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Chair

The Honourable Wayne Easter

Standing Committee on Finance

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● (0900)

[*English*]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I call this meeting to order. These are our pre-budget consultations in advance of the 2017 budget, under Standing Order 83.1.

Welcome, witnesses, for the first panel this morning.

We'll try to have witnesses stick as close as they can to five minutes, and then we'll go to questions. I think you know from the information we sent that what we're trying to do is beyond regular pre-budget hearings, to emphasize the ways that we can attain better economic growth in Canada on a number of fronts. If you have anything you want to add on specifics in that area, it would be much appreciated as well.

We'll maybe go around and introduce people. It's not Ottawa, where most of the people know the members. Ron is from Alberta.

Ron, do you want to start?

Mr. Ron Liepert (Calgary Signal Hill, CPC): Good morning, everyone.

My name is Ron Liepert. I'm the MP for Calgary Signal Hill.

My apologies for running in at the last minute. I'll personally say hi to you all when we're done.

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): I'm Richard Cannings. I'm the MP for South Okanagan—West Kootenay. I live in Penticton, British Columbia.

Mr. Raj Grewal (Brampton East, Lib.): My name is Raj Grewal. I'm the member for Brampton East.

Ms. Jennifer O'Connell (Pickering—Uxbridge, Lib.): I'm Jennifer O'Connell. I'm the member of Parliament for Pickering—Uxbridge, just outside of Toronto, in Ontario.

Mr. Steven MacKinnon (Gatineau, Lib.): I'm Steve MacKinnon, member of Parliament for Gatineau, just across the river from Ottawa.

The Chair: I'm Wayne Easter, member of Parliament for Malpeque, Prince Edward Island. If you've heard of Malpeque oysters, that's where they come from.

Go ahead, Ron.

Mr. Ron Liepert: Hopefully, we have Ziad Aboultaif, who is the MP for Edmonton Manning.

He's our other representative here this morning, but as Wayne Easter said, he maybe got tied up on the new ring road. We're not sure.

The Chair: Okay, thank you very much all.

With the Shaw Rocket Fund, we'll start with Ms. Augustin.

Welcome. The floor is yours.

Ms. Agnes Augustin (President and Chief Executive Officer, Shaw Rocket Fund): Mr. Chair, members, it is a pleasure for me to be here today.

I'm Agnes Augustin from the Shaw Rocket Fund. The Shaw Rocket Fund is a not-for-profit, CRTC-regulated private fund that is dedicated to Canadian children's media for independent producers. We support programming in both official languages, indigenous languages, and other minority languages, on all Canadian networks that air children's and youth programming, with public and private broadcaster support split evenly.

The Shaw Rocket Fund strives to be forward thinking and innovative in its support of Canadian-made media for children, with the audience that represents the future of our country. We believe there is great opportunity to create a positive impression on children's lives, given the appropriate means. Through media, we can positively influence them. With that in mind, we have three recommendations.

First is a youth entrepreneur fund to create online opportunities to develop young Canadian entrepreneurs. Second is to provide tools for discoverability, so that the innovation created by these young people can be found by an audience and monetized. Third, we need research to remain relevant with the habits of the constantly evolving digital world. Our proposal, focused on digital, will touch every part of the country, urban or remote, allowing further generations to contribute to our country's economic growth.

The proposed fund is based on generation Z. After 1995, this generation does not know a world without Internet. They are known as the first global generation having exposure to international ideas and challenges, and the ability to connect beyond all borders, allowing them to better understand our diversity and celebrate who we are as Canadians. We see this generation as becoming the innovators and entrepreneurs we need to contribute to Canada's economic growth.

Given the government's focus on making Canada a country of innovators, investment in online entrepreneurship is key to future prosperity. Our research shows, and the data speaks for itself, that between 2010 and 2014, watching programming on TV decreased by 21%, whereas digital platforms increased by at least 20%. Surveyed in 2014, 60% of kids believe content will become an online experience. That was two years ago. Simply put, we must adapt to these changing demographics and consumption habits.

Our research also shows that 68% of kids aged nine to 18 who were surveyed say they are proud when a show they like is Canadian, and 46% like shows that reflect them as Canadians. Therefore, we recommend that the government invest $10 million over five years to create an online entrepreneur fund for youth, which will help support Canadians 17 and under in all regions of the country to set the stage for successful online entrepreneurs.

A second but critical recommendation is to provide tools for making the content discoverable online. We recommend that 5% of the proposed fund annually goes towards meaningful investments in Canada's young people in urban, rural, and remote communities, to help them tell stories relevant to them, with the emphasis on making the content discoverable online.

Lastly, research needs to be a vital part of this initiative. In 2010, the rocket fund undertook the first-ever media and technology landscape study for young Canadians on their media habits. This initial research gave us the opportunity to truly understand how kids view the constant stream of information that is being communicated to them, and the best ways to engage them. With the digital world changing incredibly fast, we believe it is crucial to expand this type of research to keep it fresh, and to ensure that the media sector and this entrepreneur fund remain relevant to the audience and consumer.

Partnerships have been critical to the success of the rocket fund, and we firmly believe that a private-public partnership could be within our reach should the government choose to make this initial critical investment. We are looking forward to discussing opportunities to make this a reality. We see the government as a catalyst in digital innovation in our sector.

In closing, I want to quickly mention that the rocket fund fully supports the Prime Minister's youth council, as it shares our view that youth engagement is understanding the future economic growth of our country.

I also hope that I will see you all on the evening of November 23 at Rocket Prize, which you've received an invitation for. It celebrates the best in Canadian kids programming and gives an opportunity to engage with stakeholders across Canadian kids programming.

There are four words I would like to leave with you today: innovation, entrepreneurship, economic growth. We see no better role for the government than as that catalyst.

Thank you, Mr. Chair.

● (0905)

The Chair: Thank you very much, Agnes.

With the National Cattle Feeders' Association, Mr. Vander Ploeg.

Mr. Casey Vander Ploeg (Manager, Policy and Resarch, National Cattle Feeders' Association): Thank you, Mr. Chair, and good morning.

I'm Casey Vander Ploeg. I'm the manager of research and policy with the National Cattle Feeders' Association. I'd like to thank the committee for this opportunity to share our perspectives on budget 2017.

In our submission to the committee, NCFA recommends that the 2017 federal budget dedicate significant funds to the rural infrastructure required for the continued growth of Canada's agricultural industry and to expanding international trade. We encourage the federal government to establish a national rural infrastructure fund in partnership with provincial and municipal governments for the maintenance and rehabilitation of rural infrastructure, particularly roads and bridges.

There is a compelling rationale for this recommendation. First, our recommendation addresses the three focus areas identified by the committee. Federal support for rural infrastructure is a necessary precondition for Canadians, Canadian businesses, and rural Canadian communities to grow their contribution to the Canadian economy.

Second, our recommendation addresses a gap in federal infrastructure funding that is, frankly, quite glaring. The primary focus of the current federal infrastructure spend turns around public transit, green infrastructure, and social infrastructure. These priorities might speak strongly to urban Canada, but they do not speak well to rural Canada. A significant stream of funding for basic economic rural infrastructure would fill that gap. Past federal infrastructure funding has often included a rural component. Examples include the prairie grain roads program and the municipal rural infrastructure fund.

Third, our recommendation addresses the single biggest concern for rural municipalities. If you asked any county reeve what their biggest challenge is, they would say roads and bridges. I'd bet the farm that they would give that answer.

A good example of what I'm talking about is unfolding right now in the county of Lethbridge. This county and its surrounding region in southern Alberta is one of Canada's most valuable and productive agriculture regions. Southern Alberta is the fourth largest cattle feeding jurisdiction in North America just behind Texas, Nebraska, and Kansas. Southern Alberta is also home to Canada's two largest federally inspected beef processing facilities.

The county of Lethbridge is finding it very difficult to make the road and bridge investments required to support the needs of agriculture. The county reports a $3.5-million annual shortfall in funding for roads and bridges, and because of this shortfall, the county has resorted to road bans, bridge restrictions, and even closed bridges.

All of that is nothing compared to the radical step taken by the county in April of this year when it passed two new bylaws establishing a special tax on agriculture and a business tax on all livestock producers. This year, the county is levying a $3 head tax on every beef animal in the county. That levy will rise to $4 next year. As you can imagine, this is causing alarm across the beef industry in general and for cattle feeders in particular. The reasons are clear.

Over the past 10 years, the average annual profit for feeding cattle was $18 a head. A $4 head tax basically represents a 20% tax on average long-term net income. The timing couldn't be worse. Today's losses in the cattle feeding sector are unprecedented, even considering BSE 15 years ago. Cattle feeders have seen 14 straight months of negative returns with losses of $500 to $600 per head.

A cattle feeding operation in the county of Lethbridge with a standing capacity of 50,000 head will see an increase in local taxation of $150,000 this year and $200,000 next year. This piles on top of the current losses compounding what is already a dire situation. The tax is making cattle feeding in the county of Lethbridge uncompetitive to other counties, and worse, to U.S. producers. We also believe it sets a very dangerous precedent. Other rural counties across Canada in all provinces are closely following what is happening in Lethbridge.

The situation has the potential to cause serious if not irreparable harm to Canada's beef industry, particularly if cattle start migrating to the U.S. That will restrict the supply of cattle to Canadian beef processors. If Canadian beef processors cannot secure the cattle they need, we run the risk of a plant closure. A plant closure would not be devastating for the Canadian beef industry; it would be catastrophic.

The fourth and final rationale for our recommendation is that the federal government has historically, and must continue to have, an interest in Canada's small rural municipalities and the nation's food supply. Much of the infrastructure required to support agriculture is located in small rural communities with small tax bases that cannot afford, even with matching funds, to make the required investments, yet our rural communities are home to those vitally important roads and bridges that provide a national benefit of moving our agriculture products to national and international markets.

● (0910)

The federal government has a vested interest in ensuring that Canada's agricultural producers can continue moving and exporting their agricultural products. There is a very strong international trade dimension to all of this, and most certainly that is a key federal economic responsibility.

In budget 2017, we believe the federal government must make a funding commitment to Canada's rural communities, with a particular emphasis on basic economic infrastructure to sustain our nation's agricultural production, particularly rural roads and bridges.

In closing, I would simply leave you with this thought. I believe that Canada has all the elements to become an agricultural superpower. A key part of that potential is our beef industry. It is Canada's highest value-added agricultural product. Beef has tremendous potential to increase its contribution to the national economy and create new jobs, especially given new emerging export markets, recent free trade agreements, and growing global demand for high-quality, safe, and trusted sources of dietary protein.

We have all the ingredients for success in Canada. We have a large land base, ample natural grasslands, superior genetics, a good climate, industry experience and know-how, good quality and supply of feed grains, and an internationally recognized food safety system. But these ingredients are no guarantees for success. We also need infrastructure investments to complete the package and fulfill the promise.

Thank you very much.

● (0915)

The Chair: Thank you very much, Casey.

Turning to the Alberta Urban Municipalities Association, we have Ms. Holmes.

Ms. Lisa Holmes (President, Alberta Urban Municipalities Association): Thank you for the opportunity to present to your committee.

My name is Lisa Holmes. I am the current mayor of the Town of Morinville, Alberta, and the president of the Alberta Urban Municipalities Association. I'm joined by our CEO, Sue Bohaichuk.

The Alberta Urban Municipalities Association was founded in 1905, the same year as the province. We represent 269 urban municipalities across Alberta, which includes summer villages, villages, towns, cities, specialized municipalities, and also the cities of Edmonton and Calgary.

We coordinate advocacy and policy in regard to the infrastructure, social, environmental, and economic development and needs of municipalities, amongst many other issues.

As such, the Government of Canada's budget is of significant interest to our—

The Chair: Please, I don't want to interrupt, but would you slow down a bit. The translators are having trouble keeping up.

Ms. Lisa Holmes: That's no problem. I do speak quickly.

The Government of Canada's budget is of significant interest to our organization in terms of the budget's impact at a local level. Canada is facing challenging economic times. Alberta is particularly vulnerable, given our natural resource economy, and we are seeing that in the form of an unemployment rate of roughly 8% and thousands of jobs that have been lost over the past year.

We appreciate the federal government's recent funding commitments for infrastructure and housing, which not only address the tangible infrastructure needs but also result in job creation and support for economic growth. We were pleased the Government of Canada and the province have honoured our call for a 50% federal contribution, a 40% provincial contribution, and a 10% municipal contribution for water-related infrastructure projects. This formula reflects the capacity of each government to raise revenue, and we hope future agreements maintain this cost-sharing formula.

While I know your committee is more focused on funding priorities at a high level, I would be remiss if I didn't highlight the importance of connecting the budget decisions of government with the on-the-ground execution of agreements that can ensure the funding quickly goes where it is required. Future bilateral federal-provincial infrastructure agreements need to be resolved in a timely fashion, so that the funding correlates with our construction season. One of the ways to ensure the efficient pool of funds is to use an allocation model similar to the gas tax fund, so that infrastructure dollars will flow through the province directly to municipalities.

This approach allows the resources to be allocated effectively, and avoids the administrative burden associated with a grant application process. It is beneficial for all levels of government. It also capitalizes on local knowledge, as municipalities are in the best position to prioritize their infrastructure investments based on the needs of their own communities.

We encourage the Government of Canada to establish the cash flows for infrastructure projects in advance of major expenditures. If the cash flows predictably and in accordance with these schedules, then municipalities will not have to pay for the cost of projects up front. This would be helpful to all municipalities, but particularly those that do not have significant reserves.

In order for our communities to prosper, they must feel safe and secure. According to 2014 statistics, Alberta's violent crime rate was 18% higher than the national average, and our property crime rate is 33% higher. Actions are needed to address the high crime rate in Alberta. From a budget perspective, this can be helped by allocating more funds to increase the intake of the RCMP cadet training program. While Alberta receives one of the highest allotments of new RCMP graduates, a shortage of officers has resulted in continued vacancies.

In 2014, there were 112 positions, which is almost 10% of all the positions in the province, that were vacant. As a result, services are reduced, despite RCMP officers working longer hours and taking on more responsibilities. Our RCMP members are at risk of burnout. This affects staff morale and limits its service delivery. The incurring of overtime also adds financial burdens to municipalities.

Another important idea is to improve broadband Internet access throughout the province. Currently, the ability of small and remote communities to contribute to Canada's economic growth is hampered by limited broadband. Reliable, high-speed Internet is the cornerstone of modern life and has the power to transform small communities. It allows for innovation and cost savings in transportation, health care, community services, and business practice, and these benefit the entire nation.

In closing, I'd also like to address disaster funding. As you are well aware, Alberta has had more than its fair share of disasters in recent years. Local disasters have had profound implications for the rest of the country, as the recent fire in Fort McMurray has clearly illustrated. We urge you to recommend the restoration of funding for the federal disaster assistance programs to appropriate levels, as this funding is vital to assist communities in their recovery efforts.

I thank you again for the opportunity to speak. I look forward to your questions.

I just wanted to add that our convention is being held over the next three days in Edmonton. We'll have over 1,000 municipal elected officials from the province at the Shaw Conference Centre. If you are in the area, we would be more than willing to host you at any point so that you can have one-on-one conversations with Alberta's municipalities and know what their issues are.

Thank you.

● (0920)

The Chair: Thank you very much, Lisa and Sue.

With the Canada's Oil Sands Innovation Alliance, Mr. Wicklum.

Mr. Dan Wicklum (Chief Executive, Canada's Oil Sands Innovation Alliance): Good morning, and thank you very much for the invitation.

I'm the chief executive of an organization called Canada's Oil Sands Innovation Alliance, or COSIA. COSIA was launched about four years ago when the CEOs of the 13 largest oil sands companies in Canada signed a charter. The charter is not a legal document; it's a moral document. What it did was commit those organizations, at the most senior level in this country, the CEOs, to work together or to co-operate on two things: environmental performance improvement and cost-cutting.

This is a world precedent-setting arrangement among some of the largest companies in Canada, where they've decided that it's in their best interest, in the sector's best interest, and frankly in Canada's best interest, if they co-operate and collaborate rather than compete. Collaboration is just a better model to accelerate environmental performance improvement.

