on the table. Therefore, as I'm sure you'll agree, I too believe that business owners are best placed to advise government on how we can modernize our regulations in a way that makes sense.

I would be interested in hearing your thoughts on what we're proposing. Through the consultation process that we have outlined through Treasury Board, what we're looking at are a number of measures in order to co-operate with businesses, including pilot programs to test new products and more digital portals in order to interact with business owners right across the country.

I'm not sure if you're familiar with some of the details of what we're proposing, but I wonder if you could comment on what has been put forward in terms of specific measures that you would either like to see added, or specific measures that you think are helpful.

Mr. Dennis Prouse: You referenced that external advisory committee on regulatory competitiveness. I saw that they were appointed and that, in fact, there was an agriculture leader placed on that committee. We thought that was a really positive development.

There has been some good progress. It started with Barton, went to the agri-food economic strategy table, went to the fall economic statement and went to the budget. Of course, now we're going to come up on this little thing called an election, and as parties go out on the campaign trail and as they write their platforms, the one message is this: Please don't forget about regulatory modernization and please don't forget about agriculture growth.

To your point, we're on the precipice of some really positive developments, and I came here to support Bill C-97 because there were some positive developments. However, now there will to be a campaign and I'm hoping that momentum can continue so that we don't have to start all over again once we all land back here in November.

That would be my message.

Ms. Rachel Bendayan: Thank you very much.

If there is time, I would like to address a question to Mr. Hatch.

Being a member of Parliament from Quebec, I do appreciate the work that you do for credit unions outside Quebec. You mentioned that you lend to small businesses because you are a small business, and I think that is a very important element of credit unions' work right across the country.

You mentioned your concern about continuing the paper statements to your members. Do you have any concrete proposals or suggestions in order to ensure that seniors who are your members, who might not have access as easily to email or other forms of electronic statements, could receive those statements?

● (1230)

Mr. Michael Hatch: It depends on, one, how the regulation is written, and two, how credit unions go about their own affairs, but absolutely it's in their interest to make this information available to all their members, whether or not they have access to electronic means of communication.

What I would argue for is an opt-in option so that if you as a credit union member want to have that paper statement delivered to you, by all means, make the request. Right now, what we have is an opt-out, so as we all know, human nature being what it is, nobody opts out of these things. Nobody is organized enough to go online to say they don't want this thing mailed to them. Maybe a very small percentage do but not enough to make a meaningful difference.

We can make it an opt-in, which would save 95% or more of those bricks of paper from being shipped out across the country but still give people the opportunity. If they want to get that paper statement, obviously they should be able to have access to it.

The Chair: Just to come back to you for a minute, Ms. Coombs, in your remarks you made the comment, “help us remove this unique legislative burden and deliver against the government's regulatory reform agenda.”

We've looked at that. I know we've talked many times on this. We don't see a way this can be done in this particular bill because it's not there. I don't think you're going to find anybody on this committee who wants Canada to be more restrictive in some ways and make industry less competitive. What time frame are you under and what other options are available to us? Do you know?

Ms. Shannon Coombs: I'm sorry that's not an option before the committee. We were hoping that because it came forward after first reading there would be an opportunity to make that amendment. We are talking about saving the industry a lot of money in the short term because there are initial investments.

In terms of moving forward, I saw this as being, as I call it, a surgical amendment. We're just taking one particular clause out of the Hazardous Products Act so that the burden is not on raw suppliers and on the downstream manufacturing in Canada.

The Chair: The problem as it relates to this bill is that it's more at arm's length from the bill. We're willing to have a look at it. What's the time frame that we're under here with this?

Ms. Shannon Coombs: When are you doing clause-by-clause, Mr. Chair?

The Chair: I'm saying that I don't think it's possible under clause-by-clause.

Ms. Shannon Coombs: Okay.

The Chair: What's the time frame for consumer products?

Ms. Shannon Coombs: Right now, we have to be moving forward and implementing this, so the companies are in a situation where—

The Chair: All right. That's good information for us to have.

Thank you to all the witnesses, and thank you, Ms. Macklin, from Toronto.

We will suspend for about five minutes and bring up the next panel.

The meeting is suspended.

● (1230)

(Pause)

● (1240)

The Chair: We'll call the meeting to order again dealing with Bill C-97, the budget implementation act. We have a number of witnesses. We'll start off with Canada Without Poverty, with Ms. Biss, Policy Director and Human Rights Lawyer.

Welcome, Ms. Biss. Go ahead.

Ms. Michèle Biss (Policy Director and Human Rights Lawyer, Canada Without Poverty): Thank you.

Good morning and thank you for the opportunity to address this committee. My name is Michèle Biss and I am the Policy Director and Human Rights Lawyer at Canada Without Poverty.

For those who are not aware of our organization, CWP is a non-partisan, not-for-profit and charitable organization dedicated to ending poverty in Canada. For nearly 50 years, CWP has been championing the human rights of individuals experiencing poverty, and for our entire existence, our board of directors has been composed entirely of people with a lived experience of poverty.

I will begin at the outset by stating that CWP has read the comments of my colleague Leilani Farha, the UN special rapporteur on the right to housing, and we wholeheartedly support her comments. The national housing strategy act, if inclusive of amendments proposed by civil society last week, presents a historic opportunity to make an incredible impact on some of the most marginalized in this country.

However, this afternoon I will focus my comments on the poverty reduction act, within division 20 of part 4 of the budget implementation act. This legislation comes at a critical moment in Canada's history. It is the legislation that will guide all laws, policies and programs for millions of people in this country who make daily decisions about whether to pay their hydro bill or put food on the table. We must get this right.

While CWP supports that Canada's first poverty reduction strategy will in fact be secured in legislation, we have serious concerns about whether this section truly adheres to and implements Canada's international human rights obligations.

As this committee is no doubt aware, after decades of advocacy, the poverty reduction act was tabled originally in November 2018 by the Honourable Minister Jean-Yves Duclos. ln response to the legislation, along with our partners at Citizens for Public Justice and Campaign 2000, we organized an open letter with recommendations for the legislation. I believe it is important for this committee to know that despite the fact that this open letter was signed by over 500 organizations and individuals—including the Canadian Council of Churches, ACORN Canada, Oxfam Canada and the Canadian Women's Foundation—none of these recommendations were reflected when the bill was lifted word for word into the budget implementation act.

I urge members of this committee to consider recommendations brought forward on this critical legislation by CWP and hundreds of other stakeholders. In particular, we recommend that the legislation be amended to place Canada as a leading country in the implementation of the sustainable development goals by committing to the spirit of SDG 1, which is to end poverty. ln its current form, the goal of the legislation is to reduce poverty by 50% by 2030. The reality is that when we commit to only reducing poverty, we create opportunity for some, but not all, especially those who are the most marginalized.

Two, the legislation and accompanying regulations must recognize the limitations of the methodology behind Canada's new official poverty line, the market basket measure. This poverty line will be used to establish eligibility for programs, meaning that it carries significant weight. Statistics Canada must be mandated to understand that it too has a role in implementing our human rights obligations to ensure that we have an accurate methodology that truly leaves no one behind.

Three, the legislation and accompanying regulations must ensure that the national advisory council on poverty can adequately implement the progressive realization of economic and social rights. Concretely, the council must be mandated as independent, given authority to make recommendations and to require remedial action for compliance with the rights of people living in poverty, and a sufficient budget to fulfill its mandate.

