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Chair

The Honourable Wayne Easter

Standing Committee on Finance

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● (0905)

[*English*]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): We have three panels today plus the open microphone. I understand that one of our members and one of the witnesses are in traffic. Mr. Deltell will be here at 9:30.

Welcome, folks. As you know the committee is holding pre-budget consultations in advance of the 2017 budget. Our theme for this set of hearings is economic growth. How do we achieve economic growth in the country?

For those who sent briefs, we have them. They were here in August. They've been translated, and are on our iPads.

What we like to do when we're travelling is have our members introduce themselves, so you know who you're talking to and what area of the country they come from.

We'll start with the Toronto representative, Mr. Sorbara.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Good morning, chair. Good morning everyone. It's great to be back in Toronto after the four days on the east coast. The east coast was beautiful though.

I represent the riding of Vaughan—Woodbridge. It's great to be here.

Mr. Steven MacKinnon (Gatineau, Lib.): Good morning. My name is Steven MacKinnon. I'm the member of Parliament for Gatineau, Quebec.

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Good morning everyone.

My name is Dan Albas. I'm from the interior of British Columbia. My riding is Central Okanagan—Similkameen—Nicola. I look forward to your presentations today.

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): Good morning.

My name is Pierre-Luc Dusseault. I'm the member of Parliament for Sherbrooke, Quebec. I am very happy to be here in Toronto today, and thank you for coming. Maybe Toronto is not the best place to be now, but I thank you for coming by.

The Chair: I'm Wayne Easter. At the front, we have the analysts and the clerk as well.

I'm the member of Parliament for Malpeque, Prince Edward Island. I'm told from talking to people on the island that we're going to get the rain tomorrow that you had last night and yesterday.

We will start with the Alzheimer Society of Canada with Debbie Benczkowski.

Ms. Debbie Benczkowski (Chief Operating Officer, Alzheimer Society of Canada): Good morning, Mr. Chair. On behalf of the Alzheimer Society of Canada, let me thank you all for the opportunity to appear before you and the members of this committee today.

We did submit a pre-budget submission. We recommended that the government invest $150 million over five years for the creation of a Canadian Alzheimer's disease and dementia partnership to support the implementation of a national dementia strategy for Canada. I have a copy of our partnership document here that we can make available to all of you. Today I'd like to talk a little bit about how the CADDP, or what we call the partnership, and the national dementia strategy would help Canadians living with this disease as well as their caregivers.

Dementia is a chronic, progressive health condition, and it has no cure. Today 564,000 Canadians live with dementia, and we expect this number to rise to 937,000 by 2031. This is an increase of 66% in just 15 years. Some of you seated around the table may know someone or may be related to someone who has dementia. In fact, three out of four Canadians do. I lost my own mother to dementia just this past July.

Dementia's growing numbers are further complicated by soaring costs. According to the national population health study of neurological conditions, which was funded by the Public Health Agency of Canada, in 2016 our economy is spending $10.4 billion on health care and caregiver costs. By 2031 this figure is expected to increase by 60% to $16.6 billion. These numbers are too big to ignore. Nor can we ignore the people behind these numbers who struggle to cope with the malicious effects of this disease each and every day. Women are especially affected. They represent 60% of Canadians with dementia and 70% of caregivers.

Caregiving is another aspect of dementia that we can't afford to ignore. In 2011 alone, family caregivers provided a staggering 19.2 million unpaid hours of care, which is expected to double by 2031. The amount of time and stress involved with caregiving can result in losses in productivity for our economy, including lost work days and underperformance on the job, losses that our economy and my co-presenters who are here today can't afford to ignore. Worse yet, it forces many caregivers to have to leave their jobs.

Clearly we're facing a challenge, but there are solutions. We welcome the recent action by Minister Duclos to seek the views of Canadians on providing a more inclusive caregiving benefit for those who provide care to a family member. Even the smallest level of financial assistance will allow family caregivers to remain employed and in the workforce for longer.

A change in policy will reduce the number of lost work days and boost our GDP. While this is a small but positive step, dementia requires bold action. It requires a comprehensive approach. The best thing we can do for Canadians and their families is to adopt a national dementia strategy, and that's why the Alzheimer Society has proposed a Canadian Alzheimer's disease and dementia partnership to guide the development and implementation of a national strategy. It would involve multiple stakeholders working together and a public health approach.

A pan-Canadian dementia strategy would ensure that all Canadians with dementia and their caregivers will have access to the same level and quality of care and services no matter where they live. This strategy would be based on a number of priorities and objectives that clearly fall within the federal government's mandate. It would ensure tangible benefits for people affected by dementia.

● (0910)

We have three priorities for a national strategy. These include investing more in scientific and medical research and innovation; prevention, early detection, and early intervention; and living well with dementia—ensuring people with dementia and their caregivers can live as well as possible as they progress through this disease.

We are running against the clock. Each year, 25,000 Canadians are diagnosed with dementia.

I firmly believe that solutions are within reach and that we can make a difference for hundreds of thousands of Canadians. On behalf of the Alzheimer Society, I ask you first to commit to an investment of $150 million over five years to create a Canadian Alzheimer's disease and dementia partnership. Second, I ask you to support private member's Bill C-233, an act respecting a national strategy for Alzheimer's disease and other dementias, when it returns to the House—shortly, I hope—for third reading.

Mr. Chair and committee members, thank you so much for your time. I'd be pleased to answer any questions you may have.

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

Mr. Harkness, from the Boys and Girls Clubs of Canada, the floor is yours.

Mr. Glenn Harkness (Executive Director, Boys and Girls Clubs of Canada): Thank you very much, Mr. Chair.

I thank the committee for inviting Boys and Girls Clubs here today to present our recommendations for the 2017 budget. Our recommendations are outlined in our brief that was submitted to the committee.

My name is Glenn Harkness. I'm the executive director of the Boys and Girls Clubs in Hamilton and I'm here today representing Boys and Girls Clubs of Canada and every club across our great country.

I think most of you are aware that Boys and Girls Clubs of Canada is a national children's charity serving over 200,000 children and youth in more than 625 communities and neighbourhoods. Boys and Girls Clubs provide relevant programs and initiatives that inspire, teach, challenge, and, more importantly, respond to children's and youths' needs.

We help young people realize their best potential. We work with families who are working very hard to join the middle class; sometimes that means working two or three jobs to do so. Unfortunately, we work with many families that, from week to week, are barely making ends meet. It is an unfortunate fact that 60% of the children and youth we serve live below the poverty line.

What are we trying to do? Boys and Girls Clubs of Canada wants to ensure that every child and youth, regardless of their financial background.... We don't market this, but we work closely with families who are financially at a disadvantage. We want to make sure that every young person has the proper supports and tools to make a meaningful contribution to Canada's growing economy.

Young people who attend Boys and Girls Clubs sometimes don't realize that they have networks and supports, because of the environment they are growing up in. You know, most of them do not even realize that they're financially at a disadvantage. Those comments remind me of a story about a young boy at the Boys and Girls Clubs of Hamilton. This story, if you look at our brief, touches on all three of our recommendations.

Lukin came to the Boys and Girls Clubs at age eight, and he continued to come year after year. I think he was involved in every single program we had to offer. At ages 10, 11, and 12, Lukin was a youth leader and actually spearheaded a fundraiser in which he swam 42.2 kilometres in our swimming pool and individually raised $5,000 to help children and youth eat a healthy meal after school.

He was participating in every single after-school program that we had to offer. Lukin was like any other 8-, 9-, 10-, or 11-year-old child who came to the Boys and Girls Club: he had no idea that his family was financially or socially at a disadvantage. As Lukin approached mid-high school and then the end of his high school career, he did recognize that his family was financially at a disadvantage. This led to Lukin falling into depression, isolation, and some mental health issues. His relationship with his peers was strained, but more importantly, his relationship with his mother was strained. Lukin moved out of the house, and a young person who did very well in school was at risk of dropping out.

Lukin came back to the Boys and Girls Club, a place where he felt safe, where he felt like he belonged, and he said to us that he needed to be mentored but he needed to mentor others. He was back in a leadership role at the Boys and Girls Club.

I remember being at a meeting at McMaster University, and I heard that our Boys and Girls Club staff in Hamilton were giving a group of young people a tour of the McMaster University campus. There were university staff and profs involved in that.

● (0915)

Since I was at Mac for a meeting, I thought I'd meet up with this group. I met them at part of the tour where they were actually in a classroom, in one of those great big lecture halls that seemed to go up and up and up forever. I noticed that Lukin was part of this group, and I overheard one of my staff say to Lukin, “This is not impossible.”

I remember the day clearly at the beginning of this year when Lukin needed to apply for university. He came into my office and used my computer, and he applied for his four top choices. As he was identifying his first top choice, we talked about that university, that city, and the course that he wanted to take at that university. He asked me about each of those choices and whether there was a Boys and Girls Club in that municipality.

I'm happy to report to all of you that Lukin is currently at the University of Ottawa studying political science. Watch out everybody, because his career goal is to be the prime minister of our country, and I truly believe that Lukin can do that.

We know that the government wants—

The Chair: Glenn, I know you have three recommendations in your brief. We are a little over time, so please sum up fairly quickly.

Mr. Glenn Harkness: Yes.

Our recommendations are that the government includes access to quality after-school programs in a national poverty reduction strategy; an investment of $2 million for three years to help youth who are financially at a disadvantage to participate in post-secondary education; and finally, the Boys and Girls Clubs of Canada ask the government to invest in relevant programming for indigenous children and youth, so that they too have the opportunities to achieve and thrive.

Thank you so much.

● (0920)

The Chair: Thank you, Mr. Harkness.

Turning now to the Canadian Geothermal Energy Association, go ahead, Ms. Thompson.

Ms. Alison Thompson (Chair of the Board, Canadian Geothermal Energy Association): Thank you very much.

Now for something a little bit different. This is our first time appearing, and I appreciate that we're all gathered here in Toronto.

We're headquartered in Calgary, and we're a membership association that has about 150 corporate members and advocates. We're 10 years old, and we've been trying to champion policy change at both the federal and provincial levels during that time.

Being our first time here, we thought that we were giving a PowerPoint presentation, and so I don't have the same type of speech, but we'll wing it. I know you can't see the slides, but as an introvert, I appreciate that you're looking at them and not at me, and so I'm going to hold them up.

With our membership base, we have members from all walks of life: the leading universities in Canada, drilling companies, explorationists, engineers, financiers, lawyers, professionals. We are like a CanSIA, but we're for the geothermometry industry.

Our submission focused around three main asks.

Renewable heat itself as a renewable energy is not yet properly recognized in the Canadian government, and so renewable energy is often just defined in the newspapers, media, and within the government as renewable power. In fact, there's another renewable energy, and it's renewable heat. Renewable heat can come from geothermal energy, from biomass, and from solar.

We're not yet using geothermal heat as a tool in our tool box for a Canadian way to address climate change. Geothermal development at our level is not yet properly supported with parity with the other energies, both conventional and unconventional.

For example, a competitor of mine would be the fossil fuel-based natural gas home heating. In the tax code of Canada, there are many advantages and preferences given to drilling natural gas wells or oil wells, but they're not given to geothermal. So we're competing for those finance dollars, but even in a tougher climate, because one dollar goes further when you give it to a wind project, a solar thermal project, or a natural gas alternative, and yet we have a low-impact, carbon-footprint-free alternative.

Geothermal and its benefits are not well understood, and so I want to spend my time in front of you today talking about some of those benefits.

Just to take a step back, the U.S. is the largest energy producer for geothermal in the world, and Mexico is number four. That means that our continent is the number one continental producer of geothermal energy in the world, and yet Canada is a goose egg. We're at zero right now for our contribution to the continent on geothermal power. It's a 100-year-old industry, and it's over 50 years old in the United States. It's very mature, and it's very unusual that we haven't yet addressed it here in Canada or embraced it.

We're talking about our Paris climate commitment. As Canadians, we've actually done a really good job addressing renewable power and how we can bring that onto the grid. The thing is, at your home level, only 37% of your energy use is from electricity. The other 63% is from heat.

Nationally we have no targets right now to encourage renewable heat, but we have a solution. The solution is well deployed in 82 different countries around the world, with the U.S. being number one. Europe, in particular, is going gangbusters right now with building out district heating systems that are fuelled by renewables, and in our case, geothermal energy.

One of the best things about building out a new renewable energy that is mature in other parts of the world is that it's a job creator. It's an interesting job creator for this special time in history in Canada, because it's going to create jobs where they're needed most.

I expressed that I'm from Calgary, but regardless of being from Calgary, it's just synergistic that the jobs needed for geothermal are subsurface, and so they're drilling jobs. For the 100,000 people out of work right now in western Canada, those same skills that we've already paid for as a country through university training and trades training can be redeployed doing the exact same job, but with a social licence.

When people talk about oil wells, I want to address the fact that we don't actually drill oil wells in western Canada. Most of those wells have what's called a water cut, a very high water cut, where fluid comes up and you skim off the oil. So these same workers are already drilling wells that I would call geothermal energy wells, but because we don't use the water for heat or making it into steam power, we waste all of our geothermal energy.

Again, that makes sense, because we're the continental producer of geothermal in the world. Alberta alone has 440,000 wells that we've already drilled. Not all of them can be used for commercial geothermal electricity, but all of them can be used for geothermal heat. When you have a combination of a well within eight kilometres of a population centre, you can pipe that heat and use it for district heating.

● (0925)

So we can create jobs in the exploration and the subsurface areas of Canada and with drilling companies by doing what they have already been doing in their career, but now turning it to a more socially acceptable renewable energy, which is district heating.

The other thing about where the jobs are created is that they really are created with food. We can have, as we've pointed to here, F-4, or fossil-fuel-free food. We can have greenhouses that are not run on natural gas and not heated by propane or diesel if we're remote, but instead, heated from geothermal. We're only talking about 40° Celsius, and 40° Celsius is very achievable at even just one kilometre depth.

Just to give you an idea of how food could help us, obviously with addressing health concerns but with jobs as well, Alberta alone imports about $500 million worth of fruits and vegetables from the U.S. We could be growing all that under glass in Alberta, so that approach can attack our trade deficit as well.

Even more compelling is what we can do in the north. In the north, for geothermal thermal energy, you just need about 40° Celsius, which is very achievable at one kilometre depth, to be making greenhouses a viable operation 12 months of the year. This would address high food costs in all three territories as well as our 175 off-grid and remote communities. Food security through geothermal heat is one of our largest objectives.

Going back to some job numbers, again, these are U.S. Department of Energy statistics, not CanGEA statistics, but there are 17 times more jobs created from a geothermal well than from a natural gas well. These are compelling numbers when you think that there are two jobs per megawatt installed, if you're talking about that power issue, or eight times more jobs if you're talking about using heat. So there are nine jobs right there. Collectively, the U.S. says there are 17 times more jobs in being in the geothermal energy business as a power and heat source than there are in natural gas.

We get good quality jobs, 21st century jobs, and we're able to make things useful to us, such as food security, and we are also redeploying the oil patch. These are some of the synergies we have. Again, we've been working on this for about 10 years and we haven't got as far as we could, because the tax code of Canada has some parity issues for us with the other renewables. For example, solar thermal is recognized as a heating source, but geothermal heat itself is not.

We have a slide show here. I'm an engineer, but we don't need engineers; we need imagineers. We need people who can imagine what they would do with an excess amount of heat. Here's the thing: maybe the heat isn't 300° Celsius, isn't superheated steam, but even again at the 40°Celsius level, there are all kinds of things that can be done. Fish farms are being done in Iceland, in the U.S, in Germany, and in Kenya.

We talked about greenhouses being one of the most economical purposes for geothermal, but there are also things such as just snow-melting, when you think about the traffic today or coming up in the future and the amount of time and energy, and even insurance claims, because our roads or our sidewalks aren't clear. People are using geothermal in really unique ways that sound a little simple or silly but in fact have very large commercial and economic gains.

The last slide in our submission is a little cartoon comparing Canada to Iceland. If any of you have been to Iceland, it's a land of volcanoes, but it's a land of geothermal. Theirs is a little hotter, but ours is still good enough. In the cartoon, as I was expressing today, they have a joke. Of course, with Iceland, you think it's cold, and the joke is, do you want to change the temperature in the room? In Canada, how to change the temperature in the wintertime would be to turn up the thermostat, but for them it's “Please open a window.”

Again, with renewables, as you know, in wind, solar, and geothermal, there's so much of it that oftentimes we don't know what to do with it. It depresses grid price when we have electricity on line. Heat is the same way. We have so much heat available, the joke in Iceland is, if the temperature is not good enough, open a window as opposed to turning up the thermostat.

My punchline to this joke, the drop-the-mike moment, is that they had to learn how to drill. Iceland is a tiny island. It has 300,000 people and they had to learn all these skills that we're actually expert at already. So, again, my punchline today is renewable power, heat, jobs, and food. We can do this, Canada. We're already leaders at it, but we just don't know it yet.

Thank you for your time.

● (0930)

The Chair: Thank you, Ms. Thompson.

It is worth seeing the geothermal in Iceland. I've seen some of their operations.

Ms. Long, from the Canadian Health Food Association, please go ahead. Try to keep it to five minutes if you can.

Ms. Helen Long (President, Canadian Health Food Association): Certainly.

Good morning, everyone, and thank you for the opportunity to be here.

My name is Helen Long, and I am here in my capacity as the President of the Canadian Health Food Association.

Our organization is the national voice of the natural health industry. We have over 1,000 members from coast to coast, including manufacturers, retailers, wholesalers, distributers, and importers. The vast majority of those would be small and medium-sized businesses. They contribute over $7 billion to Canada's GDP through the sale of organic foods and natural health products.

Over the years, our association and the industry as a whole have taken important steps to improve the quality and range of products available to Canadians to support their healthy lifestyle. We've also shown leadership in encouraging compliance with more effective processes and standards at Health Canada, especially with the introduction of the natural health products regulations. Those regulations, most recently updated in 2008, were developed with extensive public consultation and study by Health Canada. Canada is viewed around the world as a global leader in the regulation of these products.

The most important component of these regulations is the pre-market approval process overseen by Health Canada. Its role in reviewing product applications ensures that products coming to market in Canada are safe, effective, and high quality, while also respecting the low-risk nature of natural health products as compared to pharmaceutical drugs. This information is important for the committee, if for no other reason than to understand how far we've come in quite a short time.

The distinction between NHPs and drugs was initially drawn under the leadership of then-health minister Allan Rock during the Chrétien government's time in power. Later, under Prime Minister Martin, parliamentary committees upheld this view, and under the most recent Conservative government, the regulations were reviewed and affirmed. This is an example of the excellent work done by parliamentarians to help Canadians, 77% of whom take NHPs, to access high-quality products.

For the coming budget, CHFA is calling on the government to take the following steps to ensure that Canadians continue to have access to these safe, effective, and high-quality natural health food products.

First, we recommend that Canada maintain the current de minimis threshold of $200 for goods being imported to Canada. The only groups that support an increase in the de minimis level are those that have an interest in sending Canadian consumer dollars out of our country while diminishing the tax base and disproportionately hurting Canada's smallest niche businesses.

Second, we encourage the government to explore options to provide preferential tax treatment for NHPs. Research shows that Canadians who find themselves in poor health require approximately $10,000 more per year in health care costs, compared to someone in good health. If a mechanism can be put in place where consumers have cost-effective access to preventive measures, including not only natural health products but other things, it is possible to change lifestyles, leading to better health overall. We believe Canadians will benefit substantially from NHPs being given preferential tax treatment, to encourage them to focus more on proactive health care measures.

Third, the Canadian Food Inspection Agency and Health Canada are currently working to modernize Canada's food labelling system under each of their respective acts. CHFA supports this work, as it will provide more and better information for consumers who are seeking to make healthier choices. We are, however, concerned that the required labelling changes will affect every single food label in the country, requiring producers and vendors to incur an immense cost. We ask that the process be harmonized so that the coming into force of the regulations occurs at the same time, to allow producers to reflect both sets of changes in their labels at once. This approach would be good for consumers, while also respecting the operational requirements of businesses nationwide.

Last—and most important, since the beginning of September—our industry is asking the committee to consider the negative impact that Health Canada's proposed self-care framework will have on the millions of Canadians who use natural health products and the thousands of Canadians employed by businesses that produce and sell them. Health Canada is proposing changes that would include an entire class of products that would go directly to market without pre-market approval, which is a change we cannot and will not support. The system we have in place now works. Let's not fix something that isn't broken.

We are very concerned that this proposal, and the continuation of the personal importation loophole, will jeopardize the reputation of the NHP industry for companies that play by the rules, while leaving Canadian consumers confused and questioning the credibility of the NHP sector.

Thank you again for the opportunity to speak in your time today.

● (0935)

The Chair: Thank you, Ms. Long.

We are now turning to Earth Rangers. Mr. Kendall, go ahead.

Mr. Peter Kendall (Executive Director, Earth Rangers): Thank you, Mr. Chair, and thank you to the committee for inviting us to speak here today.

My name is Peter Kendall. I'm the executive director of Earth Rangers.

Earth Rangers is the largest conservation group by membership in the country. We have over 140,000 members. We're also a global leader in environmental engagement. We operate programs that educate youth and their families about biodiversity, inspire them to adopt more sustainable behaviours, and empower them to become directly involved in protecting animals and their habitats.

We reach children through dynamic in-school presentations and an almost daily television presence. These programs inspire kids to become members of Earth Rangers. As members, Earth Rangers raise funds to help protect endangered species like Pembina's work in caribou in northern Alberta and research by the Arctic Fishery Alliance on cold water coral in Baffin Bay. In fact, our members this year are on track to raise over $600,000. What's amazing is this is all through bake sales, art sales, and lemonade stands, so that's a lot of lemonade.

Members also participate in Earth Ranger missions, like creating pollinator habitat, organizing local cleanups, and conducting home energy audits. In addition, members have access to a wealth of educational information on our site, much of which we developed in collaboration with Parks Canada and the Canada Wildlife Service.

Finally, as this government has recognized, reaching and inspiring new Canadians to engage in and explore our natural heritage is vital. At Earth Rangers we believe the best way to do this is through children. No matter where they come from, all children have an inherent love of animals and a desire to protect them. Earth Rangers leverages this connection to engage children and in turn their families. As a result, our membership base is not only the largest of any conservation group in the country, but also the most diverse.

Most importantly, recent research is clearly demonstrating the impact of our programs. In 2015, Ipsos Reid's survey found that youth who participate in Earth Rangers are more knowledgeable about the environment, more likely to adopt sustainable behaviours, and more optimistic that they can have a positive impact in the world. They're also more likely to volunteer and participate in other philanthropic activities.

Since 2014, we have worked with Environment and Climate Change and the Government of Canada as a whole to expand our programs across the country. We feel we've shown a significant return on investment. With your support over the past two and a half years, we have seen our membership grow from 35,000 families to over 140,000, now representing every province and territory. We've expanded our school presentations from 450 to 800 schools, allowing us to reach 250,000 students annually. I believe we've done presentations in every riding represented here today.

We've created new French language programs in Quebec, and we've piloted a successful on-the-ground program in all three territories. Your support has also allowed us to develop exciting new missions, like our recent ATK in Action mission, which focused on increasing awareness and appreciation for aboriginal traditional knowledge, and OutdoorExplorer, which celebrated and encouraged visitors to the national parks.

This is a very exciting time across Canada and internationally. With our renewed focus on combatting climate change and protecting our lands and oceans, Canada is re-establishing its environmental leadership role in the world. We know that Earth Rangers can play an important part in helping you meet your goals by educating and engaging our community in these critical issues.

We're asking the Government of Canada to continue its current investment in Earth Rangers by renewing our support of $1 million a year for the next five years. With your continued support, we plan to leverage your past investments by focusing on the following initiatives.

The first is continuing our expansion in Quebec and expanding into French-language minority communities across Canada. We'll build on our pilot program in the territories to provide meaningful programming in indigenous communities across the country. We'll also support the recommendations of the Truth and Reconciliation Commission by continuing to educate our members about the critical role that indigenous people have played, and continue to play, in conservation. Finally, we will support Canada's domestic and international environmental commitments by continuing to grow our membership and inspiring our members to play an active role in mitigating climate change and building awareness and support for marine and terrestrial protected areas.

By continuing to work together, we can ensure that current and future generations of Canadians have the knowledge and tools they need to play an active role in ensuring that we meet our ambitious environmental goals.

Thank you.

The Chair: Thanks very much, Peter.

Turning to the Community Unemployed Help Centre, executive director, Mr. Cohen.

● (0940)

Mr. Neil Cohen (Executive Director, Community Unemployed Help Centre): Thank you for the opportunity to be here today.

I didn't have an opportunity to submit a written submission previously. I was invited a few weeks ago while I was in Europe to appear today. I'm sorry that I don't have anything prepared for you. I can certainly follow up.

I want to thank the committee for the opportunity to be here today. When the questions were put to us looking for recommendations for economic growth, I thought, comparing the mandate of our organization with that of other organizations, that it's a little like putting a round peg into a square hole. We basically provide information and advice and representation to individuals who are having difficulties with employment insurance and the Manitoba social assistance program. I want to make a couple of comments, though, and talk about how we align.