What do we do? We align these 13 organizations so that they can articulate their innovation needs and their technology needs in four key areas: water; land; tailings, which is mining waste; and greenhouse gas emissions. We create the framework within which the organizations come up with a single list of technology priorities for the oil sands sector. Then what the companies do is that they launch projects to fill those innovation gaps or develop the technologies that they now all understand they need. So far right now our project portfolio is about 250 projects, with a price tag of about $500 million. But the key difference with COSIA, compared with any other organization that we know of on the planet, is that once these technologies are developed, these large companies, which a short number of years ago were true competitors, for the first time globally that we know of, inside of COSIA, give each other free use rights to their technologies. So far the companies have shared about 820 technologies that cost $1.3 billion to develop.

If you think about it, what this means is that not every company has to develop their own environmental technologies. In the old days, every company would have to develop their own and they would try to license them to each other. Essentially, there was a great amount of effort for a small net amount of outcome. But, inside of COSIA, and the fact that the companies have decided to give each other royalty-free use rights, what it means is that each individual company can develop one technology and share or give use rights to their collaborators. They give one piece of technology away in terms of use rights and they get back 12 pieces of technology. They've leveraged up their investment, their leadership potential, by well over an order of magnitude, and this has the potential to speed up the progress they are making on cost-cutting and environmental performance by well over an order of magnitude.

In our four years, we now have a direct line of sight to prove that this is not just a theoretical concept; this actually works. We have a direct line of sight from setting a priority, developing a technology, sharing it, and implementing it. The proof point is on the company's water consumption. The companies have set a goal inside of COSIA to decrease their freshwater use intensity by 50% by 2022. Between 2012 and 2014, inside of COSIA, they have reduced their freshwater use intensity by 36%, so we have gone from the theoretical and the possible now into the real, and the idea that the concept has been proven.

That's what we do. What do we do into the future? Literally last night we convened a group of the most senior leaders in innovation in the oil sands. We convened presidents and vice-presidents of research of our major universities in Alberta, we convened senior leaders from the provincial government, and we convened over 10 senior leaders of CEOs and vice-presidents from oil sands companies. Now we're taking the COSIA model, where the companies themselves are very organized in terms of aligning on sector-level priorities, and we're raising that level of organization up to all of the innovation providers from academia, from government, and from industry.

We think this model has potential, frankly, to lay out a grand vision for this country in terms of, especially, greenhouse gas reduction technologies, where Canada, through this type of model, can assume a leadership role on the global stage, not just for reducing our own emissions but for developing technological solutions for the globe so that this country can move into the solution space for developing a clear technology path forward to address the global issue of GHG emissions and climate change.

● (0925)

What would be a specific ask?

The current government has signalled an intent to invest into three to five what they are calling “innovation clusters”, through Minister Bains's ministry. We feel that we are uniquely placed to partner with the Government of Canada on one of these superclusters that would, by definition, bring together disparate groups of innovation providers, which now are not fully communicating as much as they could.

We have the core already. We have COSIA. Through our organization, we've signed MOUs, memorandums of understanding, with 40 organizations globally, ranging from the global General Electric to more local universities. We already have the architecture and the culture of setting priorities and linking globally with potential innovation providers. Now we are raising our game to include the most senior leaders in academia and government.

I would like the government, and potentially this committee, to consider the possibility of investing, through its existing announcement of superclusters, into COSIA.

Thank you.

The Chair: Thank you very much, Dan.

We'll turn to Bob Friesen, with Farmers of North America.

Mr. Bob Friesen (Chief Executive Officer, Farmers of North America Strategic Agriculture Institute, and Vice-President, Government Affairs, Farmers of North America): Thank you very much, Mr. Chair.

As the chair already said, I represent Farmers of North America, or FNA, as we call it.

FNA is a Canadian national farmers' business alliance. Its mission is to develop tools and products for farmers to maximize their profitability. It's considered a private sector solution provider in that respect.

I am not here today to ask the government for any money. I am here simply to ask for a cost-neutral rule change that will remove a disincentive for farmers to use their own money to invest in agriculture. I'll explain that rule change, and I'll try to do it as quickly and as simply as I can.

This request is supported by the Canadian Federation of Agriculture, as well. In fact, if we could accomplish or achieve this rule change, it would free up a potential $900 million of farmers' money for them to invest in their own futures.

You've all heard of the suite of business risk management programs that are funded by both levels of government. You've no doubt heard about agri-stability, agri-risk, and agri-invest. I want to talk about agri-invest.

Agri-invest is the business risk management tier at the top, which is meant to help farmers manage slight reductions in income. That tier is jointly funded by farmers and by both levels of government. Farmers can contribute 1% of their eligible net sales, and that is then matched by the provincial and the federal governments. They together match that 1%, and then that money is put into an account. That money is then meant to be used for farmers to manage slight reductions in income.

The definition of agri-invest is that it's a fund for farmers to manage slight reductions in income and/or invest to reduce future income reductions or to maximize future revenue. It's achieving the first objective really well, and that is to create a small rainy-day fund, as I've said several times, for farmers to manage slight reductions in their incomes. However, it's not doing very well at achieving the second one, which is for farmers to invest to maximize future revenue. I'll tell you why.

When farmers contribute to that fund, their contribution is in after-tax dollars, so that goes into fund one. The government contribution goes into fund two. You have fund one and fund two. When you withdraw from fund two, because that's a government contribution, it's taxable. When farmers withdraw from fund one, it's non-taxable because it's a contribution made after tax.

The rules currently state that a farmer has to withdraw all of fund two, the taxable amount first, before they have access to fund one. That discourages farmers when they are at their best time to invest because they're in a fairly high tax bracket. At that same time, it also discourages them from withdrawing from fund two because fund two is taxable.

What we're proposing is a simple rule change. Of course, most of you are familiar with how farmers can currently do their tax returns. They can still file cash tax returns, so farmers can do.... I know this is on the record, so I'll be careful what I say, but farmers do have some choice as to when they pay taxes and what tax bracket they're in. We know already that farmers will not withdraw from fund two unless they find themselves in a year where they're in a very low tax bracket. Otherwise, they'll keep the money there.

What we're proposing is that when farmers invest in an eligible project—and eligibility criteria could be determined by the department together with the industry—and withdraw money to invest in an eligible project, they can withdraw from fund one without touching fund two. Now you can achieve the twin objectives of the program. You still have fund two as your rainy-day fund to manage slight reductions in income, and farmers have access to fund one and you've removed the disincentive for them to invest in projects to maximize future revenue.

We are confident that it is a cost-neutral rule change.

● (0930)

We need help on this one with finance officials because they, for some reason, are not convinced that it's cost neutral. We're convinced that it's cost neutral because farmers will leave fund two intact if they're in a taxable bracket. We're not suggesting to change the tax rules on fund two. The tax rules will still stay the same. If it's withdrawn, then the farmers pay taxes on it, and because of that, it's cost neutral.

With this rule change there's currently about $900 million in fund one in Canada. What we're simply requesting is a cost-neutral rule change that will remove the disincentive for farmers to have access to $900 million of their own money—this is their money—to invest in projects to maximize future revenue.

Thank you very much, Mr. Chair.

The Chair: Thank you, Bob. It's always amazing, the simplicity of farm safety-net programs.

Mr. MacKinnon, go ahead with your first series of questions.

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

Thank you to all of you for being here.

First off, speaking for Liberal members of this committee—and I hope for all members of this committee—we're acutely aware of how low commodity prices have affected this province. As we listen to your presentations this morning and listen to the subsequent groups, let me say we are eager to find solutions and work with all of you to ensure that Alberta remains the vibrant and vigorous part of the Canadian economy that it's always been.

I have questions for all of you, but I'm going to start with Mr. Wicklum.

The oil sands industry is obviously going through a bit of a reinvention. You mentioned the innovation debates or consultations that are going on right now, which will be important. I can't imagine a better candidate for innovation-type work than the oil sands industry. You also mentioned the clusters. Can you give us some tangible examples of what policy instruments could be put in place that would put the oil sands industry on a firmer footing?

● (0935)

Mr. Dan Wicklum: I'll make one slight clarification. We have a sister organization called the Canadian Association of Petroleum Producers. They have the lead in policy advocacy and communications. We're scientists. We stick to the innovation front and usually make up our asks and our policy prescriptions through CAPP. Let me step outside of my box a bit.

Focusing our existing innovation investments is just as important as focusing potential new innovation investments through the federal innovation agenda. When you take a look at the pledged amount of $800 million for a series of superclusters, which is the major spending vehicle in the government's innovation agenda, it's a small proportion of existing investments when you add up what is invested through NRCan, NRC, NSERC, and SDTC in granting capacity. The list is quite extensive.

We need a deliberate look at where the existing innovation investments are going to make sure they align with current innovation theory such as market pull and that there is sufficient investment to scale up companies and bring them over what, in innovation parlance, is called “the valley of death”. There seems to be lots of support for small companies, but if you're a very big company, then in some regard you've already proven yourself. Scaling up through medium-sized companies seems to be quite different globally, but potentially more difficult in Canada.

Continuing and potentially expanding the SR and ED tax incentive program would be an important thing. Our major ask for the innovation space is to invest in this sector in a supercluster. I think the value proposition we see is that it's not just to reduce the greenhouse gas emissions of Canada but to develop novel solutions for the world. We could play a leadership role in reducing emissions globally and in that find new economic activity and whole new sectors for Canada.

We have one project, which we call the COSIA carbon Xprize. We're offering $20 million to the team that best takes carbon, which right now is a waste and a liability, and changes it into a valuable product. What we're doing is offering $20 million to the team that can reimagine carbon and change it from a liability to a resource. That's the type of thing we're doing in this sector and in COSIA.

Partnering with the Government of Canada in a supercluster that is designed to link more people with novel experiences, different backgrounds, and different perspectives.... The more people you get focusing their unique skills on a clearly defined problem, the more good things will happen. We know that. We've already seen it inside of COSIA. The supercluster concept has potential to catapult Canada onto the global stage of the innovations solution space.

Mr. Steven MacKinnon: Thank you. That's very important.

The Chair: By the way, the first round will be seven minutes today. The second round will be five minutes.

Go ahead.

Mr. Steven MacKinnon: Thank you.

Mayor Holmes, you mentioned how we are probably looking at things from a higher level. I can assure you as well that we're very interested in getting results and money out the door. My question is for you and Mr. Vander Ploeg, if you would care to comment on infrastructure funding.

We are keen on getting this money out the door, putting people to work, and renewing infrastructure. I think—I hope—you will say that we've demonstrated flexibility in so doing. I know that we have committed as well to significant investment in rural infrastructure. I'd be interested in your first-hand observations of how that's going, how easy the process is, and what additional measures, if you think there are any, are required for the federal government to make sure that infrastructure has the desired impact right now.

Ms. Lisa Holmes: Thank you for the question.

I want to say that we are very supportive, obviously, of the platform projects that you guys have put through with increasing infrastructure funding. The current federal Minister of Infrastructure is a former vice-president of AUMA, so obviously we have a great relationship. We've talked a lot about some of the challenges that we face.

The biggest one, I believe, is the fact that it took quite a while to get coordination with the province with regard to getting an agreement signed so that we're able to get the money out this year. Our biggest concern was the timing. We want to make sure that the projects are funded as quickly as possible so that we don't miss construction season.

Also the process is very open. We really do believe that the application-based process is flawed, that it causes a lot more money to be spent on administrative purposes and a lot more time wasted when you should be getting to these projects quickly. We would like to see a movement to a process more like the federal gas tax program model, where the money flows directly to municipalities, rather than through the province, so that we're able to make decisions at the local level. That being said, we're looking forward to phase two.

Our biggest concern is that the water projects were funded at 40% provincial allocations, but will that happen as well with the affordable housing and the social infrastructure funds? Those are of great need in the province. We are finding a lot of municipalities have put forward their water projects in further years at the cost of affordable housing, recreation, and those types of projects. Those are where the issues are now. We would like to see both levels of government really start to respect the fact that local decision-making needs to happen and that different municipalities have different needs.

We're very pleased with what's happening. The openness has been a great change.

● (0940)

The Chair: Thank you both.

How slow was the construction season? I was at the Federation of Canadian Municipalities meeting in Winnipeg. There were huge complaints there that especially the smaller cities and towns couldn't afford to backstop the money until it eventually came through from the feds, so April, May, and June of the construction season were seen to be missed. That's also what happened in my province. Construction didn't get started until well into August. What happened here? They are lessons to be learned for another year, I think.

Ms. Lisa Holmes: Absolutely. The agreement was only signed a couple of weeks ago, so the complete construction season, in my opinion, has been missed for Alberta for 2016. We are also still awaiting word on the previous infrastructure funding. The construction season for phase one of this new infrastructure fund is one thing, but we're still awaiting the previous building Canada funding that was announced by the previous government. That has not been allocated out to our municipalities yet, so those projects are still on hold. We won't really see anything moving until next year, which is a concern when you have a $26-billion deficit of municipal infrastructure in Alberta.

The Chair: And we could use the jobs.

Mr. Liepert.

Mr. Ron Liepert: Thanks, Chair. I have a couple of comments.

Agnes, I don't have any questions regarding your presentation. I just want to let you know that I have it on my calendar to attend your event in Ottawa, so I'm really looking forward to that. I just don't have any questions.

Lisa, I know that this committee would be pleased to attend your event over the next three days, but unfortunately, tomorrow we're in Regina and the following day in Winnipeg. Just for the record, the Oilers' organization has been kind enough to have us tour the new arena this afternoon. It will give members of the committee a good opportunity to see the revitalization of downtown Edmonton. I think that's going to be an important event. Good luck in your conference.

Casey, I just want to talk a bit about the beef situation, because the concern and the seriousness of it has really been below the radar. It was a pretty good joke on the community, a week and a half or 10 days ago, when the major feedlot said they were shutting down operations. I can't remember the name of it. Is it Western Feedlots?

Mr. Casey Vander Ploeg: Yes, Western Feedlots.

Mr. Ron Liepert: I don't want to get political here, so I'm not blaming anyone, but I'm going to repeat what some of the rationale was. It was the head tax by the municipal government. It was the commodity price. It was also things like the concern about the carbon tax coming on. It was the concern about the regulations around workers, Bill 6. One thing that's important for this committee to understand is the piling-on effect that can happen with business. It doesn't matter whether it's the feedlot business or the energy business or small business. It's the piling-on by three levels of government in some cases. At the end of the day, it's the same taxpayer that's getting piled on.

I'd just like you to maybe make a comment on that message, which was sent by Western, about what impact you see that having across the industry.

● (0945)

Mr. Casey Vander Ploeg: I didn't bring up Western in my comments because I had a sneaking suspicion someone else would, and that indeed is the case.

Western Feedlots, just a little background, is one of Canada's oldest cattle feeding operations, established in 1958. The whole business of feeding cattle in western Canada is a relatively new industry, about 40 to 50 years in operation. Western, of course, is one of western Canada's largest operations, with 100,000 head standing capacity.

The recent announcement that they are winding down their operations was a significant event for the industry. It's not the only operation that we've seen closed. In the county of Lethbridge, producers there have told me that they know of five cattle feeding operations that have recently closed.

The issue of piling-on is definitely of concern to agriculture and to cattle feeders. Just as some background on that, the 2016 Alberta budget increased the fuel tax by 4¢ a litre. They did not increase the farm exemption with that, so all farmers in the province are now paying 4¢ provincial tax on fuel. For cattle feeders, just for the transportation of cattle,—forget about feed grains, forget about ploughing the fields and harvesting—just moving cattle around will cost the beef industry $3.25 per head. We have the prospect of a carbon tax coming in 2017, so you're right Ron, and the cost implications for Bill 6 as well. All of this is coming at a time when the cattle markets are very volatile and prices for fed cattle are very poor.

Mr. Ron Liepert: I'm going to cut you off there, because I want to ask a couple of other questions. I think you've answered my question in as much depth as I think I need.

Bob, I'm not going to get you to go into any more detail on your proposal, but I must say, I have trouble understanding it. It makes sense on the surface. We have some analysts here who'll take what you said and put it into a way that we can understand, so hopefully what you said is going to resonate and we can get your message through in our report.

