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Chair

The Honourable Wayne Easter

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● (1535)

[*English*]

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

For the record, pursuant to the order of reference of Tuesday, April 30, 2019, we're examining Bill C-97, An Act to implement certain provisions of the budget tabled in Parliament on March 19, 2019 and other measures.

Welcome to all the witnesses. We have seven on this panel. If you could hold it as tight as possible to five minutes, that would be dandy.

We'll start with Ms. Wyton, from the BILD Alberta Association.

Are you ready to go?

Ms. Carmen Wyton (Chief Executive Officer, BILD Alberta Association): I'm ready to go.

Thank you very much for including me in today's meeting.

My name is Carmen Wyton and I'm the CEO of BILD Alberta, which is the Building Industry and Land Development Association of Alberta. BILD Alberta represents more than 1,800 member companies involved in residential construction, land development, renovations, trades, consulting and material supply.

I'm here to discuss housing affordability in Alberta, the implications of the national housing strategy and federal policies that are impacting jobs, the economy and the environment. The industry I represent is mostly small to medium-sized privately held businesses that employ more than 120,000 Albertans, provide $8.3 billion in wages and contribute $18.6 billion in economic activity.

These are Canadian employers whose livelihoods are being put at risk by policies created to address issues that are not relevant in Alberta.

Alberta's residential construction industry is in crisis. The majority of our members have reported layoffs of more than 20% of their staff and have significantly reduced work orders, while some have simply gone out of business.

There are three conditions that have resulted in a significant contraction of business, job loss and economic uncertainty. These are the 2017-18 mortgage rule changes, a historic oversupply of new housing inventory and building codes changes, especially related to energy efficiency.

With respect to mortgage rules, housing in Alberta's major cities is not the same as it is in Vancouver and Toronto. We are facing a historic high rate of unabsorbed housing. Since the introduction of those mortgage rules, the number of newly built but vacant homes has increased by 44%. The majority of these homes are single-family, semi-detached and row houses designed for young families, first-time homebuyers and those looking to moderately move up in the market.

We also know that 70% of Alberta households can comfortably afford homes priced at $300,000. Unlike Toronto and Vancouver, there are many desirable housing options in Alberta's major cities within that price range, but new mortgage rules are preventing working Albertans from qualifying. As a result, Alberta has a record high of 5,400 newly built unsold homes and a year-to-date decline in housing starts already reporting at 22% lower than in 2017.

If people don't buy, builders don't build and Albertans won't work.

As you consider housing for all Canadians, we ask that you bring back the 30-year mortgage, implement incentives for first-time homebuyers and facilitate regional variances in mortgage rules that will allow provincial financial institutions to provide for their local markets.

With respect to building codes, maintaining housing affordability is a central focus for BILD Alberta. We have concerns with the speed with which substantial shifts in building codes relative to energy efficiency are occurring. Alberta builders are already leaders in energy efficiency and have been providing innovative options that consumers want, and more importantly, that they can afford. The challenge with the current trajectory for energy efficiency and net zero by 2030 is the pace and uncertainty of associated costs.

It is essential that a thorough cost-impact analysis is undertaken and variables associated with climate conditions across Canada are considered to avoid costly unintended consequences to home owners. We calculated that every $10,000 increase to a home removes 20,000 Alberta households from entry-level housing. A net zero ready home in Edmonton will be tens of thousands more and in northern Alberta it will be still more.

BILD Alberta fully supports a path to net zero homes. However, before moving forward with drastic shifts in energy efficiency, we need to take a prudent approach to determine cost impacts, implications on building science and consumer interests. Industry and government need to innovate together to find more cost-effective means to reach such levels of efficiency before they can be regulated.

Albertans simply cannot afford to go to such extremes without proof that there is market capacity, technical capabilities and consumer willingness to adapt.

In closing, the national housing strategy is largely focused on social and subsidized housing without consideration for the consequences of other federal policies, such as mortgage rules and building codes. Federal policies must reflect conditions relevant to all of Canada's largest cities and support housing for all Albertans and all Canadians.

The Chair: Thank you very much, Carmen.

We're turning to Kevin Lee, CEO of the Canadian Home Builders' Association.

Welcome, Kevin.

● (1540)

Mr. Kevin Lee (Chief Executive Officer, Canadian Home Builders' Association): Thank you, Chair.

CHBA represents some 9,000 member companies from coast to coast and is the national voice of the residential construction sector.

BILD Alberta is the constituent association of CHBA, and as Carmen has spoken to the specifics of Alberta, I'll speak to the housing issues on a national basis that are found in Bill C-97.

From a guiding principles level, CHBA has one key amendment to recommend to the committee regarding the bill. Our recommendation relates directly to the issue of housing affordability, a top-of-mind issue for Canadians from coast to coast.

As all of you know, an ability to access home ownership affects constituents in all of your respective ridings, especially young and new Canadians who aspire to realize the dream of home ownership. Deteriorating market rate affordability also has severe impacts on housing initiatives for those in core housing need.

We therefore propose that the second paragraph of the preamble of the national housing strategy act be amended from the current wording, which reads, “Whereas access to affordable housing contributes to achieving beneficial social, economic, health and environmental outcomes”, and be adjusted to capture the full housing continuum, including market rate housing, as follows: “Whereas both housing affordability and access to affordable housing by those in need contributes to achieving beneficial social, economic, health and environmental outcomes”.

We feel that this amendment would better capture the true housing challenges facing Canadians, preventing a focus solely on social housing and instead also including addressing housing affordability for those seeking to join the middle class and home ownership.

Indeed, without addressing housing affordability, Canada's social housing challenges will get worse. The inability of renters to access home ownership is clogging up the housing continuum, limiting rental unit availability, driving up rents and causing more challenges for those in housing need as well as those organizations seeking to provide it.

For the national housing strategy to be complete, it must also address market-rate housing affordability, especially for first-time buyers. This is particularly true, given the affordability challenges now facing millennials and new Canadians. The strategy and government actions should address the issues driving up costs; smart mortgage rules that address risks, without locking too many Canadians that have home ownership; market rate housing supply; transit-oriented development and more.

Regarding smart mortgage rules, CHBA advises that the compounding effect of many more mortgage rule changes have now gone too far. We are seeing those effects in job losses, weakening economies and the financial challenges now facing millennials.

The proposed first-time homebuyer incentive is a potentially effective measure to expand both affordability and market accessibility for some, particularly those stuck perpetually in rental markets. CHBA has provided CMHC with our initial design recommendations accordingly.

The problem is that this incentive will not be in place until the fall at the earliest, leaving many markets with severe challenges this construction season, including having some buyers delay their purchases until the incentive is available. As well, even once in place, the incentive will still leave thousands of prospective and well-qualified first-time buyers on the sidelines because of the excessively stringent mortgage rules still in place, the impacts of which remain to play out.

We therefore continue to recommend two key additional steps to unlock the door to home ownership right now: adjust the stress test to reflect current economic conditions and restore 30-year amortization on insured mortgages for well-qualified first-time buyers seeking entry-level homes.

The stress test has excessively suppressed the market. Between it and rising interest rates, CHBA estimates that 147,000 potential buyers have been knocked out of the market since it was introduced.

As well, while some suggest the impact of the stress test is now fading, our data tells us differently. The Bank of Canada's most recent forecast shows a 0.3% decline in Canada's GDP for 2019 directly associated with housing activity, amounting to a drop of about $6.7 billion. What is worrisome is that this is the fourth downward revision recently by the bank, based on greater than expected declining housing trends that were not anticipated by the bank's model previously. Our data confirms this and points to the continuing slide caused by the compounding mortgage rule changes.

Since the beginning of 2019, we have surveyed members on two occasions on the effects of the stress test. In January, our members reported a 33% drop in first-time homebuyer activity this past year. This drop in buyers has yet to fully play out in terms of housing starts. The second survey in April revealed that some 65% of the 300 CHBA member companies responding have already laid off staff, and 40% expect to lay off more workers in the next few months, this at a time when the government recognizes that we need more, not less, housing supply.

Our recommendations to adjust the stress test and restore 30-year insured mortgages for first-time buyers, which, like the incentive program, could even have an income-to-price ceiling, would get the continuum and industry functioning properly again, without increasing risk excessively.

In short, it's time for the national housing strategy to address not only those in core housing need but the housing aspirations of hundreds of thousands of well-qualified buyers currently locked out of the market. This affects not only their financial prospects but those of local economies and jobs across Canada.

Thank you. I would be happy to answer questions afterwards.

● (1545)

The Chair: Thank you, Kevin.

There's some agreement between those two submissions. That doesn't always happen.

Now we'll turn to Mr. Stratton, chief economist with the Canadian Chamber of Commerce.

Go ahead, Trevin.

Dr. Trevin Stratton (Chief Economist, Canadian Chamber of Commerce): Thank you, Mr. Chair and members of the committee. lt's a pleasure to be here today.

For billions of people throughout the world, Canada stands as a symbol of hope and opportunity. However, we cannot afford to take our prosperity for granted. Every day, the businesses that drive our economy are making hard decisions about how to preserve jobs or create new ones, whether to invest here or abroad, and how to respond to competition that grows more intense by the day. The decisions that they make determine the future of our communities and our country.

Canadian businesses are making these decisions in an economy that recently hit a soft patch. While job growth has been strong, we can do much better in other areas. The Canadian economy has been at a standstill since October 2018, with no growth over this period. Business investment fell 2.9% in the last quarter of 2018. ln the first quarter of this year, Canada recorded its largest quarterly trade deficit in almost three years. Recently, the Bank of Canada marked down its growth forecast for 2019 to 1.2% real GDP, a far cry from the 3% growth we saw only two years ago.

While some of the causes of this anemic growth are out of the government's control, we do control tax policy, and Canadian businesses are pleased to see the implementation of targeted accelerated capital cost allowance measures in this budget bill. These measures will help promote Canadian business investment, particularly in a manufacturing sector that is still grappling with the impact of the illegal and illegitimate tariffs imposed by the U.S. on Canadian steel and aluminum.

While these measures are helpful in the short term, the Canadian business community does not think that they go far enough to resolve our competitiveness issues. These tax writeoffs can be more broad-based to provide targeted support to other sectors of our economy, such as our struggling natural resources industries.

These measures do not address the need for a comprehensive review of our cumbersome and uncompetitive tax system. Last fall, our 450 local chambers of commerce overwhelmingly supported a policy resolution asking for a tax review. ln December, this very committee recommended that an expert panel conduct such a review. Canadian businesses speak with one voice on this issue, and they are still waiting for government action.

Compounding the challenges created by our tax system are the federal debt and deficit. This budget implementation bill does not include a federal plan to put an end to Ottawa's deficit. Canadian businesses are calling on the government to present concrete plans with firm deadlines for returning the federal books to balance. lt is simply irresponsible for our generation to continue to spend and to send the bill to our kids.

While the Canadian Chamber of Commerce welcomed the announcements to improve our regulatory system in the fall economic update and this year's federal budget, we are concerned about the slow movement and progress in setting up these instruments. Unfortunately, our system is broken. lt is complex, unclear and unpredictable. The overlap of regulations across different levels of government is stifling investment and preventing us from getting our natural resources to global markets.

This is not just a sectoral or a regional issue. Every single Canadian has a stake in making sure that we don't continue to be a nation of builders that can't get anything built.

The measures to address competitiveness in this bill are a positive first step, but they fall short of what is needed. Without a thriving business sector, our economic growth suffers, our prosperity declines, and our governments lack the resources to build our roads, hospitals and schools, and to provide social services. ln short, for Canada to succeed, our businesses must also be successful. There is a lot more work to be done.

Thank you for the opportunity to meet with you this morning. l look forward to our discussion.

The Chair: Thank you, Trevin.

Now we'll turn to Mr. Cox, chair of News Media Canada.

Go ahead.

Mr. Bob Cox (Chair, News Media Canada): Thank you, Mr. Chairman.

I'm here today on behalf of 700 daily and community newspapers across the country to address budget measures aimed at supporting Canadian journalism.

The budget measures are very important to daily and community newspapers and we strongly support them. They will help preserve newsrooms while we develop new business models.

lt is important to remember that people across the country still depend on their newspapers. We do not have a readership problem. We have a revenue problem. News Media Canada just released a survey which found that 88% of Canadians read newspapers in some form every week.

The day after we released the study, employees at the Globe and Mail learned that the newspaper needs to reduce its labour costs by $10 million annually. The same day, the Toronto Star released financial results that noted the company cut 32 positions during the first quarter of this year.

lt's not just the big companies. A week earlier, the Westman Journal closed in my home province of Manitoba. We have lost 20% of the community newspapers in Saskatchewan in the past two years.

All of us are engaged in transforming our business models so we can continue to fulfill the key role that a free press must play in a healthy democracy. However, these business models need time to develop. They include new features such as paid digital subscriptions and charitable donations. During the transition, we are finding it increasingly difficult to preserve our capacity to gather the news and information that our communities depend on.

At my own newspaper, the Winnipeg Free Press, there were 110 newsroom staff when I became editor 14 years ago. Today there are 55 editorial employees.

We used to cover much of what moved in Winnipeg. Right now, the Manitoba government is conducting a comprehensive review of the kindergarten to grade 12 education system. Neither the Free Press nor any other news media outlet in Manitoba has a single reporter who covers education regularly.

The 25% refundable labour tax credit in the budget for newsroom employees could allow the Free Press to hire 15 or 20 additional reporters and restore coverage of areas such as the public education system.

The personal income tax credit for digital subscriptions would help boost the future base of our business: a paying digital audience.

The possibility of some journalistic organizations receiving charitable donations that Canadians may claim as tax deductions establishes yet another source of support for news organizations that was unavailable in the past.

These measures have been called a bailout by some. I would suggest that this crowd knows very little about the business of operating a newspaper.

My company has an expense budget of $62 million this year. We have estimated the labour tax credit might give us $1 million annually. That is 1.6% of our expense budget. It will not bail us out. We will have to save ourselves, but the tax credit will preserve our newsrooms in the interim.

There has also been the suggestion that newspapers will be beholden to the federal government, not independent, and more likely to give favourable coverage. Well, I have not noticed this happening since the program was announced last fall. Even I cannot get journalists to write what I want, and I sign their paycheques.