I struggled with what to do today and I kept coming back to a vision of a former prime minister many years ago, when I was a university student and had hair. I think many of us were inspired by the vision of that prime minister at the time when he talked about a just society. By a just society, he meant a just society for all, not a just society for some.

Employment insurance is the cornerstone of Canada's social program. It is central to the mandate and work of our organization. We have seen a program that has been gutted, beginning with amendments in 1990, that has made it increasingly difficult for workers to qualify for EI benefits, particularly those who are marginalized or have difficulty obtaining sufficient hours—women in particular, who are overly represented in part-time work—or people who are working multiple jobs and are still having difficulty. We see benefit duration periods that successively, over the last 35 years, have been shortened.

We see employers continuing to call for lower EI premiums, and —I must mention this—in 1990 when the federal government withdrew from contributing to the financing of the EI program, or UI as it was then called, and required the program to be self-financing, premiums for workers were $3.07 per every hundred dollars of earnings, with employers paying 1.4 times that. Those premiums have been reduced and reduced, and another reduction is going into effect, I believe, in January of this year. Those premium reductions have been accomplished because it has been so difficult for workers to access the program. We know that since the EI Act was proclaimed in 1996, fewer than 40% of the workers who are currently unemployed are in receipt of EI benefits today.

EI is an important cornerstone of Canada's social programs. The government has embarked, to its credit, on a number of current and recent consultations on EI reform. I won't go on about recommendations for EI, because we appeared before HUMA, we submitted a brief at that time, and we have some specific recommendations in that regard.

What concerns me is that when we look at EI and at the consultations that are under way or have been completed, we now see a consultation or—this is completed, and we've participated in this as well—consultations with Canadians in the employment insurance service quality review; we see consultations with Canadians on poverty reduction strategies; we see consultations on Canadians and flexible work arrangements; we see consultations on caregiver benefits—it's currently online—and we've seen maternity and parental benefit leaves.

I mention this because what I would ask the government to do, in preparation for the budget, is take a look at these consultations and realize the importance of developing a comprehensive labour force strategy that is fair, that is equitable, that is inclusive.

We see too much that the programs, particularly EI and some of these other programs, really drive a further wedge between those who qualify for EI, those who have supplementary unemployment benefits through their workplace, those who work for larger employers; and the people we represent, the faces I see in my office every day, people who can't get through to the Service Canada office.

This is not a problem of this government's doing. I applaud the government for putting additional resources in place to ensure that Service Canada offices are more accessible. We see unprecedented delays in processing applications; we see people whose benefits run out because they can't find other work. We know, in terms of Canada's labour market, that it's not that people are lazy, it's not that people don't want work, it's that there are six unemployed workers for every available job.

● (0945)

How do we integrate people who don't quality for EI into the labour force? How can we ensure that they, and not just EI-eligible recipients, can obtain the necessary skills and training to reintegrate into and participate fully in Canada's labour market?

I would encourage the government to roll all of these various initiatives together, and to realize the importance of developing economic plans that don't forget, but recognize and help to engage those who have been forgotten, those who are marginalized, and those who we want to fully participate.

We see in our clients a tremendous preponderance of individuals with mental health issues, so when we talk about Canada's economic growth, it's not just about growing the economy. It's also about recognizing the psychosocial consequences of those who cannot participate and the costs that are associated with that. There are studies that have been done for 30 or 40 years throughout the world and in Canada and the United States that talk about the high positive correlations of unemployment and health care use, unemployment and substance abuse, and unemployment and the difficulty people have in finding affordable housing and child care.

We have to develop an integrated strategy that recognizes those who have been marginalized and those who can participate, and that helps to reduce some of the costs of supporting them through innovative measures that allow them to fully participate and contribute to Canada's economy.

The Chair: Thank you, Neil.

We'll pull up a copy of the brief that you presented to HUMA and distribute it to the committee. Those are the recommendations in it, I gather? Okay.

We'll turn now to the Asia-Pacific Economic Cooperation Digital Hub.

Mr. Upshall.

Mr. Philip Upshall (National Executive Director, Mood Disorders Society of Canada): Thank you, Mr. Chair.

My name is Phil Upshall. I'm the National Executive Director of the Mood Disorder Society of Canada.

I just want to clarify for the record that I do not represent the Asia-Pacific economic collaboration. I represent a partnership between the Mood Disorder Society of Canada, the University of Alberta, and the University of British Columbia, wherein we will be establishing a digital hub for mental health issues to serve the APEC nations. It will be a hub that is developed in a hub-and-spoke structure. We have over 12 MOUs now with all of the APEC countries with significant academic organizations.

The Mood Disorder Society of Canada just recently launched our transitions to communities project, which is a project with Veterans Affairs and ESDC to help disadvantaged veterans get back into the labour force. It's the kind of project that we take pride in leading and it's the type of a project that Minister Hehr was very supportive of. He recently attended our launch.

With regard to our APEC digital hub, Mr. Chair, we know the facts all too well. One in five Canadians suffers from a mental health problem or illness in their lifetime, but many more are affected indirectly with a family member. The economic cost is well over $50 billion a year. We know that research in health care, social services, and income support costs comprise the biggest proportion of this expenditure. Billions in productivity are lost each year. Over the next three decades, we're looking at losses of up to $2.5 trillion.

The World Bank, along with the World Health Organization, held an international meeting in Washington this year, recognizing mental health issues as a global epidemic and requiring global approaches. We were there and supported that initiative. We do urgently need to bring innovative solutions to this ever-escalating issue. Last November, thanks to the leadership of our partnership, the APEC forum chose Canada to do just that. In collaboration with MDSC, U of A and UBC, we will be hosting the APEC digital hub for mental health innovation. It's a new international epicentre for the promotion and development of advanced research from some of the world's leading universities and health institutes involved in the diagnosis, treatment, and public awareness of mental disorders. It will be a game-changer in addressing mental illnesses and in contributing to Canada's economic growth. Our current partnerships include Peking University; the Government of China; Malaysia; Melbourne, Australia; Tokyo; Mexico; Lima, Peru, just to name a few.

At the centrepiece of APEC's intergovernmental mental health initiatives, the hub will be an incubator of new ideas and practices. It is a practical resource for Canada and the APEC economies that will not only target the intergovernmental aspects at a high-level policy stage, but also at the regional level, when it comes to program and service delivery on mental health issues. The hub will also play a vital role, at the patient level, helping clinicians use international best practices to treat those suffering from mental illnesses, making the hub an applied implementation science backbone currently lacking in mental health.

In practical terms, this mean the hub provides needed leadership to Canadians and 2.8 billion people in the 21 APEC economies to address the urgent global health care crisis in innovative and unique ways. This is done, as I mentioned, through international partnerships, clusters, and scientific research and development. This government said it best in its innovation agenda, "Canada needs to focus on developing world-leading clusters in areas where it has the potential to be, or is already known as, a hotbed of innovation." Canada is known as that. It says, "The goal is to make significant targeted investments in these clusters so that Canada can attract the best ideas, brightest talent and smart capital necessary for success."

We agree wholeheartedly with that. As we embark on this milestone year for our country, we believe the Government of Canada is well positioned to lead in science, digital innovation, and the fight for mental wellness by investing $5 million over five years into the hub's development. An initial financial contribution from our government of $1 million per year would signal to the world that Canada is indeed leading the way, making digital and science innovation in mental health a top priority and tackling the $50-billion problem that we have. Canada's work will feature prominently this November at the APEC high-level meetings in Peru, where leaders will meet to discuss their core areas of interest, including mental health as a global priority.

● (0950)

In Canada's 150th year, we can proudly demonstrate our leadership in economic growth through our investments in digital innovation. We can be a catalyst for scientific discoveries that will be shared and reciprocated among APEC countries. In a world of inescapable digital connection, intergovernmental collaborations and public-private partnerships are key to overcoming obstacles to mental wellness. To date, more than 100 government agencies, industries, and academic organizations are committed to our efforts. These efforts include creating an interactive platform to build awareness, developing customized curriculums, sharing information and experiences, and identifying and implementing best practices in research and treatment.

This is knowledge amplified and shared between continents, nations, regions, communities, and individuals. Communities across our country are meeting the needs of Canadians first. Like Canada, the APEC economies have urban, rural, remote, and indigenous communities. We've counted 54 indigenous communities to date within the APEC communities, and all with different levels of access to technology and different mental health resources.

The Chair: Can I get you to sum up fairly quickly?

Mr. Philip Upshall: I will tell you that this application meets the requirements or the suggestions of the Prime Minister's Office to five of his senior ministers regarding mental health. It deals with the Prime Minister's personal interest in mental issues, it deals with the Government of Canada's emphasis on innovation and science, it deals with the Government of Canada's desire to be more engaged with APEC, and it deals with the government's desire to be a leader in global affairs and to showcase Canada's innovative leadership.

In summary, recommending to the Minister of Finance that we receive the $5 million in assistance will be a huge benefit to Canada.

The Chair: Thanks very much, Philip.

We're on the eighth panel. We usually try to hold it to six, but we have too much demand in Toronto.

General Motors of Canada Limited, Mr. Paterson, welcome.

Mr. David Paterson (Vice-President, Corporate and Environmental Affairs, General Motors of Canada Limited): Thank you, Mr. Chair.

I'm David Paterson. I'm vice-president of corporate and environmental affairs for General Motors Canada and I'm the immediate past chair of the board of directors of the Canadian Chamber of Commerce.

I want to speak to you very briefly today about the importance of innovation and research and development, particularly in sustaining our very important auto sector in Canada.

I do believe that the next federal budget will be very important for Canada as we set out to compete as a nation and as enterprises and employers in the very fast-changing global economy that we see today. I believe that innovation will absolutely be essential as our driver of growth in Canada.

At GM we see enormous disruption in the global automotive sector right now. We believe in planning in our company for a future that will increasingly be vehicles that are electric, vehicles that are very highly connected with each other and the environment around them, autonomous or self-driving vehicles that are here today and will be here rapidly with us. Also, vehicles are going to be more increasingly part of the shared economy than just the traditional model of buying a car. You'll be getting your transportation through your smart phone. We have to replan our business and we have to replan our industry for those types of changes that are taking place. That has huge opportunities for us if we can do that, and it's very important that Canada think about those opportunities and where it will fit into that as well.

Earlier this year at General Motors of Canada we made two significant announcements. One recently is that we've reached a new collective agreement with our partners at Unifor. That set us on a path to invest a further half a billion dollars in our traditional manufacturing operations in Oshawa and St. Catharines. That's extremely good news for a traditional manufacturing industry. The other announcement that we made in June, which I think arguably is even more important for the long-term future of our industry in Canada, is that we will be expanding our base of research and development engineering in Canada. We're currently hiring 700 engineers in the area of active safety controls and software for autonomous vehicle development. We're doing that in Canada, and that's a global centre. This is very important. It's really the sweet spot of innovation for the automotive sector. These new high-tech jobs will be at the centre of a growing ecosystem as well. We have 300 engineers working in Oshawa, and we will soon be opening a new 700-person R and D facility for software in Markham, Ontario. We've bought seven acres of land here in downtown Toronto for a new mobility hub. We've opened up in Waterloo, and we're engaging with universities all across Canada. We spent a full day in 12 different universities across Canada this year. The next three are Sherbrooke, École Polytechnique, and McGill. All of that really is to underscore that the global automotive business is changing and transforming very rapidly. It's starting to look more like the ICT business than the traditional automobile business.

We selected Canada to do a great slice of this important technology for a bunch of key reasons. Canada does have a very competitive base of talent and it has a highly well-earned expertise in mobile communications, in software development, and in artificial intelligence, in fact, some of the best in the world.

I want to give you some recommendations in that regard. I've shared with you and your analysts the recommendations of the Canadian Automotive Partnership Council, and in particular its innovation committee. In short, we believe that Canada's auto sector needs to invent things that other people will manufacture, not just manufacture things that other people have invented. In short, we have the opportunity to grow an automotive technology cluster in Canada that is competitive with places like Silicon Valley in California, and Israel, but we need to foster that very purposefully with policies and budgets that support and attract three critical factors that will be important for Canada. One, we have to ensure we have global quality talent. Two, we have to have capital for our start-up and scale-up companies to become global companies in this area. Three, we have to think about the customers for those companies. Government procurement can be an important customer. But you also have to think differently between your domestic companies and your multinational companies. Big multinational companies have huge global supply chains. If little Canadian companies can start to use that as a customer base, they can become big global companies.

● (0955)

I worked previously at BlackBerry where we became a very big Canadian company by following those kinds of strategies and going around the world. So our advice is simply to look at how we can better leverage our universities and our public research institutions, some new approaches to fostering and attracting global talent here and bringing it into Canada, and advice on capital financing. There is an important need for Canadian start-up and scale-up companies to have intellectual property strategies that will protect them as they scale up around the world.

We share those recommendations with you, and I'd be pleased to discuss any of them.

The Chair: Thank you, David. The broader submission will be given to committee members as well.

Turning to questions, and we'll have to hold it to five minutes, members, to stay on track. I'm sorry about that. So keep the questions concise and targeted, if you could.

Mr. Sorbara.

● (1000)

Mr. Francesco Sorbara: Good morning, and thank you everyone for your presentations.

I would like to start off with Earth Rangers since they're from my riding of Vaughan—Woodbridge although they're a pan-Canadian organization, I wish to think. Peter, if you can just talk about the importance of the educational component of what Earth Rangers does across Canada that would be great.

Mr. Peter Kendall: This government has a very ambitious environmental agenda from things like at DFO the 5% marine protected areas by the end of 2017 and 10% by the end of 2020. We have some ambitious development goals. Certainly we've seen the issue of the LNG terminal recently and pipelines that we want to develop in a sustainable fashion, and of course we're moving the carbon pricing through as well. All of these projects require an engaged and informed public. We certainly feel one of the best ways to do that, especially when dealing with new Canadians and other communities that aren't traditionally part of the conservation community, is to work through children.

Mr. Francesco Sorbara: Thank you.

Turning to mood disorders, Mr. Upshall. Mental health is obviously damaging to our economy, and the damage to people's lives is well-documented. I hope the focus of our government is on taking concrete and substantive steps on this. We've had everyone from the former finance minister Mr. Wilson to you come before the committee in the last year. It's more of a statement than anything. I fully support the organizations involved in pushing that. This evening I'm going to a hats off gala raising money for CAMH in my riding. There's Mens Sana...all these organizations.

If we look over the landscape do you see measures we should be looking at in getting some immediate hits, in breaking down barriers...whether it's stigma or your organization. Is there anything out there that we should be looking at that we're not looking at?

Mr. Philip Upshall: I think you're looking at the right things. I would just ask all members of Parliament from any side to pat Minister Philpott on the back and ask her to please hold tight on her negotiations with the provinces on the new health accord, particularly with regard to the issues of mental health. The Prime Minister has said that the discussions in the new health accord will be about 33% of the time spent on this discussion. The provinces are quite resistant to having targeted funding, but as many of you know Senator Kirby many years ago in his Standing Committee on Social Affairs, Science and Technology recommended ring-fence funding as the only way to move mental health issues forward in Canada. We've been the poor cousin for years, principally because we haven't had a significant capacity to advocate or engage in other health care related activities in Canada. I would hope that the Minister of Health would have your support in standing very firm, both with regard to the amount of money that's being transferred to the provinces, and with regard to how that money is spent. It's really important to get it to the ground.

Mr. Francesco Sorbara: Thank you for the term “ring-fencing”.

Ms. Long, the de minimis threshold you mentioned was $200. Is it different? I just want to clarify. Is it not $20 in Canada for imported items, or is there a different level for it?

Ms. Helen Long: No. The proposal, I think, is to increase it to $200. It's currently $20, which is where we'd like to see it stay.

Mr. Francesco Sorbara: Okay. Exactly. The proposals we've seen, just to put it out there, are to increase it to a level of $80, $100, or $200. There are three levels that have been advocated for by certain organizations.

With regard to the health association's submission, there are concerns about proposed packaging guidelines, if I'm not mistaken, with your association.

● (1005)

Ms. Helen Long: Yes. In terms of natural health products or the food labelling changes?

Mr. Francesco Sorbara: I want to say both, because there's a lot of information being dispersed out in the media and so forth.

Ms. Helen Long: Currently, yes. That's related to the natural health product regulations.

On the food side, there are two sets of labelling changes coming in. We're very supportive of both sets of changes. We'd just like to see some alignment in terms of the announcement of when the changes go into effect, because every food label in the country will be impacted. That's a massive shift for our manufacturers, so we'd like to do that once as opposed to twice.

On the natural health products side, Health Canada is currently proposing some changes to the regulations, which are a bit confusing. They're based on what appears to be a single study. We're not really sure what the end goal is, but that would also have huge ramifications for a program that, quite frankly, has only come into true compliance in the last three years.

The Chair: Thank you.

Let's turn to Mr. Deltell.

Welcome, Gérard. I believe this is your first time at the committee as the critic for the official opposition. Welcome to the new job. You have five minutes.

Mr. Gérard Deltell (Louis-Saint-Laurent, CPC): Thank you so much, Chair, for your warm welcome, and hello to all my colleagues.

I can tell you that I learned a new word in English, “vertigo”. When my leader called me and said that I would be the critic for finance, I said that I had vertigo right after the announcement. I will get used to that.

[*Translation*]

Mr. Gérard Deltell: Ladies and gentlemen, I am pleased to meet you.

I am a member from the Quebec region.

[*English*]

Don't be afraid. I just want to make some remarks in French. After that, I will ask you questions in English.

[*Translation*]

So it is with a great deal of humility that I accept this task my leader has given me. We will always keep in mind our concern for the taxpayer's wallet. We have to seize the opportunities that come up to make our economy stronger.

[*English*]

On that point, I would like to ask Mr. Paterson and Madam Thompson two questions.

First of all, Mr. Paterson, we all welcome the fact that your business injects a lot of money, thousands and millions of dollars, into innovation. That's the way to deal with this. If we want to create wealth, we inject money in innovation.

I'm not sure if in my life I will be able to be inside an autonomous car. It's a long way for me just to accept the fact that there will be no driver. Maybe one day I will, but today it's quite difficult for me. I'm 52 years old. I'm an old guy, so it's tough for me.

Here's what I would like to know from you. What kind of co-operation do you want to see from the Government of Canada with regard to your industry?

Mr. David Paterson: I think there's a set of policies that are difficult, but are needed for us to continue to compete in the traditional manufacturing area. I'm sure you're hearing that from other groups, and I would support their recommendations in that area as well. The list of headwinds is well known and understood, from electricity prices to a number of uncertainties in policies that need to be aligned with other jurisdictions when we have a global industry, etc.

For 100 years, we've been manufacturing vehicles. Right now in the auto industry, we have the biggest transition happening since we moved off horses. As for autonomous vehicles, we have them on the road today. They're coming. I'm like you, in that I like to drive my vehicle, but that will be an important part of the change that's taking place.

We can either be part of that, on the front edge of that change, and have the high-value jobs in Canada that can be part of it, or we can continue to put the pieces together at the end of the value chain. If we're only going to put the pieces together at the end of the value chain, we're at risk. If we actually invent the products that others will assemble—perhaps here in Canada, but wherever—we will have the high-value jobs and we'll be at the front end of this industry.

I think we're at a turning point in policy as well, where we have to think about that front-end innovation aspect as well as just defending what we've had in the past. We want to keep the manufacturing base that we have, and we're delighted that we're doing that at General Motors, but it's not good enough. We'll always be fighting if that's only what we're going to focus on. We have to shift into the front-end development, engineering, and invention of things here in Canada. The good news is that we have the ability to do it. We just need to get organized.

Mr. Gérard Deltell: Thank you so much, Mr. Paterson.

We hope that any government.... I hope that one day we'll get back—you know we will get back—to follow your advice on that issue. The government should be a partner with private business, when one is talking about high technology and innovation. This is how we create wealth.

Madame Thompson, let me tell you that you have made my day, because as some have stated, when there is a crisis there is always opportunity. An entrepreneur sees opportunity when there is a crisis, and there is a crisis right now in the petroleum industry.

What you suggest is quite inspiring. You propose new ways to deal with the fact that people have skills and suggest we can use those skills with the new reality and with what you're talking about, geothermal energy.

Do you have an easy-to-understand example from elsewhere in the world by which we can see what to do in our provinces and our country while there are some existing projects still moving on? When you talk about food, when you talk about fruit especially, do you have any good examples, from wherever it may be in the world, that we can use and inspire our people with?

● (1010)

[*Translation*]

Ms. Alison Thompson: Good morning. Thank you for the question.

[*English*]

There are 82 countries around the world that are using geothermal heat. There are whole cities on geothermal heat in Europe. Reykjavik in Iceland is a good example. There's also Klamath Falls in Oregon, and there are places in California.

The example I had last night is from Kenya. Kenya would furnish an example of a remote community, one that we could follow for Quebec's north as well as for our Arctic and northern areas. They take the heat coming off a well. If it's hot enough, it will go through a power plant to make steam, which is going to be turned into electricity. But what comes off the well is also very high-temperature.

We'll talk about starting at maybe 100° Celsius. The first thing it goes to is a dairy. They are able to pasteurize milk or make cheese locally.

The same molecule of water is actually sold four or five times, which is why there are all these jobs created.

From the power plant, it goes to a dairy. Next it goes to a greenhouse. The greenhouse is heated at 40° Celsius. Then it goes down to a fish farm, and the fish use the water at about 23° Celsius. From there it goes down to drying. It can dry some of the fruits and the fish for export or just for storage for the year. The very last use is soil heating.

In the Okanagan, we have a lot of greenhouses and glass. It doesn't just stop at constructed buildings. You can actually do soil warming. Iceland, for example, has been able to extend their outdoor growing season to nine months of the year. This brings a wealth of diversity of food that is available as well as a surplus of food that's available not only for the local community but for export.

There are, again, 82 countries, and there are so many examples. We'd love to take the finance panel on a field trip where you could touch it and kick the tires for yourself. Iceland is a direct flight from Toronto. I know some people; we could go there.

The Chair: We would love a field trip that is anything beyond hotels. That's all we've seen in two weeks.

Mr. Dusseault.

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

Thanks again, everyone, for your presentations this morning.

For my first question I will stay with Madame Thompson.

Just to be as precise as possible for this committee, you said the tax rules are not the same for drilling other types of energy sources. Can you point out exactly the sections of the tax code that we could recommend the government change and suggest what that change would be?

[*Translation*]

Ms. Alison Thompson: Thank you.

[*English*]

I'm a chemical engineer, not an economist, but I had to learn about the tax code probably more than most people.

Specifically, classes 43.1 and 43.2, under NRCan's rules, are where they describe accelerated depreciation of accelerated capital cost allowance. Solar, thermal, biomass, wave energy, hydro, and wind are all in there, but the funny thing is that so is geothermal power. Geothermal power is in there as an eligible renewable energy, but like solar you have to start first with heat, and then you use a power plant to make it into power. In some kind of quirky way in the tax code geothermal heat was never enshrined as a renewable energy. As an example, if we could drill some wells, and all of that exploration for the heat is not favoured with accelerated depreciation, then the minute we start to make power, that equipment is favoured.

The moment of truth for entrepreneurs is raising money to do the exploration. I don't want to overplay the risk. There's risk, and then there's costly risk. Our dollar has to compete with other people who have their risk addressed. It's that whole exploration part that is not accounted for. Furthermore, in classes 43.1 and 43.2, for geothermal power, we don't have access to transmission costs, but other renewables do. Even wave producers, who go further back than geothermal in Canada, have access to things like getting transmission included in their capital cost allowance. It seems like geothermal is somewhat there, but not fully there, and the part that's missing is early stage. Of course, you have to have early stage to get to late stage, and by encouraging late stage and not early stage it has completely put a roadblock up for finance. Even when we're comparing apples to apples, and where we are included, we're not given parity with all the different capital cost eligible expenses as the other renewables.

● (1015)

Mr. Pierre-Luc Dusseault: Thank you. That's very good. Thank you for that presentation. It was very interesting.

Maybe Mr. Cohen could talk about EI, and more precisely about the Social Security Tribunal, as we look forward to having discussions about what we could recommend to the finance minister.

Would you recommend to change that tribunal to get it back to what it was before instituting the Social Security Tribunal, or invest more money in that tribunal to make it function, because right now there's an enormous backlog in that tribunal?

Mr. Neil Cohen: There's a huge access-to-justice movement in this country, spearheaded largely by Chief Justice Beverley McLachlin. It certainly informs a large part of our work, because information, advice, and representation are absolutely essential to people to be able to exercise their rights in a free and democratic society. Part of the difficulty with the Social Security Tribunal is that you have a single adjudicator, which has replaced the former board of referees, which was a three-person tripartite system. It included a representative of labour, a representative of business, and an independent chairperson. The current commissioner of the Social Security Tribunal has tremendous powers to determine whether or not a hearing will be in person or not. Recent data has indicated that about 80% of hearings have been by video conference and teleconference. When we look at the EI program, we have a number of stakeholders. We have business, labour, and government. Whose needs are currently being met by the current Social Security Tribunal? Clearly, labour is not represented and business is not represented. Certainly the interests of government are being addressed, because the new model was created primarily to save money. When the previous government created this model, they put forward a number of assertions, including that the old system was inefficient and costly. They combined four tribunals, as you may be aware: Social Security, CPP, OAS, and EI. I won't go into detail, but there were four to deal with those particular programs. The model is ineffective.

