HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Finance

FINA • NUMBER 039 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Monday, October 3, 2016

Chair

The Honourable Wayne Easter

Standing Committee on Finance

Monday, October 3, 2016

● (0900)

[*English*]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I would like to bring the meeting to order, please.

We're on the road for pre-budget consultations for the 2017 budget. The people who are here as witnesses understand that one of the areas we're looking into is how to achieve better economic growth in the country.

I'll ask members to introduce themselves, and where they come from because we do come from all across Canada.

I'm Wayne Easter, chair of the finance committee. My riding is Malpeque in Prince Edward Island.

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): I'm Richard Cannings. I live in Penticton, just over the hill, down the lake. My riding is South Okanagan—West Kootenay. It goes over to Trail and Castlegar.

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): My name is Dan Albas, Central Okanagan—Similkameen—Nicola. I actually live just across the lake.

I want to welcome all my colleagues here.

Actually, we are in Stephen Fuhr's riding, Kelowna—Lake Country. I wanted to emphasize that.

Mr. Ron Liepert (Calgary Signal Hill, CPC): My name is Ron Liepert. I'm the member of Parliament for Calgary Signal Hill. I like to think of myself as the only representative of western Canada on this committee. These two guys are only here for this session.

Welcome, everybody. It's great to be in Kelowna, even though it's only a very short stay.

I look forward to your presentations.

Mr. Steven MacKinnon (Gatineau, Lib.): Good morning, I'm Steven MacKinnon. My riding is an Ottawa-area riding, Gatineau, Quebec.

It's wonderful to be in Kelowna. Thank you all for being here.

Ms. Jennifer O'Connell (Pickering—Uxbridge, Lib.): I am Jennifer O'Connell, and my riding is Pickering—Uxbridge in Ontario. It's just east of Toronto.

Mr. Raj Grewal (Brampton East, Lib.): My name is Raj Grewal. My riding is Brampton East, about 10 minutes from Pearson international airport.

The Chair: Thank you all.

Before we begin, we do have one housekeeping motion that we forgot to vote on before we left Ottawa. I think everyone will be in agreement with this. It's a normal motion for committees when they're on the road.

It reads:

> Notwithstanding any routine motion, during the committee's meetings outside of Ottawa on the subject of the pre-budget consultations in advance of the 2017 budget, the chair shall not entertain any substantive motions.

(Motion agreed to)

The Chair: Now back to business.

There were two groups, the Canada Green Building Council and the Pacific Salmon Foundation, that were scheduled for the nine o'clock session. Their plane is delayed. When they get here, we will give them the opportunity to speak.

We'll begin with the British Columbia Wine Institute, Miles Prodan.

Welcome, Miles, the floor is yours.

● (0905)

Mr. Miles Prodan (President and Chief Executive Officer, British Columbia Wine Institute): Thank you very much indeed.

My name is Miles Prodan. I am the president and executive director of the B.C. Wine Institute. I start off all my presentations by stating the fact that I do not have any samples with me this morning but I do know where you can get some, so bear with me.

I want to speak a bit about the B.C. Wine Institute first. We are the trade organization for British Columbia. Our members represent 95% of all production here in B.C., so it's my pleasure to speak before this group, and I appreciate your taking the time to come to visit us.

Canada is ranked as the second most attractive market in the world for wine sales, with growth in wine consumption twice that of the rest of the world. With a strong market and increasing number of free trade agreements, international competition in the Canadian marketplace is intensifying with import products representing close to 70% of all wine sold in Canada. For all wine that's sold here in Canada, 70% of it comes from outside Canada.

The domestic Canadian wine industry currently provides an annual economic benefit of $6.8 billion annually, which is a fraction of the potential value when recognizing that domestic sales account for less than one third of all wine in Canada. The Canadian industry is growing appreciably in all six provinces, including here in British Columbia, offering one of the highest value-added contributions of any agricultural product, and providing enhanced rural economic opportunities. It touches almost every aspect of the value chain in agricultural product, and we're proud of our contribution.

Only through a strategic investment in B.C. and in Canada will the wine industry fully achieve its potential, resulting in higher levels of winery investment and job growth, and providing a significant value to the overall Canadian economy. Here in British Columbia the wine industry is a significant economic driver. For every bottle produced in the province, there is $42 of economic impact generated.

B.C. welcomes over 800,000 visitors every year through the wine economy, which generates almost $500 million in economic impact related to tourism employment. That's outside the agricultural sector but directly affects that economic impact I speak of.

More than $298 million in federal-provincial taxes and liquor board markup is generated in the wine industry here in B.C. each year. In taxes alone, the B.C. wine industry contributes $220 million. B.C. wineries capture more general revenue than most agrifood products, by not only crushing grapes and producing wine, but also packaging, marketing, sales, and the rest of the distribution channels.

Our domestic industry is reliant upon B.C. soil and it's firmly rooted in the rural economies across the province; however, its impact extends well beyond direct sales and employment of B.C.'s 260 grape wineries and over 930 vineyards growing wine grapes, with strong linkages, as I said, to tourism, retail sales, bars, restaurants, and the whole retail channel, creating up to 10,000 jobs here in B.C.

Here is the challenge. Over the past decade Canadians have been increasingly making wine their alcoholic beverage of choice. Wine consumption has been increasing by 26%, compared with zero growth for spirits, and an 8.8% decline in beer. As people mature, their taste buds become more mature and they enjoy wine, so we're seeing that growth, and that doesn't go unnoticed by every export or import wine-producing country targeting Canada.

Of the total wine growth here in Canada over the past decade, 75% has been claimed by wine importers. In 2014, Canada became the sixth largest wine importer. As I said, importers see that expansion in the market and are targeting Canada to take advantage of that growth.

This makes Canada the reverse of most wine-producing countries, which appreciate strong domestic sales such as 95% market share in the U.S.; 74% in Australia; and 99% in South Africa, Argentina, and Chile. In fact, even China enjoys 78% of the domestic wine sales. Here in Canada we have only 32%.

It's important to recognize that virtually every country producing grape wine in any significant quantity maintains a more robust program supporting its wine industry than that of Canada. In addition to these financial obstacles, internal barriers to trade have also restricted the Canadian wine industry growth. I know most of us around this table are familiar with barriers to interprovincial trade, and if not, I'd be happy to talk at length about that at another time.

While we recognize that the commitment has recently been established by the Council of the Federation, whereby the provinces have agreed to discuss internal barriers for alcohol, the BCWI asserts that more action is required to seize the current domestic market opportunities.

● (0910)

As for the opportunity, in 2015 global wine expert Rabobank identified Canada as the second most attractive market in the world for wine sales while Vinexpo concluded that growth in wine consumption in Canada is twice that of the rest of the world. I just can't overstate the fact that the market is growing, and we need opportunity to fill that demand. The demand is there; we just need the opportunity to fill it.

With the proper support, the Canadian wine industry will build its market share beyond the 32% to a target of 50%. This is good for the Canadian wine industry. It's good for Canada, and we anticipate the sale of wine growth opportunity to be 50 million litres over the next two years. Based on our economic study, we know that every $1 million increase in Canadian wine sales will lead to $3.1 million in gross output—revenues, taxes, and jobs—all across the value chain. It's an excellent investment in our economy.

How do we propose to do that? We think there is an opportunity for a wine industry innovation program that would deliver an investment grant that supports initiatives to develop the Canadian wine industry through improved operational and infrastructure investments, thereby benefiting economic sustainability, productivity, and competitiveness.

The key objectives of such a program would be to develop and grow the Canadian grape wine industry, increase wine tourism and cellar door sales, foster domestic and export markets, and support business, including innovation skills and training. The area for funding priorities include projects that contribute to the development of domestic and export markets, marketing and tourism development projects, and projects that improve sustainability and production.

The growth program would apply to qualified tangible or intangible investments in every winery business and would be applied to eligible winery investment expenses related to products, processes, technology, infrastructure, and capital assets—buildings, roads, and the rest of it—intended to increase the marketability and competitiveness of the Canadian wine sector. The growth program would result in increased investment, transfer of expertise in technology through the registration of intellectual property, higher levels of employment, a more highly skilled workforce, improved economic conditions in wine regions, more economic activity, and greater future tax revenue.

Based on the average annual growth rate of 11.5% for 100% B.C. wines, the growth program would provide a 17% return on the federal government's investment and double direct and indirect employment.

Ultimately the program could grow the British Columbia wine industry's economic contribution from approximately $2.6 billion to $6.6 billion over the period of 2017 to 2027. It's a great opportunity, we think it has a lot of legs, and the need is definitely there.

By its very nature, wine and grapes provide long-term employment in investments that are inherently tied to the Canadian soil. As I said earlier, there are few value-added agricultural products like wine where a handful of grapes can be converted into world-class wine, as it is here in Canada.

The Chair: Can I have you sum up fairly quickly?

Mr. Miles Prodan: Unlike manufacturing or service enterprises, vineyards cannot simply get up and move to another country, which ensures that federal investment in the industry is maximized to benefit the Canadian economy, communities, and labour force.

To conclude, the BCWI strongly recommends the introduction of a wine industry innovation program that aligns with government priorities, especially those relating to scaling up innovative industries, investing in environmental sustainability, developing and growing markets, and creating quality job opportunities for young Canadians, all of which will support a sound public investment towards supporting national economic prosperity.

Thank you.

● (0915)

The Chair: Thank you very much.

Turning to the First West Credit Union, we have Mr. Dau and Ms. Swinamer.

Please go ahead.

Mr. Ron Dau (Assistant Vice President, Valley First, First West Credit Union): Good morning, Mr. Chair, and members of the committee.

My name is Ron Dau, and I am joined by my colleague, Alicia Swinamer. We are from First West Credit Union, and thank you very much for giving us time with you today.

First West is a financial co-operative with deep roots in British Columbia. Our reason for being has always been to help middle-class and underserved Canadians access competitive financial services for their personal and business needs.

In a recent statement Minister Morneau noted that the key to a healthy middle class and business community is a strong and competitive financial sector. We agree.

However, today credit unions face increasing competitive challenges due in part to the controversial changes made to the way credit unions were taxed following budget 2013.

For 40 years prior, the federal tax system recognized the important differences between co-operatively owned credit unions and shareholder-owned banks by providing a specific deduction to credit unions. This treatment balanced some of the ways in which the tax system favoured large banks. For instance, as co-operatives, credit unions don't issue shares like the banks do. They aren't able to benefit from the generous federal tax incentives like the 50% capital gains exemption to help build the capital that we need to support loan growth.

In 2013, without consultation or conversation, that historic acknowledgement of these critical differences was thrown out.

The elimination of the historic tax treatment for credit unions resulted in a rise in federal taxes for many credit unions. First West estimates that we alone will pay $3.1 million in additional federal taxes during the phase-out period, and roughly $1.8 million every year after 2016.

The federal change also triggered a provincial increase for B.C. credit unions. As such, and in addition to the federal increase, First West estimates it will pay $4.3 million more in taxes during the provincial phase-out period, and an additional $2.5 million in provincial taxes each year thereafter.

Our presence here today comes with an urgent call to action. We ask this committee and government to once again recognize the unique structure, economic impact, and social mandates of credit unions, and to introduce fair taxation for credit unions. This could take the form of a return to the historic pre-budget 2013 tax arrangement for credit unions, or the creation of a fairer, more progressive tax arrangement that recognizes the distinctive nature of credit unions.

Here is why this matters. Where banks can raise capital from the stock market, credit unions rely almost entirely on their retained earnings to grow their capital. Therefore, the more retained earnings a credit union has, the more it can lend to middle-class families, seniors, first nations, technology start-ups, and small businesses.

First West is proud of our legacy of supporting economic and social prosperity in our communities. For more than 70 years we've helped British Columbians realize their dream of home ownership. We've helped small businesses grow and expand to new markets. We've helped farmers buy and grow farms that feed our fellow citizens, and we've stayed in small towns when large financial institutions have pulled out and moved on.

We're an integral part of our communities and their economies. Last year, First West spent more than $221 million in direct and indirect salaries and benefits, employing the equivalent of 2,366 FTE jobs. In total, First West accounted for nearly $300 million of British Columbia's GDP.

To sustain and grow our economic contribution, it is important that credit unions can work within a tax environment that is fair and appropriate. We are not alone in seeing the problems unfair taxation brings for credit unions. Last September the BC Chamber of Commerce testified before the B.C. Select Standing Committee on Finance and Government Services.

It stated that government had placed a welcome emphasis on encouraging small business growth; however, the change in the tax status of credit unions is a measure that works against this by reducing credit unions' ability to invest in communities and small businesses.

Credit unions like First West help local economies and communities with their hands, hearts, and resources. We believe in paying our fair share of taxes. As a leader in small and rural communities, it's important that we share with you the serious consequences posed to economic growth if past budgetary tax decisions are not reconsidered, or if new solutions are not identified.

Thank you, again, for the opportunity to share First West Credit Union's perspective with the committee, and to have early input on the 2017 budget. We look forward to engaging in a conversation with you today.

● (0920)

The Chair: Thank you very much.

From First Nations Finance Authority, we have Mr. Daniels and Mr. Berna.

Mr. Ernie Daniels (President and Chief Executive Officer, First Nations Finance Authority): Thank you very much.

I just want to say, “Go, Blue Jays, go!” It's going to help our economy.

Thank you, committee members. My name is Ernie Daniels. I have Steve Berna here with me. I'm the president and CEO and Steve is the COO. We're with the First Nations Finance Authority, also known as FNFA.

FNFA is a non-profit organization that operates under the authority of the First Nations Fiscal Management Act. It's an act that was legislated in 2006. It was created with all-party support at the time. Although established by statute, the FNFA is not a crown corporation. The FNFA is governed solely by the first nations communities that join as borrowing members, first nations bands and governments. The FNFA was a first nations-led idea. Our mandate is to work exclusively with first nations governments making available financing tools that other levels of government in Canada take for granted. Since 2012, our three publicly issued debentures raised $297 million in loans to our members, all supported by the first nations-owned revenue sources. Besides providing low-rate loans, we allow the communities to choose whichever repayment terms keep their budgets healthy.

As well, the FNFA model promotes capacity building whereby the internal governance capacity of each first nations member is enhanced to a municipal standard. The intent is to create an environment that manages sustainable growth and wealth management. Essentially, the FNFA functions like a provincial treasury department, but solely for first nations in a not-for-profit manner.

We are here today because the original projections estimated 100 first nations would join the act after 10 years. In only four years after our first loan was issued, we have reached 205 first nations that have joined the FMA, and that number is growing rapidly.

Fully one third of all of Canada's first nations across eight provinces and one territory have voluntarily requested to use our services. This success story brings with it some challenges. To operate like a provincial treasury department, FNFA must retain the confidence of the capital market investors who buy our debentures.

As such, all debt issuers need to manage an adequate capital-to-loan ratio. Our growth rate is straining this capital base. Canada originally provided $10 million in capital to the FNFA in 2012. This was based on projections that the FNFA would reach 100 members. This original membership target of 100 has long since been surpassed. FNFA's debentures are rated by two rating agencies, Moody's and Standard & Poor's. Both have commented that the exceptional growth of FNFA's membership has put a huge strain on the capital base to continue to meet FNFA members' projected future loan demands.

FNFA is requesting an additional amount for this capital base so that future loans can continue to meet the projected loan demand. This capital is not loaned out, nor is it touched by FNFA. Instead, it acts as a temporary secondary backstop in case a loan service payment by one of FNFA's members is late or insufficient in amount. This capital adequacy is a mandatory item to allow continued capital market access. To date, since our first loan issued in 2012, all FNFA members have paid their loans on time and in full. The capital base, however, is required because of the what-if scenarios since debentures are long term. FNFA debentures are usually 10 years in length.

Our membership is continuing to grow, and as it continues to grow, the FNFA's capital base must keep pace. Our 2015 budget submission requested that FNFA receive an additional $40 million. This amount was based upon our membership growth forecast and what other local government debenture issuers had in their capital bases.

In 2016, the federal government acknowledged our request and supported the work of the FNFA. Instead of an additional $40 million, budget 2016 invested a further $20 million of capital, raising the original $10 million to $30 million. Immediate tangible benefits resulted from this additional capital.

