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• (1105)

[English]

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

We're here to further our study of the pre-budget consultations for 2020. It will be an intense week of hearing witnesses.

I want to welcome the witnesses who are here. Thank you for coming on very short notice. I also want to thank all those who made submissions prior to the mid-August deadline for the pre-budget consultations. Those submissions will also be considered as part of the pre-budget consultations.

Before I start with the Canadian Association of Fire Chiefs, I believe Mr. Julian has a point he wants to raise.

The floor is yours, Peter.

Mr. Peter Julian (New Westminster—Burnaby, NDP): Thank you very much, Mr. Chair.

As you pointed out, we have witnesses coming here on short notice to provide very important testimony to us for the pre-budget study.

Last night at the end of the session there was an unfortunate comment by a member of this committee, which I thought was insulting to one of the witnesses. I just want to remind all members of the committee, through you, Mr. Chair, that the committee should be respectful to all witnesses at all times.

The Chair: Okay, point noted. The two who had the little bit of an intense discussion at the table had a wonderful discussion out in the corridor afterwards, so I think all was well at the end of the day, but your point is noted and valid.

I'll start with the Canadian Association of Fire Chiefs, Mr. Perron, board member; and Tina Saryeddine.

Whoever is up, go ahead.

Mr. Daniel Perron (Board Member, Canadian Association of Fire Chiefs): Thank you, Mr. Chair and members of the finance committee.

My name is Daniel Perron. I am a member of the board of the Canadian Association of Fire Chiefs, division fire prevention chief for the regional municipality of Marguerite-D'Youville and retired chief of the Ville de Sainte-Julie in the suburbs of Montreal. I am joined here today by Dr. Tina Saryeddine, the CAFC's executive director.

My colleagues and I appreciate this opportunity.

In our August pre-budget brief, we offered four recommendations. I will touch on each of these, but first let me tell you about the people and organizations that make up the CAFC.

There are about 3,500 fire departments in our country—metro, large, small, medium, urban and rural, career and volunteer—and within them are about 155,000 firefighters. About 85% of both departments and firefighters are volunteer or paid on call.

When we talk about fire departments, flames might come to mind, but fire departments are “all-hazard”. Many have responsibility accorded from their municipality for emergency management, whether it's by formal mandate or informally, because of the expertise held within the fire department.

About 20% to 30% of a typical fire department's caseload is fire suppression, 30% to 50% is emergency medical response and 20% to 30% is all-hazard response. Why is this?

With roots in fire suppression, we've worked as a country to reduce the number of fires through public education and prevention. The skills needed for fire suppression and the culture of training within fire departments are transferable to all hazards, and the numbers and complexity of and demand for all-hazard responses are increasing. Remember, an effective response to fire, flood, dangerous goods or other adverse events mitigates further environmental and economic damages.

I recall my own department's experience during the 1988 Saguenay earthquake, the largest earthquake registered in Canada. It registered 6.0 on the Richter scale, the largest earthquake in Canada in the last 50 years.

Here is where I'd like to illustrate one of our asks. Today, the country's heavy urban search and rescue teams would most likely be called upon to assist in earthquakes. They are a source of national pride, consisting of multiple professions from fire to police, search and rescue, paramedics and medicine, nursing, IT and others, able to operate 10 days autonomously off the grid.

Four of Canada's six HUSAR teams are housed in fire departments. The federal and provincial governments provide significant funding to them. However, unlike in the United States, where all HUSAR teams are coordinated through the federal emergency management administration, FEMA, our coordination nationally still has gaps.

While Canada has agreements and has experts who, as one HUSAR leader said, operate easily on a "call us and we'll come" basis, we have no centralized emergency management agency to coordinate at the interfaces between policy and operations and between different levels of government, the fire departments and the public.

Our model, which consists of various acts, agreements and experts, has many virtues. It ensures that those closest to the emergency are responding unencumbered. However, consider FEMA's stated mission of helping people before, during and after disasters, making the linkage between mitigation, response and future planning.

The U.S. Fire Administration, under FEMA, also performs five functions: public safety information, including official messaging to the media; data; operations support; research; and, grant administration. These are intimately coordinated with the fire departments.

We need all of these in Canada. Through various initiatives at all levels of government, we have them. However, we don't yet have a whole-of-government approach. It could begin with a small investment. Consider that more than 14 federal departments have policy functions relevant to fire departments and are doing commendable work.

- (1110)

A national fire adviser secretariat linking all fire departments, the municipalities, and different levels and parts of government would further improve mitigation, response and resilience.

CAFC members can assist in scoping this out with a large cross-section of the country's fire chiefs and all of the provincial, territorial and national affiliate fire organizations at its national advisory council. Aside from this, we are also asking the federal government to consider a modified and improved form of the joint emergency preparedness program that was intended to provide aid to emergency response capacity in small and rural departments. The program had difficulties because of its execution, which can be improved. Remember, micro investments matter.

In addition, as a nation interested in innovation, we need to ensure capacity for emergency response involving innovations. Examples are electric cars and tall wood buildings. This is why we ask for a fire-driven research and innovation fund. It would allow us to match innovations with training on the emergency response side. It would also allow us to call the research priorities that will bring the evidence to bear on our experiential knowledge. Remember, federally funded research is driven mainly by researchers. Finally, we commend you and ask you to continue your regular efforts on mental health for first responders.

Thank you for hearing us today, and we look forward to your questions.

The Chair: Thank you very much, Chief Perron.

With the Chartered Professional Accountants of Canada, we have Mr. Ball, vice-president, taxation; and Ms. McGuire, director, external reporting and capital markets.

Welcome.

Mr. Bruce Ball (Vice-President, Taxation, Chartered Professional Accountants of Canada): Thank you and good morning. I'll be making our remarks, and then we'll both be fielding questions.

Thank you, Mr. Chair and members. I am Bruce Ball, vice-president of tax at Chartered Professional Accountants of Canada, known as CPA Canada. As mentioned, Rosemary McGuire is with me. She is director of external reporting and capital markets at CPA Canada. While the focus of my work is mainly with respect to tax and fiscal policy, Rosemary's portfolio includes some of CPA Canada's work related to sustainability.

CPA Canada is one of the largest and most respected national accounting organizations in the world. Our membership includes more than 217,000 Canadian professional chartered accountants who work in diverse roles, in all kinds of organizations, in all sectors of the economy.

I believe you have all received a copy of our pre-budget submission. We thank the finance committee for agreeing to accept our written submission in your consultations.

Your colleagues in the last Parliament chose the theme of climate emergency and the required transition to a low-carbon economy. This theme is timely and important, and yet climate change is one of the global forces that may make the next decade or two a period of unprecedented change. Those other global forces—economic, technological, societal and geopolitical—are just as powerful, and often work in interconnected and complex ways. For that reason, our submission brings a broad perspective to the theme of transitioning to a low-carbon economy.

My comments today will focus briefly on our pre-budget recommendations.

First, we encourage the government to carefully consider the recommendations of the expert panel on sustainable finance. The government has set ambitious climate targets for 2030 and 2050. Canadians are wondering how we will achieve those targets. The expert panel's report does not contain all the answers, but it offers a clear direction forward and good ideas for addressing some of the specific problems. It does so while recognizing the challenges and opportunities this presents for the country's economy.

Second, digital technologies and the rise of big data are outpacing our ability to properly govern and regulate them. Canada's digital charter, introduced last May, is a welcome start to addressing this challenge. Building trust in the digital economy should remain a priority of this government. That includes creating the right environment for businesses to embrace digital technologies and capitalize on the opportunities of a data-driven economy.

Third, tax policy cuts across all topics. It's one of the most important policy levers of the government. The tax system itself is being buffeted by global drivers of change. For example, the rise of digital commerce presents monumental challenges for a tax system that was designed for a bricks and mortar world. Our pre-budget brief makes a couple of specific recommendations for taxation of the digital economy. More fundamentally, though, the digital economy is just one more example of why it's time to undertake a comprehensive review of Canada's tax system. It's not equipped to meet some of these new challenges and needs of the 21st century.

As the government turns its attention to a tax expenditure review, CPA Canada welcomes the commitment to transparent reporting. In addition, and as our research has shown, for the best results, the process should be independently led, with public consultations; should consider the complexity and effectiveness of tax expenditures; and should produce a set of achievable recommendations for the government to act on.

Finally, we urge the government to work with the provinces and territories to strengthen Canada's anti-money laundering regime. Money laundering hurts all Canadians. Addressing it is a multi-jurisdictional challenge, though. We recommend that the federal government encourage collaboration with the provinces and territories in building consistent beneficial ownership requirements and also a new national framework around whistle-blowing. The challenge for budget 2020 will be to empower Canadians and Canadian businesses to confront the global drivers of change head-on. This includes the need to transition to a low-carbon economy.

Thank you again. Rosemary and I look forward to answering your questions.

- (1115)

The Chair: Thank you, Mr. Ball.

From the Federation of Canadian Municipalities, we have Ms. Saab, executive director, and Mr. Rubinstein, director.

Welcome. The floor is yours.

Ms. Carole Saab (Executive Director, Policy and Public Affairs, Federation of Canadian Municipalities): Thank you.

I am Carole Saab, executive director of policy and public affairs at FCM.

FCM is the national voice of local governments, with 2,000 members representing 90% of Canadians from coast to coast to coast.

[*Translation*]

Joining me today is Daniel Rubinstein, the manager of policy and research at the FCM.

We are grateful for every opportunity to discuss how our two levels of government can work together to improve citizens' quality of life.

[*English*]

Budget 2020 is key. It's where this minority government needs to show it can get things done for Canadians. FCM is preparing a formal short list of recommendations, and I'll offer today a preview in three priority areas.

[*Translation*]

The first is climate action. With the federal government's support, municipalities are ready to fight climate change by adopting measures that build better lives for Canadians.

[*English*]

With your support, municipalities are ready to deliver climate action that builds better lives for Canadians. Budget 2019 recognized this by investing nearly \$1 billion in FCM's world-renowned green municipal fund towards lower-emission community buildings, affordable housing and other family homes across Canada.

Budget 2016 enabled the FCM's municipalities for climate innovation program, empowering local leaders to conduct climate risk assessments, work with neighbouring communities and build GHG reduction plans. It's worth noting that, three years into this program, municipal demand for the program's tools far exceeds the funds remaining.

In budget 2020, the opportunity for transformational climate action starts with implementing a bold election commitment: to launch a permanent funding mechanism for public transit. Removing the 2027 sunset date from the federal transit plan will empower cities to continue designing system expansions, cutting commutes and emissions.

Expanding on a second election commitment to support zero-emission transit vehicles will cut GHGs faster. In fact, FCM's proposal on this front will cut 10 million tonnes in a decade, which is equivalent to 13% of Canada's climate targets.

Also, this budget can help communities protect Canadians from climate extremes by topping up the effective but depleted disaster mitigation and adaptation fund.

Finally in this area, we're proposing ways to incent landlords to repair and retrofit lower-cost market-rental homes, to keep them not just available but also more energy efficient.

That brings us to FCM's second focus area for this budget: housing affordability.

You've heard mayors call the national housing strategy a breakthrough on the housing crisis. It's not the end but a major federal re-entry into the social and affordable housing space. Truly claiming this space means delivering on the NHS while also continuing to grow it to meet the challenge.

We have identified key opportunities to bolster the NHS in budget 2020, namely, in the areas of affordable housing for indigenous households in our communities and supportive housing for those living with mental illness and substance use.

Finally, we're recommending additional measures to strengthen communities of all sizes. Topping the list is building on the success of the direct and reliable gas tax fund transfer. Every year it empowers municipalities, big and small, to deliver thousands of infrastructure projects.

That's why budget 2019 funded a one-time doubling of the GTF transfer to get more done, and it has, like in Prince Albert, Saskatchewan, where those funds have enabled vital upgrades to the water treatment plan, and in London, Ontario, where a new system transforming heat from waste-water treatment into electricity will cut emissions and generate \$600,000 in annual savings.

Right across the country, those gas tax dollars are building better roads, bridges, water systems and more. To build on this proven model, we're proposing a basic step for this upcoming budget: to boost the GTF's annual escalator from 2% to 3.5%, in essence to keep pace with real construction costs on a go-forward basis.

We'll have more proposals in our formal pre-budget submission: for instance, on railway safety and ideas flowing from FCM's western economic solutions task force, where municipal leaders are uniting to tackle economic challenges head-on in the region, because whether it's tackling economic uncertainty or fighting climate change, local leaders are problem-solvers.

These are the governments closest to daily life. Rural and urban, east and west, we are united in our resolve to get things done and to bring Canadians together.

That is what budget 2020 needs to be about. From coast to coast to coast, local leaders are ready to continue working together with our federal partners to build better lives for Canadians.

Thank you very much.

● (1120)

[Translation]

We would be pleased to answer any questions you have.

[English]

The Chair: Thank you very much, Carole.

With Tax Templates Inc., we have Mr. Goodis, CEO.

Mr. Jay Goodis (Chief Executive Officer and Co-founder, Tax Templates Inc.): Thank you, Mr. Chair and members of the committee, for time to speak about opportunities in Canadian taxation in advance of the 2020 budget.

I'd also like to congratulate new members of the committee. I'm excited and hopeful for all the things you can do for Canada.

My expertise is Canadian income tax. For nearly a decade my software company has been building advanced algorithms for tax planning and tax compliance, specializing in the integration between individuals and corporations. In that time, I have computed countless tax outcomes for taxpayers in all jurisdictions and at all income levels. As Mr. Ball recommended, I suggest that the Government of Canada undertake a detailed review of the tax system with the intention of introducing thoughtful tax reform. There are many elements within the tax system that warrant discussion, but I'd like to share two of those for your attention today.