We've also been pushing in our proposals for a long time.... When the model was created, and I think this is critically important—and I would call upon the government to address this, because this wasn't a making of the current government—and it is almost without precedent, there is no statutory requirement for the commissioner of the Social Security Tribunal to table a report in Parliament. This is highly unusual when we look at other statutory schemes, agencies, boards, and commissions. We've called upon and had discussions with the chairperson to table a report, and she has given assurances, since the body was created that, yes, she intends to so. We have yet to see those reports, and they're not required to do so. Surely every tribunal should be required to talk about their experience, to talk about the number of appeals, to talk about the effectiveness, to talk about those issues, and to publish decisions. None of those things are being done. I think it's certainly within the mandate of the government to ensure that there is more accountability.

The Chair: We will have to cut you off there.

Just to Pierre's question—you didn't answer this part—are you suggesting to go back to the old system or to put money into the new system to fix it?

● (1020)

Mr. Neil Cohen: I think the current system fails to address issues of procedural fairness. Whether it's the old system or the current system, there should certainly be a tripartite.... There should be more opportunity for in-person hearings. A lot of the powers should be taken away from the current entity.

Whether we go back to the board of referees and an umpire, and I'm not sure that will happen, certainly elements of those that were effective, with stakeholder involvement and participation, could be integrated into a current system.

The Chair: Thank you.

As an individual who has appeared before both set-ups with EI recipients, the new one, honestly, is impossible. That's maybe a biased opinion, but that's where I'm at on it.

Mr. MacKinnon.

[*Translation*]

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

[*English*]

I want to thank all of you for being here today. Certainly we have had a large range of suggestions and perspectives. As we've gone across the country we've garnered some ideas, but we've also been able to certainly detect both the opportunities that are out there and the anxieties that are out there. The next budget will absolutely have to address both the opportunities and the anxieties.

Ms. Benczkowski, as I go through my riding, coupled with the economic anxieties I hear the anxieties about maladies and afflictions such as the neurological diseases that people see around them. I think you mentioned your mother. We've all been touched by Alzheimer's or dementia or other neurological diseases. We heard in Halifax from representatives with Parkinson's as well. As people deal with their economic anxieties, they're also dealing with this category of diseases that seem very mysterious and exotic to them. I for one hope that Canada will participate, in a bit of a moon shot as an advanced country using our best and our brightest, in trying to find cures or ways to deal with the symptoms of these diseases.

I wanted to ask you to perhaps reflect a little more broadly on the strategy you're urging the government to adopt and on the money you're looking to the federal government to invest. What do you see as the outer limits or the possibilities of such a strategy?

Ms. Debbie Benczkowski: First of all, I think we should talk about the financial investment we're requesting the government to make. It's $30 million a year over five years. That is really less than $1 per Canadian, per year, for a disease that's already costing well over $1,000. So it's a modest investment.

We already have Bill C-233, which is a private member's bill, as you know. It's been through second reading and it's at the health committee right now. It's really for direction to Canada to have a strategy on Alzheimer's disease and dementia. The money that is being requested is to establish the Canadian Alzheimer's disease and dementia partnership, which is a suggestion to the government on how we develop a strategy. Thirty countries around the world already have dementia strategies in place. All the G7 countries except for Canada and Germany have dementia strategies in place. We have taken the best of all of those strategies, which are now being evaluated at an international level. The World Health Organization has also called on all member countries to really make sure that countries address the rising tide of dementia and the increased numbers of people who will be affected.

As I said, there are three areas of investment that we're looking at. There's research. There's prevention, with early diagnosis and early intervention, making sure that people get an accurate diagnosis so that they can avail themselves of the proper care and support they need. Then there are the medical and clinical interventions that will help them to lead a better quality of life.

We feel we've addressed the jurisdictional issues between the federal government and the provinces, because all of the areas we've suggested to be part of the partnership are within the jurisdiction of the federal government. One of those key areas is that we develop plans and then make sure that indigenous communities have access to culturally specific and appropriate care and services across Canada.

● (1025)

Mr. Steven MacKinnon: Thank you very much. There's so much more I'd like to hear and learn about that, and I know that I and other members of the committee will be spending a lot of time reflecting on it, as we will on all of your suggestions.

I do want to use my remaining time to go right across the table to Mr. Paterson. Could you reflect a little more broadly, for our benefit, on how you see GM Canada fitting into your worldwide organization, how you see the Canadian auto sector fitting into the worldwide auto sector, and perhaps just, as they say, “blue sky” it a little for us? What do you see as Canada's role in this new wave of innovation in the automobile sector?

Mr. David Paterson: As indicated before, we're at a time of profound global change in our industry, and I believe we're going to see, over the coming five to 10 years, significant movement towards electric cars, cars that are very connected with each other. That's really important because we have 32,000 people a year die in car crashes across North America because of driver error. If we can reduce that through systems in our cars that have automatic braking, lane-keeping, and awareness of the environment around them, that will be an incredible health improvement for us in that regard.

Then finally, we are seeing huge disruption with companies like Uber, Tesla, and others. These are good things in bringing forward technology, but we have to think as a nation about what that means for us, too. We're thinking about that as companies.

We've thought about it in terms of the technology that we need to develop, the software we need to develop. We looked at Canada. I worked formerly in the ICT sector at BlackBerry. What do we have in Canada? We have a legacy of the world's best mobile communication networks, systems, cybersecurity, and these are really important things for the future of the auto industry. We have that knowledge embedded in our universities. We have more Ph.D.s in artificial intelligence at the University of Toronto, nearby in this city here, than anywhere else in the world. We've looked at all of those things but we had to go university to university to find that capability. There's nothing in Canada that gives you a game plan across those universities because they're all competing with each other.

If we're putting significant investments of public money into our leading research facilities and into our universities, we might want to think more carefully about how we can identify those veins of technology that could be enabling for technologies, as we've heard from other panellists, or in the auto sector, so that we can liberate that and find ways to work it better with our Canadian companies. They can take that, skill it up, and become the next BlackBerry that will grow into 170 countries instead of just serving our Canadian market here. So that's what we're looking at. We think we can help because we're already in those countries and we can use our international supply chain to help deal with it.

The Chair: Thank you both.

Mr. Albas.

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

Thank you to everyone for your presentations today.

I'm going to go through pretty rapid-fire just so I get to as many as I can, and unfortunately I won't be able to get to everyone.

I'll go to Mr. Paterson first. Mr. Paterson, I'm going to give you a lousy analogy. Oftentimes if the economy is viewed as a stage and a production that's going on, I believe the government should set the stage and let actors like GM and other Canadian companies run the production, because government is usually a lousy actor.

I want to talk to you specifically about the Trans-Pacific Partnership. You said we should be building the technology. We may not end up installing it. You mentioned intellectual property. Intellectual property provisions in TPP, I believe, with a wide variety of countries, would allow greater protections for Canadian companies operating in those areas. Would you agree with that?

Mr. David Paterson: I come from the school of working for Jim Balsillie for four years, so it won't surprise you that I've also had an inside look at some of the concerns. I would say that the intellectual property provisions within the TPP are good for multinational companies that are already strong in that area. I think what I have learned is that if you are a small Canadian company and you're growing up, and you get past that stage of $100 million, one of two things is likely to happen to you. One is some people will come along and try to buy your company if you're really good, and if not, they might try to block you by using patents and patent trolls and a whole variety of other things that could be frankly set to shut you down.

We have to think strategically in Canada in terms of how our small companies are going to be able to compete in that kind of world. So I go back to those universities. We have an incredible amount of intellectual property in Canada that we've paid for through our tax dollars. What if we were to establish patent pools so that those little companies that go out with one or two essential patents were armed with 200 essential patents that came from Canadian investment? This is what Korea does. This is what Europe does. This is what France does. This is what the United Kingdom does. We don't do it in Canada. We should think about that so that we can make sure that Canadian companies can go from being small companies starting on top of a doughnut shop to working in 175 countries.

● (1030)

Mr. Dan Albas: The commissioner of competition put out a report around two years ago saying that for new emergent technologies like the sharing economy, etc., there should be a federal role for getting a common regulatory market approach across all provinces. I'm worried that autonomous vehicles that you're mentioning may get mired up in red tape from different approaches and different provinces.

Do you think that the commissioner has a point when it comes to this, and that perhaps the federal government should look at taking a leading role in this?

Mr. David Paterson: Yes. I think that there is merit in that. We're seeing this already across the United States where different states are setting different rules in terms of how one can go about testing autonomous vehicle technology. What happens in California is very different from a new set of regulations that's being developed in Michigan right now or in Boston or wherever.

Ontario, of course, is the one province that's come forward, and it has set a very pro-innovation regulation in place, which I applaud. It gives us the ability to test new autonomous vehicles on the roads in Canada. To my knowledge, it's the only province that has done that to date. It would be an advantage for Canada to have a pro-innovation—but safe—set of regulations that enables people to look at Canada as the ideal place to develop this new technology, so that we can get advantage from that, both economic development as well as the knowledge and the building of that industry.

The regulatory environment that you establish is critical in terms of drawing jobs. One of the things that is essential—and you make the point, and this is critical for the auto industry—is that we build and design a vehicle once to sell right across North America. If we face a differentiated set of regulations in Canada, the costs go way up, and you're very unlikely to get the investment to be able to build and design here, so you need to be aligned.

Mr. Dan Albas: I'd like to go to Ms. Long.

Ms. Long, thank you for the work that you do. One thing that I've heard from some of your members is that they are held back from offering samples in store of health products that are completely safe but highly regulated. They are obviously very proud of our Canadian products, but one of the challenges is that they cannot, under the law, offer samples. It has to do with packaging and a number of concerns. That's red tape to me. That's stopping them from being able to sell more products that make us healthier. Would getting rid of that red tape help your membership make better sales?

Ms. Helen Long: Yes, that's a great question. Absolutely.

Quite interestingly, I spoke earlier about the challenges with the recent Health Canada proposal for regulatory changes.

We were in the process of developing an interim policy with the inspectorate at the regional operations branch to allow for sampling, not only for our industry but also the cosmetic and some of the OTC manufacturers associations. That proposal was presented. We went through some drafts, legal, etc. Late in June, we met with the inspectorate and were told that we were looking at a fall consultation and would be good to go early in the new year. Last week we went to a meeting and were told that that policy is dead and will be developed under the framework, which is well under way. It is in direct contrast to what we've been told by Health Canada about the current consultation being the first of many.

So, yes, it would be an excellent opportunity. I can't tell you what's going to happen with that.

Mr. Dan Albas: Again, the controls are there, the safety is there. Literally, it's just denying the opportunity to promote your industry.

Ms. Helen Long: Yes.

Mr. Dan Albas: I'm sorry to hear that.

The Chair: Mr. Grewal.

Mr. Raj Grewal (Brampton East, Lib.): Thank, Mr. Chair, and my apologies for being late. The traffic on the 427 was not great this morning.

My first question is to Madam Long.

I met with some people who own NHP stores and natural health bar stores, and they're very concerned about the new regulations that have been proposed.

You're advocating for the de minimis to be raised to 200, is that correct?

● (1035)

Ms. Helen Long: No. We're advocating for the de minimis to stay where it is.

Mr. Raj Grewal: At $20?

Ms. Helen Long: Yes. We like that number.

Mr. Raj Grewal: Okay. That makes sense.

We just heard from eBay yesterday, and they're obviously on the other side of that argument. I just wanted to clarify that you wanted to keep it at $20.

How will the new regulations affect your business in terms of economic impact?

Ms. Helen Long: It's a hard question to answer.

The proposed changes, I'll be honest, are very unclear at this point. They're not giving us a lot of detail as to the specifics of how they're going to administer them, but, for example, a group of products will be shifted to require pharmaceutical-like, double-blind, clinical-trial type evidence for claims. There's been a long history of the government looking at natural health products. When the standing committee first developed the regulations, they spent a year and met with hundreds of different people in the industry from academia, the medical community, and consumers to establish the guidelines. When we look at that, the cost of doing that for products that you can't patent will cause large numbers of products to be eliminated. For some of our retailers, that could be up to 50% of the products they sell. If you were a retailer, and you lost 50% of your products, that would be a pretty significant impact.

At the other end, there will be products that are not able to say what they do. Disclaimers will be required that say that Health Canada hasn't reviewed the products. Ultimately, that will result in lack of consumer confidence and interest, and again, those products will be discontinued. So, with the lack of products available to consumers and the lack of information being provided to consumers —the totality of that—the effects could be enormous.

Mr. Raj Grewal: Thank you.

For the record, you're the only industry that's happy with the regulation.

Ms. Helen Long: It took us a long time to get there. We have the best system in the world, quite frankly, and we believe in it.

Mr. Raj Grewal: Thank you to all the other panellists. I'm sorry, we only have four to five minutes so we can't get into questions with all of you, but we do read your briefs.

My next question is to Mr. Paterson. Obviously the automotive sector is extremely important to Canada. Our government has extended the automotive innovation fund, as you know. Chrysler is one of your competitors. I don't know if you're allowed to use their name or not, but their plant is in my riding.

A lot of your comments were about the future and the investment in innovation. You gave an example of Israel. I had the good fortune of travelling there and being in Tel Aviv, and I saw how remarkable innovation is fostered in one of the smallest countries in the world. I also give credit to GM for looking into the future to see where the economy is going to go in terms of the shared economy and investing heavily.

How can we make sure that the economic benefit stays in Canada?

Mr. David Paterson: Part of it is, as we've said before, to set the table properly so that we are the most inviting jurisdiction in the world for this new technology development.

Israel, as you mentioned, is a really great example. I mentioned in my remarks that you need to have talent, you need to have capital, but you need to have customers. It's remarkable how many people, when they're talking about public policy, forget that you ultimately need a customer for the technology that you're developing. Israel is extremely adept, as they develop partnerships with companies both multinationally and locally, at using national procurement and their relationships with the military and others to be able to create large customer bases for the work they're doing. Effectively they say, come to our country, set up, and we will work with you and we will give you a great environment, but we expect you to help our little companies grow.

We've taken that type of mindset here in Canada. Next week in Kitchener-Waterloo we will meet with over 35 small Canadian start-up companies and we'll discuss their capability in this area of autonomous vehicle development. Some will offer things that we can do and some won't. However, if you were one of those little companies and you were trying to develop on your own without a customer....

We get these science projects happening in Canada all the time where people go out and say, let's go invent the technology and then people will come, but they don't think about the customer who is going to be there. In big industries such as the automotive industry, it's really wise to have some of the large multinational companies that produce a million vehicles a year as a customer base for the things you're doing. We're trying to build those relationships, not just with universities for the technology and liberate some of the IP that they have in the universities, but also work with these great companies in areas such as mobile communications, which are going to be critical for the future.

● (1040)

Mr. Raj Grewal: Thank you.

The Chair: Raj, sorry, we're going to run into a timeline against the next panel.

I have just one quick question for Mr. Kendall.

You requested $1 million per year for the next five years for Earth Rangers. What are the current funding levels?

Mr. Peter Kendall: We're currently at $1 million per year.

The Chair: All right.

With that, thank you very much to all the panellists. I'm sorry we had to crunch eight into a panel, but it's a necessity with so many people wanting to appear. Thank you all for your presentations and answering questions.

We'll suspend for 10 minutes while we change panels.

● (1040)

(Pause)

● (1050)

The Chair: We'll reconvene. I think most of the panellists are here.

As I think panellists know, this is the finance committee, and we're doing pre-budget consultations for the 2017 budget.

Let me ask members to introduce themselves quickly so that panellists know where you're from.

Raj.

Mr. Raj Grewal: Mr. Chair, my name is Raj Grewal. I'm the member of Parliament from Brampton East, just 10 minutes north of here, although it will take you an hour today.

Mr. Steven MacKinnon: I'm from a little further afield. I'm Steve MacKinnon, from Gatineau, Quebec.

The Chair: I'm Wayne Easter, from Malpeque, Prince Edward Island. I'm a Liberal.

Mr. Dan Albas: I'm Dan Albas. I'm from the interior of British Columbia, Central Okanagan—Similkameen—Nicola. I'm a Conservative member, and I'm really looking forward to your presentations today.

Mr. Pierre-Luc Dusseault: Good morning. My name is Pierre-Luc Dusseault. I'm the member of Parliament for Sherbrooke, which is in the Eastern Townships in Quebec, and I'm very pleased to be in Toronto. I'm part of the NDP caucus in Ottawa.

The Chair: Thank you very much, folks.

Starting with the Canadian Urban Research and Innovation Consortium—a long name—we will hear Ms. Petrunic.

The floor is yours. If we can keep it to five minutes, that would be great.

● (1055)

Ms. Josipa Gordana Petrunic (Executive Director and Chief Executive Officer, Canadian Urban Transit Research and Innovation Consortium): Thank you very much, Mr. Chair, and thanks to all of the members here.

It is a long name. It's a bit of a misnomer, though, because we do research and innovation projects in automotive, heavy-duty bus, rail, and transit applications.

To take you through the high-level feedback in terms of what we'd like to add to this process, first off this is an innovation consortium, as the name implies. What that means is that a couple of years ago several manufacturers got together and said, we have an innovation problem in this country vis-a-vis automotive, rail, and transit applications; we need de-risk funding for high-risk, high-cost innovation projects. It thus speaks directly to the objectives of the innovation agenda underMinister Navdeep Bains.

The kinds of projects our organization funds range between $1 million and $5 million for lower-level, early-stage innovation projects between industry and academia, but at our highest level our largest project is $45 million. It's the pan-Ontario electric bus demonstration and integration trial, and it relates directly, Mr. Grewal, to your riding, since Brampton Transit is the lead agency there, with Hydro One Brampton.

The areas we work in are zero-emissions propulsion technologies. That means battery electric, hydrogen fuel cell, and renewable natural gas for propulsion. The second area is lightweight materials. That's—

The Chair: Could you slow down a little?

Ms. Josipa Gordana Petrunic: Using lightweight materials means removing steel to replace it with polymers, bio-fibres, or anything that's going to lighten the weight of the vehicle in order to reduce emissions.

The third area is connected and automated vehicles, whether they be an application to a railcar, a bus, or an automobile. That includes the sensors, signals, and controls.

The fourth area is cybersecurity. Anytime the vehicle plugs into the grid, or anytime the vehicle is communicating to infrastructure, there's a cybersecurity concern.

The fifth area is big data, and using big data essentially to optimize routes, fleet, logistics, and so on.

We work in these areas, and we've come across several problems at the federal level. Problems that I would like to highlight here today because you're in the midst of discussing an innovation agenda.

CUTRIC has been at it for two years, and across the country we have found four clusters of innovation where over 50 projects have arisen in these five pillar areas in the last two years.

Those clusters are the greater Toronto and Hamilton area, the greater Vancouver area, the greater Montreal area, and the greater Winnipeg area. Recently, the greater Edmonton area has cropped up with several projects in our pipeline as well. It's clear that there are clusters of innovation capacity in zero-emissions, connected, lightweight, and digitally enabled vehicle systems.

The challenge is that, right now, there is no federal funding solution. There is nowhere you can go in the federal government to simply streamline or efficiently fund these high-risk, high-cost innovation projects.

I'll give you an example. Of the 50 projects we have in our pipeline right now, the Ontario government has come to the table and funded us at $10 million this year to start off projects, but the federal match is non-existent for several of these projects. I can go to NSERC. I can go to SSHRC. I can go to ASIP. I can go to PTIF or PTIF phase 2. I can go SDTC.

The APC, the automotive partnership Canada is now dead. I could have gone to that up to 2015. There's IRAP. There's Mitacs, and there's the new NRCan energy innovation program funding.

The problem is that, of the 50-some projects we have, a couple of them could be funded by NSERC, a couple by SSHRC, a couple by ASIP. Several projects cannot be funded by any of these portals. All of these portals have different deadlines, timelines, and rules of engagement. It means that it's extremely complex, challenging, and sometimes impossible for a small to mid-size enterprise, a medium-sized supplier, or a large-scale original equipment manufacturer to do a high-cost, high-risk innovation project.

For example, if I want to design a new electric motor or electric powertrain integrated into a battery vehicle powertrain system, it is extremely difficult in Canada to find the right kind of funding to de-risk those high-cost projects. The nature of innovation funding that CUTRIC works on is fundamentally collaborative. That means it's not for all companies. It's not for all kinds of innovation. It's going to be for those kinds of innovation projects where companies cannot do it internally.

Let's say I'm an auto company, or I'm a rail manufacturer like Bombardier, or I'm a bus manufacturer like Nova Bus. There are several technologies in zero-emissions vehicles, lightweight vehicles, or digitally connected vehicles that I cannot do on my own internally. It's too high a cost. I don't have the personnel. I don't have the equipment. I don't have the laboratories. By nature, I need to collaborate, either with universities or other suppliers. Those kinds of collaborative projects, especially if they are cross-provincial, cannot be funded right now at the federal level.

I know it's not apropos these days to say that the former government did good things, but there was a great program called the automotive partnership Canada fund. That program actually launched and probably funded every single company we have in this country that currently works in electric mobility hydrogen fuel cells, advanced automotive, or transit and transportation technologies.

That program died. There has been nothing to replace it. The result is that we've been working with Industry Canada, now ISED, Transport Canada, NRCan, and Infrastructure Canada for two years to figure out how to find a funding solution. I recognize that the minister is working on an innovation agenda. We recognize that right now we have dozens and dozens of projects ready to launch. I don't like to use the phrase “shovel-ready” but we have these projects ready to launch, and yet no federal funding partner.

That is the challenge that I would like to highlight to you today. I will conclude simply with the following statement.

Government does well several things, such as early-stage research. What it has not been able to do well at the federal level, at least in the last 10 years, is collaborative industry-led cross-provincial innovation in high-risk technologies.

The one instance in the recent federal budget of money for innovation of this type went to the Federation of Canadian Municipalities, but I can tell you that the challenge we face together is, when you take innovation dollars and put them in the hands of municipalities, the rules of engagement are zero risk. Municipalities represented by the Federation of Canadian Municipalities cannot accept risk. By definition, all of these projects are high-risk. If we want jobs in Canada to conclude in zero-emission vehicles, lightweight vehicle systems, digitally connected and automated vehicle systems, or data-driven optimization solutions, then we need to create a federal funding solution that helps to de-risk these projects, support industry-led innovation, and ultimately do so in a way that is immediate, because the issue is urgent.

● (1100)

Thank you.

The Chair: Thank you very much.

What was the name of the program that you said was cancelled? I didn't quite catch it. We do have your brief on iPads, but I couldn't find it.

Ms. Josipa Gordana Petrunic: It won't be in that short brief. The automotive partnership Canada grant was originally funded by NSERC and SSHRC, along with the National Research Council. It was a very good program. Was it perfect? No. There are lessons to be learned, but it was a good program for that time, and it certainly should have been built upon.

The Chair: Thank you very much.

Next is Ms. Ng, with the Good Jobs for All Coalition.

Welcome.

Dr. Winnie Ng (Co-chair, EI Working Group, Good Jobs for All Coalition): Thank you.

I am the co-chair of the EI working group, and I also teach at Ryerson University as a full-time Unifor Sam Gindin Chair in Social Justice and Democracy.

Good Jobs for All is a Toronto-based coalition comprising over 30 community, youth, environment, faith, and labour organizations. We came together in 2008, during the global financial crisis, with the key objectives to affirm the values of a truly just society, healthy communities, sustainable economy, strong public services, and decent work for all.

I want to speak to the EI issues, as well as to three good jobs measures.

Welcome to Toronto, where only one in every five unemployed workers in July 2016 was receiving EI benefits. Welcome to Toronto, where the youth unemployment rate is higher than the national average, and where the unemployment rate among indigenous youth is 25%, and among black youth close to 30%. That's according to the study of the Toronto CivicAction alliance. Only 49% of people with disabilities have jobs, when they are only different and not less.

In a study released this past Monday on the health impact of precarious employment on racialized immigrant and refugee women, we found that 75% of racialized refugee and immigrant women are in some sort of precarious employment: part-time, casual on-call, or temp agency work.

Welcome to Toronto, where three-quarters of city families cannot afford licensed day care. That's in a study released by U of T this week as well.

I want to go into the recommendations. On EI benefits improvement, I commend the government for removing the eligibility criterion of 910 hours for new claimants. That's a relief, but our coalition continues to urge the government to lower the hours requirement to 360.

We need substantive and meaningful change to the EI system, not just tinkering with the damage that has been done by the previous government. For the upcoming 2017 budget, we ask the government to expedite the review that was promised in the EI election platform and address the rampant problems in service delivery and in the appeals mechanism, experienced especially by marginalized and vulnerable workers within the city. The election platform was aptly called “Employment Insurance That Strengthens Our Economy and Works for Canadians”. We want to see that coming through as soon as possible.

Moving into the good jobs measures, it's important that we talk about the visions of investing in good jobs for all. Part of underscoring “for all” is saying that when there are good jobs and there is a good, green economy, it shouldn't be only for a few, but we should make sure that all vulnerable, equity-seeking groups have access to employment as well.