● (0925)

Not only were we able to improve our debentures and credit ratings, and diversify and expand our investment base from 13 to 22 large capital market investors, but the subsequent new FNFA loans were leveraged into 71 community houses. We remediated 30 houses to address mould issues; a new school was built; there were three green energy projects, with hydro, wind, and solar technology; infrastructure and administration buildings; economic ventures; and land purchases to expand reserves. We are now requesting a budget for 2017 of a remaining $20 million. If this request is approved it will enable the FNFA to continue providing increasing loans, all supported by first nations' own revenues, to grow their infrastructure basis and economy.

In conclusion, the FNFA fully supports the areas of focus that the standing committee identified for the pre-budget submission process and feel that our work directly aligns with those objectives, especially as they pertain to first nations communities. I would also like to reference and will make available to the clerk of the committee a July 19, 2016, special report by CIBC, “FNFA: Soaring on Sound Financial Principles”. This report provides an excellent in-depth review of the FNFA, the environment we operate in, and the accomplishments to date.

I want to thank you for the opportunity to appear today. I wish you well in your efforts to advise the minister on the scope and scale of budget 2017, and look forward to any questions you may have.

I just want to add that for every dollar that's spent on a reserve the economic impact is about six to 10 times for the rest of the economy.

Thank you.

The Chair: Thank you very much for that presentation.

I'll turn now to the Low Carbon Partnership with Mr. Morrice and Mr. Gilmour.

Mr. Mike Morrice (Executive Director, Sustainability CoLab, The Low Carbon Partnership): Thank you so much.

You'll have to walk through some paper slides as I go along the way.

The Chair: The slides are on our iPads as well already. We've got I think 472 presentations on our iPads here but they're hard to find.

Mr. Mike Morrice: Again, thank you for the opportunity to be with you this morning. My name is Mike Morrice. I'm the executive director of Sustainability CoLab. I'm joined by Brent Gilmore, the executive director of Quality Urban Energy Systems of Tomorrow, or QUEST. He and I are here on behalf of the Low Carbon Partnership, which comprises The Natural Step Canada, Climate Smart Businesses, QUEST, and Sustainability CoLab.

Late last year, these four leading environmental organizations came together. Each of us was already on the ground with climate solutions across the country. We were encouraged by the promise of climate action by the federal government, which was demonstrated when the Government of Canada signed the Paris agreement and kick-started the Vancouver declaration here in B.C., back in March. We recognized the need for regulation in carbon pricing, but we also knew this wouldn't be enough to engage business in meeting our carbon commitments. With this in mind, we came together to form the Low Carbon Partnership. We are four organizations that together can help Canadian businesses drive clean growth, reduce carbon emissions, and foster a prosperous green and healthy future in communities across the country. Together we already work with over 1,000 businesses across the country worth a combined $100 billion in revenue, and we're combining our individual organization strength to help government meet its climate goals.

We've set for ourselves an ambitious goal, which is to connect more than 5,000 businesses with the support they need right across the country to innovate and deepen their own carbon reductions.

We know that we are better together. Sustainability CoLab and Climate Smart Businesses work with businesses directly by providing them with the tools and training they need to measure, manage, and reduce their carbon output. Working with end-users isn't enough if we don't rethink how we plan our communities. Having QUEST in our partnership ensures solutions that can fit our land use in community energy planning by getting local governments, utilities, and builders to work together to develop clean growth opportunities.

Going a step further, having The Natural Step Canada in the partnership allows us to consider new ways of thinking about how we do business by bringing their rigorous science-based approach to sustainability and a structured approach to fostering innovation that accelerates the system's change around energy, the circular economy, and natural capital.

As per our submission to this committee, we're proposing a $30-million investment to help scale up proven tools and programs, and make them more accessible to companies and communities across Canada. Collectively, we believe this model will not only reduce GHG emissions, but spawn new businesses, create new jobs, and contribute to building the resilient businesses and communities we need to transition to a low-carbon economy.

We've built up broad support. You can see some of those folks and the 52 endorsements from across the country to date. These are organizations we already work with every day from Suncor to Dalhousie to the Vancouver Port Authority.

We feel that with our unique strength we bring to the table we are ready with relationships, trust, and programs on the ground in communities across the country.

You're not hearing from just four organizations. We each represent a network of networks connecting to thousands of businesses across the country that are ready and keen to take action on climate. We are represented from coast to coast to coast.

I want to give you four quick examples of our existing work. Through Sustainability CoLab, just one of our eight target-based assembly programs with businesses for regional carbon initiatives in the Waterloo region engages 67 companies that are employing 14% of that workforce. In just four years, they've committed to reduce over 47,000 tonnes of carbon. They've already reduced 18,000 tonnes, and 90% of them are on track.

Programs in our network also operate in Ottawa and Pickering.

Climate Smart Businesses has their business energy and emissions profiles, BEEPS. These are dashboards that have already helped eight municipalities in B.C. alone understand where their emissions are coming from, because once you know that, then you can slice and dice, and be strategic about where to take further action.

QUEST's smart energy communities have already engaged in implementing community energy plans across Canada by removing the barriers for business and local governments to implement clean technologies and renewable projects, create jobs, and strengthen local economies. In just four pilots, in Calgary, Waterloo, and Campbell River, they're working to hit four megatonnes in GHG reductions.

● (0930)

The Natural Step, through their Energy Futures Lab in Alberta, has brought together unlikely bedfellows to foster new innovations, businesses, and technologies and to build the system conditions to help participants scale their already developed solutions to our energy challenges. Early examples you'll see on our slide include Iron & Earth, the oil sands workers who are retraining for the green economy, as well as the geothermal oil wells.

To recap and close, the Low Carbon Partnership will accelerate Canadian clean growth while reducing carbon emissions across the country. We've already been doing this for years as individual organizations in hundreds of communities and businesses across Canada, and we've come together to help the government deliver on its commitment.

In closing, we want to offer a few specific examples of how a federal investment could scale up these proven programs.

For example, we could launch new target-based sustainability programs for businesses in 10 communities across the country. We could launch 100 of these BEEPs, the business energy and emissions profiles, across Canada. We could establish 10 new smart energy communities. Also, we could advance the work of the Alberta-piloted Energy Futures Lab to spawn new sustainable business ventures for national markets. Beyond these individual opportunities, we can identify ways to more tightly integrate our programs and offerings so that any company, sector, or community can come to us for a custom combination of our programs.

We came together inspired by your leadership, and we stand before you today ready to bring our assets to help the Government of Canada follow through where we feel we can be of most service.

Thank you.

The Chair: Thank you very much, Mike.

We'll turn to questions. I understand that the other two groups have landed, so when they come in, we'll fit them in.

Mr. MacKinnon, let's go to five-minute rounds.

● (0935)

[*Translation*]

Mr. Steven MacKinnon: Thank you, Mr. Chair.

[*English*]

Thanks to all of you. It's wonderful to be in the Okanagan, and I thank my colleagues across the table for their warm hospitality.

One of the great things about kicking it off here in Kelowna this morning is how specific all of your proposals were to the objectives we've set. We are in a lower-growth environment. We are looking for ways—targeted ways, in many instances—where we can get the kind of growth out of this economy that we know Canada has the potential to deliver.

I do want to acknowledge the ongoing efforts of my friend Mr. Albas with respect to interprovincial trade barriers. I think all of us have identified that as an unnatural or artificial impediment to unlocking some of Canada's growth.

To that end, Mr. Prodan, although I know it wasn't the focus of your remarks, I want to give you the opportunity to perhaps tell us briefly and tangibly what the impact of those barriers is in terms of growing the B.C. wine industry.

Mr. Miles Prodan: Thank you.

I will first acknowledge Dan Albas and his colleague Ron Cannan for their instrumental work in getting the illicit liquor act of 1928 set back and in opening it up.

Alcohol distribution is a provincial matter, and we've had some success. B.C. was the first to step forward and open our borders to other Canadian wines from Saskatchewan, Manitoba, and Nova Scotia. Most recently, the Council of the Federation also opened it up in a somewhat limited way in Ontario and in Quebec, although there it still needs to go through the liquor board.

It's easier for us to ship wine to Hong Kong, to China, and to the U.S., frankly, than it is for us to ship wine to our friends and neighbours in Alberta, for instance. We think that just doesn't make a whole bunch of sense. That's obvious. It's a Canadian product and there are Canadian consumers, and we want to be able to access that for them.

That growth I speak of is huge. As I said earlier, the market in Canada is huge. The wine market is huge, and we have every foreign producer targeting Canada. They see that growth. They're heavily subsidized by their governments for access to that.

We think it makes total sense for us to be able to ship a Canadian product to a fellow Canadian. There's heavy work yet to be done. We've had some progress, but we're saying 100% B.C. wine or 100% Canadian wine and that's it. The rest of it is irrelevant. Those liquor control boards would never carry such a small quantity product anyway. It's a simple win, but not easy.

Mr. Steven MacKinnon: I know some of my colleagues will want to explore in greater detail with you your specific proposal on investment in the sector.

I'm going to the First Nations Finance Authority. It's an impressive story you tell in terms of, really, not only serving as a catalyst for growth and investment in first nations communities, but also for serving a pedagogical role in terms of enabling these communities to better access financial markets and having them better understand, I assume, the consequences of their actions.

You did benefit from a $20-million investment last year and are looking for us to essentially repeat that investment. Can you tell us, perhaps in more specific terms or even right down to the granular level, what kinds of economic activity could we expect from such an investment, were we to replicate that in the coming budget?

Mr. Ernie Daniels: It's really interesting. Canada is so big and all the different economic activities from the different regions are different but very similar. A lot of first nations are really catching up. Infrastructure is a big thing. I think, number one, infrastructure for roads, for schools, for houses, for water, waste water, those are the biggest things that first nations invest in, because we all know the conditions of a lot of reserves, especially in the northern parts of the country.

Then there are other first nations where the opportunity really exists, as in Ontario where we have a lot of first nations getting involved in alternative energy projects, such as solar and wind. Quebec first nations, for sure, are involved in that. Then other first nations, like the Osoyoos, are involved in winery. Those are the types of things.

To sidestep a bit, I think the best thing about it is that first nations have to bring their financial governance up to a certain level of operating like a municipality. They go through a pretty rigorous process in order to get there, so by the time they get to us, they know the benefits and they see the hard work that they've done.

The other thing that's really good is that the education process we had to go through when we first started was getting the investors interested in this. That was a challenging thing. I'm going to let Steve talk about that, because he actually ran the Municipal Finance Authority of British Columbia for a number of years and was very instrumental in the investment part of it.

● (0940)

Mr. Steve Berna (Chief Operating Officer, First Nations Finance Authority): Good morning, everybody.

The infrastructure and economic needs have grown to the point at which first nations have said that rather than stand in line and hope the federal government points at you and says “It's your turn“, they have said they're willing to start putting up their own money to try to solve the infrastructure gap.

When you take a look at the Canadian population on average, it's growing here, but first nations population is growing there. To stand in line means that every year you're falling further behind. A prime example of what our loans are doing can be seen if you drive south to a town called Penticton. If you look on the Penticton lands, you'll see that where there used to be land, there's now infrastructure and housing being built. One of the most wonderful stories was a report from their CEO, who said here's the number of jobs our community members got for the construction; here's the number of jobs that are going to continue; here's the number of trades that were developed.

We are at the point where we have 205 first nations standing in front of our door. The capital markets are saying that is much more than anybody expected. It's a great story, but in order to maintain confidence that those 205 have an adequate cookie jar behind them in case something goes wrong—and nothing's gone wrong in four years—but in the what-if scenario is sometimes growth begets demand. For us to continue to duplicate the Penticton story across all 205, we're at the point at which our balance has to grow with the client demand.

If you say, “Why don't they just go to banks?”, the first question is where do banks get their money? They get their money from the capital market, the same place, so if you go to a bank, they borrow it and mark it up. When you start marking up loans for profit—which is what a bank and credit union should do, because that's how they survive—the dollars go less far when you build.

We go directly to the capital markets. We lend at cost. We only cover our costs, there's no profit motive because we're not-for-profit, which means the infrastructure gap comes down quicker. Certainly, it's the first nations' demands themselves that cause us to be here today.

The Chair: Go ahead, Ernie.

Just a quick comment, if you have it.

Mr. Ernie Daniels: One of the other things that the regime, the act, is doing is...we're looking at trying to get first nations involvement in large resource projects across the country, so pipelines, whatever. That's currently being looked at right now, so there's a lot of work.

First nations are coming together, and they are looking at how to participate from an ownership point of view as well.

The Chair: Mr. Albas.

● (0945)

Mr. Dan Albas: Thank you.

I certainly appreciate everyone's attendance here today, and the presentations. I also want to once again welcome everyone to the Okanagan. It's wonderful to have the finance committee doing its pre-budget consultation here.

Mr. Chair, with your permission, I'm going to start with Mr. Prodan from the B.C. Wine Institute.

Mr. MacKinnon raised the prospects for interprovincial trade earlier, and you gave some specific answers. I also want to go to your comments with regard to the domestic industry and the opportunity there. There are many different opportunities. You raised innovation. You also raised the trade between provinces.

Paul Bosc Jr., at the finance committee, about four or five years ago, said that most wine-producing countries that become export-oriented first dominate their domestic market.

Would you agree with that sentiment?

Mr. Miles Prodan: Absolutely.

Mr. Dan Albas: In order to do that, interprovincial trade is one aspect that we could do.

British Columbia opened up its borders, so to speak. I hate using that term, Mr. Chair. Really, in a country that's celebrating its 150th birthday next year, to me, the word “borders” is an arcane use.

British Columbia opened its borders, and since that time, Mr. Prodan—you would know this better than anyone—have sales for B. C. wine gone down, or have they gone up?

Mr. Miles Prodan: They have gone up, absolutely, and similarly sales of Ontario VQA wines in B.C. have increased as well.

Mr. Dan Albas: Some might argue that the leakage, so to speak, where you now have B.C. opening its borders and producers from other provinces sending wine in, has not hurt the British Columbia market at all.

Mr. Miles Prodan: It has not.

Mr. Dan Albas: We see demand going up for B.C. wine.

Do you think if other provinces took the approach of Manitoba or Nova Scotia or British Columbia that we would see an equal growth?

Mr. Miles Prodan: Absolutely.

Mr. Dan Albas: At this committee a few months ago, the Governor of the Bank of Canada spoke of trade deals being a benefit for Canada, both internally as well as externally. One of the things he did say, though, is that it's just like anything: there are winners and losers.

Could you point out, on the increased sales of wine, who the winners would be?

Mr. Miles Prodan: It would be the Canadian producers, clearly.

It's the access to the market, and right now we're being blocked from that within Canada.

Listen, people really want to be able to enjoy Canadian product. We make a fantastic product, but it's not available. That is blocking us from it, so with that access, the rising tide will literally bring us all up.

● (0950)

Mr. Dan Albas: You also pointed out there are a mass amount of taxes, whether we're talking about corporate income taxes, personal income taxes of employees, the HST/GST, depending on which province you're in.

Who would the losers be from an expanded more robust Canadian wine industry?

Mr. Miles Prodan: There's only so much consumption, but ultimately it would be the importers if we could take some of that market share away.

The overall pie continues to grow, and that was my early opening statement. We are one of the largest-growing wine-consuming countries in the world. The consumption is there, the demand is there, so literally we would all win. It's just a matter of giving the public, the consumer, what they would like.

Mr. Dan Albas: In the interest of time, beyond interprovincial trade, unfortunately there was not an agreement in the Yukon when it came to a federal approach to the sale of wine, beer, and spirits in Canada. It's unfortunate that hasn't happened. There is a court case going through, but that's beyond today's meeting.

What are some of the things on this innovation proposal that you have?

Can you give us a tangible item of what might show, where federal investments in this kind of area would grow the economy through the wine industry?

Mr. Miles Prodan: The wine industry is incredibly capital-intensive. You have to understand the lag time between when the grapes are harvested to when they are matured in the barrel to the time they make it into the market. That's forgetting, starting from the very beginning, that there's a six-year or seven-year gap before all of that. There is a lot of capital involved.