Indeed, I have to commend this government or any government that would offer this kind of assistance to journalists. The role of a truly independent press is to expose and criticize. Any legitimate government helping the press is doing so in the interests of democracy, not in the hopes of getting good headlines.

As well, the process outlined in the budget will ensure the program is independent.

We would urge the government to move quickly to set up an independent panel of experts to assist in implementing the measures, including recommending eligibility criteria. We cannot hire anyone or count on new funding until the panel has reported and the program is operating.

Many of our members have raised specific points about budget measures and are anxious to express their views to the panel.

ln conclusion, these budget measures are welcomed by the daily and community newspapers that I am representing here today. I look forward to your questions.

● (1550)

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

We'll turn now to Ms. Waterous, managing partner of Norquay Ski Resort.

Welcome.

Ms. Jan Waterous (Managing Partner, Norquay Ski Resort): Thank you.

I'm going to quickly address the primary purpose for Norquay's invitation today, and then I will provide a brief summary of what Norquay has done since to address one of the initiatives identified in the 2013 site guidelines: the feasibility of creating aerial transit between the town of Banff and Norquay ski hill.

To begin, we confirm that Norquay is supportive of the government amending schedule 5 of the Canada National Parks Act to update Norquay's lease to reflect the 2013 Norquay site guidelines. These amendments are detailed in the documentation deposited in the Alberta land titles office in Calgary, Alberta, and we request no amendments.

With that out of the way, I'll now speak to my family's efforts to explore the feasibility of creating aerial transit to Norquay and other green initiatives as part of our science-based approach to vehicle and visitor management, which includes the creation of an eco-transit hub at the Banff train station.

By way of background, I have been a resident of Banff for 22 years. During that time, my family, like so many of our neighbours, has grown increasingly concerned about traffic congestion and parking in the town and around the national park. In fact, as the years went by, it was commonplace to hear members of our community say, “What are they going to do about it?” One day, we stopped and asked ourselves, “Just exactly who is this 'they'?”

You see, there have been many great ideas put forth over the years by various levels of government and private stakeholders to address park congestion, but what became clear to us is that these same groups lacked the real estate and the infrastructure to create meaningful change. For example, intercept parking was identified in 1979 as official Banff town policy, yet 40 years later, not a single intercept parking lot has been built, because the real estate simply was not available.

Passenger rail between Calgary and Banff was discontinued in 1990 because VIA Rail's ridership was suffering due to poor on-time performance as a result of freight understandably being prioritized over passenger trains on the single track.

As well, aerial transit to Norquay, despite being identified for at least 30 years as infrastructure that could enhance the environment of the important Cascade wildlife corridor that runs right through the Norquay access road, had never even had a chance to come to fruition, because the ownership of the Norquay ski hill and the Banff train station had never in Banff's history been in the same hands.

Those initiatives all struck us as transformative, so about four years ago, my family and I decided to become part of the “they” and essentially stand on the shoulders of other people's great ideas and see if we could assist in advancing all three initiatives.

First, my family bought the multi-decade lease to the Banff train station, and subsequently purchased the multi-decade lease for the 32 acres of land that surround the Banff train station, with the sole purpose of creating intercept parking for our community. I am proud to say that Banff's first-ever 500-car, free-of-charge intercept parking lot is under construction now and is scheduled to open this summer.

Second, we've been working to assemble the approximate $800 million in private and public capital to build a Calgary-Banff dedicated passenger rail line within the existing CP Rail corridor. We have been making very encouraging progress in this regard.

Third, last year we bought the Norquay lease, so the possibility of building aerial transit between the train station and the Norquay hill could finally be explored. Since then, we have had experts conduct science-based research on the potential wildlife benefits of a gondola, as a forerunner to conducting a Parks Canada environmental impact assessment to determine if the gondola creates the required substantial environmental gain.

As an extension of these initiatives, on March 25 I stood before Banff town council and proposed that it consider adopting a resident-only vehicle pass for the national park, whereby all day visitors to Banff park for free at one of two intercept lots at the train station that together would offer 2,500 parking stalls.

● (1555)

In this scenario, hotel guests would park at their respective hotel accommodations and both groups would use only buses and shuttles to reach points of interest around the broader national park. Essentially, Banff National Park would become car-free.

Recognizing that a genuine partnership is necessary for a resident-only vehicle pass to truly succeed, I also proposed to town council that, should the town agree to its implementation and upon the gondola becoming operational, my family will lease both intercept lots to the Town of Banff for 30 years for free.

My family firmly believes that the combination of intercept parking, aerial transit to Norquay, the reinstatement of passenger rail and the implementation of a resident-only vehicle pass will create a national model for green transit for other towns and cities across Canada to emulate.

Thank you for your time today. I really appreciate it.

● (1600)

The Chair: Thanks very much, Ms. Waterous.

From STEMCELL Technologies, we have Mr. Booth, chief commercial officer.

Welcome.

Mr. Andrew Booth (Chief Commercial Officer, STEMCELL Technologies): Good afternoon, Mr. Chairman and members of the committee.

My name is Andrew Booth and I'm the chief commercial officer at STEMCELL Technologies. I appreciate the invitation to address you here today.

STEMCELL is Canada's largest biotech company. We have over 1,400 employees worldwide, with over 1,000 in our headquarters in Vancouver. Our catalogue of over 3,000 products is used by research scientists, universities and pharmaceutical companies around the world, enabling life sciences research.

Business has been good. Fiscal 2018 revenues were approximately $200 million and we hired over 350 people. We're on track to increase revenues another 25% in this fiscal year. We added over 125 employees in the last quarter alone. We have 90 open positions today and a plan to hire over 3,000 more people in the coming 10 years. We're a proudly diverse, proudly high tech and also proudly Canadian company.

In short, when the Minister of Innovation, Science and Economic Development, Navdeep Bains, talks about building Canadian anchor companies, he's talking about companies like ours. Indeed, Minister Bains has visited our facility in Vancouver, as have Minister Champagne, Minister Sajjan, MPs Terry Beech and Pamela Goldsmith-Jones, as well as MPs Michael Chong and Erin O'Toole. I believe all would agree that STEMCELL is a role model Canadian company that is succeeding globally.

We are, in large part, believers of the government's innovation agenda. That said, there are still disconnects between the stated goals and the means taken to achieve them. Bill C-97 is a case in point. Specifically, we would like to bring your attention to the changes that the bill recommends to the scientific research and economic development tax credits, or SR and ED. We believe it was an excellent decision to remove the so-called profit cap on the enhanced SR and ED credits and associated refundable portion of the SR and ED system. It should help self-funded companies grow without undue investor pressure to exit at an early stage. This may, in turn, result in fewer companies moving intellectual property and corporate headquarters outside of Canada.

Unfortunately, the government has missed an opportunity in failing to also address SR and ED's taxable capital measurement. It is our view that this was a mistake. The taxable capital measurement reflects a “small is beautiful” approach to innovation, which does not align well with the government's stated goals to grow and keep world-leading tech firms here in Canada. It also tilts the playing field away from companies that have larger capital investments in things like manufacturing, infrastructure and test equipment. These companies are inherently stickier and more likely to endure in Canada over time.

We would propose replacing the taxable capital cap with a sliding scale where a 1% enhanced SR and ED credit is granted to companies that reinvest half a per cent of their gross revenues into SR and ED-eligible research and development. This enhanced credit would be capped at a maximum of 20% above the base rate for those companies that invest 10% of revenues or more into R and D.

As small and medium-sized enterprises generally reinvest higher proportions of available revenues in R and D, the government could continue to encourage the start-up community without reducing incentives for larger firms, which continue to invest and grow into anchor companies. At STEMCELL alone, we would estimate that this change would result in the immediate hiring of 20 to 25 research scientists.

By making slight adjustments to the technical nuts and bolts of the policy, the federal government can better support Canadian tech companies of all sizes. This will help develop and maintain not only economic value and jobs in this country, but also the sort of intellectual property portfolios that will be the true engines of the economy in the 21st century.

Once again, I thank you for your time and I look forward to taking any questions.

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

Next we have, as an individual, Ian Lee, associate professor at Carleton.

Dr. Ian Lee (Associate Professor, Carleton University, As an Individual): Thank you, Mr. Chair.

I thank the finance committee for inviting me.

First, here are my disclosures, because I'm an individual: I don't consult directly or indirectly with any corporation, association, NGO, union, government or person anywhere. Second, I don't have any investments of any kind, in any industry, so I have no conflicts of interest. Third, I do not belong to, or donate funds, directly or indirectly, to any political party.

You're reviewing the gargantuan budget implementation bill. I will not use up my scarce minutes on this topic, except to state that I am in complete agreement with Andrew Coyne on the topic of omnibus bills. They are most unfortunate because he thinks, and I think, they're hostile to democracy. Enough said.

There's so much to say, and so little time with this bill, so I decided to focus on one item that received precious little discussion, I think, and that is the seeming march forward to what is called a national pharmacare program in Canada.

First, we have to clear up terminological obfuscation, and engineered urban legends.

It has been stated repeatedly by supporters of a national pharmacare program that Canada is the only OECD country in the world without any pharmacare program. This is factually and statistically false.

CIHI, which, as everyone in this room knows, was established by former Liberal prime minister Paul Martin, collects and publishes superb statistics on all things health care. They've published an annual report on prescription drug spending in Canada for several years, with data going all the way back to 1985. It shows that approximately 45% of all prescription drugs in Canada, which cost around $30 billion in aggregate, are paid for by provincial health ministries with targeted pharmacare programs.

Restated, Canada has a very generous targeted provincial pharmacare program in every province. In plain English, “targeted” means it's based on needs measured by income, as many of our social programs are, including day care and tuition, in some provinces.

It's false and wrong to state that there is no pharmacare program in Canada, when CIHI's 2018 report on prescription drug spending states that $14.4 billion was paid for by provincial health care budgets for prescription drugs. Those who claim we don't have one are in complete denial concerning the massive empirical provincial government support.

The key finding of the 2018, and most recent, report is that $14.4 billion, or 42.7%, of all prescribed drug spending in Canada is financed by the public sector as distinct from individuals or private insurance.

This is, again, from CIHI. I'm reading it word for word, “About 1 in 4 Canadians (22.7%) received benefits from a public drug program in 2017. Individuals living in low-income and rural/remote neighbourhoods were more likely to have received benefits.” The third key finding was, “In 2017, the 2.3% of individuals for whom a drug program paid $10,000 or more accounted for more than one-third of spending (36.6%).”

The advisory report of the current government— I'm just going to focus on the one, and then go forward—found that too many Canadians cannot afford the prescription drugs they need. They estimated that 7.5 million Canadians, or 20%, are currently uninsured or under-insured. I have done work with the Macdonald-Laurier Institute. They've calculated it at 10%. Right now, I think it's fair to say that somewhere between 10% and 20% of Canadians, that is, somewhere between 4.5 million and 7.5 million Canadians, are uninsured or under-insured.

● (1605)

The Chair: Ian, I would ask you to slow down a bit. There's no copy in the booth to work from, and you may be going a little fast for the translation.

Dr. Ian Lee: Okay. I will slow down a bit then.

Let's just drill into those numbers—the 10% to 20%. We know that they are not poor, to use very blunt, direct English, and we know that they are not old, i.e., over 65—nobody should be offended; I'm not and I'm over 65. We know that because they would be covered under existing provincial programs, and they are not covered, so there's a gap. There's no denial that there's a gap.

This segment probably works for small firms that cannot afford group health care benefits, or they are self-employed, or they are in the gig economy—the millennials—but the key point is that they are a subset of the entire population and not the total population. Restated, this is a problem that affects a small number of Canadians, 10% to 20%, and this suggests a targeted solution, not a universal solution that will cost $20 billion a year.

Very quickly—and then I'll be wrapping up—what's wrong with a universal solution? Everything. It involves providing free prescription drugs to very high-income people in Canada, such as.... How about all the MPs in this room? Each one of you is in the top quintile. Before you think I'm picking on you, let's go to the next category: professors. We are very well paid, and we are overwhelmingly in the top quintile. Then there are public servants, especially senior public servants earning $200,000 to $400,000 a year—and we want to give them free drugs. How about superior court judges in Canada earning in the top quintile of $300,000 a year? The most egregious of all are medical doctors making half a million to a million dollars a year—and we want to give them free drugs.

Every millennial should be furious and ready to riot on this.

The PBO estimates that a universal pharmacare program will cost about $20 billion a year more or, as Kevin Page noted, a 2% increase in the GST.

How can anyone support the exploitation of low-income and modest-income citizens who will be paying the increased taxes to fund free drugs for the most privileged members of society: MPs, professors, public servants, judges and doctors?

In conclusion, there is strong support in public opinion polls for a pharma plan that targets those most in need. However, in my opinion, there is not majority support for a universal pharmacare program that involves providing free drugs to professors, MPs, MDs, judges and public servants.

Instead of exploiting low-income and modest-income people to provide free prescription drugs to high-income people, we must maintain and refine a targeted pharmacare program that will provide assistance only to those who need help: low-income and modest-income people.

The late Justice Brandeis of the U.S. Supreme Court famously said that sunshine is the most powerful disinfectant of all. This is because most Canadians are unaware that the most privileged and the most highly paid in all of Canada are the largest beneficiaries of a national universal pharmacare program.

Thank you.

● (1610)

The Chair: Thank you, Mr. Lee.

We will go to five-minute rounds.

Just before we go to Ms. Bendayan, does anybody know if the vote is still on at 6 p.m.?

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): It's cancelled.

The Chair: It's cancelled.

Mr. Francesco Sorbara: It's rescheduled.

The Chair: Okay. Otherwise, we would have had to try to move the other panel up earlier if they were here.

Ms. Bendayan, the floor is yours for five minutes.

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

Thank you to all of the witnesses for their very interesting testimony.

My first question is for you, Mr. Booth.

I read with great interest the brief that was circulated to committee members. I'm not a tax expert by any means, so I'm looking for you to enlighten us on some of your recommendations.

I am a lawyer, however, and I was interested in the third option proposed, albeit in the alternative, with respect to an IP retention threshold for SR and ED. I note you propose that the capital threshold be replaced with a type of IP retention threshold that would grant enhanced SR and ED credits in proportion to the amount of IP held by a firm in Canada relative to the IP it holds in the rest of the world.