Four, we recommend that the committee recommend to amend proposed section 11, which arbitrarily authorizes the dissolution of the council once poverty has been reduced by 50% of 2015 levels. As has been noted many times by civil society, this is highly problematic and it, in fact, demonstrates a complete disregard for the other 50% of people living in poverty. It is, in fact, an excellent example of why Canada cannot merely strive to reduce poverty. We must endeavour within our goals to end it.

● (1245)

Last, the government must commit to working in partnership with indigenous governments to co-develop initiatives to ensure accountability and implementation of remedies for the distinctive barriers that are faced by first nations, Métis and Inuit persons living in poverty.

I look forward to answering questions in this regard.

Thank you.

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

We have four individuals in the next stream of witnesses.

We'll start with Mr. Corak, Professor of Economics at the University of Ottawa.

Dr. Miles Corak (Professor of Economics, University of Ottawa, As an Individual): Thank you, Chair.

Hello, members.

I was both honoured and humbled to be part of the deputy minister's staff during 2017, supporting Minister Duclos' consultations and efforts in developing the poverty reduction strategy. This is a historic piece of legislation because it establishes an official poverty line, because it articulates a vision for lowering poverty by setting ambitious yet attainable targets, and because it offers a set of meaningful and measurable indicators that can be used to monitor progress through a national advisory council.

The decision to adopt what Statistics Canada calls the market basket measure as the official income poverty indicator came about through extensive discussion with provinces and municipalities and reviews of their many poverty reduction strategies, through consultations with stakeholders and social policy experts but, most important, through a series of round tables and in-depth interviews with people who have a lived experience of poverty in communities spanning the country.

The market basket measure is the most appropriate indicator to use as an official poverty line because it most accurately captures regional variations and affordability of clothing and footwear, of transportation, of nutritious food, of shelter and clothing, and of other goods and services essential to a basic standard of living. This is meaningful to Canadians in a way that the other available measures are not, and it is appropriate for the purposes at hand—for judging the progress a current government has made by the standards and values of the citizens it represents.

However, it is a statistic that nonetheless has shortcomings, and that is why it is particularly important that the legislation include proposed subsection 7(2), insisting that the official poverty line be regularly reviewed in a non-partisan way by Statistics Canada. This review should be understood to afford the opportunity not only to update the contents of the basket but also to address a host of other limitations building upon the precedent set in the last review of the MBM in 2010.

The official poverty line should be understood only as a headline indicator of monetary poverty and, therefore, an incomplete indicator of the many related concerns of Canadians, whether poor or not. This is why the bill puts forward three sets of four complementary indicators, each covering an important concern.

The first set, referred to as the dignity pillar, supports the official poverty line by putting a focus on the poorest of the poor. It includes an indicator of deep income poverty, of food insecurity, of core housing needs and homelessness, and of unmet health needs. These are most closely tied to the fundamental human rights we all hold. We can judge progress in the official poverty rate only when the lot of the least advantaged, those prone to experiencing long-term poverty, also progresses.

The second suite, called the opportunity pillar, is a suite of indicators of social inclusion and upward movement out of poverty. Similarly, the resilience pillar is a set intended to measure the risk of falling into poverty. In my view, there is still currently some incoherence in some of the statistics proposed in this last pillar, but it is encouraging that the legislation offers the flexibility for revision in proposed subsection 7(2).

The bill proposes two targets: an intermediate target, with poverty being 20% lower in 2020 than it was in 2015, and a longer-term target with it being 50% lower in 2030. The bill states that progress in poverty reduction will contribute to Canada meeting the UN sustainable development goals. SDG 1 is no poverty, and the first two specific targets associated with this goal are to eradicate extreme poverty by 2030 and, by 2030, “reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions”.

If the electoral mandate of a government is roughly five years, then if each successive government committed to lowering the poverty rate prevailing at the onset of its mandate by 20% over the course of its term, the official poverty rate would fall from 12% in 2015 to 9.7% in 2020, 7.7% in 2025 and 6.1% by 2030, roughly half of the 2015 rate.

The successive repetition of this intermediate goal is the implicit contract this bill offers future governments. In proposing the set of targets in proposed section 6 of the bill, the government is making good on its international commitments, offering a national definition of poverty and seeking to cut it in half.

My regret is that the bill does not speak as clearly about extreme poverty. The indicator of deep poverty in the dignity pillar can be used as a national definition of what extreme poverty would mean in the Canadian context. Targeting it would ensure that progress in reducing the official poverty rate can only be celebrated if it is accompanied by progress in extreme poverty.

● (1250)

The deep poverty indicator is an important complement to the official targets because it prevents governments from seeking to lower poverty by simply supporting those households just below the poverty line. After all, the official poverty rate could be lowered by transferring resources from the very poor to the near poor, a perverse sense of progress.

Accordingly, impartial and independent advice on how to continually improve measurement, set priorities and monitor and interpret progress is an important part of this bill and generally this way of thinking about public policy.

The proposed national advisory council is an essential mechanism in promoting a transparent conversation with Canadians about the progress that is made and about the gaps that remain to be filled. It is necessary, but not sufficient. I hope that the council interprets its functions, particularly in proposed paragraph 10(b), as supporting citizen engagement, not simply advising a minister.

Ultimately, the staying power of this legislation will reflect an implicit contract between successive governments, one ultimately enforced through a transparent and ongoing conversation between Canadians, their representatives and their advocates in a way that makes poverty indicators as closely watched as the other social and economic goals this country has set for itself.

This bill is a historic step forward in Canadian social policy. As an academic who has spent the better part of three decades studying and writing about the measurement of poverty both in Canada and in other rich countries, as a former consultant with UNICEF who has reviewed and monitored progress towards achieving past UN poverty reduction targets, but most importantly, as an engaged citizen whose family has experienced the needless indignities of poverty, I give this legislation my unreserved support.

● (1255)

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

We'll now turn to the United Nations Special Rapporteur on the Right to Housing, Ms. Farha.

Ms. Leilani Farha (United Nations Special Rapporteur on the Right to Housing, As an Individual): Good afternoon and thank you.

I am Leilani Farha, the United Nations Special Rapporteur on the Right to Housing. I was appointed to this position by the UN Human Rights Council in 2014. In this capacity, my role is to monitor and assess the enjoyment and implementation of the right to housing in countries around the world. I often provide technical assistance to governments with respect to the drafting and implementation of law and policy related to the right to housing. I have done so in Egypt, France, Chile, India, Spain and Ireland, among many other countries and cities.

I thank the committee for providing me with an opportunity to appear before you. My comments today will be brief and will focus on the proposed national housing strategy act. I have been in conversation with Minister Duclos' office, with Parliamentary Secretary Adam Vaughan, as well as with CMHC to some degree as this legislation has taken shape.

Let me tell you a little about my history with this legislation.

In May 2017, I issued a formal communication, called an “allegation letter”, to the Government of Canada expressing my concerns regarding the alarming rates of homelessness in this country, which I note persist today, as well as the lack of a national housing strategy based in human rights. Subsequently, in November 2017, the government responded by introducing its rights-based national housing strategy.