Our first recommendation is investing in people for a just transition. Studies have shown, repeatedly, that education pays off. With the Prime Minister's commitment to transition our economy from reliance on fossil fuels to clean, renewable energy, we would like to see the government use the EI training funds to provide workplace training and upgrade workers who are currently working. That could be done quite efficiently through some of the labour training agreements.

Then there is training for those laid-off workers who have been replaced by technology. For example, in an earlier presentation, you heard about the driver-less automobiles. These are going to be replacing a lot of truck drivers. In Fort McMurray, for example, they would replace over 700 truck drivers who hold stable union jobs.

Part of that is using EI money for the transition, to help workers upgrade and deliver their skills, getting them out ahead of the emerging labour market transformations due to climate change, technology, and the low-carbon economy.

● (1105)

The other piece is investing in social and public infrastructure. We need a national—

The Chair: I'm going to have to get you to wrap up in a minute or less, if you can.

Dr. Winnie Ng: We need a national child care program that is affordable and universal. It's anticipated that there will be growth of 23% in child population in the next 15 years. We need a program that would assist working parents, whose labour fuels the local economy and helps fight poverty.

Last but not least, we need to focus on the community benefits agreement as a model in securing jobs for those who are vulnerable, high-risk youth in the communities. The Toronto Community Benefits Network, one of our members, is now in negotiations with Metrolinx for framework agreements to bring local jobs and economic development that relates to land use regulations. These are specific targets to make sure that local members of the community can also reap the benefits of the development and can access that employment.

Thank you.

The Chair: Thank you, Ms. Ng.

Mr. Miller, from the Canadian Cancer Society.

Mr. Gabriel Miller (Vice President, Public Issues, Policy and Cancer Information, Canadian Cancer Society): Thank you, Mr. Chair, for the opportunity to be here.

[*Translation*]

Most of the time, I will speak English. However, if you put questions to me in French, I will do my best to answer in that language.

[*English*]

It's my privilege to be here on behalf of the Cancer Society, which is the country's largest national health charity. We have 140,000 volunteers across the country and millions of supporters.

Today I want to summarize the three recommendations in our brief. Most importantly, I want to suggest to you very strongly that there are practical, affordable steps the federal government can take in this budget not only to improve health care but also to get better value for our health care dollars. Good health care and good health are the foundations of everything we value, including our economy. We face no greater health challenge than cancer, our leading cause of death. Building a more productive health care system, one that achieves more value for the money we put into it, will not only relieve suffering and pain; it will save lives, it will save money, and it will benefit every household and business in this country.

Achieving better value for the money we invest will ease the burden on taxpayers in a country where we invest more than $150 billion each year through government in health care, making it by far the largest piece of provincial budgets. Achieving better outcomes in prevention and treatment will reduce the costs of sickness and disability. It will help more Canadians remain active participants in the labour force for longer periods of time. In our submission, we highlight three areas where the federal government can take practical, affordable action. Let me say a couple of words about each.

Concerning tobacco control, despite the progress we've made over the last 30 years, tobacco remains the single largest preventable cause of cancer in Canada. Tobacco use remains responsible for 30,000 deaths a year in this country. Somehow, however, we've allowed federal investments in tobacco control to erode. Today we invest 1¢ of every dollar the federal government collects in tobacco taxes in programs to help people stop smoking. It's time we renew our federal tobacco strategy—it expires next year—and renew it with funding appropriate to what was envisioned when the strategy was first introduced in the early 2000s, an annual investment in excess of $100 million a year.

Second, I want to say a word about health research. While federal health care transfers have increased at 6% a year for more than a decade, federal investments in health research have become stagnant. They have essentially flatlined since 2008. This is madness. Surely as our health challenges grow, and our investments grow with them, we want a smarter, more evidence-based suite of policies to draw on. It's essential that, at the very least, our investments in health research keep pace with our investments in health care.

Finally, I'll say a word about the new national health accord. We strongly support the priority areas the federal government has outlined, especially home care and drug affordability.

In conclusion, I really want to draw your attention to the most important opportunity that the government has this year and a recommendation that I think this committee could make that would have a real impact. We recommend that the government dedicate as much as possible of the $3 billion it has committed to home care to improving palliative care across the country in homes and communities. This investment targeted at palliative care has the power to transform that type of care in this country. Spread too wide, that investment will have its impact diluted. By focusing on palliative care, we can come very close to closing the gap for people, especially at the end of life in the last 30 days. Here in Ontario it's estimated that care in the last 30 days of life is 10 times more expensive to provide in an acute-care hospital than it is to provide at home, and at least two or three times more expensive than it would be in a hospice or a community setting. This is an enormously powerful opportunity to make life better for families, to relieve unnecessary pain and suffering, and to transform one of the most broken parts of our health care system.

I think there are practical, affordable steps we can take together. The Cancer Society is anxious to work with you to realize them.

● (1110)

I want to thank you very much for the opportunity today.

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

I might say, as well, all members have the briefs that were submitted prior to August 5 on their iPads.

For the Canadian Coalition for Green Finance, we have Ms. Becker. Welcome. The floor is yours.

Ms. Lorraine Becker (Executive Director, Canadian Coalition for Green Finance): Thank you very much, Mr. Chair. I'm Lorraine Becker, the co-founder and Executive Director for the Canadian Coalition for Green Finance.

Meeting the Paris agreement and economic growth are not mutually exclusive. Canada's transition to a low-carbon economy will require unprecedented investment in our energy, building, and transportation systems. Building low-carbon and climate-resilient infrastructure is how we will both address the climate crisis and ignite the economy.

A green investment bank for Canada is a bold idea for both our economy and for our performance on climate change. A type of national development bank, the OECD defines a green investment bank as “a publicly capitalized entity established specifically to facilitate private investment into domestic low carbon, climate resilient...infrastructure and other green sectors such as water and waste management.”

The model is already being leveraged by more than 13 other governments worldwide to deploy mature low-carbon technologies that result in emission reductions, amplify the impacts of public funds by leveraging them with private investment, and create mature liquid markets for low-carbon investments.

There is no shortage of capital to invest in low-carbon infrastructure. However, low-carbon product developers cannot access that capital because of problems of risk and scale. Green investment banks were designed to solve this mismatch. They de-risk low-carbon investments through mechanisms such as co-investing, insurance, loan loss guarantees, and debt subordination. Green investment banks overcome the problem of scale by aggregating transactions via mechanisms such as warehousing and securitization.

Green investment banks do not invest in early-stage technology but rather deploy mature technologies such as energy efficiency, renewable energy, and public transportation. However, they do play a particular role in the innovation bucket brigade by exerting a pull on the innovation system towards a commercialization of mature technologies.

Green banks typically crowd in three to four dollars of private capital for every public dollar invested. They act on commercial or near-commercial terms, thus avoiding the potential market distortions typically associated with grants and subsidies. Rather than subsidizing low-carbon projects, green banks create markets that stand on their own.

Finally, green banks are profitable and create returns on the public funds used for capitalization and for their private sector partners.

We recommend that the Department of Finance set up a new public financial institution, a crown corporation, based on the green investment bank model, in 2017. It should operate with a high degree of independence, together with a high degree of accountability. The high level of independence would reduce the potential for moral hazard or undue political influence, and ensure that the organization will have the commercial nimbleness it will require to remain efficient and relevant.

Deploying the funding allocated for the low-carbon economy fund, $2 billion, to capitalize a green investment bank for Canada over four years would be an efficient and fiscally responsible method of supporting the provinces and territories as they undertake incremental greenhouse gas emission reductions.

The possibility of redirecting some funds from grants and subsidies to green investment bank capitalization should be explored, as should the idea of capitalizing a green bank through a bond issuance. Through the leverage that a green bank can create, a $2-billion capitalization over four years, for example, would be leveraged up to $10 billion invested in our clean growth economy.

The window for achieving meaningful action on climate change is narrowing so fast that we should capitalize a green investment bank in the 2017 budget. We don't have to wait. We can put people to work right now with technologies that are proven but just need to be implemented at a commercial and investable scale.

We need jobs, emission reductions, and protection from the effects of climate change, and a green bank is a tool, one that will create assets, not deficits, that will help us accomplish all three. Let's invest for our future by investing in a green investment bank in budget 2017. Thank you very much.

● (1115)

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

We turn now to Financial Executives International Canada, Michael Conway, president and CEO.

[*Translation*]

Mr. Michael Conway (President and Chief Executive Officer, Financial Executives International Canada): Thank you, Mr. Chair.

Good morning, ladies and gentlemen.

[*English*]

Thank you for allowing Financial Executives International Canada to appear before you today to elaborate on the details of our written submission tabled with you this summer.

FEI Canada is a not-for-profit professional membership association representing senior financial executives, including chief financial officers from across our great country.

As Canada's economy has developed, so have we. Our membership reflects a wide range of industries from coast to coast, such as energy, forestry, food and agriculture, manufacturing, retail, technology, health, education, crown corporations, and yes, even government.

FEI Canada provides its members with thought leadership and advocacy services to help develop Canada's business leaders. We help build value in our members' companies and ultimately drive economic growth and job creation in Canada. Our members are at the forefront of the investment and decision-making processes in their organizations, and they have a unique ability and valuable perspective on what drives the Canadian economy. As such, the goal of fostering economic prosperity in all regions within Canada forms the cornerstone of our remarks to you today.

We will address three imperatives for Canada: firstly, the importance of investing in innovation all the way through to commercialization; secondly, the importance of strong infrastructure in all areas, most importantly to speed Canada's products and services to the global market; and finally, the importance of fostering a competitive business landscape.

We recommend that the government increase support for innovation. Our country's economy is driven by natural resources, but Canada needs to diversify by developing its technology sector, supporting start-ups, and fostering innovation. While the federal government has taken important steps to address this need, funding needs to extend beyond promoting research and development.

Canada has many components of a healthy innovation ecosystem. We have a highly educated workforce, world-class research institutions, and low barriers to starting a business. However, more needs to be done to assist in commercialization, as bringing our products to market is what opens the door to economic growth and job creation for Canada. We thus encourage the government to partner with the private sector to fund the commercialization of innovation through the use of flow-through shares.

Our second imperative is infrastructure investment. This is vital to support our export-driven economy. Put more simply, we need to open up access to global markets and improve how quickly and efficiently we move our goods and services to those markets. Infrastructure priorities should focus on creating lasting economic benefits for all Canadians, protecting our environment, and meeting regional needs.

FEI Canada has three suggested priorities: first, the construction and long-term operation of port and pipeline infrastructure, which would provide better access to new energy customers and increase export opportunities for all of Canada; second, the investment in renewable energy infrastructure that would help meet long-term energy needs for Canada, which would diversify the economy and provoke the development of new technologies and value-added products; third, reliable high-speed Internet for businesses and individuals in remote and rural areas.

We encourage the government to invest in these forms of infrastructure, partnering with the private sector using such measures as the private-public partnerships and the national infrastructure bank initiative recommended yesterday by the Advisory Council on Economic Growth.

Our third imperative is that we need to keep Canada globally competitive. While FEI Canada agrees that well-placed infrastructure spending that spurs employment should be undertaken even if it temporarily causes a deficit, it is important to lay out the future steps to return to a balanced budget. There are also ways to streamline regulation while still offering appropriate protections. This red tape reduction could benefit both businesses and government.

We have three suggestions here.

Our fist recommendation is to simplify the Income Tax Act. FEI Canada has previously suggested to this committee ways of doing that. We'd be pleased to elaborate, should you wish.

● (1120)

Our second recommendation would be to continue to share details on the expanded CPP. This is a measure FEI Canada has supported in principle and we look forward to learning more details about this initiative.

Finally, for our third recommendation, we suggest that you harmonize interprovincial and federal processes. This goal should promote the removal of barriers to labour mobility and coordinate interprovincial reporting on various measures, such as those to reduce Canada's carbon footprint.

FEI Canada would like to thank the committee for the opportunity to present to you and we would welcome any questions you might have.

The Chair: Thank you, Mr. Conway, I just can't help thinking when I touch my IPad to bring up one of your briefs, a blink and it's done. You mentioned reliable high-speed Internet, if I was at home, I'd sit here looking at that thing for three minutes and probably restart it three times. It makes a huge difference.

Next we have Mr. Price with the Canadian Stem Cell Foundation.

● (1125)

Mr. James Price (President and Chief Executive Officer, Canadian Stem Cell Foundation): Good morning, I'm James Price, President and CEO of the Canadian Stem Cell Foundation and I'm joined by Dr. Allen Eaves. Dr. Eaves is one of Canada's leading hematologists. He started the first bone marrow transplant programs in western Canada, founded the Terry Fox laboratory at the BC Cancer Agency, and now leads Vancouver-based STEMCELL Technologies, Canada's largest and most successful biotechnology company.

Thank you for having us here today. The Canadian Stem Cell Foundation is an independent, non-profit, charitable organization that champions stem cell science and builds Canada's role as a stem cell leader. We want to speak to you about how the stem cell sector is poised to not only treat a vast number of currently incurable diseases, but also to ease the financial burden on the health care system, create thousands of high-skill jobs, and set the course for Canada to lead the way in what is about to become a booming global market.

Stem cells represent the biggest innovation in medicine in the past 50 years. For decades, bone marrow stem cell transplants have been a difference maker in defeating leukemia and other blood cancers. Here in Canada, stem cell researchers are making inroads against multiple sclerosis and Crohn's disease. They are conducting clinical trials to relieve diabetics of the need for insulin injections, treat heart attacks, and reverse arthritis.

That this is happening in Canada should come as no surprise. Stem cells were first discovered here by Dr. James Till and Dr. Ernest McCulloch in the early 1960s. Subsequent generations of researchers have kept Canada at the global forefront in stem cell science and indeed, Canada ranks as one of the top three countries in the world.

However, we've yet to fully turn our research prowess into new therapies and commercial successes. What is lacking is a coordinated national strategy, one with significant private sector support to align the key players, including the scientists and clinicians, industry, philanthropy, academia, and Canada's health charities. The Canadian stem cell strategy reflects the government's innovation objectives of investing in pan-Canadian initiatives to create sustainable growth and economic opportunities for Canadians. It is a shovel-ready, innovation-based plan for health, health care, and economic growth.

The strategy goals are clear: deliver up to 10 new therapies to the clinic within a decade, create 12,000 high-skill jobs, and position Canada to capture 10% of the global market. The strategy calls for a total investment of $1.5 billion over 10 years. We would, however, emphasize that this is a joint private-public sector plan with two-thirds of the funding from non-federal sources. Already our foundation has secured $500 million in private funding pledges towards the strategy if the government commits.

Our ask is that the federal government invest one-third of the fund with a scale to average annual commitment to $50 million over the next 10 years. We realize this is a significant amount of money. The Canadian stem cell strategy is a bold, innovative plan. We built it that way—after more than a year of consulting with experts and our coalition of researchers, doctors, industrial leaders, major philanthropists, and health charity executives—because it will take such a bold plan to secure Canada's role in a global market that Bloomberg News reports will grow to $120 billion and set off a medical and industrial revolution.

Other jurisdictions realize this and have taken steps already. California has committed $3 billion and Japan has invested more than $1 billion in its stem cell program. Both are working with the private sector to attract clinical trials and advance their regenerative medicine programs in order to reap the rewards in terms of jobs and expanded economy.

Canada has made good investments in the field, but we must do more so that we aren't left behind. We need a coordinated, national effort to make the leap from great research results to great new treatments, to great new companies and jobs, and to great new economic prospects for all Canadians. The Canadian stem cell strategy provides a pan-Canadian approach to align investments and create accountability to deliver these results. A true reflection of Canadian innovation, it will deliver up to 10 new therapies to the clinic within a decade. It will transform health care by easing the burden of having to provide continuous care for currently incurable conditions, thereby relieving system stress and generating long-term savings. It will attract private investment, generate thousands of jobs, and drive economic growth.

I urge you to include funding for the Canadian stem cell strategy in budget 2017.

Thank you. Dr. Eaves and I look forward to any questions you may have.

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

We turn last, then, in this panel to the Royal Conservatory of Music, Mr. Simon.

Welcome.

Mr. Peter Simon (President and Chief Executive Officer, Royal Conservatory of Music): Thank you.

Mr. Chair, members of the committee, thank you for giving me the opportunity to speak with you today.

For those of you who aren't familiar with our organization, the conservatory is recognized as providing the definitive standard in music curriculum design and assessment—some of the music tests you may have taken, I hope—teacher certification, artist training, and concert presentation. The conservatory is considered one of the most respected cultural institutions in the world today.

Today I believe it's widely acknowledged that the capacity for creative thought is necessary to drive the innovation required for economic success in every single field. The point I want to make is that the creative impulse needs to be nourished, if we want people who can conceive what does not yet exist. Long-term participation in the study of music is the best means we have to achieve that aim. No less a figure than Albert Einstein used music as a stimulus to his imagination and credited the revelation about the theory of relativity to music making.

Today there is conclusive scientific evidence that music study stimulates the connections of the brains of young people and contributes to higher order thinking skills. Schools that have strong arts-based learning programs inevitably lead in academic achievement. There is no better example than an initiative that the conservatory led in Fort McMurray, which increased the provincial test scores of indigenous students by more than 20%, closing the gap for the first time with all students in the province.

If Canada is to lead in the innovation economy, it is clear that extended participation in music and the arts by its young people will provide a significant competitive advantage.

The conservatory sees an enormous opportunity to merge the extraordinary power of the arts with digital technology to usher in a new era of innovation among all Canadians. We want to build a digital educational platform that provides access to creative activity for all Canadians, especially in underserved regions. This digital platform will also enable us to promote and sell our successful Canadian IP to a vast international audience, which I can tell you includes 41 million young people in China alone who are studying the piano.

The learning systems and content of the conservatory today are used by more than 30,000 private music teachers across the country operating as small business owners in urban, suburban, rural, and remote communities from coast to coast, and these teachers instruct more than 500,000 students each year in every community in the nation. The RCM is also active in professional training for teachers, who subsequently provide this infrastructure in our communities and for artists. We have more than five million alumni, and they include many of the great musicians who drive our music industry, from the late Glenn Gould and Oscar Peterson to Diana Krall, Sarah McLachlan, Gordon Lightfoot, Chilly Gonzales, producers David Foster and Bob Ezrin, the Tragically Hip, Blue Rodeo, etc.

My recommendation to this committee is to support a major investment in building digital infrastructure for Canadian cultural IP and content that can enable Canada to become a global leader and brand in a very important economic area. Success in this undertaking would create jobs and generate economic growth in the cultural sector, which as you know is a $47-billion industry. It will boost the earning potential of tens of thousands of independent small business-owners, enhance the success of our artists and creators, and stimulate international growth. In providing greater access, it will also support the middle class, who believe in the importance of music study as a means of personal, social, and intellectual development in their children. Ultimately, it will lead to stronger connections and understanding among our people and strengthen social cohesion.

Thank you.

● (1130)

The Chair: Thank you very much, Mr. Simon, and thank you for coming on short notice. I know you were only called yesterday, as we were trying to juggle witness lists here, there, and the other place. Thank you for that extra effort.

We turn, then, to our first series of questions, and we'll have to go to five minutes.

Mr. Grewal.

Mr. Raj Grewal: Thank you, Mr. Chair, and thank you to the witnesses for coming out today and testifying.

My first question is for the Canadian Urban Transit Research and Innovation Consortium.

You listed a lot of projects that you feel are worthy of funding. Although you don't like to use the term “shovel-ready”, we hear that term a lot. We also hear the term “shovel-worthy”.

What is the economic ask of funding projects that you feel will have a net positive return on investment in Canada and the Canadian economy? Does your organization have any statistics showing the dollar impact on the Canadian economy for every dollar invested by the federal or provincial government?

● (1135)

Ms. Josipa Gordana Petrunic: That's a great series of questions.

To respond to your query about the economic ask, you'll see in the brief that we've identified $185 million as the ask. To put it in context, that automotive partnership Canada fund I referred to was $145 million over four years, so it's about the same scale and scope. It's a slightly larger amount, because we've indicated not just automobile, but bus, rail, and integrated mobility, as well.

As for the existing projects within our pipeline, we have 54 projects that were proposed this year in three cluster areas: the greater Toronto area, the greater Montreal area, and the greater Vancouver area. We have an additional 20 projects that have recently been proposed, not in written form, in the greater Edmonton and greater Winnipeg areas. Quantitatively, right now, if there was a magical pot of gold that we could access to co-fund those projects at 50% or 30%, those are the number of projects we have where companies have said, in the private sector or in the transit industry, that they're ready to put cash on the table to do the project. Those projects are all valued between $1 million and $5 million, unless it's a large-scale demo project, and then it's $45 million.

The $185-million ask we have come to is a direct empirical calculation of the 54 projects we have, plus an assumed growth rate of 100% over the four years. These are projects that are between one to three years in length. Over four years, we would expect a doubling in the number of projects, if the funding was there and assuming that the rate of the project is between $1 million to $5 million for early-stage technology development and piloting, prototyping, and simulation modelling. There are also several projects that are large-scale demo projects.

What that tells you, to sum it all up, is that if there was a magical pot of money right now, the 54 projects we have amount to a $66-million federal ask. If we assume the 100% growth rate, then it comes to $185 million. Within that we have assumed the pan-Ontario electric bus demo, and that's $45 million, a hydrogen fuel cell integration—

Mr. Raj Grewal: I don't need that much detail, but thank you.

Ms. Josipa Gordana Petrunic: Okay, sure, but those are the economic data, if you're interested.

Mr. Raj Grewal: More importantly, what will be the job creation numbers, and what will be the dollar impact on the economy?

Ms. Josipa Gordana Petrunic: For job creation numbers, the reality is that nobody has statistics on integrated advanced mobility numbers. We do have statistics we can use as rough guides. Automotive industry tends to work with a 1:9 ratio, so $1 invested results in $9 down the line in income, or one job to nine jobs through the supply chain. Is that a perfect analogy for transit? No. Transit has no data right now that it has crunched about job creation. We do know that innovation in a small to medium-sized enterprise, whether it is in automotive or heavy duty rail, tends to have a multiplier effect from 1:5 to 1:9. Those are the numbers we're working with.

Mr. Raj Grewal: That's very high.

I have one last question. Do you keep data on previous projects that have been funded by the government on how well they've done?

Ms. Josipa Gordana Petrunic: That's a great question, because one challenge we've highlighted to the government is that you people don't track the effects of your projects. What we have done at CUTRIC is we've said that, as part of this $185-million ask, we want to be obligated to track it, for the sheer reason that we do not know, effectively, what the job creation out the door is.

I'll just put it in context. That APC project, which I identified to you, funded dozens of projects in electric mobility, and hydrogen fuel cells, etc. Generally, those were $2 million to $5 million projects each. They hired approximately five to 15 highly qualified personnel, such as Ph.D.s and master technicians, in each project. Nobody knows how many of those people, funded on paper, were actually hired. Nobody knows how many of them ended up with jobs. Nobody knows whether they finished the project. Nobody, in government or outside government, audits or measures the extent to which one dollar from NSERC or APC resulted in how many dollars economically. We don't do that federally, and that's not just with NSERC or SSHRC. It's also with ASIP or AIF funding across the board. Part of our ask is to identify that those metrics have to be there.

Mr. Raj Grewal: That's a very important recommendation, and I think all my colleagues can agree that the government should do a better job of tracking their funding.

My last question, and I'm sorry I didn't get a chance to ask everybody a question, is to the Canadian Cancer Society. You're asking for more of a federal government role in tobacco control. What is your financial ask on that? I'm sorry, if it's in your brief, but I don't have it up on my screen.

• (1140)

Mr. Gabriel Miller: It isn't spelled out in the brief. We're giving some flexibility for exactly what we think should be spent. We think that the strategy should be returned to its original target budget, which was about $100 million a year. It's currently $38 million.

Mr. Raj Grewal: When it was $100 million a year, what was the impact on the Canadian population for a decrease in Canadians' smoking?

Mr. Gabriel Miller: It's a bit tricky separating all of the factors and attributing to any one of them, but I can tell you that Canada began a historic turnaround in smoking rates about 30 years ago. The federal government's commitment to that strategy also accompanied actions on a number of fronts.

Mr. Raj Grewal: Sorry, I'm going to get cut off by the chair. This is my last question here.

Mr. Gabriel Miller: Federal leadership has been key.

Mr. Raj Grewal: When it was $100 million, what was the rate of Canadians who smoked; and when it was $38 million, what was the rate of Canadians who smoked?

Mr. Gabriel Miller: Well, today, about 18% of Canadians are smokers.

Mr. Raj Grewal: That's at $38 million, and what was it at $100 million?

Mr. Gabriel Miller: With respect, I'm not even going to answer the question, because the comparison that's being drawn would be deeply misleading. The fact of the matter is that an enormous number of things have been done to reduce smoking, and if the suggestion is that we can do as good a job saving lives by spending less money than spending more, I couldn't disagree more.

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

Mr. Deltell.

Mr. Gérard Deltell: Thank you, Mr. Chair.

It's always a pleasure to welcome all of you. *Madames et Messieurs*, it's a real pleasure, and it's very interesting to see that on this issue we have a complete spectrum of witnesses: people from health, environmental people, heart people, and also business people.

[*Translation*]

My comments are for Mr. Conway.

May we speak French?

Mr. Michael Conway: If you wish.

[*English*]

Mr. Gérard Deltell: Okay, we'll try it.