You can correct me if I'm wrong, but I believe that many companies, such as your own, that are deep into R and D are export intense. A lot of your clients would be around the world. In that case, you would need IP in the countries to which you export.

How would that particular proposal work for companies that are exporting internationally?

Mr. Andrew Booth: I think the important point here is where Canada has not succeeded in the past is by commercializing intellectual property-backed products from Canada. While we do have registered intellectual property or patents that are recognized by the USPTO or the European Patent Office, those patents are held and owned by our Canadian legal entity, and we then commercialize them from here. I think that retention of intellectual property here and then the repatriation of the profits associated with it where the IP ownership resides is important.

That's not to say you need to give your distributors, or even owned distribution entities that are subsidiaries, a licence to sell to end-users, but if the core IP is owned here in Canada and the products are commercialized in Canada, that's the kind of IP ownership we're talking about when we talk about retention.

You're correct that only 3% of our revenues are in Canada, so 97% of our products are exported.

That intellectual property is one of the options, and I commend the efforts put behind developing a committee to study intellectual property and keep intellectual property in Canada. I think it is very important that Canada has an intellectual property strategy, so I would applaud the work that's being done towards developing that strategy for the long term in the economy of the 21st century.

● (1615)

Ms. Rachel Bendayan: That's excellent.

Your main recommendation is to propose a revenue reinvestment threshold, which would allow a company to make their own decisions about reinvestment.

Mr. Andrew Booth: Yes, and for that reinvestment to have access to the credit, you need to reinvest in intellectual property in Canada, which of course then generates IP. It's more of a leading indicator of where intellectual property is than the third suggestion.

Ms. Rachel Bendayan: That's excellent. Thank you very much.

Mr. Cox, thank you for coming here today and presenting statistics in your opening remarks. I was very interested to hear that 88% of Canadians read newspapers in some form every week. I did also see another statistic, that since 2010, in the newspaper industry alone 20,000 jobs have been lost. To me, that is a worrying figure, and I imagine that trend continues. Although you mentioned that the tax credit that was put forward in the budget will preserve our newsrooms in the interim, in this transition period, as you called it, although nobody has a crystal ball, I wonder if you can give us a sense of how long this transition period will last. I'm a bit concerned about the industry.

Mr. Bob Cox: The program itself is envisioned to be for five years, and I felt that was an appropriate period of time for the transition, because of course, there will be news outlets, newspapers, that fail the transition, and you can't give them forever. There does need to be deadline. Deadlines can also focus you and get you moving to where maybe you aren't moving now. I think it's important. I see this as a transitional program and temporary help. I don't like the idea of a long-term subsidy for newspapers that becomes permanent.

Ms. Rachel Bendayan: Is the five years proposed appropriate, in your opinion?

Mr. Bob Cox: In my opinion, yes.

The Chair: Thank you both.

Mr. Richards.

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

I want to acknowledge Jan Waterous, who's a constituent of mine. I want to thank you for standing up and being the “they”. The project you're putting forward is very ambitious, one that's going to make a big difference for residents and visitors alike, and for the environment as well.

Mr. Stratton, from the Canadian Chamber of Commerce, I think a lot of the criticisms of this budget have been what it doesn't do and what it doesn't contain. Certainly, in looking at your website, you have some of those criticisms.

I want to quote very briefly from the website itself in regard to balanced budgets, “The government must present a concrete plan, with timelines, to return the federal books to balance.” Further on it stages, “When combined with provincial debt, Canada’s debt burden approaches 90% of the value [of] our economy, unsustainable levels over the long term.” There is a quote directly from you, “Playing fast and loose with government finances is a sure-fire way to get Canada into fiscal trouble in the future. Canadians are looking for leadership in fixing this problem sooner rather than later. The longer we wait to fix this problem, the worse it is going to get.”

I want to allow you an opportunity to speak to that and give us your take on, from your quote, why “playing fast and loose with government finances” is an issue Canadians should be concerned about. In doing so, what is the government putting at risk?

Dr. Trevin Stratton: Yes, absolutely. I appreciate the question. At the Canadian Chamber of Commerce, with our membership of 200,000 businesses, 450 local chambers of commerce and numerous industry associations, we see the fiscal issue in the context of our Canadian competitiveness globally. I think that one of the issues when it comes to our fiscal position, of course—the other side of the equation being our tax competitiveness as well—is that it leaves little room for us to pursue more large-scale tax reform or the comprehensive review that I was talking about as well.

Similarly, and I mentioned this in my opening remarks too, when it comes to the level of debt that is accumulating, that is money that not only could be spent on improving the competitiveness of our business and creating jobs, but it's also money that could be spent on social services instead of paying off interest on our debt. When we're thinking about the medium- to long-term direction of our economy and the sustainability of our government, this is why it's incredibly important, because it has negative ramifications in other areas too.

● (1620)

Mr. Blake Richards: Sure. I may be able to get back to you in a second, but I want to give Dr. Lee a chance to weigh in on this one as well.

I know that when you were being interviewed following the budget, Dr. Lee, you said:

> It confirmed my worst expectations. My biggest criticism of this budget is the criticism I've had with this government running deficits, big deficits when the economy has been going flat out, meaning it's doing very well...this is the equivalent of pouring gasoline on a fire.

I wanted to give you an opportunity to comment on the lack of balanced budgets and the concern you have about the mounting debt that's piling up as a result of the deficit.

Dr. Ian Lee: I was invited before the Pearson Institute, I think in January, and I gave a paper on this. I also published an op-ed on this. I fully acknowledge the criticism of critics of my position who say, “Look, the federal government is wealthy, and it's very strong fiscally”, which it is, by the way. It's in a very strong position. They say, “Don't worry about it and don't get your knickers in a knot.” My counter-counter-argument is that while the federal government is in a very strong fiscal position measured as a percentage of debt to GDP and it's declining—this is in the annexes of budget 2019 and budget 2018—the problem is at the provincial level. The PBO has shown that every last government, save and except Quebec, is not sustainable in the medium term.

My second point was that one of these days, in my view and the view of quite a few others, for one or two of the worst provinces—I'm referring specifically to Newfoundland and Labrador and New Brunswick—we're going to see them one night on the national news saying, “We are insolvent.” That's not bankrupt, because a province cannot go bankrupt, but they can be insolvent, and all that is, let me say, is the inability to pay your dues as they become due because the bond markets say they're sorry, but they're not going to buy your bonds anymore because you're too high a risk.

At that moment, the provincial debts are going to be part of the national government's debt, so we should be looking at a consolidated balance sheet of both the federal and the provincial debt. Then, when you do that, the Government of Canada is not looking so good. I mean, it's not looking terrible but it's looking nowhere near as strong as when you look at it on a stand-alone basis, where I think it's 29% debt to GDP. When you fold in or aggregate in the provincial governments, it's running up around 85% to 90%, and that's getting into a much less healthy range.

My point was that we're squandering scarce resources unnecessarily when the economy is going flat out, tilt. We're going out very strongly and there's no need to put stimulus onto an economy that doesn't need stimulus.

The Chair: Mr. Dusseault.

[*Translation*]

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

I thank the witnesses for being here today.

My first question is for Professor Lee.

As you know, and as many surveys have shown, Canadians are proud of their free, public and universal health care system.

Following the logic underlying your description of the universality of a drug insurance program, are you suggesting that we should have a health care system that is not public, free, or universal?

[*English*]

Dr. Ian Lee: If I understood your question, I think you're asking whether a targeted pharmacare program would contradict our universal general health care system.

Mr. Pierre-Luc Dusseault: Not exactly.

The question was, if you, by the same logic that you used to attack the universality of a pharmacare program, agree that we should not need a public universal—

Dr. Ian Lee: I'm sorry. I see.

Mr. Pierre-Luc Dusseault: —and free health care system.

Dr. Ian Lee: It's an excellent question, and I've been asked it several times: Am I not contradicting myself? My response has been the following.

Every major poll I've looked at over my adult lifetime in Canada—I've lived here all my life—shows that support by Canadians runs literally 85% to 95% for public health care. Purely on a practical level, it's pointless to even discuss that, because Canadians won't countenance an American-style system or some form of privatization. That's my first answer.

To unpack that a little more, the trend in our social programs...and you know this from Quebec, where Premier Couillard introduced a much greater degree of targeting. He did this with tuition, with day care. Universality is really expensive; it uses up a lot of resources. You're squandering scarce resources on people who don't need help.

I do not need help. I'm a professor. I'm like every professor in this country. We are very well paid. I'm not supposed to say that. I'm supposed to tell you that we're on the edge of starvation, but we're not. We're very well paid.

● (1625)

[*Translation*]

Mr. Pierre-Luc Dusseault: I understand very well, and I think that most Canadians agree that it is better to use a health card than a credit card when one goes to the hospital to get the health care one needs. It should be the same for medication. When we are given medication at the hospital, it is free. When we leave it, that medication should remain accessible so that we can continue with the treatment we need. I think most Canadians feel that way, but you are entitled to your opinion.

I would like to talk about another subject, namely assistance to the news media. I don't know, Mr. Cox, if you're aware of the testimony of officials on this issue. Clearly, when they came to defend the bill, they had few answers for the committee on how the mechanism will recognize journalistic organizations that are eligible for the assistance referred to in the bill.

What these officials told us was that we had to wait until the nature of the assistance was revealed in future announcements; that an expert panel would be set up to establish eligibility rules; and that another committee would then make the final decision on the eligibility of these organizations. In your opinion, is that enough, and do you think it is appropriate to give the government a blank cheque in this way, allowing it to pass the bill before anyone know the details regarding the panel and the subsequent committee?

[*English*]

Mr. Bob Cox: I don't know that it's a blank cheque. I think that really, it depends.

We've been urging the government to set up an independent panel that will determine the eligibility criteria and assist with the implementation. It's envisioned in the budget that there will be some kind of arm's-length agency that will administer the program. For me, that's enough, although we do need to move along in that process.

I trust that if a panel is truly independent and the criteria are well thought out and fairly administered, the program can succeed. However, that does have to happen.

That's why we would like to see the panel named, because we think it's key to making the program work. The government has said that they're not going to come up with the criteria. They're not going to tell us who is in or who is out. It will be up to an independent panel to determine that.

The key is that the panel get established now. That's really what we're impatient for. I think that is supposed to happen, according to the legislation as I understand it.

The Chair: Okay, we'll have to leave it there.

Mr. Sorbara.

Mr. Francesco Sorbara: Thank you, Chair, and good afternoon everyone.

I'll start off with Mr. Stratton from the Canadian Chamber of Commerce.

I've been on this committee—it feels like since the beginning of time—since the last election. It's been fabulous. As someone who grew up in small-town British Columbia but had the privilege of becoming an economist by training and also of working on Bay Street and Wall Street for over 20 years, I probably read every economics report that comes out on a daily basis from three or four of the banks.

This week, we had A.T. Kearney come out with their competitiveness report. We came in at number two—I think it was behind Japan—in terms of confidence in where you would want to invest currently. They looked at positives and negatives, and they ranked us number three in terms of competitiveness in the world. We switched places with Germany. We were number two last year and number three this year, but we came up from number five and even below during the Harper time, during the Conservative years, because we've implemented many measures to improve our competitiveness.

With regard to our competitiveness—which concerns me because it creates jobs, investment and productivity—we brought in the accelerated investment incentive. We have a lower marginal effective tax rate per dollar of new investment in Canada than they do in the United States—four points lower—and one of the most highly skilled and educated workforces in the world. We've brought in three budgets that invest in Canada and Canadians.

I'm just curious because we had Kevin Milligan here last week commenting that the fiscal anchor should be our debt-to-GDP ratio, and it is declining on a federal basis. What is wrong with going down that trajectory? Our deficit-to-GDP ratio is below 1% at 0.7%. We've run a surplus for the first 11 months of the year, and we're investing in infrastructure. As we all know, there was an infrastructure deficit left behind from the previous government.

● (1630)

Dr. Trevin Stratton: To the first part of your question, when it comes to Canadian competitiveness, there are other rankings, for instance, the World Economic Forum's ranking where Canada ranks 12th in the world.

I think you're very right. One of the reasons that people do invest in Canada is the level of talent and skills in this country. If you look at some of the other rankings, for instance, from the Swiss business school, IMD, one of the best business schools in Europe, the bottom rankings for why people invest in Canada are our tax system, our regulatory system, and in some ways, R and D investments as well as our R and D spending. These are other aspects of competitiveness that a lot of investors, a lot of businesses look to when they're looking at where to invest, when it comes down to it.

When it comes to the fiscal situation in Canada, when it comes to debt to GDP, I would say that there are a couple of aspects here. First, for debt to GDP, there's a numerator and there's a denominator. While the economy is doing well, it looks great, but it can deteriorate very quickly if we hit economic headwinds, and that is problematic. Keep in mind that it can change very quickly. Also, as Ian mentioned, we need to look at the federal debt and provincial debt together.

I think that when it comes to the business community, our feeling on this is that there's no plan to get back to balance. A detailed plan with timelines is really what the business community is looking for.

Mr. Francesco Sorbara: Thank you for those comments.

On the competitiveness front, that's why I got into politics, to provide a better future for my kids and to ensure that we're a great country to invest in and to live in, which we know we are.

Mr. Lee, thank you for being here. We've obviously worked together on the housing affordability front, doing a lot of work there.

I am in agreement with you in terms of the 30-year mortgages for insured first-time buyers. I think that's a segment of the market that is important. It's important in my constituency and for my stakeholders, and it's important for a lot of millennials and young Canadian families.

With regard to our budget and the measure we've implemented, shared equity mortgages have been introduced in other parts of the world and have worked very well. At the end of the day, they provide a lower mortgage amount for individuals, and the potential over the next three years for over 100,000 new homebuyers to come into the Canadian market.

It is a very big step. It's actually transformational in the market. At the same time, there's always more to be done, but you have to acknowledge on that front that this is a policy measure that's definitely worthy of some congratulations, for sure, but also definitely worthy of being taken up by Canadians in the months ahead.

The Chair: Mr. Lee and Ms. Wyton, the two of you have been waiting. If both of you want to respond, go ahead.

Mr. Kevin Lee: With respect to the shared equity mortgages, it is in fact something that CHBA has recommended to this government and to other institutions as well. We think it's a huge opportunity to help people, especially those perpetually stuck in rent, and that's where we've seen it. We did a study of programs across Canada that help people get out of perpetual rent and into home ownership, and the number one way is through shared equity mortgages.