In July 2018, I was compelled to write a follow-up letter to the Government of Canada expressing my concern regarding two matters: first, that while a rights-based national housing strategy had been adopted, the government appeared to be reluctant to recognize the right to housing in legislation; and second, the government appeared to be reluctant to ensure access to effective remedies through which rights holders could hold the government accountable to the obligation to progressively realize the right to housing. I indicated at that time that this would put the Government of Canada at odds with its international human rights obligations.

In April of this year, the government wrote to assure me that my concerns were being addressed through Bill C-97.

Unfortunately, in its current form, Bill C-97 does not fully address my concerns. In my opinion, amendments are required.

The proposed national housing strategy act would make a policy commitment to the progressive realization of the right to housing consistent with the International Covenant on Economic, Social and Cultural Rights. It would create an independent housing advocate supported by the Canadian Human Rights Commission. It would establish a national housing council with the explicit inclusion of people with lived experience of homelessness and inadequate housing, and it would commit to ensuring participation of affected communities. These developments are very positive and I commend their inclusion in the NHSA, but more needs to be done if Canada wants to comply with its international human rights obligations and become a model for other governments.

I understand that last week representatives from civil society provided you with an overview of amendments to the act that would be required to bring Canada in compliance with its international human rights obligations. I concur with those submissions and I reiterate them as follows.

First, the NHSA must include a clear articulation that housing is a fundamental human right.

Second, the government's implementation of the progressive realization of the right to housing must be monitored. The housing council could play a role in that regard.

Third, the housing advocate must be able to receive and investigate petitions that identify systemic housing rights issues and make specific recommendations to which the minister, Minister Duclos in this instance, and the future minister, must respond.

Fourth, the legislation must establish a procedure for the housing advocate to refer important systemic housing rights issues to public hearings before a panel, ensuring affected groups have a voice. The panel's recommendations must be considered by the minister.

● (1300)

These proposed amendments are by no means the high-water mark of the right to housing. Other jurisdictions offer more protections and accountability. However, these amendments are creative and responsive to the Canadian context and consistent with Canada's human rights obligations.

There is no reason to be fearful of legislation that embraces Canada's human rights obligations. It is now well understood internationally that alongside climate change, housing is the key issue of our times. The world is experiencing a housing crisis, and Canada is in the thick of it. One need only walk down the streets of Toronto, Vancouver or even Ottawa to know it. It is now well-established that only an approach based in human rights will achieve the housing outcomes I know this government is keen to reach.

I hope that amendments such as those proposed in my submissions and those of others last week will be tabled and adopted by this committee and that I might be able to share Canada's achievement on the world stage.

Thank you, and I'm happy to take any questions.

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

No stranger to this committee or to Ottawa, is Jack Mintz, President's Fellow, School of Public Policy, University of Calgary.

Welcome, Mr. Mintz.

Dr. Jack Mintz (President's Fellow, School of Public Policy, University of Calgary, As an Individual): Thank you very much, Mr. Chairman. This is a real smorgasbord of different topics, but I guess that's what you'd expect with an omnibus bill like Bill C-97.

Thank you very much for your invitation to speak about Bill C-97, an act to implement certain provisions related to the budget. I will specifically comment on the tax provisions.

To begin, a number of measures introduced in the budget are appropriate from the point of view of addressing some specific problem areas of the tax structure, and I won't go into those. Some are initiatives that I want to applaud, particularly the tax credit to assist Canadians with training costs.

In this day and age, with rapidly evolving technologies, some of them disruptive to specific sectors of the labour market, a focus on training is helpful to address. The good thing about a tax credit such as this, or at least some help in some form, which could be a grant instead of a tax credit, is that it nudges people to think about saving for training costs. Of course, it's going to have to be carefully monitored and carefully put into place because there could be a lot of wastage involved with that if one's not careful.

However, what I wish to discuss is the plethora of new credits, accelerated cost reductions and other forms of targeted assistance in this and previous budgets. I have seen that more harm than good is done with a tax system increasingly looking like Swiss cheese. In particular, tax preferences for investments in manufacturing, clean technologies, mineral exploration and the purchase of housing and electric vehicles in this budget, added to past preferences, raise several well-known issues about the effectiveness of these various policies.

First, governments trying to pick winners often end up supporting losers. By favouring some activities over others, the allocation of resources in the economy is distorted, resulting in lower incomes and productivity.

Second, targeted incentives might generate some additional activity, but they also reward activities that were already planned. This undermines the cost effectiveness of the incentive, and in many cases leads to little new activity.

Third, incentives can only be used if the household or business is paying taxes. If taxpayers cannot use the credit, it is often of little value unless the credit is made refundable, enabling the taxpayer to effectively receive a grant. An important question, though, is whether it is better to provide subsidies as grants or refundable tax credits. There's a long discussion about the advantages and disadvantages of grants versus credits.

Fourth, tax credits, accelerated depreciation and other tax preferences push some companies and higher-income individuals into positions whereby they are no longer paying taxes. Taxpayers look to shift their deductions or credits to others through complicated planning procedures. Governments then try to stop so-called loopholes that are caused by their own policies. The tax systems become increasingly unstable with new limitations and minimum taxes introduced to claw back the incentives.

Fifth, targeted incentives to producers also cause great demand for tax-assisted goods and services, blunting the incentives as prices or input costs rise. In other words, the tax incentives might look politically good but basically make the suppliers of the products richer without encouraging the activity they were intended to support.

My favourite example of that was the Quebec tax holiday for a few buildings in Montreal that effectively just led to higher rents in the buildings as opposed to really helping startup businesses. In fact, it led to a lot of angry landlords in other buildings that didn't get the same incentive.

Sixth, someone has to pay for the tax incentives, today's taxpayers or future taxpayers, as a result of higher deficits.

In my careers, I participated in two business tax reforms—the Honourable Michael Wilson's budget in May 1985 and the Right Honourable Paul Martin's business tax reform panel in 1996 and 1997. Both reforms had to deal with a non-competitive tax system in which tax rates became too high, discouraging successful activities. Past policies that led to the introduction of numerous tax incentives undermined the tax system, which eventually led to the only sensible reform of reducing tax rates and removing incentives.

Did the reforms help the economy? I would suggest that has been the case based on various economic studies.

● (1305)

Many of you might have read my critical comments on the adoption of accelerated depreciation in November 2018 and contained in Bill C-97. I believe it was a policy error for the reasons given above. As Philip and I have shown in a recent Canadian Tax Journal article—which I sent to you for members to look at if they wish—the introduction of temporary accelerated depreciation was biased toward machinery investments in certain industries, thereby almost tripling economic distortions.

Bonus depreciation in the U.S., or accelerated depreciation of machinery, has been placed in the United States since 2001 without significant consequence to Canada. A recent study has shown that the policy undermined U.S. growth and, interestingly, increased economic inequality by favouring skilled workers, who benefited most. The same will be true with this budget policy.

Even worse, the accelerated depreciation provisions fail to address the effect of U.S. tax reform that will erode certain business activities and public revenues in Canada. The business tax reform with competitive corporate income tax rates in the United States will attract not just more tangible investment to the United States from Canada but also intangible income and profits. Canada needs a corporate tax reform to protect our tax base and encourage companies to keep profits in Canada. A reduction in corporate income tax rates would also help counter the competitiveness effects of U.S. reform without mucking up our own tax system.

In other words, we should have approached this with a mini-type of corporate tax reform, which by the way, is being pursued by 12 other countries in the world at this point. In fact, Canada sticks out as the only country that responded to U.S. reform with accelerated depreciation. Congratulations, you are unique, at least.