The first is that the effective tax rate on income earned by individuals is often drastically higher than the intended tax rate. The second is the complexity of the current TOSI legislation, which presents ongoing challenges to all concerned parties.

The behavioural response of taxpayers to varying marginal tax rates is an often-discussed topic. In Canada the top personal income tax rate on ordinary income ranges between 44.5% and 54%. We intuitively expect that these are the maximum rates that will be paid on income. We also expect that they will be paid by those earning relatively high amounts of income.

For a comprehensive view, we must also include the impact of income-tested government policies. Taxpayers with average incomes can face higher effective tax rates through a combination of progressive tax rates and things often overlooked in basic calculations, such as material differences in various benefits and payroll amounts. After all, a dollar lost to taxes and a dollar of benefits lost are directly equal.

The example I'm using today is a spousal couple living in Ontario with two young children. The parents have identical employment income and they deduct allowable child care. This is a completely ordinary scenario, not some exotic fabrication.

I tested the net cash outcome of their earning an additional \$1,000 of employment income, starting at \$25,000 of employment income for each parent. The lowest effective marginal tax rate was 44.19% in taxes, payroll costs and reduced benefits, and the worst result was 93.09% in taxes, payroll costs and reduced benefits. This 93% tax rate arose at \$37,000 of average income. Many would be surprised to learn of a rate so high but would be more surprised at the income level to which it applies.

Considering effective rate peaks and valleys stemming from overlapping tax rates, credits and payments, testing \$1,000 additions might yield some unusual figures. To confirm the general results, I repeated the exercise testing the effective marginal rates of earning an additional \$5,000 of income. While normalizing the extremes, a family is subject to a 73.44% marginal rate at only \$35,000 of average income. If they earn a bonus or work some extra shifts, would this really be the intended outcome?

Continuing with this \$35,000 of income per parent, the effective tax rate on \$1,000 and \$5,000 was approximately 42% to 53% across all provinces and territories. These take-home amounts are relatively aligned with the top federal and provincial tax rates of each province. This is to say that on a cash basis, someone earning \$35,000 will experience approximately the same effective tax rate as someone earning \$300,000.

Changing details such as self-employed income versus employment income, or increasing the income of one parent at the expense of the other normally leads to higher overall tax rates even when the overall income earned remains the same.

Let's look at another example, considering a CCPC in Nova Scotia with one shareholder who earns interest income. This interest is taxed in the corporation, then paid out as dividends to the shareholder where it is taxed again. Once all corporate and personal taxes are paid, the total tax paid at 2020 top rates is 61.98%. That's compared to the highest marginal rate of 54%. Other provinces also near 60% integrated tax rates in this scenario.

These types of incomes are not limited to individuals. An example would be a CCPC facing the clawback of the small business deduction, which will face temporary cash impacts ranging from 117% to 144% of income, depending on the province.

There are more examples, but these here may justify a closer look at Canada's tax system to ensure that legislation achieves the intended results. There are rational behavioural responses to effective marginal rates: whether to invest, enter the workforce, take an extra shift, or look at which country to start a business or seek employment in. The government could take steps to review clawback rates or legislate maximum clawbacks. The government could also review integrated tax rates to ensure reasonable corporate and personal tax integration. The government could also take a look at tax rates of other countries, specifically the United States, to ensure that our tax system is competitive for businesses and taxpayers.

I'd now like to discuss the tax on split income rules, commonly known as TOSI.

• (1125)

The TOSI rules continue to represent a challenge for businesses, shareholders and their advisers. The topic since their introduction has become a staple at Canadian tax conferences across the country due to its complexity and scope. It impacts every CCPC and their shareholders. Advising on TOSI should only be done by advisers who specialize in this area, but due to its wide impact on small businesses and the cost of hiring specialists, it's common for more direct approaches to be taken while decisions are made.

I'll share with you a common scenario that advisers are facing. I hope this will help the committee understand the results of the legislation.

Let's assume that spouse A and spouse B operate a trucking business that each is actively involved in. They are not subject to TOSI due to their active involvement. Due to a medical emergency of spouse A, they sell the trucking business, spouse A retires, and spouse B actively manages the investments inside the same corporation. Since spouse A is not actively managing the investment business, which was funded by spouse A's and spouse B's direct efforts in the trucking business, spouse A could be subject to TOSI at the highest personal tax rate on subsequent investment returns. This is one of many unintended consequences that the tax community has seen. There have been many submissions to CRA and Finance identifying a multitude of other scenarios.

I'll also share that in a recent article by Stan Shadrin, Manu Kakkar and Alex Ghani, it was shown how the TOSI rules can create double taxation scenarios, subjecting individual taxpayers in Ontario to a tax rate of 107%. Again, as I said earlier, we find presumably unintended tax consequences that lead to these exorbitant rates.

If there is a willingness to reopen the discussion about TOSI, I would recommend an alternative approach to complex guidance. To achieve the perceived key outcomes as outlined by Finance, many of Canada's top tax experts have suggested raising the kiddie tax from 18 to 24 in lieu of the current legislation. This change would significantly simplify the tax system and reduce the administrative cost, legal challenges, and burden on the CRA and taxpayers.

If there is an appetite by the committee and others in Parliament to explore comprehensive tax reform to address these issues along with several others, such as Canada's SR and ED program, stock option deductions, the small businesses deduction, and a few things that I heard Mr. Ball speak to, I would be happy to provide relevant information and viewpoints to explore these opportunities for improvement.

Thank you for listening to my ideas. I would be happy to answer your questions afterwards.

Thank you.

• (1130)

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

Turning to TMX Group Limited, we have Mr. Fletcher.

Mr. Braden Fletcher (Head, TSX Venture Exchange, TMX Group Limited): Thank you, Mr. Chair and your committee colleagues, for having me here today. My name is Brady Fletcher, and I am the managing director and head of the TSX Venture Exchange.

The Toronto Stock Exchange, or TSX, and the TSX Venture Exchange together represent the world's premier two-tiered capital formation platform, with over 3,200 public companies listed between the two markets, representing \$3 trillion in aggregate market cap. Our markets support companies early in their life cycle by providing access to public venture capital through TSX Venture and then graduating the companies directly onto the TSX. In the last 15 years, we've had some 670 companies graduate off the venture exchange up to the TSX.

This two-tiered structure enables the average Canadian investor to participate in the early phases of growth of Canada's next global leaders. Companies that have included the likes of Canopy Growth Corp., Wheaton Precious Metals, and Boardwalk REIT have provided the average Canadian with opportunities for life-changing wealth creation by supporting the growth of Canadian-built businesses—businesses that have gone on to employ thousands, all supported by private sector investment.

I am pleased to be here today to share some of our organization's advice and recommendations as they pertain to the Government of Canada's upcoming 2020 budget.

In order to continue fostering the Canadian capital markets, the democratization of growth capital and Canada's competitiveness, we have broken our recommendations into three broad objectives, the first being the need to support Canada's public markets in an increasingly competitive global landscape while facing increasingly growing pools of private equity supported by a low interest rate environment.

When companies remain private for extended periods of time, it means that the average Canadian investor is precluded from participating in the greatest phases of growth, which are often the best opportunities for wealth creation. In order to support Canada's markets, we advise adopting a policy of "fairness for growth", whereby the federal incentive programs afforded to Canadian private companies, or CCPCs, are equally offered to companies that elect to fund their growth through public venture capital and the private investment sector.

Currently, there are a number of different programs that disadvantage the public markets, including scientific research and experimental development credits, support for the private equity and venture capital community and continued delineation between the stage of company based on CCPC status.

In Canada, according to Statistics Canada tests, two-thirds of all public companies are classified as small to medium-sized enterprises of fewer than 500 employees and less than \$50 million in revenue. By electing to finance their businesses' growth through public venture capital, these companies are providing the average Canadian with an ability to participate in the growth of Canada's emerging leaders.

These are firms that in the past have included BlackBerry, first financed by GMP Securities, or Canopy Growth Corp, which went public five years ago and now employs over 2,000 people and is doing \$250 million in revenue and boasting a market capitalization of \$8 billion. If you had been an early investor in Canopy Growth Corp at one point you could have returned over 3,000%. This is life-changing wealth creation for the average individual.

It's imperative that our government seek opportunities to support these companies that list early in their life cycle, create new jobs, grow Canada's economy and democratize the wealth creation of a company's earliest phases. Again, a specific recommendation in this regard is a full exemption of publicly traded SMEs from the new employee stock option taxation regime.

Second, we call on our federal government to seek opportunities to encourage private sector investment into Canadian companies. While initiatives including reducing capital gains inclusion rates would incent Canadian investors to support the growth of Canadian companies, we believe that Canada must maintain a competitive capital gains tax regime in order to foster investment into our Canadian companies by the private sector. We also believe that the evaluating of expanding the flow-through tax credit program to include other capital intensive sectors with long paths to commercialization would be an elegant way to leverage existing federal structures to encourage private sector investment.

We propose the expansion of the flow-through tax regime for the following reasons. Flow-through shares allow Canadians to invest their money in clean technology companies that are driving job creation while accelerating climate and energy solutions. Flow-through shares will help clean technology entrepreneurs focus on developing innovative solutions that grow their companies while helping them achieve Canada's climate goals, and they will do this by simplified market-led access to capital. This new capital will complement existing grant and funding programs without creating additional transaction costs, reporting burdens, missed timing cycles or other frictions sometimes associated with government-led programs.

Finally, section 11.3b) of the "Final Report of the Expert Panel on Sustainable Finance—Mobilizing Finance for Sustainable Growth" called on ISED to develop "tailored structures" that help capital providers invest in projects that are capital intensive, or don't necessarily meet provider timelines for returns. Flow-through shares are a proven Canadian financial tool that accomplish this goal, having had lots of success in establishing Canada as a leader in the resource sector.

- (1135)

During the election the Liberal Party promised to have the corporate tax rate for clean-tech companies as a means of growing Canada's clean-tech sector. While laudable, this incentive does not help clean-tech companies in the critical pre-revenue development phases, as they are not yet in a taxable position.

For over 60 years flow-through shares have helped Canada's mining and energy sectors become global leaders by offering access to private capital at an early, often exploratory, stage of development. This innovative financial structure has helped to defray risks and establish Canada as a leader in these industries. The same mechanisms that have built the economy of today can be improved and leveraged to accelerate Canada's energy transition and establish Canadian companies as leaders in the low-carbon economy of tomorrow.

Like Mr. Ball and Mr. Goodis, we appreciate the committee's time, and our final recommendation would be for a wholesome review of Canada's tax act with a view to global competitiveness.

Canada is already very attractive in the global market for entrepreneurship. As global pools of capital have only become more mobile, we must continue to reinforce our reputation. Technology entrepreneurs have ever more choices as to where they incorporate and where they build their businesses. Top talent will tend to pursue the best opportunities available.

Stock options are a critical tool for attracting and retaining talent at the earliest stages of a company's development. Many entrepreneurs rely on options to get the best out of their employees, and even for their own retirement savings. Policy leaders should look toward having a holistic review that develops a detailed understanding of how options can be framed to protect and incentivize both entrepreneurs and investors.

Simply increasing taxation on options could have unintended consequences, including increasing costs to public shareholders, as

companies would need to gross up to compensate top-tier management at competitive levels on a net, post-tax basis.

We must seek opportunities to recognize and reward private individuals who fund and support Canada's economic growth and leadership in new industries, ranging from clean technology in battery metals to blockchain to cannabis.

I hope this committee will carefully consider the important issues and recommendations I have raised today. I wish you the best of luck with your ongoing deliberations, and we welcome any questions you might have.

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

We'll begin with a six-minute round, starting with Mr. Cumming and then going over to Mr. McLeod.

Mr. James Cumming (Edmonton Centre, CPC): Thank you.

Thank you to all of you for taking the time to be here on incredibly short notice. We very much appreciate hearing from you.

Mr. Goodis, I'd like you to expand a little on tax competitiveness. What have you heard, and what have you gathered from people using your services, regarding the complexity of the tax code, particularly the tax changes that were made. I've heard a lot about the TOSI rules and how discriminatory they are and how difficult it is for small businesses particularly, and for those in a variety of different businesses where it could be just a husband and wife practice. Can you elaborate a little more on that?

Mr. Jay Goodis: I'll speak to the TOSI rules first. Ultimately it's just a very complex set of legislation. Whenever we have to decide whether to aim for fairness, horizontal equity, vertical equity or simplicity, sometimes the best answer can include all of those things. We have to choose, and although I agree with some of the things the Department of Finance was looking to do with the TOSI rules, the manner in which they have gone about it has just created too much complexity in the marketplace.

We want our businesses and advisers not to be spending a lot of time trying to figure out who can be paid a dividend: my wife or not my wife? We want to focus their time on growing their businesses. We want the advisers helping them to grow their businesses.

I was looking through some of my documentation and found 30 CRA reviews or notices about the new TOSI rules already. That is a lot considering these are only two years old, and there are still more coming. I don't believe they've responded to all the submissions. When it comes to TOSI, it's a very complex piece of legislation. With the right team I think we could meet Finance's goals, but also simplify the system

Mr. James Cumming: Mr. Fletcher, can you comment? What we hear a lot about is access to capital and access to financial markets. Particularly with the venture exchange, it's certainly a vehicle that more people can look at.

Is there a regulatory issue, or is there too much of a burden for those businesses to try to use the TMX as a venture? Is there anything from a federal legislation standpoint that you would like to see changed in that area?