What we're talking about with this grant proposal is specifically for infrastructure. Whether it's increased tankage, the building of a tourism enterprise like a restaurant, it's all about leveraging the product that the winery has today.

You have to understand, as well, that we're talking about really small, family-owned businesses. Of the 260 grape wineries here in B.C., we know that 80% of them are small producers. That's 20,000 cases or less. To be able to have access to the capital to expand their business is critically important. As I said, we know the return would be there multifold.

Mr. Dan Albas: Stoneboat in Oliver, in Mr. Cannings' riding, is now competing with the Italians and the French with a different process for sparkling. Would those kinds of innovations be supported by your proposal?

Mr. Miles Prodan: That's an excellent example, because it requires a special tank that's not inexpensive. That product could be put up against any similar sparkling product from around the world. I would argue that it's of better quality.

Mr. Dan Albas: That family has been growing grapes there for 30 years and has moved now into the wine-production side. The father is happy to see his family members come into it, his sons and his daughter-in-law. They have business degrees, horticulture degrees, so we're seeing a much differently structured environment. Do you think the wine industry would continue to support innovation projects like that?

Mr. Miles Prodan: Absolutely.

The Chair: We'll stop there, Dan.

Mr. Cannings.

Mr. Richard Cannings: Thank you, and my thanks to all of you for coming here today. It's been very interesting and I wish I could ask questions of all of you, but I bet I don't have enough time.

I'm going to start with the Low Carbon Partnership, Mr. Morrice and Mr. Gilmore. I'm happy to see you here. This is an issue I think that all Canadians want us to move forward with quickly. I think that's what a lot of the expectations out of last year's election were. In your presentation you touched on the opportunities to create good green jobs for the oil fields, oil sands workers, thousands of whom are now out of jobs because of the drop in oil prices. I wonder if you could expand on those opportunities to put them to work in good green jobs that would pay the same amount. Maybe you could bring up the geothermal aspect. I am interested to hear about that, too.

Mr. Brent Gilmour (Executive Director, Quality Urban Energy Systems of Tomorrow, The Low Carbon Partnership): Through our partnership collectively, and that's our strength, we are able to come together to respond to an example such as we see in Alberta. Let me just paint a picture for you.

A 1% energy-efficient reduction can deliver up to $14-million in savings. That can be disbursed within a community. It's a 1% important way to think about what we're talking about here today. It affects SMEs, wine producers, first nations—everyone we're talking about today.

How does this relate to oil workers? Well, we're thinking about the opportunities here. At the end of the day, investment of about a million dollars in energy efficiency can generate 15 to 79 jobs, on average, depending on where you are in Canada and what's going on. One way of thinking about this is that it's a substitution. It's an opportunity to expand growth and opportunities for workers who are looking for new areas of employment. It's something that Alberta has been a leader in through their own investments at the provincial level in their new strategies for clean-energy opportunities. This is how we see it dovetail.

As to geothermal, this is used often in drilling areas that are no longer in use. Actually, you have to think of it as energy storage. It's an opportunity to harness that energy and put it back into the electricity grid. It's repurposing an existing field, retooling people who are in the drilling sector, and thinking of them as being able to be employed.

You can't get there right away. That's what this whole partnership is about, and that's why why Natural Step is so critical to their roles. It's helping businesses like Suncor understand how to retool their existing assets, helping them understand where they can deploy them. They can't do that on their own. They need to have the provincial government engaged. In some cases, they need to have the utilities as well as the local government.

At the end of the day, it goes right down to that end-user. That's where things like CoLab come in. They're trying to pull all that together to create an opportunity for our interest in clean energy generation to become action on the ground. That's how we're pulling that together.

Mr. Richard Cannings: Just to clarify, you see a real opportunity to take workers who are out of work now, who had been working mainly in Alberta and Saskatchewan, and create jobs across the country that will not only give them good working opportunities, but also allow them to live closer to home. I have a lot of people in my riding—and I'm sure this is true in other ridings as well—who used to work in northern Alberta and were away from their families.

● (0955)

Mr. Mike Morrice: If I can jump in, I think a very tangible example of one of the key assets I mentioned in the presentation is the trust and relationships in communities on the ground across the country. A conversation like this is generally not a very easy one.

The Natural Step has been having an 18-month process of conversations, just like this, where you have a mix of people in a room who usually aren't together in one place. I think that's the magic of what the Energy Futures Lab has started to do, taking a nascent idea like that, and with the right people in one place, getting into the kind of conversation that is usually so divisive in the media. But when you get two people in a room who have a relationship in place and a facilitated process, something special can happen. That's the kind of thing we want to see more of right across the country.

Mr. Richard Cannings: I'll move to the first nations finance representatives, Mr. Daniels and Mr. Berna. You mentioned some of the exciting things going on down in the south Okanagan. I've been involved peripherally with the Nk'Mip in Osoyoos, and I've been closely following projects in Penticton.

I just wonder if you could perhaps comment briefly on the hurdles and challenges that first nations face that businesses outside that community don't face when trying to build big projects to give their people work and capacity.

Mr. Ernie Daniels: It's a very good question.

Just the nature of being on a reserve is a real impediment. You can't put up land or other assets as collateral. It's very, very difficult. I'm sure the credit union people would agree. That's the number one thing.

The other thing, I think, is the lack of capital that first nations have, affordable capital. We have some first nations that are still borrowing at 11%, or 6%. Our rates are much better than that because we go to the source. That's another impediment.

For the most part, I think first nations are catching up on capacity. They really are building up their capacity. I would say that a few years ago, it was an impediment also, but they're coming together as a group where before they did everything by themselves. It's very difficult to raise a lot of capital if you're on your own. We have an example of a first nation in Alberta that went to the market themselves, and their cost of borrowing is really expensive. By coming together as a group and going to the market, we're able to get the rates that they really need to borrow on.

The Chair: Thank you.

Ms. O'Connell.

Ms. Jennifer O'Connell: Thank you all very much. I do have questions for all of you, but I'm not sure I'll be able to get to them. Let me try.

I'll start with the First West Credit Union. I read in your brief, and then it was in your presentation as well, about how the changes you face are different from banks. For example, you mentioned the capital gains difference. Are there other examples or legislative changes that you want specifically in this budget that would level that playing field, as you mentioned?

Mr. Ron Dau: I think one of the biggest issues we face in particular is when it comes to taxation. While credit unions are sometimes lumped in with banks, there are those very foundational differences in terms of how we raise capital. Ours comes from our retained earnings. As I mentioned, the lower our retained earnings, the less opportunity we have to lend out to small businesses.

As you'll see, and as you probably know already, credit unions are in a lot of small towns across Canada. We provide a very important source of employment but also support for small business and people wanting to buy their first homes in those small towns across the country. That's very important.

In terms of other legislation, specific to your point, we do wish to always see the regulatory burden managed effectively, realizing that the complexity of a credit union is significantly different from a bank, an international bank such as we have in Canada. We just want appropriate regulation for credit unions to make sure it fits the complexity of our organizations.

● (1000)

Ms. Jennifer O'Connell: I'm turning now to the Low Carbon Partnership. You mentioned my riding, the city of Pickering, and as well, as I noticed, one of your partners, Durham Sustain Ability. I was on council locally and regionally, so I am very familiar with Durham Sustain Ability, in particular, and the late founder, Jack McGinnis.

I have two questions.

How do you choose your projects? Do other levels of government, specifically municipalities, contribute to the overall fund? I know the work Durham Sustain Ability did with Durham Region, as well as the City of Pickering, as an example. We always provided partnerships, but we didn't always provide cash. I know you're asking for a $30-million investment to scale up. One, are you getting investments from other levels of government? Two, how do you chose the communities that are ready, outside, I recognize, of the businesses in the sector?

Mr. Mike Morrice: It's a great question. I'll be very brief.

This is for the Sustainability CoLab Network, one of the four entities in the Low Carbon Partnership.

We choose our members based on four approaches they much follow. They must be local, working with businesses. The businesses must be setting targets, so not just all chatting in a room about the same old, same old. They're setting goals about what's going to change. And they must be financially self-sufficient, which gets into your second point. They all apply, and we select those that are best positioned to be successful against those criteria. That's how we can come back and say, “Here are the results: total GHG is reduced; total GHG is committed.” It's because we have those rules that we ensure that our local members, like Durham Sustain Ability, follow. Durham Sustain Ability had their program, Durham Partners in Project Green, for two years before they began to work with us. They had started to bring some people in a room...no results to report on. As a result of working with us, that's what's now changed.

To your second question, this is a core requirement. Our programs must be financially self-sufficient. It's around a $250,000 program locally to operate. That comes from a mix of business, government, and foundation support. With this investment, the Government of Canada can leverage examples like that from all four of our partners that have a locally, financially self-sufficient program in addition to provincial support. In the CoLab Network, for example, in the past year, the Ministry of the Environment and Climate Change, in their green investment fund, supported the CoLab Network with a $1-million incentive fund from cap-and-trade revenue. This is what's already in place, as I mentioned, the trust relationships that are already built up across our network, that we bring to bear to then look to scale further.

Ms. Jennifer O'Connell: For the First Nations Finance Authority, your set-up actually reminds me quite a lot, again, of when I was in municipal government. The regional municipality had a better credit rating, so when we had to do infrastructure projects, we would borrow through them and their credit rating. It reminds me very similarly of that. But in this, and in your situation, how do you actually decide on the projects? Obviously, you have a limited amount that you could lend out. Specifically, how do you determine that, for example, if there's a first nations community that needs an infrastructure project versus an economic opportunity that presents itself? Or do you have certain scales and rationale if you're going to do *x* percentage of infrastructure versus economic longer term? How do you make that determination?

Mr. Ernie Daniels: The first nations that come to our door to borrow have gone through a pretty rigorous process. Most of the first nations are pretty well organized, from a governance perspective as well as economically. They have their projects already in mind in terms of what they want to do. Our basis of operation is.... It's based on their own-source revenue. A lot of first nations generate revenue from various sources. They need to be long term in nature to support the long term.

Each revenue stream has a different leverage factor. For instance, a lot of first nations have transfer agreements with provincial revenue. In Ontario, a FIT contract with OPA would be a perfect example. The first nation would come to us with their contract. We would lever that into the market and then loan them money, up to what they can leverage. We don't want to get into a position where we have a big loan to one first nation that covers more than 20% of our loan portfolio. We manage that.

I think it's the economic opportunities that exist in the different regions: that's how the first nations actually go for this. It's challenging right now in Alberta, so a lot of them are looking at infrastructure projects. In Ontario it's energy. In Manitoba it's the same kind of thing.

In Manitoba we have an isolated first nation that has fly-in access, winter road access, six weeks of the year. They have to bring all their food, their fuel, everything in during this period. They have agreements with the provincial government that provide them annual revenues that can go on for ever and ever, different rebates on tobacco, fuel, and other things like that. This first nation is actually looking at building an all-weather road with a long-term maintenance contract with the provincial government.

It's this type of thing. The first nations are looking at what they need the most. In Saskatchewan a first nation was lacking houses. They built 71 houses last year with their own-source revenue. In Alberta the Siksika—

● (1005)

The Chair: Ernie, we'll have to cut it there and go to Mr. Liepert.

Mr. Ron Liepert: Thanks, all of you, for your presentations today.

You know, my Liberal colleagues across the way would be terribly disappointed if I didn't take at least one shot at the government each day, so here goes.

Mr. Dau, the new government has spent the last year undoing most things that the Conservatives tried to do in 10 years. Considering that this was a 2013 decision—I'm assuming it was a Conservative initiative in the budget—I like your chances of having them undo what they did.

Do you know what gap was probably trying to be fixed in 2013 by the previous finance minister? What dollars are we talking about?

Mr. Ron Dau: I don't have those numbers with me. I'd be happy to provide them to the committee.

Mr. Ron Liepert: I would appreciate it. But in round numbers, are we talking tens of millions, or...?

Mr. Ron Dau: It was about $40 million for the system.

Mr. Ron Liepert: It was $40 million for the system annually.

Mr. Morrice, I don't think anybody on the planet doesn't advocate for a cleaner environment. I don't hear anybody say, “No, we want a dirtier climate than the one we have”, so I think we're all on the same page. It's the next step of how you get there that's....

I'm curious to know if you have a position on pipelines.

Mr. Mike Morrice: I don't think it's particularly relevant to the investment.

Brent, did you want to share more?

Mr. Brent Gilmour: When we're thinking about our overall usage, I think what we're interested in is this: how do you harness our existing conventional energy networks? When we think of pipelines, we think of movement. But we can think of them as storage as well, and we don't think of them that way. When we think of natural gas, it's a great opportunity to also think of energy storage opportunities. They're looking at hydrogen. There's a good example.

You also have to think about what moves through pipes. We're also interested in the growth. You're seeing it through renewable natural gas, biomethane, and all these great products that municipalities are struggling to make commitments on in terms of what provincial governments have told them they have to cap in term of emissions.

How do you harness our conventional energy networks? This is relevant in terms of how we think about the distribution network across Canada. There are great ways to harness our established conventional energy networks. Again, that's how we're working together to make use of all of that.

● (1010)

Mr. Ron Liepert: Okay, but that's one answer. Are you opposed or in favour of new pipeline capacity for export purposes?

Mr. Mike Morrice: I'm in favour of a conversation where we have businesses taking action on climate, creating new jobs, increasing the tax base, and growing a low-carbon economy at the same time.

I think a question like that creates a false dichotomy that isn't particularly relevant to the investment we're talking about here.

Mr. Ron Liepert: I'm going to take that as a no. Thank you.

To the first nations, I want to follow up a little on what Jennifer was asking about. I know in Alberta, we have something similar, called the Alberta Capital Finance Authority, where the government borrows at its AAA credit rating. I'm not sure it's going to be there much longer.

Anyway, it then passes this on to municipalities—I think there's a slight markup but very little—so that municipalities can benefit from the AAA credit rating. Do you get any kind of a similar benefit?

Mr. Steve Berna: Under our act, which is a federal act, we are to become self-supporting within a period of time. That means as our membership hits a certain level, we can process costs out to our membership, and that way any government grants stop. Probably within five or seven years, that will stop.

Right now, our mandate is to pass on reasonable cost recoveries to our clients. In June 2016, for example, we issued $115 million in a debenture, and our interest rate to the capital markets was 2.56%. We re-lent that to our clients at 2.9%, so we marked it up 0.34%—

Mr. Ron Liepert: But the 2.5% that you borrow at, could that be substantially less if you piggybacked on an AAA credit rating entity?

Mr. Steve Berna: You can't. It would be but you can't piggyback. For example, I ran the MFA of British Columbia, which is parallel to the Alberta Capital Financing Authority. It's black and white in its act who its members are. Its members are municipalities, regional governments—

Mr. Ron Liepert: But the government could change the legislation, right?

Mr. Steve Berna: They could change the legislation. In terms of the reason they created our legislation, providing low-rate loans was only the first part. The second part of our act is to increase internal governance because we want to transition away from managing grant monies from the federal government to managing wealth.

Mr. Ron Liepert: I want to ask one quick question.

There are two parts. There are a number of first nations that over the past 10 years have really worked well with the small oil sands plants in northern Alberta. They would create an entity. Let's say, it's trucking gravel, for instance. Do you finance those sorts of things?

The second part of the question is, do you finance casinos?

Mr. Steve Berna: To answer the first part, when we have a client come onboard, we review five years of audited financial statements to ensure there are certain revenue streams—and we get contracts of what the revenue streams are—that are leveragable into loans. We supply a letter to chief and council that says, based upon our review of your revenues, here's the amount that you can borrow.

You as the community know your priorities. If they fit legally under our act, you can ask for those priorities. We don't create what you're going to borrow for, we just have to make sure it fits within our act.

To date we have financed no casinos. Zero. Having said that, revenues in Alberta on casinos operated by the province are collected by the province, and then a certain per cent under provincial agreements is sent back down to the community, and that can be leveraged because they're deemed to be provincial revenues.

We have used casino revenues to finance infrastructure, but we have not made any loans to build a casino.

Mr. Ernie Daniels: We lend only on existing revenues, not future revenues.