Is it a valid program? Absolutely. Our challenge now is that this will only address a small portion of the market. We certainly would hope that the projections are right, that it will help up to 100,000 people over the next three years. We're not sure, however, that this will actually be achievable under the current circumstances. In the meantime, we still see a need for the 30-year amortization for insured mortgages to help the rest of the market.

Mr. Francesco Sorbara: Kevin, I want to interject really quickly. Chair?

The Chair: No, you're out of time.

I'm going to let Ms. Wyton speak.

Ms. Carmen Wyton: I'm completely in agreement with what Kevin said. It's great to be addressing the entry level, getting out of rental and into home ownership, but it's equally important to serve the entire housing continuum and create programs that allow people to continually and moderately upgrade their housing situations, because that's how the system works. We are sitting in a bottleneck right now in terms of unabsorbed housing. This is a good step, but it's not quite enough. I think that's been very well stated.

● (1635)

The Chair: Mr. Kmiec.

You'll get a chance maybe at the end, Francesco.

Mr. Tom Kmiec (Calgary Shepard, CPC): My colleague on the other side called this “transformational”, but CMHC, which is responsible for running it, has called it “working on the margins”. It's the first time I've seen a “transformational” program where the person responsible for rolling it out has called it “working on the margins”. They estimate that the impact on the market will be only in decimal points.

To go over some of the stats you raised, Mr. Lee, you said that 147,000 were knocked out of the market because of B-20.

Mr. Kevin Lee: Yes, it's a combination of B-20 and since then interest rates of risen, knocking out still more with B-20 and the interest rates combined.

Mr. Tom Kmiec: You said it was an April survey, and that 65% of CHBA companies and organizations had started to lay off employees.

Mr. Kevin Lee: Yes, we did a national survey, and of the 300 companies that responded, two-thirds of them said that they had already laid off....

Mr. Tom Kmiec: How many people is that in total?

Mr. Kevin Lee: We don't have those stats.

Mr. Tom Kmiec: Ms. Wyton, correct me if I'm wrong, but of all the construction workers in the province of Alberta, what percentage of them are in residential construction?

Ms. Carmen Wyton: Thirty-five per cent are in residential construction compared with 12% in non-residential and 16% in industrial construction. It's a huge enabler to the economy and to well-being that is often overlooked, but it is about jobs and the economy.

Mr. Tom Kmiec: My question, then, is for both of you, because both of you work closely with builders or as builders of units in this country. Were either of you consulted before the announcement of the shared equity mortgage program was made?

Mr. Kevin Lee: We were in discussions with CMHC about a shared equity mortgage program, but not applied in this nature. It was more of a hand-up program for people in need of core housing, not something for a typical person in the entry-level market or a family that would normally only need basic mortgage rules, as opposed to a special program.

Mr. Tom Kmiec: You mentioned that you had made suggestions about what the program should look like. Do you have any details to share with us on what you thought CMHC should be doing? They came before this committee and they were also before public accounts. They had no clue and no details, and the board of CMHC found out that they were doing shared equity mortgages the night of the budget. That's a quote from the CEO of CMHC. Do you have any details on the program, or something you suggested they should do?

Mr. Kevin Lee: We don't have those details. We made our recommendations for a different type of program. Our recommendation with respect to typical first-time homebuyers would be 30-year insured mortgages, adjustments to the stress test, that sort of thing.

Mr. Tom Kmiec: Do you think the impact of B-20 on the market will be offset by these shared equity mortgages?

Ms. Wyton, you can comment on that as well.

Mr. Kevin Lee: No, it's aimed at a different part of the market, as you said. It's more on the fringes. B-20 is flat out the entire market.

Mr. Tom Kmiec: Ms. Wyton, can I get you to comment on Alberta specifically? We don't hear enough about Alberta here.

Ms. Carmen Wyton: I would agree with Kevin. This isn't going to change the situation in Alberta,. As Kevin said, people are being laid off. Small contractors are going out of business. This will not be the fix for that.

The only thing that is going to turn this around is a restoration of consumer confidence. Some of that is coming back because the economy is coming back around, but without a change to the mortgage rules, without a change to the stress test, there are tens of thousands of working Albertans who still are not going to qualify for a mortgage. If they can't buy, the builders won't build, and jobs will go away.

Mr. Tom Kmiec: On B-20, specific to Alberta, do you think one-size-fits-all policy-making coming out of Ottawa is the way to go? What kinds of changes would you like to see to B-20?

Ms. Carmen Wyton: Well, one of the opportunities we have in Alberta is to work with credit unions and Alberta Treasury Branches, our provincial financial institutions. However, because of the way national banking rules are written and federal policies are written, there isn't that avenue to create a local market response. If the B-20 isn't going to change, then some flexibility with respect to recognizing regional differences will be critical.

● (1640)

Mr. Tom Kmiec: How much time do I have, Mr. Chair? I'm trying to be respectful.

The Chair: You can ask a very short question or Mr. Sorbara will be after me.

Mr. Tom Kmiec: Okay. In the lead-up to B-20, if you look at the CIBC economic report, it shows that the average mortgage origination done by someone with a credit score of 751 or more—which is an excellent credit score, better than mine, honestly—was going up; it was about 52% of all mortgage origination. It also shows the market after B-20. It didn't affect the size so much but it excluded a lot of people, which confirms what you said, Mr. Lee.

Do you think B-20, in the form it's in, was a wise decision by the government?

Mr. Kevin Lee: I think there was so much going on—and no question, there was a lot of froth in Toronto and Vancouver. The problem now is there were so many changes occurring so fast that one didn't have a chance to play out before the next. What we've seen with the stress test is that it turns out to have been excessive, and that's where we are right now. We need to be careful in thinking that it's done and its effects are going to start to fade. All of our sales forecasts suggest it's going to get still worse before it starts to balance out. We would suggest it has been too much, but there is still an opportunity to fix it, at this point.

The Chair: Okay, thank you, all.

Before I go to you, Peter, I have two quick questions.

One is for Mr. Booth on the suggestions that he made on replacing the taxable capital cap with a sliding scale on the SR and ED credit. Does that require a legislative change, from your perspective, or is it a policy change? Can it be done without having to deal with it in the budget implementation act or in legislation?

Mr. Andrew Booth: I'm not sure of the answer to that question. My understanding is it's a policy change.... I have that wrong. It's a legislative change.

The Chair: Okay, it's a legislative change. Maybe somebody can come back to us on how that would have to be done. If you could do that, we'll have a look at it.

Mr. Andrew Booth: That's something we could follow up on, absolutely.

The Chair: Ms. Waterous, congratulations on what you're trying to do. I want to ask you a question because I'm in an area where there's a national park. As I'm sure you already realize, national parks are not always easy to work with in terms of their restrictions.

In terms of trying to get where you folks are trying to get in Banff with the Norquay Ski Resort, are there impediments that we can deal with federally or is it running along smoothly?

Ms. Jan Waterous: Well, as you mentioned, it's definitely challenging working in a national park. The federal group that we, of course, deal with quite regularly now is Parks Canada. I would say that so far our consultation has been very good with them. It hasn't been speedy. It has taken longer than we would have liked, but we do feel some encouragement that it will begin to hasten a bit, that it will get a little faster.

While it is challenging working in a national park, one of the real opportunities for our specific project—given there are so many rules and regulations in Banff and in any national park on how you do things—is to create this laboratory that other communities and towns across Canada could perhaps emulate. It is challenging, but it's also an opportunity to really make sure that it's done correctly.

We're looking at the long game. At the same time, we're very proud of what we've accomplished in the past three and a half years.

The Chair: Okay. Thank you for that. I know all about dealing with Parks Canada.

We'll hear from Mr. Fragiskatos, then we'll go to Mr. Poilievre and then to Mr. McLeod.

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

Thank you to the witnesses. I really appreciate your time today.

Mr. Stratton, as you well know, the chamber recently conducted a members consultation, the results of which made clear that your members are concerned about the issues that we typically hear, and of course will continue to hear from the organization and your members. Those are taxes, regulation, debt and deficit reduction, freer trade, help for small firms, digitalization and training.

I was very interested when I read in the Financial Post, which is arguably the country's leading business paper, and certainly I don't think we can say that it's all too often pro-government or pro-Liberal, which is why the following stood out for me. I'll just read it for the record. It does mention the members consultation, but then pivots to say, “the Trudeau government could make a case that it already is taking the business community's concerns seriously.” As evidence for this it continues by adding:

> In the fall economic statement, Finance Minister Bill Morneau promised to get serious about over-regulation and set aside hundreds of millions of dollars to help smaller companies make better use of the country's trade agreements. This year's budget pledged money for rural broadband and various training initiatives.... Much of the deficit is the result of spending on innovation and infrastructure for the purpose of keeping pace in the digital economy and making it easier to get goods and services to [the] market.

When I hear your testimony, I certainly understand the need for government to respond to business and to continue to engage with business. But when we also have the Financial Post coming out and saying that the government is in fact listening to business, is engaging with business and putting in place, and has put in place, policies to address concerns of business, thereby making us more competitive.... You can look at the article itself. The economy is booming, in no small part due to policies that we have implemented in government. That's more of a comment.

I do have a very specific question because the same piece in the Financial Post points to a curious point, which is that the chamber has not put forward a position on critical issues, such as climate change and income inequality. What is the chamber's position on those two? I know you've recently come up with a set of recommendations around election priorities. I would be quite interested to hear what you would be recommending that we do to address climate change.

First of all, do you believe climate change is something that government has a responsibility to attend to? What about income inequality? Are you, for example, in favour of the continuation of the Canada child benefit, tax-free and means-tested? Be very specific there.

● (1645)

Dr. Trevin Stratton: To address the first part of your question, the Canadian Chamber of Commerce certainly has a position on climate change and we believe that it does exist.

What our—

Mr. Peter Fragiskatos: —and that it's human activity that's primarily responsible....

Dr. Trevin Stratton: You know I'm an economist. I'm not sure if I'm in a position to talk to that. But when it comes to the way that it's being implemented, we are layering a number of regulations on top of carbon pricing, which is creating problems for the use of carbon pricing itself. Because one of the benefits, if we were to do that in theory, is that it provides flexibility for businesses to choose how to meet emission standards in whatever ways suit their business model or whatever way they see fit.

If we add other types of regulations on top of that, such as clean fuel standards, and we can list a few of them—

Mr. Peter Fragiskatos: With the greatest respect, Mr. Stratton, if you look at our carbon pricing policy, it is not terribly different, let's say, from what California has—

Hon. Pierre Poilievre (Carleton, CPC): On a point of order, Mr. Chair, I think you have to decide what kind of chair you're going to be. When members of the opposition interrupt the responses of witnesses, you're banging your gavel.

Are you going to let the witness finish his answer?

The Chair: I treat both sides the same.

I'll let Mr. Fragiskatos go with his supplementary—

Hon. Pierre Poilievre: Let the witness answer, then.

The Chair: He'll have time to answer.

Hon. Pierre Poilievre: Well, he hasn't had a chance to answer the last question.

The Chair: He will have plenty of time.

Hon. Pierre Poilievre: Well, he should do it now.

The Chair: Mr. Fragiskatos, you're on.

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

I always leave it to my honourable colleague to point out issues of decorum at committee.

The Chair: Make it a quick question here, though, Mr. Fragiskatos.

Mr. Peter Fragiskatos: I point to California. You talked about concerns around regulation when it comes to carbon pricing. Our policy is not that different from what jurisdictions such as California have put in place. California is the fourth-leading economy in the entire world.

B.C. is doing rather well economically. They've had a carbon pricing structure in place since 1998.

The Chair: You'd better get to the question here, Peter.

Mr. Peter Fragiskatos: Is it the chamber's view that carbon pricing threatens economic doom? Where are you going with this?

The Chair: You get the final answer, Mr. Stratton.

Dr. Trevin Stratton: Carbon pricing with regulations pancaked on top of it is going to be detrimental to our economy.

The Chair: Peter, you're done.

Do you want to expand on what you mean by pancaking on top of it?

Dr. Trevin Stratton: It's an either-or for businesses in a lot of ways. Either you try to reduce emissions by regulating, which is not the approach that we think is the right one, or you do it with the flexibility that is available on a market mechanism. Doing both of them together reduces that flexibility.

● (1650)

The Chair: Okay, thank you.

Mr. Poilievre.

Hon. Pierre Poilievre: Thank you very much.

I'd like to start with Ms. Waterous.

I grew up in Calgary and I can tell you that having a direct link that is car-free between Calgary and Banff would be an incredible accomplishment. It would be great for the local businesses in Banff and for the local residents there. It's hard to imagine a solution that accomplishes both more commercial business for the vendors in Banff and less pollution and traffic at the same time, but you seem to have found the solution that does both.

Congratulations to you and your family for putting your money where your mouth is and stepping up and leading. I think it's great for the environment and for the economy at the same time.

Is there anything the government needs to be doing differently so that this initiative can succeed?

Ms. Jan Waterous: First of all, thank you very much for your praise. I appreciate that and my family appreciates that.

We are now doing a lot of consultation. We're starting our consultation at the grassroots and working our way up. We've been working a lot within the town council and the local Parks Canada community and Parks Canada in Ottawa, as well as the provincial government and various other agencies, and most importantly, the people who live in our community and in the Bow Valley.

At this point, I assume the federal government support is really going to be funnelled through Parks Canada. We are hopeful that will continue on a very positive path. So far, I would say that they have given us a lot of constructive feedback on how to proceed and we have been very happy with the support we've had from them.

The only disappointment we've had is that it takes a very long time. We were very keen to progress and to do it as fast as we can, so that all Canadians benefit. We think it's something that will benefit not just those who live in the Bow Valley or in Alberta, but all of the 4.2 million people who come to Banff National Park every year. As I'm sure you know, the visitation is going up, not down, so it's an issue that's not going to go away.

Hon. Pierre Poilievre: Right.

Ms. Jan Waterous: We want people to know that when they come to Banff National Park, it's different. They're in a national park and they move around differently because of that.

That's what we're trying to do.

Hon. Pierre Poilievre: Right. It's a typical Alberta mentality that if you see a problem, you roll up your sleeves and fix it. I like that. We need to have more of it and hopefully we can get governments to move faster to keep up with your pace.