• (1140)

Mr. Braden Fletcher: It is very much that the TSX Venture is the original form of crowdfunding. Indeed today, with over 1,670 listed companies, our average market cap is roughly \$25 million and the average financing size is between \$3 million and \$4 million. This is predominantly driven by retail Canadian investors, and the companies that are listed with us are not the big multi-billion dollar organizations that have a lot of access to an internal general counsel's office to manage public filings.

When we look at what would be helpful for venture companies, the idea of optional semi-annual reporting, being able to streamline their public company disclosure obligations and even just reducing some of the duplicative nature of MD and A in financial statements and your annual information forms would reduce the burden on our existing public companies.

Mr. James Cumming: Thank you.

I'll yield.

The Chair: Mr. Cooper, do you want to go?

Mr. Michael Cooper (St. Albert—Edmonton, CPC): Sure.

Mr. Fletcher, in your submission you noted, for the purposes of launching a task force to review the Canadian tax act, reducing complexity by 50%. Can you speak to the complexity of our tax code and the fact that we haven't had a review since the early 1960s, going back to Carter? Where does that place us in terms of competitiveness, especially having regard for the fact that most of our largest trading partners have undertaken, since 2015, major tax reforms?

Mr. Braden Fletcher: I do not hold myself out to be a CPA or to have the depth of expertise that Mr. Goodis has. I do look at, though, our ability to attract top-tier management teams to the Canadian listed issuers and to the companies that are growing with us on either the TSX or the TSX Venture. When we look at the Canadian tax code and the discussion of increasing taxation on stock options, that is of serious detriment to our markets. It's a disadvantage to Canadian companies. It persuades top-tier management to not come to this country and not support building our listed issuers.

Mr. Michael Cooper: Mr. Goodis, would you care to comment?

Mr. Jay Goodis: If I were to speak to the Canadian tax code for individuals, I have mostly, personally, built a big chunk of the personal tax return and the corporate return myself. A lot of our clients use our software when they're trying to determine what is the best strategy for their clients to work in Canada or potentially invest elsewhere. They use us for the Canadian side, and view the American side or another jurisdiction in another way. We know our software is being used as a comparison to other countries. I'm aware of some of the results of those from a competitive point of view.

In terms of complexity, if we think about changes to the small business deduction in the last few years, we see the changes that could be coming to stock options. If we look at changes to subsection 55(2) and safe income, there's a lot of burden on our Canadian corporations. I believe if we explore comprehensive tax reform, I know that CPA Canada has some great papers about what could be done there. Mr. Ball is probably a great person to ask those questions of. If we were able to get the right people in the room and have the discussion, we could put together a fantastic tax code for the 21st century and be up there with all our biggest trading partners.

The Chair: Thank you to all.

Often at committee a question will go to one witness, but if another witness has a supplementary point they want to add, they can just raise their hand and I'll let them in.

I'm thinking of you, Mr. Ball, in this case. Go ahead, and then we'll move over to Mr. McLeod.

Mr. Bruce Ball: Thank you, Mr. Chair.

I agree with just about all that's been said. One thing I would point out, too, is that there are considerable issues around lower-income individuals getting access to credits and other benefits that are coming to them. That's been highlighted a lot as well. I think that's another issue that should be addressed through a tax review. We've talked about complexity and competitiveness. We agree with that sort of thing, but we also have concerns about complexities that affect more vulnerable people and whether they're getting the benefits that are coming to them as well.

All of those reasons are why we favour doing a comprehensive tax review.

The Chair: Thank you. It isn't the first time we've heard about a comprehensive tax review. We heard it a lot in the last Parliament. I believe we even made a recommendation on it.

Mr. McLeod, you are next.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Mr. Chair. I will be splitting my time with my colleague Annie Koutrakis.

I have a couple of quick observations that I want to flag. Then I have a question for the Canadian Association of Fire Chiefs.

First of all, I want to commend you for the work your organization is doing on the indigenous fire marshals. I think it's a good move. I think it's something that's much needed. In your document you state that you need support. Maybe you could provide to the committee what form that would take.

The second thing is that as fire chiefs, fire marshals are responsible for all hazards by default. This is an observation from the Northwest Territories, and I think it will happen with these fire marshals on the reserves. We don't have building inspectors. By default, the fire marshal's office is usually asked to take on that responsibility. It's a serious concern. I think that may be an area that you could look into a lot more.

The question I want to ask is regarding mental health. I think this is a real serious concern. It's something that we deal with with social workers in the north. We've already invested \$30 million in a commitment over five years. Is that meeting the mark? Is that meeting what it's intended to meet?

If you could respond to that, then I'll turn it over to Annie.

• (1145)

Mr. Daniel Perron: Indeed, mental health is a serious problem not only for firefighters but also for all the first responders of this country, and it's even larger than that. We have had the chance to make some forward movement with the latest investment the government has made in the last couple of years. The problem with the situation right now is that most of that money has gone to research. Even though we acknowledge and we know that research is important and that it will be extremely useful in the years to come, on the ground and in the field we see what the problem is and we know that there are already a couple of solutions that could be applied, programs that do exist right now that are doing the work they're supposed to do.

We are firefighters. There's no time if one's in front of a house on fire to write a white paper. We're having problems with things that take a lot of time to come out and to translate into actions in the field.

Do you want to add something, Tina?

Ms. Tina Saryeddine (Executive Director, Canadian Association of Fire Chiefs): Thank you, Chief Perron.

Thank you for the question, Mr. McLeod. This is an ongoing case we've had with those you funded from the \$30 million that came out from budget 2018. Something that I think all fields struggle with is the speed of translation when you try to get an evidence-informed process, as Chief Perron said, to the front line. That's why our brief is called "Between 7 minutes"—which is the fire response time—"and 17 years" which is the time the evidence tells us it takes for health research to reach the front line. You're doing a great job, because supplementing your long-term thinking are the short-term boots-on-the-ground types of responses. That's why Chief Perron said in his remarks "micro investments matter".

Let me give you a great example, not because it's all we need to do—we have a long way to go—but to encourage the types of initiatives that you're taking. Recently Public Safety Canada shared with us that through the University of Regina, they would provide

an additional \$400,000 of funding to help spread the Road to Mental Readiness program. This type of programming is something that you use with DND and that we are taking to the Northwest Territories this year through a grant from the Motorola Solutions Foundation.

I don't want to take too much time answering the question, but to Chief Perron's point, we do have the struggle of finding evidence-based practices that can get implemented quickly. It takes creativity. The best thing the finance committee can do is to hold to account those who are leading the charge in terms of the research and ask what innovative methods they are using to take those research dollars to the front line and how they are engaging the front line. One of Chief Perron's colleagues has the opportunity to co-chair the public safety steering committee, which is working with the University of Regina. Another big area is suicide prevention.

We still have quite a bit of time, so thank you on that.

• (1150)

The Chair: Ms. Koutrakis, you can have a quick question.

Ms. Annie Koutrakis (Vimy, Lib.): It's just a quick question.

[*Translation*]

Thank you for being here today.

I am the member for the riding of Vimy, which includes the city of Laval, the Montreal area's largest suburb. Under the federal gas tax fund, Quebec received more than \$504 million in fiscal 2018-19.

[*English*]

Laval, like many municipalities across the country, faces vast infrastructure challenges as it urbanizes. What sort of challenges do municipalities face when deciding where to implement the GTF? What are some of the ways that we can streamline the process?

That's for Ms. Saab or Mr. Rubinstein.

Ms. Carole Saab: Thank you very much for highlighting in your question and example the kind of direct investment that's been made in Quebec through the gas tax fund transfer. It's one of the most direct and reliable tools that municipalities have. Our experience with the gas tax fund, and I think most recently illustrated by your government's one-time doubling of the transfer in the last federal budget, is how quickly municipalities are then able to turn that around into real-time projects. Every community has asset management plans and projects identified that are ready to go. Programs like the gas tax fund transfer that are direct, that are allocation based, and that provide the ability to plan really are the most streamlined version of delivering dollars to municipalities across the country. They enable them to get projects going, shovels in the ground, right away on a long list of projects that municipalities have at the ready.

The Chair: We better leave it there.

We will go to Mr. Ste-Marie and then Mr. Julian.

[*Translation*]

Mr. Gabriel Ste-Marie (Joliette, BQ): I'd like to start by welcoming all of the witnesses and thanking them for being here today.

My first questions will be for the Canadian Association of Fire Chiefs representatives.

Your presentation was very clear, and your recommendations were duly noted.

My riding is home to a number of small rural municipalities, which rely on volunteer firefighters. With the current labour shortage, recruiting volunteer firefighters is a challenge. Would you say the federal government is doing enough to support fire departments in their efforts to recruit volunteer firefighters?

Mr. Daniel Perron: Thank you for your question.

As I mentioned in my presentation, 85% of the country is covered by volunteer or part-time firefighters. Not only do these firefighters cover a massive amount of territory, but the service they provide is also essential. Just imagine if all of them were paid full-time workers. That would require an enormous investment; it would cost a fortune.

You hit the nail on the head. One of our biggest challenges right now is retaining part-time and volunteer firefighters. Times have changed; the context is no longer the same. Nowadays, it's hard to retain young firefighters, and that's a problem facing not just municipalities in Quebec, but also those around the country.

Some municipalities have already set up initiatives to retain firefighters. Measures do exist, including the volunteer firefighter tax credit. However, it's confusing because, as I just mentioned, there are two types of firefighters: part time and volunteer. Part-time firefighters receive some benefits for their service, but volunteer firefighters do it purely for the love of the job. True volunteers are harder and harder to come by. While they do have access to the volunteer firefighter tax credit, the applicable definition of a volunteer firefighter isn't clear.

You asked me whether additional efforts could be made. More credits would certainly be welcome. Firefighters and people who

live in the regions often have seasonal jobs, and that can be a headache for them. In Gaspé or on the west coast, for instance, people work as fishers, and when the season ends, they collect employment insurance, or EI, benefits. They are penalized, however, when they are called to respond to a fire: their EI benefits are cut depending on what they receive for their firefighting service.

This is something the federal government could work on to help us hold on to our part-time firefighters.

• (1155)

Mr. Gabriel Ste-Marie: If I understand correctly, a good number of firefighters work on a volunteer or part-time basis, and the government should make clear the difference between the two to allow for better use of the tax credit. Many of them do seasonal work and rely on EI for part of the year, but when they respond to calls, they are penalized. That partly explains the challenge around retention. Basically, the EI rules need to be changed to support firefighter recruitment.

Mr. Daniel Perron: That's exactly right.

Mr. Gabriel Ste-Marie: Thank you very much.

My next question is for the Federation of Canadian Municipalities representatives. Your three points or requests were also quite clear. The municipalities in my riding are very appreciative of the federal gas tax fund. There is no doubt that your request to grow the gas tax fund aligns with their needs, as long as the criteria don't become more stringent, of course.

I gather that, under the last federal budget, the government tasked your organization with distributing a portion of the infrastructure funding to Canadian municipalities. If I'm right, was that the case for municipalities in Quebec as well?

Ms. Carole Saab: Thank you for your question.

[*English*]

The government certainly did invest in FCM programming, particularly with a significant investment in the green municipal fund. That is for projects right across the country, and the green municipal fund does fund projects directly in Quebec as well. The investments that were made in the last federal budget will also be going towards projects that will happen in Quebec.

[*Translation*]

Mr. Gabriel Ste-Marie: I'd like you to clarify something for me. Normally, all infrastructure funding goes through Quebec City, the seat of the National Assembly. In this case, however, you're dealing with municipalities directly. Is that correct?

[*English*]

Ms. Carole Saab: That's correct. For the federal infrastructure programs, the money goes through the province to the municipalities for the green municipal fund. FCM is the intermediary, although in Quebec we have worked out an agreement with MAMH to ensure delivery.

[Translation]

Mr. Gabriel Ste-Marie: I see. Thank you very much.

[English]

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

I'm going to come back to the EI question, Chief Perron. Are you saying that the firefighters who get paid a stipend for being firefighters, but who are out of their season and are drawing EI, get their employment insurance clawed back? Is that what you're saying?

Mr. Daniel Perron: That's what it is. In the dead season when there is no fishing or work in the woods, there are a few seasonal workers—more than a few. Out of 18,000, there are quite a few. Whenever it's the dead season for them and they're not working and they're getting unemployment insurance, if they answer a call, they get punished.

The Chair: They get a portion clawed back.

Mr. Daniel Perron: Right. For me, it's a punishment.

The Chair: I'll give you an example. I have a constituent who is also a councillor. She's a single mother. She got paid \$300 for being a councillor. They happened to write the cheque when she was on EI, and her EI was cancelled for a little while just before Christmas while they did an investigation. Had she been paid while she was working, it would have been fine.

There's something wrong with this picture.

Mr. Julian.

[Translation]

Mr. Peter Julian: I agree with you, Mr. Chair.

Thank you to the witnesses for being here today.

[English]

I'll start with Ms. Saab. In our area, in the Lower Mainland of British Columbia, we have TransLink, which is struggling to try to expand the transit system out to Langley and to the University of British Columbia. They've called not only for sustained funding—and the gas tax you've pointed to is certainly one example of that—but also for significant increases in funding.

In all the municipalities you represent, first off, how are we dealing with the infrastructure deficit? Is it growing? Does it not mean that this budget really should put in place substantial investments for infrastructure, including public transit?

Second, last night we heard very disturbing testimony from the Insurance Bureau of Canada. They now estimate there was over \$5 billion last year in catastrophic climate change-related destruction, both insured and uninsured. What kind of impact does the growing size and scope of the climate emergency have on municipalities when, in the case of the insurance bureau, they are estimating that two-thirds of those damages are uninsured? To what extent does that mean municipalities are being strangled by the growing climate emergency and the lack of action?