[*Translation*]

Mr. Conway, you spoke about the investments we must make and the economic vision we should have. You targeted three priorities very clearly: innovation, infrastructure, and Canada as a global competitor.

I would like to direct your attention to the second point, regarding infrastructures. At the outset you spoke about an oil pipeline. You spoke a bit later about renewable energy. I am sure you are aware that there is an important debate in Canada regarding the Energy East oil pipeline project. Opponents feel that the project is not relevant because renewable energy will make it useless.

[*English*]

Just to be clear, I want to inform you that I don't share this point of view.

[*Translation*]

I would like to hear your thoughts on this. Perhaps we can develop our natural resources, fossil fuels, and at the same time develop renewable energies?

Mr. Michael Conway: May I answer the question in English?

• (1145)

Mr. Gérard Deltell: Absolutely, Mr. Conway.

Mr. Michael Conway: Thank you.

[*English*]

To make sure I'm clear, the question is on the investment in renewable energy and the investment in more traditional energy.

Certainly the Canadian economy is driven and supported by both, so within our infrastructure priority recommendation is the identification of both priorities. On the one hand, it just makes common sense to make sure that you have access to the global markets and you have to get your product to the customers where they are; therefore, support of the various pipeline infrastructure will allow Canadian suppliers to get their product to various other markets. That just makes common sense.

On the renewable energy infrastructure, we heard in the earlier presentation from Ms. Thompson about various interesting initiatives. I agree with some of the comments made that we should leverage Canada's lead in some of the technologies and create it as a basis of growth. Consequently, investment in renewable energy infrastructure also helps in meeting the long-term energy needs and environmental priorities of our country.

Mr. Gérard Deltell: Do I understand correctly that what you're saying is that we can be strong supporters of the actual energy that we have and give it access to the worldwide market, such as with the energy east pipeline project, and on the other hand, we can also be strong supporters of renewable energy?

Mr. Michael Conway: Absolutely.

Mr. Gérard Deltell: That is where we stand, because for us, we cannot oppose the actual business opportunity we have with new energy and also with actual energy. It's not because you develop and give access to our petroleum energy, which is quite interesting for all of us. I used to say that in Quebec we have 10 billion good reasons to be proud to be Canadian, because that kind of energy helps us so much with the equalization system. What I say is that we can work hand in hand, instead of in opposition. Can you talk about that?

Mr. Michael Conway: In fact I would go one step further. One helps the other.

If you have a strong ability for the more traditional sector to get their product to market, some of the profits that are derived from that will create taxes that can be used to fund the newer wave industries and the innovation agenda of the country.

Mr. Gérard Deltell: Don't you think that actually it will put them in confrontation with each other instead of working together? Is it your perception today that we have more confrontation instead of collaboration?

Mr. Michael Conway: I don't think, frankly, that there is as much confrontation as the news media would let on. My personal opinion is that some of the traditional suppliers actually have taken steps to become greener because they recognize that sustainability is important to them and to the country. And frankly, if you're trying to sell one thing, you should be seen as a good corporate citizen, so they're doing that, too.

The Chair: That's it, Mr. Deltell. How time flies.

Mr. Dusseault.

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

I'll be fast also to make sure I ask as many questions as possible.

First, thank you to all the witnesses today.

My first question would be on the tax on tobacco and I want to get into numbers. I hope you have as many numbers as possible. What is the current federal tax on tobacco?

Mr. Gabriel Miller: The federal government's revenue from tobacco taxes is $3 billion a year.

Mr. Pierre-Luc Dusseault: Is there 1% that is currently spent on a strategy to reduce tobacco use?

Mr. Gabriel Miller: That's right, the funding for the federal tobacco strategy is currently about $33 million a year.

Mr. Pierre-Luc Dusseault: Is it something that is done in other countries around the world, and is it more than 1% in those countries?

Mr. Gabriel Miller: The most striking comparison is in the United States where federal investments in tobacco control are twice per capita what they are here in Canada.

Mr. Pierre-Luc Dusseault: That's very interesting. I hope the committee will look into that and maybe recommend that to the finance minister for the next budget because I think it would be a great thing. Right now I think most of the ads we see are coming from provincial governments in terms of trying to reduce tobacco consumption.

Mr. Gabriel Miller: In terms of advertising...?

Mr. Pierre-Luc Dusseault: Yes.

Mr. Gabriel Miller: Yes, there is actually no federal support currently for public awareness or advertising available because the funds have been so restricted. And it has also restricted the government's ability, for instance, to develop new legislation and to keep on top of regulations because the capacity is just not there.

Mr. Pierre-Luc Dusseault: Outside of advertising, what are some more effective ways to reduce tobacco consumption? What do they do in the U.S.? How do they use the money to try to combat that addiction?

Mr. Gabriel Miller: I think generally there is no question that there is a collection of measures that are important to combine.

The taxes themselves have been an enormously effectively measure to discourage smoking because as the cost has gone up that has caused a lot of people to quit.

Measures like plain packaging, which is going to be implemented here and which is really the elimination of the last form of legal advertising of tobacco, are also important.

But the kind of money that we're talking about investing in a proactive way first allows you do a traditional advertising and public awareness. It would allow us to use new social media tools to reach out to young people, where we really want to stop people from getting involved in smoking in the first place. It also gives you the ability to study what's causing people to take up smoking, and to be much more effective in the policy and legislative responses that we have.

● (1150)

Mr. Pierre-Luc Dusseault: Thank you.

Now, on the green investment bank, I think it's a fantastic idea and I am very happy to hear that today. Just to be clear, the number you suggested was an investment of $2 billion by the government, which would attract $10 billion from the private sector for the capital that this bank would need to start.

Ms. Lorraine Becker: That's right. The low-carbon economy fund was already included in budget 2016 for deployment in budget 2017; $2 billion was allocated over four years.

We recommend, instead of spending that money on grants and subsidies, investing that money to create assets on the government's balance sheet by using the money to capitalize a green bank, which would attract private dollars at probably one to four. That would create $10 billion of investment in the clean growth economy.

Mr. Pierre-Luc Dusseault: So that we are clear and so that the committee knows, help us know how to make that recommendation. When would the return on that investment be seen by the government?

Ms. Lorraine Becker: At the end of the first reporting year after funds are deployed there will be a return on the initial investment. Normally it's a five- to seven-year investment cycle, at the end of which investments can be divested and the money reinvested. You thus have a cumulus of leverage of up to 23 times over three cycles.

Mr. Pierre-Luc Dusseault: That's fantastic. Let me ask the financial executives, where can we find the recommendation to simplify the tax rules?

Mr. Michael Conway: We would be very pleased to send you it. We presented some information to several previous FINA panels.

There are various things. At a previous panel I had a little bit of fun, because I came with a document that was about 15 pages long and was called the “temporary act to finance the First World War”. Then I pulled out a document, a book by CCH, that is about 3,800 pages long. It's our current tax act. It has been many, many governments since there has a been a comprehensive review of the Income Tax Act.

Mr. Pierre-Luc Dusseault: I agree that we should do that.

Mr. Michael Conway: We have lots of recommendations, including consolidated tax returns. We're one of the only countries in the world that doesn't do consolidated tax returns.

The interesting thing about that is that large firms effectively do it through employing consultants because they can afford it, and smaller businesses can't afford to do all the machinations that are required to effectively have consolidated tax returns, so they're disadvantaged.

There are many things. I would be very pleased to send the information on to the committee.

Mr. Pierre-Luc Dusseault: Thank you.

The Chair: I have to cut you there. You're considerably over time, Pierre.

Mr. MacKinnon will be quite happy to hear that you're asking for an overall review of the Income Tax Act. He talks about it pretty nearly every day.

Before I go to Mr. Sorbara, for the green infrastructure bank you're talking of capital, to begin with, of really $10 billion. How would that work? I think we all understand ordinary banks. How would this work in practice? Does somebody go in with a green plan to get a loan?

Could you expand on that a little bit?

● (1155)

Ms. Lorraine Becker: Green banks are not banks that take deposits from individuals. They operate like investment banks, and so they syndicate deals with large investors.

A green investment bank for Canada would operate at the wholesale level. Green banks can be retail level or wholesale level. A green bank for Canada would operate at the wholesale level, syndicating deals with large institutional investors and large-project developers.

As an example, the UK Green Investment Bank markets the offshore wind sector, and our own Enbridge, a company from Calgary, has invested in partnership with the UK Green Investment Bank in the offshore sector in a total deal worth $2 billion, of which Enbridge invested $750 million.

The Chair: Thank you.

Francesco, the floor is yours.

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

Thank you, everyone, for your presentations.

I want to start off with the Canadian Stem Cell Foundation with a quick question, if you can provide some colour concerning your comment about our research prowess and—I don't want to say the word failure—the inability to have that research prowess translated into the commercialization of those activities.

I know the ask; my understanding is it's $50 million, for a total of $500 million in federal funds over 10 years. Stepping back from the ask, what's the greatest barrier preventing this research prowess from being turned into commercialization of products and services?

Mr. James Price: First of all, I don't want to suggest that we haven't had commercial success. Allen Eaves leads a company called STEMCELL Technologies that 20 years ago came out of research in his lab at the BC Cancer Agency. Over the last 20 years it has been growing to the point where it's approaching $200 million in revenue. It employs 800 people and exports its product, and 95% of its sales come from outside of Canada. So we do have some successes. The point we're making is that we're really at a threshold, and other jurisdictions have realized that, where oftentimes the science was a lot of hope, but in the last decade we've seen more and more therapies move into clinical trials. We've seen countries and jurisdictions rally around trying to attract more clinical trials to their jurisdictions.

I think one of the biggest barriers we've had in Canada has been that we have started almost always with academic research first. We've developed a really strong capability. By any academic measure, Canada is one of the top two or three countries in the world. What we're asking in our initiative is that we need to re-engage the private sector, whether it be private equity, or the industrial sector, or working with the health charities, to support the translation of that into clinical trials. In Canada, we have very few institutional industry-led clinical trials that are happening in this area and there's a lot more that we can do there. So part of our request, and a big portion of our request, is to be supporting some of those early-stage clinical trials.

Mr. Francesco Sorbara: Are there rules in place from, say, Health Canada, or an affiliated agency that makes it harder to conduct these trials versus the other jurisdictions?

Mr. James Price: There are. We've had some good progress with Health Canada even as we've started our advocacy efforts around the strategy. Within the strategy, we were looking at streamlining some of the regulatory processes around advanced cell therapies. They were typically regulated much like drugs. We've seen other jurisdictions, such as Japan, that have completely looked at cell therapies as a different category.

In regard to one of the things Health Canada has recently done, when we were talking with industry and developing a strategy, we first approved several cell therapy products here in Canada, but they haven't been commercialized here and the clinical trials haven't happened here. It's because we haven't had clarity around what the requirements are to move from a phase one to a phase two to a phase three trial. Health Canada has now released guidelines that were sitting on the shelf for quite some time. Those guidelines are there and they've now committed to work with us in industry to review those guidelines every six months. That has been one of the impediments to industry doing their trials here. We're working through that. There are more steps that we can take in terms of looking at this as a different class.

● (1200)

Mr. Francesco Sorbara: I want to make a few more comments.

Mr. Conway, I'm looking at your recommendations. There are a number of them that I agree with as an economist and someone who has worked in finance for about 25 years. We do need to make sure we keep our fiscal capacity in good stead. We need to ensure that. Today we're starting to debate the CPP legislation in the House, so there will be some details there for the next two or three days. Our innovation agenda, which I applaud, and our infrastructure agenda, which we need, will make those key investments to make our economy more productive. I want to assure you on that basis, so it's more of a comment.

Ms. Ng, regarding the EI system, I've read reports and we've seen reports from everywhere, whether it be the Mowat Centre or a number of different institutes. We've made a lot of changes and I think we've improved a lot of things, but we've heard from a number of commentators over the last couple of days that there are still a number of deficiencies.

If you could pick one or two improvements that you would want to implement immediately, I'd like to hear about that. Excuse the term of my words, but sometimes I think we just need to blow the system up and do it from scratch; or let me say, take it apart and do it from scratch.

Can you comment on that, please?

Dr. Winnie Ng: I think part of the piece right now is saying, if we take a look at the GTA area, that we only have one in every five unemployed workers receiving benefits. Something systemically is flawed within the system when the ones who need it more are not accessing it. Lowering the hours is one of the key pieces, but there is also the benefits level. Most of the time, when workers are on the verge of getting laid off, hours are reduced, and the benefit level is 55% based on the reduced income of those last weeks. It's not a living wage, and it aggravates and creates more stress, which leads to cancer and other health situations.

To me, these are part of the systemic pieces. The Liberal government in its election platform talked about the need to provide income security to workers in the changing labour market, and to me these are the key points.

The other piece is that, if we take into recognition that in the GTA, where we have many newcomers, many immigrants who speak English as a second language, accessing services through Service Canada has been most challenging. There's no personal contact, and then people are made to jump through hoops just to access the benefit.

Then, the appeal system has been flawed from the start.

Those are parts of the piece that we think need our urgent review.

The Chair: Your time is up.

Mr. Albas.

Mr. Dan Albas: My time has come, I guess, Mr. Chair.

I can't ask questions of everyone, but I would like to say, Mr. Simon, that I wish you success. I know that music is a remarkable part of many Canadians' lives. I hope that your argument is well heard.

I'd like to go to Mr. Conway quickly.

Mr. Conway, with regard to a review of the tax act, who should be doing that review? Should it be a panel of parliamentarians, or do you believe it should be a group of non-partisan experts who would submit a final report? How would you slice that?

Mr. Michael Conway: In previous testimony, I was asked whether it should be a royal commission or a task force, etc., and I said it frankly doesn't matter how it's done as long as it is done.

But to answer your question, I think it should be mainly with representation from across the system of interested parties. We have to make it more efficient for both sides of the table. Businesses are spending all kinds of money, and the government too, administering this mountain of regulations, some of which are at cross-purposes with each other. Businesses like clarity, certainty, and effectiveness. If we boil it down, I think there should be representatives of government, representatives of business, and we're certainly willing to assist.

● (1205)

Mr. Dan Albas: I appreciate that.

Concerning your comments earlier with Mr. Deltell, I have to say that I agree. Even the IPCC in a recent report has cited that the countries that are the wealthiest are the ones that have the best outcomes in terms of technology, in terms of health, in terms of dealing with climate change.

I'm just going to move down to Ms. Becker.

Ms. Becker, I'm not convinced yet of your proposal, but let's just that if such a bank were to happen, why would we want to build a stand-alone crown corporation that would take five years to establish itself and to put together protocols and then have the problem that there would only be one location and that of course they would need to open up branches across the country? Why wouldn't we use BDC, which has an established clientele and established presence, or Farm Credit Canada, which can tailor its programs to do exactly what you're talking about? Why a stand-alone entity?

Ms. Lorraine Becker: There are five things that are required by the low-carbon economy for success in scaling up financing. Those things are focused on domestic projects, on mature technologies, on low-carbon technology specifically, use of varied financial instruments, and—

Mr. Dan Albas: Why wouldn't groups like BDC or Farm Credit Canada, which already are established, be able to offer those things?

Ms. Lorraine Becker: Not one of those current institutions offers all of the elements that the low-carbon transition requires, specifically. There is a committee that has been established by finance involving representatives from EDC, BDC, and SDTC to look at optimizing the services in this area, and they are coming up against some barriers in their mandates. Their mandates do not allow them to do this.

Mr. Dan Albas: Okay, thank you for that.

I'd like to ask a question of Mr. Miller.

Mr. Miller, I do agree that smoking is a plague on our society, but one of the challenges I have with the new brand-free or advertising-free packages is, first of all, enforcement. How are the RCMP or other local authorities supposed to know when something is counterfeit? It's much harder to tell if all boxes have no insignias or branding on them.

Second, I'm also concerned that if the consumer doesn't know, then they buy contraband tobacco, and there's no money going to provincial and federal revenues that help keep the price of...as we've seen over the years, the higher those taxes are, the less people are encouraged to smoke, because there is quite a cost.

How do you address those concerns?

Mr. Gabriel Miller: One of the arguments that has been used against plain packaging—and I have to say, it has mainly been by the industry, but I know other people with the right interests are also asking some of those questions—has been that somehow it will make contraband easier.

There really isn't any evidence to suggest that. Australia has introduced plain packaging. They haven't seen a significant increase in contraband.

Mr. Dan Albas: Could there be something like Microsoft had, for example, in the old days, when they used to sell their software? They would have almost a certification stamp, or something so that you could identify what was counterfeit.

Mr. Gabriel Miller: Yes. There are seals on tobacco products in Canada to serve that exact purpose.

Mr. Dan Albas: Okay, that takes care of that concern.

Lastly, Bill C-277, have you heard about it? It's a national strategy for palliative care.

Mr. Gabriel Miller: I have.

Mr. Dan Albas: Is that something that your organization supports?

Mr. Gabriel Miller: Yes.

Mr. Dan Albas: Thank you.

The Chair: Thank you, Dan.

Mr. MacKinnon.

[*Translation*]

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

[*English*]

I want to thank you all for coming here.

Mr. Simon, I'm a big music fan, and I hope that you're successful in your endeavours. Perhaps I will give you the opportunity, if you wish, to provide us with any last reflections on what you perceive to be the return to Canadians for an investment, such as the one you propose.

Mr. Peter Simon: When it comes to the Fort McMurray thing, we were asked by the Department of Justice in Alberta to do something about the school situation there with 3,000 students in Fort McMurray, because most indigenous students weren't graduating from grade 8. In order to get a job driving large trucks, you need grade 10 mathematics and what have you, and that connects to unemployment and incarceration rates.

Over a three-year period, we were able to fix that because we were able to create a climate of engagement in the schools. One-third of students in most schools are disengaged, and that one-third have poor educational prospects and poor economic prospects, and they are a drain on our whole system. Through music and the arts, you can engage students and connect them to learning mathematics or history, and to greater academic achievement. That's an important economic thing, I think, because you can't lose one-third of your work force.

The second thing is that, internationally, Canada fights well above its weight in the performing arts, especially in music. The potential for us in China is just ridiculous in how great it could be. There's no system there. We have a great opportunity, but it's always about investment capital, as with everyone else, to invest and to create that kind of growth.

● (1210)

Mr. Steven MacKinnon: Thank you very much.

I'm going to turn to CUTRIC, Ms. Petrunic.

In my home province, electrification of transport is a major initiative, and that's owing in no small measure to the hydroelectric resources of the province of Quebec. In my home community, we're planning a major investment in a rapid transit system. We've gone from a bus rapid transit through my riding, and in the neighbouring riding now they're debating about routes, among other things, but also which mode and which technology.

With that backdrop and your knowledge of Quebec's efforts on electrification, and maybe with your knowledge of the debate we're having in Gatineau, what is your sense of the best way forward? I don't want to put you on the spot, but in picking a mode and a preferred route, and so on, how could CUTRIC and what it does assist in the debate that we're having?

Ms. Josipa Gordana Petrunic: I'll preface this by saying that across Canada there's no equivalent of what CUTRIC is in any of the provinces, except for Quebec. In Quebec we partner with InnovÉÉ and as well with some of the other innovation consortia, such as CRIAQ in aerospace.

There's a history of innovation consortia in Quebec. Typically, those innovation consortia have never funded the industry members; they typically only fund the academic members. We're working on that.

Now, in Quebec, the strategy around electrification is a case of "great strategy, loved the championships". The problem is—and this we're seeing manifested in many provinces—that the focus has tended to be incentives for procurement. If you simply incent for procurement—cash out the door to encourage you to buy an electric bus or electric school bus or electric car—most of those dollars are exported.

The area they are domesticating in Quebec is the school bus initiative, and it has helped a couple of small companies. But incentives for procurements are not solving the innovation issue, which occurs earlier on, when the company is facing how to design a new powertrain or a new data analytics routing system. That's still a gap in Quebec.

Now, in terms of your question about routing and how best to go about selecting routes, many of you will know, if you sit on a corner and watch most buses in Canada go by, that they go by empty or half-empty. We tend to think of transit as a solution for climate change. Yes, if the bus is actually full, then it is a solution. If the bus is running around half-empty, it is dirty and polluting. Our transit systems are dirty, and they are polluting. It has taken a long time for that realization to come to the fore.

What we realize is in addition that when they're running around empty, the reason is that they're typically on routes that were designed by “that guy”. If you go to a transit agency, it's not as though there's a big computer crunching analytics, with demographic data being fed in, and congestion data and mobility data. It's a couple of people around the table who know their routes from 30 years past, and they'll make incremental changes. At best, you will get municipalities updating their routes every five years on five-year demographics.

For a city such as Gatineau, or such as Brampton or York or Calgary, that is growing at certain periods exponentially, this is insufficient. One of the things that CUTRIC is doing with InnovÉÉ and some of the other innovation consortia, such as Prompt in Quebec, is looking at big data-driven analytic solutions for routing, route optimization, and immediate route redesign. Sometimes that includes getting buses off the road and putting on automobiles, which are smaller, lighter-weight vehicles, for transit application.

To conclude, we're really in an era now in which CUTRIC is trying to promote the idea that we need to stop siloing transit and automotive. It is integrated, multimodal mobility that needs to be data-driven.

Mr. Steven MacKinnon: Thank you very much.

The Chair: Thank you.

I have just a couple of questions. We are out of time.

Mr. Simon, you mentioned the Fort McMurray exercise, for lack of a better word, that you did. Do you have any data on it that you can forward to the clerk? Your proposal, at least in my view, and I haven't been on the committee that terribly long, is a new concept, a kind of thinking out of the box, that I've certainly never thought about. If you could provide the clerk with that information, I think it would be helpful.

● (1215)

Mr. Peter Simon: It's my pleasure.

The Chair: On the stem cell issue, Mr. Price, you're talking about both health and the economy and health in the economy and growth, and their interconnection. You're looking at a Canadian stem cell strategy here. Most of what you talk about in the strategy is economic growth. There is a health aspect to it, too, I suspect.

Mr. James Price: Yes, absolutely. When we talk about stem cells being the biggest innovation in medicine in the last 50 years, it's because stem cells actually are focused on treating the root cause of disease rather than treating conditions. We're looking at a health care system on which we spend more than $200 billion a year, and two-thirds of it goes to direct treatment costs of currently incurable diseases.

Most recently, an Ottawa group published in *The Lancet* a study dealing with multiple sclerosis patients, using the same stem cell transplant protocol that has been used for leukemia and applying it to MS. Now they have patients who are 10 years post-transplant who were full-time in rehab centres 24/7, needing to be fed, whose drug costs were close to $70,000 a year, and who post-transplant are now working full-time, are completely off drugs, are contributing, and are paying taxes.

We're seeing this in MS. We're seeing it in Crohn's disease. Diabetes is another big area in which the clinical trials are moving forward quite quickly. The Edmonton Protocol group in Edmonton is using now insulin-producing islet cells in their transplant program.

When we talk about relieving some of the stress on the health care system, we're talking about really trying to address root causes of disease rather than just treatment options.

The Chair: It would also save the health care system money.

Mr. James Price: Absolutely.

The Chair: Okay.

I'm sorry we're out of time. It was a very, very interesting panel, one that stretched pretty well across the map. Thanks to all of you for your presentations and your answers to questions.

We will suspend and then we'll reconvene for the next panel.

Thank you to all.

● (1215)

(Pause)

● (1255)

The Chair: We'll call the third panel to session. As panellists know, this is the Standing Committee on Finance and we're doing pre-budget consultations in advance of the 2017 budget. We would hope witnesses can hold their remarks to about five minutes. You've all been presented with the questions we're trying to emphasize in all of our presentations beyond the budget itself. What can we do to better achieve greater economic growth within the country?

To start, I will ask each of our members to introduce themselves, so you know as witnesses where our members are from.

Mr. Grewal, do you want to start please?

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

My name is Raj Grewal. I'm the member of Parliament from Brampton East, which is about 15 to 20 minutes from here.

Mr. Francesco Sorbara: Good afternoon and welcome everyone. My name is Francesco Sorbara from the riding of Vaughan—Woodbridge, which happens to be directly to the east of Raj's riding.

Welcome to Toronto and just north of us, York region.

[*Translation*]

Mr. Steven MacKinnon: Good morning everyone.

[*English*]

Welcome to our hearing in Toronto. I'm Steve MacKinnon, the member of Parliament for Gatineau.

Mr. Dan Albas: I'm Dan Albas and I'm a B.C.-based member of Parliament in the interior, Central Okanagan—Similkameen—Nicola. I'm very pleased to be here with you all and I'm very much looking forward to the presentations today.

Mr. Gérard Deltell: I'm Gerard Deltell, the MP from Louis-Saint-Laurent. Louis-Saint-Laurent is a riding in the suburb of Quebec City.

Mr. Pierre-Luc Dusseault: Hello everyone. I'm Pierre-Luc Dusseault, the member of Parliament for Sherbrooke, which is situated in the Eastern Townships in Quebec, one of the best regions, of course.

The Chair: Obviously, Pierre, you didn't spend enough time in Prince Edward Island. I'm Wayne Easter, the member of Parliament for Malpeque, Prince Edward Island. Welcome.

Mark Nantais from the Canadian Vehicle Manufacturers' Association, we will start with you. Welcome and you have the floor.