Mr. Lee, you're in the housing business. In Toronto and Vancouver we have a housing affordability crisis. Do you believe that governmental restrictions, development charges, zoning obstacles and other red tape are part of the reason that housing is so inaccessible to people of limited means in those two markets?

Mr. Kevin Lee: Absolutely. Development taxes are a huge part of why housing is so expensive. Regulation and red tape slow things down, further adding to those costs. Regulation, red tape and zoning restrictions that have resulted in a lack of supply are probably the biggest thing that's driven up prices in both of those markets because of good old simple supply and demand. Those are all part of the equation.

Hon. Pierre Poilievre: Right. We had this looney-tune here the other day from the UN who refused to—

An hon. member: Point of order, Mr. Chair.

The Chair: I don't think that's appropriate.

Hon. Pierre Poilievre: Okay, I will restrain. I will use those comments only outside of the committee.

She refused to acknowledge that zoning restrictions are the leading obstacle to low-income people and minorities getting access to good job opportunities in major metropolitan centres, so it is good to see someone who represents the industry confirming that those restrictions are in fact a leading cause. We need to speak out strongly against snob zoning and other obstacles that keep people from jobs and keep them living in poverty.

On the issue of tax reform, Mr. Stratton, you correctly pointed out that our tax system is too complicated and cumbersome, and I think that the chamber has called for a review of the tax system.

I always like to know the destination before I head down a path. Does the chamber have an ideal solution or an end for our complexity, or is the chamber only proposing a means to that end right now by calling for a review or a commission?

● (1655)

Dr. Trevin Stratton: We are calling for a means to an end, but we have some ideas as to what needs to be looked at according to principles of fairness, competitiveness, efficiency and neutrality.

One of the areas to look at for competitiveness is adjusting the tax mix. Obviously, there are a lot of different types of tax revenues: personal income tax, corporate tax, excise taxes and sales taxes. There are other countries that do it differently. We need to look at how we can help grow our economy and spur investment by potentially adjusting that, for simplification itself. Our tax system is half a century old; it was created before humankind walked on the moon and we're talking about applying it to a new digital economy.

Those things aren't aligned, so if we actually go through it and look at what can be simplified, that will have an impact not only on all Canadians, but specifically on small businesses, which might not have a dedicated tax department to do their taxes each year, and on individual Canadians, too, who also don't have a dedicated tax department.

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

We'll go to Mr. McLeod for the last block of questions.

Mr. Michael McLeod: Thank you, Mr. Chair.

Thank you to everybody who has presented here today.

I have a couple of questions. The first one is for News Media Canada.

I represent the Northwest Territories, and media has always been very important to us because a lot of our communities are quite isolated and continue to be very isolated. Listening to the radio to catch up on what's going on in the rest of the country is something we did all the time, and reading a newspaper when it came in, even though most of the time it was a week late. We'd still read it from beginning to end.

However, in the last while, we're starting to see a decline in the services, in the provision of media, both radio and print. I can remember the day when every community had a radio station, but I think over 50% of them have now shut down. These are just small, local radio stations. As well, I watch as the newspapers really work hard to stay afloat in the Northwest Territories. Every indigenous newspaper has shut down, so we don't have that service anymore.

You talked about representing or having 700 members, which is very impressive. I don't know whether you have any indigenous newspapers that belong to your organization, but I want to ask your opinion on this anyway. Based on what's in the budget, could you tell us if there is any indication that this will help indigenous newspapers or newspaper companies face some of the same challenges that you're facing?

Mr. Bob Cox: Yes, absolutely. In fact, 25% of the salary of a journalist can make the difference, especially in a small operation, between existing or not existing.

Indigenous publications are usually very small operations. Actually, at the Winnipeg Free Press, we publish one. It's owned by an indigenous person, but we publish it through the Winnipeg Free Press. It's a one-person operation. If the Winnipeg Free Press wasn't publishing it, I don't think it would be published at all.

To give you an idea of how this helps in small operations, we have one community newspaper that literally some months loses $1,000, and some months makes $100. It's that type of thing. A subsidy that puts $10,000 a year into that newspaper would be the difference between life and death. I think a lot of indigenous newspapers would be the same way.

Mr. Michael McLeod: My next question is for the Canadian Chamber of Commerce.

I hear lots from the NWT Chamber of Commerce, and also from the Chamber of Mines, and they're pretty clear on some of the work that they would like to see done for the Northwest Territories. We still need a lot of transportation infrastructure. We still need to sort out some of the land tenure with indigenous governments. Isolation is a huge issue, including communication.

In our budget, there was $1.7 billion for high-speed Internet for rural, remote and northern communities. Have you heard from your members, or do you expect that to be something that will help us in the business world to improve things in the north specifically?

● (1700)

Dr. Trevin Stratton: Yes, absolutely. Actually, just a couple of weeks ago, we had a round table with our local chambers from rural and remote communities in Canada. They're fully behind that, the need for access to broadband Internet, in addition to help for their rural economy, help with financial literacy, with infrastructure, and with skills attraction and retention. Those were the main issues that came out during that round table.

Mr. Michael McLeod: I just have one quick question.

I didn't hear you mention the mineral exploration tax credit. I know that companies in my riding, especially those in the mining industry, have said for a long time that if we improve the infrastructure, they won't need any of these things that resemble a subsidy. What does it really do for our industry to come to areas that are very expensive to explore? How does that help?

Dr. Trevin Stratton: A comprehensive review of the tax system could have a similar incentive, too, toward reducing the cost of business around being able to go to those remote communities. There have been a lot of boutique tax credits and cutting and pasting over the years, and if we just look at how to improve competitiveness with the tax system writ large, with rates, that could certainly help with investment in all areas.

The Chair: We are going to have to end it there.

Thank you, on behalf of the committee, for all the time you put into preparing your presentations and for coming here and answering our questions today. As you can detect around here, there are a number of different opinions.

We will suspend while the next panel comes up.

● (1700)

——————————— (Pause) ———————————

● (1710)

The Chair: We'll reconvene.

As everyone knows, we're dealing with the budget implementation act, or Bill C-97, and witnesses related to that subject.

Welcome to the witnesses. I believe we have six separate presentations on this panel, so if you could, please hold your presentations to about five minutes.

We'll start with the Canadian Construction Association. Mary Van Buren is the president.

Welcome, Mary.

Ms. Mary Van Buren (President, Canadian Construction Association): Thank you for this opportunity to address you today. As Mr. Chair said, I am the president of the Canadian Construction Association and we are the national voice for construction in Canada representing 20,000 members across the country and informed through an integrated partnership with 63 partner associations at the provincial and local levels. We have four sectors with whom we consult to ensure we have broad representation. Those are from the general contractors, trade contractors, civil contractors, and manufacturers and suppliers. We employ close to 1.5 million Canadians and that generates about $138 billion annually to the national economy.

What's really important to note is that about 60% of the industry is small businesses. I'll talk a bit about why this important. The benefits of timely payment throughout the chain on federal construction projects enables small, medium and large enterprises to pay their workers on time, to grow their businesses and to create the construction capacity we need to continue to build Canada. This industry has been asking for this legislation for some time, and it's essential to help keep the industry strong and growing.

Construction is a complex process with multiple firms involved sometimes over several years and at different stages; change orders are frequent; milestones may be put in place, all of which can lead to disputes by owners or contractors as to whether the work has been done or whether it's been done to spec. As you can imagine, this can lead to payments that can drag out over many months, which can make it especially difficult for the smaller businesses to manage their cash flow and to stay afloat over a project's duration.

The Government of Canada itself has been an excellent role model for good practices in administering contracts and making payments on time. In April 2016, CCA asked the government to work with industry to provide leadership to ensure that timely payment by the government is cascaded down the payment chain to subcontractors and suppliers.

We'd also like to acknowledge the efforts made by PSPC and Defence Construction Canada, in particular, which have engaged with the industry on this part of the bill. This process of stakeholder engagement and expert review, and recommendations provided to PSPC by Reynolds and Vogel, provided a very clear road map to developing legislation that the entire industry could support.

We'd also like to acknowledge the extraordinary effort on the part of PSPC and the justice department to bring this bill to its current status. We appreciate that if the bill is passed, the government will continue to move with urgency to create the many regulations required to give effect to the new act.

CCA supports effective legislation. We are concerned, however, about a dozen or so of the operational details of the legislation, and I'd like to highlight three substantive issues where the bill is silent and may be beyond the scope of regulation.

One example is the term “adjudication”. It's not defined in the bill and therefore it's open to interpretation. The Singleton Reynolds report provided a lot of context and recommendations around how this term should be defined in the proposed act. In this context, it's a very specific concept that leads to interim decisions that are binding on the parties for a specific period of time or until the occurrence of a specific event. The proposed act should clearly provide for the interim binding nature of adjudication, with only the operational details to be regulated.

Another example is the concept of immunity from suit for those persons acting in good faith as adjudicators under the proposed act. This concept is missing in the current bill. While there may be contractual approaches to the issue, without clear immunity from suit, we are concerned that the adjudication scheme will not be effective. If it's not effective, then the bill may not be effective for the industry.

Finally, the bill does not prohibit parties from making approval of the invoice a condition of the proper invoice. Under the proposed act, submission of the proper invoice starts the clock on all prompt payment timelines for all payment tiers. Instead, the process of reviewing and approving the construction work related to an invoice should be within the prompt payment time and after the clock has started. This prohibition on prior approval is the key element that prevents the parties from drawing out or gaming the system and should be clearly expressed in the bill.

● (1715)

Finally, the influence of this legislation is expected to extend beyond federal construction projects. As referenced in the report, the alignment with the federal and provincial legislation would be very helpful to our members who work at all levels of governments.

Thank you for the opportunity to speak briefly to this important legislation. We look forward to the opportunity to contribute, along with our other industry stakeholders, to the next important step in creating regulations necessary to implement this part of the bill.

The Chair: Thank you very much.

With Environmental Defence Canada, we have Mr. Marshall, manager, national climate program.

The floor is yours, Dale.

Mr. Dale Marshall (Manager, National Climate Program, Environmental Defence Canada): Thank you for the opportunity to present here today.

My name is Dale Marshall, and I'm the national climate program manager for environmental defence.

Advocates of environmental protection are often told that the cupboard is bare when it comes to budgets, investing, protecting the environment and fighting climate change. Yet every major study of climate change shows that the cost of inaction is much greater than the cost of action. We can see that with the floods here in Ottawa, in the Maritimes; the forest fires that have ravaged the west. It feels as if every year extreme weather events are hitting Canada. Those are the costs borne by the people; they are important.

The cost of delay is greater than the cost of acting now to reduce greenhouse gases. Given the climate crisis we face, governments at all levels and of all stripes should be investing a lot more to fight climate change to improve the health of Canadians, create jobs and deal with what is an existential issue for humanity.

That said, some important investments were made in the 2019 federal budget. Environmental Defence supports the climate action rebate that goes to households in provinces where the federal carbon tax is applied. Over time, we feel that more of that revenue needs to be invested in further reducing carbon emissions, while at the same time continuing to protect those households that are vulnerable or on low income.

We also welcome the $1-billion investment in improved energy efficiency in residential, commercial and multi-unit buildings. Buildings represent the third-highest carbon emissions in Canada. Making those investments makes sense. In addition to, of course, having a model building code that provinces can hopefully take up and start building buildings that are much more efficient and even zero net energy by 2030.

We also welcome the $435 million to support zero emission vehicles. We agree with the goal of phasing out vehicles with gas engines by 2040, but we also know that the way to ramp up electric vehicle sales and get those vehicles on our roads is to legislate electric vehicle sales, not just to finance charging stations or electric vehicle purchases. We look forward to seeing those kinds of initiatives to complement fiscal ones.

We also think that the investment towards a just transition for workers in communities was a necessary step. There's a dedicated $150-million infrastructure fund to diversify the economy. That's one part of the solution. The other part, of course, is to support retraining of workers who over time will be displaced.

On the not-so-good side, no progress was made in phasing out fossil fuel subsidies. We are close to the 10th anniversary of when Canada made the commitment with other G20 countries to phase out fossil fuel subsidies. Phasing them out has always made sense, given that transitioning towards clean renewable energy is the cheapest and easiest way to avoid catastrophic climate change. Handing public dollars to carbon polluters undermines that effort. Some limited progress had been made in previous budgets. It was good to see some transparency around the review that will be done between Canada and Argentina to look at each other's fossil fuel subsidies and to publish them. At the same time, this budget included another big handout to big oil: $100 million to lower the environmental impacts of oil and gas development.

We agree that oil and gas development has too high an impact on our health and on the environment. I don't understand why government should be paying companies making billions of dollars in net profits to improve their environmental standards. The federal government, like other governments, should be enforcing or strengthening its environmental laws and letting the big oil companies make the necessary investments to meet those regulations.

● (1720)

I'll leave it at that. Obviously, I'm open to answering your questions later. Thank you.

The Chair: Thank you, Mr. Marshall.

We'll turn now to the Fédération nationale des communications, to Ms. St-Onge and Mr. Tremblay.

[*Translation*]

Ms. Pascale St-Onge (President, Fédération nationale des communications): Mr. Chairman and members of the Standing Committee on Finance, on behalf of the Fédération nationale des communications, or FNC, and its 6,000 members working in the media and cultural sectors in Quebec, Ontario and New Brunswick, I would like to thank you for this opportunity to provide you with our comments and suggestions on Bill C-97.

My remarks will focus mainly on measures concerning support for the written press.

First of all, the federation wishes to commend this new program, which will give a boost to our sectors, which have been heavily affected by the arrival on our markets, for more than a decade, of what are known as the Web giants. The measures in themselves will not redress the fiscal, regulatory and structural inequity that unduly benefits foreign content distribution platforms, but they will allow print, daily or weekly media companies to gain - we hope - some leeway, while many of them are facing significant liquidity problems.

We believe that the government has chosen the right measures to maintain media independence, since these are tax credits that will benefit not only recognized companies, but also media subscribers and donors. These tax measures are based on objective criteria that avoid favouritism based on an editorial line, an owner or an entrepreneurial model.

We also believe that the total amount planned, $595 million over five years, is commensurate with the industry's current needs to preserve journalistic jobs, both for print and digital newspapers that are still operating in Canada.