• (1200)

Ms. Carole Saab: Thank you very much, Mr. Julian, for both those questions. I'll take them in order.

To your question on the necessity of significant investment in infrastructure on an ongoing basis, certainly the communities you're referencing in your part of the country are not alone in looking to really advance transit system expansions, in continuing to grow their public transit systems and in doing a lot of work to that end, using, where they can, the gas tax fund transfer dollars and also the public transit fund dollars. Our recommendation is, quite clearly, to continue to double-down on the direct investments to municipalities in the areas of infrastructure through a tool that gives that long-term predictability municipalities can plan against, like the gas tax transfer, but also to implement the commitment that we saw from the federal government in the last election around a permanent transit fund on an ongoing basis.

The current plan will sunset in 2027. There is a commitment to make the public transit fund permanent, which would give municipalities across the country the certainty they need. Part of what was so significant about this transit fund, which we would recommend continue on an ongoing basis, is that it was allocation-based. Systems across the country were aware of what their allocation was, what it was going to be for the foreseeable future, and were then able to plan long-term transit expansions, like what we're seeing happen out west, which is significant.

We believe that there is a necessity for continued and significant investment in infrastructure in the country, with a particular emphasis, from our perspective, on the necessity of its being predictable and as long term as possible, and allocation-based to provide that kind of certainty to communities.

To your second question, we agree with IBC. We watched its testimony with interest and have done some work together to try to continue to assess the impact of new weather extremes and climate change on communities across the country. Municipalities are on the front lines, both in terms of being the owners and operators of this kind of infrastructure for which there is a significant dollar bill attached to upgrades to be more resilient and to adapt to climate change, but also in terms of response. As we see more floods, as we see fires continue, it's the municipalities that are on the front lines dealing with these new kinds of weather extremes.

Our recommendation, specifically, is to continue to invest in the disaster mitigation and adaptation fund. It was heavily oversubscribed in the previous iteration. We know across the country that the demand far outstrips the dollars that are available. Our recommendation is to increase it by a further \$2 billion over the next four years, because the risks are real and we are seeing them unfold in communities across the country. The necessity to upgrade infrastructure to be more resilient is critical.

Mr. Peter Julian: Thank you very much.

I'm going to go on to Mr. Ball and Ms. McGuire.

Perhaps, Ms. Saab, you could reference what the calculation is on the infrastructure deficit at some point in your testimony today through the FCM. Over the last five or 10 years, are we going up or down, or is it remaining stable?

Mr. Ball, you've raised, very clearly, concerns around both the fact that the web giants are not paying any sort of contribution to the income tax system and the need to strengthen the anti-money laundering regime. The PBO published a report last June that we briefly talked about at the finance committee, showing \$25 billion—and that was a conservative estimate—going through electronic funds transfers and other methods to overseas tax havens. That's basically an erosion of the money that we have in common to invest in supporting quality of life, infrastructure, and in fighting climate change and putting in place programs like dental care or pharmacare.

How important is it for us to tackle immediately what has become a profoundly unfair tax system and do that comprehensive review so that Canadians can have confidence that everybody is paying their fair share and that very wealthy and very profitable corporations are having to contribute and make investments to build our country?

● (1205)

Mr. Bruce Ball: Thank you for the question. There were a few things there, so maybe I'll just comment on each of them as I go through.

There was mention of the technology companies to start off with. Just to highlight, we support the work the OECD is doing on digital taxation. We think it's really important that the world get together and figure out a way to fairly divide up the pie in terms of which countries get the tax profits from digital profits. One of the big issues right now is that you can do a substantial amount of business in another country without a physical presence, which is sort of what our tax system is based on. We believe it's important to look at the digital issue, but we also believe it's important that the OECD finish its work first before moving forward, because one of the concerns is lack of coordination and cost.

In terms of money transfers, money laundering and tax evasion, we fully support what the government is working on. It is important to trace these funds and deal with people who are parking money offshore and not paying tax on it. It also goes to other issues that may not be tax-related, so we fully support what the government has been doing in trying to tackle that.

The Chair: We'll go to Mr. Morantz and then over to Ms. Dzewicz. It's a five-minute round.

Mr. Marty Morantz (Charleswood—St. James—Assiniboia—Headingley, CPC): Thank you, Mr. Chair.

My question is for FCM. We would all be remiss if we didn't ask you about the investing in Canada plan while you're here. Before I came here, I was a city councillor in Winnipeg and I chaired the public works committee. I can tell you we certainly appreciated the gas tax money because it was like pulling teeth to get money out of the investing in Canada plan. In fact, while I was there, we didn't have a single major infrastructure project funded by the federal government that wasn't announced before the 2015 election. The

Waverley underpass and the southwest rapid transitway were both funded under the Harper government. I've been off council now for over a year and there still hasn't been anything.

Last week, you may be aware, on opposition day we passed a motion to have the investing in Canada plan audited by the Auditor General. It got a pass, thanks to support from our friends in the Bloc and the NDP, and it'll be interesting to see what the results of that audit are. I'm wondering if you could give us your perspective on any issues that you see in your role at the FCM with respect to the investing in Canada plan, the signature infrastructure plan of the Liberal government.

Ms. Carole Saab: Thank you very much for the question. I think it's certainly one that we anticipated, given the events over the last week.

Off the top, it's important to acknowledge that ICIP, the investing in Canada plan, really did raise the bar, both in scale and scope, in terms of investing in infrastructure for communities across the country. From our perspective, and certainly as is noted, there have been challenges with implementing the projects across the country, and it's important for us to be very clear on this point. What is available by stream to provinces across the country is very clear. It's articulated and there's not a lot of confusion about that.

Where we are having challenges and what is less clear from a municipal perspective, and it differs from province to province, is around provincial intake processes. It certainly has been hard for communities in various regions of the country to find the kind of clarity that they are looking for or that they need to be able to have their projects implemented, which is certainly why you consistently see from FCM and from mayors across the country and councillors across the country a push toward more direct allocation-based funding tools like the gas tax transfer.

It's worth noting that of the various ICIP streams, where we are seeing more substantive progress is in the public transit stream. Again, that is the stream that is the most direct and is allocation-based, comparable to the other streams of the ICIP program.

Certainly, it's clear that there are some challenges with this program. We would say, again, that it's quite clear from the federal government what is available to each province by stream and we're going to continue to advocate, with our members and with our provincial and municipal associations, and to work with provinces where there is less clarity around the provincial intake process, because that's certainly the nub of the issue in a number of areas in the country.

● (1210)

Mr. Marty Morantz: Thank you.

That was really the only question I had. I'm willing to share my time.

The Chair: You still have a minute and a half left.

Mr. Cumming, do you want to go?

Mr. James Cumming: Yes, I'll go.

I have a follow-up on that. One of the things that we heard from the government as it relates to the funding and the principles of productivity or reduction in emissions was that it's difficult to get information back to the people they've given the funding to. The nature of the program is that it's a three-party agreement and they're saying they're having trouble getting the data that would substantiate whether they are getting the results they thought they would get with the spending. Can you comment on that?

Ms. Carole Saab: Yes. Certainly, from our perspective, there are clear reporting requirements with federal infrastructure programs that our members are subject to and follow accordingly, so it isn't our experience that there's a significant challenge with the reporting requirements in terms of providing data back to projects that are being implemented. Certainly, Infrastructure Canada has also been a bit more public through tools on their website around the status of projects across the country. From our perspective, there isn't a significant gap in being able to provide that kind of data back on projects.

The Chair: Ms. Dzerowicz.

Ms. Julie Dzerowicz (Davenport, Lib.): Thank you so much, Mr. Chair.

Thanks to all the presenters today. I wish I had enough time to ask questions to all of you because I have many.

The first one I'd like to ask is for the Federation of Canadian Municipalities.

You had mentioned that we've been working very closely around housing, which has been a huge priority for Canadians. I know it was one of the top two issues that was raised in my riding of Davenport during the most recent election. You mentioned that there's a need for more housing dollars for indigenous people as well as more support for housing for those who are most vulnerable. I agree with that.

I'd also say to you, though, there's tremendous stress on homeowners in my riding. I'm in downtown west Toronto. I call it an up-and-coming area. It used to be a working poor area but because of house prices it's now sort of squarely in the middle class. They're really worried about their kids being able to continue to afford Toronto. Seniors who are dying to move out of their houses and are aging out would love to continue to stay within the urban area.

Maybe the third element is artists. I have a lot of artists and creators in my riding and they feel like they're being pushed out both from a performance perspective but also a live-work perspective.

How is it that we can work together better to be able to address this issue?

Ms. Carole Saab: I appreciate your question very much.

Obviously, as I've stated, housing affordability, including affordable and social housing and community housing like supportive and indigenous housing, is a top priority. So too is the spectrum of housing affordability issues playing out in our communities across the country.

One of our top recommendations for addressing the housing affordability crisis is centred around this question of how better to work together. The recommendation from FCM is to launch a hous-

ing forum that would bring together provinces, territories, municipalities and the federal government for a conversation, given the respective levers that each order of government has to bear on the issue, through FCM, in order to have analysis and action on key issues that affect housing affordability, from speculation, demand-side measures and supply needs to short-term rentals and supply and data gaps. There's really a suite of things within the various tool boxes of the various orders of government. There's a need to initiate an intergovernmental conversation in a more deliberate way around the housing affordability crisis through the mechanism of a forum.

We also have some specific recommendations that are really aimed at fostering this kind of a conversation, including the development of an affordability indicator in the housing space. This is all the type of work that we would recommend be vetted and initiated through an intergovernmental approach, through a housing forum.

• (1215)

Ms. Julie Dzerowicz: Thank you.

I meant to also ask about rental because I know what the reality is. I know we, as a national government, over the last few years have put a significant amount of money into trying to encourage more rental housing to be built. I'm assuming you would suggest that the forum would also look at housing where we could promote that.

Do you have another specific recommendation on how we can increase that?

Ms. Carole Saab: Rental preservation and construction, and stimulating the rental market, is from our perspective one of the key ways to address the housing affordability crisis on an ongoing basis. Certainly, we would see this as part of the work that a forum would tackle, but we do have specific recommendations as well. In particular, we think there's a near-term opportunity in budget 2020 to create a market rental preservation program. We see this as a way to continue to keep units in the rental housing space, and in the affordable rental space in particular. There's also an opportunity to tie this in with our climate targets in a significant way and ensure that this is geared towards an incentive for landlords to repair—

Ms. Julie Dzerowicz: Sorry, Ms. Saab.

I have to cut you off because I have one more question and I only have 45 seconds.

Ms. Carole Saab: Okay.

Ms. Julie Dzerowicz: I'm going to ask this question of Mr. Fletcher.

Mr. Fletcher, yesterday we heard from Barbara Zvan, who wrote a sustainable finance report with Tiff Macklem, which came out last year, mid-year. Basically, it reflects a lot of what we hear from people like Mark Carney in the world. They say, "The financial sector must be at the heart of tackling climate change".

I'd like to understand how the TSX Venture Exchange is adhering to this and how the federal government can help support this.

Mr. Braden Fletcher: When you look at a program like flow-through tax credits, for resource sector companies with a long path to commercialization and to generating revenue and a heavy amount of capital expenditures—not dissimilar from that of clean-tech development or deployment—what's been hugely efficient for them is to be able to take those future tax benefits of write-offs against their expenses and bring those to the present day. They would be able to monetize those by selling their shares with that tax benefit to a private investor.

In 2011, over \$1.1 billion was raised by the mining sector alone in Canada, with \$400 million of what we would call hard dollars. When you do flow-through financing you can't use any of the flow-through funds to pay for commissions or to pay for management salaries—

Ms. Julie Dzerowicz: How does that help us move toward a low-carbon economy or achieve our climate goals?

Mr. Braden Fletcher: What we've looked at with the flow-through share program is at developing a mechanism whereby a company developing clean technology could flow the expenses of developing that technology... Think about General Fusion or Nano One's technologies. They're spending \$100 million developing a new battery cathode, or in the case of General Fusion, a nuclear fusion reactor in Burnaby, B.C. If they could flow those expenses back to a private investor, it would unlock private investment capital.

In 2011, there was over a billion dollars that went into the mining sector. We could be leaders in developing these new technologies. Then, when you look at the decarbonization of Canada, thinking about how much is being spent on energy efficiency or water treatment, those same expenses could still be flowed back through to the private sector and billions of dollars could be unlocked.

Ms. Julie Dzerowicz: Thank you.

The Chair: I'm wondering, Mr. Fletcher, if you could write a note to the committee explaining that. You said earlier that part of the problem for some of these innovative companies is that they're not making a profit yet.

Mr. Braden Fletcher: Yes.

The Chair: If you could send us a note on how something similar that works in the mining sector could work for those companies that are innovating in terms of the economy, it would be helpful to us all.

Ms. McGuire, you want in. Then, I'll come to Mr. Cumming for questions.

Ms. Rosemary McGuire (Director, External Reporting and Capital Markets, Chartered Professional Accountants of Canada): Thank you, Mr. Chair.

I wanted to comment in response to the question from the member regarding the expert panel on the sustainable finance report. That was a key pillar of our prebudget submission. We supported the recommendations that came out of the report. What we have heard today is that there are a number of different actions that are occurring, whether in infrastructure through the work of the FCM or through the tax code. I think it just re-emphasizes the importance of mapping what that path for Canada looks like in this transition,

and all the different steps and different actors in the space. I wanted to re-emphasize that point.

• (1220)

The Chair: Thank you.

We'll go to Mr. Cumming. Then we'll come back to the governing party for the last question.

Mr. Cumming.