The Chair: Mr. Grewal.

Mr. Raj Grewal: Thank you, Mr. Chair. Thank you to all of you for coming today to give your testimony. My question is to the credit union association, following up on my colleague's question.

There were tax changes in 2013, and you said they cost about $40 million. Was the net impact on treasury $40 million?

Ms. Alicia Swinamer (Manager, Government Relations, Valley First, First West Credit Union): We're with First West Credit Union. We have an industry association. We certainly can give you exact numbers on that for the system.

For First West, ourselves, we estimate $3.1 million in additional tax through the phase-out period, then an additional $1.8 million every year after 2016. That's on top of the tax we already pay.

It is quite a significant amount. Then, it's also important to note, because we are here in B.C., that our provincial legislation was triggered by the federal legislation. B.C. is actually the only province that has had a tax increase at the provincial level, as well.

So we're impacted twice by that tax increase.

● (1015)

Mr. Raj Grewal: The credit unions generally are more popular in western Canada and in Quebec. In Ontario, they're very underutilized, in my opinion. Only about 10% to 12% of the population are members of such unions.

In your interpretation, how is the credit union model going to compete with the big banks?

Mr. Ron Dau: One of the main ways that we do that is just being here. We work very carefully, very well, in small towns, particularly First West Credit Union. We don't have any branches, for instance, in Vancouver or Burnaby. We work in small towns. We're in Keremeos, we're in Lumby, we are in smaller communities like Duncan and Chilliwack. That's were we find Canadians who have financial needs that need to be met, and we provide for that. For us, our differentiator is being in those small and mid-sized communities to be able to provide financial services where many other financial institutions have pulled out or reduced services, perhaps, over the years.

Mr. Raj Grewal: Globalization in economies moving forward and the growth from Canadian companies is what I see as...you have to be a national player. You have to play in world markets, especially when you're in finance. Given the small scale of credit unions.... By no means are you small because, combined, you guys carry about $320 billion worth of assets on your balance sheets in the country. But one bank, TD, carries $862 billion worth of assets in the country. Going forward, if there is one thing you would want to see in this budget, what would that be?

Ms. Alicia Swinamer: For us, it's fair taxation.

When you asked about our competitiveness with the banks, credit unions are the small business of the financial industry. As my colleague mentioned, we're in a lot of those small communities. One way we really have impact is with small businesses. The Canadian Federation of Independent Business recently came out with a study that says that credit unions are actually tied in Canada for the number one place where small and medium-sized businesses go for their banking needs. In British Columbia, we're actually number one by 23%. It's quite significant. The reason, we believe, is because we're local and we know the businesses. For us, when we're taxed at an unfair level, it reduces the amount that we can contribute and loan to those small businesses. So when we're talking about growing the economy, this is one way, through fair taxation, that we can do that.

Mr. Raj Grewal: Fair enough. Thank you.

Miles, I know the interprovincial trade barrier is probably one of the most annoying aspects to the wine industry. My colleague, Dan, has done a phenomenal job addressing that issue. Our government is taking steps to make stuff like that easy.

In my experience on this committee, which has been a year now—before that I was a corporate lawyer—in your opinion, what one piece of federal legislation can be changed that's the most annoying to you? Is it regulatory red tape, you know, if this didn't exist we'd be able to do our job more easily?

Mr. Miles Prodan: Well, we're governed by provincial legislation, so anything the federal government can do to help to open interprovincial trade, to allow 100% B.C. or Canadian product to be shipped to another Canadian, would be great.

What I'm here today to ask for, quite simply, is that we know the wine industry, or the wine consumption within Canada is increasing twofold. It's growing. That demand is going to be filled by somebody. What we're asking for is the ability for it to be Canadian wine producers. Anything you can do to help us to help offset some of the tremendous capital costs that are required for these small businesses to take advantage of that is very helpful. That's what I'm here today to ask. Again, the demand will be filled. It could easily be from Italy, Australia, wherever else wine is produced. We think it should be Canadian.

● (1020)

The Chair: Thank you, Raj. We will have time for a couple more questions. We'll turn to Dan in a minute. I have two questions myself.

Miles, on the wine industry innovation program, is that spelled out somewhere? I'm trying to find the brief.

Mr. Miles Prodan: Yes, it is. The specifics were provided a week ago.

The Chair: Okay.

Mike, what $30 million can scale up...what's the process there that you're asking to be...$30 million, how would it be fed out? Where from? What does it do?

Mr. Mike Morrice: I'll start with what it does.

The $30 million would be leveraged against the existing assets from the earlier question for the programs that are already on the ground—for example, the target-based sustainability programs in Ontario, the BEEPs in B.C., smart energy communities that QUEST works with. We'd take what's already happening to other communities where that's not already being offered.

Would you like to talk about the process, Brent?

Mr. Brent Gilmour: Sure.

On the process, collectively we'd all be aligning to provide services to those 10 communities we'd like to advance for the Low Carbon Partnership or 10 communities that we're trying to help advance as smart energy communities.

I'll give you a quick example. There are over 250 communities already across Canada, representing 60% of the population, that are covered through community energy plans. All those plans are in place, but they're not being implemented. We want to be able to take those 10 communities that have the greatest opportunities and accelerate them, get them going so we can get to our action reduction. We would need all of us to do that. That's just an example or a snapshot of the process in which we would be engaging.

If we take as an example what we did with the City of Calgary or with Campbell River, all we had to do was work with them to move them along their plan a little further, and they've already started to see opportunities for reductions in emissions. That's how we'd be working together. We would have them take the BEEP, as an example, with one of our partners, Climate Smart Businesses, which would actually be working with that community to implement that BEEP so they can be refining, monitoring, testing, and continuing to advance improvement.

We'd be constantly working together and then working with those SMEs across Canada, trying to help them to actually get their energy efficiency programs in place and operating to reduce their energy costs at the end of day, which we know is paramount. Across Canada, 87% of CEOs have identified one key issue, energy costs, as being paramount to the operation of their businesses. Most of those are small or medium-sized companies across Canada that are worried about how they're going to address that. That is what this partnership is all about.

The Chair: Thank you.

Turning to Mr. Albas and Mr. Cannings, we'll have time for questions from you two, and one from the Liberals.

Go ahead, Mr. Albas.

Mr. Dan Albas: Thank you, Mr. Chair.

In regard to the wine industry in Canada, my colleague Mr. Grewal mentioned earlier about the opportunities. I spoke to someone in Nova Scotia recently who said that when we made changes in 2006 to the Excise Tax Act, there were only 80 microbreweries at the time. Now there are ten times the amount of these micro craft brewers. These small touch-points make a big difference. Of course, wine has that extra Excise Act exemption if it has 100% Canadian content. Even though there aren't many touch-points, when you do hit on something, it can really change the nature of an industry.

I'd actually like to go to credit unions for a second. I think there's a bit of misunderstanding in Ottawa in general about how credit unions work, particularly in British Columbia. In British Columbia, it seems to me, compared to most provincial markets, there are a lot more credit unions. Is that the case?

Mr. Ron Dau: We are the largest system. One in three British Columbians is a member of a credit union. Your three largest credit unions—Vancity, Coast Capital Savings, and First West Credit Union—were among the five largest in Canada and are based here.

Mr. Dan Albas: While you can say TD is a certain size and we need to pay more attention to some of the bigger players, in British Columbia, credit unions are huge.

When it comes to small business, Alicia, you had mentioned earlier that a lot of the lending to small business is there. If the retained earnings that you have are lower, because it's going towards federal taxation, that means you cannot give out as much money to small business. Is that correct?

Ms. Alicia Swinamer: Yes, that is.

Mr. Dan Albas: So where do those small business owners go if they can't get a loan from you?

● (1025)

Ms. Alicia Swinamer: It's a catch.

We know small businesses. One of their greatest challenges is access to capital. We have heard time and again that this is their challenge. When they come to us as a credit union, because we're local, because we know the business in the cities where we operate, because we know them—and we often know their mothers—we know if that business is going to be viable or not. We're really able to have that connection, that local knowledge and lend to them. So when they come to us, as long as they have a viable business, they have a good chance of getting a loan. When we're not able to loan to them, they have to go to other financial institutions, which are often our banks here in Canada. There are times when, for whatever reason, they're not able to get the capital that they need.

Mr. Dan Albas: You know these businesses best. I appreciate that.

I'm going to say quickly to the First Nations Finance Authority, thank you for raising the example of the Penticton Indian Band that used to be in my previous riding. That is one of the best cases I think of leadership and consensus-building within a band. I appreciate the work that you're doing to make sure that other bands raise not only the economic end, but also the fiscal side. Being able to join in as members I think is important, but most important is that infrastructure. When I met with band members, the biggest thing they would say is that they were more concerned about a health centre or having the roads done. Any capacity-building that the federal government can do to help you, I would be happy to see.

The Chair: Mr. MacKinnon, and then Mr. Cannings.

Mr. Steven MacKinnon: We spent a great deal of time with the regional development agencies prior to undertaking these consultations. They went through in every region of the country with their growth prospects and areas of focus.

With respect to wine, and perhaps with respect to first nations financing, have you engaged with Western Diversification on these proposals that you've come with today? Are those discussions productive? Could there be better engagement with Western Diversification?

Mr. Miles Prodan: I'll quickly talk about the wine industry.

Yes, we have. To date we have an initiative with the UBC campus here in the Okanagan, and as well KEDGE University out of Bordeaux specializing in wine management, to take a look at some of these issues. That was a WD funded project also. What it was looking at was how to best position B.C. in the export market. That's an ongoing process.

Mr. Steven MacKinnon: Mr. Albas used the example of the family getting into sparkling wine. Are they eligible, or could they be eligible for—

Mr. Miles Prodan: No. My understanding is that it's for export initiatives. That's what to date the WD—

Mr. Steven MacKinnon: This wouldn't be an export possibility?

Mr. Miles Prodan: Not necessarily.

What we're asking for is capacity-building within.... There would be an export component of it, but our institute has accessed money. I don't know that individual wineries have done that.

A case could be made that for increased capacity, there is the ability to export. What we want to do is take care of our internal market share. That's where the low-hanging fruit part, and pun, is.

Mr. Steven MacKinnon: That's what I'll remember about your presentation today, Mr. Prodan.

The Chair: One quick question.

Mr. Steven MacKinnon: The development agencies continually told us that first nations and first nations economic development are areas of focus for them. Have you had interactions with WD, or any other across the country?

Mr. Ernie Daniels: No, we haven't talked to anybody who is working in those areas. Usually it's because they don't know we exist. As we get more known, we're sure this is going to happen. We're talking with a lot of different governments across the country and looking at other things. We're looking at monetizing capital dollars and those types of things for health centres and other things.

The Chair: Thank you, both.

Mr. Cannings.

Mr. Richard Cannings: Dan touched on excise tax with regard to small wineries that use Canadian grapes, craft breweries, and the impact that has had on the industry. This might involve some speculation, because it's outside your industry, but we had a private member's bill recently in the House that was asking to reduce the excise tax on craft distilleries by cutting it in half to give the same boost. I argued in the House to eliminate it for small craft distilleries that were using Canadian products to make their alcohol and make their sprits. Unfortunately, the government side of the House voted it down for mysterious reasons. I wondered if you could speculate, based on the wine industry's history, what the impact on the craft distillery industry might be if we had an initiative like that to eliminate the excise tax on small craft distilleries.

● (1030)

Mr. Miles Prodan: Sir, I can't speak to that.

I speak on behalf of B.C. VQA wine. That is wine that is guaranteed and audited to be of 100% B.C. input. The excise exemption identified that so that it excluded it, as Dan alluded to and you as well. The brewery industry and the distilled spirits industry, they're local. For us in the wine industry, as long as it's 100% B.C. or local product, I don't see an issue with that at all. I can tell you—and Dan can concur—the reduction in that was instrumental. That's just more money that goes back to the operation, the enterprise, to invest in the business.

The Chair: Is that it?

With that, I'll thank everyone for their presentations, their briefs. We also have your briefs online that came in by August 5, which I believe the deadline was.

Thank you for your responses to questions.

We'll suspend for about 15 minutes and bring the next groups forward.

●

(Pause)

●

● (1045)

The Chair: We'll come to order.

For the record, we are, under Standing Order 83.1, doing pre-budget consultations in advance of the 2017 budget.

We have, I believe, seven witnesses this session. Welcome, everyone, and thank you for coming.

Thank you for the briefs that you sent earlier in the year. We appreciate that. We haven't gotten through them all yet, but we will be going through them all.

We'll begin with the Canada Green Building Council.

Mr. Mueller, the floor is yours.

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

The Green Building Council represents the building sector in Canada on sustainability issues. We think that there's a significant opportunity, one of the biggest opportunities, to reduce carbon emissions to meet Canada's target of a 30% reduction by 2030. In fact, the recommendations we're bringing forward today were modelled on the premise of how to get to a 30% reduction in carbon emissions from the building sector by 2030.

The existing building sector is the biggest opportunity to achieve reduction by 2030. If our recommendations were accepted, we could, by 2030, eliminate 17.6 million tonnes of carbon from the existing building sector, save $6.2 billion in energy costs, and have a GDP impact of $261 billion.

The advantage the building sector has over other strategies is that it's been recognized over the years both by the UN and the International Energy Agency, and in many other reports, as the most cost-effective opportunity to reduce energy use in carbon for the simple reason that these investments have clear paybacks over time for the building owners who either live or work in those buildings. What's important, though, is the rigorous and advanced standards to get there.

In terms of the overview of our recommendations, we're recommending four things. These are on page 2. One, meeting Canada's climate change targets by focusing on the existing building sector; two, that the government—the federal government is one of the largest building owners in Canada—reduce its GHG emissions from its own building stock; three, strengthen building performance through energy benchmarking reporting and disclosure; and four, invest in net zero carbon buildings as an innovation strategy, and as a future-proofing strategy, to get to very low or zero carbon buildings. There's a little bit more detail on page 3 with recommendation A.

The existing building sector is critical in achieving GHG reductions from the building sector. This is particularly due to the fact that Canada's building sector, overall, is relatively inefficient. Many gains can be made with good paybacks of about three to seven years.

We're recommending four strategies that have been modelled for us. We modelled with a very recognized engineering firm in Canada, WSP, along with another very well-known economic consultant to deliver economic outcomes.

We're recommending four initiatives, two of which are recom- missioning buildings, which is already an accepted practice in the industry; and undertaking deep retrofits for 60% of buildings over 25,000 square feet, so not the very small ones. These two strategies alone would take us to a 30% reduction in carbon emissions by 2030.

If we add solar or other renewable onsite energy to 40% of the buildings over 25,000 square feet, and do some fuel switching, switching from fossil fuel to a low or zero fossil fuel, we would actually get over 40% in carbon emission, and save 17.6 million tonnes in emissions from those buildings. That would clearly surpass Canada's 30% target that's been set nationally.

On the following page, page 4, these recommendations are summarized in a table. I want to draw your attention to the bottom line, which is the overview of environmental and economic impacts. In terms of taxes, $5.2 billion in taxes by 2030 would go to the provinces and the federal government. Regarding employment, retrofit generates employment, and it also generates the application of technology, know-how, and services in the Canadian economy.

Moving on to the next page, number 5, recommendation B, we see the federal government as a large building owner. There is an opportunity here to be a global leader in showing the industry where buildings could be. It's really a recommendation to invest in government-owned buildings. The government already has a LEED Gold policy, since 2005, for new buildings. This has been applied quite successfully within real property. We're recommending that this policy be expanded to include LEED platinum for new buildings and/or net zero targets for new building construction.

● (1050)

That would be in line with where the private sector is currently moving and with the buildings that have been constructed by the private sector.

It's equally important that the government also invest in existing buildings and establish a high standard for building retrofits, particularly large government-owned buildings. It would also be LEED Platinum for existing buildings.

For the remainder of the building stock, in terms of meeting these standards, we're looking not just at real property but across government departments. That would include DND and, obviously, real property, but also buildings that are owned by Natural Resources Canada and other departments.

Finally, the government also has an excellent role to play in strengthening procurement policies to green the supply chain, and that would include leased properties for office purposes and other purposes. They could also meet high standards like LEED Platinum or net-zero carbon targets.