Dan, I was at the launch when you guys launched COSIA. It seems to me that there is an awful lot of good work that you folks are doing, but, gee, nobody knows about it. If we had more evidence in the public of the kinds of things you are doing, I think it would balance all of this negative stuff around pipelines. Why can't you do a better job of getting yourselves known?

Mr. Dan Wicklum: That's a very valid point. One of the challenges we find, when we get 13 companies working together in a way that is forging new ground about how large companies interact.... We found that this is about technology and innovation, but it's also about culture. The companies have quite different cultures when it comes to communications. Some companies—

Mr. Ron Liepert: Terrible culture....

Mr. Dan Wicklum: While all the organizations agree that we are about innovation, technology, cutting costs, and driving environmental performance improvement, they have very different opinions on what role COSIA would play in the communicating itself, compared to what role COSIA would play in developing facts and proof points, and having other organizations communicate.

Having said that, four years ago this was really about potential and promise. What we've done now, since our launch.... I think there is resounding evidence that this is not just a theory; that this actually works. Collaboration works. The benefits of a healthy oil sands sector would accrue right across Canada, coast to coast, economically.

The companies have asked us to go away and develop more concerted communications plans, so we will be stepping out into the first order of COSIA itself as an organization playing a more concerted role in communications.

● (0950)

Mr. Ron Liepert: You have to do a better job on that. You're just fighting from behind, and there is so much good news there.

Thank you.

The Chair: Thank you, both.

Mr. Cannings, you have seven minutes, please.

Mr. Richard Cannings: Thank you, all, for coming here today. It's good to hear these stories.

I wanted to start with Ms. Holmes and Ms. Bohaichuk. Talking about infrastructure, especially in small rural municipalities, I think my riding has 41 communities in it, and 15 are big enough to have a mayor and a council. When we were talking about the infrastructure program of the government, I got in touch with every one of them and talked to them, plus all the rural regional district representatives. I said, “What are your needs?” Their resounding message was, “Don't forget rural Canada.” They feel that they have trouble competing against big cities for this funding. They don't have the capacity to fill out all the forms and do all the grant applications, and they just want it to work better for rural municipalities. I think you touched on some of these things.

I just wanted to know if you could expand a bit on the gas tax model. I didn't really catch.... I don't come from a municipal background. What I've been hearing from some of my mayors is that they know their asset management needs. They know how much money they are going to have to spend every year from now until the end of the century. Why can't we have longer-term grants from higher levels of government so that they don't have to fill out the forms every year? I wonder if you can expand on any of that and help me out. Thanks.

Ms. Lisa Holmes: Absolutely. I appreciate that, and I will start off by just saying that it's interesting, because although we are the Alberta Urban Municipalities Association, the majority of our members are rural. One of the gaps is the definition of what “rural” means. According to the Federation of Canadian Municipalities, it's anything under a population of 100,000, so it's hard to say what it means. I'm just telling you, from my perspective as a small-town mayor, I feel I am rural so I can speak about small towns.

The federal gas tax model is important because it is indexed and it's sustainable. As you were saying, we are required to do capital plans, and our new municipal government act coming out from the province requires you to do five-year capital plans. We know exactly what our capital projects and needs for infrastructure are, but provincially we do not have sustainable planning. It would be great if we could see more models come from the federal government that were more predictable and sustainable. The federal gas tax money is indexed. It flows directly to municipalities without application, and although there are parameters of what it can be used for, the decision of exactly where it goes is made at the local level.

I think that is very important for your smaller municipalities, as I was saying, that know whether it is a water project that is their number one, or whether they've been investing heavily in water and their project is a bridge or a road, or a recreation centre. It would be great to see other models coming out in the same model, just because it's sustainable.

Mr. Casey Vander Ploeg: I'll speak to that question and to the one that Mr. MacKinnon asked earlier about how things are working.

We simply use the county of Lethbridge, and I'll use that example simply because I'm quite aware of their financial situation. I've done a lot of research on their financial statements, and it is an area of the province that has a lot of cattle feeding in it. There are over a half a million head in that county alone.

The county receives from the federal gas tax fund about half a million dollars annually. In the view of the farmer and the cattle feeder, when you look at that \$500,000 and stack that up to what the farmers are actually paying in federal and provincial fuel tax, you see it is essentially a pittance. We have a situation now where, for example—this is Alberta, not federal—the Alberta government put in a new 4¢ fuel tax. The farmers are now paying that and they're saying, “We're paying it, but what of that is going to come back to the county?” It will be little to nothing, I would submit.

The fuel tax sharing agreement is a good agreement. It works well for municipalities. I think it can work better. It can work better for rural municipalities. Right now those funds are shared on a per capita basis. If sharing were done on a fuel consumption basis, counties like Lethbridge would receive a greater share of those dollars. Given that there is no public transit in the county, fuel is used for farming and harvesting and all sorts of production. That would probably be a better system as far as rural municipalities are concerned.

I would just end with this last comment. Federally, the county of Lethbridge receives a half a million dollars per year, roughly, as its share of the national gas tax fund. Aside from that, there are no other projects in that county that are being funded with federal infrastructure dollars that we know of—none. That's an interesting finding because that county is one of the nation's most productive agricultural areas. They trade internationally around the globe. Billions upon billions of dollars of agricultural product is coming out of that region. We contend it's a national economic priority. We contend that those local roads and bridges, although they are under the purview of the municipality, serve a national interest in terms of agriculture's contribution to the economy.

● (0955)

Mr. Richard Cannings: Thanks.

I'd just like to turn to Mr. Wicklum. The story is, obviously, a huge success. It's a great, good-news story. I just have a couple of questions.

You talked about the 819 technologies that have been developed. In practical terms, all of the companies know about those technologies. I just want to know about implementation. How many of those new ideas have been implemented in all the projects in the oil sands that are working right now?

Mr. Dan Wicklum: I mentioned in response to an earlier question that we're scientists. We're engineers and Ph.D. scientists, every one of us. We affectionately call ourselves “the geek squad“. As we go about our daily business inside of COSIA, we often retreat back into scientific principles and that often means measurement. One of the mantras we use is, “If you don't measure it, you don't manage it.”

One of the things that we take great pains in is developing key performance indicators. How do you measure not only effort but also outcome? How many projects you're developing, how much money you spend, and how much technology is being shared, those are efforts. We measure outcome in two ways. One is the number of implementation decisions. Inside of COSIA the companies develop things and they share. They give away free use rights, but it's up to the companies to implement them. We don't measure exactly how and when the companies implement, but we do measure the formal decision the companies have made to implement a technology. That's when COSIA's responsibility stops. We can tell you, to date, that companies have made 347 implementation decisions based on the shared technologies.

Some of those technologies have been implemented; they're working right now in the plants. For some of them, because of the lead times, the actual implementation won't happen until some time into the future. These companies are very formal in their decision-making, and they make very clear decisions. They made 347 implementation decisions. We have not calculated our 2015 decisions yet, but we're doing that now.

The other outcome is determining what the actual environmental performance improvement is. The best statistics that we have early in our life history are that in situ producers have decreased their fresh water use by 36%, and miners have reduced it by 30%. We measure both effort and outcome, including an implementation metric.

The Chair: I have to cut you there.

Ms. O'Connell, go ahead.

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

My first question is to Mayor Holmes. In terms of rural broadband, something I care a lot about as well, I'm just wondering if you or your association has an opinion on backhaul versus last mile. As you may know, our government has committed $500 million in budget 2016 for broadband, and there is now the question of which part of that investment is funded.

Do you have an opinion on that? Does your association have an opinion on that investment?

If not, that's okay. I'm just curious.

● (1000)

Ms. Sue Bohaichuk (Chief Executive Officer, Alberta Urban Municipalities Association): We just did a survey of our members fairly recently. What we heard was that depending on where they're located, there are varying issues. In some cases the problem is with the actual ISP, the Internet service provider, where the cost is so high and the service is so poor that it's not an infrastructure issue; it's a service provider issue. In other cases there simply is no infrastructure in place, and that's probably the hardest challenge that there is. We've looked at satellite. We've looked at fibre. Probably what we need is a combination of a multitude of solutions.

One of the biggest barriers is that until the CRTC declares broadband as a basic service, it doesn't have the same priority as others.

Ms. Jennifer O'Connell: When you're talking about the issues with the service provider, for example, my riding is a rural-urban mix. I'm literally right next door to Toronto, but even within urban parts of my riding, we don't have service because for the service providers it's just not worth it. They have such a market in the municipality right next door.

In the rural area, we have infrastructure issues, but it's also part of that broadband service that is mixed with Toronto. Again, it's a matter of them just not wanting to provide it. Is that the same kind of idea, in terms of the clusters?

Ms. Sue Bohaichuk: Yes, that's exactly what we're seeing. The dollars just aren't there for the ISP. The latest decision that existing infrastructure has to be shared by an ISP with other ISPs will hopefully be a bit of a catalyst for change. It may be that—pure and simple—we need some sort of a subsidization so that there is a guaranteed level of profit as an incentive to provide to those areas.

Ms. Jennifer O'Connell: Thank you.

Finally, again, in one of the municipalities that I represent, council just approved a one-dig policy, which means any time a road is dug up by the municipality, it'll put in the tubes and the piping for future broadband. They're saying that they will come to the table, and it will have a minimum impact on that construction project, but that they are then ready, once the service provider or the federal government or whomever comes to the table with the rest of the infrastructure.

Is this something your members are discussing in terms of being, essentially, shovel-ready for this type of broadband?

Ms. Sue Bohaichuk: In most of our rural areas, the physical space is not too much of a challenge. That's probably more of an issue in our Edmontons and Calgarys where rights-of-way are in busy high traffic density areas. We tend to use the template that the Federation of Canadian Municipalities put out fairly recently. It really helps to resolve disputes between municipalities and service providers. But like you said, in the good old wide country areas, right of way doesn't tend to be a biggie.

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

My question is for the National Cattle Feeders' Association. You spoke about the infrastructure and the current government plan and it sounded like you suggested that rural infrastructure is really not being addressed. You mentioned that the pillars of the current plan are things that don't take into account the rural infrastructure need. However, in your brief, you actually specifically point out things like telecommunications as well as social infrastructure like child care, heath care, social services, recreation. Did I misunderstand what you were saying versus what's in your brief? Based on your brief, it talks about some of the pillars that would be included in, for example, the current government's phase two infrastructure plan.

Mr. Casey Vander Ploeg: Thanks for the question, Ms. O'Connell.

In our brief, we point out a number of areas of rural infrastructure that we should be looking at, not just roads and bridges but things like rail infrastructure. For our sector, border infrastructure is a big one. Live cattle move back and forth across the Canada-U.S. border. Last year, over a million head went back and forth over that border. Inspection facilities at those border crossings are deteriorating, so looking at investments there would be helpful as well. There's also telecommunications and things like community infrastructure for these small rural communities that need to attract a workforce, and sometimes the communities don't have those amenities that people are looking for. When we're talking infrastructure, we are talking about a wide range of possible investment.

That said, in our discussions with our members what emerged from what cattle feeders are telling us is that, as important as all of those are, investments there won't mean a lot ultimately if we don't have the road and bridge infrastructure to maximize agriculture's contribution. That is of primary importance. I didn't have enough time in the presentation to talk about those other investments, so I wanted to basically focus on what we would consider to be the urgent need, which is roads and bridges.

I'll make just one final point. With respect to counties like Lethbridge, this county has a very small property tax base. There are very few residents, very few homes. There's very little linear tax in the form of utility corridors, oil and gas, but what they do have is a lot of farmland, and farmland is typically taxed differently from other classes of property.

On the flip side of the low tax base, what you have are huge infrastructure needs, a lot of that driven by irrigation. There are miles and miles of irrigation canals in that county and they need bridges over those canals to move that product. We're looking in that particular case at a county with a poor tax base and with a very high expenditure obligation in the context of a provincially, regionally, and nationally important agricultural zone.

I apologize if there was any confusion. I just wanted to really strike to the important heart of the matter on this one.

● (1005)

The Chair: Thank you both. Thank you, Jen.

Mr. Aboultaif.

Mr. Ziad Aboultaif (Edmonton Manning, CPC): Good morning, gentlemen. Thank you very much for all your presentations. I'm going to focus right now on agriculture and my questions are for Mr. Friesen and Mr. Vander Ploeg. I always believed that one of the largest elements of support in our economy in Canada, and specifically in western Canada, is agriculture. I'd like to see that industry advancing further on all levels, first of all, to increase the level of contribution in what we produce, in other words, to advance our economy further and to have job creation, especially in the rural areas, where we do suffer from a young labour force and people leaving to the urban centres.

Mr. Friesen, you did not ask the government for any money, which is unusual. We haven't heard that throughout our consultations. How can we use any fund, any government participation, in advancing our agriculture industry, and where is the potential in terms of dollars and in terms of man-hours within the spectrum of what we do in the next few years?

As I said earlier, next to oil in Alberta, I see agriculture as the filler for the gaps that we have right now that are being created by the volatile oil markets.

Mr. Bob Friesen: I'm not sure if I understood the question completely.

Are you asking what we need from government over the next few years?

Mr. Ziad Aboultaif: Yes.

Mr. Bob Friesen: One of the things I know that general farm organizations are working on is how to create better business risk management programs to make sure that they cover severe downturns in farm income, but it's not something that Farmers of North America is involved in. We typically stick to regulatory and/or policy changes that impact directly on farm profitability. Business management programs typically are just band-aids to help farmers survive very critical low-income periods.

But what our proposal...and I'm sorry, I do have a brief and the clerk has the brief. It's being translated. My invitation was on short notice so I submitted it on Friday. Please avail yourselves of that information, because it's very clear what we're asking for and it's not a very long document at all.

What we are simply doing.... Farmers really, especially young farmers, have a lot of confidence in the industry. Typically older farmers—and our average age of farmers is quite high—are already winding down towards retirement. The rule change that we're asking for really is more for young farmers who still look at farming as something that they want to do for the next 25 or 30 years. A lot of these farmers are also quite willing to invest in the industry. That's why we're suggesting to at least remove the disincentive that farmers currently have to use the $900 million that they're sitting on to perhaps invest.

One of the things that Farmers of North America is doing is that we're looking for different opportunities where farmers can own more of the value chain. To that end, we've started a fertilizer manufacturing project. We've had farmers invest about $10 million in that. Just recently we are now also ready to close and put shovel in the ground on the first fertilizer super-centre for a farmer-owned fertilizer distribution company. We're also creating opportunities for farmers to own more of the value chain, because it's only when there's ownership in the value chain that they can really accrue the benefit from value-added.

We believe that the environment is right to create more and more incentives for farmers to invest back into the industry, especially with the multiplier factor that we have in the industry, which ranges anywhere between four and seven as a multiplier factor of money invested in agriculture. That's what we're looking towards, more private sector solutions to some of the challenges that we've had in agriculture.

● (1010)

Mr. Ziad Aboultaif: Mr. Vander Ploeg, would you like to elaborate on that too, please?

Mr. Casey Vander Ploeg: Sure.

Very briefly, I think I understand your question. It's essentially getting to an understanding of the potential of agriculture in Canada, and I think that potential is tremendous.

Half of what we produce in this country, we export. Canada is one of only five major net exporters of agriculture and agri-food products in the world. Increasingly, going forward, the world is going to rely on Canada for its food supply. We're well positioned, I think, to serve that role.

Over the last 10 years, our food exports have grown by almost 80%, from $31 billion to over $56 billion, and that has boosted farm cash receipts by almost 50% over the same period. Agriculture is the third-largest single contributor to our GDP, 8% of the total GDP employment, one out of every eight jobs. Agriculture, out of all the industries, has a tremendous track record on efficiency and productivity gains. It's a very dynamic, innovative industry. We don't tend to think of it that way, but it is. We need government policy to line up with that potential, and I would suggest three ways.

First, agriculture and agri-food has a huge labour shortage. It's severe and it's chronic, both on farm and off farm. When we look at beef, all you need to do is take a look at beef processing facilities, whether in Brooks, High River, or Guelph. There are literally hundreds of work stations on the line that are vacant. We cannot find the workers for those beef plants, so labour is a challenge. Industry is coming around that. Over 80 agriculture association groups have come together under the Canadian Agricultural Human Resource Council to develop the labour task force action plan. We've made recommendations to the federal government on our labour needs.