Mr. James Cumming: Mr. Ball, have you solicited much feedback from the base of firms that you represent on the performance of the CRA, the timeliness of response times, just the general...? When I was back in the private sector, a big issue to a lot of small businesses was the timeliness of reporting and timeliness of how the call centres worked. Can you give us some feedback on that?

Mr. Bruce Ball: Definitely. Thank you for the question.

One thing I can comment on happened yesterday. We had a meeting. We have a framework agreement with CRA where we have some joint committees. Yesterday, we were talking to CRA appeals, the area where it handles objections, tax appeals and that sort of thing. We were given an update on the status of turnaround times. It has sped up lower and middle complexity tax appeals. Now it is starting to address higher-level ones. One of the main things I took from the meeting yesterday—and a lot of other meetings, I'm just using this as an example—is that things are starting to improve. The turnaround time for appeals and objections has improved. We've heard that the turnaround time for taxpayer requests have also improved.

Another thing the CRA is implementing, which we have been helping on, is a system where taxpayers can track the requests they've made. The idea is that the CRA will log in your request, confirm you've made it and then give you status updates in terms of how it's going and when you can expect a response. That one will still take a little while to roll out, but I think, by and large, it is improving.

The phone system remains a challenge. That one, I'll be honest with you, I don't have as much background on in terms of data and that sort of thing.

Mr. James Cumming: Ms. Saab, with your members, do you get any feedback from them on the infrastructure program related to debt capacity? Many municipalities I hear from have no more latitude. Is that an issue? Do you hear from those municipalities, through their taxpayers, that they're concerned about the ever-increasing rate of property taxes and competitiveness being tied back to those additional debt payments?

Mr. Daniel Rubinstein (Director, Policy and Research, Federation of Canadian Municipalities): Let me answer that.

All of our members, especially when speaking about major capital expansion projects, tap in typically to their debt room. The debt room is typically set at the provincial level. Some cities have the ability to cap it as well. It's always within a prudent percentage of own-source revenue. That said, the more predictability you have, whether it's through the gas tax or an allocation-based transit fund, the easier it is to smooth out your planning in terms of how you're going to maximize that debt room and utilize it. I think you'll find, if you look city by city, our major, bigger members, who have the largest capital projects, are trying to be as creative as possible to use that room, but at the end of the day the availability of predictable funding is really key to doing more.

Mr. James Cumming: Thank you.

The Chair: Do you have a question, Philip? Go ahead.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Thank you. I have a question for Mr. Ball.

I think all Canadians want to see more innovation and ideas, from the single mom in Orono into listing on the TSX Venture Exchange. On that, Mr. Ball, when we look forward, I'd love to hear if you have ideas on how we can make the tax system more favourable to and easier for entrepreneurs to be successful. Specifically, maybe if you could reference the small business grind on passive income, as well as the TOSI rules.

The Chair: You have a minute.

Mr. Bruce Ball: I have a minute? Yes, so at a really high level, maybe I'll start with the TOSI part first, because Mr. Goodis made some comments.

I would agree with the comments made in terms of complexity. I think there were easier ways to do it. I think the investment rule was made more simplistic, so we were happy to see that, but there are a lot of issues. The main thing, really, as was mentioned, is that a lot of guidance does have to come out from the government and it does appear to us as well that it's really going to be a tough go. I think the rules do need to be simplified.

Just more generally, you mentioned innovation, and one other thing that we think needs to be worked on is the scientific research and experimental development credit. It needs to be improved, maybe both in terms of application but also in the administration. I know the CRA is working on it, but it needs to be improved. We keep hearing that companies, large and small, need certainty in terms of whether they will get the credit and in terms of the amount of work they have to go through to get the credit.

• (1225)

The Chair: Mr. Fragiskatos, we'll have to give you about four minutes.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Mr. Chair, and thank you to the witnesses. I apologize for not being here for your testimony. I sit on another committee and had to be there this morning.

Ms. Saab, if I could, I'll speak with you and Mr. Rubinstein. I come from London, Ontario. I'm a member of Parliament there, and yesterday we heard from our mayor, Ed Holder. By the way, hello from Josh Morgan, one of our councillors, who I know is very active in the FCM.

London now has embarked on a discussion about electrifying our bus fleet. I know that other cities have moved in this direction and I think it would be really appropriate, to say the least, for the federal government to assist cities as they transition their fleets from diesel to electrification. The emissions cutback alone would be very significant, along with the financial savings for municipalities across the country, which obviously, in terms of fuel not being spent, are going to be significant as well.

Does the FCM have a position on electrification? Certainly your positions on transit are well known, and thank you for all your advocacy on that, but on the electrification of bus fleets, do you have a particular view on that and any ideas on how the federal government can assist municipalities with some of the costs? Admittedly, they are expensive.

Ms. Carole Saab: Thank you very much for your comments.

Certainly, we do have a position on the electrification of fleets, and we watched with interest Mayor Holder's testimony here. I think London is a great example of the kinds of investment that cities are trying to gear up to make in terms of converting their diesel transit fleets towards electric. This is happening in communities across the country and is an increasing priority with our members, both in big cities and in medium-sized and smaller communities across the country.

You're right to say that the emission reduction possibilities through the electrification of fleets, particularly diesel transit, is really significant. FCM's position, which we will be presenting as part of the federal budget submission that we make to the committee, is to invest particularly in the electrification fleets. A target that FCM is reaching for is 50% of the municipal fleets to be converted over 10 years. That's about 7,000 diesel buses.

Again, the emissions targets that we'd be able to meet are 13% of the gap for the Paris target, so it's quite significant and in line with the direction that we've seen coming from your government. It's certainly a big priority in communities across the country, in both large and mid-size communities in particular, to be able to advance and meet our climate targets in such a substantive way.

Mr. Peter Fragiskatos: Do you think it would be appropriate and wise in the upcoming budget for a specific program to be created for the funding of electric buses?

Ms. Carole Saab: Yes, absolutely. That's the position of FCM, and again, with the targets that I've just mentioned.

Mr. Peter Fragiskatos: I asked that because I know that some municipalities worry that, yes, they've received funding already under different phases of the infrastructure plans we've put forward, but they want to put the money they have on the table towards maintaining their existing transit systems and making upgrades. While there are benefits from taking that money and shifting it towards the purchase of electric buses, that obviously would take away from their ability to maintain a strong transit system. That's why I wanted some insight on that.

Ms. Carole Saab: Yes, I appreciate that. We agree with you that a complementary program to the permanent transit fund would be the way to address this.

As part of the program around fleet electrification, it's really important to consider as well both the upfront costs of bus purchases but also the other costs associated with charging stations and other core infrastructure that would be required to support this kind of system. We would of course advocate that this be done in a way that provides cities and communities with maximum predictability.

The Chair: We'll have to end it there with the exception of you, Mr. Fletcher. In response to Mr. Lawrence's question, I think you wanted in, and I missed you. Go ahead.

• (1230)

Mr. Braden Fletcher: Thank you, Mr. Chair.

This is just to expand on Mr. Ball's comment on scientific research and experimental development credits. There are two pieces that I thought would merit a little extra attention here.

One is that these credits, as they are structured today, do advantage those companies that have the resources to hire consultants and go through the process of filing for SR and ED credits, and that also have a full year's worth of funding in order to be able to wait patiently for these SR and ED credits to be returned to them. That's a lengthy period of time for any start-up company that's typically living month to month.

The other piece there is that if you think about the flow-through tax credit program we were just discussing, it's a very efficient way to be able to allow companies to access private sector funding almost immediately, under the same premise of SR and ED credits, which is that you're taking those tax advantages and are able to bring them to the present day.

The second piece was in our fairness for growth discussion when we talked about the two-thirds of Canadian public companies that have less than \$50 million in revenue and under 500 employees qualifying as SMEs under a Stats Canada definition. The refundable nature of SR and ED credits is lost when you go public, which is just another example of how our current structures are disadvantaging companies that elect to leverage public venture capital to continue funding their growth.

The Chair: Thank you, and you can send us that note you mentioned earlier. That will be great, Mr. Fletcher.

I thank the witnesses for their presentations and their responses to questions. We will suspend for five minutes while the next group of witnesses comes forward. Thanks to all of you, especially for coming in on such short notice.

• (1230)

(Pause)

• (1245)

The Chair: We will reconvene. I call the meeting to order. As the witnesses know, just for the record, pursuant to Standing Order 108(2), we're continuing our study on pre-budget consultations 2020.

I want to thank the witnesses for coming in on fairly short notice. We'll go to all the individual presentations and then to a round of questioning. We are going to have to try to stop between 10 and five minutes to two o'clock, because some people have Standing Orders and whatnot that they have to go through.

We're starting with you, Mr. Lee, associate professor at the Spratt School of Business, as an individual. The floor is yours.

Dr. Ian Lee (Associate Professor, Spratt School of Business, Carleton University, As an Individual): I thank you, Mr. Chair, for the invitation to appear before the finance committee, but first I'll state my disclosures. I do not consult to anyone or anything anywhere in the world, directly or indirectly. I do not belong to or contribute to any political party or post lawn signs for any political party.

Unlike almost all the witnesses before the finance committee for pre-budget consultations, I'm not appearing on behalf of any organization, any interest group or any lobby, and not my university and not my school. Consequently, I'm not going to argue that the government ought to provide a particular benefit for some particular interest group, such as an environmental group or a business group, etc., because I'm not a lobbyist.

Indeed, my presentation in the next few minutes could be characterized as an "anti-lobbyist presentation", for I'm going to argue that the government should do less and spend less—not more—in the 2020 budget.

Now I'll provide the logic. Canada, as with all western countries, is facing an aging tsunami coming straight at us in very short time, one that is inexorable, inevitable and transformative, and not in a good way. We are transforming very rapidly from about 12%—roughly one in 10—of the total population over 65, which is very manageable, to 25%—or one in four—over 65, which is extremely challenging and may not be manageable.

Worse, the dependency ratio of workers to retirees or, as I like to colloquially refer to it, millennials to boomers—not completely accurate, but good enough—will drop from what it was in 1970, at seven to one, or seven workers to one retiree, to two and a half to one in about 10 years or less. These driving forces will significantly reduce the overall Canadian economic growth rate. Note that from 1981 to 2016 per capita income grew on average by 1.3% per year for all of us, but it is forecast that from 2017 to 2045, per capita income is only going to grow by 0.9%, which is a roughly 50% reduction from what we're used to.

In plain English, the growth of all government revenues will significantly decline relatively, while government expenditures, principally health care, will skyrocket, per CIHI stats. Very quickly, the average per person government spending on people from ages 15 to 64 is \$2,600 per person per year, but for us over 65, our annual average per capita health care cost is \$11,600 for every person over 65. That's 4.4 times bigger than it is for younger people. Also, the number of taxpayers to pay the bills is going to collapse from 7 to 1 to 2.5 to 1, meaning that we cannot continue to steadily increase taxes.

For the first time in Canada since the Depression, we're going to be faced with very hard choices due to the emergence of relative scarcity. Yet in the last election, every political party competed with promises to spend far more money, but with no serious meaningful discussion concerning the funding of these promises of very large permanent future commitments, such as universal pharmacare.

Moreover, there was no serious discussion of the very high standard of living in Canada that already exists, notwithstanding that Canada is one of the 10 wealthiest countries in the world on a per person basis amongst 200 countries; notwithstanding that Canada has an average income per person higher than Germany's, which is the wealthiest country in the EU, which is one of the two wealthiest regions in the world; notwithstanding that poverty in Canada has collapsed to the lowest level in Canadian history at 8.8%; notwithstanding that elder poverty, once the core and face of poverty until the mid-1960s, has collapsed in Canada today; notwithstanding that Canada has a sharply progressive income tax system, unlike the U.S., where, contrary to another urban legend that the top two quintiles don't pay their fair share, the top two quintiles, per Philip Cross of StatsCan, pay approximately 80% of all personal income taxes, while the bottom quintile, after transfers, pays less than 5%; notwithstanding that the OECD data reveals that Canada is below—I'll repeat "below"—the OECD average for income inequality and below all other English-speaking countries; and, finally, notwithstanding the steady rise in real incomes of the middle class for the last two decades, per Stats Canada and Professor Stephen Gordon's multiple op-eds in multiple media—newspapers.

However, the aging tsunami, an enormous iceberg in a very strong current, is coming straight at us in less than 10 years, and it's going to change everything. Yet successive Ministers of Finance—Liberal and Conservative—steering the ship have told us repeatedly that we have nothing to fear, that Canada, like the *Titanic*, is unsinkable because, as we are told, we have the lowest federal debt-to-GDP ratio in the G7. But they have neglected to tell Canadians that we have the worst total government debt—federal, provincial and municipal—in the G7 as a percentage of GDP, at roughly 90%, and two of our provinces are de facto insolvent: New Brunswick and Newfoundland and Labrador.

• (1250)

Going forward, ministers of finance must provide leadership by preparing Canadians for the inevitable collision with the monster iceberg just in front of us by lowering, not raising, our expectations concerning the false belief that the future will be just like the last 70 years, and confronting uncritically unanalyzed promises for extraordinarily expensive programs such as universal pharmacare, which will provide free drugs for such high-income Canadians as

professors like me, MPs like you, senior public servants and superior court judges making a third of a million dollars a year and, worst of all, medical doctors making half a million to a million dollars a year.

We cannot continue to go forward like this.

Thank you.

The Chair: Thank you, Mr. Lee.

We'll turn now to the Assembly of First Nations Quebec-Labrador, with Chief Ghislain Picard.

Welcome.