Going on to our recommendation C, strengthening building performance, energy benchmarking, and reporting disclosures are fundamental strategies. It's important to engage owners, to raise industry awareness, to set goals, and to measure performance and progress towards those goals. This also sets the stage for strategic investment and improvements.

When we talk about how to engage existing buildings, I think the first step would be energy benchmarking and reporting. We recommend that the federal government collaborate with the provinces and the territories to draft the framework for a stock energy benchmarking, reporting, and disclosure program, similar to what the Province of Ontario is currently doing. I think it would be a very important step forward. The jurisdictions could also adopt policies to require buildings over 25,000 square feet to benchmark their energy use and carbon footprint.

Finally, we also recommend that the government invest in the energy star portfolio manager program. This is a very good program that's currently operated by Natural Resources Canada. Further investment would really support the industry in moving in that direction.

Finally, the last recommendation is to invest in net-zero buildings. As I've said, this is really an innovation strategy for the government, and it would future-proof the carbon performance of the building stock.

In terms of initiatives like that, if the government were to support a national net-zero carbon initiative and work with organizations like the CaGBC to ramp it up over time, apply it to its own buildings, and work with the provinces and the cities that are applying these standards and practices to their own buildings, Canada could really become a global leader and position itself as a global leader in sustainable construction and design.

I would like to finish off with the last page, page 8, and say that we see the building sector as a really important opportunity not just to reduce carbon, but also to stimulate the economy. We can build up Canadian expertise and technology. We can grow Canadian small and medium-sized enterprises. We can create export opportunities for Canadian technology and expertise, and we can move Canada to the front of the international pack in leading in green building. This is a global and growing industry that looks for innovation like this. I think Canada could be very well positioned for pursuing these opportunities.

Thank you.

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

We'll turn to the Pacific Salmon Federation.

Go ahead, Mr. Meneer.

Mr. Michael Meneer (Vice President, Pacific Salmon Foundation): Thank you, Mr. Chairman and members of the committee.

Good morning. I'm Mike Meneer, vice-president of the Pacific Salmon Foundation. We are a federally registered non-profit committed to the sustainability of wild Pacific salmon and their ecosystems.

Our 30-year history is intrinsically linked to the federal government as we have a long-standing contribution agreement with Fisheries and Oceans Canada to manage funds from the salmon conservation stamp. For those of you who have fished in our salt water, this is the stamp that you need to keep the fish that you catch. We've also recently worked in a collaborative way with DFO on salmon science and research to better understand what's limiting the returns of our wild Pacific salmon here in British Columbia.

Our community salmon program is funded by the salmon conservation stamp and provides grants to support salmon steward volunteers through 345 community organizations. Since our founding, 35,000 volunteers across British Columbia have engaged and participated in conservation, habitat restoration, and education related to wild Pacific salmon. Volunteers take every $1 that comes to us through the stamp and turn it into $6 or $7 more through their hard work and fundraising at a local level.

Pacific salmon are a vital part of the socioeconomic well-being of western Canada, and they are integrally linked to the natural ecosystems of British Columbia and the Yukon. New federal investments in Pacific salmon have the potential to contribute significantly to future economic growth in British Columbia and the Yukon, particularly for coastal communities and first nations peoples.

For some context, it is estimated—actually not estimated but based on economic facts—that more than $2 billion a year in economic activity derives from fisheries and aquaculture in British Columbia, and a little over half of that comes from salmon-related activities in British Columbia. So this is very much still a very significant part of our economy.

Given our limited time for testimony, I will cut to the chase here on our two budget proposals. First, we are calling for the federal government to adjust the price of the federal salmon conservation stamp to $10 from $6, which will help us meet the growing demand from grassroots organizations that I referenced earlier for salmon stewardship activities.

We base this request on several factors. One, it has no direct cost to the federal budget because it's a user fee. Second, the $4 adjustment accounts for inflation because the stamp hasn't been increased in value since 1996, as well as a response for needed complexity and larger projects that the grassroots organizations are bringing to us. The adjustment would generate roughly $1 million each year in new activity, and add to that the roughly $6 million that local communities would raise as a result of those stamps that we invest.

Our second proposal is to encourage the federal government to invest $30 million in the Pacific salmon endowment fund. This is an independent society that provides key operational and strategic funding to the Pacific Salmon Foundation. The endowment was established in 2001 with a $30-million contribution from the federal government, and it's become a source of stable support for our foundation in terms of operating ongoing salmon conservation.

I coordinate fundraising for the foundation, and what it allows us to do is to tell donors that 90-plus cents of every dollar they donate goes to projects because, with the endowment, we are able to keep our lights on and operate our foundation. That is what gives us that $6-$7 of leverage that we get with the federal funds that come through the salmon stamp.

We see lots of opportunities to partner with the federal government: salmon science to help us understand how we can have more of our salmon survive and return each year, adaptation to climate change, sustainably advancing natural resources and the jobs that come with natural resource projects, first nations engagement, sustainable aquaculture, and really many of the priorities that were outlined in the Cohen commission report several years ago.

In the interest of time, let me just give you one example of what we think we can do with this $30 million in our endowment. Since its inception in 2006, the Pacific Salmon Foundation's Skeena salmon program has become a trusted and independent facilitator of people and processes. Among the results of our efforts is the Pacific Salmon Explorer. This is a new online visualization data platform that provides a much deeper understanding of the 55 unique local salmon populations in the Skeena River and all the factors that are affecting them and their conservation.

● (1055)

We believe there's a valuable role for the Pacific Salmon Foundation in providing independent environmental perspective on major resource development projects, like the Pacific NorthWest LNG project that was announced last week in the Skeena watershed. Whether it's coming up with good science-based decisions for planning projects, monitoring, or mitigation, all of these things need independent science and independent validation for the public to trust that they are in the best interests of Canada.

The facilitation of collaborative and independent science, monitoring, and mitigation represents the type of opportunity for federal investments in budget 2017 that we at the Pacific Salmon Foundation envision, investments that will support major economic development and jobs, while ensuring that Pacific salmon, wild salmon, are sustained for generations to come.

We've engaged with the ministers and our government caucus and other MPs who were Ottawa last week. Both of these proposals have been received favourably, and we look forward to questions from this committee and further opportunities to talk about what we and our volunteers do in British Columbia.

With that, I thank you, Mr. Chairman.

● (1100)

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

Before I go to Mr. Hughes, most of the committees that are travelling on the road now, are doing what we call open-mike sessions. We'd like people to register and then we'll give them a few minutes at an open mike after this session at 12:30.

Turning to the Unifor Local 2182, Mr. Hughes, president. The floor is yours.

Mr. Allan Hughes (President, Unifor Local 2182): Good morning, Mr. Chairperson and committee members.

My name is Allan Hughes. I am the president of Unifor Local 2182. I represent marine communications and traffic services officers across Canada. Our officers are responsible for detecting marine distress calls and regulating shipping movements in the Canadian waters. That's the Arctic, Pacific, Atlantic, St. Lawrence Seaway, and the Great Lakes.

Without our presence and our professionalism, there would be significantly more marine pollution due to shipping accidents, and obviously the safety of life at sea would be in jeopardy. Our officers can really be considered the 911 operators of the ocean, and the air traffic controllers of the marine waterway.

In the 1990s, the union representing radio operators at the Coast Guard radio stations approached the government to propose consolidation and mergers with the Coast Guard vessel traffic regulators across Canada. The union initiative, carried out through the 1990s, saw 44 centres condensed into 22. That saved approximately $15.7 million a year, and that was in 1990 dollars.

In 2012, the deficit reduction action plan was announced, and Coast Guard was moved to consolidate 22 remaining centres into 12. This saw 10 additional closures across Canada, in Inuvik, Rivière-au-Renard, St. John, St. Anthony, St. John's, Montreal, Thunder Bay, Ucluelet, Comox, and Vancouver. This consolidation was completed on May 10 of this year and was proposed to save approximately $5.7 million a year.

In 2012, we had 350 officers at 22 centres across Canada, and the Coast Guard's goal was to reduce approximately 60 officers and supervisors. The net result is 100 officers left, leaving a shortage of approximately 40 officers across Canada.

It takes a newly hired officer, what we refer to as an *ab initio*, six months training at the Canadian Coast Guard College in Sydney, Nova Scotia, and then a further six to 18 months to certify with an on-job instructor, so that they can work on their own. In some centres, that certification may involve training in as many as seven sectors or operating positions. It costs approximately $100,000 to train each of those recruits.

Currently, the Coast Guard College in Sydney is limited in its ability to train enough officers to replace those who have departed, and like the rest of the public service, there's a huge retirement bulge coming in the next five years. We anticipate a great number of departures.

Adding to the challenges due to the short-staffing situation across Canada in our centres and regions, the regions are reluctant to release experienced officers to teach at the college, which is further complicating the ability for the college to train more officers. Without significant investment in recruiting new officers and strategies to retain the existing officers, the MCTS program may be forced to decrease levels of service, leaving our coasts at risk.

With the shortage of officers, centres are combining operational positions and increasing the areas that our officers are required to monitor: shipping, and listening for distress calls. This is an area where there are tankers, deep sea traffic, container ship concentrations, fishing vessel activity, and pleasure craft activity, some of that year-round.

In addition to the human resources challenges, technology impedes the delivery of services by our officers. The technology that has been introduced in the last number of years hasn't increased the efficiency or effectiveness of the service, or the delivery to our users in the marine community. For example, look no further than the current implementation of the Phoenix pay system to know that project management and technology need to be well tested before being implemented.

To protect all three coasts, three oceans, Great Lakes, the government must commit to predictable, stable, and long-term funding for the Coast Guard. This commitment means increased capacity at the Coast Guard College for more instructors. It means hiring more officers to get ahead of the predicted departure over the next five years, and increasing the staffing factor that accurately reflects 24/7 operations. The Coast Guard requires adequate experienced staff to properly study, develop, and test technology to meet the current and future operational requirements of the MCTS service and the domain awareness of security to many agencies, such as DND, RCMP, and Transport Canada.

The bottom line is that the Coast Guard is more than ships. MCTS is the first line of defence to prevent marine casualties and respond to accidents that happen. It requires long-term, stable funding.

● (1105)

Thank you for the opportunity to present our concerns.

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

Mr. Friesen, from the Canadian Immigrant Settlement Sector Alliance.

Mr. Chris Friesen (Chair, Canadian Immigrant Settlement Sector Alliance (CISSA)): Thank you and good morning, Chair, and members of the committee.

The Canadian Immigrant Settlement Sector is a pan-Canadian association, which represents the immigrant settlement sector in Canada, so my remarks today come from colleagues across the country.

The immigration and settlement program has a direct impact on the well-being of the Canadian economy. As we know, Canada is facing a significant labour market shortage, an aging population, and declining birth rate. There is also a critical need to attract and retain immigrants to smaller centres across Canada. In some parts of the country, such as in Atlantic Canada, some provinces have instituted population growth strategies largely based on higher immigration levels.

The national settlement budget allocation directly relates to our ability as a country to successfully integrate newcomers on both an economic and social basis. The Government of Canada recently indicated a desire to introduce multi-year immigration plans with higher immigration levels of economic, family, and humanitarian classes. With the likelihood of higher immigration levels over the next few years, we're concerned that the current national settlement budget does not even meet present needs. While our membership supports the recent Syrian refugee resettlement initiative, it has brought to the forefront several settlement-related program challenges across the country.

First, the ability to effectively speak one of Canada's official languages is key to social cohesion and integration, including labour market attachment. The federally funded language program has wait-lists across the country. The province of British Columbia, as an example, has a current wait-list of over 5,000 permanent residents; Alberta, a list of 4,400. These wait-lists do not take into consideration child-care spaces. Child care makes it possible for immigrant and refugee women to attend language classes. Having newly arrived immigrants and refugees waiting for months, sometimes over a year, for language classes is unacceptable. It's a waste of human capital and causes unnecessary delays in their integration process.

Second, one of the immediate desires that most newly arrived immigrants and refugees have is their interest in working and contributing to Canada. While the lack of adequate language programs hinders their ability to attach to the labour market or reach their full capacity, there is also a greater need for specifically designed training and employment programs for both high- and low-skilled newcomers. Previous models such as project-based training—which offered specific occupational language support, skills training, paid work experience, placements, and wage subsidies—would have contributed more to the economic integration of newcomers than many of the existing approaches under the Canadian job strategy.

Lastly, since the significant overhaul of Canada's immigration act in June 2002, the Immigration and Refugee Protection Act, Canada has selected government-assisted refugees through the use of vulnerability criteria, including the urgent need for protection. We support the selection processes of past and current governments. However, we have an obligation to adequately support resettled refugees under humanitarian immigration objectives. Since 2002 the characteristics of government-assisted refugees have changed significantly. We're now seeing refugees who have spent sometimes decades in protracted refugee situations: low literacy, large-size families, survivors of torture, and various other special-needs cases.

There are a few areas I'd like to draw your attention to for additional budget considerations. First, there is the transportation loan program. Canada remains the only country in the world that provides an interest-bearing loan to refugees. We combine their overseas medical examination and their one-way ticket from wherever they're coming from to Canada, and we bundle that into an interest-bearing loan. We should get rid of it.

We also need funding for a national program of settlement-informed refugee trauma support. Due to significant trauma, and pre-existing mental health conditions associated with migration, we urgently need funding for short-term, time-limited, first-language clinical counselling programs as part of the current budget for the national resettlement assistance program.

● (1110)

We looked at successful models, such as in Australia, that have been funded for years by the federal government as an integral part of immigrant settlement, not under the provincial health jurisdiction.

If we cannot adequately support the mental health of refugees, these issues will continue to impact their ability to learn one of Canada's official languages, as well as integrate into the labour market.

Overseas, pre-departure orientation programs for resettled refugees, specifically for youth.... The unique migration experience faced by young people is distinct from that of their parents and guardians. We need to ensure that all resettled refugees are provided with some targeted, specialized pre-departure orientation before coming to Canada.

Our members' direct work with immigrants and refugees constitutes nation building. Our ability as a country to successfully integrate newcomers, both economically and socially, is directly related, in part, to ensuring that newcomers have the programs, services, and supports they need in place to actively participate in and contribute to Canadian society.

Thank you.

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

Next is Ms. Conway, from the Interior Savings Credit Union, the second credit union today. We'll be borrowing money big time.

Ms. Kathy Conway (President and Chief Executive Officer, Interior Savings Credit Union): Mr. Chair and members of the Standing Committee on Finance, I'm Kathy Conway and I'm the president and CEO of Interior Savings Credit Union based here in Kelowna. Thank you for the opportunity to speak this morning as part of the government's pre-budget consultation meeting.

Interior Savings is a member-owned, democratically controlled credit union dedicated to creating local money through the provision of a full range of financial services by helping to build vibrant communities. We serve more than 70,000 members across 14 communities in the southern interior of B.C. Since 2002 Interior Savings has returned $53.8 million to its members, through its member rewards, patronage, and dividend program; and invested nearly $8 million in support of community programs.

Today, I'm here to put forward our views on the committee's second question about the federal actions that would assist Canada's businesses to meet their expansion, innovation, and prosperity goals and contribute to economic growth in the country.

Our first item is the principle of fair taxation across different kinds of businesses. Business structures vary. Our co-operative, member-owned structure allows us to understand our local communities. Our members own us, live in the communities we operate in, and also do business with us. We are key supporters of small business, and when the financial crisis of 2008 hit, Interior Savings was one of the few financial institutions that did not penalize our small business owners through adverse adjustments to prime-base lending.

While in the past there has been recognition of the different co-operative structures of credit unions, this difference, from a taxation perspective, is narrowing. We don't have access to capital markets and certain taxation benefits given to corporate shareholders to attract the capital. We ask that the federal task review on tax expenditures give full weight to fair taxation across all business structures, including credit unions, so that we can continue to lend and invest in our local communities.