Second is trade. We have a new trade deal with Europe. We have the pending Trans-Pacific Partnership. We also have a lot of interest and growing interest from China on Canadian agricultural products. Trade-related issues, freer trade, fairer trade, and more robust trade is definitely needed for the agriculture sector.

The third—we've done a lot of talking about it—is infrastructure to support that agriculture investment. If we can get our head around those three things, it puts agriculture well positioned to be a significant economic generator in the future. People need to eat and we can feed them.

● (1015)

The Chair: Thank you, Casey. We're well over time on that round.

Mr. Grewal.

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

Thank you to our witnesses for coming today. We really appreciate it.

Ms. Augustin, I agree with all of your three recommendations. You'll be happy to know that members on the government side have also started youth councils in their own ridings to specifically support youth entrepreneurship and to encourage young Canadians to participate in the democratic process.

You don't have a cost on your recommendations. Do you have an amount that you would ask for?

Ms. Agnes Augustin: We do.

Mr. Raj Grewal: What would the number be?

Ms. Agnes Augustin: In our brief we asked for $10 million over five years, $2 million per year, of which we allocate a certain portion to discoverability because we believe that it's imperative that anything that's done online has to be sound and monetized. The other portion is for research.

Mr. Raj Grewal: Thank you very much.

Mayor Holmes, everybody's picking on you, but we really understand the importance of local decision-making. One of the frustrations I have in my city, in Brampton—it's one of the fastest-growing cities in the province of Ontario—is that our council is very dysfunctional. We can't get infrastructure money to the City of Brampton because the City of Brampton cannot get projects approved at the council level. It goes both ways when we say that, yes, we want to encourage local decision-making, but if, like in my example, the local government doesn't have its act together, the citizens of that city suffer.

I couldn't agree with you more that the funding allocation form should be more relaxed, and Minister Sohi has a great job of that. He held a town hall in our city just a few weeks ago, and he really focused on the fact that we're here to work and partner with cities.

What are you guys doing in Alberta to make sure your cities are taking advantage of the infrastructure funding?

In prior years, as well, the City of Brampton never applied, and then they complained.

Ms. Lisa Holmes: Well, actually, the changes to the Alberta Municipal Government Act are going to help that, for sure.

Obviously, it does depend on local councils. I think what's happening with yours is the exception, not the rule. One thing we're seeing is a lot more focus on intra-municipal collaborative planning. We will be required in Alberta to have intra-municipal collaborative framework agreements with our regional partners.

We're seeing the success coming out of the Edmonton region and the Capital Region Board, and it's the same in the Calgary region as well. One item that they've put forward is infrastructure prioritization for the entire region. If we see coordination at the regional level, and it's a regional priority and determined that way, then I think there may be more comfort in the money going towards the local governments.

As an aside, we're also putting some more standards in our code of conduct and things like that as well. I do think it's important that we're not penalized for some of the unfortunate situations out there.

We are seeing that the five-year capital plans are going to be great tools moving forward, making people more accountable. It's such a need. I think that with the pressure from the public when things happen, especially in regard to health and safety of water, and wastewater projects, there is not going to be an issue about the money being spent in the right way.

Mr. Raj Grewal: Thank you.

You spoke about crime rates, which is actually news to me. I didn't know it was that high in this region. It's very surprising.

You asked for additional RCMP support. What's the total budget ask for that?

Ms. Sue Bohaichuk: We've never been able to get a clear answer from Public Safety Canada or the RCMP, but we do know that in Alberta we are currently short somewhere in the neighbourhood of about 30 to 40 officers.

That doesn't sound like a lot, but a lot of those are located in what we'll call rural detachments, where there's a really high rate of burnout and overtime, and things like that.

Mr. Raj Grewal: Thank you for your answers.

Mr. Wicklum, that's a great initiative, a great idea.

I echo my colleague's sentiments on being more public with the good things and great things you do. You mentioned partnering for a supercluster in Minister Bains's innovation agenda. Innovation is essential to our government's economic growth strategy.

What do you anticipate the financial ask will be from your organization?

● (1020)

Mr. Dan Wicklum: The way we're looking at it is this. What messages have the government given in terms of what the opportunity space is? In the last budget, your government messaged that there would be about $800 million, profiled over several years, for somewhere between three and five superclusters.

I'll answer the question this way. We could very responsibly invest $800 million of that money, but we understand that this is a national program, coast to coast, and not just about the oil and gas sector. We very much fall into the notion of form follows function. Again, starting last night, we had our senior leaders together and we're figuring out, being extremely crisp, what this cluster could actually deliver for Canada in terms of innovation, and then we'll develop the mechanics and the ask after the fact.

Mr. Raj Grewal: Have you met with anybody from the ministry?

The Chair: I'm sorry, you'll have to leave your next question to the next....

Okay. Go ahead, but keep it tight.

Mr. Raj Grewal: I appreciate that from my wonderful colleague across the way.

Have you met with anybody from the ministry?

Mr. Dan Wicklum: Yes, both I and representatives of the innovation space, meaning companies, and frankly partners, including universities, are very well meshed in with both Minister Bains's office and the civil service.

Mr. Raj Grewal: Thank you.

The Chair: Thank you both.

Before you go, Ron, I have a question.

On the RCMP, one problem on the finance committee is that though it isn't said—it isn't on the record—we can't make many recommendations on it.

However, the RCMP isn't something we've heard a lot about at committee yet, but I've certainly heard a lot about the problem. With the officers you talk to in your communities, is it a problem of not enough RCMP officers being trained so that they have the full complement to fill those positions?

Ms. Lisa Holmes: Yes, and I'll give you a specific example. The town of Daysland is a small town in central Alberta. They have a detachment that is in another municipality and has the RCMP coverage for their area. I believe they have five officers allocated in their budget. Two to three are on maternity leave, so they only have two to three that are available to service that entire region. Maternity leave officers count on the allocation, unfortunately, even if they're not physically present and able to do the job.

It is a budget consideration, but it's also the fact that there are not enough recruits going through the training at the RCMP depot in order for us to be able to access them. One thing that we have said we need is better screening for the dropouts who are going through the program because there is a high number of dropouts who go through partial training and then leave. It is a serious concern, especially in rural Alberta where municipal councils are funding these positions. They're putting them into their budgets, and they have the money available to fund them, but there is no RCMP officer available to come. It's causing a significant concern.

We're also seeing that there is a problem when we are supplementing RCMP officers by adding more clerical staff. In order for RCMP officers to be efficient with their time, we need to have clerical staff to be able to do the majority of their paperwork. We're paying out in any way possible to get the coverage, but we're not able to access what we need.

The Chair: Okay. Casey, maybe you could re-emphasize the importance of.... I know there's a committee looking at temporary foreign workers, but I do know that even the Cargill plant here sometimes ships cattle stateside because they don't have enough workers to handle the slaughter capacity at the Cargill plant. Is that correct?

Mr. Casey Vander Ploeg: Yes, you're correct, Mr. Chair.

I appeared before the HUMA committee in May on the temporary foreign worker program, and we made a submission to that committee. We stressed the importance of agriculture continuing to serve its role as a gateway into Canada.

I speak from experience. I am the son of Dutch immigrants. My father was an electrician in the coal mines in the Netherlands after World War II. He had a very important job there, a good job, that he left behind to come to Canada and hoe beets. The price of entry into Canada was a two-year commitment as a farm labourer, which he happily did. Afterwards he proceeded to establish his own business and the rest is history, so to speak.

Yes, labour is very much on our agenda. We know the recommendations of that committee have been tabled with Parliament. I've communicated to Brian May, the chair of that committee, that we're happily pleased with what we see in those recommendations. We've communicated that to the minister as well. I was in Ottawa last week, and we communicated to Minister Mihychuk our support for those recommendations. We sincerely hope they go forward.

The labour is not the only thing. It's infrastructure as well. It's ensuring that those trade agreements that we've negotiated can be passed, and we can free up trade and agricultural products. Therein lies the potential for Canadian agriculture, I believe.

I would end with this one thought. There has been a lot of talk about urban and rural. Conceptually I think that's how we look at the world. I'm now in urban Alberta. I'm going to be going back to another part of urban Alberta in about 15 minutes, and I'm going to be travelling through rural Alberta as I do that, but it's still one nation. It's still one country. It's still one economy.

The urban and the rural places of this country are connected with roads, bridges, and rail and air transportation. All those things move people, move products, and move goods to serve the domestic market and to serve the international market.

We need to ensure that connectivity stays there. A lot of the primary economic activity in Canada is in the rural areas, whether it's mining, forestry, fishing, agriculture, or oil and gas, you name it. It happens in rural Canada, but rural Canada needs to connect to urban Canada to get those products out to the ports and get them out to the world. We need that connectivity, and that's what I'm talking about when I'm talking about rural infrastructure. Let's get this system and keep it robust, and in that way we can do a lot to secure our economic future in this country.

● (1025)

The Chair: Okay.

Mr. Liepert, go ahead with your last questions, please.

Mr. Ron Liepert: I want to ask one question of Lisa, but before I do that I have one clarification for Dan in his answer to Raj. If I understood you correctly, you were saying the innovation fund already exists. It's in the 2016 budget and the dollars are there. You were saying that you want them to consider your organization to be eligible for some of those dollars. You weren't asking for additional dollars.

Mr. Dan Wicklum: Correct.

Mr. Ron Liepert: Thanks.

Lisa, as a final question, I've always felt that the municipal governments were the level of government that's closest to the people. You have 1,000 of your delegates coming into Edmonton starting tomorrow. Now everybody wants more money, so if you set aside the request for more money, what would be the number one issue on the minds of your delegates that you could leave with this committee today?

Ms. Lisa Holmes: It is improved regulation, and I'll give you four bullet points. The CRTC needs to make broadband a basic service.

The marijuana conversation needs to have very good consultation with municipalities. We need very clear regulations in regard to the homegrown aspect of its distribution and consumption because it impacts us at the local level more than anyone.

We need to harmonize the federal and provincial water and wastewater standards because right now, we report to two different levels of government. It would be great if we could save the money and the time and just have harmonized standards in that area.

Alberta needs a regional policy for temporary foreign workers like Quebec has. Our hiring is very unique and we have our own unique circumstances, as you were saying. We need our own policy. Those cost no money.

The Chair: That was a quick sum-up and to the point. Unless there's one quick question, we will leave it at that. Thank you all for coming and thank you for your briefs as well. For those who had sent them in by early August, we have those briefs and they have been gone through as well, so thank you.

I don't know how many meetings there are in Calgary this week, but everybody we asked as a witness seemed to have a Calgary commitment, Casey's group being one. The Canadian Association of Petroleum Producers was another, but they're going to meet in Ottawa now, I believe.

Thank you all for your presentations and the straightforwardness of your answers. The meeting is suspended for 15 minutes.

● (1025)

(Pause)

● (1040)

The Chair: We will come to order for our second panel. I think the panellists know that pursuant to Standing Order 83(1), the finance committee is doing pre-budget consultations for the 2017 budget.

We welcome you here as finance committee members from across the country. We would like it if you could hold to as tight to five minutes as you could for presentations so we get time for questions.

We will introduce the MPs who are here as well.

We'll start with you, Raj. Please introduce yourself and say where you're from so panellists know.

Mr. Raj Grewal: My name is Raj Grewal, and I'm the member of Parliament for Brampton East. That is right by Pearson International Airport.

More importantly, I know we're in Alberta, but I hope you all watch the Blue Jays game tonight and cheer for Toronto.

Ms. Jennifer O'Connell: I'm Jennifer O'Connell. I'm the member of Parliament for Pickering—Uxbridge on the other side of Toronto, on the east side, in Ontario.

Mr. Steven MacKinnon: I'm Steve MacKinnon. I'm the member of Parliament for Gatineau, just across the river from Ottawa.

The Chair: I'm Wayne Easter. I'm the member of Parliament for Malpeque, Prince Edward Island, which is between Charlottetown and Summerside.

Mr. Ron Liepert: We're the good guys from Alberta. I'm Ron Liepert. I'm the member of Parliament for Signal Hill in Calgary.

Mr. Ziad Aboultaif: I'm Ziad Aboultaif, member of Parliament for Edmonton Manning, which is northeast Edmonton.

Mr. Richard Cannings: I'm Richard Cannings. I'm the MP for South Okanagan—West Kootenay. It's where all Albertans go for their holidays and retirement.

Voices: Oh, oh!

The Chair: That's true.

Following our briefs and presentations, we do give an opportunity to anyone who happens to be here as an observer to take about two minutes to give their points of view on where the country should be going on finances. There will be a deadline of about 12 o'clock on that.

Mr. Kershaw is with the University of British Columbia.

Welcome, and the floor is yours.

● (1045)

Dr. Paul Kershaw (Professor, University of British Columbia, and Founder, Generation Squeeze): As you noted, I'm a professor at the University of B.C., and I'm here today on behalf of an organization called Generation Squeeze, which is engaging Canadians in our 20s, 30s, and 40s to realize our potential as change-makers on a grand national scale in the world of politics for ourselves, our kids, our country, and the planet. We take inspiration from the Canadian Association of Retired Persons, which has been advocating for decades on behalf of those age 50 and older. We're now building the corresponding voice for those of us who are younger to help our world of politics work for all generations.

As we pursue that quest in the world of politics, our allies often make use of what we sometimes call playfully a generational spyglass, something we can look through to bring clarity to how the world has changed for young adults today compared to 1976 when today's aging population were young adults.

The spyglass is powerful. It's built on some of the best social science evidence from UBC and best generational budget analyses that exist, and it shows the following kinds of changes.

Compared to 1976, Canada's economy today is twice as big as it used to be. When you control for population growth, we produce on average an extra $35,000 per household. That's fabulous, but despite all that extra prosperity, the social science data show that increasingly the deck is stacked against younger adults.

The typical 25-year-old to 34-year-old in this country earns thousands of dollars less for full-time work than did the same age person a generation ago once you adjust for inflation. We earn thousands less even though we are more than twice as likely to have post-secondary education, and since so many more of us go to post-secondary, so many more of us start with student debt.

After going to school for longer to take jobs that pay less—and often in positions that don't have generous pensions like they used to—young adults are then asked to do the most amazing thing, spend hundreds of thousands of dollars more for the privilege of trying to live an average home. Also, more often in big cities, those average homes are smaller places with balconies and not yards.

This is leaving entire generations of young adults today squeezed between time and money pressures at the very moment they are also in their prime child-bearing and child-rearing years. Then they often have to take on large mortgage-sized costs like child care or parental leave, especially outside of Quebec.

We often look with our generational spyglass not only at how problems are changing for younger Canadians, but at the national response. Here's where the data gets really interesting. We can show that each year governments combine to spend around $33,000 per person over 65 on important things like medical care and old age security. These are the kinds of things we need to protect, because Canadians are more likely to become unhealthy when we are older, and nobody wants my grandmother to be working when she's elderly.

By contrast, we find ourselves spending less than $12,000 a year per person under 45. When you add up everything in the kitchen sink, grade school, post-secondary, medical care for young people, family supports, employment insurance, workers' comp, that is less than what we do for medical care alone for my mom and my grandmother.

Interestingly, the federal government is actually the primary driver of that age gap. Each year, the federal government spends around $21,000 per person over 65, compared to a little over $7,000 per person for those aged 45 to 65, and around $4,300 per person under 45.

So far in Canada, and at the federal level in particular, we aren't talking about the pros and cons of that age gap. One of the reasons we don't talk about that age gap is because we don't report it publicly in our budgets.

That is Generation Squeeze's first ask of the budget process this year. It's a really inexpensive ask. It doesn't cost any money, save a bit of staff time for either those in Treasury or the Department of Finance, to replicate and/or refine the kind of methodology we've developed at UBC to measure how spending breaks down by age, and to begin reporting that starting in the 2017 budget. We'd be delighted to lend our support and expertise in that cause.