However, our analysis shows that it is virtually impossible for the amounts set aside for taxpayers' digital subscription tax credits, as well as those set aside for donations to philanthropic associations, to be used in their entirety.

In addition, the maximum amounts that the media can receive in payroll tax credits are far too low and do not fully reflect the reality of jobs, particularly in large cities. We estimate the average salary of Quebec unionized newsroom employees to be about $76,000. This figure will have to be increased when we add the managers who also work in the production of information content. It is also conceivable that it is higher in large Canadian cities such as Toronto, Calgary, Ottawa or Montreal.

It would be a pity if the program, in its current form, did not achieve the desired objective, which is to maintain the businesses and jobs that provide Canadians with access to quality professional news information. We therefore recommend the following changes.

First, the government's estimate of $235 million for digital subscription and philanthropy tax credits should be reduced.

Second, we recommend increasing the salary cap for payroll tax credits from the current $55,000 to $85,000 or $90,000 and, perhaps, to slightly expand the types of employment that would be eligible for these tax credits. If these changes were made, the maximum tax credit would be increased to $22,500 per job, rather than $13,750 as currently provided for in the budget.

The arguments in favour of such changes are numerous. First, the main Canadian newspapers with pay walls that actually work are *The Globe and Mail* and *Le Devoir*. With the information available largely free of charge on the Internet, fewer taxpayers have got into the habit of paying for their subscriptions online. The digital subscription is also much cheaper than the paper version.

For example, the annual paper subscription at *Le Devoir* is $311, while the digital subscription is $213. On the *Globe and Mail* side, the annual paper subscription is $527, while the digital subscription is $323.

Statistics Canada data show that Canadian households spent an average of $15 on newspaper subscriptions annually in 2016. This average is declining, particularly due to the number of households that no longer subscribe to the paper version.

Based on the trends, we can assume that today, this average should represent about $14 per household, which totals $196 million in subscription spending for all Canadian households. If 40% of these households subscribed to the digital version and each taxpayer subscribed to the two media I mentioned earlier, they would be able to take advantage of the maximum tax credit, that is, a $75 tax refund for expenses up to $500. This would bring the program to about $12 million per year.

● (1725)

This rate of taxpayer reporting is a scenario that is artificially inflated. One hundred per cent of Canadian households that make these expenditures on digital subscriptions would have to claim the amounts on their tax returns. It is almost impossible for the cost of this measure to reach $60 million over five years, leaving $176 million over five years for tax credits for charitable donations to recognized media. These tax credits currently amount to 15% for an initial amount of $200, and 29% for the following $500.

At present only two major enterprises would likely be recognized, i.e. *Le Devoir* and *La Presse*, because of their constitution as a trust or foundation. All of the profits of these two companies are in fact reinvested. Taxpayers would have to make astronomical charitable donations to these two daily newspapers to use the other portion of the program and reach $176 million over five years. This means that the $235 million in tax credits provided for under these two programs would not be fully used after five years. That is why we say that raising the salary cap would be a good way to ensure that the entire envelope can benefit newspapers and really help them maintain their activities.

The ultimate goal is to keep newspapers alive that have been severely shaken by the significant drop in their advertising revenues, now captured by foreign companies enjoying unfair tax and legislative privileges. While this kind of unfair competition seems intolerable in any market, it jeopardizes the very foundations of our democracy in the journalistic information sector. Until this unfair treatment is remedied, let us at least ensure that the measures to support print media companies are sufficient to enable them to face the years to come and play their full role. Journalism is a public good and must be recognized as such. It is the expression of freedom of the press, which is a fundamental right guaranteed in our charters.

Thank you for your attention. I would be happy to answer your questions.

● (1730)

The Chair: Thank you.

[*English*]

We'll turn now to the National Trade Contractors Coalition of Canada, to Ms. Skivsky, chair, and Mr. Banfai, legal counsel.

Ms. Sandra Skivsky (Chair, National Trade Contractors Coalition of Canada): My name is Sandra Skivsky, and I am the chair of the National Trade Contractors Coalition, NTCCC. We'd like to thank the committee for inviting us here today to talk about Bill C-97.

The NTCCC represents trade contractors. We are a group of associations that formed back in 2004 and cover the major trades across Canada. These are trade contractors who perform about 80% of the work on site and directly employ the majority of tradespeople. Our members include approximately 12,000 mostly small and medium-sized businesses.

As you mentioned, I am joined here by Geza Banfai of McMillan LLP, who has provided thoughtful input and counsel to NTCCC on this topic for more than a dozen years. He was also involved in the advisory committees, both in the Ontario prompt payment efforts and here, federally.

One of the most important issues that NTCCC is focused on—and one of the reasons we began in the first place—is getting paid for work that's properly done. It's a major issue for our members.

Our objective is to ensure that prompt payment laws will be adopted in Canada, both at the federal level and in each province. We are very pleased to say that the federal prompt payment for construction act in the 2019 budget will introduce prompt payment rules on the federal construction contracts.

In the last 10 to 15 years, payment delays on all projects in all jurisdictions across Canada have increased. Delays have become not only more common, but longer. They have grown from something like 58 to 72 days in a very short period of years, and in many cases they go beyond that. Until recently—starting with Ontario's movement—there was no enforceable language in place at any level of government to ensure the proper and timely flow of payments through the construction chain.

Why is this important? Delayed payments cause serious inefficiencies, including project delays, fewer competitive bids and less opportunity to invest. They also lead to lower employment because of the pressure on operating cash flow that a trade contractor experiences due to late and uncertain payments. In the end, fewer jobs are created, the impact of government investments is reduced, fewer apprentices are hired and, in the worst case, small businesses go bankrupt.

The Canadian construction industry needs legislative and cultural change with regard to payment practices. Our members are very excited that this legislation is included in the budget, not only because of the prompt payment and adjudication regime that applies to federal projects, but also as a standard that can facilitate prompt payment in provinces and territories that have not yet established their own regime. Consistency, which Mary alluded to, is very important.

I would like to point out, as well, that there was a great deal of consultation and industry input into the creation of this language. It covers a complex, multi-level payment system that has many permutations—almost too many to list sometimes.

There was a detailed report produced by Reynolds and Vogel with recommendations developed from those consultations and additional research. Many of those recommendations are reflected in the language.

The industry—together with legal subject matter experts—looks forward to working closely with PSPC and other groups to ensure the implementation of this federal prompt payment regime. At the end of the day, once the regulations are in place and the industry and its advisers can process the language systematically as a whole, we can then provide some thoughtful and constructive input into what amendments need to be made.

We anticipate a national, industry-wide transition that will increase the promptness of payment across construction projects and change the current cultural norm of late payments. In light of this, we wish to thank and applaud key parliamentary champions—and we had a few—who did significant heavy lifting to ensure this issue was addressed. They include Minister Carla Qualtrough and Parliamentary Secretary Steven MacKinnon and their staff, and senior officials at PSPC.

We also wish to acknowledge the Honourable Judy Sgro and Senator Don Plett, who have been with us since day one and whose tireless efforts will lead to very positive outcomes for tradespeople, our trade contractor members and the construction industry as a whole.

● (1735)

If you have any questions, or would like any clarifications, we would be happy to entertain them. Thank you.

The Chair: Thank you very much, Sandra.

We're turning to John Mark Keyes with the University of Ottawa, who is presenting as an individual.

Professor John Mark Keyes (Adjunct Professor, Faculty of Law, University of Ottawa, As an Individual): Mr. Chairman and honourable members, thank you for this opportunity to speak to you today. I'm here to speak particularly to division 19 of Bill C-97, which would enact the national housing strategy act.

Although I'm appearing on my own behalf, I am also here to support the positions advanced by the social advocacy support centre, which is a social justice NGO. It particularly concerns itself with issues of housing and homelessness.

We greatly appreciate this opportunity to speak to you about the proposed national housing strategy act. Over the past year, I've been working with the executive director of the centre, Bruce Porter. He enlisted my help as a law professor at the University of Ottawa and also as a former legislative counsel with the Department of Justice here in Ottawa.

Together with others in the social justice community, we have been developing proposals to support the rights-based approach to housing announced in the government's national housing strategy in November of 2017. We developed draft legislation and put it forward to the government through the office of Minister Duclos.

We have been particularly encouraged by chapter 1 of the strategy, which is entitled “Housing Rights Are Human Rights”. It envisages the creation of new legislation to “require the federal government to maintain a National Housing Strategy and [to] report to Parliament on housing targets and outcomes”.

Division 19 of Bill C-97 adopts many of the elements that we had suggested in our draft legislation and goes some distance towards realizing this goal by requiring the minister to “develop and maintain a national housing strategy” and establishing a housing council to provide advice to the minister.

The bill would also create a “federal housing advocate”. The responsibilities of the advocate would be “to analyze and conduct research” on housing issues; to “consult with” and “receive submissions” from persons or groups who have experienced “housing need” or “homelessness”; and, to report to the minister annually, summarizing the advocate's activities and recommending “measures within the authority of the Government of Canada to address” housing issues.

As commendable as these measures are, we would suggest that more is needed to accomplish the government's goal of a rights-based approach to housing, which it announced in November 2017. We suggest that the bill should clearly establish an accountability framework for the progressive realization of the right to housing. This right would be realized by shedding light on housing issues, conducting research on how to address them and encouraging action to address them. We are not advocating judicial or quasi-judicial enforcement of this right.

Specifically, we are suggesting the following amendments.

First of all, amend the housing policy declaration in clause 4 to affirm that housing is a fundamental human right. This would more clearly position the right to housing as the anchor of the government policy.

Secondly, clarify the policy role of the national housing council to monitor progress on the realization of this right and to advise the minister regarding its progressive realization.

Thirdly, strengthen the policy role of the federal housing advocate by elaborating duties and functions to assess and advise the federal government on the implementation of the housing policy; to initiate inquiries into incidents and conditions in a community, institution, industry or economic sector; to monitor progress in meeting goals and timelines of the housing policy; to receive and investigate submissions from affected groups; to issue opinions about compliance with the right to housing; and, finally, to provide for a review panel made up of three members appointed from the national housing council to hold hearings on key systemic issues identified by the housing advocate and to submit reports and remedial recommendations to the minister, to which the minister would have to respond within 90 days.

These amendments would ensure a more effective national housing strategy and support the progressive realization of the right to housing through policy mechanisms: namely, research, investigation and reporting. The amendments do not entail adjudicative functions and would not give rise to legally binding orders from a court or tribunal. They would instead create meaningful accountability and access to justice for the right to housing by giving a voice to concerns about systemic housing issues and ensuring that those responsible for public policy listen to those voices.

● (1740)

I would be pleased to explain the recommended amendments further and answer any questions you might have about the bill.

The Chair: Thank you, Mr. Keyes.

We also have, as an individual, Anthony Furey, a columnist with Postmedia.

Welcome, Mr. Furey.

Mr. Anthony Furey (Columnist, Postmedia, As an Individual): Thank you, Mr. Chairman.

Thank you for inviting me to speak at today's session.

I'll begin by stating that I'm here as an individual speaking in my capacity as a newspaper columnist. I'm not here as an official representative of Postmedia.

My comments today will focus on the sections in Bill C-97 that concern the new tax measures designed to support Canadian journalism. I will not be speaking about what I think is the ideal relationship between government and media—the answer is "none at all"—but on how to best move forward with what is already on the table.

This small section of the legislation, as you may have seen, has already caused controversy, coming from both regular Canadians and individuals within the media. Canadians are wary of the idea that their government would in some way favour, influence or direct the media. Not only are media professionals, so it seems, wary of this happening, they are also concerned by the mere perception that this is happening. These concerns are mostly valid and I share them.

Last November's fall economic update was not only when support for journalism was first announced, but also when the accelerated capital cost allowance for businesses was introduced. Later in the week after that came out, I wrote a column that this latter move was to be applauded, and then I faced accusations of only backing the capital cost allowance measure because that same day I had also been bought off by the current government.

As someone who does not typically face such an accusation, I concluded that if it can happen to me, it most certainly can and will happen to everyone else in my field. As such, I would like to make three recommendations about how to proceed with these tax measures in a way that minimizes both the perception and the reality of politicizing Canadian media.

These measures have become popularly known as the "media bailout". The public is under the impression that the government is simply doling out $595 million to media outlets on a mere whim. They may not know that the main measure is in fact a 25% labour tax credit for news media employees.

My first recommendation is that a better job can be done in communicating what is going to happen. If the impression is left to linger that the government is forking over cash grants to their journalist buddies, trust in media will only plummet further.

There are many ways that can be done. As we've learned, even a simple tweet from the Prime Minister can have a great influence in informing public perception, but let's get more technical. There's the question of how to determine what organizations will be eligible for the tax credit.

The film industry has for decades had a similar tax credit. To be eligible for the federal film credit, you simply need to spend 75% of your costs in Canada and check off any six out of 10 eligibility boxes. There is no politician, board or panel that determines eligibility. It is an administrative exercise, whereas when it comes to the media credit, the government:

> will establish an independent panel of experts from the Canadian journalism sector to assist the Government in implementing these measures, including recommending eligibility criteria.

I would much sooner be judged by 10 strangers than I would 10 journalists, and I imagine many other journalists feel the same way about me.

Additionally, I take issue with the notion of “an independent panel.” One of my favourite phrases in politics is fast becoming “There's nothing more partisan than an independent.”

Canadian arts grants at all levels of government are typically awarded by a jury of their peers. It is a fact that this process is considered both political and rife with petty personal drama. The administration of the film tax credit, by comparison—although they're both in the broader arts community—is a much less divisive approach.

Therefore, my second recommendation is to abandon this panel of journalism experts. Instead I recommend the government allow as many voices as possible to present their opinions and that a basic checklist of qualifications be determined out of that. This avoids creating a gatekeeper system dominated by a few and brings it more to be an administrative measure, rather than selecting criteria year by year.

My last recommendation is a technical point, but I believe if not addressed it can have troubling ramifications. The budget refers to an eligible recipient of the tax credit as “a qualified Canadian journalism organization.” This phrase has given the impression the government is determining what is and what isn't a legitimate news organization. This phrase ought to be abandoned. As with any tax credit, if you are eligible, you receive it; if you are not, you don't. There's no need for an official list and there's no need for that list to be posted online in any capacity.

Those are my three recommendations.

Thank you, and I welcome any questions you might have.

● (1745)

The Chair: Thanks very much, Mr. Furey.