The key point is that we need to get back to the basics of running a good tax system that is efficient, simple and fair. We are straying away from these principles in recent years, which we will regret in the future.

● (1310)

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

Mr. Waldman, lawyer, welcome.

Mr. Lorne Waldman (Lawyer, As an Individual): Thank you very much. It's an honour to be asked to appear before the House of Commons committee to speak on the amendments to the Immigration and Refugee Protection Act, which, strangely, are contained in this budget bill.

As I have been asked to speak before the finance committee, I will not comment at length on the serious problems I have from a human rights perspective with the amendments. I will only reiterate that these amendments will replace a fair hearing and appeal before an independent tribunal, the refugee protection division of the Immigration and Refugee Board, with something that is much less fair: a right to apply to an officer, who is not independent, for a risk assessment.

I note, as have my colleagues who appeared before the immigration committee, that the provisions in the legislation as currently drafted do not require an oral hearing, and notwithstanding the assurances by the minister that such a hearing will be provided for by regulations, we have not seen the regulations that will shape the so-called enhanced PRRA.

As this bill is a budget bill, it's important to consider the fiscal implications of the proposal. I for one will certainly admit that the Immigration and Refugee Board has in the past not been the most efficient tribunal. However, with the arrival of the new chairperson, Richard Wex, we have seen a remarkable improvement in productivity at the IRB in its processing of refugee claims.

During fiscal year 2018-19, the IRB finalized 35,000 claims, 10% above its performance target. The board also eliminated the 35,000 so-called legacy claims, those claims that were left hanging when the previous Conservative government did not provide the Immigration and Refugee Board funding to deal with the backlog when it amended the legislation in 2012. More importantly, a new task force has begun triaging less complex cases so that 5,000 cases will have been decided without a hearing before the end of May 2019. These are significant achievements that demonstrate that the Immigration and Refugee Board has the ability to deal with the claims in an efficient manner provided it has the funding to do so.

This budget bill is indeed providing $200 million to the Immigration and Refugee Board to process cases. If this is the case, why is the same budget removing 5% of the claims from the Immigration and Refugee Board to be processed through a separate, parallel process?

We are told that the new PRRA will be an enhanced PRRA, one that will be as fair as the Immigration and Refugee Board hearings and guarantee an oral hearing. We are told that the government plans to hire 80 to 100 new PRRA officers.

It should be noted that, up and until now, PRRA officers have, for the most part, been rendering paper decisions. Oral hearings have been extremely rare. If PRRA officers are going to hold oral hearings in almost every case, they'll have to hold thousands of hearings. New facilities will have to be organized. PRRA interviews, which had not been recorded, will now have to be recorded. There is no registry to schedule hearings. PRRA officers do not have the sophisticated support and infrastructure that exists at the Immigration and Refugee Board.

We know that the new PRRA will have to comply with the principles of fundamental justice if it's going to be the main decision-making process for refugees, so there will be a right to counsel, a right to disclosure and a right to know and meet the case. This will all result in new needs for new infrastructure for a new process. As a result, we have to ask: Why is the government creating a parallel hearing process just when the Immigration and Refugee Board has finally proven its ability to operate efficiently and when it has finally been provided the funding to ensure that it can handle the projected caseload?

I should also warn members of the committee that having dealt with hundreds of PRRA applications over many years, I can recall that prior to 2013 when all persons were entitled to a PRRA prior to deportation, the PRRA process became extremely backlogged so that there were often cases that were delayed for years as a result of people waiting for a pre-removal risk assessment.

There is no doubt that replacing the refugee protection division with the PRRA will be a significant waste of taxpayers' money. If PRRA officers are going to become a parallel tribunal, replacing the refugee protection division in a large number of cases, the government is going to have to spend a great deal of money to create a new infrastructure, with a new registry and new hearing rooms.

I want to comment briefly on something that was mentioned in the previous session about the support of the UNHCR. I had a lengthy conversation with the esteemed representative of the UNHCR in Canada about his support. All I can suggest to you is that, unfortunately, it's my view that the esteemed delegate really doesn't fully appreciate how the PRRA works. I can say that having represented through my office, where we have 10 lawyers, hundreds of PRRA applicants and having judicially reviewed dozens of PRRA decisions, I'm pretty well aware of how the PRRA operates and I can assure you that it is not as fair a process as the refugee protection division. My assumption is that the esteemed delegate of the UNHCR, unfortunately, really doesn't fully appreciate how the PRRA process has worked in the past.

● (1315)

Obviously, the promises that have been made in terms of what will be in the regulations are not promises that we can hold anyone to, because we haven't yet seen the regulations.

In terms of the suggestion that the U.S. is a country that respects the rule of law, I can only say that having seen the evidence of how refugee claimants are treated in the U.S., how they are subject to arbitrary detention over lengthy periods of time, and having seen some of the reforms brought in by the Trump administration that undermine the rights of many people to claim refugee status, I really sincerely doubt that the U.S. is a safe place for refugees at the present time. Even if it's true that ultimately the rule of law will be respected, people will end up spending months or years in detention while their cases go through the courts.

In conclusion, members of the committee, this ill-conceived amendment will deprive refugees of rights without any practical benefit. I predict the PRRA process will prove less efficient than the Immigration and Refugee Board and will cost millions of dollars of taxpayers' money to implement. As members of the finance committee, you should ask the minister why he's proposing to spend taxpayers' dollars so recklessly in the budget bill to proceed with an amendment that will deprive refugees of all the rights that they get at the Immigration and Refugee Board and replace them with a less-fair alternative that will cost millions of dollars to implement.

Thank you.

The Chair: Thank you very much.

We'll go to five-minute rounds. Mr. McLeod is first up. Then we'll go over to Mr. Richards.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you.

I have a couple of questions, first of all to the United Nations rapporteur.

I really appreciated hearing that you have identified that one of the key issues facing our times is climate change. I represent the Northwest Territories. The north is seeing the changes happen in that part of the world like nowhere else. Normally, we would see 20 forest fires a year. Two weeks since the snow melted, we're at seven already. We expect a very strong season for fires.

Housing is a big issue for us. It's probably higher there than anywhere else. We have the second-highest core need in housing in the country. It leads to other social issues. We have a growing suicide rate, the second highest in the country. We have the highest murder rate in the country. We know the studies show that, if we can solve our housing issues, we would solve at least 50% of our social issues. It's something that we really need to address.

I had to smile when you said that, in order to comply, you had to include monitoring. That's what we say as indigenous people on the issue of reconciliation: We need agencies, organizations, independent watchdogs to monitor. I guess some of us don't trust governments to do what they claim they are going to do. Oversight is something we certainly advocate for.

I didn't hear you say anything about the need in our strategies to have a special focus on indigenous housing. Do you think it's important that we have an indigenous housing strategy attached as part of what we're doing here on the issue of housing and the right to housing?

Ms. Leilani Farha: Thanks for your comments and your question.

I'm deeply concerned about the state of housing and homelessness for indigenous peoples in this country. It's completely unacceptable, so yes, of course, there should be both: a separate strategy for indigenous peoples and housing, both urban and non-urban, but also an integrated strategy. The existing strategy should have integrated pieces into it.