Once we start reporting the age distribution of spending in our budget, we can routinize annually important conversations that ask if decision-makers in the federal government are finding the right balance with investing across generations these days. That's why we're wanting, in particular, to task the Prime Minister, in his capacity as the Minister of Youth and young adults, to task staff either in Treasury or Finance to begin that reporting.

Once we do that reporting, we think we can identify a range of interesting and important intergenerational issues that can tie together some negotiations that the federal government is currently leading with the provinces.

Take health care, for instance. It's important, from an age perspective, to recognize that Canadians are ranked amongst the countries that spend the most on health care each year. By contrast, however, we don't necessarily get the best results with international comparisons. Typically, we're at average or below average. As we think about what to do with our health care system going forward, it's going to be important for us to consider that more money, in of itself, isn't always the answer, when other countries are already getting better access to doctors, CT scans, and pharmaceuticals.

If we can recognize that and achieve the kinds of outcomes that other countries do at their costs levels, could we not take some of those savings and allocate them to things that we're weak on? UNICEF ranks us as very weak on things like child care and parental leave.

Similarly, when thinking about health care from an age perspective, it's important to recognize that we don't prepay for the health care we use when we're older in the same way that we prepay for CPP and the Quebec pension plan. Whereas our pension system is relatively fair intergenerationally, demographics are creating some tensions with respect to health care. When today's seniors were young adults and working, there were seven of them for every retiree they were supporting with medical care. Now, as they're retiring, there are only four workers coming behind them. Soon it will only be two, which effectively is asking their kids and grandchildren to shoulder much larger expenditures for health care, while earning less.

How might we square that circle? One way to do that would be to actually link the health care debates we're having right now to our national housing strategy. I'll wind up in just a minute with two points on housing. At Generation Squeeze, we know this is an important strategy because housing is at the crux of the declining standard of living for younger Canadians.

We want it to be recognized that two people may both make $45,000. One is a young renter. One got in the housing market decades ago and now owns a home outright that's worth $700,000. They're not really the same, but our tax system largely treats them the same for the purpose of measuring their ability to pay for things like medical care and other social services.

● (1050)

Were we to recognize some of their important differences, we could not only send new signals to dampen the growth of high housing prices, which is alarming us from coast to coast, but also potentially create revenue in new ways to cover the additional costs that our aging parents and grandparents are counting on for their health care system.

My last point about housing is we know there's a generation squeeze. Despite the fact that housing prices really hurt a younger demographic today compared to the past, there's no appetite to really bring housing prices down, in part because our parents and grandparents are counting on that for their own equity and financial security in retirement. If that means we're asking younger Canadians, going forward, to tolerate much higher housing prices than in the past, could we not bring young and old alike to say, what other big costs are facing younger Canadians at this time, that are squeezing them, that we could reduce with policy without hurting our parents and grandparents? Because parental leave and child care add a second and third mortgage, those would be great places to start. If those costs are reduced then young adults can better deal with high home prices without trying to impose the ideas that could hurt our parents and grandparents.

With that, I would emphasize that now is the time for us to start reporting how we break down spending by age, so that we can ensure that the Government of Canada is working for all generations.

Thank you very much.

The Chair: Thank you, Mr. Kershaw.

I'll turning to Mr. Rabik, with the Alberta-Pacific Forest Industries Inc. The floor is yours.

Mr. Brent Rabik (Unit Leader, Business Development And Government Affairs, Alberta-Pacific Forest Industries Inc.): Thank you very much for the opportunity to speak today, and thanks to Paul for reminding me that I'm not young anymore. It was the glasses that did it to me.

Alberta-Pacific Forest Industries, Al-Pac, is the last greenfield pulp mill built in Canada. We directly and indirectly employ over 1,000 people and spend over $220 million annually in Alberta, of which over $150 million is spent in the local region. We're a critical employer to at least four communities in northeast Alberta.

We began operations in 1993, and since then we have witnessed remarkable change in our business. The pulp and paper industry has shifted to Latin America and Asia where mills two to four times our size are being built every two to four years. The use of genetically modified tree species, lower labour and regulatory costs, and better access to Asian markets have made new investments in Canada almost impossible.

The dramatic switch to electronic media has resulted in shrinking markets for traditional printing and writing papers, except here. Thanks for the use of the paper.

Canada does have the largest amount of third-party certified forests in the world, and Al-Pac manages the largest single-certified land base in the world. That's a big deal since most of that is done overtop the oil sands of northeastern Alberta. We have an industry that has made investments in bioenergy, biofuels, biochemicals, and biocomposite products. We realize this is just the beginning of the transformation of Canada's third-largest manufacturing sector.

We're not going away. We have many opportunities to transform our business and build upon some of the best environmental credentials in the world.

At Al-Pac we have a new owner, Hokuetsu Kishu Paper out of Japan, which is looking at making global investments in the pulp and paper business. We'd like to help them to invest more of their money in Canada.

Here are some facts about the Canadian forest industry. We employ about 288,000 people directly and indirectly, and over 12,000 in Alberta. Approximately 70% of aboriginal communities are located within the forest regions of Canada, and approximately 9,000 aboriginal people are employed within the forest sector.

There are over 231 forest-dependent communities in Canada. There are about 12 forest-dependent communities in Alberta. Over 50 communities identify forestry as a primary industry. The forest industry remains one of the key industries in Canada for stability and growth within our rural and aboriginal communities.

Today I'd like to highlight three areas that we would like for consideration not just in this year's budget, but also in recognizing that investments in transformation take time. Like this industry where we have 100-year planning horizons, we encourage the government to think in longer timeframes.

With respect to carbon, government needs to establish a framework to ensure that carbon prices are comparable across Canada and do not adversely affect our competitiveness in jurisdictions where this type of policy is lacking.

Government needs to establish compliance mechanisms, such as offset mechanisms that are consistent and available across Canada. The offsets mechanism should include forest sinks, as well as carbon displacement projects such as biofuels and bioenergy.

We also need government to promote biofuels and lower carbon emitting fossil fuels for the transportation sector by increasing the minimum fuel-blending levels to 10% for gasoline and 5% for diesel, with minimum requirements for advanced biofuels.

Finally, government should adopt a carbon first principle for infrastructure spending and procurement.

With respect to innovation, the government should invest $100 million over four years in the Natural Sciences and Engineering Research Council of Canada, NSERC, for R and D in the forest industry, and $200 million over four years as core funding for FPInnovations at the national level to support provincial research organizations like Alberta Innovates Technology Futures. This funding should be done in parallel with provincial funding. While FPInnovations' current funding does not expire until 2018, early renewal is critical for FPInnovations' organizational planning and as a signal to the provinces as they prepare their budgets.

For broader deployment of clean technology, invest $250 million. Many of the technologies can be replicated across the industry, and there are still risks involved with which government can help.

Invest $200 million over four years in the investments in forest industry transformation program, or IFIT. All of the current budget allotment within this program has been allocated, and there are no further calls for proposals for this obviously successful program. IFIT is set to expire in 2018, and a signal of long-term support is required.

Invest $40 million over four years for the business cluster, starting in 2017-18.

Quickly, on SR and ED, scientific research and experimental development, reinstate the ability to claim capital as part of the SR and ED eligible cost structure. Increase the rate for SR and ED programs to something higher than the current 15% of eligible costs for large, non-Canadian-controlled private corporations. Increase the certitude of obtaining SR and ED credits by adjudicating the claims in the spirit that the program was intended when it was developed in 1986. It is an incentive-based program and not a compliance-based program.

● (1055)

The forest industry in Canada is transforming. It's based on a foundation of world-leading environmental practices, innovative thinking, and recognition for the need to change. We're the backbone of so many rural communities, and we desire to work with aboriginal communities who are our neighbours and partners. We support the decarbonization of the economy, and we believe we are part of the path to get there. How this path unfolds will be strongly influenced by the actions the government takes, not only in the next budget but in clearly outlining a long-term strategy aligned with where we as an industry know we need to go.

Thank you.

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

Ms. O'Brien-Moran and Mr. Tait with MNP.

Go ahead.

Ms. Michelle O'Brien-Moran (Hutterite Tax Expert, MNP LLP): Chair, vice-chairs, and committee members, thank you very much for inviting us to appear before your committee today to provide evidence and answer any questions you have on the taxation of Hutterite colonies in Canada.

Hutterites live very private lives in the rural prairie provinces, and as such, there are a lot of misconceptions concerning them. If you look at the cover of the brief that we have provided, that's what a colony looks like. Hutterites live on these colonies. There are approximately 40,000 Hutterites in Canada on 375 colonies, with 15 to 20 families and 75 to 150 members. These colonies are each separate economic entities.

Hutterites are deeply religious people who follow the life and teachings of Jesus Christ and live together and share all things in common. Hutterites are a wonderful example of successful family farms. They have large diversified businesses; however, on a per capita or per family basis, they are, in fact, very small.

Hutterites are successful financially because the individuals work very hard, and they live very simple, humble lives. Everyone, including the children, contributes to the common well-being, and in return, the colonies provide for their every need from cradle to grave.

Colonies are very innovative. They have solar power, wind power, robotics, and geothermal energy. They're leading in manufacturing and agriculture.

In the 1960s it was determined that Hutterites should be taxed in Canada. The third session of the 30th Parliament of the Senate of Canada, on November 30, 1977, said that Hutterites should be taxed in the same manner as their non-Hutterian neighbours; that is, favourably, but not more favourably than all other taxpayers.

The taxation challenge arises from the fact that the income from a colony does not belong to any individual member; it belongs to all members, so a method needed to be developed in order to reach this fairness. As such, the act creates a fictional or a deemed trust in order to accomplish this.

The 1977 notice of ways and means motion in acting section 143 of the act, which is the part of the act that taxed Hutterite colonies, specifically said that a communal organization should be given the option of calculating its tax payable as the aggregate of the total taxes that would have been calculated had the income from its organization been taxed in all of the families' hands.

It's very clear. Everyone wanted Hutterites to be taxed the same way as every other taxpayer. Hutterites are clearly business people and farmers. There is no doubt about this. In fact, in order to fall into section 143 of the act, they must have income from a business. The confusion arises because of these deemed or fictional trusts that are created as well as the lack of clarity of the wording in section 143 over income retaining its source.

The working income tax benefit is a refundable tax that was created in 2007 in our Income Tax Act. It has very clear criteria on who an eligible person is and what they need to have in order to receive it.

Mr. Chair, if I could ask you to pretend to be a rural farmer for a minute, I could provide an example. Are you 19 years of age or older? Do you have income from farming? Does it fall within the range of $3,000 to $27,000?

The Chair: No.

Ms. Michelle O'Brien-Moran: Say yes, for the sake of our example.

The Chair: Okay, yes.

Ms. Michelle O'Brien-Moran: You are entitled to the working income tax benefit. Wait. Are you a member of a communal organization?

The Chair: Yes.

Ms. Michelle O'Brien-Moran: Sorry, you don't get to receive it.

We all know that the intention was never to treat Hutterite colonies differently; however, it is, in fact, a result of what has happened.

Our recommendations result from the fact that the government worked together with Hutterites in a collaborative, respectful manner almost 60 years ago. This resulted in a fair and equitable tax system. We are asking to do the same thing today. Our recommendations impact the wording in section 143. Only Hutterites are taxed in this section of the act, so only they will be impacted by our recommendations.

● (1100)

First, we are recommending that the income in section 143 retain its source for purposes of the act.

Second, we are recommending that a congregation be given the option of deducting amounts deemed payable to individuals beginning at the age of 10.

Third, we are recommending that the definition of “congregation” in paragraph 143(4)(c) be revised to respect Hutterites' religious beliefs.

In conclusion, any of the credits or refunds that are created from these recommendations will go directly towards our government's stated objectives of stimulating the economy, investing in innovation and research and development, and creating green energy. This is all going to be done in Canada. As a result, it will allow Canada to maintain its ability to be a worldwide-known agricultural leader and keep its reputation of providing the opportunity for all of its citizens to be successful and prosper. We know that this is the right thing to do.

Thank you.

● (1105)

The Chair: Thank you very much, Ms. O'Brien-Moran.

We are now turning to Ms. Vipond with the Alberta Federation of Labour.

Ms. Siobhan Vipond (Secretary Treasurer, Alberta Federation of Labour): Thank you for this opportunity to speak with you today.

My comments today will touch on four key areas: employment insurance, infrastructure investment, health care, and early childhood education and care.

The recent economic downturn in Alberta succinctly showcases a major problem with the employment insurance system—the regional variation. Regional variation disadvantages certain provinces and urban areas, and by extension, those workers, their communities, and their families.

The regional variation is unnecessary and divisive, and treats Canadians differently based on where they live. Where you live has little impact on your personal experience of losing a job. The EI system already has rules and time limits for individuals accessing those benefits. In recent months, in Alberta, we have also seen that the regional variation cannot respond fast enough to keep up with market economy changes. The government should eliminate the regional variation and create a uniform entry requirement of 360 hours for all EI benefits, with a qualifying period.

We applaud this government for recognizing the positive impact that infrastructure investment can have on the broader economy. We ask the government to make the rules around procurement of these investments advantageous to Canadian businesses and workers. Responsible investment in infrastructure can be an important tool for supporting and strengthening our economy. Not only do these projects improve lives for future generations, they also provide valuable jobs to the workers now.

Still, infrastructure spending and procurement must be done right in order for these benefits to be realized. Across North America, we are seeing more sustainable and ethical procurement practices that focus not just on the bid price, but also on the quality of employment offered to workers, opportunities for training and apprenticeship for future workers, and how the projects fit into a just transition strategy for workers moving to more green jobs.

We ask that this government follow through on its promise of infrastructure investment to create quality jobs and stimulate the economy, but we also want to stress the importance of the rules within the procurement agreements to ensure that Canadians benefit not only from jobs of the installation process, but also those in manufacturing and maintenance.

Well-resourced and fully integrated early childhood education programming benefits society by reducing inequality and poverty, and providing children with the foundation and skills to succeed in productive and participatory lives. A national child care program makes good economic sense for workers, families, and communities. Now is the time for the federal government to spearhead a national, public, centre-based, regulated child care program, and ensure that child care jobs are good quality jobs with secure retirement options to retain the workforce.

The Canada health accord is an agreement outlining the Canada health transfer. Funds from the Canada health transfer must be used according to the criteria in the Canada Health Act. In order to deliver quality health care, the provinces require predictable and stable funding. Therefore, we ask the federal government to commit to funding at least 25% of health care costs through the health care transfers under a new Canada health accord.

Pharmaceuticals are a growing cost to the Canadian health care system, to employers through extended benefit costs, and to Canadians who require care. Canada is the only developed country to have a universal health care system without including pharmaceuticals outside of those being used in the hospital settings. Currently, prescription drugs are financed through a patchwork of private and public funding. There's no debate that pharmaceuticals are medically necessary, and pharmaceuticals administered outside the hospital are just as medically necessary as those administered inside the hospital. A publicly funded drug plan is the only reasonable way of controlling drug costs and promoting universal access across Canada.

We are living through unprecedented times in terms of globalization and economic issues. We cannot respond to these issues as we have in the past, with deep cuts and tightening our belts. Rather, we should focus on investing in the future, investing in social goods, such as public infrastructure, pharmacare, child care, and quality safety nets for people going through tough times.

Although these investments may seem like an array of different issues, they are united by a simple fact. Good investments in these areas create quality jobs and quality programs that help people through their lives. These investments are good for workers, families, and Canadian communities across the country.

Thank you.

● (1110)

The Chair: Thank you very much.

We turn to the Recreation Vehicle Dealers Association of Canada, Mr. Merkowsky.

Mr. Dan Merkowsky (Member, Recreational Dealers Association of Alberta, Recreation Vehicle Dealers Association of Canada): Mr. Chairman and committee members, I'd like to thank you for giving us an opportunity to talk to you this morning as part of your pre-budget consultations.

My name is Dan Merkowsky and I'm the executive vice-president of the RDA of Alberta, and I am appearing on behalf of the Recreation Vehicle Dealers Association of Canada.

The RVDA of Canada is a national volunteer federation of provincial and regional RVD associations, and the members have united to form a professional trade association for all businesses involved in the recreation vehicle industry.