Chief Ghislain Picard (Assembly of First Nations Quebec-Labrador): [*Witness spoke in Innu-aimun as follows:*]

kuei! nutam etishiek^a tshipushukatitunau nimiluelitan ute minat peikuu e tain tshi pitshitiniman nitaimunan nete e ishikapuiat ninan nete uetshiat mak e ishi-pakushuenitamat

[*Innu-aimun text translated as follows:*]

Hello everyone. It is a pleasure to appear before you again to outline our position and put forth our expectations as First Nations.

[*English*]

Thank you very much, Mr. Chair and distinguished members of the finance committee.

I certainly want to acknowledge the Anishinabe nation, since we are their guest today on their unceded traditional territory.

[*Translation*]

I'd like to start by thanking the committee for this last-minute invitation. In particular, I'd like to thank the Bloc Québécois for the opportunity to appear before the Standing Committee on Finance. It means that the voices of Quebec's first nations and Inuit communities can be heard when it comes to important issues that concern our region.

The Assembly of First Nations Quebec-Labrador, or AFNQL, is a regional consultation body made up of the Chiefs' Assembly as well as a political and administrative office. The assembly is composed of the chiefs from the 43 communities of the first nations of Quebec and Labrador, and represents a total of 10 nations: Abenaki, Algonquin, Atikamekw, Eeyou—or Cree—Innu, Huron-Wendat, Maliseet, Mi'kmaq, Mohawk and Naskapi.

The Chiefs-in-Assembly elect the AFNQL chief for a three-year mandate. I am the elected chief, and I was re-elected in January 2019. The Chiefs-in-Assembly created a regional body to assist and support the regions, which includes regional administrative organizations for all the first nations. They are the First Nations of Quebec and Labrador Health and Social Services Commission; the First Nations of Quebec and Labrador Economic Development Commission; the First Nations Education Council; the Institut Tshakapesh, an institute for the Innu nation of eastern Quebec; the First Nations of Quebec and Labrador Sustainable Development Institute; the First Nations Human Resources Development Commission of Quebec; and finally, the First Nations of Quebec and Labrador Youth Network, which ensures representation of a vital group, youth.

The contribution of the AFNQL and its commissions is intended to benefit, first and foremost, Quebec and Labrador's first nations governments. Given how closely connected our network is, we are in the best position to provide direct support to our communities. Despite that closeness, there is a need for strategic investment in knowledge building, an area where we can make an even greater contribution to all first nations governments, as well as to the federal and provincial governments.

Our interdependence supports the case for key investments that will have a positive impact on the health determinants of our population. I want to stress that the issues facing first nations are transpartisan. While we have a collective responsibility to improve the long-neglected living conditions and welfare of Canada's first nations, we above all have a duty to give our children, our youth and our families a future with dignity. And that dignity will only come once full and total self-determination has been achieved.

An area where the neglect is most visible is housing. It's an area where key investment is needed. In the year 2000, the state of housing was deemed a crisis. Today, 20 years later, nothing has changed: we still face a housing crisis. The underfunding of the first nations housing sector in Quebec is alarming. The population is growing, the sector is underfunded, and the gap between needs and actual construction is widening. The links between housing and other spheres of society have been demonstrated. Investing massively in first nations housing would contribute to reducing the social problems observed, while benefiting all partners seeking to stimulate economic and social development.

Over the years, federal budget allocations have not kept pace with needs. On average, between 225 and 250 housing units are added to the communities' housing stock each year. Existing federal programs meet less than 15% of on-reserve housing needs. In a 2019 analysis, the AFNQL estimated that an investment of \$3.9 billion was needed over 10 years—in other words, \$390 million per year—to build new units, renovate, repair and decontaminate existing units, and service land in order to address the current backlog and respond to the growth of first nations households and families.

- (1255)

The federal government must help first nations develop and manage new regional housing entities accountable to first nations for managing housing and related infrastructure programs.

Child and family services is another key sector—and this is not in order of priority. An act respecting first nations, Inuit and Métis children, youth and families received royal assent on June 21, 2019 and came into force on January 1, 2020. Sustainable and predictable federal funding over the long term to implement the act is paramount if we are to exercise our inherent right to self-determination and self-government.

It will be essential to establish a regional authority to support communities and organizations wishing to develop their law. This will involve legal and technical aspects, negotiations and any other costs related to the full implementation of this new law and the creation of an independent entity to advocate for children's services.

The current annual budget for child and family services in Quebec ranges from \$100 million to \$105 million, \$50 million of which covers child placement. This is the minimum required, and more accurate cost estimates using tangible data will need to be established.

Education is another key sector. The first nations policy proposal to transform first nations education was adopted by resolution by the Chiefs-in-Assembly and cabinet in 2019. It calls on the minister to take the necessary steps to strengthen first nations elementary and secondary education through regional models that provide adequate, predictable and sustainable funding, while promoting good student outcomes.

Now I'll turn to public safety. It's impossible not to mention the National Inquiry into Missing and Murdered Indigenous Women and Girls or the Public Inquiry Commission on relations between Indigenous Peoples and certain public services in Québec, known as the Viens commission, which calls into question public authorities in relation to the safety and security of first nations women. That safety and security hinges on the development and implementation of a legislative framework that recognizes first nations policing as an essential service, with equitable funding and capacity support. It is essential that robust and culturally appropriate policing services for local first nations governments be adequately funded.

On a regional scale, the funding needs are as follows: \$200 million over five years to enhance and expand first nations policing services; \$50 million over five years to modernize safety infrastructure in first nations communities; and \$50 million over five years to create safety and security programs for first nations communities.

Impossible to overlook, indigenous languages are another key area of focus. First nations want to ensure the survival of their ancestral languages, in accordance with the UN guidelines set out in the resolution proclaiming 2019 the International Year of Indigenous Languages.

Bill C-91 gave rise to the Indigenous Languages Act, which seeks to reclaim, revitalize, maintain and strengthen indigenous languages in Canada. It received royal assent on June 21, 2019, and funding is necessary to implement the act.

Lastly, I'd like to mention an extremely important issue. On January 21, we found out that the number of indigenous inmates, especially women and youth, had hit a historic high; they account for 30% of the federal inmate population.

We have to talk about justice. The federal government must act swiftly to end the overrepresentation of indigenous people, youth and adults alike, in the criminal justice system. That's what Minister David Lametti indicated in a letter to the Assembly of First Nations Quebec-Labrador on April 1, 2019, and that is our position as well.

The First Nations of Quebec and Labrador Health and Social Services Commission conducted a study culminating in the report entitled "Portrait of the Criminalization of the First Nations in Quebec: Providing Impetus for Change". The findings are troubling. First nations populations are decidedly more criminalized, primarily those under the age of 25. The rate of criminalization is five to six times higher in first nations communities than in all of Quebec. Adequate funding of justice initiatives and community justice programs such as justice committees in our communities can only result in a reduced prosecution rate of our members.

• (1300)

The justice committees already in existence in our communities are underfunded because there has been no increase in the federal budget since 2008. In addition, it is important to consider that the provincial budget is also capped. The lack of resources—causing inadequate working conditions—in the existing justice centres in our communities is at such an unacceptable and unsustainable level that it impedes the exercise of our right to develop our own justice systems.

I would say more, but I will leave it at that for now.

Thank you.

[English]

The Chair: Thank you, Mr. Picard.

We are substantially overtime, but we have only five panellists this time.

We'll go to the Canadian Alliance of Student Associations with Mr. Brown.

For your information, Ms. Petrevan, you'll be next after the Canadian Alliance of Student Associations.

Go ahead, Mr. Brown.

• (1305)

[Translation]

Mr. Adam Brown (Chair, Canadian Alliance of Student Associations): Good afternoon, Mr. Chair, honourable members of the committee and witnesses.

[English]

I would like to begin by acknowledging the traditional and unceded territory of the Algonquin and Anishinabe people, where we have the privilege of gathering today.

My name is Adam Brown. I am the chair of the Canadian Alliance of Student Associations, or CASA. I'm also the vice-president external of the University of Alberta Students' Union and a fifth-year student completing a bachelor of commerce degree, focusing on business economics and law.

CASA is a non-partisan, not-for profit organization that represents over 360,000 students at colleges, polytechnics and universities from coast to coast. Through a formal partnership with the Union étudiante du Québec, we are a trusted national student voice.

I'm thankful to have been invited to appear before the committee, representing students at a time when there are ongoing challenges to student autonomy and organizing. I am hopeful that in the future, students will continue to have opportunities like this one to be included as respected partners and stakeholders and to have their voices heard.

A public opinion poll commissioned by CASA in March of 2019 highlighted that dealing with climate change and the environment is a top concern on students' minds. It was equal to creating good jobs for young Canadians and making colleges and universities more affordable. Not only are students in Canada concerned about climate change but we are a crucial part of the solution. In order to tackle the climate emergency that is facing our country and the world, we need an accessible, affordable, high-quality education system that produces graduates with the skills to create the innovative solutions our society needs. Unfortunately for Canada and its students, many barriers to acquiring the type of education needed continue to exist.

For example, graduate students are key to driving an innovative economy. Their research has the potential to find sustainable solutions to transition to a strong low-carbon economy. Unfortunately, thousands of students in Canada every year choose not to pursue graduate-level education because of their debt levels. The average student with debt in Canada is carrying about \$28,000, and four in 10 graduates report that debt prevents them from pursuing further education. The federal government can reduce financial barriers and anxieties about debt loads by allowing graduate students to access Canada student grants, which are a form of up-front, non-repayable financial aid at a cost of \$58 million per year.

CASA also envisions highly skilled tradespeople to be part of the solution. A low-carbon economy is going to require new technologies and new infrastructure that will require new skills. There is already a strong market demand for these skills. In Ontario, 41% of employers report requiring a skilled tradesperson. In the transition to a low-carbon economy, one can only assume that this demand will increase.

That being said, apprentices in trades training face significant financial barriers to completing their education. An apprentice in their first year can have start-up costs for equipment of as high as \$8,000. The Government of Canada provides apprenticeship incentive grants of \$1,000 a year, but the first year of apprenticeship is not covered by this grant. Extending the apprenticeship incentive grant to cover the first year of an apprenticeship would reduce barriers for students in the trades. We estimate this would cost \$72 million a year.

CASA further views Canada's international students as a source of potential skills development in the fight against climate change. Every year Canada attracts thousands of bright, talented students from all over the world. According to a 2018 report, international students make up about 13% of all post-secondary students in Canada. Canada is a country in need of skilled individuals, and it has a vested interest in retaining these students when they graduate.

In 2020 a high-quality education includes work-integrated learning opportunities, but international students face unnecessary barriers to participating in these experiences. In addition to applying for a study permit, international students must apply for a no-fee co-op and internship work permit to be eligible for many work-integrated learning opportunities. The processing times for these permits differ in length, a situation that has led to international students missing out on valuable hands-on experience during their time in post-secondary.

Easier access to work-integrated learning opportunities would increase our ability to retain more international students in Canada and foster a broader community of innovative thinkers, which is needed to combat the climate crisis. We recommend that the government allow international students to participate in an internship or co-op under their study permit rather than requiring them to get a separate permit.

• (1310)

[*Translation*]

Thank you once again for the opportunity to participate in this pre-budget consultation.

[*English*]

As you plan for the effective transition to a low-carbon economy through the forthcoming budget and beyond, I would urge all members of Parliament to consider the massive potential of Canada's students in addressing our global challenges.

I look forward to your questions.

The Chair: Thank you, Mr. Brown.

Turning to Clean Energy Canada, all the way from Brooklin, Ontario, we have Ms. Petreva.

Ms. Sarah Petreva (Policy Director, Clean Energy Canada): Good afternoon. Thank you for allowing me to appear remotely. I have to apologize, but I have a little bit of a cold.

My name is Sarah Petreva. I'm the policy director for Clean Energy Canada. We're a climate and clean energy program within the Morris J. Wosk Centre for Dialogue at Simon Fraser University.

The 2020 budget is an opportunity to turn climate ambition into climate action in Canada by prioritizing areas that provide benefits to Canadians, such as helping them save money, supporting jobs and, of course, cutting carbon pollution. I want to briefly focus my comments on three initiatives that do just that: increasing the deployment of electric buses, enabling more Canadians to drive electric vehicles, and building our infrastructure in a way that reduces pollution.

Transportation accounts for almost one quarter of Canada's emissions. Based on recent Government of Canada estimates, we know there are at least 1.5 million tonnes of pollution to be saved by electrifying public transit buses and trains. Depending on where you are in the country, an emissions-free bus will pollute 40% to 90% less than its diesel counterpart.

Right now, a fully electric bus costs \$500,000 to \$600,000 more up front than a diesel bus, but less if you factor in fuel savings over the life cycle of the bus. Estimates have these buses reaching price parity with their diesel counterparts in as little as five years, but in the interim, budget 2020 should include a rebate program fashioned after the popular program for electric cars.

The government should put in place a dedicated fund from which cities and transit authorities can receive rebates towards zero-emission buses. This fund should be very simple to access for municipalities, and it should help transit authorities save money over the life cycle of their new, clean buses, allowing them to reallocate their dollars towards other priority areas. Budget 2020 should also provide the infrastructure required to support electric transit buses, from charging infrastructure to new retrofitted bus depots.

Canada is home to four electric bus companies. Of the 298,000 jobs in the clean energy sector in Canada, 58% of them are in clean transportation. Electrifying public transit not only will cut pollution, it will create careers for Canadians in our evolving economy.

Now, what about passenger vehicles? The Government of Canada's iZEV program has spurred electric vehicle sales upwards by 32%, providing rebates to more than 30,000 Canadians. This program has surpassed expectations in terms of its popularity, and budget 2020 is an opportunity to both renew and expand its noble aims.