My next report to the UN General Assembly, which I'm in the midst of crafting now, in fact, is on indigenous peoples and the right to housing. There is actually scant literature and research, especially from a human rights place, on this topic at a global level. I hope to be able to contribute to that. I hope that my report will help contribute to what happens here on the ground in Canada.

Thanks.

● (1320)

Mr. Michael McLeod: Thank you for that.

I look forward to your report. I think it's an issue that we really have to get our minds wrapped around. We have to certainly have indigenous governments be in charge of programs such as indigenous housing, and not have other governments doing it for them.

My next question is to Michèle Biss on the poverty issue, the poverty reduction act.

As I said, I'm from the north. We have a very high cost of living and the issue of poverty is huge for us. It's really amazing that we, in the north, live in a land that's so rich in resources yet we're facing such extreme poverty.

There are certainly a lot of things that I could point to, but I find the act doesn't talk about the economic side of it. For us, in the north, especially in our small aboriginal communities, we talk about the ability to have a good education and get a good job as our way forward. In our indigenous communities we need economic reconciliation. We can't move forward unless we have that.

Would it be fair to say that there should be a specific focus, I wanted to say for the north, but maybe towards indigenous people? Why do we have 150,000 unemployed indigenous people in western Canada and the north, while there are opportunities, especially for us in the north, for mines and things of that nature? You said it's a distinctive barrier. I think that's the term you used.

Would you maybe just respond to that question? Should there be a focus on certain parts of the country, or on populations even?

Ms. Michèle Biss: That's a really important point. I have done some travelling in the territories and visited with a number of folks living in poverty. Seeing first-hand the housing insecurity and the food insecurity in northern Canada, in the Northwest Territories, is shocking. It is shocking.

There is no question the poverty strategy needs to have a focus on indigenous communities, and specifically on the north. What's interesting about the poverty reduction legislation...and I will give the market basket measure some credit in this respect. The market basket measure does allow us to create a line of measurement across different regions of the country. That is with the caveat that we don't yet have a measurement for northern Canada. Statistics Canada is still in the process of developing the methodology for those numbers. In fact, when we saw the announcement from the government a couple of month ago that poverty has dropped so dramatically, we don't have a methodology for the market basket measure yet in northern Canada so it's not taking those groups into account.

One of the points I want to make here, to make very clear, is that this is why this human rights approach and this accountability with measurement tools are so critical. It's so that we can make sure that indigenous persons in the north are made a focus of the strategy moving forward and there's some independence in the way we measure our progress.

The Chair: Thank you, all.

We'll go to Mr. Richards, and then over to Mr. Dusseault.

Mr. Blake Richards: Thanks.

Mr. Mintz, I wanted to ask you a couple of questions.

In response to the budget when it was introduced in March, you wrote an article in the Financial Post entitled “A budget of massive spending and not one dollar helping competitiveness.” The comment you made in that article was “What is more interesting is what is not in the budget.”

I wondered if you wanted to elaborate on that for us here at the committee.

Dr. Jack Mintz: I think the biggest issue facing Canada when talking about competitiveness—and I don't want to overplay it too much—is that we have a number of disadvantages as a country that are natural. Our relatively small population base is spread over a big geography along the U.S. border, so we don't have depth of markets, except for maybe the GTA being the most deep. We have a cold climate. Historically, cold climates don't attract a lot of people and that's still true today.

As a result, what we have to do is to try to have an uneven playing field, where we try to draw businesses here, and I think we have had a very successful set of strategies over the past several decades, including free trade agreements, even recent ones that have been completed. Especially now that we've established—or are trying to have—access to the U.S. market and are trying to maintain that access, we still need to do something to make it appealing for businesses to come to Canada to serve the North American market if we're going to be successful. This is a view that I've had for many years, and going back decades, actually.

What happened over the years since 2000...and I have to admit that the report we did for Paul Martin back in 1996-97 on business tax reform really led to a lot of the changes that happened after 2000. However, what happened after 2000, where we created this very significant business tax advantage for Canada, I think was very important, because it helped offset some of the negatives that Canada has. Of course, we have other negatives, such as regulation—it's well known that it's hard to get things built in this country—and a number of other things, so the business tax advantage was really important.

Along came U.S. tax reform. U.S. tax reform not only eliminated the business tax advantage we had for tangible investment, but it brought in a number of major changes to the U.S. tax system, which included tightening up on interest deductions and loss deductions, and brought in a new base erosion anti-avoidance tax that effectively hit foreign companies, such as Canadian companies investing in the U.S. They could only avoid this tax by making sure they had more taxable income in the United States. There were also a number of other provisions, including—most important—a concessionary rate for intangible income, which includes intellectual property, marketing, etc.

What's happening now is that Canadian businesses are restructuring. They are putting more intangible income activities into the United States, such as sales forces. At one time, because we had a 27% corporate income tax rate and the U.S. rate was 39%, it was much better to put the sales forces in Canada. Now, it's going the other way. That's just one example. There are a number of functions that are moving into the United States from Canada, and I can tell you this because of the connection I have with EY as a national policy adviser. I get to hear a lot of things that are happening in the private sector right now.

More a concern that I have is the potential base erosion in Canada. The IMF estimated that U.S. companies operating in Canada will probably shift general administrative expenses and interest expenses into Canada, resulting in about a 10% loss in the corporate tax base of those companies. Many of the Canadian companies that I have talked to are already looking to shift more income into the United States and putting expenses into Canada, so governments are going to be finding that their corporate tax base is going to be eroded. We want to pay for poverty reduction and a number of other important things, but we need the revenues to support that.

Other countries have been feeling that, too, and in fact, 12 countries.... There's a paper that I wrote with Phil Bazel in Australia, where we put together what's been happening around the world over just the past two years with corporate tax changes. Every one of these 12 countries has been lowering corporate rates and tightening up deductions.

I think that should be our response. It doesn't mean a loss in corporate revenues. In fact, it could mean the opposite. It could mean actually a gain in corporate revenues, but it's really a way of responding to this U.S. reform. We're the country closest to the U.S., heavily integrated with the U.S., and instead, we picked probably one of the worst items in the U.S. tax reform, which was expensing on a temporary basis.

● (1325)

We picked that as our way of responding to U.S. reform. It was a complete failure of policy on the part of Canada. I know that before an election it's tough to do mini tax reforms of this type, so maybe we can do it after an election, but whoever comes to power after the next election really needs to look at these issues because we're going to get side-swiped by this U.S. reform unless we respond.

● (1330)

The Chair: We'll have to end it there.

It's Mr. Dusseault, and then over to Ms. Rudd.

[*Translation*]

Mr. Pierre-Luc Dusseault: Thank you, Mr. Chair.

I want to thank all the witnesses for joining us today.

My first question is for Mr. Waldman.

First, thank you for being here and for your presentation.

According to the government's promises—which remain promises and lip service—it will be a better version of the pre-removal risk assessment. In short, it will be the same process that refugees already go through in the current system.

If that's the government's response, what's the purpose of the improved process? If the purpose is simply to copy the current system, why make a new one?

[*English*]

Mr. Lorne Waldman: That's precisely our concern. The current pre-removal risk assessment is usually used after someone has already been rejected, so they get a second possibility of a review a year later, if their case is over a year, before removal. It's a paper review done by an officer.