Mr. Mark Nantais (President, Canadian Vehicle Manufacturers' Association): Thanks very much, Mr. Chairman.

Good afternoon, honourable members.

I'm very pleased to be here—and thank you for the invitation—representing Fiat Chrysler, Ford, and General Motors. Together these companies are responsible for about 60% of all vehicle production in Canada, and they're among the largest multinational companies in the world, exporting their vehicles to some 100 countries around the globe. Their investments in Canada support the entire value chain, from parts manufacturing to research and development that leads to exciting technology development. Canadian plants are among the most productive in North America, and they are consistently producing award-winning quality vehicles.

Today I want to focus on four recommendations. We've actually presented them in our pre-budget submission, which provides more details.

To begin, number one is productivity, allowing for grants and non-repayable contributions.

The terms of the automotive innovation fund need to close the gap against competing jurisdictions and to ensure that Canada has the most competitive tools available, including the magnitude and form of the AIF, its tax treatment, flexibility, required conditions, and speed of approval for eligible proposals.

Most competing jurisdictions offer non-repayable contributions in many different forms, including cash grants, refundable tax credits, and infrastructure and training credits, with contribution levels that can actually exceed 50% of the total investment spending. There are no additional taxes incurred as a result of the incentives. The conditions are flexible and performance based, and project evaluation and approval is relatively fast. In fact, they're more fitting to a company's investment decision-making cycle. Furthermore, lowering the threshold to $25 million from $75 million would be very helpful in terms of innovation.

Speaking of innovation, we need to expand opportunities for automotive research and development.

The Canadian auto industry is a major investor in research and development of the technologies that actually spur advanced production processes, as well as vehicle safety and environmental performance that meet both the objectives of government as well as the driving experience that is demanded by consumers. The pace and scope of technological change in our industry has never been more profound.

R and D programs that are flexible, responsible, responsive to the needs of industry, and administratively efficient will help to support the innovation agenda by promoting auto research excellence and the opportunity to build on the existing research capacity, which CVMA member companies have right here in Canada.

The most recently announced changes to the scientific research and experimental development program do not address the narrowly defined scope for eligibility, which is an issue for advanced auto manufacturing. The program needs to revert to the original form wherein capital costs are recognized to offer benefit to auto manufacturing, and it should be based on a broader definition of innovation versus the current definition of science.

Increases in the cost of doing business will negatively impact Canadian automotive competitiveness compared with other jurisdictions where operating costs are actually lower. Longer-term certainty and predictability are also key factors when global investment decisions are made. For example, Canada's existing auto manufacturing plants will have the added challenge to compete with jurisdictions that do not operate under a carbon tax or a cap and trade regime. This has the potential to dissuade investors from placing future mandates here.

As part of the announced CPP enhancement, it is important that government recognize that auto manufacturing companies already provide high-quality private pension plans to their workers. If CPP premiums are increased as proposed, this will result in significant increases to auto industry payroll expenses at a time when there are already competitiveness challenges for the industry, versus other competing jurisdictions.

As had been considered in other proposed public pension plan enhancements, the government should provide exemptions to the proposed CPP enhancements or provide CPP cost offsets to companies that already have provided comprehensive private pension plans to their employees.

Last, Mr. Chairman, speaking of border efficiency, commercial goods, and temporary international workers, the CVMA is a strong supporter of the continued commitment to the beyond the border initiative. It encourages the government to address the action plans that have been developed, and to do so expeditiously.

Border crossing infrastructure needs to respond to the volume of commercial shipments, and real-time data must be continuously reviewed to ensure infrastructure is meeting the needs of Canadian business. Appropriate levels of staffing are needed to quickly respond to demand peaks in commercial traffic, keep wait times at a minimum, and ensure that trusted trader lanes are fully operational.

Harmonization with the U.S. northern border policy and infrastructure would also help to ensure there is consistency and efficiency with commercial crossings while maintaining the integrity of a secure border.

● (1300)

On temporary international worker mobility, Canada needs to work towards a target turnaround time of about four hours, for example, to get specialized expertise across the border. Any shutdown in production for an assembly line due to a delay can cause losses of revenue in the realm of $1.5 million per hour. CVMA member companies are global companies with global teams that provide specific expertise. Any delay to get this expertise to Canadian facilities has repercussions on our productivity as well as future investment decisions. As trusted traders, the industry would be interested to explore the potential of a trusted employer pilot that would expedite the permit process. Budget measures that support the development of a more efficient program, including a pilot that our members could participate in, would be a positive step forward.

Mr. Chairman, as I said, our pre-budget submission provides more details, and I'd certainly be pleased to answer any questions the members of the committee may have.

Thank you.

● (1305)

The Chair: Thank you very much, Mark. I might mention as well that we have the briefs that have come in. They are on our iPads, so that's why you'll see members concentrating on their iPads from time to time, including myself.

Now we'll turn to the Greater Toronto Airports Authority, Mr. Collier.

Mr. Scott Collier (Vice President, Customer and Terminal Services, Greater Toronto Airports Authority): Thank you, Mr. Chairman. Good afternoon, everybody.

Thank you for the invitation to speak about Toronto Pearson's significant contribution to Canada's economy, and how we can accelerate our performance with the right support from government.

Toronto Pearson is proud of its role in fostering prosperity for our country. We are Canada's largest airport, for both passenger and cargo traffic, and the second largest in North America for international passenger traffic, after JFK in New York. It's a global hub, with almost 44 million passengers this year, up from 41 million in 2015. We are continuing our growth on the world stage, creating jobs, facilitating an economic impact of almost $37 billion—which is 6% of Ontario's GDP—connecting Canadians and Canadian business to the world, and connecting the world to us.

By the mid-2030s—it's not that far from now—we are forecasted to serve upwards of 65 million passengers and facilitate $62 billion of Ontario's gross domestic product.

As a private, not-for-profit operator of the airport, the GTAA will continue to make the investments needed for the airport to become a world-class global hub. To be successful, however, we need our government partners to make investments in three key areas.

Number one, wait times for passenger screening on departure, and customs and immigration upon arrival, are not competitive globally. Long lines, flight delays, and missed connections negatively impact our air carriers, our passengers, and our global competitiveness as an airport, as a region, and as a country. Delays at both CATSA and CBSA checkpoints are major operational challenges. Government funding for both agencies has not kept up with passenger growth. It drags on our performance and will only become exacerbated as our growth continues to accelerate.

For CATSA, we have specifically requested the following: an increase in funding of a minimum of $20 million to deliver an international service standard of 95% of passengers screened in 10 minutes or less; funding to implement new technology that will increase throughput and productivity; and the ability and flexibility of airports to pay for a higher level of service should they desire to do so.

For CBSA, we require an investment in Toronto of $5 million in officers in order to reduce passenger wait times and improve critical connection performance for our air carriers.

Number two is changes to duty-free rules that will allow international and domestic passengers to purchase any product at a mixed departures zone—what we call “dual duty-free”. We also ask that arrivals duty-free be allowed. This is standard operating practice at any global hub across the world.

If both programs were implemented, we would repatriate approximately $100 million in sales currently spent at foreign airports, and not in Toronto or Canadian airports. We could generate 600 new direct and indirect jobs across the nation, and $12 million in incremental tax revenue for the federal government from airports across the country.

Last but not least, road congestion—not a surprise to anybody in this room—is reaching critical levels in the greater Toronto area. More than 300,000 people work in the airport employment zone, the second largest employment zone in the country. In fact, 49,000 people work at Toronto Pearson today. The area surrounding the Toronto airport has extremely limited transit options for people coming to work and for those using Pearson to connect to the country and of course to the world. It is imperative that we provide more options for people—for passengers, employees, and businesses—who depend upon the airport for success.

We do have a plan to develop a regional ground transportation hub at Pearson, at the airport itself, that complements Toronto's Union Station, providing connectivity for a region experiencing significant employment growth. It is a significant driver of jobs. In fact, it's becoming a real engine of it.

We ask the Government of Canada to continue to support municipal and provincial governments by providing cost-sharing of transit projects connecting to a multimodal hub at Toronto Pearson.

As the country's largest airport, by a factor of two, connecting Canada to 67% of the world's GDP, Toronto Pearson plays a critical role in the economic activity of the country.

● (1310)

This connectivity allows Canadian businesses to reach domestic and global markets, generate jobs and tax revenues, and facilitate trade, foreign direct investment, and tourism.

For Toronto Pearson to continue to drive economic growth, the federal government's programs need to evolve in step with the rising passenger and cargo growth numbers. We, at Toronto Pearson, are completely confident that these investments, combined with our strong relationship with the government, will result in increased economic vibrancy for Canada and a greater opportunity for all Canadians.

Thank you, Mr. Chairman.

Thank you, ladies and gentlemen.

The Chair: Thank you, Mr. Collier.

Habitat for Humanity Canada, Mr. Rodgers.

Mr. Mark Rodgers (President and Chief Executive Officer, Habitat for Humanity Canada): Thank you, Mr. Chair.

Honourable committee members, good afternoon.

I would like to thank you for the invitation to appear before the committee. Travelling across this great nation certainly gives one an appreciation of the regional perspectives of the broad range of issues facing Canadians today. For many years now, I too have had the opportunity to travel across this country to better understand regional housing challenges and to meet the families who have purchased their homes through Habitat for Humanity.

Habitat operates throughout Canada with 56 affiliates that provide low-income Canadians the opportunity of affordable home ownership. This includes multiple indigenous families, both on and off reserve. While on the surface housing is just bricks and mortar, it also provides Canadians with the stability they need to access education and training, improve their employment and health outcomes, and ultimately contribute to our country's economy. The true value of affordable housing is the social benefits and opportunities it provides to Canadian families.

Unfortunately, there are a significant number of families who face impossible choices every day of their lives because they lack affordable housing. The high cost of housing relative to a family's income means that they make trade-offs that affect their lives and those of their children with food, clothing, and particularly health care. During one of my visits with a Habitat family, I met a delightful young girl who had previously developed ulcers and needed medication to manage anxiety because her family had moved from temporary housing to temporary housing on a frequent basis. As you can imagine, each of those moves meant new schools, new neighbourhoods, new friends, and new challenges, but Habitat for Humanity and affordable home ownership changes that.

Today, I am pleased to present the important role and impact that Habitat for Humanity plays in Canada's housing continuum, as well as our recommendations for budget 2017. The Habitat for Humanity model is based on a partnership between the family, the community, volunteers, the private sector, and at times modest contributions from various levels of government.

Families not only build, but they also purchase their homes with a mortgage that they can afford. In many cases, Habitat works with local skills and apprentice programs. We build homes in a variety of forms, ranging from single detached homes to large multi-unit developments exceeding 60 or more homes.

Affordable home ownership helps significantly bridge the gap between social housing and market housing. Today, the gap is growing so large that too many families cannot manage it on their own. As such, Habitat for Humanity is a unique bridge that helps them make the dream of home ownership possible in this country.

Affordable home ownership not only breaks the cycle of poverty, but it is also a path for many Canadians into the middle class. For example, 37% of Habitat families come directly from social housing, thereby freeing up much-needed units in both social and rental housing today. Not investing in affordable home ownership puts pressure on other parts of the housing continuum and communities in general.

A recent Boston Consulting Group study shows that there are quantifiable benefits to society as a result of Habitat families having access to affordable home ownership. On average, Habitat generates $175,000 of social benefits to the community for every family that we help. These benefits come in the form of reduced reliance on social housing and food banks, better educational and employment outcomes, and improved health.

Habitat for Humanity's home ownership program has created a social return on investment of more than $500 million over the last 30 years. Our pre-budget submission, and our submission on Canada's national housing strategy, recommends investing in all parts of the housing continuum, including affordable home ownership, which has been largely unaddressed for many years. Therefore, the focus of our recommendation is in this area. As such, we recommend to the committee a $200-million investment in Habitat's national affordable home ownership program over the next eight years through the social infrastructure fund. This will result in the creation of 1,600 new affordable homes for Canadian families, including indigenous families living both on and off reserve, and it will include the renovation of 800 homes in the Far North. These investments can be further supported by providing Habitat with access to low-cost capital and making government land or property available at a low cost, or at no cost.

● (1315)

In addition, these mortgage payments that come from our Habitat families will be reinvested in our fund for humanity, and used to build more homes in perpetuity. In fact, there is a multiplier effect at work. By year eight of the original investment, an additional 160 homes will be created as a result of that investment.

Finally, government funding will also leverage over $200 million in non-government contributions and provide a social return on investment of some $280 million over that eight-year period. Most importantly, it will break the cycle of poverty for families and children, and their families for generations to come.

On a personal note, an investment in affordable housing changes lives. I have been a witness to that multiple times across this country. Remember that little girl, that beautiful little girl with the ulcers and the anxiety disorder? She is now completely healthy as a result of a safe, decent, affordable Habitat home.

Mr. Chair and members of the committee, thank you for your gracious invitation to present today, and most of all, thank you for your undying commitment to all Canadian families.

The Chair: Thank you, Mr. Rodgers.

We're now turning to Mr. Speer with the Macdonald-Laurier Institute. The floor is yours.

Mr. Sean Speer (Munk Senior Fellow, Macdonald-Laurier Institute): Thank you, sir.

I appreciate the invitation to participate in the pre-budget consultations. I want to use my time primarily to focus on general fiscal policy matters, and to the extent that there is time left to briefly set out a specific idea to support economic growth and opportunity, based on the questions the committee has put to witnesses.

One thing I want to try to accomplish in my remarks is to focus on the when and why of fiscal policy rather than the how and what, which my colleagues here no doubt will focus on and many of the other people appearing over the course of your pre-budgets will also focus on.

It's often underappreciated that economic and fiscal policy involves trade-offs between the short and the long term. Policies designed to stimulate the economy, such as deficit spending, dampen long-term economic potential. Policies that boost long-term growth, such as liberalizing labour markets or free trade, may involve transitory job losses that dampen short-term growth.

At its core, then, politics is primarily about making judgments about these trade-offs. Governments may decide to run deficits to minimize the harmful effects of recession, even at the cost of somewhat lower growth over the long term. Similarly, policy-makers may accept short-term dislocation to support long-term opportunities.

As the former chief economist at the Bank for International Settlements has said, the long run is not just a series of short runs. The present fiscal policy debate in Ottawa sometimes seems to miss this nuance. Deficit spending tends to be characterized as a free lunch, but when it comes with long-term costs in the form of higher taxes or higher debt servicing payments, we need to be more preoccupied or more focused on the question of when and why.

The onus, it seems to me, should be on those who advocate for deficit financing to make the case that the trade-offs are worth it and that downside risks will be minimized. I put it to this committee that the government has work to do on both fronts.

There is little evidence that the deficit is being driven by investment rather than consumption, and thus the extent to which it will have an effect on short-term growth is minimized. There's also a lack of evidence that there's a plan to close the gap between revenues and outlays over time.

Addressing these trade-offs in general and setting out a clear and credible plan to eliminate the deficit in particular should be the government's top budget priority, and—I put it to the committee with respect—your top priority as well.

Failing to do so risks setting us on a path of protracted deficit and increasing long-term costs or long-term opportunity costs. In this regard, I'd encourage the government to reconsider the enactment of fiscal rules, such as balanced budget legislation, to improve fiscal transparency and to help politicians help the government to reconcile these trade-offs between the short and the long term.

The previous balanced budget legislation didn't preclude deficit spending, as members know, but required the government to be transparent about why it was entering into deficit and how it intended to get out, by having the Minister of Finance appear before this committee. If the government nevertheless thought the law was too restrictive, which it set out in its election manifesto and then enacted in the first budget implementation bill, there's nothing stopping it from introducing an alternative.

The point is, it seems to me, that fiscal rules can not only help government manage the short- and long-term trade-offs between economic and fiscal policy choices, they can also help parliamentarians and this committee hold the government to account.

More generally, members, I would encourage you to grapple with this question of short- and long-term trade-offs, short- and long-term implications of economic and fiscal policy, as you develop your budget recommendations to the government.

With my remaining time, Mr. Chair, I will focus on two specific ideas that you might consider as part of your package.

The first is on the subject of broadband. The government, to its credit, has made a commitment to infrastructure, and not just traditional infrastructure but also broadband infrastructure. As many of you know, including in P.E.I., sir, broadband infrastructure, particularly in rural parts of the country, represents game-changing infrastructure. It is at the core of economic opportunity, business development, and social engagement.

Canada is a world leader in broadband infrastructure at this precise moment, with 99% of Canadians having access to high-speed Internet and 96% of Canadians being able to subscribe to download speeds of five megabytes per second. This has occurred to date largely through private investment. But it would be a mistake to rest on our laurels, especially since government policy plays such a critical role in creating the conditions for broadband infrastructure and broadband investment.

● (1320)

At the Macdonald-Laurier Institute, we have done considerable research on the strengths and weaknesses of Canadian broadband policy. In my submission I've set out some recommendations to help create the conditions to continue to have private investment driving the development of broadband infrastructure, not just in our urban centres but also in parts of rural Canada.

I'll just take one more moment. I just want to echo what Mark has said about the importance not just of affordable housing but of affordable home ownership. It's a subtle distinction, but it's a critical one. Much of federal spending on homelessness, particularly through the flagship or signature program, the homelessness partnering strategy, focuses primarily on affordable housing. I think there's plenty of work to be done on the subject of affordable home ownership and I think that the Habitat for Humanity model is unique in bridging that gap. I would encourage the committee and the government not just to refocus parts of the homelessness partnering strategy to support Habitat for Humanity but to more seriously think about how we can create the conditions not just for affordable housing but for affordable home ownership.

With that, Mr. Chair, I am grateful for the chance to be here and I look forward to the discussion. As I said at the outset, I would encourage members to grapple with these choices between the short and long term as they develop recommendations to the government.

Thank you.

The Chair: Thank you, Mr. Speer.

We have HSBC Bank Canada, Mr. Watt, chief economist.

Mr. David Watt (Chief Economist, HSBC Bank Canada): Thank you very much for the invitation to appear, Mr Chair and members of the committee. I'll just have some brief comments here.

I'm here as chief economist of HSBC Bank Canada, which is the leading international bank in Canada. In my comments, I will present our view of the Canadian economic situation and some concerns we have about the global economic backdrop, and then I'll delve into the issues pertinent to today's session.

In our view, the Canadian economy remains in a subdued growth, low inflation, low interest rate trajectory, characterized by moderate employment and income growth.

The Chair: Could I get you to just slow down a little bit?

Mr. David Watt: Concurrently, the household sector is deeply in debt, potentially leaving Canada more vulnerable and accident prone. This concerns HSBC, given that global imbalances have widened in an echo of the 2007-08 financial crisis. Notably, the Bank for International Settlements, the BIS, recently singled out Canada, among all developed markets, for concern due to the pace of growth of household and non-financial corporate debt.

With other sectors limited, we feel that the federal government has room to provide stimulus. However, we think that the government stimulus efforts should include a focus on crowding in business investment by making Canada an attractive global investment destination. We need non-resident investment, but I believe we need to redirect it from bonds and residential real estate to more productive uses. We think that stimulus efforts should avoid crowding in the over-leveraged household sector. In fact, we think households should be encouraged to de-lever.

While there is naturally a desire to boost employment, particularly when job growth is sluggish, we must also focus on what we want from the workforce 10 to 15 years from now. As the expansion of the working age population slows, we need to ensure that upward momentum in incomes and living standards in maintained.

This involves improving human capital via skills training and skills mobility. Improving human capital should know no race, recognize no disability, pay no heed to age, and need not be dependent on or limited by geography.

Among the key structural headwinds to the economy is lacklustre productivity. Sparking innovation is critical for business investment and human capital formation to improve competitiveness and offset the slowdown in the working age population. These efforts will allow Canada to maintain a high standard of living and still compete with low-wage nations. To that end, we think that the corporate tax system should encourage growth rather than providing incentives to remain small. This is imperative, as there is scarcely a sector or firm that won't feel pressure from global innovations or competition, assuming global trade barriers continue to fall.

Thank you very much, and I look forward to an engaging conversation.

● (1325)

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

Friends of Canadian Broadcasting, Ian Morrison. Go ahead, Ian.

[*Translation*]

Mr. Ian Morrison (Spokesperson, Friends of Canadian Broadcasting): Mr. Chair and members of the committee, I thank you for allowing the organization Friends of Canadian Broadcasting to appear before you today.

On August 5, we submitted a proposal to you which contained several ideas for Budget 2017. Today, I am going to discuss subsection 19(1) of the Income Tax Act, which concerns the deductibility of advertizing expenses.

[*English*]

Recent changes in the advertising market threaten the future of Canadian media. In the 1960s and 1970s, Parliament recognized the threat of foreign media to the viability of Canadian media and introduced measures to prevent the deductibility of advertising expenditures in foreign-owned publications and broadcasters.

Section 19(1) was enacted in 1976. Its immediate result was to reduce Canadian ad spending on U.S. border TV stations by $10 million, which was about 10% of that year's total TV ad buy.

Since then, and until recently, section 19 has underpinned the viability of Canadian media, keeping Canadian ad revenues largely in the hands of Canadian players.

Early this century, Internet advertising began to take off in the Canadian market, growing from a total of $562 million in 2005 to $5.6 billion projected to 2016. Mr. Chair, in my remarks today, I have a couple of charts that illustrate this.

Today more than $5 billion in Canadian ad spending is going to foreign-owned Internet companies, approximately one-third of major media ad spend. That's 90% of Canadian digital advertising.

Section 19 provides that advertising expenses in newspapers and periodicals are deductible only if the ad is placed in an issue of the newspaper or publication that is edited and published in Canada and is owned by a Canadian citizen or a corporation that is effectively owned by Canadians.

Broadcast advertising expenses are not deductible if the ad is placed on a station or network whose content is controlled by an operator located outside Canada, if the ad is directed primarily to a market in Canada.

In 1996, the CRA issued an opinion that a “website” is not a newspaper, a periodical, or a broadcasting undertaking. This opinion specified that the comments represented a current position—that's a 1996 position—and might not indicate future views. It reflected the context of the Internet 20 years ago when websites did not perform the functions of print media or broadcasting because of bandwidth limitations. Of course, the only viewing platform then was the personal computer because there were no mobile smart phones and tablets. They just did not exist.

While the CRA interpretation may have been appropriate for 1996 technology, it does not apply to current practice where the content is distributed over the Internet to a wide range of devices using a variety of technologies and program languages to enable video and audio. Where a 1996 website could not provide broadcasting, newspapers, or periodicals, in 2016, the Internet does. Hence, a new interpretation of the Income Tax Act is required, one that acknowledges this reality.

The CRA noted that “newspaper” was not defined in the act. It therefore drew its definition from a contemporary version of Webster's dictionary, as well as a 1935 court case. Its definition of “broadcasting” derived from various references in the act, as no other definition was available in 1996.

Three years later, the CRTC which, as you know, is the body charged with interpreting the meaning of broadcasting in Canadian law, defined broadcasting transmitted over the Internet in its new media exemption order. The commission determined that broadcasting over the Internet was indeed broadcasting, since the Internet represented simply another form of telecommunication.

● (1330)

Hence, the time has come for the CRA to update its interpretation and end the deductibility of ads placed on foreign-owned, digital platforms. Doing so would respect the original intent of section 19 by helping Canadian media, essential to our democracy and to our culture, at a time when they need it more than ever.

Mr. Chair, this proposal is unusual because it would boost the consolidated revenue fund while defending Canadian media and hence, democracy.

Thank you.

The Chair: Thank you, Ian.

Before we turn to Don, I would like to let you know that on our agenda is the Canadian Veterans Advocacy, Michael Blais, president and founder. He was unable to attend today due to an illness, so he is on our list and his brief will become part of our submission.

We'll be turning then to Mr. Johnson. Are you appearing as an individual or an organization, Don, so we get it right on our transcript?

Mr. Donald Johnson (As an Individual): Thank you, Mr. Chair, for the opportunity to appear before your committee on such short notice.

I'm appearing as an individual who is a volunteer board member of four not-for-profit organizations: the Toronto General & Western Hospital Foundation, the Ivey Advisory Board of the Western Business School, Business for the Arts, and the major individual giving group in Canada, the United Way.

The 2015 budget included a measure that would have increased charitable donations by $200 million per annum, and that measure had the support of all three parties. The measure stated that if the owner of private company shares or real estate sold the asset to an arm's-length party and donated the cash proceeds to a charity within 30 days, they would be exempt from capital gains tax on that donation. To everyone's surprise, the 2016 budget stated that the government would not proceed with this measure.

The purpose of our submission is to outline why including this measure in the 2017 budget would help the government achieve its 2017 budget measures, and also to address concerns that had been raised by the Department of Finance.

First, why would this measure help the government achieve its 2017 budget objectives? Our social services agencies, such as United Way and Centraide, provide vital services to the unemployed, indigenous peoples, those with disabilities, and seniors. Hospitals are the largest recipients of charitable donations, and seniors represent a significant percentage of patients. Increased donations to our hospitals, universities, social service agencies, and arts and culture organizations would create new jobs and stimulate economic growth.

Many large donations, as a result of this measure, would provide funding for infrastructure projects for many of these not-for-profit organizations and contribute to economic growth. Entrepreneurs play an important role in growing our economy, with a focus on innovation, new products, and infrastructure. The Canadian Federation of Independent Business, which represents 109,000 private companies headed by entrepreneurs, is supportive of this proposal.