The government should move forward on its commitment to offer incentives for purchasing used electric vehicles. The purchase incentive could be retooled so that the scale of the incentive correlates with income level. Low-income Canadians benefit most from the cost savings that come from owning an electric vehicle, but low-income Canadians are not always in a position to spend more up front even if they see the long-term benefit.

Finally, budget 2020 is an opportunity to reduce pollution in the infrastructure we build. Each time we construct something—a road, a bridge, a building—we generate pollution in the manufacturing of building materials, in transporting those materials and even in tearing buildings down when they no longer serve their purpose.

Within Canada and internationally, policy-makers have designed policies that help us waste less energy through energy efficiency, policies that consider the fuels we use to heat our homes, our office towers and the stores we visit. What we in Canada have thought less about is the 11% of global carbon emissions that come from just constructing these assets, which is equal to half of the entire carbon footprint of new construction between now and 2050.

The good news is that there are many products and materials in existence today—low-carbon cement, steel and mass timber—whose production generates less pollution. These low-carbon versions are being used across the U.S., the U.K. and even most recently in a project at the Calgary airport. Simply changing the type of cement we use in Canada can save us one million tonnes of pollution, and in this instance it's at no extra cost. The lower carbon option costs exactly the same as what is currently being used.

While policy-makers consider the broader opportunities associated with infrastructure in Canada, budget 2020 should establish a low-carbon infrastructure fund to help municipalities and other jurisdictions that want these well-commercialized, less-polluting building materials in their infrastructure projects. This would be a demonstration fund and therefore time limited, supporting the most ready products and materials. The fund would increase demand and the prioritization of lower-carbon domestic materials in cleaner construction.

With more than 1.2 million Canadians employed in the construction industry alone, infrastructure supports the jobs that will help build Canada's sustainable economy.

- (1315)

We should be building the future with the best materials available today.

Thank you for your time. I would be pleased to answer any questions you may have.

The Chair: Thank you, Sarah.

With the Green Budget Coalition, we have Mr. Van Iterson and Ms. Daviet.

Mr. Andrew Van Iterson (Manager, Green Budget Coalition): Mr. Chairman and honourable committee members, thank you for inviting the Green Budget Coalition to speak to you today.

The Green Budget Coalition, active since 1999, is unique in bringing together the expertise of 22 of Canada's leading environ-

mental organizations, that collectively have over one million Canadians as members, volunteers and supporters.

The Green Budget Coalition's mission is to present an analysis of the most pressing issues regarding environmental sustainability in Canada, and to make a consolidated annual set of recommendations to the federal government regarding strategic fiscal and budgetary opportunities.

As you noted, I am joined today by Florence Daviet, the national forest program director from the Canadian Parks and Wilderness Society, to help answer questions later.

In November we emailed each of you copies of this document, the Green Budget Coalition's recommendations for budget 2020, which provides more detail, refinements and updates on the submission we made to the committee in August 2019.

The Green Budget Coalition's most important message to the committee today, in line with the theme of the committee's pre-budget consultations, is the following: Canada and the world face a climate emergency and a biodiversity crisis. Canadians are already experiencing floods, fires, ecological disruption and a rapidly warming Arctic, and scientists project that these and other impacts will intensify if climate change remains unchecked.

The Green Budget Coalition urges the Government of Canada to step up to this defining moment in history with the necessary investments in budget 2020 to enable effective action.

Our recommendations for budget 2020 will help Canada make rapid progress. We draw upon the expertise of Canada's environmental movement as well as global knowledge and experience to provide detailed, costed, strategic budget recommendations addressing critical environmental challenges. Implementing these recommendations would furnish economic health and environmental benefits for Canadians.

The GBC welcomed progress in recent federal budgets on climate actions, protected areas, building and vehicle energy efficiency, food policy, water, transit and natural infrastructure. However, we now need to scale up action before it is too late to address the closely related climate and biodiversity crises.

In this context the Green Budget Coalition has developed its recommendations for budget 2020, addressing four themes.

First, the coalition urges scaled-up fiscal action to address the climate emergency, including eliminating fossil fuel subsidies and allocating major funding to nature-based solutions, and building energy efficiency, transportation, community energy, international climate financing and marine shipping, plus a number of complementary measures, including those on carbon pricing, the sustainable finance report, and a just transition for energy sector workers.

Second, the coalition urges continued and ongoing investment in nature conservation and biodiversity, with a focus on protected areas on public and private lands; habitat restoration, including wetlands and grasslands; oceans and migratory birds.

Third, our recommendations regarding sustainable agriculture call for investment in agri-environmental programs, research and development, and a new facility for the national insect collection to improve the agricultural sector's sustainability, resilience and competitiveness.

Fourth, on toxics and pesticides, we point to the need for regulatory departments to receive sufficient resources to meet and exceed the legislative requirements for managing toxic substances, including pesticides, to protect the health of Canadians and our environment.

Last, in our document we also outline a number of complementary recommendations regarding environmental data and science, governance, plastics, water monitoring, collisions of wildlife and vehicles, as well as first nations water infrastructure.

Implementing these recommendations together would lead to dramatic progress in advancing a healthier future for Canadians from coast to coast to coast.

Thank you again for inviting the Green Budget Coalition to appear today. We look forward to your questions and we would also be happy to arrange for other experts to follow up with further information.

• (1320)

The Chair: Thank you very much. I believe we have a copy of that document somewhere.

To get as many in as possible on a tighter time frame, we'll go to four minutes per individual.

Mr. Poilievre.

Hon. Pierre Poilievre (Carleton, CPC): Dr. Lee, you mentioned Canada's demographic problem, which you say will materialize in approximately 10 years. What should we do about it now?

Dr. Ian Lee: I would be delighted, and I say this very seriously, if this committee recommended to the Minister of Finance a general operating principle that, going forward, all programs must be targeted, not universal. I'm excepting health care itself because it's been around for 70 years and you can't take back what's there. We all support it, but every other social program should be targeted, not universal.

Quebec showed this with the day care. It's giving free day care, or massively subsidized day care, to a husband and wife making a quarter of a million dollars each. It just does not make sense and it's not sustainable. I'm referencing pharmacare but it applies to all of

our programs. We shouldn't be giving electric vehicle subsidies to a person making \$150,000 a year and not at least make that person declare it on their income as taxable. Why are we giving free money to high-income people?

A good start would be to say that all programs must be targeted, and revenues received as "grants" for various benefits should be taxable.

Hon. Pierre Poilievre: How much would that save the Government of Canada?

Dr. Ian Lee: I haven't crunched those numbers. I would like to see some numbers. I'm starting to do some work in that area but I would like to see it. There are many different grants, as we know. There's just a plethora of grants.

Hon. Pierre Poilievre: Do you have any other suggestions for savings?

Dr. Ian Lee: I know you're going to be debating it in the next 12 months. I hope there's a very serious debate on universal pharmacare. It is massively expensive and there are different studies out there. We're all aware of them. The figures are anywhere from \$20 billion to \$40 billion. These are staggering amounts of money to anybody.

Remember that, statistically, I have about 15 years left because a male lives to 81 in this country if they achieve 65 and a female lives to 84. If we impose these costs, they are going to fall overwhelmingly on our young people because they have 50 to 60 years ahead of them.

Millennials should be even more focused on this than people my age. I'm going to be the beneficiary of some of this largesse if you give me free drugs.

Hon. Pierre Poilievre: We won't do that then.

Voices: Oh, oh!

Dr. Ian Lee: I don't need free drugs, I assure you, and neither does Conrad Black and neither do MPs.

Hon. Pierre Poilievre: You seem to be doing very well, Dr. Lee.

Dr. Ian Lee: I'm living very comfortably and I don't have free drugs, other than through my benefits package, which I pay for.

Hon. Pierre Poilievre: Okay, good. We don't want to take that away either.

You mentioned that you would forgo the national pharmacare program. You'll—

Dr. Ian Lee: The universal pharmacare program.... The targeting principle says that we help those who need help, not wealthy people who don't need help. That's what I mean. I didn't say “eliminate it”. We already have pharmacare in Canada.

One of the great urban legends right now is that Canada doesn't have pharmacare. Of all prescription drugs in Canada, 43% are funded through the provincial ministries of health. Almost half of all our prescription drugs are already under pharmacare. It is just simply false to say that we don't have a pharmacare program in Canada. We do.

Hon. Pierre Poilievre: We have many of them.

Dr. Ian Lee: We have many of them. We have 10 provinces and the territories as well. That's in the annual report from CIHI, which is superb and I urge every MP to read it. It's the annual analysis of pharmacare expenditures in Canada, going back some 15 years to the present.

Hon. Pierre Poilievre: You've given some suggestions on how we can consume less wealth. How can we produce more of it?

Dr. Ian Lee: I'm glad you asked that because these aging numbers are not theories. They're not opinions. It's called demography, and the demography is just relentless. We're going to have one in four people over 65. What we can do though, as you just suggested, is to try to reduce the barriers to economic growth. We're going to have to do that. We should be looking at ways....

I'm not talking about cutting taxes. For those who think that's always the solution and people like me just advocate for cutting taxes, I'm not arguing that. We have a lot of barriers to growth right now. We have barriers to pipelines in this country. We have barriers to natural resource development. We have to reduce those barriers, without compromising the environment of course.

I've been very lucky in my career over a third of a century. I've travelled around the world to many countries. I'm talking about developing, third world countries. We have, without any doubt, one of the cleanest countries in the world in terms of air, water and soil.

• (1325)

The Chair: We'll have to cut you off there, Mr. Lee.

I'll just remind all witnesses that if you have a point to raise, even though a question is addressed to another witness, don't be afraid to raise your hand and we'll let you in.

Mr. McLeod.

Mr. Michael McLeod: Thank you, Mr. Chair, and thanks to everybody who presented today.

My question is for the Green Budget Coalition.

The 2019 Speech from the Throne and also the mandate letter to the Minister of Environment and Climate Change talked about conservation of lands and oceans to 25% by 2025, and 30% by 2030.

Many of us believe that partnerships with indigenous nations, which can create new protected areas across different parts of Canada, are very essential to meeting those targets. I didn't see any reference to either the indigenous protected areas or the indigenous guardians in your submission. Both of these are good conservation tools to have, and we've used them in the riding I represent, the Northwest Territories.

They're very popular programs with my constituents. In fact, the first indigenous protected area in Canada was just established close to my home community of Fort Providence in the Northwest Territories. The government did an analysis and found that in the Northwest Territories anyway the investment in indigenous guardians returns a value of up to \$3.70....

Does the Green Budget Coalition work with those types of programs, or would it support indigenous-led conservation efforts such as these?

Ms. Florence Daviet (National Forest Program Director, Canadian Parks and Wilderness Society (CPAWS), Green Budget Coalition): I am Florence Daviet with the Canadian Parks and Wilderness Society.

Absolutely, we agree with you that indigenous protected areas are going to be key to helping us meet this target in 2025. It's perhaps an oversight that we haven't clarified that in this document.

As an organization, we work a lot with indigenous peoples. They have a vision for how they would like to see their lands being developed and also protected.

We've seen a lot of great land use plans, including in the Northwest Territories and in the Yukon and in other parts of Canada, and we absolutely support the development of those plans and the creation of protected areas where they are appropriate within them as part of meeting these commitments, so we absolutely support it.

Thank you.

Mr. Michael McLeod: Thank you for that response.

My next question is for Chief Picard.

I appreciate your presentation today. It looks as though many parts of Canada share the same issues and problems. You talked about the indigenous people in jail at 30%. In the Northwest Territories, 83% of the people in jails are indigenous. That number is staggering. There are many issues and problems that we can point to, but the biggest challenge we have—and I think it's across the country—is the issue of indigenous housing.

I can't have a round table discussion on any issue in my riding without housing coming to the forefront, and once it does, it doesn't leave the table until the meeting concludes.

There was a budget of \$600 million provided to the Assembly of First Nations. I'm just wondering if any of that money flowed to your part of the country to the Quebec AFN.

Chief Ghislain Picard: Thank you very much for the question.

The first thing I want to say on indigenous land stewardship is that it's key to understand that if there are no standards for indigenous traditional knowledge, then we're missing the point. We certainly agree with and are supportive of a national program that was launched just last week. Yes, we need to have more of that.

Now, to your question, I think it's very important to understand—we've been saying this for years—that if you don't concentrate on and invest in key determinants, you're bound to spend more on health, education and other areas. To me, it's very important that housing be considered as a central determinant because of population growth, for one. You don't see that anywhere else in Canada.

In response to your question, as a region, we get our share from the national budgets in housing, but the problem is that we always seem to be in a catch-up situation. I heard Mr. Lee's testimony and I respect it, but I don't necessarily share it, in the sense that there needs to be more spending when it comes to our people. When you look at the social and economic conditions, you see that Canada is faring equally or more than any of those other countries, but when you single out the situation of indigenous people in this country, Canada is losing ground. I think that's something that we don't know enough about.

In some communities.... I could drive with you just four hours into northern Quebec. There is a community there of 450 people. They have a sanitation utility which is collective for the whole community because they don't have electricity and don't have running water. They're just 45 minutes away from Val-d'Or, the closest city, and six kilometres away from the main highway. Why is it that we still have situations like that today?

Essentially, that's why we're saying that if we don't ensure that we catch up, then we're certainly condemned to be spending more in other areas. On housing, in Quebec alone we should be building 7,000 new homes in indigenous communities, just to catch up to the rates that we know of anywhere else in the province or even in the country.

● (1330)

The Chair: Thank you.

Mr. Lemire.

[*Translation*]

Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ): Thank you, Mr. Chair.