Now the government is telling us that they're going to provide for oral hearings in all cases. The difficulty with that is that the tribunal that is now doing the PRRAs has no experience in doing oral hearings because they're very rare. In our practice, we have 10 lawyers representing hundreds of PRRA applicants. In the last two years, I think we probably had one oral hearing, so it's extremely rare. The officers don't have the practice or the experience. There are no facilities, so they're going to have to create a whole new system, a whole new infrastructure, if they're going to do what they're saying, which is to have this so-called enhanced PRRA.

We've just been through a process with the Immigration and Refugee Board. There is $200 million in the current budget to allow the board to process cases. The board is finally managing to process cases efficiently, yet now they're going to have to spend millions of dollars on a separate parallel process, which will still not be as fair as the current refugee protection division. The officers who are PRRA officers don't have the same level of training or experience, and they're not independent. This is a really ill-conceived measure from all sorts of points of views, but specifically, given that this is a budget, as an expenditure in our budget.

[*Translation*]

Mr. Pierre-Luc Dusseault: We're trying to reassure the public by saying that we'll copy the existing process, when we could simply keep the status quo.

Ms. Biss, I have one question about poverty reduction and another about housing.

Two new pieces of legislation are expected, of course. However, unfortunately, they're totally unambitious. They're a mistake on the part of the minister, especially since, as you said, there was a substantial response to the first poverty reduction bill introduced. Over 500 organizations had written letters recommending improvements, but these letters were totally ignored by the parliamentary secretary. Bill C-97 proposes a copy and paste of the legislation, when we could have responded to the recommendations and improved it.

One recommendation provided by some groups, including the Collectif pour un Québec sans pauvreté last week, was to change the proposed poverty line measure, which is currently the market basket measure. Is that your position as well? If so, for what other measure would you change the market basket measure? If not, would the idea simply be to improve transparency with respect to Statistics Canada's publication of the poverty line, the market basket measure and its composition, and give the agency all the independence needed to establish this measure?

[*English*]

Ms. Michèle Biss: Thank you for that question.

I'll start with the market basket measure. I will say that we've been working with many of our colleagues in Quebec. We share some of those concerns about the market basket measure, in particular with the way that it's being proposed as a panacea to measure poverty. The reality is that any measurement you pick is going to be messy. It's not an easy process, but what's so important is that we have multiple different indicators and that we're aware that our narrative with those indicators is always that they need to complement one another.

I will say, having been part of many consultations around the market basket measure, that I have serious concerns that we have not yet seen a "what we heard" report on that market basket measure consultation. What I am hearing publicly is very different from the concerns that I heard raised in those rooms, concerns that this is in fact going to be misused, but used nonetheless, by a number of organizations that are providing direct services. If we don't include specific people, we're going to see those who might not follow a very particular form of poverty—for example, single mothers, other marginalized groups—not qualifying for programs.

This market basket measure might seem like some minutia, but the reality is that how we measure poverty is going to matter so much for the way that we are able to strive to reach these programs.

On your point about the ambitiousness of the target, to be honest, I think there's been some misunderstanding with this government about how to set targets for a poverty strategy. I heard a lot of discourse around the need to set forward realistic targets, but I would argue that if you look at this internationally that's not the way to do it from a human rights perspective. In fact, that's not the way that a number of successful countries have done it.

The way you build in your targets is that you build the human rights goal—to end poverty—in line with the sustainable development goals, and then you work in your short-term goals, your sub-targets. You work through progressive realization to meet your larger goals. That's why I have some concerns about this conversation about realistic targets, because we should be setting our sights on no poverty. There's no question there. It's “end poverty”.

I will just add in one quick point. I will say—

● (1335)

The Chair: We're going to have to end it there, Ms. Biss, as we're actually about two minutes over.

We'll go to Ms. Rudd and then back to Mr. Poilievre.

Ms. Kim Rudd: Thanks to all of you for coming. We are shortened down to four-minute rounds, so I'd appreciate as succinct a response as you can provide.

Mr. Corak, I found your testimony quite interesting. You were part of the consultations on the process that Minister Duclos undertook, which we're talking about here today. You talked about the market basket measure being able to address some of what I'll call the regional realities.

We've heard Ms. Biss counter some of those discussions, and certainly others have as well. Coming from a rural riding with a very unique set of circumstances—I think we'd all agree that we have unique sets of circumstances—I see it as one of the things that provides the most opportunity for recognizing those regional disparities, if you will. I wonder if you could talk a little more about it.

Dr. Miles Corak: The market basket measure was first developed in the late 1990s, in part having to do with a certain amount of frustration with the other existing measures. For example, the low-income cut-off, which is often called LICO, had very coarse regional divisions. For example, a city such as Quebec City, which had a population at that time of over 400,000, was lumped in with Toronto. Those measures also weren't meaningful in the sense that they were mathematical constructs that weren't very transparent and didn't speak in a meaningful way to Canadians.

At that time, what was then called HRSD was tasked to make a more meaningful basket, working with provincial and territorial social ministries to set the basket. Now, the number of regions is up to 50. We should note that only just recently has there been a push to the north, so it is ironic that the communities most in need are sort of out of scope for this StatsCan survey.

The ethic in this bill I think is one of continual data improvement. With 50 communities, each with their own poverty line, we cover rural and urban differences as best we can.

Ms. Kim Rudd: Thank you very much. I appreciate it.

Ms. Farha, to follow up on your remarks, one of the things that I think we need to be aware of—and my colleague Michael McLeod talked about the north and the unique situation there—is that when you gave your examples, you used three major cities. Poverty and housing issues are alive and well, unfortunately, in rural Canada as well. When we hear the narrative about this, we continually hear about large cities. As you said, you just have to walk down the street.

In my community, walking down the street, you indeed may not see it, but if you look behind the curtains, as they say, or if you talk to those folks who are helping with providing meals and shelter.... Our police station lobby is now open in the winter for people because we have no shelter and no housing.

This is not a question, so much as a request, that as you're going through these processes, you provide a more broad view and a broader conversation around those situations that are outside the large city centres.

● (1340)

Ms. Leilani Farha: Though it wasn't a question, I will just reference it.

I take your point well. There isn't a place I've been in the world where there isn't poverty and homelessness, rural, suburban and in cities, so I take your point.

It was a short statement and one sentence.

Ms. Kim Rudd: Thank you.

The Chair: Thank you all.

We'll go to Mr. Poilievre, and then over to Mr. Fragiskatos.

Hon. Pierre Poilievre: A well-documented cause of housing poverty is the excessive imposition of zoning regulations by municipal governments, particularly in large so-called progressive jurisdictions like Manhattan, San Francisco and others.

Does the UN rapporteur on housing address these kinds of governmental obstacles to housing mobility?

Ms. Leilani Farha: Thanks for that interesting comment and question.

Absolutely, I've been working quite extensively at the municipal level in the last couple of years. Interestingly, my conversations with municipal governments are the same as my conversations with national or federal governments, which are that cities have to adopt housing strategies based in human rights to address the various things going on in cities that are creating the unaffordability of housing. That would include looking at zoning laws and regulations that are contributing to housing unaffordability: the lack of available housing, land speculation, etc.

Hon. Pierre Poilievre: What's the solution to this kind of exclusionary zoning?

Ms. Leilani Farha: It depends on the context.

Every city is different, the way in which zoning works or doesn't work—

Hon. Pierre Poilievre: Some examples...?