Now, all municipalities, large and small, are logically supportive. They derive their revenues from property taxes, not income taxes; there is therefore no fiscal cost to the municipality. However, not-for-profit organizations in all municipalities benefit from the increased charitable donations. It's a great opportunity for the federal and provincial governments to stimulate donations to not-for-profit organizations in all municipalities across Canada.

The committee also has to take into consideration concerns that are raised by the Department of Finance. There are four main concerns, based upon my conversations with the deputy minister of finance and his tax policy professionals.

The first is the fiscal cost of this proposal to the federal government. The forgone capital gains tax on these donations would be only $50 million to $65 million per annum, but the charitable donation tax credit is the same as for gifts of cash. From the forgoing of $50 million to $65 million of tax revenues to the federal government, charities would receive $200 million from the private sector.

The second concern was valuation abuse, because private companies' shares and real estate do not have a public market, unlike listed securities. However, any concern about valuation abuse is addressed by the fact that the donor must sell the asset to an arm's-length party. That ensures that the donor is achieving fair market value, the best price for the sale of that asset. That addresses any concern about valuation abuse.

● (1335)

Some people are concerned that Canada's charitable donation tax incentives are already very generous. Well, they are generous in many ways; however, the current Income Tax Act has an inequity. If you're an entrepreneur who takes your company public and donates shares to a charity, you're exempt from capital gains tax. However, if you're an entrepreneur who keeps your company private, like these 109,000 entrepreneurs, and you donate your shares to a charity, you have to pay a capital gains tax. That's an inequity. This measure would address that inequity.

The final concern was that this measure would enable donors to switch their cash donations by changing their donations to donations of private company shares of real estate. Experts have estimated that 90% to 95% of these donations would be incremental, and only 5% or 10% would be substitution. So there's no concern about valuation abuse.

Some of your committee members may have already seen these full-page letters that were addressed to the Prime Minister with copies to the leaders of the opposition parties and their finance critics. One was published and it was signed by prominent charities, outlining why this measure makes sense in the 2017 budget. One was published on the outside back cover of *The Globe and Mail*, the *National Post*, the *Toronto Star*, and *The Hill Times*, and in French in Quebec, signed by Quebec charities. I've brought copies of these full-page letters for handout, if any of you have not had a chance to read them.

Basically in conclusion, we urge the finance committee to recommend that the government implement these measures in the 2017 budget. It would be a great legacy for all Canadians for generations to come.

Thank you for inviting me to this pre-budget consultation hearing.

● (1340)

The Chair: Thank you, Mr. Johnson. You probably hold the record for getting an invitation and getting here so fast, because I think we called you a little before noon. So thank you for getting here and making your presentation.

Turning to questions then, we'll go with six-minute rounds.

Go ahead, Mr. MacKinnon.

[*Translation*]

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

[*English*]

Thank you to all of you for appearing today and taking your time.

I would note that Mr. Johnson is a frequent correspondent, and we always appreciate your missives in our office. I would reiterate what the chairman said about your very altruistic and philanthropic advancement of public policy. So thank you very much.

And Mr. Morrison, you are also a frequent advocate. Welcome today. Maybe I'll just ask you briefly. Would this be the first time you ever agreed with Paul Godfrey on a matter of public policy?

Mr. Ian Morrison: Even if it's something of benefit to Mr. Godfrey, I'm still in.

Mr. Steven MacKinnon: Thank you for that, and I assure you we've taken careful note of your very pointed and precise recommendations.

I want to turn to Mr. Nantais and Mr. Collier. One of the common threads through both of your presentations was something that I don't think we have spent enough time on in this round of consultations, and that is exports and specifically the role of the CBSA in exports.

Now exports can be vehicles or other goods, or they can be tourist dollars or business travel into Canada. Both of those are exports and it's highly frustrating after, I would say, many years of significant investment in CBSA capacity and training and so on and facilities that we are still in this position of restricting or bottlenecking Canada's ability to export. I'll maybe ask you both to expand on and help guide us on really where the problem is here. Is it a matter of bilateral negotiations? Is it a capacity issue? Is it a question of spending more money? Or is it about working smarter?

Mr. Mark Nantais: From our perspective, there was the beyond the border initiative, which was introduced roughly in 2011, that identified several issues but also had several recommendations in its work plan, all focused on how we can make the Canada-U.S. border, for instance.... When we talk about exports, our primary market for production in Canada is the United States, although plants now in Canada are acquiring what we call global mandates, and so exports more broadly to other countries around the globe are also going to be very important as we go forward. The idea here is to maintain security at the border but also to ensure that the border is basically seamless.

For our part, we're a highly integrated industry. We move parts and components back and forth across the border as many as six or seven times a day towards our finished product. We still continue to run into issues with CBSA that thicken the border, even though we are trusted traders. We're hoping to remove some of those things. That, of course, takes not just efforts on the part of CBSA, but efforts on the part of their counterparts in the U.S. To be fair, that's something that needs to be done and done jointly.

There is room for improvements that have been on the books or at least recommended but that are not yet in place. We would like to see that agenda continue, just as we would the Regulatory Cooperation Council, under which we have differences in regulations that should be removed between Canada and the United States.

Yes, there are efficiencies and some greater alignment that need to happen and a need to take away some of the administrative burden that exists. Particularly when we talk about de minimis thresholds for goods, or when we talk about, for instance, the FAST lanes—that's the infrastructure part of this—it all has to work hand in hand.

What we're saying is that we have a long way to go and there are opportunities that we should continue to pursue.

● (1345)

The Chair: Mr. Collier.

Mr. Scott Collier: Just to build on my colleague's comments, I'd say two things. It's difficult to separate productivity and supporting organic growth. I would share with you that CBSA over the last two or three years has accelerated its commitment to productivity growth, leveraging technologies, and leveraging new processes in terms of speeding processing through airports broadly speaking in Canada, but specifically in Pearson, which I'm closest to, as you might well expect.

I'll use NEXUS as an example. Toronto's is the highest productivity utilization of NEXUS across the country, but the reality is that we can go faster and need to go faster. The fundamental reality at Pearson is that when we're adding three million passengers a year —we've added about 8.5 million over the last three and a half years —we have to invest in officers in order to support the capacity that Pearson has built to support that growth. That is the fundamental reason that there are significant lineups emerging at the airport during the critical peak times. That's the opportunity.

I would say we need to do both, as any organization does both. There is good progress in one area, and I'd like to think that the government would continue to support their going faster at those airports to drive that growth. We're so critical, as you talked about, in terms of driving business, driving productivity, driving trade, and moving goods and services throughout the airport.

Mr. Steven MacKinnon: I'll maybe turn to Mr. Watt with my remaining time.

Mr. Watt, I'm always, of course, interested to hear the reflections of someone in the financial sector, and specifically an economist in the financial sector. What would be your specific recommendation to this committee concerning the budgetary policy of the government in the next couple of years? You mentioned indebtedness, you mentioned a couple of other things, but is there a specific point or a specific recommendation you would urge us to make to the government?

Mr. David Watt: The one I would focus on most specifically is the one I made towards the end of my comments, on small business tax credits or the tax backdrop for small businesses. The one thing I look at for Canadian businesses, and it goes to innovation as well, is that we tend to have a focus on the fact that small businesses don't innovate, that they don't do research and development. I think we need to do something to create an incentive for small businesses to do research and development.

Part of that, I think, should be government actually providing cash grants or providing some element of taking the risk off small businesses to do research and development. The other aspect of it is to reward or encourage companies to increase in size. Having a small business threshold that punishes companies for growing above a certain threshold does not encourage companies to start small and think about becoming the next Google.

We need to have that in Canada. We need companies thinking, when they start small, that they will become large and global competitors.

Mr. Steven MacKinnon: Should the corporate tax rate be lowered, or should the small business tax rate be raised?

Mr. David Watt: Part of that should be a lower corporate tax rate overall, in the context of removing the distortion and the small business tax threshold, so encouraging businesses in general to become more innovative. Part of that is turning Canada into a form of Germany, where we actually have a structure where, for small businesses, some of the risks of doing research and development is assumed by the government structure, so that companies don't necessarily take all the risks if a research and development project turns out not to be successful, which can keep companies cautious and limited in doing research and development.

● (1350)

The Chair: Go ahead, Mr. Deltell.

Mr. Gérard Deltell: Thank you, Mr. Chair.

Gentlemen, it's a real pleasure for me to see you.

Mr. Collier, you have in front of you a huge fan of Toronto Pearson International Airport because I love airplanes and I love airports. I want to chat with you after, because it's not a topic for today, on how to deal with some problems we have in Montreal.

Gentlemen—Mr. Rodgers, Mr. Speer, Mr. Watt—I would like to ask you this question because you raised the issue of home ownership. I think it's quite important that we have strong policies for homeowners. In French we used to say:

[*Translation*]

“When construction rolls, everything rolls!”

[*English*]

You raised the issue. As you know, a few days ago the finance minister tabled new regulations for ownership. We all recognize there's a huge problem here in Toronto and in Vancouver, but our concern is that the new rules apply from coast to coast to coast. Especially in my own city, Quebec City, there is a drop in the prices of houses, so there is no housing crisis in Quebec City. Halifax is –5%. That's not the case in Toronto.

What I would like to know from you is what you think of the new regulations tabled by the Minister of Finance. Maybe we should start with Mr. Watt.

Mr. David Watt: You bring up a good point, the idea that all housing is local, and there are conditions in various markets across the country. On the recent moves, I'll wait to see whether or not they're successful, but I think we needed to do something. We needed to bring in some measures.

I don't see a problem with bringing out measures that are specifically oriented toward particular regions: Ontario, Toronto. You can certainly go through and bring up measures that don't necessarily specifically target, but if you look at financial conditions—the condition of the market you're thinking about borrowing in—putting in thresholds that are somewhat higher than the rest of the country makes sense. It turns out to be a specific focus on a region, but I think they're appropriate, given that you want to target sections that are showing clear imbalances, which Toronto and Vancouver are.

We want to certainly get into the idea, in this environment right now, of being careful about encouraging people to go into the housing market, especially in Toronto and Vancouver. Those are markets where we have restrictions on supply, and we have a lot of immigrants and other people who are still coming into the market. We don't necessarily want to encourage people to buy into these markets that are overvalued. We certainly want to get people thinking more rationally in terms of household borrowing.

I'd go back to 2009. In 2009, when we were coming out of the financial crisis and the recession, it was appropriate at that point to bring in the home renovation tax credit. Households were not over-leveraged. Household investment in residential real estate had fallen quite sharply. We are not in that environment right now. We do not need measures that would encourage people to go into the housing market.

The way I usually have been talking to people in general is that what we need now is to recognize that there's an imbalance between renting and owning. Right now the costs definitely favour renting, so I think that right now we should avoid specific measures to encourage people to get into home ownership until we get the valuation structure under better control.

Again, I still support measures to make housing more affordable, but we have to do it in the context of where we are, starting right now.

● (1355)

Mr. Sean Speer: I'll be brief.

My colleague referred to restrictions on supply in the hottest markets, and I think we can't have a discussion about housing affordability without talking about the matter of supply.

In my remarks I talked about trade-offs. I don't mean to sound like an economist, but public policy is a matter of trade-offs, and at present we have provincial and local governments constraining supply to achieve environmental goals or other policy objectives, but they're doing so at the expense of housing affordability.

Here in Toronto, the construction of single-family detached homes is at the lowest level in 36 years. In the city of Vancouver the construction of single-family detached homes has been flat for a quarter of a century.

I think we need to have a serious public policy debate in this country about these trade-offs. That's not to say that green space and other policy objectives aren't justified, but they do conflict with other objectives, including the priority in the current Ottawa government's focus on inclusive growth and middle-class opportunity, which as we know is closely associated with home ownership.

At the Macdonald-Laurier Institute we've even talked of Ottawa taking the extraordinary step—which I suspect would displease provincial and local governments—of tying affordable housing dollars to the city governments' revisiting of some of these urban containment strategies. Until we get at this matter of supply, the types of announcements that the minister made, which focus on demand, are going to have minimal impact, without broader thinking about the role of supply.

The Chair: Mr. Rodgers.

Mr. Mark Rodgers: I'm certainly not an economist, so I can't speak to the benefits or the challenges. Market housing is not particularly my specialty.

What I can tell you is that as market housing continues to escalate and affordability continues to be an issue, the gap between those who find themselves in social housing and those in affordable rental housing grows, so making the leap to have any chance to become part of market housing is almost impossible.

While I appreciate the comments made about families or individuals who choose market or rental real estate, the reality is that we are dealing with families who are in a sense downriver from even that possibility.

The beauty of our program, though, if I can visually paint it for a second.... Think of two cliffs, with social housing as one and market housing as the other. The leap over is impossible, regardless of conditions. What we do is create the bridge in the middle that allows them to come out of social housing and into affordable home ownership.

Our program is subject to different principles and regulations and whatnot that allow people to experience home ownership without necessarily having to consider the market housing situation. We also alleviate the strain and the pressure of the growing social housing crisis that we have, because that's a mounting problem. Like a relief valve, we're taking pressure off of that and providing people an opportunity they would not otherwise have, regardless of any conditions or regulations whatsoever. That's the only place I can speak to this from.

The Chair: Thank you. We'll cut you off there. We're considerably over.

Mr. Dusseault, you have six minutes.

Mr. Pierre-Luc Dusseault: Thank you, Mr. Chair, and thank you to all the panellists today. It was very interesting.

My first question is to Mr. Collier, about CATSA.

I know the issue quite well, because in my riding there is an airport that is not designated to receive CATSA services. That may be another issue.

But I just want to be clear. You said that CATSA decides the level of service they give in each airport. So it's not you, the airport authority, that says here are the needs we have in our airport, but CATSA that is deciding the level of service?

Mr. Scott Collier: That's correct.

Mr. Pierre-Luc Dusseault: I guess, if I am not wrong, that CATSA services are paid by a tax on every airport ticket.

Mr. Scott Collier: There is a national security charge that all passengers pay. It's approximately $700 million, and it goes to the national government in general revenues and is allocated back to the various crown corporations, CATSA and the other security services. But the money that's allocated specifically for security screening at Toronto Pearson is not nearly sufficient to achieve the standards CATSA establishes for itself, let alone what Toronto Pearson requires at minimum to maintain global standards, let alone to be best in class, which of course we certainly aspire to be, as do all Canadians.

That's the chasm we have presently.

Mr. Pierre-Luc Dusseault: So what would be the solution to have more CATSA services, let's say, in Pearson airport? Is it by having more tax on each ticket, or by CATSA allocating its services more

[*Translation*]

fairly?

● (1400)

[*English*]

Mr. Scott Collier: That's the fundamental question because the reality is the passengers are paying more than sufficient to pay for screening to global standards across the country. However, it's not allocated back to CATSA.

Our point of view at Toronto Pearson International Airport is that, if we want to take the growth of the airport seriously, if we want to drive Toronto to mega-hub status, allow our four Canadian airlines—Air Transat, Sunwing, Air Canada, WestJet—to be successful, the flow at the airport is critical, and it's a massive bottleneck now. So the opportunities are to fund it to the levels that it should be funded to, fund it to standards that are competitive, give the airport flexibility to purchase incremental resources if CATSA is unwilling. All those things, in our opinion, need to be done in order to make us a best-in-class airport, and I say that for Montreal, for Vancouver, and for Calgary.

That is the opportunity in front of us. We have a great growth opportunity today, and our friends at CATSA who are trying very hard need that support from their agency partners in order to make that come to fruition.

Mr. Pierre-Luc Dusseault: And do you think government can do something to have comparable prices of airfare tickets in Canada to the U.S., let's say, because in my region we are just 45 minutes away from the border with the U.S., and there have been plenty of studies saying that we are losing passengers to U.S. airports.

So what can the government do to improve the competitiveness of our airports? Is it just by those services or something else?

Mr. Scott Collier: That's a broader question, competitive air travel in Canada, and well beyond my purview. Certainly passengers make choices, and the ease of flowing through an airport, whether it's passenger screening, whether it's check-in, or whether it's CBSA...these are all important decisions. Air carriers also make decisions in terms of taxes, landing fees, fuel taxes. All of those have become the constellation of the decision and it's broader than just my brief today, but airports are a huge part of our transportation infrastructure, and the more we focus on making that work for the country, the more effective we'll be in driving trade, tourism, and quite frankly, more government revenue in from a tax standpoint.

Mr. Pierre-Luc Dusseault: Mr. Morrison, just quickly, in your brief, there was a part about Netflix, and I was wondering what you think about the growing amount of foreign content that we see in our market, and the competitiveness of our own content. The things we produce here in Canada, are they competitive with the things that are produced abroad, and what can we do as a government to make sure our own content is more accessible and fairly priced?

Mr. Ian Morrison: I think we're starting from a base of strength. The access to strong Canadian content has been a priority of successive governments for a long time. In the anglophone part of the country where the competition from American programming is more severe and intense, I think one of the key things, from your point of view as a member of the finance committee, is the level playing field. The people who are delivering programming into Canadian households should be making contributions toward the Canadian broadcasting system.

You may know that for over-the-air broadcasters, something like 30% of their program expenditures are in Canadian content. For distributors, it's down around 5%. You mentioned Netflix. Not to single it out, but at the moment, Netflix is taking advantage of federal law and regulations in order to not collect sales tax that Canadians would otherwise pay. We just saw the Rogers organization withdraw from that market in competition with Netflix. In this city Rogers had to charge 13% HST, and my neighbour would have paid nothing in taxes for Netflix. So there's a role for government in ensuring that all the players are making some type of contribution to the system, and some of the details to that effect are in the longer brief that we submitted in August.

The Chair: Thank you both.

Mr. Sorbara.

● (1405)

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

Thank you for everyone's presentation today. They're all quite insightful—not that one of them would ever not be insightful, but they are actually quite insightful. Thank you.

I'm going to make some comments to two or three of you, because I don't have enough time to ask questions to everyone.

Mr. Johnson, I would like to follow up with you on your presentation and recommendations on the charitable programs and the differences between the budgets in the days ahead.

Let me start with Mark over at the Canadian Vehicle Manufacturers' Association. I have the background, having covered the sector for many years. I am rather concerned that vehicle sales may start levelling off in the years ahead and may taper off in the months ahead. I want to see how we are positioned vis-à-vis our jurisdictions especially in the rust belt states—but really, they've rejuvenated themselves—versus down in the southern United States. Could you comment on that?

Mr. Mark Nantais: From a sales perspective the picture is a little different from a production standpoint. I'm not sure whether you mean sales or production.

Mr. Francesco Sorbara: I mean sales.

Mr. Mark Nantais: For sales, we've come off 2008 and 2009, which is probably one of the darkest periods ever in the history of the automobile industry. That was one of the all-time lows; the market dropped off precipitously, literally overnight. Since then, year over year we've experienced continued growth, to the point that the last two years have been record years.

But we are cyclical. Some of the pent-up demand that was definitely there in 2008 and 2009 and in the years thereafter, because it was so large, has been satisfied to some degree. I think the industry is preparing for a softening of the market as we go forward. Some of that is part of the normal cycle, but it is softening.

I think we're still going to be fairly strong, certainly coming out of this year, although it may not be as good as last year, but I think various forecasters are all looking for a softening of the market as we go forward.

Mr. Francesco Sorbara: How important is it to the industry—your first recommendation—to move the AIF to a grant, a non-repayable structure? Would you comment on that, please?

Mr. Mark Nantais: We see this as being absolutely critical. Right now, if you apply and you're successful, the money you get is taxed in the first year you get it. In other words, you don't receive the full benefit of that incentive, and that in fact is the issue here. Other jurisdictions that put together packages to get the auto industry into their economy are essentially putting everything into the tool kit, everything from non-taxable payable loans or grants through to tax-free holidays, to free land—a combination of all those things.

I don't think we can compete directly with some of those packages, but we can certainly close the gap, and that's one way to do it.

Mr. Francesco Sorbara: I think with our skilled labour force and opportunities on that front we should have no problem.

● (1410)

Mr. Mark Nantais: I will say this. When you talk about what people say is incentives, one of the largest suppliers has done some analytical work on this point. When we talk about incentives, people are somewhat auto-fatigued, but it's an investment. It has a return on investment. The government gets back its revenues in three years. No other sector has an ROI like that. They more than double it in eight years, in terms of tax revenues.

Mr. Francesco Sorbara: I want to follow up and ask some others some questions, and so I'm keeping track of time.

Scott, I'll go over to you and the GTAA. The story is such a compelling one: the second largest employment area in Canada, if I'm not mistaken; growth of 2.5 million to 3 million passengers every year. Pearson Airport this year is on track to pay $150 million in ground lease payments, which is given back to the federal government, to my understanding.

CATSA, in my humble view, needs to be better funded. The CATSA plus system.... I would say, having travelled in Europe this summer and seen some of the technologies in place there and the little monitors that tell you you're going to go through the Rome airport in less than seven or eight minutes, that these are things we need to strive for.

The 95% in 10 minutes I don't think is just a goal. It's something that needs to be measured, and there needs to be a time frame. But I really want you to emphasize how important it is that we're able to move goods, services, and people through that airport as quickly as possible.

Mr. Scott Collier: First of all, thank you for your support. At the risk of pandering, I agree wholeheartedly with your summary.

We have an opportunity, we think, in a relatively small country of 36 million to 37 million people, where we have the second-largest international airport in North America. We have an opportunity to compete with the world's best. If we do it the smart way—and Canadians are pretty smart and pretty nimble—we can catch JFK in New York in five or six years.

Just imagine the revenue, the well-paid jobs, and the opportunities that would create, not only for the Toronto and southern Ontario region. Imagine what that can mean for our carriers across the country. In the next three or four years, 100 million incremental passengers will be travelling from China. They're going to decide whether to come into Canada and connect through Canada to points all across the world, or to go through JFK, Miami, and other U.S. airports. That decision will be based on flow and connectivity, on how quickly can they get through.

We have to decide if we're prepared to compete on that level. I think we will. We can beat them at their own game. We've demonstrated that over the last five or six years. The relationships with the agencies, the airport operator, and government have never been better, so let's seize upon that and make it work for us.

Mr. Francesco Sorbara: Thank you, Scott.

I have one more minute.

The Chair: Speaking of flow, we need to flow to this side.

Take one more minute, Francesco.

Mr. Francesco Sorbara: Thank you, Chair.

Mr. Watt, I'll make it quick. I'm looking at StatsCan's web page. We focus on this measure of debt to disposable income—169%—with household sector debt to GDP over 100% for the first time, but we don't look at net worth, percentage of disposal income, and financial assets, all those measures on the other side of the balance sheet.

A number of your colleagues came to Ottawa and gave each of our caucuses a brief, and some have disagreed with looking at this one ratio. As a fellow economist, who's right, who's wrong, or are we all right and all wrong?

Mr. David Watt: It depends on what you're looking at.

I look at the debt situation from this perspective. We run a large current account deficit. What we do is that we have to provide funds, and we borrow funds within the economy, so it's not the asset side; it's the funds themselves and the investment flows.

Households don't really save. Corporations are no longer saving because the corporate profit backdrop is back. Governments are not saving because we're running deficits. We're borrowing a lot of money from international investors. When I think about the household debt situation, I'm saying, who is going to be providing those funds?

When I say the household sector is vulnerable, what I'm saying is that the household sector should now step up and start providing those funds. It still has the asset base in the backdrop, but it's the flow of funds on a quarterly basis, who provides them, and who borrows them. We now need to get another domestic source, and I think that has to be the households.

The Chair: Thanks to both of you.

We have a number of people at the back of the room waiting for the open-mike section. We will start that probably five minutes late, at 2:35.

Mr. Albas.

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

I appreciate all the presentations today.

Due to time restrictions, I won't be able to ask a question of everyone who deserves one, but first I have a quick comment for you, Mr. Johnson. I too believe, like Mr. MacKinnon.... We're almost pen pals. It's very one-sided. I get more letters from you than I give back to you, but I do recognize your suggestion about the inequity between an IPO where an entrepreneur donates to charity, versus a private equity sale.

The challenge I have, though, is that obviously an IPO involves an efficient market. There are many buyers and many sellers, and they more accurately prescribe what the market is willing to bear for that stock. A private equity sale is much more inefficient, and everyone thinks they're getting a better deal. Perhaps when you're talking to Mr. Sorbara, we could talk about that further. To me it's an intriguing one, but that's not going to be the hard part.

I would like, though, to focus more on the economy side, so I'm going to start with Mr. Speer and Mr. Watt.

We've heard from the Chambre de commerce du Montréal métropolitain that this next budget will be a credibility budget for the government and that they have to show a credible return to balance to do so. First, I would ask the two of you, would you agree with those sentiments? Second, what is a reasonable time frame in which to establish credibility? We've seen many provincial finance ministers having to break their word and actually push it back because of deteriorating conditions.

Mr. Speer, maybe you could go first.

Mr. Sean Speer: Thank you.

I think that's right.

Mr. Morneau's mandate letter talked about a fiscal anchor, and of course we now have a fiscal position that lacks the fiscal anchor.