Thank you, all, for your presentations.

Now we'll go to five-minute rounds. We'll start with Mr. Fragiskatos.

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

Thank you, again, to all of the witnesses for appearing today. It's great to have your insights.

Mr. Marshall, your testimony is interesting. There are parts that I agree with, and there are parts that I have concerns or maybe questions about. I'll keep an open mind.

You say that it's time in Canada that we move towards legislating the use of electric cars, if I understand you correctly. Yes, it's a vision that many will sympathize with if they take climate change seriously. I just wonder how we get there. You're talking about something quite dramatic in terms of an approach. Are there other countries that have done this?

Let's start there.

Mr. Dale Marshall: Sure. Norway, another oil producer, has done this.

We don't even have to go to a foreign country. Quebec and B.C. are doing this. All it is saying to automakers is that a certain percentage of their sales have to be electric vehicles. That percentage goes up over time until we hit the target of 100%, which your government has set, by 2040.

Mr. Peter Fragiskatos: You're pointing to provinces. Would this be better done in the provincial jurisdiction, be better left to the provincial jurisdiction?

Mr. Dale Marshall: No, we actually think that this should be done federally. The problem that's happening right now is happening because there are long wait-lists of people who want electric vehicles and can't access them.

Mr. Peter Fragiskatos: So, where would it start? What's your number?

Mr. Dale Marshall: We think that we can get to 25% vehicle sales by 2025 and go out from there.

Mr. Peter Fragiskatos: I don't mean to cut you off. It's just that I have limited time.

What would be the implications for the economy in terms of jobs if we did that?

Mr. Dale Marshall: Automakers can make gasoline vehicles, or they can make electric vehicles. If this is implemented in a stepwise fashion—as I said, ramping it up to 100% by 2040—the automobile sector has time to adjust, and we will still be employing workers who are making cars. They will just be making them electric instead of gasoline-powered.

Mr. Peter Fragiskatos: Like I said, I keep an open mind here, so I will endeavour to learn more about Norway's example and to look at it and other examples that you've mentioned.

You made another point about fossil fuel subsidies.

What would you say to those in remote communities who rely on diesel, for example, and therefore are technically receiving a fuel subsidy from the government? Their livelihood, their entire quality of life, relies on the government's subsidizing fossil fuel in this case. Do you have a view on that? Because when you say that we need to move immediately towards ending fossil fuel subsidies in Canada.... I would love to hear the opinions of those on the ground in remote communities. My very able colleague to the right of me is from the north, so I won't talk about the north. I'll talk about remote communities in Canada. I would love to hear your thoughts on that.

Mr. Dale Marshall: What I'm talking about are the hundreds of millions of dollars that are going towards production subsidies, not consumption subsidies. We actually totally support your government's investing, two budgets ago, $700 million in various programs to get remote and northern communities off diesel. That's the way to go. You can go towards renewable energy. Those costs are high. It has health impacts. There are programs that you are putting into place to deal with that, and we completely support that. We understand the high cost of diesel in the north.

We're not talking about getting rid of those subsidies. We're talking about investing in shifting away from those and towards renewable energy, which is often more reliable and cheaper and has better health outcomes.

● (1750)

Mr. Peter Fragiskatos: Okay. You've pointed to the nuance there. However, it still raises, again, real economic consequences.

What is your view on oil extraction? I'm not trying to be combative; I'm genuinely interested in your perspective. We have heard in Parliament and over the course of the past almost four years, but certainly in the past few days from our colleagues in the NDP.... Well, they're flip-flopping left and right on many issues, but it almost sounds like the NDP have a view that oil needs to be kept in the ground—you know, the old saying of “keep the oil in the soil”.

What's your organization's view on that? Would you call for an automatic and immediate end to extracting oil, or does oil continue to have a place in our future?

Mr. Dale Marshall: Our view is that the oil and gas industry is large enough. It expanded more quickly and increased greenhouse gas emissions more than any other industry in Canada. The reason we don't—

Mr. Peter Fragiskatos: So the—

Mr. Dale Marshall: Please let me finish. This is a very important question.

The Chair: Go ahead.

Mr. Dale Marshall: We think that we need to curtail more production. It's big enough. It needs to be phased out and the science is clear on this. The Intergovernmental Panel on Climate Change says we need to be phasing out oil by mid-century.

Mr. Peter Fragiskatos: We need to—

Mr. Dale Marshall: It's not tomorrow. It's 30 years of a phase-out.

The Chair: Okay. You've completed your answer, Mr. Marshall.

Mr. Poilievre.

Hon. Pierre Poilievre: My questions relate to the budget's measures on journalism. The government claims that it can protect independent media by making media dependent with a half-a-billion dollar package.

Mr. Furey, you mentioned the existence of this so-called independent panel that will determine the criteria of eligibility for the various measures in the budget. There are actually two bodies that are going to decide who gets what. There is this “independent” panel, selected by the government, but then there's also a body—the term “body” is used in the legislation—that will not decide the criteria, but actually pick the individual news agencies that qualify under the criteria.

No officials were able to tell us who will be part of this body, whether it's an existing agency of the Government of Canada or whether it's a new one, whether it will be public servants or Governor in Council appointments. We have no idea who this body is, even though the tax credit and the tax benefits that it will dole out are already in effect as of the beginning of this year. Does it worry you at all as an independent journalist that a so-called body within the government will decide which news outlets qualify for taxpayer funds?

Mr. Anthony Furey: Certainly it worries me and I have no more insight into exactly how this will unfold and the details of it than anyone else, particularly obviously those officials who you referenced. I think a lot of people in the media industry would like to know the details of how this is going to unfold and would probably prefer to be consulted in advance of all this being devised.

As I said in my opening statement, if this is simply a tax credit to be administered, which I believe is typically how anybody, any sort of tax attorney, any sort of accountant would think of a tax credit then fine, but this seems to be a different sort of animal, a sort of quasi-granting operation, as opposed to strictly just a tax credit. Hence my recommendation that we need to do everything we can to turn it more towards administering this as sort of a basic set criteria, either you fulfill it or you do not and leave it at that. Whoever is sort of employed are simply the individuals in government administering that program, as opposed to being some sort of board or panel, etc.

Hon. Pierre Poilievre: Thank you.

The blacklocks.ca, which does a lot of access to information requests, reported this today:

> Federal agencies will publish an A-list of newspapers and websites deemed reliable under a multi-million dollar subsidy program, the Department of Finance yesterday told the Senate national finance committee. Subsidies to federally-approved news media invite government meddling in a free press, cautioned one senator.

Reading that, I feel like I have just cracked open a dusty old copy of *1984*.

> Federal agencies will publish an A-list of newspapers and websites deemed reliable under a multi-million dollar subsidy program.... Subsidies to federally-approved news media....

“Federally approved news media”, the adjectives that load the noun should send shivers down all of our spines. Do you expect you'll be on this A-list?

● (1755)

Mr. Anthony Furey: I don't know if individuals would be on it, and I can't speak for my organization, but I think a lot of people don't like the idea that there's a list, as I referenced. The “qualified Canadian journalism organization” or....I'm not sure specifically which list that story's referring to, but for those who get the not-for-profit status and the status where they will get a tax charitable status, there will be some sort of list that says which are approved to receive that charitable status. If you're talking about listing registered charities, okay, that's already a thing that's done online, and if it's somehow compatible with that, then fine; but any sort of separate list that is on a government website saying these are the qualified Canadian journalism organizations—that's a problem.

As I said in my remarks, to get any tax credit that's out there for your family, for your business and so forth, you don't go onto a government list. You or your accountant just files for it, and you either qualify or you do not. I think the idea of abolishing any sort of public list is the right direction to head. Year over year for the recipients of these tax credits, like any other tax credit that exists, or at least the bulk of them, that is what happens.

The Chair: Mr. Dusseault.

[*Translation*]

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

Thank you to all the witnesses who came to see us today to give their opinions.

I will not have time, of course, to put questions to everyone, but I have taken good note of the recommendations. The amendments proposed to improve the bill are of particular interest to the committee.

Ms. St-Onge and Mr. Tremblay, my colleague just mentioned the fact that witnesses from the department unfortunately did not have many answers to give us as to what to do next.

Earlier, I was wondering about the advisability of giving the government a blank cheque. Essentially, the government would be given full latitude to determine what happens next; that leeway would be given to the independent committee, the entity, to use the term used in the bill. It would be up to that entity to make the ultimate decision. Of course, we are faced with a dilemma, which has been explained by Mr. Furey: ultimately, someone has to make a decision.

In the case of tax credits, among other things, it is generally the Minister of National Revenue who ultimately assumes responsibility for them. For this reason, we decided to opt for some kind of entity; we would transfer this responsibility to someone else who would be, supposedly, independent.

Do you think there should be not only a certain transparency, but also an appeal mechanism, the possibility of recourse in the event of a refusal by the government, with regard to the decision made about the eligibility of a journalistic organization?

Ms. Pascale St-Onge: From the outset, I would like to point out that the federation has never suggested that an independent entity, such as an independent committee, be used. From the beginning, we have said that the most important thing is to save the media first. It is good to criticize them, to determine if they are independent and to have a whole social debate around this issue. It is important, and even healthy, to do so, but if we no longer have media to debate, it is a problem.

Furthermore, I rather agree that we need a list of objective criteria. A basis for criteria has already been introduced in the law. For example, 75% Canadian ownership, and a certain number of journalists must be employed by the company. Objective criteria are therefore already provided for in the law. I can understand the government's intention to stay as far away as possible from these tax credits and the administration of the program in order to preserve the appearance of independence. The government therefore chose the path of an independent committee. What is important, in my opinion, is what will result from this committee.

In fact, it will be necessary to see if the criteria are objective, as if they had been directly formulated by the Canada Revenue Agency, for example. Mr. Furey mentioned this with respect to film. Before judging the work, it will be important to see what has resulted from this. For our part, we have never favoured this approach. We would have been quite comfortable with the idea of the Canada Revenue Agency listing the criteria itself, as long as they were objective and remained an administrative measure. In our opinion, this is the best way to protect the media from subjective government influence.

With regard to the independence of newspapers and journalists, however, I must express some reservations. The media is always somewhat dependent, whether it is on advertisers or the government. The media need money to be able to do their job, and that money comes from somewhere. We have discussed this many times with our members, and we have fought for years for codes of ethics. In Quebec, there are three that apply in almost all companies: that of the Conseil de presse du Québec, of the Fédération professionnelle des journalistes du Québec, or FPJQ, and the one contained in collective agreements concerning professional clauses. Journalistic work and what protects independence may be misunderstood, but this program will not cause journalists to lose their independence of mind in their work.

● (1800)

Mr. Pierre-Luc Dusseault: Your calculations clearly come in below those of the government. There is a fairly significant discrepancy in the figures, and that tends to justify the fact that you are asking for an increase in the allowable salary limit for tax credits. Do you think more media will decide to become non-profit organizations? This transformation was expected to take place, but how do you expect it to change the landscape of this industry?

I'm also going to ask you my second question, since my time is limited and this will probably be my last opportunity to ask it.

What is your view on the issue of written content for radio and television broadcasters, who produce a lot of it on their websites? I am talking about digital written content and not what is published on good old paper, for example in newspapers. Do you have an opinion on the eligibility for these credits? The bill does not provide that radio and television broadcasters will be able to access these credits. Yet they produce a lot of written content. I would like to know your opinion on these two topics.

Ms. Pascale St-Onge: In terms of transforming businesses into non-profit organizations, I would first say that philanthropy has its limits. A number of donors focus, most of the time, on the health, education and other sectors. Donations to the culture sector make up only a marginal portion, especially in regional and local markets. I don't think companies are going to rush into a business model like that one. Some major markets may be able to secure a share of donations for philanthropic causes. This is the bet that *La Presse* and *Le Devoir* have made from the beginning. As for the *Quotidien*, in Chicoutimi, or *l'Acadie nouvelle*, in New Brunswick, they occupy markets that probably have fewer major donors. That is not what will allow the business model to survive, in my opinion. Therefore, I would be surprised if there were a major transformation within the five-year period provided for in the program.

As far as the second subject is concerned, the aim is to help the media that are currently in danger. This is mainly the written press. There are problems with television and radio, but they will have to be addressed in a different way. Television already benefits from the Canada Media Fund for television production. The written press does not benefit from it. We support the program as currently proposed.

● (1805)

[*English*]

The Chair: Thank you, all.

We're substantially over time.

Mr. Sorbara.

Mr. Francesco Sorbara: Thank you, Chair.

Thank you to everyone who's presented today.

I'd like to start off with the NTCCC and then the CCA.

We need to applaud that endeavour to bring prompt payment legislation into the BIA and get it to where we are now. I can still remember having a conversation with the Honourable Judy Sgro and the Honourable Judy Foote, who is no longer with us here in Ottawa but in Newfoundland, and explaining why it's so important that we ensure that some contractors receive timely payment for their services. It's great to see it in the legislation and I applaud all those involved and I thank you for allowing me the chance to participate in a number of meetings over the last three years with the NTCCC and the CCA and the CISC as well, the Steel Institute folks.

You folks have pointed out some things that could potentially be improved in the bill. Don't restate the whole brief, but I wonder if you could quickly review what we could do to strengthen the bill and get it to where the Ontario prompt payment legislation is, which was brought in by the Wynne government, and which should be applauded.

Ms. Sandra Skivsky: I'm going to let Geza respond to that. We did have conversations about this.

Mr. Geza Banfai (Legal Counsel, National Trade Contractors Coalition of Canada): Ms. Van Buren has identified three areas that could stand improvement, and we accept all of those. We've identified those as well. I have three more.

Mr. Francesco Sorbara: Be quick, in 30 seconds.

Mr. Geza Banfai: I have 18 more, but let's limit it to three. They're in no particular order, but one of them is more significant than the others.

First, as currently drafted, the legislation, in a situation where there is a partial payment—in other words, a notice of dispute is given only for part of an invoice—does not positively prescribe a mandatory obligation to pay the undisputed portion. It's implied, but it's subject to interpretation, and we would suggest that this positive obligation to pay the undisputed portion should be a no-brainer.

Second, there's no obligation for a payer who has not received money from upstream—such as a general contractor or a major trade contractor—to go to adjudication of that payment issue to maintain the pay when paid protection is sitting in the act. To put that in English, if a general contractor, for example, doesn't receive money from upstream for some reason, all the general contractor needs to do downstream is deliver a notice of non-payment to his subcontractor.