Mr. Picard, *kuei*. Thank you for joining us today.

During the election campaign, I had the opportunity to take part with Mr. Blanchet in an activity on the reconciliation of peoples. It was held at the Kinawit cultural site in Val-d'Or. Among other things, we talked about the importance of nation-to-nation discussions and of respect between peoples.

In your opinion, what can the federal government do to enhance the recognition and equality of indigenous peoples in order to promote their development?

Chief Ghislain Picard: Clearly, we cannot deny that some quite outstanding efforts have been made over the past five years. As mentioned earlier, attempts have been made to eliminate boil water advisories in some communities. There is still work to be done. I think everyone knows that.

That said, I want to come back to what I said earlier to your colleague opposite. If I understood what was said, I fully agree with Mr. Lee that there must be targeted approaches for specific situations. This is the case with housing, for example. If we can fill the gaps in housing and ensure that our population has the same occupancy rates as the rest of the country, that will go a long way. In the long term, I think it will have an impact on health, education and a whole host of other things.

At the same time, however, we must work to ensure that first nations governments become legitimate governments. Unfortunately, this is still too much of a challenge for many governments at the national level. In my opinion, it is important to ensure—sort of in keeping with the principles of equalization of the transfers between the federal government and the provinces—that first nations governments also have the legitimate right, and even more, the actual ability to govern on behalf of their communities. For me, the true meaning of the nation-to-nation relationship includes this balance, which must be achieved.

Mr. Sébastien Lemire: I completely agree with you on that. Thank you for mentioning the example of Kitecisakik. Since I come from Abitibi-Témiscamingue, I use Highway 117 every day and that also concerns me. This situation is unacceptable, and even embarrassing for Canada.

● (1335)

You talked about housing as a social determinant. The question is no longer even how many housing units are available. In fact, there are often three or four families in the same housing unit. So building the housing units becomes a priority.

This brings me to my question: what is the cost of inaction? Have you ever measured the cost of the status quo for indigenous communities in relation to the cost of the investments to be made, particularly in social housing?

Chief Ghislain Picard: That's the problem, we are floundering in social housing. We need another option: market housing. We are trying to move in that direction, but the problem then is the economic capacity of the communities. That is another aspect that merits consideration. Once again, very generally speaking, on every front, our communities lack the economic capacity that they should have and that is available elsewhere.

Here is the most glaring example: in Quebec, there are three so-called treaty groups, meaning that they have modern treaties. However, the shortcomings I see in the non-treaty groups also exist in those groups. We are therefore far from an ideal situation that would enable us to catch up. It is also important to point out that our population growth is unparalleled in Quebec and elsewhere in Canada, and this must be taken into account.

So, all we are doing is passing the buck, leaving the problems that we are facing today as a legacy for our future generations. That is totally unacceptable.

[*English*]

The Chair: Thank you, both.

Go ahead, Mr. Julian.

[*Translation*]

Mr. Peter Julian: I will continue with you, Chief Picard. We are very pleased to have you here today.

You mentioned having some catching up to do in addition to a crisis in child services and housing. In the documents you submitted, you talk about investments of about \$4 billion over 10 years. However, in a crisis situation, shouldn't those investments be made now, in the next budget, in order to catch up and address those crises?

What is the impact of this lack of affordable and sound housing on first nations communities in Quebec and Canada? What does it mean? Does it mean that families share housing that is not healthy, for example? What does this lack of investment mean?

Chief Ghislain Picard: In Quebec alone, it means 8,000 units that need immediate repair, and almost 4,000 units that need to be decontaminated. That is what happens when we wait. This also has to do with how precarious the program is. If, at the outset, the level of investment is insufficient to deal with certain conditions related to the climate or the transportation of materials, for example, a house built in Quebec City will not have the same value as a house built in a community accessible only by air.

Those technical aspects are therefore extremely important, but there is also the issue of funding, or rather investments. How is this projected over time? How do we ensure that we are able to address the population growth, already foreseeable with the data we have today?

Let me emphasize that there are huge repercussions in terms of education. Who can study in a house with 14 or 15 people when

there should be four or five? That is the challenge today. Furthermore, we also have to look at issues related to social problems, promiscuity and health in general.

All these aspects merit consideration. That is why I was saying that, if we made targeted investments in housing, there would be positive effects in other areas in the long term.

● (1340)

Mr. Peter Julian: Thank you very much.

[*English*]

I'm going to continue with Mr. Van Iterson and Ms. Daviet.

In your submission to the committee, you referenced committing to not introducing new subsidies for fossil fuels, not spending additional funds on the expansion of Trans Mountain pipeline and ending the EDC's financing and support of fossil fuels. We heard testimony yesterday from the Department of Finance, who are now talking about running the escalated costs of Trans Mountain—\$15 billion to \$17 billion, according to most estimates—through the Canada Account of the EDC. That means that the federal government would assume all of the risk of this massive subsidy. That would take fossil fuel subsidies into the stratosphere for a project that, the moment the updated construction schedule is announced, and those construction costs, the shippers will be allowed to pull out. That is why we've never had an update in five years around Trans Mountain.

When you consider how important these recommendations are from the Green Budget Coalition, to what extent do you think it would be wrong-headed of the government to simply, through the Canada Account, subsidize Trans Mountain by \$15 billion to \$17 billion when there are so many other pressing needs and we have the climate emergency upon us?

Mr. Andrew Van Iterson: The coalition has been really clear that we're fully opposed to any subsidies for fossil fuels, and I just learned the information about the Canada Account this morning. I think there is a long list of areas where it would be much better for the government to spend money in protecting Canada's environment and fighting back against climate change and creating jobs, as Ms. Petrean explained earlier. We're fully opposed to any new subsidies to the Trans Mountain pipeline.

The Chair: We'll go to Mr. Morantz, and then over to Mr. Fraser.

Mr. Marty Morantz: My question is for Mr. Brown. He is sitting there not getting any action, so I thought I would wake him up.

My question has to do with international trade and its impact on Canada's economy, particularly around an agreement called CIFTA, the Canada-Israel Free Trade Agreement. Israel is one of Canada's major trading partners. The reason I'm asking this is that there seems to be a proliferation on university campuses over the last number of years of motions around boycott, divestment and sanctions; Israeli apartheid week, and those sorts of things.

Recently Parliament adopted the IHRA definition of anti-Semitism, which is widely held to be applied to the idea that BDS is anti-Semitic in nature. I'm just wondering if your organization, the Canadian Alliance of Student Associations, has done any work to deal with these important issues.

Mr. Adam Brown: CASA exists to fundamentally advocate on post-secondary education: affordability, accessibility and quality. These sorts of debates that you're referring to, our organization does not take a stance on them as it is not a direct post-secondary issue. To my knowledge, none of our member associations are involved in those sorts of things, so I can't speak to it very much. Our organization focuses squarely on post-secondary education and the federal government.

Mr. Marty Morantz: Thank you.

The Chair: Mr. Cumming, you have a couple of minutes left in that round.

Mr. James Cumming: Mr. Brown, welcome from Edmonton. It's good to see a U of A grad here. I'm glad you mentioned the good work of U of A students and those who contribute through polytechnic education, particularly NAIT.

I recognize that there's a lot of things here that you would like to see happen, all of which have, of course, a budget impact. Given that you come from a province that is struggling at this time with budgets and the current state of the resource industry because of some of the current policies in place, there's the potential for a lot of U of A grads—they've added a lot of value, as have NAIT students—to making the energy industry in Alberta one of the best in the world.

Has your group thought, particularly because you come from Alberta, about the business of how we continue to maintain market share or gain more market share for resource development and the methodology on how we extract, to prove to the rest of the world that we can be very effective and add to the economy of Canada to pay for some of those programs you're speaking of?

• (1345)

Mr. Adam Brown: When looking at things like market share resources, I think it's important to note aspects—just to refer here to to our pre-budget submission—of investments in research, for example, and the number of students who should be going into master's or Ph.D. studies to be able to innovate and create solutions, whether within the context of a post-secondary institution or taking it into private industry.

That accessibility is nowhere near where it should be, especially in comparison with many other countries with standing similar to Canada's. On that side, I think we need to take a serious look at financial aid for those graduate students, to help improve that market share and that innovation. Then, on the college and polytechnic side

as well and the reference being made to that, Canada's aging population and the fact there are a lot of retirees have been referred to. I think it's important to note that this accessibility does need to be there equally for students to go into the trades, to be able to do applied research as well, or to be able to innovate on that side when they're building infrastructure, as mentioned in the presentation.

I think financial aid is the first big program that really does need to be looked at when we talk about how to improve our market share and whatnot. How do we get Canadians educated enough to give them the opportunities to create that market share and to expand in regard to those points you touched upon?

The Chair: Thanks, both of you.

Mr. Fraser, go ahead.

Mr. Sean Fraser (Central Nova, Lib.): Thank you very much.

When it rains, it pours. I'm going to toss a few questions Mr. Brown's way, but really one, because I'm going to be sharing my time with my colleague Mr. Fragiskatos.

I'm a former student leader of the CASA organization at StFX University in Antigonish, Nova Scotia. One of the points you made that I was really taken with is that you described—although it was in the climate context—how students are part of the solution going forward. I think that's obviously true, and not just in terms of climate change. It kills me when I see that there are business solutions, scientific developments and solutions to climate change that are locked in the mind of a kid who can't afford an education. We are all losing out when that child isn't able to go to university because they may have grown up in a low-income, debt-averse household.

You mentioned that we should have certain programs, like the Canada student grants program, that actually help on the front end. We increased, in the previous Parliament, the Canada student grants program by 50% and campaigned on a commitment to increase it further. I'm curious as to whether you have advice on how that can best be deployed to ensure that the entire nation benefits from this potential that's currently untapped, whether it's in the skilled trades, in science programming or in liberal arts backgrounds. How can we tailor the Canada student grants program to ensure that we allow that for students who are currently not pursuing an education because of the risk of taking on too much debt?

Mr. Adam Brown: That's a great question. Thank you for that.

As I mentioned, I think one of the biggest things is support for graduate students. The federal government does not offer any support through Canada student grants in the form of upfront and non-repayable grants for students to pursue graduate studies. To your point, it really does stifle that innovation, and there's this potential we have, whether we're talking in the context of combatting climate change or in terms of economic innovation or whatnot.

To Mr. Lee's point, with regard to the \$28,000 debt, making sure these grants are targeted towards the people who most need them and can make the most use of them is extremely important and, on the other side as well, in looking at how Canada student grants can support college and polytechnic students. I'm not sure what the logic was behind not giving that \$1,000 grant to college and polytechnic students who are trying to get that equipment in their first year, but it definitely stifles the inclination to want to continue if your first year is so expensive. You know that it may be cheaper later, but you do have to make it past that first year, and those finances can be very difficult. I think those are really important steps.

Mr. Sean Fraser: We won't have time for an answer to this, because I will pass my time to my colleague. If on the back end of this meeting you want to give feedback as to why the Canada student grants program would be better positioned than, say, SSHRC or NSERC scholarships for graduate programs, I'd be interested in your organization's feedback.

With that, I'll pass it off to my colleague.

Mr. Peter Fragiskatos: Thank you very much, Sean.

Ms. Petrevan, you are the third witness in two days to voice support for electric buses. You talked about a rebate program that would help municipalities cover the costs. Could you go into how that would work?

• (1350)

Ms. Sarah Petrevan: A rebate program could work in a way that is very similar to the way that a rebate program works for electric vehicles.

The reason we're proposing a rebate program versus a more targeted infrastructure program under the investing in Canada plan is the simplicity of how the program could be delivered, which is important not necessarily when you're looking at the larger municipalities so much, but when you're looking at smaller municipalities and their ability to file all of the necessary paperwork and go through all the necessary application processes. It also enables the government to give funding directly to municipal transit authorities without having to work through the bilateral agreements between the feds and the provinces.

Mr. Peter Fragiskatos: I can already anticipate, though, the argument from municipalities that would say that they don't have the capital for up-front costs in the immediate.... How do you respond to that?

Ms. Sarah Petrevan: When you're looking at how to fund electric buses, that comes from a bunch of different places. The rebate has to be scaled to the cost of the bus, and the cost of the bus will be different in different jurisdictions across Canada. Because of the fuel savings, the emissions potential is actually different based on electricity grids in different parts of the country. That's the first thing you have to look at.

The second thing you have to look at for municipalities is the related infrastructure cost that comes with electrification, which is not necessarily always considered by everybody. How do you get charging stations up front? How do you retrofit or build new bus depots? There are also things like IT systems. If you have an infrastructure program—not to double-speak—for the related infrastructure program for buses and then a rebate program that can rebate the cost differently and is scalable based on the true cost of the bus, that will help some of the municipalities that have already set aside money to do this—for example, the City of Toronto, and TransLink in Vancouver—spur forward their ambitions to electrify their fleets.

Mr. Peter Fragiskatos: Thank you.

The Chair: We will have to end this panel there. I want to thank all the witnesses for coming forward.

I ask the committee members to hold on for a minute.

We're sorry for having been a little tighter on time, but thank you for your presentations and for doing the work to prepare them and for answering questions.

Just for the benefit of the committee, we've been back and forth with the Department of Finance on time frames for a minister to appear, and it seems that the only time frame possible for Minister Fortier to appear is tomorrow night, from eight to nine. I'm just wondering where people are at on that. I know it would run us longer tomorrow night. We've tried several other times, including on the 18th and on Thursday, but everyone is completely tied up at either the G20 or some other place.

The time frame will be eight o'clock to nine o'clock tomorrow night, just so that members have notice.

With that, we will adjourn until 3:30. Thank you all again.

The meeting is adjourned.

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