I think a preoccupation on timelines is probably unnecessary, but a clear path forward, I think, is required. That's why there's a tendency to see balanced budget legislation as a straitjacket, and it need not be. In fact, it ought to be seen as a useful guide, as a help. Countries such as Australia have used explicit fiscal rules to help signal to the market, to government departments, and to stakeholders the government's fiscal trajectory. I think it would be of use not just to the government but to this committee for this budget to set out a clear path to close the gap between revenues and outlays.

● (1415)

Mr. Dan Albas: Mr. Watt.

Mr. David Watt: I agree that we need to have some clarity. The time frame that has been put out I think does make sense. I don't necessarily know if they will be successful in achieving it, but at the same time, as a firm, we have been out there saying that, given the slow growth backdrop, countries that have the room to provide stimulus should.

I think that if we're going to bring in a long-term commitment to when we will return to balance, it should be within the context that we are going to do what's necessary to get the Canadian economy off the mat and provide our commitment. We've started that. I think we should be prepared to provide more.

But it's more than just, say, the federal government and the fiscal program it brings in; it's also what sectors it is going to crowd and how it's going to do it. I think it's more credible if you bring out a program that can credibly crowd in other sectors of the economy, and right now I think it's business investment by drawing in foreign direct investment, because we're not going to be able to provide it domestically with the challenges of the non-financial sector.

As I say, we can't necessarily overlook.... By remaining focused—I'm saying credible for a long-term fiscal commitment—we can't overlook the need to provide stimulus in the short term as the Canadian economy goes through some I think pretty challenging adjustments.

Mr. Dan Albas: On the need for spending in areas such as infrastructure, David Dodge, the former governor of the Bank of Canada, has said that there should be an articulation of or a differentiation between what is productive infrastructure and what is not. I feel that sometimes we call everything infrastructure. There are things that over the long term will make us more efficient, and there are things that will open new markets. In terms of those kinds of productive things that make us wealthier over the long haul and allow new opportunities, is that where the focus should be? Or should it be on quality of life, on infrastructure and recreational infrastructure that is more common and that people see in their municipalities more often?

Mr. David Watt: At this point in time, I think that rather than doing the division you have, we have to think about replacement of infrastructure versus trade enhancement infrastructure. I think we need to get Canada a better place to take advantage of export opportunities, so certainly a focus on transportation infrastructure should be a key point of the infrastructure side as well.

Mr. Dan Albas: Mr. Speer.

Mr. Sean Speer: I would agree with what my colleague says, but I'd also say that about a third of new incremental spending set out in last year's budget was dedicated to infrastructure—however one defines it—and that means the other two-thirds were non-infrastructure related. I don't think there is anyone who would argue that deficits for the sake of deficits are a stimulus. I think your implicit point that we need to think about the composition of stimulus, if that's indeed where we're going, needs to be a major part of the discussion.

Where I think I would respectfully disagree with my colleague is that I really do think we need to have a debate—and this committee is the right place to have it—about when and why as a country we'll run deficits as a purposeful policy. Under what circumstances should we be returning to balance? Under what circumstances are short-term deficits justified? I think that debate has largely been supplanted by this debate on what we should be spending on, instead of why or when.

Mr. Dan Albas: I have just a quick comment, Mr. Chair.

I want to thank Mr. Rodgers for his presentation today. I know that Habitat for Humanity for Central Okanagan has done some of the most entrepreneurial work in forming a ReStore operation that funds and partners. As partners, they come to the table with money and ask government to work with them on what their priorities are. They've already chosen the people and the places, and they just need the help.

I really appreciated your presentation today.

● (1420)

The Chair: Thank you, both.

Mr. Grewal, go ahead.

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

Thank you to the witnesses for coming today. All the presentations were very insightful. My apologies, I won't be able to ask all of you questions because the chair keeps a very tight leash.

My first question is for Scott.

Pearson is something that we can all be proud of in Canada, across the board. Since I've been travelling over the last year in my current role, it has been a phenomenal experience every time. I read an article this morning in the *Toronto Star*. You guys actually re-tweeted or used the Prime Minister's principal secretary's tweet on Thanksgiving, which said that half of the lines in security were closed. He hashtagged “fail”, and then you guys responded to him saying, “Maybe you should give us some more money”. I thought that was pretty clever.

It said $60 million would get us in line with international standards. Is that the number we are working with?

Mr. Scott Collier: It depends on how they are going to execute their criteria.

What we specifically asked for today.... We believe a minimum of $20 million puts us well on our way towards driving the productivity we need to be a global competitive hub. There are also requirements for capital. That $60-million number was about something that one of the other gentlemen talked about—CATSA plus, investing in new technology, the European and Asian-style lines that we saw in Rome. That would reflect the numbers they need across the Toronto airport over the next couple of years to create that dynamism of increased head count and officer count, coupled with new technology to achieve the numbers we desire.

Mr. Raj Grewal: I don't disagree with it. CATSA plus seems like the way of the future.

The question comes down to this. For the $20-million investment by the federal government, what is the economic impact that we'll see? Is there a study done on how the economy will become more efficient or how the economy locally will benefit from something like this?

Mr. Scott Collier: That's a good question. Here is the way I would answer it. The multiplier effect that the airport generates every single day through driving flow is extraordinary. You think about the $36-billion contribution we deliver today. It's going to effectively double in the next 18 years. If we continue to add three million to five million passengers a year, the numbers are in the billions for growth. We have to decide whether we are going to stop it or not. I will tell you that, within Pearson specifically, for each major screening point—we have six—the opportunity cost of one minute of wait time is $2 million in sales that passengers would spend in the airport. That's foregone, and we've proven that number. Think about it. Within retail alone, it's multi-millions every single year.

Mr. Raj Grewal: Switching gears, I would also highly advocate for infrastructure around the airport for the 49,000 people who work there, because it's an absolute nightmare trying to get to Pearson up Airport Road, for sure. I will definitely make that recommendation.

Mr. Speer, in your testimony, you made it clear that you want a path towards a balanced budget, so let's put that aside for a second. Do you ever see a need for the government to go into deficit in order to stimulate the economy?

Mr. Sean Speer: It's a great question. The short answer is yes.

I think few would argue that the 2008-09 circumstances justified, if not a stimulus, at minimum not cutting spending to try to balance the budget in the context of dramatically declining revenues. The real question is, under what circumstances should we be in deficit? Is 1% growth or 1.5% growth a reason to adopt fiscal stimulus? Is 0.5% contraction in the economy a circumstance to justify—

Mr. Raj Grewal: It's a stagnant 1% growth to 2% growth over the last 10 years.

You also mentioned that the argument on when we should go into deficit spending should be at this committee. With all due respect, it happened in the last election. The current government party and the party opposite made the case for investing in infrastructure to grow the economy and going into deficit. That choice was made to the Canadian people. I think that's where that discussion should happen.

Mr. Sean Speer: I'm sorry if I have left the impression that I am quarrelling with the government's having a political mandate to run deficits. I don't quarrel with that.

Mr. Raj Grewal: No. Absolutely not.

Mr. Sean Speer: My point is that there is now some onus on the government to send a signal to Canadians and the market about its long-term fiscal plan. That's all I'm saying.

More important, the more useful thing would be to have a serious policy discussion—as I said, I think this committee is well placed to contribute to that discussion—about the circumstances under which it should be the deliberate policy of the Government of Canada and other governments to adopt extraordinary fiscal stimulus measures. That's all I'm saying.

● (1425)

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

Mr. Watt, you've also advocated stimulus, and even in the current government fiscal framework, you're still advocating stimulus. What do you think would be the most prudent stimulus that the Government of Canada could use in budget 2017?

Mr. David Watt: Right now, I think we have several aspects to it.

To go to Sean's point, I'd say the starting point is, why would we run a deficit? I think we need a long-term goal. What's our strategy? What do we want to see the economy being in 10 to 15 years from now? I have a particular view on that. I'm thinking about how we're going to benefit our export sector, how we're going to ease transportation across Canada to make Canada a hub, not just for exports in general but a global trade hub. That involves a lot of infrastructure, trade infrastructure, in order to ease the movement of goods and people across Canada. That is one aspect of it.

The other aspect is, how are we going to make Canada a draw for foreign direct investment? That's when I get to the small business tax credit. To try to make Canada a hub for foreign investment to come into Canada, reform the small business corporate tax backdrop to encourage growth.

We also have immigration aspects, which have been talked about elsewhere.

When we're doing stimulus we have to have that idea: what is our goal, where are we going forward, what do we ultimately want to see, and what are the benchmarks we're going to use for success? I think there was room to do more stimulus in the last budget, with the proviso that we had a long-term goal. What is it we want to see for the economy 10 to 15 years down the road? As opposed to being an energy superpower, do we want to be an innovation superpower? How are we going to do that? We use the leverage of the government in an environment of low interest rates...people willing to invest in Canada. We have this generally sluggish growth backdrop, which seems to suggest that if somebody can step up to provide growth opportunities, they should. In Canada, I see that being the federal government.

That provides the structure that suggests why we should run government and what we should aim for.

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

Am I hearing, Mr. Speer and Mr. Watt, that basically you're saying the government needs to lay out a plan on how the government would get back to balance? Regardless of the time frame, that plan needs to be laid out. Is that what I heard you saying? We've heard it from others as well.

Mr. Sean Speer: Yes, sir, and I'd go so far as to say that I would attach to that some type of regime that allows for this committee and parliamentarians more generally to hold the government accountable to that plan.

The Chair: With that, we'll have to end it there. I thank each of you for your presentations. I'm sure some of the committee members might want to talk to you for a minute following.

For the committee's benefit, just so they know where we're at next week in case you have to do some planning, on Monday, starting at 3:30 we'll hear from the Governor of the Bank of Canada and the parliamentary budget officer. On Tuesday, Wednesday, and Thursday, we have two panels of eight each day, for each of those three days. On Thursday, we will hear from Dominic Barton, and the BDC, and EDC. Next week should be a fairly busy week.

With that, we will suspend for 10 minutes. I know people are waiting for the open-mike session. We will reconvene in 10.

● (1425)

(Pause)

● (1435)

The Chair: We will reconvene for the open-mike session.

I'll explain how this session works. We will give you two minutes at the open mike. Your information will go on the record. There will be no questions from the members, but this does give individuals the opportunity to make a point in terms of where they believe the government should be going in terms of the budget.

Mr. Hershaw, you have the floor, for two minutes, please.

● (1440)

Mr. James Hershaw (As an Individual): Thanks for the opportunity to speak before the finance committee.

My name is James Hershaw, and I'm the managing director of WATT Capital.

I'm here today to highlight the merits of a proposed 10% equity crowdfunding tax credit. This proposal has been posted on the finance committee website for public review, and you also have a copy of today's comments for the record. The tax credit would be available to all Canadians who invest in new equity issues of public and private companies with a market value of $50 million or less.

In 2005, the federal government eliminated the foreign property rule that caps foreign investment in Canadian pension plans at 30%. The rationale for this major policy change was to allow greater investment diversification. The tax-free status of pension plans and RRSPs cost an estimated $41 billion in annual 2016 expenditures. From 2004 to 2015, the Ontario Teachers' Pension Plan reduced Canadian equity holdings from 20.6% to 2.1% of net investments.

The primary beneficiaries of this major asset reallocation were foreign companies and select Canadian real estate companies. A recent Boston Consulting Group study showed that an estimated $100 billion in Canadian equities is now held by the top 10 Canadian pension plans. This is down from an estimated $200 billion to $300 billion in Canadian equities—if the foreign property rule had not been eliminated.

For all pensions and RRSPs, Canadian equity holdings may be down by an estimated $600 billion to $700 billion. This policy change has caused a major reduction in new equity funding for smaller Canadian companies. We need to create some type of fiscal incentive to offset the negative impact of a major funds outflow from Canadian equities.

I know from personal experience that there's been a substantial reduction in the number of Canadian small cap investment funds and related research and dealer infrastructure. This is negative for the Canadian economy and for capital markets. We need to re-engage all Canadian investors, large and small, to have them realize that new equity funding for smaller Canadian companies will create economic growth, innovation, and jobs throughout Canada.

The equity crowdfunding tax credit is a modest fiscal incentive for all Canadians to invest in local companies. New technologies, such as crowdfunding platforms, can make these investments accessible to all investors. The top Canadian pension funds manage a substantial portion of Canada's net wealth. The proposal would be an incentive for the large pension funds to hire small cap expertise and participate as lead investors in small cap equity funding.

I urge the committee to consider the merits of the equity crowdfunding tax credit. You have the proposals on the website. I also ask the committee to request that the finance department review the impacts of the elimination of the foreign property rule on Canadian capital markets infrastructure, with an emphasis on the negative effects of the substantial reduction in equity funding for small cap Canadian funds in all sectors of the economy.

I would be pleased to provide the federal government with additional information and research from the small cap entrepreneurs, shareholders, and stakeholders that are important innovation engines for all parts of Canada.

I should mention, just off the record, that this is a bit of a new proposal. I've started some discussions with the TMX Group—obviously, you know the Toronto Stock Exchange, and I've been speaking to people there—as well as the National Crowdfunding Association, because I've been involved in a few projects with those groups.

This is a simple concept. I've been involved in flow-through shares. I've been involved in the buy side and sell side. This would be a simple way to issue a simple tax credit to investors in Canadian companies.

Thank you very much.

The Chair: Thank you, Mr. Hershaw.

Mr. Masters, please.

Mr. David Masters (As an Individual): Good afternoon, committee members. Thank you for hearing me this afternoon.

As treasurer of the not-for-profit group, Land Over Landings, I'm requesting financial support for our agricultural economic study of the remaining Pickering federal lands northeast of Toronto. Our study is expected to cost between $75,000 and $100,000. Over half of this publicly owned site is now protected within the Rouge National Urban Park, but the rest—more than 9,000 acres of mostly farm land—still risks development. Our study aims to show the full economic potential of the site, if reserved for agriculture, agribusiness, and research and innovation into farming matters.

Agriculture researchers and farmers desperately need land on which to study climate change mitigation and adaptation. The study will also analyze the potential economic impact of tourism that could be generated on the land with a large national urban park right beside it. Our study supports a transformative vision for the federal lands, one that would offer many varied, long-term employment opportunities and trigger the economic and social rebirth of a long-depressed area. We believe that we can create jobs immediately.

Thank you very much.

● (1445)

The Chair: Thank you very much, David.

On the mike, Peter Venton.

The floor is yours.

Mr. Peter Venton (As an Individual): Thank you, Mr. Chairman, for the invitation to speak to this very important House of Commons finance committee.

It's important to give my bias as a former senior economist in the provincial treasury for a number of years, from which I've now retired.

We have an anemic economy because of the relatively slow growth of labour income in the economy for the last several decades —some would say stagnant growth. This has reduced the current aggregate consumption in the economy, and one result is that business is not investing as much as it otherwise would. These circumstances are likely to prevail, in my view, for at least the next four or five years. Other advanced economies are in a similar situation.

In this context, I think the government should double its planned annual expenditures on infrastructure over the next few years. The increase should be financed by increased taxes that will make the tax system fairer.

The brief of Canadians for Tax Fairness to this committee in August outlined three important areas for raising taxes, with an estimated total annual additional income of $20 billion. These include, for example—and these are just examples—limiting the capital gains tax deduction on the sale of investments or on other assets, so that income from capital investments is taxed at the same rate as employment income. That estimates at $10 billion a year. Secondly, stop corporate offshore tax dodging, for example, by applying a 1% withholding tax on Canadian assets held in tax havens. The estimate for that is $2 billion a year. Finally, eliminate stock option deductions that allow corporate executives to pay tax on stock option income at half the statutory rate of employment income.

I think the timing of these tax changes would obviously be different than the timing of infrastructure spending, which I think should be immediate. However, over the intermediate term, the two should balance out.

Thank you.

The Chair: Thank you very much, Mr. Venton, and thank you for your years of work in the public service.

Mr. Cheung, you're on the mike.

Mr. Brian Cheung (As an Individual): Thank you very much, Mr. Chair.

Members of the committee.

[*Translation*]

I want to welcome you to Toronto for this final public consultation.

[*English*]

My name is Brian Cheung, and I am here on behalf of Engineers Without Borders, *Ingénieurs sans frontières*, along with two other members, Imad and Hailey, who will be speaking later.

As Mr. Easter mentioned during the break, I'm sure you haven't heard from us at all during this process.

We have made a submission to the committee. I believe you've heard statements from other EWB members in seven of your previous eight stops—we regret not hitting Charlottetown—so you've heard our message by now. We are asking you to raise the amount of the international assistance envelope by 10% per year over 10 years, approach the 0.7% of GNI target that has been suggested for several years by both the OAC and UN.

Canada is a global country, from our people, to our economy, to our interests. If the standard of living across the world increases, thus do our fortunes. The vastest sources of growth are and will be the global south, and that's best served by a stable foundation of education, health, laws, and economic mobility.

I'm also going to echo the previous speaker in terms of cracking down on tax havens, because that certainly is an outflow that is unfortunate, both for us as well as for developed countries.

I believe that Canada certainly has an ability to contribute knowledge and experience and resources in these interests, these fields, these sectors.

● (1450)

[*Translation*]

According the words of our Prime Minister, Mr. Trudeau, we are Canadian and we are here to offer our help. The words sound good, but are we offering anything besides words?

Thank you.

[*English*]

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

Go ahead, Imad.

Mr. Imad Abdulkadir (As an Individual): Good afternoon. My name is Imad Abdulkadir, and I am a second-year engineering student at the University of Toronto. I am also an active member of the Engineers Without Borders Canada chapter at my university.

I am very proud of the direction in which the Liberal government has gone thus far. I was thrilled to hear our Prime Minister tell the world “We're Canadian and we're here to help” during the United Nations General Assembly. I believe his words are being manifested through our commitments to the sustainable development goal agenda and through various organizations like the Global Fund.

I am speaking with you today, however, because I am concerned that our international assistance envelope funding levels are the lowest of any modern Canadian Prime Minister, and are lagging behind in comparison with our G7 counterparts, hindering our ability to implement the 2030 agenda for sustainable development.

As a Canadian of Ethiopian origin, the topic of foreign aid is for me personal. Having witnessed first-hand the disparity of wealth and opportunity that sets Ethiopia and many nations apart from the world we are privileged to enjoy here in Canada, it pains me to know that we aren't doing everything we can to help those less privileged than us.

In budget 2017 I'd like to ask that Canada commit to predictable increases to the international assistance envelope of 10% annually to the end of the 42nd Parliament in order to aid implementation of the 2030 sustainable development agenda; and that Canada aim to meet the UN and OECD funding target of 0.7% of gross national income by 2030. Making a strong ODA commitment aligns with the ministerial mandate and is a decisive stepping stone towards early progress in the sustainable development goals.

Thank you.

The Chair: Thank you.

Hailey, you're on.

Mr. Hailey Froese (As an Individual): Good afternoon. Thank you very much for the opportunity to be here today.

My name is Hailey Froese, and I am here today representing Engineers Without Borders Canada. EWB is an NGO that invests in people and ventures to create a thriving and sustainable world and address the root causes of poverty and inequality. We have a community of 40 university and professional chapters, and 2,500 active members.

I am 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 people, particularly women and girls. Canada has already taken steps to actively re-engage on the world stage. These announcements are welcome. However, Canada's recent levels of development lag in comparison with our G7 counterparts and impair our ability to implement the 2030 agenda for sustainable development, also known as the SDGs.

The Chair: Hailey, perhaps you could slow down a little bit. We'll give you the time. They're having trouble in the interpretation booth.

Mr. Hailey Froese: Cool. Got it.

In budget 2017, I'd like to ask that Canada commit to predictable increases of the international assistance envelope of 10% annually to the end of the 42nd Parliament, with a publicly available timeline to double the envelope by 2023 to ensure that Canada can deliver on implementation of the 2030 sustainable development agenda. Furthermore, I urge that Canada aim to meet the United Nations funding target of 0.7% of GNI around 2030. Making a strong ODA commitment aligns with the ministerial mandate, and is a decisive stepping stone towards early progress on the SDGs.

This matters to me personally. I find it unacceptable that many of the young women I met while working in rural Uganda do not have the same access to opportunity that I do because I am Canadian. I believe Canada can play a leading role in reducing global inequality like this.

Thank you very much for your time. *Merci beaucoup*.

The Chair: Thank you very much.

Congratulations to Engineers Without Borders for their organization.

Ms. Girdler from Oxfam Canada, go ahead.

Ms. Hannah Girdler (As an Individual): Hello. My name is Hannah Girdler. I'm pleased to be here today to share my thoughts on what should be included in Canada's next federal budget. Thank you for this opportunity.

I am an active volunteer with Oxfam Canada, as well as a student at the University of Toronto. Oxfam is an international development, humanitarian, and anti-poverty organization that works around the world. As volunteers, we fundraise to support people living in poverty, and we do advocacy campaigns to address the root causes of poverty. I support Oxfam because it puts women's rights at the centre of its work.

On Monday, Oxfam launched a new campaign called Short-changed. The campaign is focused on finding solutions to growing economic inequality, looking particularly at how to make work paid, equal, and valued for women. With a feminist prime minister and a government committed to inclusive growth, Canada has the potential to address both gender inequality and economic inequality. But to really accomplish this, our next budget must address the unequal economics of women's work.

Already, some governments are taking positive steps to do this. For example, after a lot of advocacy by Oxfam and our local partners, the Government of Malawi has raised the minimum wage, making a real difference in the lives of women there. Sweden's Equal Opportunities Act is another great example of how to address pay gap disparities between men and women. These examples show what governments can do to close the gaps between women and men in earnings and in opportunities.

Based on Oxfam's research, I believe that the government should make the following changes in budget 2017.

First, they should reinvest $862 million in Canada's international aid budget in 2017. An increase in the aid budget would strengthen Canada's leadership on the global stage. Twenty per cent of all new aid investments should be specifically allocated to programs that advance women's rights and gender inequality, particularly programs specifically focused on that.

Second, they should enact legislation for a federal minimum wage of $15 an hour, and work with the provinces to move towards living wages for all workers across Canada.

Third, they should follow through on the commitment to introduce proactive pay equity legislation, with particular attention to the greater pay equity gap for racialized aboriginal and immigrant women.

Fourth, they should sign and ratify the ILO Convention No. 189, Domestic Workers Convention, 2011, and expand the scope of legislation, policy, and programs that allow domestic workers to enjoy equal rights.

Finally, they should take greater steps to hold Canadian companies accountable for meeting labour standards when operating abroad, and provide support for developing countries to regulate similar labour practices.

As a global citizen speaking in a city as diverse as Toronto, I hope the committee recognizes how universal the struggle for women's economic activities is. We have the power to make changes for women here at home and for women around the world. With your help, I know that we can make the changes, starting with budget 2017.

Thank you, again.

● (1455)

The Chair: Thank you very much, Hannah.

Mr. Manuel, the floor is yours. You're the wrap-up speaker.

Mr. Justin Manuel (As an Individual): Excellent. I'm very flattered by that.

Good afternoon, honourable committee members and enthused public servants.

My name is Justin Manuel. I figured I'd try to crack one joke. As a former political staffer, I definitely relate to how exciting some of these meetings can be.

Today I'm here on behalf of Parkinson Canada. I'll just briefly go over what Parkinson's is and some of the budget priorities that we have for this year that we'd like to see in next year's budget.

As I'm sure some of you know, Parkinson's disease is a neurodegenerative disease of the brain that impacts almost every aspect of daily living, including movement, mood, speech, ability to smell, eating, drinking, and sleeping, and it can cause other cognitive changes. There is currently no known cure for Parkinson's disease.

Parkinson Canada recommends that the Government of Canada immediately commit to developing a Canadian action plan for brain health, with the primary aim of improving the life experience, productivity, and prosperity of over 100,000 Canadians living with Parkinson's and over four million Canadians living with a brain condition, as well as their families.

For planning purposes, Parkinson Canada has estimated core costs of a Canadian action plan for brain health over three years, from April 2017 to March 2020, by areas of expenditure.

The first one is to establish both a Canadian brain council and brain summits. The brain council, once established, would develop the Canadian action plan for brain health, including, in year one, developing a national dementia strategy. The council would also convene a brain summit in 2017, and a second summit in late 2019 or early 2020, to obtain input from the widest range of stakeholders possible. We estimate that the cost associated with this would be about $3.5 million over three years.

The second one is to engage in more epidemiological research and data collection. The Canadian brain council would review the findings about research gaps and data needs from “Mapping Connections” and other sources, and recommend, if the evidence supports it, expanded data collection, the creation of a new Canadian data collection survey for brain conditions, and funding needs for targeted research on risk factors for brain conditions. The expenditure for this would likely occur in years two and three, and the estimated cost associated with this is $22 million over three years.

The last one is to engage in investigator-driven basic research through organizations such as CIHR. Far too little is known about the causes, prevention, and treatment of most brain conditions, such as Parkinson's. Thanks to research, innovative therapies are available for some brain conditions. Unfortunately, many others remain untreatable.

Canada needs to invest more in basic brain research. Parkinson Canada believes that this is best done by increased annual funding to investigator-driven brain research through CIHR at a rate of $150 million per year.

That's everything.

● (1500)

The Chair: Thank you very much, Justin.

With that, we shall adjourn until Monday.

I thank all the people who presented at the open mike. Your points will go on the record, and we will look at them. Thank you very much.

The meeting is adjourned.