Item two builds on the first item and the role of differing business structures. The review of the financial services legislation in 2019 needs to consider the transformation that the financial industry is currently undergoing. We are seeing many new entrants to the industry, and it's clear to us that in the provision of financial services a one-size-fits-all approach doesn't work. Competition is healthy and the banking services should be available to all Canadians. The financial services legislative review must be modernized and recognize the role of all organizations operating in the banking sector so that there is a balance between stability and competition.

Item three relates to the OECD's common reporting standard, known as CRS, that the federal government will be implementing in July 2017. It is an example of the aforementioned concern about a one-size-fits-all in financial services legislation. Size-based exemptions, similar to those in the FATCA intergovernmental agreement, were omitted from the legislative proposal. The CRS would require all Canadian financial institutions to report on accounts held by non-residents of Canada or the U.S. to the Canada Revenue Agency. We ask that a test, similar to the 98% test under FATCA, which exempts those institutions that have 2% or less of their assets held by non-residents, be implemented with the CRS legislation.

Interior Savings Credit Union has 68,000 retail members, of which only 259, or 0.38% of our membership, have non-Canadian addresses, including the U.S. We believe there is a low risk of cross-border tax evasion due to the handful of accounts held by non-residents.

The final item of consideration has to do with innovation. We truly believe that innovation will be a core competency for businesses to survive in the future. This is about more than research and development. It is about taking new ideas to commercialization, which often requires significant investment. Interior Savings has itself invested in two funds to promote start-up and early stage businesses that will add to the economic prosperity of our communities.

We believe that the government can help in this support of a stronger innovative business community funded by private investment. This is possible through, one, the promotion of the co-operative business model and providing tax incentives for co-operative ownership; and two, the adoption of flow-through shares as a means to bring innovative companies to commercial viability, as noted in the Financial Executives International Canada submission.

Thank you once again for this opportunity to share our perspective to help Canadian business be innovative contributors to economic growth.

● (1115)

The Chair: Thank you.

From the West Coast Aquatic Stewardship Association, we have Ms. Falconer, executive director.

Ms. Sheena Falconer (Executive Director, West Coast Aquatic Stewardship Association): Good morning, chair, and committee members. I'd like to acknowledge that we're on the traditional territory of the Syilx First Nation.

Something amazing is happening in the Barkley Sound on the west coast of Vancouver Island. People from different fisheries' sectors, first nations governments, sports gillnet recreational seine fishermen, and environmental stewards have put aside their historic differences and come together to work collaboratively on fisheries management plans and habitat restoration.

My name is Sheena Falconer. I'm the executive director of West Coast Aquatic. I've come to ask for your consideration in the budget process.

The Chair: I would ask you to slowdown a bit, please.

Ms. Sheena Falconer: Our recommendations address economic benefit by asking for directed restoration dollars that will create local jobs, increasing fishing results that will increase tourism to the community. A sport fish report showed that a 50% decline in chinook fishing results in lower GDP by millions of dollars, wages lost in millions of dollars, up to 200 person-years of employment lost, and a reduction in federal taxes of $6 million. That's based on the 2007 Gislason report commissioned by the Department of Fisheries and Oceans. We think this is a critical sector to support.

As you may know, in the past, there was a significant lack of trust in the Department of Fisheries and Oceans. There have been protest fisheries with high social and economic costs, and high enforcement and litigation costs for the federal government. There was a lack of understanding, tolerance, and respect between sectors.

Poor management performance was exhibited in the form of overfishing. There were no strategic management plans in place. Moving from conflict to collaboration creates economic stability and benefit. Today, inclusive and collaborative round tables work together on fisheries management plans and habitat restoration goals.

Our region has been severely degraded due to decades of industrial business and urban activity. Little remediation has been done except for small-scale localized stream restoration projects. I want to mention that they have done a lot of good work, but there is more required to be done. In order to better assess the system, the Somass integrated habitat restoration overview report was commissioned. In order to restore optimal function to these systems, it's necessary to spend in the order of $15 million. This restoration is critical as the fisheries in the sound are particularly susceptible to climate change. We face the potential loss of one of the largest sockeye runs in the province as well as reduced chinook, coho, and chum runs.

The Barkley Sound region encompasses some of the most productive fisheries in British Columbia with an average annual sockeye return of 750,000. In the last two years sockeye returns have been between one and two million.

In order to demonstrate the fisheries economic benefit, I would like to comment on a couple of fisheries that happened this year. First nations communities rely upon a stable fishery for food, social, and ceremonial use as well as economic opportunity. Last year, local first nations in the Barkley Sound caught almost 200,000 sockeye resulting in a direct economic benefit of $4 million. This doesn't include any multiplier effects such as fishing equipment, food, clothing, transportation, housing, and other consumables. Much of the benefit is local.

● (1120)

The Chair: Could you please slow down a bit, please?

Ms. Sheena Falconer: The commercial sector consists of gillnet and seine fleets. These fleets caught over 550,000 sockeye this year, translating into $11 million. Most of the benefit from this fishery is not local; however, there is a significant benefit to B.C. and Canada. Recreational fisheries, according to the 2002 report on the economic benefit of sports fisheries, add $39 million to the economy of the region. Fisheries tourism is a burgeoning industry, generating campsite visits, hotel and motel stops, and restaurant utilization.

Habitat restoration projects not only improve the local ecosystem but also provide employment in a depressed region. This is often forgotten, but it can produce several hundreds of thousands of dollars for local contractors, enabling them to provide longer-term employment for their staff.

West Coast Aquatic is located on the west coast of Vancouver Island. For over two decades, we've worked to offer innovative solutions to coastal concerns, seeking to strengthen the understanding and relationships between parties that share a common interest in the health and wealth of aquatic resources. Our hallmark is well-run projects. Our round table processes are unique, innovative, and scalable from coast to coast.

Our society has increased its activity in the last four years and has gone from a modest $30,000 a year to over $500,000 a year. We've received over $1.7 million in direct funds, which we've leveraged to over $4.4 million. Of this, 80% has gone to habitat restoration, 15% to education, and 5% to enhancement. Our society is audited in order to maintain some of our funding, so we're very well known in our region.

Our requests today include, first, annual funding in the amount of $150,000 to support collaborative management in fishing areas 20 to 26 for the next five years. This approach has proven successful. It has reduced costs and conflict. In order to bring this service to other regions, we require support for facilitation time, meeting space, and supplies.

Second, we are asking for annual funding in the amount of $3 million over five years to support much-needed habitat restoration in the Somass Basin watershed. This small investment in one of the largest and most diverse fisheries on the west coast is critical to restore severely degraded habitat, ensure sustainability of runs, and bring economic benefit to the region.

The overall fisheries, including sockeye, chum, coho, and chinook, bring in excess of $50 million to the region each year. While we have undertaken projects to address some of the most pressing issues, it is necessary to have a sustainable source of funding that will allow for proper planning and assessment and ensure the highest-priority projects get the attention they require. We feel this is particularly important with climate change showing us that sockeye are at risk in our system.

We are also making a small request that we be included in consultation processes and perhaps receive some sort of financial help to attend.

In conclusion, our organization has come up with solid solutions to manage harvest, restore habitat, and provide protection of valuable ecosystems. The fisheries in the Barkley Sound are complex and require careful management to ensure that the children of tomorrow are able to enjoy the thrill of watching salmon leap Stamp Falls and continue to benefit from the economic bounty of the region.

● (1125)

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

We now have the Vancouver Community College Faculty Association, with Ms. Shortt.

Ms. Karen Shortt (President, Vancouver Community College Faculty Association): Thank you, Mr. Chair.

Good morning. My name is Karen Shortt. I'm president of the faculty association at Vancouver Community College. I represent the 650-plus faculty who teach at the college.

I'm here today to request adequate funding for English-language training. At this moment, there are 921 students on our English-language wait-list. That's 921 students who are stalled and not able to proceed with their economic and social ability to integrate into Canadian life. That number of 921 will likely increase to well over 1,000 by Christmastime, and 45 of the 921 students on our wait-list have priority status. This indicates that they are refugees. Many are from Syria.

Mr. Chair, the invitation letter I received to speak to this committee stated that you would welcome views on what federal measures would help the country's economic growth for both Canadians generally and Canadian businesses. As an educator for over 30 years, I cannot imagine anything more fundamental to the success and inclusion of new Canadians than the ability to communicate. The need for ESL funding is tremendous, as evidenced by our long wait-list.

Vancouver Community College has the resources in place to meet this need. VCC has proven curriculum, and can offer classes from basic literacy to the highest levels of Canadian language benchmarks. We can offer classes in the morning, the afternoon, the evening, and on weekends. We can meet any need. We have experienced faculty who have a deep understanding of immigrants' needs. We have empty classrooms, and campuses that are centrally located on the SkyTrain routes. We can provide occupation-specific language training, credential recognition, and Canadian work experience. We have in the past offered combined skills programs, such as ESL for engineers, English for health sciences, and communications for accountants.

We lack the funding to offer enough of these programs to meet the need. Cuts to LINC, the language instruction for newcomers to Canada program, in the 2016-17 budget resulted in 220 students not being able to return to class in April. Those 220 students are still sitting on the wait-list. They can't get on with their lives, and many can't work up to their level.

Minister McCallum has stated that there's very little in terms of welcoming newcomers that is more important than language. I ask this committee to recommend that funding for English-language programs be increased to meet the need so that we can help immigrants become fluent and they can contribute to this country's economic growth.

Thank you.

● (1130)

The Chair: Thank you, Ms. Shortt.

Thank you to everyone.

Mr. Grewal.

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

Thank you to all of our witnesses for coming today.

I want to start with the Coast Guard. Recently our government was given an independent report on the inept...basically the fact that our assets are worthless in the Coast Guard. They also said that it was successive failures of Liberal and Conservative governments in not addressing the problems with the Coast Guard. They put a little bit of blame on the Coast Guard itself—for not doing a good enough job asking...for getting rid of inefficient programs.

Do you have any comments on the report that was released just a few weeks ago?

Mr. Allan Hughes: I haven't seen that report. I haven't been privy to it.

I can say, being involved with the Canadian Coast Guard for approximately 23 years, that your comments are well taken with regard to the cuts. Our union approached government in the nineties to help assist integration of two services that operated within the Coast Guard to save that $15 million a year. Unfortunately, last time around it didn't happen. Some decisions were made that ultimately placed at risk the sustainability of the program in the coming five years or so with regard to staffing.

As far as the shipbuilding program goes, those aren't our officers, but the focus has always been on the building of ships in the national shipbuilding program. However, it's the operational nature, the long-term sustainable funding, to have those ships obviously at sea. For our officers, it's being able to continue to build capacity within the system at our national headquarters in Ottawa to be able to carry out effective project management and look at technologies. We're so short-staffed in our national headquarters that they're bringing back two retired managers to look at the new technologies. That's how desperate things have become.

Mr. Raj Grewal: How many people are members of your organization? How many employees do you represent?

Mr. Allan Hughes: When we're fully staffed it's around 294. Based on the last list I have, we're around 240, maybe a little fewer than that. There are some who are on long-term disability or leave without pay for such things as maternity leave, those types of things, or assignments, but we're short 50 officers and each of those officers is probably driving about $50,000-plus in overtime costs that we're missing. It is a significant amount of money.

We have a staffing factor of 5.5 for each operational position, so in a centre with three officers, the normal staffing complement would be 17.5. That's based on 1960s standards for entitlements.

Obviously we've made progress in the labour movement to have additional days of rest and also for maternity/paternity leave, and that wasn't taken into account. We'd like to see the staffing factor increased from the 5.5 so that when we have those long-term disability cases or parental leave—which is going to happen more and more because we're becoming a younger workforce—we don't have these gaps where we're having to demand high amounts of overtime from our officers as well as having the budget implications.

Mr. Raj Grewal: What's the financial ask?

Mr. Allan Hughes: The financial ask is to increase the staffing factor at the centres.

Mr. Raj Grewal: Do you have the monetary value on that?

Mr. Allan Hughes: Off the top of my head, I don't.

● (1135)

Mr. Raj Grewal: Okay, that's fine. You can submit it to the clerk later.

Thank you.

Mr. Friesen, 99% of my constituency work is immigration-related. I represent the second-most diverse riding in the country where 87% of my population is associated with visible minorities. Recently our government has just increased the numbers of immigration across all categories and 320,000 new immigrants came in, which was a substantial jump over the previous year, which was 240,000.

Your comments, in my humble opinion, are bang-on. We can't just increase the number without having supportive programs for them when they get here. English training is a big one. I've seen throughout my history, throughout my family's experience in this country, that immigrants who learn the language quicker are able to become more successful, which is a good thing for the Canadian economy.

In your perspective, how can we deliver those programs more efficiently? In my humble opinion, there is just too much red tape, bureaucracy, in getting the services to the people who need it the most.

Mr. Chris Friesen: There are a couple of things we have to look at. One is the use of technology, not for everyone, but online learning is an area that I think we have to look at and invest some additional resources in, especially for those who are going into smaller, rural communities that don't have the infrastructure already in place. There is also an opportunity, for example, for those refugees who are coming from abroad as part of the government-assisted refugee program to look at starting the basic language process overseas prior to coming to Canada. Right now a resettled refugee may wait up to a year prior to coming into the country as a permanent resident. There may be things we can do on that front as well.

One of the challenges with the Syrian refugee resettlement initiative for providers on the ground was the size of families. Some of the families we were seeing averaged six but went as high as 13 members, and 60% were under the age of 18 years old, 50% under 12 years old. This had a huge impact on women getting into the language programs because of the pre-existing wait-list for child care. It has to be looked at from a multi-pronged approach. That would be my initial comment.

The Chair: Okay, I assume Karen's numbers are in your 5,012, right?

Mr. Chris Friesen: Right.

The Chair: Mr. Liepert.

Mr. Ron Liepert: Thank you, all, for coming today.

My name is Ron Liepert. I am the Conservative member of Parliament for Calgary Signal Hill. As Conservatives, we believe in balanced budgets, so one of my personal goals over the next four days, when we meet here and in Edmonton, Regina, and Winnipeg, is to see whether, at the end of this process, the asks balance off with the savings to get us to a balanced budget. At the end of the day, we are the finance committee. We are not the immigration committee; we are not the infrastructure committee; we are not the health or any other committee. We are talking dollars and cents.

Mr. Mueller, you talked a lot about the potential savings. I don't think anyone disagrees with the fact that we need to do a better job on being smarter when we build. If we are going to encourage retrofits, primarily at the individual taxpayer level, I am assuming you are asking for government to put in place some sort of an incentive program or a subsidy program. How would we get individuals with existing buildings to voluntarily retrofit?

Mr. Thomas Mueller: First of all, I want to clarify that I am not talking about houses or individual homeowners, but buildings over 25,000 square feet.

Mr. Ron Liepert: You still have many that are privately owned.

Mr. Thomas Mueller: The public sector is also a big building owner in the country.

Mr. Ron Liepert: Yes, I understand that.

Mr. Thomas Mueller: I think the opportunity here is that retrofits, as we are proposing them, actually do have a payback. After three to seven years, there is payback.

Mr. Ron Liepert: I understand that.

Mr. Thomas Mueller: Some of the building owners lack the access to capital to make those decisions and to invest in their buildings.

We are not proposing that the government should give away money, but there are ways, for example, to establish revolving funds to provide low-interest loans to building owners to get them into making retrofit options.

Mr. Ron Liepert: Can you put any kind of price tag on what you would like this budget to do to incent people to do that? What's the number?

Mr. Thomas Mueller: I think there is no general number, because it really depends on which sector of the building industry you are dealing with. Commercial owners, for example, are very much business-driven. They make improvements, and they try to recoup those investments. In the public sector, they own buildings for a very long time.

We would suggest to work with the provincial governments, or in this case, the Office of Energy Efficiency at Natural Resources Canada, and ask what the best proposal is for each of these subsectors.

● (1140)

Mr. Ron Liepert: Thank you.

Mr. Meneer, I heard you ask for two things: a user fee increase and $30 million. Thank you.

Mr. Hughes, I know you had trouble giving Mr. Grewal a dollar figure, but I heard you say that in 2012 there were reductions to the tune of $5.6 million, in 2012 dollars. Is that fair?

Mr. Allan Hughes: Yes, it was $5.7 million.