For the upcoming 2017 budget the RVDA of Canada is asking the federal government to help protect our tourism industry and prevent unnecessary obstacles to further growth in this important sector. By implementing the following recommendations we can help to provide economic growth, business expansion, and innovation to all communities, particularly rural and remote communities across Canada.

We ask you today to consider investment in RVing and camping infrastructure in Canada's national parks, and protection of Canadian businesses by not raising the de minimis level up to $200.

RVing and camping are already components of the Canadian economy. In 2011 the total economic activity associated with the Canadian RV industry reached $14.5 billion. Direct spending associated with recreational vehicles reached $11.5 billion and these expenditures generated $8 billion in net activity and 98,000 jobs.

By making a dedicated investment in camping and RVing infrastructure in Canada's national parks we can help to bring further growth to rural and remote communities. By nature, RVing and camping are found in these communities that are outside of our urban centres.

Canada is home to vast natural beauty, which is not being fully explored by our own population or external visitors. There are over 4,231 campgrounds operated across Canada, each offering a unique experience for Canadians and international visitors.

We require critical upgrades in electrical outlets and an increase in campsite size requirements to accommodate larger RVs. Many campsites do not have lower amp services of 30 or 50 amps that are required to accommodate the more amenities in RVs today. Additionally, as units can now reach up to 45 feet, compared to 25 feet, these upgrades are essential for continued use of existing sites.

RVing in Canada has a considerable economic impact. The manufacturing, purchasing, servicing, and use of recreation vehicles contributes billions to the Canadian economy each year. In total the retail sales and service associated with Canada's more than 400 recreation vehicle dealers generates about $1.5 billion in net economic activity throughout Canada, and supports nearly 19,300 jobs.

In order to protect this valuable industry, along with many other Canadian businesses, we ask that the de minimis level not be raised to $200.

The changes in the 2012 federal budget to increase the value of goods travellers can bring back into Canada free of taxes and duties has seriously worsened the ability of Canadian RV dealers to compete with U.S. dealers, who already have the advantage of lower costs. Popular after-market parts, now falling within the new exemption level, give customers a powerful reason to take their business to the U.S. Dramatically raising the limit when the Canada Border Services Agency is not actively enforcing the current threshold sends a contradictory message on behalf of the Canadian government and fails to support our businesses and the Canadian economy as a whole.

While American online merchants and couriers will argue that the raised de minimis level in Canada is only a fraction of that of the United States' current threshold of $800, the U.S. taxation process differs from that practised in Canada. Furthermore, the United States does not collect federal, local, or state taxes on interstate shipments. The tax advantage the U.S. would experience if the Canadian de minimis were raised to $200 would be huge, while tax benefits on inbound goods would be greatly reduced for Canada.

Many groups representing Canadian businesses support the position that raising de minimis levels would only result in Canadians shopping less often in Canada and as a result fewer goods would be sold nationally, leading to a significant decrease in government revenue.

The United States already holds a predominant position in the online retail space and indeed the global online space with only 22% of U.S. customers reporting having made a purchase from a non-U.S. seller. By contrast, 67% of Canadians report having made online cross-border purchases.

Implementation of RVDA of Canada's recommendations for the 2017 budget would help to protect Canadian businesses; grow our economy, particularly in rural and remote communities; and promote Canada as a tourism destination for both internal and external visitors.

Thank you for your time.

● (1115)

The Chair: Thank you, Mr. Merkowsky.

We will turn to Mr. Gorman, with the Canadian Solar Industries Association.

To the last two witnesses, thank you as well for switching from Ottawa to here, due to the pressure of the number of witnesses we have in Ottawa.

Go ahead, Mr. Gorman.

Mr. John Gorman (President and Chief Executive Officer, Canadian Solar Industries Association): Thank you, Mr. Chair. It was actually quite fortuitous, because the solar industry is having its major conference and trade show in Edmonton this week.

I thank you for the opportunity to be presenting on behalf of the Canadian wind and solar industries.

[*Translation*]

Hello Mr. Chair, ladies and gentlemen of the committee.

First of all, thank you for inviting me to testify here today. I would also like to thank the clerk for her fine work.

My name is John Gorman and I am the president and CEO of Canadian Solar Industries Association, or CanSIA.

Today I will talk to you about the joint recommendations of the solar and wind energy associations, thanks to our cooperation with the Canadian Wind Energy Association, or CanWEA.

[*English*]

The federal government has stated that Canada will work to reduce its GHG emissions by a minimum of 30% from 2005 levels by 2030, and by 80% from baseline levels by 2050. This is an ambitious target, but it is consistent with the level of initial effort required to meet the Paris agreement commitment to hold the increase in average global temperatures to no more than 2°C from pre-industrial levels.

Numerous analyses have demonstrated that GHG emission reductions of this scale can only be achieved through the decarbonization of the electricity system, and the subsequent use of that electricity to replace fossil fuels across a wide variety of end uses, including transportation, buildings, and industrial processes. In other words, deep decarbonization in the Canadian context requires deep electrification with clean sources.

Solar heating and cooling technologies can also play an important role in reducing emissions from buildings and industrial processes. Accordingly, we believe a focus on zero carbon electricity production, increased electrification, and fuel switching to renewable resources must be at the core of Canada's climate change strategy. The federal government has a great opportunity, through its spending and fiscal measures, to transition Canada towards a low-carbon economy while ensuring that Canadians benefit from new jobs, economic development, and a cleaner environment.

This transition to a low-carbon economy will require significant investment in renewable energy projects. Global investments in renewable energy are in the order of $250 billion per year. Incidentally, that is twice as large as the amount of money that is invested in fossil fuel electricity generation globally per year.

As investment globally has soared, prices have plunged. For example, the cost of solar power has fallen 82% in the last six years. Similarly, the cost of wind has declined 61% over this same period. The amount of investment needed in Canada to meet its GHG reduction targets outweighs the available public funds. For that reason, successful public policy seeks to attract and leverage private sector investment to its maximum potential. To this end, CanSIA and CanWEA have detailed several mechanisms to attract the investment of private capital in renewable energy projects in Canada.

We have made a detailed submission to this committee, but as our time here is limited today, I would like to focus on just one of these measures, tax credits. They are the one measure, if introduced in combination with the existing measures, that have the potential to attract the private sector investment that Canada needs.

The United States has used tax credits for renewable energy since 2006, namely the investment tax credit and the production tax credit. The ITC, or investment tax credit, has been a tax credit in the U.S. that has attracted most investment in solar energy for households, businesses, communities, and industry. It is a dollar-for-dollar reduction in the income taxes that a person or company claiming the credit would otherwise pay to the federal government. The ITC is equal to 30% of the investment in the solar property.

● (1120)

The ITC steps down after 2023—this is in the U.S.—and the residential credit will drop to zero while the commercial and utility credit will drop to a permanent 10%.

The ITC reduces the cost of solar electricity by approximately 20% to 25%. Since its implementation, the ITC has helped annual solar installations grow in the United States by over 1,600%.

The production tax credit, or PTC, has been the tax credit most valuable to the wind energy industry in the United States.

The PTC is a production-based tax credit provided for every kilowatt hour of electricity generated to the power grid. The PTC alone has helped to more than quadruple wind power in the U.S. since 2008, and it has also helped them drive down the cost of wind energy by 66%.

Canada has the opportunity to benefit from these types of measures while learning from the United States' experience. CanSIA and CanWEA are working with staff in the departments of Minister Carr and Minister McKenna to provide detailed costings and design guidance to optimize these mechanisms for Canada.

[*Translation*]

Once again, thank you for this opportunity to testify before the committee.

[*English*]

The Chair: Thank you very much, Mr. Gorman, and thank you all for your presentations and also the ones that came in prior to August 5.

We're starting then with Mr. Grewal for five minutes.

Mr. Raj Grewal: Thank you, Mr. Chair, and thank you to all our witnesses for being here with us today.

I want to start off with MNP LLP. Thank you for your brief and your presentation. You asked for a change to the Income Tax Act. What would be the revenue impact on Treasury if the change was made?

Ms. Michelle O'Brien-Moran: The changes we're asking for are only to provide clarity that Hutterites be taxed in the same manner as their non-Hutterian neighbours. I'm not sure if we would consider it to be a change or clarity in the way it should be taxed. For example, if you were to look at something like the working income tax benefit that we provide an example for, a Hutterite's farming neighbour, if they met all the same criteria, would receive the working income tax benefit. Hutterites are asking for the exact same treatment. The impact it would have would probably be about $5 million a year, and that money would be reinvested into the Canadian economy.

Mr. Raj Grewal: It seems like a drop in the bucket from a large perspective. Have you made this suggestion in previous budgets as testimony? I just want to get the context of the history and the advocacy on the changes to the Income Tax Act.

Ms. Michelle O'Brien-Moran: As I had said, the working income tax benefit came into the act in 2007, and from 2007 until about 2013, Hutterites claimed the working income tax benefit and received it. They filed the returns as they've always filed them. The CRA has always required that they report their income as farming income, or if they have manufacturing income, it gets reported as manufacturing income. They claimed and received the working income tax benefit from 2007 to 2013. This has just become a recent issue because we feel there's been an error in the way that the Canada Revenue Agency interprets the act. They are taking a literal interpretation of the act instead of the proper modern-day statutory interpretation that has been determined by the Supreme Court of Canada again and again. The CRA is just taking a literal reading of it instead of the three-pronged approach, and it's clear Hutterites could be nothing other than farmers. That's what they do. They farm. If you're a farmer and you're not a Hutterite, then you're going to receive this working income tax benefit.

This has come up recently because it's been raised recently.

● (1125)

Mr. Raj Grewal: On a case-by-case basis, does the CRA rule in your favour, or is it a blanket rule to follow the strict interpretation of the legislation?

Ms. Michelle O'Brien-Moran: They have put out their own interpretation that's taken a strict literal reading of the act. What they did on our 2014 filing...MNP represents about 350 of the 375 colonies in Canada. Before the Hutterites filed their 2014 returns, they had put out an interpretation that said “communal organizations do not quality”, so it's a blanket. None of them qualify.

Mr. Raj Grewal: Interesting, thank you. Thank you for the full understanding of that issue.

The Alberta Federation of Labour, you are advocating for a publicly funded drug plan. I just don't see how, in this day and age, we can get to universal pharmacare in Canada, given all the economic challenges we face. We just had another decrease of our growth outlook by the IMF. My conversation with the average Canadian has always been this, that there is only so much money that comes in revenue—and the only way the government gets revenue is through taxes—and there is always extra expenditure. Now, what we are advocating here, on your position, is to increase our expenditure, in my humble opinion quite significantly, without having the revenue model to fund it.

We can have this debate for a very long time, but when government is stimulating economic growth, the best dollar-for-dollar funding formula is through infrastructure funding, which you also support. Can you please just give an economic argument for universal pharmacare?

Ms. Siobhan Vipond: Absolutely. I think when you first look at it, any expenditure in health care looks like more of an expenditure. But when we look at the lack of a pharmacare system, it's actually very expensive on our system. You don't have to go very far to find out that the use of emergent care is significantly higher because patients are unable to pay for their medication, so they use an expensive part of our system, which is emergent care, and not what they should be using, which is the treatment.

I won't deny that it would take an influx of cash to get it going, but overall it will actually save our health care system significant money, because you won't be dealing with patients who are not taking their medication or ending up in emergent care, which is so expensive. It also disproportionately affects seniors and low-income people, who are not getting the care they need and end up in our health care system in a more permanent way, or they're not treating long-term or chronic illnesses, which are extremely expensive for our health care system.

Mr. Raj Grewal: What percentage of the Canadian population doesn't have private drug plans through an employer? Do you have the statistics?

Ms. Siobhan Vipond: I apologize. I don't have that number on me, but there is a very good paper that was put out that CFNU had instructed, and I can forward that to your office. It goes in detail about where the money comes from, and the estimate was that it would save our system between $6 billion and $8 billion.

The Chair: That's your time there, Raj.

Mr. Aboultaif, go ahead.

Mr. Ziad Aboultaif: I'm going to continue on the same question for Ms. Vipond regarding the publicly funded drug plan.

The first question that comes to mind is, where will the money come from? Before that, what is the cost of such a thing on the system?

Ms. Siobhan Vipond: Again, I apologize. I don't have that report right in front of me to pull those numbers. There are a few important factors. One is that right now we are outsourcing the responsibility of pharmacare either onto the individual or onto businesses. There are a lot of employers who supply supplementary health benefits that pay for pharmaceuticals. I think that right now, across the board, what we are seeing is a significant increase to those costs for employers, and of course that will disproportionately affect smaller employers. Our taking on this responsibility to provide quality health care collectively will mean that employers will save that money, which, especially for medium and small businesses, will mean that they turn around and have more cash flow, which is helpful. But it also means that, when people are taking their recommended medication and what is required for them to live a healthy life, it is less of a burden on our health care system.

I will also send you the report I am referring to, and I apologize that I didn't bring it with me. It does go into detail that, although it looks like an expensive system, when you look at where we are spending and overspending, which is in emergent care and long-term care.... When people are unable to take their medications and follow the doctor's orders, that is very expensive for our system, or we are not dealing with it until it's very severe. There is a price tag connected to that, and it's very high.

When you look at the comprehensive system overall, you see that pharmacare outside of hospitals is a very important part in order to ensure that we are keeping our health care at a responsible cost and we are getting value for it.

● (1130)

Mr. Ziad Aboultaif: I can understand the side of government people. They're not covered under private programs. However, don't you think what you're proposing is going to lead to two things? First of all, it could lead to an increase in the business tax in order to cover the cost that is missing from replacing the system by another, and second, it could impact on some labour availability or labour opportunities. They also contribute to the general revenue of the country or the government.

Ms. Siobhan Vipond: Sorry, I just need clarification on the second part.

Mr. Ziad Aboultaif: If this were to happen, we would probably have to increase the business tax in order to cover for the loss that we will miss on the other side.

Ms. Siobhan Vipond: That will not happen with public pharmacare. If you look at what we are paying right now for our health care system, if you include pharmacare, pharmacare will more than pay for itself. Collectively, drug costs will go down. You don't have to go farther than the newspaper. The increased cost of drugs is in the news constantly. If drugs are purchased on a broader scale, then the costs come down, which will help. There are also very expensive usages in our system, for example, patients not having the ongoing care that they need and costing our system more. Consider someone who is diabetic, who is making decisions because of finances and not taking the proper level of insulin or they're not testing as much as they should because they can't afford it; that costs our system more. Although on the surface it looks like we are purchasing a whole bunch of drugs, what we are doing is looking at health care in a more thorough way. If we deal with it at each level, overall we will end up with a system that is more cost-effective. It will not cost the Treasury more money to implement a pharmacare program.

Mr. Ziad Aboultaif: Okay.

A question to Mr. Rabik. You mentioned carbon pricing. How big is the forest industry in Alberta?

Mr. Brent Rabik: We are $1 billion-plus in annual revenue. We are $100 million in annual expenditures within Alberta. I believe that we are the fourth largest provincial forest sector in Canada.

Mr. Ziad Aboultaif: How much is carbon pricing going to impact the industry in Alberta?

Mr. Brent Rabik: There are a couple of aspects. There are pros and cons. On the cost side of it, as it's playing out in Alberta right now with the climate leadership plan, there'll be an impact on diesel fuel in particular, our ability to get the trees from the forest to the mill site, then subsequently, the pass down through the rail system, and then trucking to get product to market. On the other side, we see a benefit where the industry is largely carbon-neutral and we have opportunities to get our product into the market. At a kraft pulp mill like ours, we sell green power into the grid, and from that we receive credits from the government, that we sell back into for others, into the coal industry and whatnot, to meet their offset obligations.

The offset market is growing and it is hugely important. I think we can encourage further decarbonization by developing practices that reduce those GHGs, and again with the trading system, like we have in Alberta, there are opportunities to monetize those.

Overall, I think the industry sees a benefit to neutrality in terms of carbon pricing. We see that we're part of the solution to getting their biofuels. There's an opportunity to create bio-jet fuel from forest biomass. That depends more on the pricing infrastructure than it does on the technology. We've heard from the solar industry as well that competition from the U.S. is a big factor, where our policies don't necessarily keep up or the incentive programs are so significant in the States, they make investments here very difficult.