Mr. Francesco Sorbara: So, in the case of a bankruptcy—

Mr. Geza Banfai: Bankruptcy's a different situation. We can talk about that too. But I'm talking about.... We need that.

Mr. Francesco Sorbara: I have one more question to ask, so I want you to finish up really quickly.

Mr. Geza Banfai: Third—and this, I think, is a pure oversight—there's no right for Her Majesty herself or a service provider to commence an adjudication. It's only a right afforded to a contractor.

Mr. Francesco Sorbara: Okay.

I'm going to stop on prompt payment, because I've read enough.

Mr. Marshall, I want to clarify something you said. You believe the government should legislate that people only purchase electric vehicles.

Mr. Dale Marshall: No. We should legislate that the vehicle manufacturers themselves reach sales targets for electric vehicles. That by 2025, for example, 25% of the vehicle sales in Canada should be electric, and you increase that percentage over time until you reach the government's target of 100% electric vehicle sales in 2040.

● (1810)

Mr. Francesco Sorbara: Okay. Thank you for that clarification.

The Chair: We'll have to leave that there and go to Mr. Kmiec.

[*Translation*]

Mr. Tom Kmiec: I will continue along the same lines as my NDP colleague. It is rare for Conservatives and New Democrats to be on the same side when it comes to the “media buyout”.

Ms. St-Onge and Mr. Tremblay, the bill provides that the government will designate the entity that will decide which organizations will benefit from the tax credits, but this entity is not specified. When officials from the Department of Finance appeared before the committee, we asked them if cabinet could be that entity.

You told us that the FNC had not really looked into the subject. If the cabinet or a highly politicized group were this entity, would that prevent the press from defending itself when people say it cannot be independent because of the tax credits given to this sector?

Ms. Pascale St-Onge: We have not thought about any particular mechanism. An appeal mechanism could be an interesting avenue. If an enterprise that believes it meets the objective criteria is denied a tax credit, it should have access to an appeal mechanism. However, we have not made any specific recommendations on this matter.

Mr. Tom Kmiec: Personally, I think the FNC should address this issue, since it represents people in the field.

Mr. Tremblay, did you want to add something?

Mr. Louis Tremblay (Vice-President, Fédération nationale des communications): Yes, thank you.

People seem to give considerable weight to public perceptions of any government assistance provided to news organizations or newsrooms.

I work at *Le Quotidien*, a newspaper that's part of Groupe Capitales Médias, in Chicoutimi. We received $10 million in funding from Investissement Québec to help the company get through the crisis.

In Quebec, Pierre Karl Péladeau was outraged by the situation. However, I can tell you that not a single one of the 200 journalists at Groupe Capitales Médias, who are located in six regions of Quebec, has received an email questioning the group's credibility or claiming that it had been bought by the government. No issues were raised in this area. Journalists have been fighting for years for press freedom and quality information. We're not going to let the government guide our work.

The Government of Quebec has implemented a general program for the digital transition. The federal bill is based on the criteria set out in the Quebec program. No one has made a public fuss and said that the program is about helping the media.

I challenge everyone to look back at the latest election campaign in Quebec. I encourage you to check whether journalists from Quebec newspapers, such as *La Presse* or Groupe Capitales Médias newspapers, influenced the political coverage of the Couillard government. There was no influence. These people were treated like all the members of other political parties.

In Quebec, Groupe Capitales Médias ended up being singled out by Mr. Péladeau. In fact, Mr. Péladeau is taking legal action against the Government of Quebec over the assistance provided to us. In any case, as far as we're concerned, we could send you the contents of all the inboxes of our 200 journalists. You wouldn't find a single email indicating that the public is outraged by this assistance. It's time to stop inventing things that don't exist in the real world.

Mr. Tom Kmiec: The bill contains some provisions that specify the types of media companies that will qualify for assistance.

From what I can see, this tax credit is the only tax credit that would be handled by an independent group, outside the Canada Revenue Agency. In addition, Division 43(2)(a)(v)(B) states that the news content:

> must not be primarily focused on a particular topic such as industry-specific news, sports, recreation, arts, lifestyle or entertainment,

As my NDP colleague said, we asked the officials whether criteria had been established, such as 25%, 20% or 15%. Normally, the criteria to qualify for tax credits are clearly set out in the legislation. In this case, this doesn't seem to have happened.

Department of Finance officials told our Senate colleagues today that there will be an A list of previously approved media companies that will qualify for tax credits. The public will have difficulty accepting that some media companies are entitled to special treatment by the government.

● (1815)

[*English*]

The Chair: We have to sum it up now.

[*Translation*]

Mr. Tom Kmiec: I'm wondering whether the fact that the current draft of the bill contains this type of criteria will result in long-term issues.

Ms. Pascale St-Onge: The Government of Quebec used a different approach. It had already included all the criteria in the legislation, and there was no independent commission. In addition, to fall under the definition of general media, the media should, for example, regularly cover seven of the ten different topics that can be found in the news. Criteria of this nature are very objective, and we find them acceptable.

When it comes to the appearance of independence, the best way to ensure media independence is to have a variety of media and information. Right now in Quebec, and in my opinion, across Canada, we can see that, when groups compete, they also monitor each other.

I mean that the best way to ensure that the media remains independent is to have several media outlets that can do their job and that cover all the opinions and schools of thought found in our society. It would be terrible to see groups fall apart as a result of cash flow issues and major financial issues.

It would be terrible for press freedom and for our democratic debate. We're seeking to prevent this through the program. It's good to criticize and analyze the program, but we mustn't lose sight of our objective.

[*English*]

The Chair: Thank you all.

Mr. McLeod and Mr. Richards, if you want, we'll have time.

Mr. McLeod.

Mr. Michael McLeod: Thank you, Mr. Chair. Thank you to everybody who's presented. You have all given very interesting presentations.

I want to focus on Environmental Defence Canada, and I want to thank you for coming to talk about climate change today. I don't think we can talk enough about it. I represent the north, and I see it first-hand every weekend, when I go home.

We already have forest fires burning in my part of the country. I live on the Mackenzie River and the water should be at fall levels instead of spring thaws. There's not much snow. So many things are changing. I drive on a road that is starting to be like a roller coaster because of the permafrost melting. It really brings a sense of urgency. For us, it's almost not fair because our part of the world is not developed yet and most of our communities don't have roads. Our greenhouse gas emissions are so small, but we're the ones being affected the most.

When I hear you say we have to do more to fight climate change, I'm just wondering if we can do enough. When we move forward, how do we make it work? How do we apply it fairly to all of the country? For us in the Northwest Territories, solar is not a good solution because half of the north is in darkness for a good many months. Wind is not a good option either because the props and everything else freeze up on us. When we start talking about nuclear, we've got a lot of concerns. We're starting to see improvements; mechanical batteries and graphite batteries are starting to improve.

We need to do more, but the big question is how do we get everybody to agree. How do we get everybody on the same page to move forward? As I said, even though we don't emit a lot of greenhouse gas, we're willing to do our share. We'd certainly love to get off diesel; we've committed to doing that. Anybody who has diesel generators would love to get off diesel. They're noisy, they're smelly and they're not reliable. I want to know how we get everybody on the same page. Will it be when we hit a crisis point, or can we get an agreement before then?

Mr. Dale Marshall: Your question is my job. I wish I had the answer.

Mr. Michael McLeod: That's why I'm asking you.

Mr. Dale Marshall: I feel for the people being affected by climate change. That's why I work on climate change.

In terms of getting people on board with respect to different regions of the country, each of those places will know better than me what the solutions are in terms of adaptation and mitigation. There's a whole bunch of knowledge there that people can seize. You will know more about what the solutions are in Northwest Territories than I would.

I think we're at a crisis point. That's why we're communicating what the world scientists are saying in terms of...we're documenting what people are experiencing. What we're experiencing in Canada in terms of inequality and the impacts of climate change is a microcosm of what we're seeing in the world. Those who are least responsible for the problem are the ones who are most impacted, first and heaviest. Getting people on board is... I do this every day. We try to raise the profile. We try to point to the science. We try to point to the solutions and to the fact that there are all kinds of co-benefits in terms of health and economic benefits that Canada can seize upon if we actually took up some...and moved forward a bit more dramatically than we have been.

● (1820)

Mr. Michael McLeod: I think when we talk about adaptation, we don't have all of the research, we don't have all the answers; there are so many questions still out there. I would expect, and I expect that you'd agree, that there's no one-size-fits-all.

Mr. Dale Marshall: Yes.

Mr. Michael McLeod: When you say we should introduce legislation for electric cars in all parts of Canada, that puts me in a panic. Electric cars are going to be very expensive to run in the north. I've driven electric cars—they work. You can drive around in 40° below, but if there's ever an issue with repairs, it has to go back on the back of a semi-truck and be hauled all the way into Alberta or B.C. I think we have to be very careful when we come to some of those suggestions. It's not one-size-fits-all. We need everybody to be on board, and it won't happen if we don't have the proper adaptation program.

I don't think we have a solution even on how to fix our roads. I drive on roads that we just repaired last year for millions of dollars, and now they're slumping again. We have buildings that are falling because the technology we used for pilings, which was wood into the frozen ground, is now wet, and it's rotting the pilings.

Mr. Dale Marshall: I have a couple of quick things.

First of all, obviously, I feel for all the impacts that are happening there. In terms of the specifics that I talked about with the ZEV mandate, the electric vehicle mandate, this would be a national target. Automakers can sell those vehicles in whatever region, whatever cities, whatever rural areas they want to, as long as they reach the target. It's not imposing 25% in the north; it's saying that this is a national target that vehicle manufacturers can meet and increase over time.

The Chair: Okay. We'll leave it there.

I'll come to Mr. Richards for the last block of questions.

Mr. Keyes, I know there hasn't been a question targeted at you. I know you had some recommendations in your submission. Is there anything you want to say that you didn't have the opportunity to say before? Also, I'm not sure if Ms. Van Buren came in on a question or not.

Mr. Keyes, is there anything you want to add?

Prof. John Mark Keyes: Perhaps I would emphasize that what we are recommending in our amendments is to basically explain in a little more detail what we think is largely implicit in the bill. Expand a little more on the responsibilities of the council and the advocate, and also create a process for a review panel that would be an additional function for the council to actually conduct inquiries and investigations into systemic housing issues.

Our proposals are to maintain the legislation as essentially a policy lever. It's about finding and investigating housing issues, looking for solutions to those issues, and putting forward recommendations to governments—and to the private sector, as well—to deal with those issues. That's really the gist of the amendments we're recommending.

The Chair: Thank you.

If you want in, Ms. Van Buren, put your arm up.

We have Mr. Richards for the last round.

Mr. Blake Richards: Thanks.

I want to go back to you, Mr. Marshall, on the suggestion you made about legislating electric cars. You had indicated the 25% was the initial percentage, and then ultimately trying to get to 100%.

I guess I'm still a little unclear on exactly what you're proposing there as well, so I'm looking for some clarity. It sounded like you were indicating at the manufacturer level. Now, obviously not all cars sold here in Canada are manufactured here. I guess the reverse is also true, that not all cars manufactured here would be sold here. What are you proposing exactly? Are you proposing that 25% of the cars made in Canada, and then ultimately 100%, would be electric cars? Is that what you're proposing?

● (1825)

Mr. Dale Marshall: No, it would be a sales mandate. It would be a percentage of the sales of vehicles in Canada.

Mr. Blake Richards: So, 25% of the cars sold in Canada would have to be electric. That would be at the dealer level, then?

Mr. Dale Marshall: Yes.

Mr. Blake Richards: Okay.

I guess the question that would then beg is, if I'm a car dealer, would this be an annual target, a monthly target? What would it be?

Mr. Dale Marshall: It would be annual sales.

Mr. Blake Richards: Let's say that I get to the last quarter of the year, and I realize it's going to be tough to make this target for the year because there hasn't been enough demand for electric vehicles. What do I do? Do I tell any consumer who's looking to buy a vehicle from me that they can't buy gasoline until the next year? I'm just trying to understand how it would work.

Mr. Dale Marshall: The requirement wouldn't be at the dealer level. It wouldn't be up to every dealer to sell 25% of their vehicles.... In fact, some dealers might not have any electric vehicles at all, and some might only sell electric vehicles.

Mr. Blake Richards: How else would it work then?

Mr. Dale Marshall: You'd have that mandate at the national level for every car manufacturer that's selling in Canada. You can even set up a trading program so that those vehicle manufacturers that want to go further than that can sell part of their sales quota to other vehicle manufacturers. Make it a market if you want.

Mr. Blake Richards: Sure, but we still go back to the point that not all cars that are sold here in Canada are manufactured here, so we wouldn't really be at 25%, I guess, unless you were doing it at the dealer level. I'm still not sure how that would look.

At the end of the day, maybe a lot of the manufacturers would just say, “You know what? We're not going to manufacture cars in Canada anymore because now we don't have to comply with this.”

I'm trying to think of the problems here, and that's certainly the first one I see. Then suddenly you have put a lot of people out of work, right?

Mr. Dale Marshall: I'm pretty sure the auto manufacturers aren't going to just leave the large Canadian market alone, just because they get legislated to increase their electric vehicle sales.

Mr. Blake Richards: No, but we have no control over cars manufactured elsewhere, right? If they just say they're going to move their operations and go into the States, or wherever else maybe doesn't have that target, suddenly we have done that, right?

Mr. Dale Marshall: The experience in Quebec is interesting because Quebec did put in place exactly that kind of mandate, requiring a certain percentage of their sales, and automobile manufacturers said, “Great. We're going to send all the cars we make that are electric to Quebec,” which basically magnified the problem of supply in the rest of the country. Those long lists of people who want to buy electric vehicles just got longer in Ontario, Manitoba and New Brunswick because electric vehicle sales were increasing and mandated in Quebec.

What makes sense is for that to be set federally, and for manufacturers to supply that market demand in a way that increases electric vehicles gradually over time and allows for our road stock to be turned over to one that is much less impactful on the environment.

The Chair: We are going to have to end it there, on a point of dispute, I guess.

With that, thank you to all the witnesses for preparing your presentations, coming in and taking our questions.

The meeting is adjourned.