Ms. Leilani Farha: Sorry—

Hon. Pierre Poilievre: I know every city is different, but obviously you'd have some examples—

Ms. Leilani Farha: Examples of what?

Hon. Pierre Poilievre: Proposals you have made to remove exclusionary zoning, to allow developers to build more densification so that people can afford to live in places where there are jobs and good schools.

Ms. Leilani Farha: I'm not sure of the relevance of this to the legislation that we're talking about today, but seeing as you're interested, in Dublin, for example, there's a real issue of developers sitting on land and waiting for that land to have increased value before they do anything with it. I've been working with some folks in Dublin to try to figure out a way to get those land owners and developers to act on their purchases and free up that land. Dublin is a city that is experiencing a homelessness crisis like few others.

Hon. Pierre Poilievre: I'm just surprised that you don't have any examples of zoning restrictions and red tape that you would like to see removed. It's now very well documented by a broad spectrum of think tanks and policy-makers from both left and right that municipalities, particular large so-called progressive towns—places like Manhattan—are keeping poor people away from jobs because they restrict the supply of housing, prevent developers from building. Then they scream and holler about how they need more government money to build government housing.

I find it incredibly ironic that you claim to be an advocate for housing, but you don't have any proposals to remove governmental obstruction to the construction of that very housing.

Ms. Leilani Farha: Perhaps you misunderstand my job, Mr. Poilievre. I am the UN Special Rapporteur on the Right to Housing. I generally interact with national-level governments.

Hon. Pierre Poilievre: Yes.

Ms. Leilani Farha: When I interact with city-level governments, the discussion is about human rights and housing. Those discussions tend toward discussions around what would the right to adequate housing look like if it were implemented in a city.

In that case, I don't meddle in the details of a city's decision around this bylaw and that bylaw, etc. What I do is provide a framework, which is what I've done with the national-level government in this country, to help them understand what it means to actually put in the foundational pieces of a rights-based approach. It would then be—

● (1345)

Hon. Pierre Poilievre: It sounds like a big word salad to me.

The Chair: Mr. Poilievre, you're out of time.

Ms. Leilani Farha: Could I please finish?

Hon. Pierre Poilievre: You've had a lot of time to—

The Chair: Mr. Poilievre, you're out of time—

Hon. Pierre Poilievre: —answer the question, and you certainly have not even started. It sounds like you don't do much other than generate words—

The Chair: Order. Pierre—

Hon. Pierre Poilievre: —when in fact we actually need some action. It's a little disappointing that this is what the UN has to offer on housing.

The Chair: Pierre, you're out of time. Could you come to order?

That's better.

Ms. Leilani Farha: Your interaction with me is unfortunately rather predictable.

The Chair: All right. We're going to end that discussion there.

Mr. Fragiskatos.

Mr. Peter Fragiskatos: Thank you, Mr. Chair.

Let me tell you, Ms. Farha, that at least on this side of the table—and I'll even speak for my colleague on the other side, Mr. Dusseault, with his permission, of course, and he has nodded his head—we genuinely respect the work you do. We recognize that you have an international focus. Your advice to us here at the committee today, and indeed to the government, is to be valued and appreciated.

I've tried to sift or distill from your presentation what I believe are the key points. Because time is limited, I'll phrase my questions very succinctly. If you could, just reply with yes or no.

For the housing advocate that's been proposed, should the housing advocate be independent of CMHC and the minister, and therefore, the government?

Ms. Leilani Farha: It would be essential that the housing advocate be independent because they would be reviewing the policies and programs of CMHC and the ministry.

Mr. Peter Fragiskatos: Thank you.

Do we need an amendment that allows the proposed advisory panel and the advocate to investigate systemic complaints?

Ms. Leilani Farha: Absolutely, and I would iterate that it should only be systemic complaints, actually.

Mr. Peter Fragiskatos: Okay.

Should the legislation include public reporting criteria, including tabling findings in Parliament?

Ms. Leilani Farha: Absolutely. I mean, that's simply just good practice of accountability and transparency.

Mr. Peter Fragiskatos: Okay.

Are you seeking a bill here at all that would give people a justiciable right to sue for housing to meet individual need? I just want to clarify that.

Ms. Leilani Farha: Yes, that's a common misperception of how this all works. The short answer is no. It's important that people have recourse mechanisms for systemic barriers to accessing the right to housing. That's very different from being able to knock on government's door, and say, “Hey, give me a house.” That's not what this is about at all.

Mr. Peter Fragiskatos: Right.

Ms. Leilani Farha: Of course, my colleague Michèle Biss already has mentioned the notion of progressive realization. That's how housing works. The right to housing is progressively realized. The adjudicative mechanism that's been suggested, both in the legislation as it stands and in amendments that I've seen kicking around, is one that would allow people a voice and allow people to say, “Here is a systemic barrier to my enjoyment of the right to housing.” It would not permit them to just bring an individual complaint about their particular housing need.

One thing I should say is that there are elements of the right to housing that are already justiciable in this country. If you have a discrimination claim in the area of accommodation, you can go to your provincial or territorial human rights body, for example. We have landlord-tenant tribunals in this country.

Mr. Peter Fragiskatos: That's right.

Ms. Leilani Farha: Those deal with the sort of adequacy elements of the right to housing.

Mr. Peter Fragiskatos: There's no need to add layer upon layer here is basically what you're saying.

Ms. Leilani Farha: That's correct. This is different. This is actually very creative, and really, on the world stage, this is an interesting idea that the government is proposing and that civil society is advocating.

Mr. Peter Fragiskatos: I have one final question for you. Take the proposed legislation, add to it the amendments that you have suggested here today and the amendments that we heard before us last week in testimony that was given, and combine those two. Would we end up with a piece of legislation where Canada would rank very high internationally? Where would Canada rank compared with other countries if we have the amendments added to the proposed legislation?

Ms. Leilani Farha: Internationally, we don't give rankings, but I'll put it this way: Canada would be in good company. The European Union—all of those countries— recognizes the right to housing, so you'd be in pretty good company.

● (1350)

Mr. Peter Fragiskatos: Better than what we've been in the past?

Ms. Leilani Farha: This is a major step for Canada and one that would have to be applauded, at least in my opinion, because Canada has long been completely out of step with international human rights obligations and other countries in denying that the right to housing exists at all. The government, in my opinion, and in a fairly short period of time, has come a great distance.

I am often approached by different governments asking what my country is doing, because I'm from Canada. I don't represent Canada, obviously; I'm independent. Whenever I start mumbling that they're in the midst of thinking about adopting legislation that would recognize the right to housing and they have a national housing strategy with a rights-based approach, other governments are very heartened to hear that—for example, parliamentarians in New Zealand, Ireland and Spain.

I think Canada could actually.... I think this legislation is very unique and I think it could serve as a model for other countries.

Mr. Peter Fragiskatos: That's wonderful to hear. Thank you very much

The Chair: I'm going to have to end it there.

We will go back to Mr. Poilievre for three minutes and then over to Mr. Sorbara for three. We'll let him close off.

Hon. Pierre Poilievre: What I'm hearing from people who have a housing shortage is that they want the freedom to live where there are opportunities for jobs and good schools. It seems that in many cases, those are the very places that governments prevent them from living.

In Toronto, for example, it takes $185,000 of government cost to build a single unit of housing. Now $186,000 isn't a lot of money if you're a millionaire, but it's a lot of money if you're living close to the poverty line. That could be what prevents you from living near arguably the biggest economic hub in Canada.