From a forest industry point of view overall, we see a benefit and we see opportunities. The Forest Products Association of Canada has put out a 30-by-30 challenge, so our intention through the industry is to reduce our greenhouse gas emissions by 30 megatonnes by 2030. A big chunk of that will come from sequestration: building more wood buildings and sequestering that carbon into long-lived products like buildings. The technology is there where you can build seven-floor or eight-floor buildings now 100% out of wood rather than concrete, so there are many opportunities.

● (1135)

The Chair: Mr. Cannings, five minutes.

Mr. Richard Cannings: Okay.

Well thank you all for coming. I wish I had the time to talk to all of you, but I'm going to try to go through things quickly and get to as many as I can.

I'll start over on the other side, Mr. Gorman, about the solar industry. You talked about these tax credits. I wonder if you had a price tag for that.

We've been talking about pricing carbon. I come from British Columbia where we've had a carbon tax for quite a few years now. It generates about $1 billion to the provincial Treasury every year, but it's revenue neutral, in that other taxes are lowered.

I'm wondering if a small portion of that could be used across the country to fund these tax credits, and how much that would be. If I multiply, with B.C. raising $1 billion, we're talking maybe $10 billion across the country.

Mr. John Gorman: I would say firstly on the costing of this particular initiative, there are two components. One is an investment tax credit, and a production tax credit would have to be tailored to the Canadian context. It would be done differently than the U.S., although there would be similarities, so that will drive part of the costing issue.

Secondly, we have started that work. The wind and solar industries have now commissioned work to get a detailed costing to this committee and to the federal government over the coming weeks, so that you'll have that information.

As a committee, you have a very difficult task here, particularly when it comes to the electricity sector, to come up with measures that are actually going to incent activity in the various jurisdictions across Canada. Electricity is provincially driven. Every system is very different. The Alberta system is completely different from the way that the Ontario system operates and procures electricity, etc., similarly to B.C.

The objective here, and the beauty about the tax credits, is that it applies equally to businesses and people across the country and allows them to make the investments and take action. Then the provincial systems, each of them being unique, will try to complement what has been provided to the individual, and business, and commercial investors.

As has been proven in the United States, this has been a very effective way of allowing the States to complement what the federal government has done. We have not considered whether or not the provinces themselves would contribute to a federal tax credit like this. I leave that to people like yourselves and others who understand those dynamics to know if that would be practical.

Mr. Richard Cannings: I'll jump straight over to Mr. Kershaw.

I want to talk about the costs for young people. You mentioned child care and, in passing I think, the cost of an education.

I'm wondering if you could make two comments: one is about tuition fees and things like that—student loan debt is huge—and also child care, which Ms. Vipond mentioned as well, and the economic impact of having a properly funded national child care program.

● (1140)

Dr. Paul Kershaw: It is the case that a younger demographic is earning thousands of dollars less for full-time work, so that's a challenge in and of itself. Then their biggest cost of living—as it has always been—is housing, and that is so much more expensive than the past. In that context, a younger demographic absolutely is having to go and get more post-secondary these days to land jobs that pay less. So student debt, without doubt, is an issue.

If that's the only issue that we focus on for a younger demographic, we miss how the socio-economic vulnerability has really shifted toward younger people. I applaud the emphasis on early childhood education and care from the Federation of Labour in Alberta because child care is typically—outside of Quebec—more expensive than university tuition these days.

We need to recognize that we've had a long-standing conversation about post-secondary. It remains important—there are some things we can do—and the current federal government is making some important changes there that are in line with what the Canadian Alliance of Students Associations would recommend.

There's more work to be done, but we shouldn't think that's the only issue facing young people. In fact, it's sort of like the tip of the iceberg and the bigger issues are below.

Mr. Richard Cannings: Do you have any figures on child care, what the costs would be, the economic benefits for Canada?

Dr. Paul Kershaw: There are long-standing benefit-cost analyses for child care. On the one hand, people are clear that the costs are relatively significant at the federal level. To do this right, it's probably about a $5-billion price tag.

On the one hand that sounds very expensive, but on the other hand we routinely increase medical care spending by that amount over a short period of time, and the evidence suggests we don't get as big a bang for our medical care bucks these days. There are interesting trade-offs to consider. Some of the dollars would also be taken on at the provincial level.

The ask from a younger demographic right now is to recognize the opportunity to start talking about how we spend our money across age groups. Currently, the federal government doesn't report that each year it spends over $21,000 per person over 65, and that's an important thing. My grandmother is 101, and she counts on these things. By contrast, we spend just over $4,000 for young adults. The question is, should we not be inspired to ask if we are doing enough right now for a younger demographic?

A generation ago one in three seniors was poor, and most likely they'd be the poorest in the country. Now seniors report the lowest rates of low income of any age group in the country, no matter how StatsCan measures it. It's beautiful, and it reflects a policy win, but the question now is, are there some other policy adaptations we could make to address the needs of a younger demographic?

The Chair: How fast time flies.

I might mention, Ms. Vipond, when you send in the additional information you're going to provide, just send it to the clerk, and she'll get it to the rest of us.

Mr. MacKinnon, for five minutes.

Mr. Steven MacKinnon: *Merci, monsieur le président.*

Thank you all for being here and thank you to Mr. Liepert, and Mr. Aboultaif for their warm Alberta hospitality.

Mr. Merkowsky, thank you for reminding us of the de minimis threshold. At various times we get folks in here advocating on one side or the other of that issue. I think you gave us another potent reminder of the importance of that.

[*Translation*]

Mr. Gorman, I would like to thank you for speaking in French. Your French is very good, by the way.

[*English*]

I think you remind us, as well as Mr. Rabik, that there are important elements of economic potential in the Canadian economy in one set with tax instruments and others with a good dose of provincial and federal co-operation where we're able to help you make the kind of investments necessary to bring us into a renewable energy future. We also heard from COSIA in the last group that our resource industries are also high-tech industries and industries that deploy advance technologies on a daily basis.

I represent a riding that was literally founded on the forest industry and so, Mr. Rabik, I found your interventions very important.

Could you go a little further with respect to some of your observations around investments in biomass? I forget all of the terms that you used. I didn't make note of them all, but call them energy technologies, energy-saving technologies, or other kinds of technologies that rationalize and help advance your investment.

● (1145)

Mr. Brent Rabik: There are a number of opportunities. The low-hanging fruit in the forest industry is energy. If we bring trees from the forest, then we convert them into lumber and into pulp and paper products. From that there's a waste. It's usually the bark, the outside of the tree. Traditionally, in certain industries, such as the craft pulp industry, we burn that for our own internal power. We have been green for a long time in the sense that most craft mills are not only energy neutral, but we sell power back into the grid. There are opportunities to enhance that based on your fibre supply and your process.

There are opportunities in the biofuel sector where the biomass can be converted into liquid biofuels, such as ethanol and jet fuel. The technology exists. It's the policy infrastructure that holds it back.

I should also mention that on the energy side, complementary to the wind and solar folks, it's not a competition out there for what's the best technology or setting the right suite of sources out there. Biomass offsets the intermittency of wind and solar. Biomass, in Alberta, could make up 10% of the grid. It's not going to replace all of the coal, but it's another piece of the puzzle that goes to reduce our GHG emissions.

Mr. Steven MacKinnon: It helps the forest industry.

Mr. Brent Rabik: Yes. I could go on, but don't let me, or the chair will be waving at me again. Just about everything in this room can be replaced by a source from a tree. We can do that now with the technology, and that is where we see the industry going. We can make your cellphones sourced out of wood right now. We can make the films, and we can make most of the components. That's where we see ourselves going.

We are high tech and we're going to be part of the high-tech industry. It takes time to get there. There have been big steps made. We think the opportunities across Canada are tremendous to get there, and that's where we look for the policy support for longer-term technology evolving, particularly on the fuel side. On the wind and solar side, as well, it's about making sure we can be competitive with some of the other jurisdictions.

Mr. Steven MacKinnon: And you've been engaged in some of the innovation policy discussions that are ongoing now with Minister Bains and others.

Mr. Brent Rabik: We've been focused, at the provincial level, with an interesting change after 44 years in this province. We have to learn a new government, and there are many discussions and opportunities that are created by that. There's a discussion on Friday on the clean tech side of what we can do within Alberta. There are a number of us participating in that.

There is a lot of discussion both federally and provincially. It's very important that we put those conversations together. Too much is being done that is focused either at provincial level or the federal level. We, as industry, need the opportunities. We need both players at the table, and we need to coordinate the efforts.

Mr. Steven MacKinnon: I want to use my remaining time with you, Mr. Kershaw.

I was very intrigued by your interesting observations on the intergenerational implications of public policy.

You've been following the CPP discussions, I assume.

Dr. Paul Kershaw: We've actually worked hard on it.

Mr. Steven MacKinnon: Do you have some thoughts on that?

Dr. Paul Kershaw: I would say first and foremost it's interesting that we talk about the CPP in terms of intergenerational fairness and are concerned about it, because, really, of all the things, that's one of the most intergenerationally sound programs we have in Canada.

I think the adaptations that were made recently were targeted at some risks that are emerging for younger Canadians, and I think all levels of government should be applauded for making that adaptation.

What we need to do is take that momentum and look more generally across our public policy areas to talk about some other, much larger intergenerational risks and tension that are emerging. Because we don't report at the federal or provincial level on how spending breaks down by age, we are hampered in having that kind of conversation. That's why we're coming here today for generation squeeze.

Our first ask—we have many others—is a really inexpensive one. Let's start reporting on how our spending breaks down at government levels by age, so that we can have this more complicated conversation about whether we're working fairly for all generations.

The Chair: Mr. Liepert.

Mr. Ron Liepert: I want to follow up on that.

I was interested in some of your comments and agree with some of them. I don't necessarily agree with all of them, but that's why we're here.

The one thing you did not mention, which I think is the balance here, is the fact—I think it's fairly common knowledge or belief—that this generation, your generation, is going to be in line for the largest inheritance of any generation in history. I know I'm not a wealthy guy, but I know my kids are going to inherit a hundred times what I inherited from my parents.

Is that not some of the balance?

● (1150)

Dr. Paul Kershaw: It's a brilliant question. If only I had a dollar for every time I was asked that question, I would be wealthy.

Here is the answer.

First off, the data are unclear about just how much people are going to inherit. However, let's imagine that every younger person is going to inherit every dollar that their parents have accrued through the increase in housing prices. The typical Canadian is going to live to 82 to 84. Their kids will then inherit when they're 50. Their grandchildren will be in their twenties and thirties.

Here's the rub. We know that, as a species, we are especially sensitive to our environment before we get to grade school. Yet, you look at how Canadians put our money into our public investments and see we're really slow to invest in younger Canadians until their kids get to grade school.

We need public policy to now adapt for the fact that a younger demographic is not due to inherit in the moments that they're raising their young kids. They're going to inherit when their kids are already graduated and into the labour market. We need public policy to adapt because of the progress of our life expectancy.

Mr. Ron Liepert: There are things...like my kids have TFSAs that I put money into. In order to have that discussion, you need to have all of those balances.

I have one quick comment.

If I'm hearing what you're saying, then you're saying that the government's decision to roll back the previous decision of the Conservative government for old age retirement from 67 to 65 was a bad move.

Dr. Paul Kershaw: That's a very complicated question to have me go on record about here.

Mr. Ron Liepert: Well, there are going to be more funds going to old people.

Dr. Paul Kershaw: It was interesting to see that was not at all an evidence-based conversation—that decision—and it does reflect the fact that many other decisions are not evidence-based.

One of the things that happens is that results in not investing enough in a younger demographic where the evidence is increasingly pointing. That's who is especially vulnerable in Canada.

Mr. Ron Liepert: Thank you.

I want to ask Brent a couple quick questions on forestry.

Brent, I know that you're here representing Al-Pac, which is primarily pulp and paper, but you are part of the Alberta forest products industry.

I'd like to get your sense of what it's going to mean if we fail with the U.S. in getting a softwood lumber agreement.

Mr. Brent Rabik: I was expecting that question.

We're hooped. We've been through this dance before. I think we have a good idea of what to expect. We had one year of no action, and that expires next week, I believe. They're going to countervail us. They're going to do everything they can to sink the Canadian industry again.

That's a huge impact on a big chunk of our industry. It directly impacts the sawmills, and indirectly impacts the rest of us. We, as a pulp producer, with no real ties to a sawmill, buy product chips and things like that from sawmills. We'll feel it that way. It's bad.

Again, where the industry recognizes that it needs to transform is that we can't be that dependent on that neighbour.

Mr. Ron Liepert: We had in Ottawa, a couple of weeks ago, all of the various regional government agencies, or whatever they're called, Western Economic Diversification, out of Edmonton, present to us. The presenter actually stated that his view of the Alberta economy for 2017 was going to be "somewhat brighter", I think those were the words he used, definitely better than 2016. I bet him an Alberta steak dinner that he's going to be wrong.

We all know about the oil and gas sector. We heard this morning from the beef sector that—you used the word "hooped" for forestry—the beef sector is close to being hooped right now. Now we have the forestry sector which could be on its knees.

With the three largest industries in Alberta, do you have any thoughts on where we're headed in 2017 for the Alberta economy?

Mr. Brent Rabik: Hunker down.

A voice: Yes, I agree with you.

● (1155)

Mr. Brent Rabik: Again, we in the industry—by nature I'm a forester—plan on a 100-year planning horizon, so I'd like to think that this is one of those bad spots, not a 100-year plan, but the 100-year still looks good.

The industry has made a lot of changes. The great thing about our industry is that at times we're slow to react, but we've seen this coming for a long time. The change in electronic media alone is so evident and so obvious in our business that we have to change, and we are taking a lot of those steps. We're in it for the long haul. I'd like to think that this is a rough period that we'll get through like we have in the past. We're going to come out damaged. Without a doubt there will be some casualties. What can I say? We've been there before, and it gets harder every time. There's less flexibility, and it's like a bully; they just get smarter every time they try to pick a fight with us. We have good arguments, yet they come back and change their legislation or change whatever it is to get around the arguments that we won the last time.

The Chair: Okay.

Thank you.

Ms. O'Connell, go ahead.

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

I want to start with Mr. Gorman.

With the solar industry, as my colleague mentioned, we heard from the regional development agencies. It's a race it seems to diversify economies and get to clean energy. Something that I haven't heard anyone talk about—and I would think your industry, in particular, would need—is storage. We really can't do anything with wind and solar if it's not sustainable and if there isn't a storage element for it because you really can't turn off some of these other energy producers without having that reliable energy.

What partnerships is your industry forming, whether it's with our government or as an industry-wide...to be the leader in storage? Frankly, I think whichever country or place answers this problem will be the leader in clean energy.

What are you and your industry doing to make sure that it's Canada?

Mr. John Gorman: Storage really is the Holy Grail for these variable electricity sources, energy sources like solar and wind. There are many technologies on the storage front, which are going through development right now that serve different scales of electricity production. You can use lithium ion, like they use in electric vehicles, for your home. In fact, I'm installing one right now with my solar panels in our home. Then they've got many other technologies, like big turbines that circulate underground, pumped hydro storage, etc. Some very high-tech stuff is being developed that could be the silver bullet.

That being said, it's a race. Most of the storage technologies, not all of them, are still uneconomic at this point, although the costs are coming down quickly. We see jurisdictions around the world integrating renewable electricity and renewable energy into their markets, bringing them there, integrating them, as I said, with some conventional sources that help balance out the variability. Then when storage does come online, it greatly augments the renewable energies and the other electricity sources that are there, so that they can transform their systems over time.

I want to say very clearly, wind and solar electricity by themselves, even as variable electricity sources, add a great deal of flexibility, electricity, and energy to the grid. They work well by themselves, but we are all striving for storage solutions to couple with that and give everyone the maximum flexibility.

As to the second part of your question, we're working in close collaboration with the associations. Our associations are working with the storage associations. We're very active in certain markets across Canada. Ontario has launched several initiatives and pilot programs around storage that are combining various electricity sources and storage. There's great work being done in Germany and California. I think as we go through the coming months and years, we'll see that storage plays a very important part in making a much more robust and versatile electricity grid for everyone.