Mr. Ron Liepert: If we went back to 2012, we would be looking for something in the range of $5 million or $6 million.

Mr. Allan Hughes: The difficulty we are having with even realizing those savings right now is that more officers left....

Mr. Ron Liepert: I understand. We are talking, to a degree, about apples and oranges, but we are talking about roughly those kinds of dollars.

Mr. Friesen, you had a long series of asks. In order to get even partially to where you think you would like to be, what's a rough number?

Mr. Chris Friesen: It's all dependent on the government's decision about increasing the immigration levels. Last year, we were at 240,000 or 250,000. If we are moving towards 1% or higher immigration levels, 360,000 a year, we are looking at an increase of a third of the current budget, which, including Quebec and the special Canada–Québec Accord, is currently $1 billion.

Mr. Ron Liepert: That would take in what was mentioned earlier by Ms. Shortt.

Ms. Conway, we had a similar presentation earlier. I am interested in your 2%, which I think is an issue the NDP likes to focus on, so I'll let Mr. Cannings ask you that question.

Did I hear roughly a couple of million or three million?

Ms. Sheena Falconer: You heard $150,000 per year for one, although we could roll it into the $1.5 million. My original thought was $1.5 million over 10 years, which would be adequate, but I realized that this extends past the scope. So the ask was changed to $3 million over five years.

Mr. Ron Liepert: That is a pretty modest amount.

Thank you.

Ms. Sheena Falconer: It's modest.

The Chair: Mr. Cannings.

Mr. Richard Cannings: Thank you, and thank you all for coming here today. I wish I could spend time talking to all of you, but I'm going to have to focus. I'll start with Mr. Friesen and Ms. Shortt.

Your presentations were very close to my heart. My daughter works for an organization in Penticton dedicated to immigration community services. She's an ESL teacher. She's worked there for the last three years and for all of those years her budgets have been cut by the federal government, starting with the Conservatives and followed by the Liberals. She hasn't moved back into my basement yet, but she's down to half time. She teaches English largely to Syrian refugee families, whereas, when she started, that wasn't the case. I want, first of all, for both you to comment on those cuts and the impacts they've had.

Mr. Friesen mentioned child care. When I talked to my daughter yesterday, I asked what I should find out today. She said to talk about child care, because she's seeing women who are already in difficult situations being isolated at home, not getting the language training they need, not getting out in the community. This delays, as Ms. Shortt mentioned, the time for the integration of these families.

Both of you could comment on those issues.

Thank you.

Ms. Karen Shortt: Vancouver Community College did have a program where we trained ESL volunteer teachers to go into the home to work with moms who could not leave. Unfortunately, due to cuts, that program was eliminated. It was very effective, because for moms who have a number of children being able to have English language training at home proved to be both time efficient and cost efficient. We would love to bring that program back, because it was very successful.

Mr. Chris Friesen: What we see on the ground is increased depression and mental health issues. Ask any immigrant or refugee newcomer and they'll tell you they want to work as quickly as they can. If they don't have the language, however, their ability to attach to the labour market is severely restricted. So this is one of the critical areas, particularly for immigrant and refugee women. The inability to attend classes and the lack of child care prohibit their full participation in Canadian society.

The programs we're involved in are about nation building, and our ability to socially and economically integrate the 315,000 or the 360,000 in the future has a direct correlation to the Canadian economy.

● (1145)

Mr. Richard Cannings: Ms. Falconer, thank you for your presentation. It directly relates to my previous lifetime as an ecologist. I worked for the last 20 years in the South Okanagan with broad community-based partnerships, much like what you were talking about.

I wonder if you could expand on the success of your programs and how they could be portable, how they could be exported, not just to the Atlantic coast or the Arctic but across the country.

Ms. Sheena Falconer: There are two components to what we do. The first is collaborative round table fisheries management. What we found is that when you have people sitting around the table from different sectors who have basic differences, and they're coming from an advocacy viewpoint, getting small groups together with representatives and asking them to sit down, and talk, and work out their differences has been successful.

We started with one pilot project in area 23, which is our Barkley Sound one. We began with tremendous conflict and people purposely doing things that were contrary to legal situations because they were angry and upset, felt unheard, and felt it wasn't fair. They were just going to go ahead and do the stuff anyway, and then, of course, you have court costs, litigation costs, and enforcement costs.

Now we have a situation where the local fisheries officers will tell you that although there are still infractions, they're caused mainly because people don't know. They are new people coming in, or they haven't been incorporated into the process yet. The sector leader will generally talk to those people, bring them into the process, and explain to them why certain actions are not acceptable.

It has been helpful, and it has also been helpful for allowing first nations, government partners, and fishermen to get along together, so much so that we've expanded from that one area. The sector representatives have asked to work with other sectors and other tables, and do the same type of process, because they find it so much more valuable to sit around, as we're sitting right now, and talk about the issues. People get upset because resource management is close our hearts, we have to defend it, and we have to represent our constituents. You're in a process that allows for caucusing, going away, and then coming back, and you can come to some reasonable agreements. That's what has happened in the round tables that we're managing. We're coming to these reasonable agreements.

Another thing that has happened is that fishermen have voluntarily given up some of their earnings to provide income or support for habitat stewardship. Last year they gave to the tune of $150,000, which was just a voluntary donation given to stewards to increase the health of the area. The round tables for habitat restoration bring people together who may have a fragmented view, because everybody has their certain things. It gets them to focus, get these big things out of the way, and get them done. That's where the need came from. We realized that if you have something big that's broken, then paintings its toenails doesn't work. You have to get in there and you have to fix it, right?

Thank you.

The Chair: I'll have to cut you off there, Richard. We may get time for a second round. We're well over on that round.

I have just one quick question on the English training. Was the LINC program cut in the last budget?

Ms. Karen Shortt: Yes, it was cut by 8.5%, but in addition to that, the provincial government said they would like some goods in-kind to the tune of 17%. The LINC program ended up being cut by 25.5%.

● (1150)

The Chair: I didn't realize we did that.

Go ahead, Mr. Friesen.

Mr. Chris Friesen: Just to clarify that, you have to understand that the national settlement budget is allocated to each region of Canada, each province, on the basis of the number of permanent residents. Part of the dynamics in the province of British Columbia was a historic record low in the number of permanent residents. We had considerable numbers of temporary foreign workers, just as Alberta did. These temporary foreign workers are not eligible for settlement services and language programs, even if they're on pathways to permanency.

B.C. had a double hit because of the historic low number of permanent residents.

The Chair: Yes, but as a government, knowing we're bringing in Syrian refugees at the rate we were, then cutting the English-language...don't you quote me on this, Richard, but it makes no sense to me.

Ms. O'Connell.

Ms. Jennifer O'Connell: Thank you, Mr. Chair.

I'm going to start with the Pacific Salmon Foundation, please. I just want to make sure I'm understanding correctly the conservation stamp. I understand that this is an additional tag, so to speak, that's added to the licence. I'm just wondering, is this per year, per season, per fish? How does this work with or without an increase?

Mr. Michael Meneer: I wish it was per fish.

It is an annual stamp. You purchase it in conjunction with your saltwater fishing license. It costs $6 and it allows you to retain the pacific salmon that you catch, within regulated limits, of course, set by DFO. Some fisheries are closed. Some species are closed and others are open.

As long as you're fishing within the limit, you may retain your Pacific salmon. If you think about the value of a Pacific salmon in terms of what you might pay at the supermarket, $6 for an entire year to retain a lot of salmon is—

Ms. Jennifer O'Connell: Then I'm assuming it's the same price whether it's commercial or just the average.....

Mr. Michael Meneer: This is only the recreational fishery. Very good question. This is just the recreational fishery.

Ms. Jennifer O'Connell: Recreational only. Thank you.

You answered my question in terms of per regulations and how many. That's fine, thank you.

I had a question to Ms. Shortt.

You mentioned the 921 students on the wait-list. I'm curious, and forgive me if I didn't hear it if you answered Mr. Liepert, what is the cost to have those 921 students taken off the wait-list and incorporated in the program?

Ms. Karen Shortt: If you take the class size of between 16 and 20 students, we would need to offer enough additional classes. The cost would be pretty much faculty costs. The building is there. The curriculum's there. We're ready to go. It's basically saying we want to meet this need and get people trained, and here are the instructors and we're ready to do it.

Ms. Jennifer O'Connell: Thank you.

Do you have an actual number in terms of what those costs would be for faculty?

Ms. Karen Shortt: As quick math in my head, I would say 900 students and if you offered enough classes for 20 students per class, just do the math. That would be it.

Ms. Jennifer O'Connell: How much was the cost of that in-home program that you mentioned, that was eventually cut?

Ms. Karen Shortt: I don't have the cost to offer the program. Again, it would be the instructors who would train the volunteers. We would have one instructor. It's called Homefront, and the ESL instructor would train volunteers who would do very basic literacy in the home with the mothers. Again, it's the cost of offering a class to between 15 and 20 English-speaking volunteers, who would then go into the home.

Ms. Jennifer O'Connell: Thank you.

Ms. Falconer, I'm from Ontario and our conservation authorities, for example, have significant funding. They're frankly an arm of the provincial government. I'm curious, in terms of your association, do you receive other funding provincially or municipally? You mentioned the donation you received. Do you have other partners, others levels of government? Your ask of $3 million over five years is the federal ask. What does that mean for other levels, if any?

● (1155)

Ms. Sheena Falconer: Currently we have funding from the Gordon and Betty Moore Foundation that will last until 2018. That pays salaries and pays rent. Apart from that we rely quite heavily on donations. We do a lot of project grant applications to do our work and we don't retain much of it. We do most of it flow-through because of the fact that we have funding from the Gordon and Betty Moore Foundation, specifically to do this. We also run a small aquarium on the side, to generate revenue for ourselves.

We currently also have our big fundraiser that brings in approximately $120,000 a year to support basic staff. We don't have provincial funding. It's all grants and flow-through.

Ms. Jennifer O'Connell: It's all grants, not long-term funding.

Ms. Sheena Falconer: No, we don't.

Ms. Jennifer O'Connell: What about any municipal? Do you access municipal grants as they come up, or partnerships?

Ms. Sheena Falconer: We have excellent partnerships in the regional district and the city. They're a bit cash-strapped themselves. The regional district supports us to the tune of about $17,000 a year, which helps us with the rent. In return we do a lot of stream assessment work for them and we do a lot of water quality testing and bring in a lot of.... We leverage their $17,000 by doing work for them, essentially, that they would otherwise be doing.

And with the city, we again leverage. They have a system called urban stream system. We leverage funds against that, so we can create a healthy system. We're kind of putting band-aids on stuff. When you're trying to do project grants but.... We have commissioned this report. We know exactly what we need to do. To get a grant for $35,000 and do one tiny piece, then do another grant for $70,000, it would really take a long time at that rate.

The Chair: Mr. Albas.

Mr. Dan Albas: Thank you, Chair.

Thank you to all the people presenting today. I'm actually from the West Kelowna area, so thank you for coming to our area if you're not local.

I'm going to start first with Kathy Conway at Interior Savings Credit Union. I'm going to be keeping all of my questions very tight, so if everyone responding could keep them equally tight, I would appreciate it.

First of all, you talked about tax fairness and the changes that were made in 2013. The end result is less retained earnings and fewer loans. Is that correct?

Ms. Kathy Conway: Yes, that is correct.

Mr. Dan Albas: That's one way to grow the economy, though, by making sure there's adequate credit for small business. We heard that small business in credit unions is quite heavy in British Columbia.

Ms. Kathy Conway: Correct. We can leverage $1 of capital about 15 times for lending.

Mr. Dan Albas: Common reporting standards, this is something that's coming in. We can all complain about old red tape, but I think we should stop digging the hole. On common reporting standards, right now you have FACTA regulations that basically exempt if you're 2% under. Is that correct?

Ms. Kathy Conway: That's correct.

Mr. Dan Albas: Could the same methodology be easily applied to the OECD new common reporting standards?

Ms. Kathy Conway: Yes, we believe an exemption in similar respects would be fine.

Mr. Dan Albas: Do you feel that groups like yourself have such low risk that they shouldn't even be considered?

Ms. Kathy Conway: Yes, as we mentioned, we have 259 members, which includes the U.S., already included under the FATCA.

Mr. Dan Albas: Will you have to put in a new full-time employee or more to be able to deal with these standards? I do know there's a lot of paperwork.

● (1200)

Ms. Kathy Conway: There's work to the systems. There's work to reporting. There's work to procedures. Initially, it probably would be a full-time person for several months and then an additional part-time person to monitor on an ongoing basis.

Mr. Dan Albas: This is one of our larger credit unions. A small one like Summerland Credit Union has only 10 staff or so, but they would have to do the same reporting.

I hope the government members and other members here hear your testimony. Thank you.

I would like to talk about what you raised, Mr. Chair, in regard to the amount of money. Again, people can have a political argument about Syrian refugees—how many, how fast—but I think once the decision is made, then we have to say exactly what Mr. Friesen was saying, how do we make sure that they're integrated, they feel welcome, and they can participate fully in Canadian society, which includes providing for their families?

I know from speaking to school district trustees that they feel comfortable with some of the supports that our government gives for children but, in regard to mom and dad, that's where the heavy lifting needs to be. In British Columbia, Mr. Friesen, you said that, even though we accepted more people, the funding wasn't increased at the same time to allow for that. Is that correct?

Mr. Chris Friesen: There were supplemental dollars for Syrians that came after the core budget. I'm not exactly sure how big that was. There were some additional funds, but it didn't get to the root cause.

Mr. Dan Albas: The Ki-Low-Na Friendship Society is the one that does the ESL programs. They actually had to turn away blended program refugees because there just wasn't any extra money. Of course, what I'm worried about is at the end of the year when those monies are given both from the government federally as well as from the sponsor. Then that family is left on their own. Is that correct?

Mr. Chris Friesen: The worst-case scenario is that they would be transitioned onto the provincial income support system.

Mr. Dan Albas: If we don't train some of them right away when they first get here and make sure that they have those adequate resources.... During the summer, for example, Ki-Low-Na Friendship Society said that if they had the money, they would run the courses. This is causing issues.

Is that happening right across Canada?

Mr. Chris Friesen: Absolutely. This is what we're talking about. This is the 13-month phenomenon.

Mr. Dan Albas: Basically there is a cost, and I know my friend Mr. Liepert was talking about costs as far as proposals, but there is a very real cost basically downloading from the federal to provincial. Then there's also the human cost of people not being trained even if they want to be. Is that correct?

Mr. Chris Friesen: Absolutely. Then you've got the issue of the impact on the family. If the parents are not learning English, they're staying at home and they're depressed. The teenagers pick up on that, and there's the role reversal and the power dynamics. This has a significant impact on families overall.

Mr. Dan Albas: Again, with our local situation, I know other members of Parliament and I wrote to John McCallum specifically asking the minister to revisit the situation. Unfortunately that fell on deaf ears. I really hope that members of this committee hear that and encourage the Minister of Finance to make sure that this formula is amended. Again, when you make a commitment that you're going to settle someone, that includes making sure they can be productive.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Albas.

Mr. MacKinnon.

[*Translation*]

Mr. Steven MacKinnon: Thank you, Mr. Chair.

I also represent a Quebec riding.

My questions will also focus on immigrant integration, as I think that there is no greater challenge for the country.

[*English*]

In Quebec we face major issues as well around integration. In Gatineau we have a wonderful organization called the SITO, which works on integration, and it's become a model. We have discussed increasing immigration levels, and we know that investments are required in terms of integrating new arrivals to Canada, whatever the category. Quebec has, however, committed to essentially a steady state, which would increase the rest of Canada's relative share, were we to embark on a major increase in immigration to Canada.

My first question—and you may wish to address this question as well—is whether you think we have the capacity in the country, through organizations such as the one you represent, even if the money were available, to increase and intensify these integration efforts.

● (1205)

Mr. Chris Friesen: I think in addition to the wait-lists for language classes, whether they're French or English, one of the things the government has to undertake is a seat availability analysis to look at how many seats there are available to learn one of Canada's two official languages.