It seems to me that if we're going to address the right to housing, we don't need more international bodies with high-priced consultants and lawyers who travel around the world giving lectures like we've seen today. What we need is to get municipal red tape out of the way so that we can allow builders to build and provide the housing that is affordable to the people who want to live in it. Right now, the main obstacles for that construction are the zoning restrictions that drive up the price of housing and prevent supply from coming onto the marketplace.

It is predictable that we would hear from someone like the witness here that all we need are more government programs, grand declarations, offices, speeches and other such bureaucracy—

The Chair: Mr. Poilievre—

Hon. Pierre Poilievre: —that have for the last 40 years failed to deliver anything.

Mr. Chair, I appreciate that you don't like what I'm saying, but—

The Chair: No. I know you're going to try to push the button, but Mr. Poilievre—

Hon. Pierre Poilievre: —you don't get to silence people—

Ms. Leilani Farha: Can I respond, please?

Hon. Pierre Poilievre: —just because you disagree with them.

The Chair: Mr. Poilievre, what I'm saying is that there is nothing wrong with raising questions on policy, but it is not appropriate to try to slide in insults or berating remarks.

The floor is yours. Ask a question, and I'll give Ms. Farha time to respond to it.

Hon. Pierre Poilievre: Mr. Chair, it is the policy of our party that we believe in delivering direct benefits to real people, not in wasting egregious sums on international lobbyists who travel around and lecture for a living. That is our position and we are allowed to state that on the record.

I'm going to move back to the policy issue.

Dr. Mintz, you were commenting earlier on the need for tax reform to deal with this Swiss cheese tax system that we've developed in this country over time.

What process do you think would be the most effective to delivering that reform?

The Chair: The way we will deal with this, Mr. Mintz, is that you can go first and answer that second question, but I will give Ms. Farha time as well, as I have with others, to respond to questions in an appropriate manner.

Mr. Mintz.

Dr. Jack Mintz: I think the best process would be to perhaps have a good look at the kind of issues around the corporate tax that we need to address, some of them raised by the OECD base erosion profit shifting study. Other countries have been responding to that. We haven't done a lot yet with respect to that. We also need to look at some of the issues to make sure we protect our corporate tax base in Canada. I also think we need to ask a question about how to make sure we create a playing field that's shifted to us to attract businesses in Canada, taking into account a lot of the policies that are impacting on business.

I think some of this could be done by a panel that would look at this maybe after the election, made up of people who are quite knowledgeable about not just corporate tax but also what's happening in the business sector, with an opportunity for consultations after that panel comes forth with some clear-sighted ideas.

I'm not sure I would leave it entirely to the Department of Finance to make that determination. In fact, I think one of the successes in the past has sometimes been to give a separate independent body, especially with individuals who are very knowledgeable about what's going on in the private sector, an opportunity to do that. In fact, maybe some of the issues that came around the taxation of private corporations would have been avoided if there had been an external panel involved to assist with that process, because certainly some significant problems happened as a result of those provisions, and there was a reaction as a result. I think sometimes that's a very useful way of going about a very complex area, and probably that's what I would recommend most.

● (1355)

The Chair: Thank you, Mr. Mintz. I might suggest, and I think you're well aware of this, that as a committee we have recommended as well that there needs to be a comprehensive review of the tax system in Canada, possibly starting with a white paper or whatever by the experts you're talking about.

Dr. Jack Mintz: I'm glad to hear that.

The Chair: Ms. Farha, I'll give you an opportunity to respond to the remarks that were made towards you. Then we'll have one question from Mr. Sorbara.

Ms. Leilani Farha: Thank you.

Mr. Poilievre, you should have done your homework. Special rapporteurs are unremunerated, in fact.

We were momentarily on the same page. Like you, I am worried about the fact that people who work in cities, whether they be teachers or baristas in coffee shops or nurses, are often unable to live in the cities where they actually work. They're commuting long distances at some cost and at some fragmentation to family life, etc. That is a real concern of mine.

I'm not sure I would agree that it's zoning laws only that are creating this phenomenon. What I'm seeing worldwide is something else. I actually see here in this country and elsewhere quite a bit of supply being built. Actually, if you go to Toronto, they're now calling it the vertical city, for example. When you look up, what do you see? You see tons of high-rise towers and tons of cranes.

The issue isn't that there isn't stuff being built. The issue is what's being built, and for whom. What's not being built is affordable housing. At the same time, I'm seeing a phenomenon whereby private equity firms and multi-billion dollar, multinational asset management firms are scooping up affordable units across our cities and turning those into less affordable units for higher-income people. They're even going so far as to buy single-resident occupancy homes —that's for the lowest-income folks—and convert those to fancy bachelorettes for students and also higher-income people.

I think there's a plethora of issues to be dealt with in this country and elsewhere, and I think that [*Technical difficulty—Editor*] in actual fact, Mr. Poilievre, you and I could have a very constructive conversation about zoning and other issues confronting cities.

The Chair: You and Mr. Poilievre have something else in common: He too knows how to push the button and keep it on when we try to get it off.

Voices: Oh, oh!

The Chair: Mr. Sorbara, you can have one question.

Mr. Francesco Sorbara: Dr. Mintz, thank you for being here. We've chatted before about a few things, and I've read a lot of your research, of course.

With the accelerated investment incentive, many of the stakeholders, from the Canadian manufacturers' association to across the board, have applauded the fall economic statement in terms of our response to the U.S. tax measures and to remaining competitive. With reference to the chair, we did put in a pre-budget recommendation. Was our response not sufficient, or are you just not happy with that response? A lot of the stakeholders were.

● (1400)

Dr. Jack Mintz: First of all, when the stakeholders were told, “You're not going to get a corporate rate reduction”, they were all quite happy to have at least something, so I'm not sure that tells you very much.

Again, I don't think that is the criterion for a good tax system. The criterion for a good tax system is one where we want to make sure that we don't get in the way of successful investments, don't push more companies into tax loss positions and don't do all sorts of other things.

We've had accelerated depreciation for manufacturing and processing equipment since 1972. It was disbanded, finally, by 1987. It was brought back by the Conservatives in 2006 or 2007, if I recall, as temporary accelerated depreciation, and it stayed on for the next 10 or 11 years, if I recall the exact dates.

Then you ask this question: What has that done for our manufacturing industry in Canada? Well, manufacturing today has far fewer jobs as a share of total jobs in Canada compared with what it was in 1972, 1987 or 2000. In other words, it has been a failed policy, but we keep doing it and it's rather too bad that we keep doing it.

In fact, if you look around—we do this analysis across 92 countries around the world—Canada, Lesotho and maybe a couple of other countries have a significant bias in our effective tax rates towards manufacturing industries, and towards mining as well, by the way. However, if you look at our taxation of services, which is actually 70% of the job force in Canada, we whack them with a lot of taxes. In fact, our competitiveness problems are even bigger in the service sector than they are in the others.

What we have done is create a very biased system. Sure, companies are going to say, “Give me something; give me accelerated depreciation”, but I don't think that is really the criterion for how we want to run a good tax system.

The Chair: We're going to have to end it there. I know that some people have to be up for Standing Order 31s in the House.

With that, thank you to all the witnesses. Also, thank you for the lively exchange from time to time.

That will be it for today. The meeting is adjourned.