Ms. Jennifer O'Connell: I guess I'm just surprised by all the budget asks. I would think that on clean energy and diversification, storage research and development would be key because, like I said and you said, it's the Holy Grail, and whoever develops it will be the leader in this technology. If we're waiting for that to be developed, it's a missed opportunity in my opinion.

I wanted to ask Ms. O'Brien-Moran about something in your brief. In addition to the things that my colleague talked about, you asked for clarification and in the second recommendation, you're actually asking that allocation of income be spread to members to the age of 10 instead of 18.

How do you come up with a number of a 10-year-old being included in the income eligibility or allocation?

● (1200)

Ms. Michelle O'Brien-Moran: Section 143 of the act is the only section in the entire act that is so punitive that it disallows the deduction for any income that is paid to a child. Everywhere else across the act, it's based on reasonableness. The time they've spent, the knowledge of the person providing it, the services provided, and so on. It's based on a reasonableness test for everyone else. Hutterites are the only ones who actually are disallowed the allocation of any amounts to someone who is below the age of 18. It's very punitive.

If you fall into section 143 because of your religion, you are disallowed an opportunity that every other taxpayer gets to have. Why are we asking for the age of 10? If you spend any time on a Hutterite colony, you'll realize that even before 10, in fact at the age of six, they start having great responsibilities. You may agree or not agree with this. We hear the terms “child labour” and things like that.

Both of my parents grew up on family farms. I grew up having to help out on the farm at a very young age. I drove a tractor at age nine. Whether you agree with it or disagree with it, not just Hutterites but all family farms utilize people who are below the age of 18. In fact, a family farm would not survive if they had to go and hire people to do the work that the children do.

Even at the age of nine, a person can be completely responsible for the dairy. That person who is nine years old is responsible for determining which cow a bull should be bred with, and whether the cow has mastitis that needs to be treated. That person is awake and up to do all the milking, even doing milking at the end of the day.

I know it's hard for some people to step away from their personal beliefs, but the reality is on a family farm people below 18 have to contribute. Hutterite colonies are no different.

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

We'll have time for one more question from each of the parties. While you are thinking about what those might be, I have a couple.

Ms. O'Brien-Moran, am I to understand, from your presentation, that what you are requesting was in place until 2013?

Ms. Michelle O'Brien-Moran: Thank you. I can provide clarification of that, Mr. Chair.

No. Back in 1961—this has been going on for a long time—the CRA said that Hutterite colonies would report their income as farming income. Even though the income is determined at the colony level, it ends up being allocated out to the individuals and taxed on their personal tax returns as farming income. This has been required since 1961.

When the working income tax benefit came in, they reported it on their tax returns, from 2007 up until 2014, and the CRA assessed their returns as filed. However, what actually happened was that another accounting firm had been reporting their colonies' returns—they do only two colonies. They reported that income as other income instead of how the CRA had specified it, as being reported as farming income, so this triggered an inquiry by this accountant to ask why.

This led to the CRA providing an interpretation saying, no, just for purposes of the working income tax benefit, we are not going to consider it to be farming income. For every other purpose, whether it is for paying instalments, or back when NISA was involved, or the five-year block averaging, all historically and for everything else, it's considered farming income. Just for the working income tax benefit, we're going to say, no, it's not farming income. They had been filing it. There has been no change in the act. It's simply an interpretation by the CRA.

The Chair: What I'm trying to get to is, was it done previously the way you are requesting that it be done now?

Ms. Michelle O'Brien-Moran: Do you mean the wording in the act?

The Chair: No, I mean the actual calculating of the tax.

Ms. Michelle O'Brien-Moran: The way it's being done—the way the Senate said it needed to be done, the way the 1977 notice of ways and means motion reads, the way the act reads—is that you take the total income of the colony.... First of all, to fall into section 143, you have to have business income, whether from farming or from manufacturing. You start with the income from the colony, you take any of the deductions they may have, and you arrive at a net income. There is a formula in that section of the act that says how it will be allocated out to all of the participating members. Those participating members have to be 18 years of age or older in order to receive this "deemed" allocation—because it doesn't belong to them. It can't, because of their religious beliefs. Then it gets reported on their personal tax return as farming income. It has been done like that since 1961.

● (1205)

The Chair: Okay. We'll have to look further into it. As MPs, we all deal with the CRA—you have no idea how many times—and common sense is hard to find in that department, I will admit.

I just have a couple of questions for Mr. Rabik and Mr. Gorman. You outlined a number of recommendations in your presentation. How do we compare with our competitors? When we get into the softwood lumber issue, I know what the Americans are doing there, but how do we compare in terms of incentives for our industry? What are they doing that we are not doing, in terms of what you're asking for?

Mr. Brent Rabik: First, as a positive, I think the IFIT program has been extremely successful. It has stimulated significant regional development. Where we lack a lot on the innovation side is the incentives for biofuels, biomass usage, and other products, where there are incentives to bring the fibre from the bush and then have it processed—harvest residuals, the tops and limbs of the trees that we leave in the forest. The Americans, in particular, have done a good job with that through their Agricultural Act.

The incentives for the fuels are really what's keeping us out of that realm. There is just no room, currently, the way the incentives go.

Sporadically, the Americans come out with what's called black liquor tax, which is a technical term. It was a way to give the Americans $9 billion of cash with direct infusion. We countered with a $1-billion tax credit program.

How do we compare? We are at the lower end, but I don't think we would or could justify trying to go up to that level. It is, at times, I'd say perverse at the federal and then at the state level. What we've asked for, we think, is reasonable. It doesn't put us on top of the pile, by any stretch, but it keeps us competitive.

The Chair: Okay, thank you.

On the investment tax credit, I'm familiar with how they work in the agriculture sector, but did you say dollar for dollar?

Mr. John Gorman: Yes, I said a tax credit on up to 30% of that project value, for individuals, businesses, and commercial operations.

The Chair: Okay.

Mr. Aboultaif, go ahead.

Mr. Ziad Aboultaif: I would like to get back to Mr. Rabik on the lumber agreement and what's going on with the Americans. I know you're negotiating with an economy 16 times bigger than ours, and they have the upper hand at the end of the day. As they say in life, "You don't get what you deserve, you get what you negotiate."

Do you think that the Americans are doing this to get our product for almost nothing or do they have alternatives, and they're just dancing around the agreement right now because they have another source of product?

Mr. Brent Rabik: In my opinion, it's become a very perverse process. What happened the last time is that as the tariffs hit, our sawmills got very efficient, and they had to find ways to compete. We became very efficient, and it's a bad thing for the American sawmills. If you take that off, they will have a difficult time competing because they haven't made the investments in technology that the Canadian industry has. I don't know how this ends. It's a bad policy decision, I think, by the States, which they are going to have a very difficult time getting out of. Since the last SLA, we've upped substantially the amount of Canadian ownership in U.S. sawmills. As I understand how their structure works down there, if you have competing interests, you generally don't get to vote when it goes to a countervail discussion. The deck is stacked against us, and I don't know how it ends.

● (1210)

Mr. Ziad Aboultaif: How much hope do you have that they will sign an agreement?

Mr. Brent Rabik: I have hope we'll have an agreement in two-plus years, not sooner.

The Chair: Some of us have been down to the U.S., on Canada-U.S....and I think you're probably right, with an election on as well.

Mr. Grewal.

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

My question is for Professor Kershaw.

Our government has done a lot for student debt. They've increased the grant system. I'm a relatively recent student, having graduated about two and a half years ago. I carry a substantial amount of student debt coming out of a joint JD/MBA program from Osgoode. I just wanted to hear your remarks on what more we could be doing from a federal perspective besides just increasing aid. My biggest concern when I talk to young Canadians is that they also feel that it's unfair, because the cost of tuition in Quebec is *x* and the cost of tuition in Ontario is *y*. It just doesn't make any sense for that to happen.

Dr. Paul Kershaw: I think there are limits to what the federal government can do just for jurisdictional reasons. I think it's worthwhile being mindful of how, yes, it is the case, especially outside of Quebec, that tuition has doubled, say compared to a generation ago, once you adjust for inflation. Then, again, we can keep mindful of all the pressures facing a younger demographic. Student debt load is an important piece of that. However, it is very small compared to the level of debt that people then take on when they're trying to figure how to make a home for themselves, whether that's as homeowners, who must pay hundreds of thousands more for their home prices, or as renters, who are increasingly influenced by those higher home markets.

I think the federal government deserves some credit for trying to move the way in which we put post-secondary funding out to bring the sticker cost of post-secondary down. That's really important, and all the while, they'll keep our eye on the prize of many other bigger issues facing a younger demographic.

Mr. Raj Grewal: Thank you.

The Chair: Mr. Cannings, go ahead.

Mr. Richard Cannings: I'd like to finish with a question, and hopefully Mr. Kershaw and Ms. Vipond will have time to answer.

It starts with talking about health care and the massive costs of health care, as you say largely due to the older demographic. From what I've been reading—and we talked about this at breakfast—the reason that Canada is not performing as well compared with the top performers in health care in terms of the results we get for the bucks we put in.... If you look at the ones that are doing well, Germany, Denmark, Sweden, and Norway, it's their investment in young people that makes the difference. That's what drives the cost of their health care down. I just wanted to see if you could comment on that and if you have any figures.

Dr. Paul Kershaw: I work at the School of Population and Public Health. We know the evidence is clear. Medical care does not make Canadians healthy. It treats our illness after we've already become unhealthy. If we want a healthier population, we need to invest in what this health minister is actually good at describing, the social determinants of health. These are often investments that come earlier in the life course; and in particular, you don't want the generation raising young kids to be squeezed for time and money because that then creates a contagion their kids pick up. This is why across this country we picked up somewhere between one in four and one in three kids starting kindergarten who are vulnerable in ways that mean they are more likely to fail, more likely to go to jail, and wait for it, more likely to wind up sick themselves as adults.

Right now I think the federal government is trying to drive a bit of a hard bargain with provinces trying to contain health care expenditures. The worthwhile thing...if the dollars that might have gone into that Health Accord go into the things that actually promote well-being.

Ms. Siobhan Vipond: It's important to look at the whole picture and the social determinants of health are absolutely a huge part of that. A lot of these programs have been proven, whether it's early childhood education and care or pharmacare, to actually recoup more costs.

Also, I think we have to look at the health care system as more than what we have been dealing with. It was a great idea when it came out, and it was a commitment by Canadians who are still committed to this idea that people's health should not be a burden on the individual. It needs to be taken care of by society.

Then we stopped, and now we have long-term care that is not effective use of resources, we don't deal with home care in an effective way, and we're not dealing with pharmacare. We don't deal with health as the whole picture and that cost is something we're seeing, so it is constantly increasing.

You had asked earlier about child care. I just want to point out that the TD Bank figures for every dollar spent in child care, between $1.65 and about $1.78 is the return on investment. You look at Quebec and the increase of women in the workforce, and the increase of the GDP because of that, and that was positive. Then on top of that, it's just the right thing to do. We need to start taking care of kids before they are five.

● (1215)

The Chair: That's right on schedule. On behalf of us all, I'd like to thank you for your presentations, your questions and answers, and the briefs you sent in earlier.

We'll suspend for five minutes and then go to the open mike.

Thank you very much, folks.

● (1215)

(Pause)

● (1225)

The Chair: We'll come to order.

We're now in the open mike session.

Jean Johnson, the floor is yours for two or three minutes.

Just so you understand the process, Mr. Johnson, what we are trying to do in the open mike session is give the public an opportunity to say what they think. You can put on the record your comments and thoughts.

We won't have questions and answers, but the floor is yours to make your point, and we will make note of it.

Welcome.

[*Translation*]

Mr. Jean Johnson (As an Individual): Thank you. May I make my presentation in French?

[*English*]

The Chair: Yes, you can speak in either language. We'll get people to get their headphones on.

The floor is yours.

[*Translation*]

Mr. Jean Johnson: Mr. Chair, thank you for this opportunity to speak to you.

My name is Jean Johnson and I am the president of the Association canadienne-française de l'Alberta, ACFA, the organization that speaks on behalf of Alberta francophones.

There are two points I'd like to discuss with you.

The first involves the Canada-Community agreements signed with Heritage Canada. Those agreements are renewed every five years, but the resources have remained at the same level for over 20 years. This has an adverse effect on a francophone community like ours. For 20 years, we have been operating with the same financial resources. Moreover, for 12 years, there has been a phenomenal increase in the French-speaking population in Alberta due to immigration and the secondary migration of Quebec immigrants. People arrive in Quebec, they live there two, three or four years, and then they see Alberta as the ideal economic solution for them.

That is good news, but the challenge this poses is that we have to offer services to these people in just about every sphere of community development, with resources that are already limited. We already have inadequate resources to meet the demand.

Consequently, we ask that our financial resources be increased and that this increase be indexed to the cost of living. I don't think that is an excessive demand. It would mirror the situation of the other francophone communities throughout Canada.

The second element I would like to discuss with you is a form of self-determination. Under our agreements in Alberta we have developed mechanisms and community structures that allow us to have control over decisions involving the distribution of financial resources to community groups. Currently, the mechanism is flawed. We make decisions and recommendations, but people in Ottawa change them because they seem to know our communities better than we do. I am not saying this quite right.

Decisions are made that have negative impacts on the communities. In the community forum, we try to develop a five-year vision. The objectives are reviewed each year for the next five years. In that way we make sure that we are headed in the right direction.

The people from Heritage Canada are never present at these meetings. So they cannot benefit from the exchanges and discussions and be aware of the priorities established by the communities. Ottawa's values are parachuted into the communities even though they do not know our reality at all. We would like a form of self-determination. We want our advocacy organization to sign an agreement under which resources would be transferred to that organization.

You might be surprised to see the reaction of our colleagues from the community groups who see the increase in community resources in a very favourable light, because we have been working for years to become more independent. We have reached a degree of maturity that allows us to take our own affairs in hand.

When we had these discussions, we were asked if we were sure that we wanted to do that, since there could be negative reactions. We simply answered that there were negative reactions already, and that in addition we could not say anything. We can't even tell them what recommendations we made. This creates enormous frustration. If we have to be criticized, we would at least like to have a hand in the decisions.

● (1230)

The question is not about being criticized, but about being able to have an intelligent, meaningful dialogue that will allow our community groups to acquire some autonomy, so that they can reach a certain point.

Those were the points I wanted to share with you.

Thank you for your attention.

[*English*]

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

Ms. Lakhani, you have about three minutes. The floor is yours.

Ms. Aliya Lakhani (As an Individual): Thank you. Thank you for this opportunity to address the committee today.

My name is Aliya Lakhani and I'm a volunteer with Engineers Without Borders Canada. I've worked in the agricultural sector in Ghana and the water sanitation and hygiene sector in Tanzania as a result.

Engineers Without Borders is an NGO that invests in people and ventures to create a thriving and sustainable world. With 2,500 active members in 40 chapters across Canada, we're well positioned to provide mentorship, talent, and seed funding to social enterprises in Sub-Saharan Africa.

I'm speaking to you today because the Government of Canada has committed to restoring and renewing international assistance to refocus on the poorest and most vulnerable. While this announcement brings me hope, I need to point out that Canada is lagging behind its G7 counterparts in our official development assistance, which is impairing our ability to implement the 2030 agenda for sustainable development.

As a young Canadian, my hope for Canada is that we are seen by other countries as the benchmark for international assistance, that we set the global standard for impactful sustainable development, and that our international assistance aligns with Canadian values such as equity, diversity, and compassion.

For this reason, I ask that in budget 2017 Canada commit to annual increases of 10% to the international assistance envelope with a publicly available timeline to doubling the envelope by 2023. This is to ensure that Canada can deliver on the implementation of the 2030 sustainable development agenda.

Making a strong ODA commitment aligns with the ministerial mandate and is a decisive step towards early progress on the SDGs. It also demonstrates Canadian leadership on the world stage.

Thank you.

● (1235)

The Chair: Thank you very much.

That's it, I believe, for the open-mike session.

We will suspend. If anybody wants to speak to the two people, you've got about three or four minutes to do it, then we're going to clear the room and go in camera.

[*Proceedings continue in camera*]