We proved during the Syrian refugee resettlement initiative that the sector could respond very quickly and ramp up services, but the issue is, if immigration for the foreseeable future is going to begin to address rural and economic needs in smaller communities where there isn't, necessarily, the infrastructure already in place, it's going to require a rethink of how we provide services so folks who are attracted to smaller and rural communities are retained in those local communities. That means the use of technology, online learning, telephone interpretation, and various other uses of social media as one aspect of that. So it's complicated, but it really depends on the number, too. We're waiting, as Canadians are across the country, to ascertain what this multi-year immigration plan is going to be.

Mr. Steven MacKinnon: As our Chairman knows, retention in Atlantic Canada and in many parts of my province, Quebec, is, as we like to say *le nerf de la guerre,* the heart of the issue.

What, to your mind, is the key to successful retention? Is it language, as you seem to be alluding to? Is it co-op programs? The SITO that I just referenced has an extensive co-op program with employers, one that has been very successful in terms of integrating people. What is the thing or the mix of things that you think are important, and where should the government focus its investments in order to increase retention?

Mr. Chris Friesen: I think language is first and foremost. Being able to speak one of Canada's official languages has a far-reaching implication for labour market attachment, social cohesion, nation-building. People want to work. Immigrants and refugees want to work as quickly as possible. They want to take full advantage of the opportunity given to them when they came to this country. We have to be mindful of where we are sending them, how we attract and retain them. We have to look at some of the policies we currently have around pathways to permanency. If we're going to bring in temporary workers or foreign students, how do we keep them in the country and give them opportunities for pathways to permanency? We have to build more welcoming and inclusive communities. There has to be investment in communities. We have to look at how we support newcomer families who settle in the community. We can't destine one family, two families. There has to be a cohort of families settling in a community for them to retain and contribute to that community. Those are just wide-ranging....

Mr. Steven MacKinnon: You also, in one fell swoop, illustrated how expenses, if you will, or investments are required.

Mr. Chris Friesen: But this is Canada's future.

Mr. Steven MacKinnon: Of course it is.

Mr. Chris Friesen: We're talking about nation building. Our success in integrating immigrants and refugees will have an impact on every speaker you're talking to over the next three, four days. If immigration is our policy lever to deal with an aging population, declining birth rate, and a significant labour market shortage, how we integrate immigrants and refugee newcomers has a direct effect on the economy.

Mr. Steven MacKinnon: That's true, and as I said at the outset, before the headsets went on, it is at the heart of Canada's economic challenge.

The Chair: We'll have to stop it there, Steve. We have time for about one question from each party.

I have one myself on the Coast Guard. How many officers did you say you were short, 40 or 60?

● (1210)

Mr. Allan Hughes: It's somewhere between 40 and 60. They're falling off all the time.

The Chair: The demographic is going to make that worse. Some offices were shut down or consolidated. Why did people leave? They just didn't want to transfer to a new office? This is a really serious issue, because you're talking safety on the water.

Mr. Allan Hughes: Absolutely. The decisions to consolidate were made by government and the Coast Guard. I'll give you a few examples. We had a centre that was fully functional and a new Coast Guard base being built in St. John's, Newfoundland. They closed that centre and moved it to Placentia, which is a smaller community with a zero vacancy rate, extremely resource-based. That one caused us to scratch our heads. Now they're building another building there to house them. A lot of people with families in St. John's decided not to relocate; they found other work in St. John's to stay with their families.

Tofino, Vancouver, Comox, none of the officers that were affected there went to Prince Rupert, for obvious reasons. Not that Prince Rupert isn't a nice place; it's just that a lot of them spent most of their careers trying to get out of there.

Voices: Oh, oh!

Mr. Allan Hughes: I've been cautioned before to say it's a hell of a place to live, but it's challenging. Conversely, in Victoria, where a lot of those officers decided to remain, it's expensive. We closed Vancouver in 2015. The reason given by the commissioner in 2012 at the SCOFO was that it's hard to retain people in this housing market. Guess what? The housing market is the same in Victoria now as it was in Vancouver in 2012, when the decision was made. Consequently, of the 18 cohorts I worked with in Comox, 12 didn't go, for financial reasons, and we lost about 200 years of experience. Some retired. They were offered benefits under the National Joint Council and availed themselves of them. Some were fortunate enough to be in a position, financially, to retire.

The Chair: So a key question is: how do you get back up to speed in getting people into these jobs? It takes a long while to train people, give them experience. One accident would soon be a heck of a lot more expensive, I can tell you that.

Mr. Allan Hughes: Absolutely.

The Chair: I used to be parliamentary secretary to the Minister of Fisheries, and I looked at the movement of traffic on the west coast. When you see it over three days from a satellite photograph, pretty nearly every square foot of water is covered between there and Seattle.

How do you get people in place? What does government have to do to meet that need?

Mr. Allan Hughes: In the short term we have to hire more staff. We can't put through six officers on an English course. It's not sustainable.

I have looked at the departures already this year just in the centre, and I can see right now six departures within the year. Those people have to come from somewhere. We have six in the college now, and that's to just tap the surface of what we lost over the past four years.

We have to hire more, and we have to build capacity at the Canadian Coast Guard College in Sydney, with instructors. Those instructors have to be trained and experienced MCTS officers. It's a double-edged sword as regions aren't releasing officers to instruct at the college because they are short-staffed.

The Chair: They need them.

Mr. Albas, then Mr. Cannings, and then Mr. Grewal. You have one question each.

Mr. Dan Albas: Mr. Meneer, in regard to the Pacific Salmon Foundation, are you aware of the work the Okanagan Nation Alliance has been doing here in the Okanagan?

Mr. Michael Meneer: Yes, it's excellent work. In fact, we've been a funder in the past of some of that work.

Mr. Dan Albas: That was the question I was going to ask. Do some of those monies come back to you in any way? The stamp doesn't apply because they are not treaty.... Is that correct?

Mr. Michael Meneer: No. Once the salmon stamp comes to us we do have requirements for how we need to spend it. One of the limitations as it relates to first nations is that first nations often would like to pay for labour associated with the projects they are doing. Our current rules with DFO require that we fund volunteer projects.

That doesn't mean we can't fund first nations programs. Indeed, we have, to the tune of about $5.5 million over our history, but we could do a lot more. You just have to have a bit more flexibility with first nations groups.

Mr. Dan Albas: Quickly, in regard to the $4 increase for the proposed one that you're making here, have you consulted with recreational fishers and different groups, and what are their thoughts?

● (1215)

Mr. Michael Meneer: We have informally, and we've had no opposition raised. Indeed, they see this as an opportunity.

One of the issues that the Sport Fishing Institute and the Sport Fishing Advisory Board raised is the need for more monitoring of our various fisheries, and these funds could be used to help with increased monitoring, and we're 100% on board with that.

We really do see ourselves as working with all stakeholder groups, and over our 30 years, we think our reputation upholds the fact that we've done that fairly well.

The Chair: Mr. Cannings.

Mr. Richard Cannings: I would like to ask a quick question of Mr. Hughes. Mr. Liepert asked about the cost; you have your ask to reinstate these members and stations.

Could you comment on the economic impacts to the Canadian economy and to Canadians of not doing this? What are the costs if we don't reinstate this funding?

Mr. Allan Hughes: Thank you, Mr. Chair.

I certainly recognize the fact that one shipping accident anywhere, whether it's the Arctic, the Great Lakes, particularly the St. Lawrence Seaway, Halifax, Vancouver, the B.C. coast, could negate any savings in a very short period of time, whether it's through pollution clean-up or significant government resources to even re-establish a fishery should an accident occur.

On the Port of Vancouver alone, my last number had $80 billion of commerce going through that port each year. If, for some reason, a ship becomes stranded, for example, at First Narrows, that could shut the port down for a week.

I'm not saying it's going to happen, but we're there to help prevent it. Those are the jobs of our officers, to make sure that doesn't happen, whether it's the St. Lawrence, the Fraser River, or anywhere.

We're responsible for the safe and efficient movement of shipping traffic in Canada, and with the decrease in the number of officers, it's going to become more and more challenging to continue to deliver the levels of service we have currently.

Mr. Richard Cannings: Related to that, it was something like $5 million or $6 million that we saved, I guess, just in terms of HR costs when those cuts were made.

How much have we offset that? What are the net savings when we consider the increased costs in having to pay out people in their pensions, having to retrain? Do you have any idea of the net figure?

Mr. Allan Hughes: I don't have a figure for the folks who left. Some retired and left the service. Some, quite frankly, just quit and left. Ultimately, at the end of the day, for every officer we're short, we're paying a salary at time and three-quarters—1.75—to replace them because of the short staffing situation. That goes back to the 5.5 staffing factor.

I ran some quick numbers here. To bring that staffing factor up to six, it would be about $1.8 million. I can tell you that I feel very confident in saying that the overtime budget is probably close to the savings that were realized right now, until we get over that hump. We're in a 10-year process where they're going to have to hire, train, and certify these people to work in the centres across Canada. That's what happened in the last consolidation we went through as well.

The Chair: Thanks to both of you.

Mr. Grewal, you have the last question.

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

Mr. Friesen, you recommend taking away the refugee loan because we're one of the few countries in the world that has this interest-bearing refugee loan. What's the default rate on that?

Mr. Chris Friesen: For the default rate, I think the latest evaluation that the government did on the loan program showed that about 68% repaid it.

Mr. Raj Grewal: That's 68% who repaid it and 32% did not.

Thank you.

Mr. Chris Friesen: Just to add a point there, the Syrian government-assisted refugees of course didn't have the loans, but every other government-assisted refugee has a loan.

Mr. Raj Grewal: Yes, and that caused some problems between Syrian refugees who came before that announcement and those who came after.

The Chair: Thanks very much to all of you for your presentations and also for the briefs you've forwarded.

We will suspend and go to the open mike session in about 10 minutes. I think there are three people. We'll give people three minutes or thereabouts. There are no questions, but they can get their points on the record so they can be considered in the final report of the committee.

Thanks to all of you. We much appreciate your efforts in getting here.

• (Pause)

•

• (1230)

The Chair: Can we come to order?

We'll go to the open-mike session. I think people were told that they would have a couple of minutes, but we'll give them three. As I indicated before, it's for them to get their comments on the record.

To the people making presentations, perhaps you could hang around afterward. We're not in a big rush getting out of here, and members might want to talk to you on the side.

Ms. Dugas, the floor is yours.

Ms. Gail A. Dugas (As an Individual): Thank you very much.

Thank you for opening the committee to public input. It's really important and very refreshing.

We have submitted a brief to the committee. We hope to have a place at the table later on as you continue with your hearings. Today, however, I want to draw your attention to the unlevel playing field that is our tax system and how it impacts some of the issues you heard about today.

The media has been going wild this week with stories about Donald Trump not paying taxes. There are other stories about KPMG, Google, and Apple and all the offshoring that's happening. We want to tell you that it's not just Google and it's not just KPMG and it's not just Donald Trump. Tax avoidance by multinationals and very wealthy Canadians happens in Canada every single day. It is enabled by tax lawyers and by the financial industry. The current rules are too vague. Even those organizations admit to that and are asking for changes. That small group of individuals, though, has funnelled $270 billion of untaxed Canadian money offshore. They too are sending a message that it's smart to avoid taxes. Even when Canada has the second-lowest corporate tax rate in the G7, it's still happening, and it's getting worse every year.

It makes sense to Canadians that profits made in Canada should be taxed in Canada. Small and medium-sized businesses, as you've heard today, are doing that for the most part, but that policy should also apply to Canadian multinationals and some of the big digital companies that make money here but do not pay tax here because of the regulations. So right now that's not happening.

One of the things we're concerned about is that the economy is changing, and digital companies like Google and Netflix are using those regulations because we haven't caught up. Those tax rules haven't caught up, and the tax-dodging industry knows it.

We're really happy that we have this opportunity to remind you of that situation and to tell you that there are three ways that we think the government could raise additional revenue: close those tax loopholes, stop that corporate offshore tax-dodging, and change the rules so that online companies pay corporate tax and GST on Canadian profits. Canada is one of the largest users of online products in the world. We're crazy for the Internet, and yet a lot of the money that's being made here is not being taxed here.

Those options, if we fully implement them, could raise an additional $20 billion annually. That should help answer some of your concerns about balancing the budget. This morning you heard from some very hard-working and very innovative and creative British Columbians. We hope you advise the finance minister of our recommendations so that the tax system works for all of them.

Thank you.

• (1235)

The Chair: Thank you very much, Gail.

Ms. Marshall, you are next.

Ms. Teresa Marshall (As an Individual): Thank you very much.

Greetings to the Chair and esteemed finance committee members. Welcome to the sunny Okanagan; I hope you get a chance to enjoy a little bit of it before you have to go on to your next stop.

My name is Teresa Marshall. I address you today as an independent Canadian citizen, a resident of Kelowna, and a mother.

I believe the issue that this government needs to address in the upcoming budget is the issue of economic inequality. I believe the solution lies in tax justice. On the way here this morning, and every day in Kelowna, I pass numerous homeless people. There's no reason for homelessness to be here in one of the most well-off cities, in one of the richest provinces and richest countries in the world. Through improved tax policies, I believe this government will be able to fund and deliver on its human rights obligations to Canadian citizens in the form of affordable public housing, health care, education, child care, transportation, clean water, and sanitation.

I want to congratulate this government for making efforts to deal with wealthy individuals in the issue of tax avoidance, but much more needs to be done about corporations that represent up to two-thirds of the tax avoidance problem we see today.

Currently, ordinary Canadian taxpayers and small and medium-sized business enterprises are paying a much higher effective tax rate than the very rich and corporations. This is a long-term change in the ratio of tax burden between individual citizens and business in Canada, and that's not fair. It's estimated that Canada is losing $7.8 billion a year to tax havens. That alone would fund a universal national public child care program.

I want to make a note about the issue of child care, as a mother. It's my understanding that in Quebec, which is the only province which has an affordable, accessible child care program, in the time that that has been in place the government recouped 40% of its initial investment in the first year, which is an incredible return rate—I don't know many other investments that return that—and within 10 years the number of women in the workforce was the highest in Canada, after that child care program was put in place. And most remarkably, Quebec reduced its poverty rate by half. That is truly an investment in generations for generations.

If we make sure that multinational corporations and the very rich pay their share, we will have that kind of funding for child care, for example, because for now, parents like myself are looking at paying for child care. The cost for one child in B.C. can be upwards of $1,500 month, the same amount as for rent or a mortgage. We are paying more to have our kids in child care than it will cost to put them into university, and that doesn't seem fair.

I also think that if we apply some of these progressive tax policies, we could end fossil fuel subsidies rather than subsidize LNG plants, for example, that can endanger the Skeena River, one of the largest salmon rivers left in the world, or massive hydro dams, like the Site C dam that will flood some of the most productive agricultural land in B.C., and we could invest in truly clean and sustainable energy alternatives.

Thank you.

● (1240)

The Chair: Thank you very much, Teresa.

The last presentation will be from Mr. Warner.

Mr. Cael Warner (As an Individual): Good morning.

My name is Cael Warner. I am a student member of the UBC Okanagan chapter of Engineers Without Borders.

Engineers Without Borders is a non-government organization that invests in people and ventures creating a thriving sustainable world. Our community includes four university and professional chapters with 2,500 active members. We provide seed funding, talent, and mentorship to social enterprises throughout sub-Saharan Africa.

I'm speaking to you today because the Government of Canada is committed to restoring and renewing international assistance to focus on the poorest and most vulnerable people. Canada has taken steps to re-engage the world stage. While these announcements are welcomed, Canada's recent development assistance is the lowest of any modern Canadian government, in comparison to our G7 counterparts, impairing Canada's ability to implement the 2030 agenda for sustainable development goals.

In budget 2017, I ask that Canada commits to predictable increases to the international assistance envelope of 10% annually to the end of the 42nd Parliament, with a publicly available timetable for doubling the envelope by 2023. This would benefit Canada in implementing the 2030 sustainable development agenda.

Strong official development assistance commitments align with this ministerial mandate and are a decisive stepping stone toward early progress in the sustainable goals.

Thank you so much for your time.

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

That concludes our session in Kelowna.

The meeting is adjourned.