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● (1540)

[*English*]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I call this meeting to order. As all the witnesses know, we are dealing with pre-budget consultations for budget 2020.

Mr. Sean Fraser (Central Nova, Lib.): I have a point of order, Mr. Chair, and I'll try to be quick because I know the witnesses came here to testify.

We had a discussion at committee the other day about an invitation to have Minister Morneau appear, in addition to the planned appearance of Minister Fortier tonight. Obviously, I flagged the scheduling conflict, but Minister Morneau will be able to make himself available to the committee on February 19. I just wanted to let the committee know of his intended presence here, though it will be after the upcoming constituency week.

The Chair: Thank you for that information, and thanks to Mr. Morneau for agreeing to appear.

I want to begin by thanking the witnesses for coming on such short notice. We have a very tight time frame to do this. I also want to thank those who made submissions prior to the mid-August deadline. Those submissions will be considered as part of the pre-budget consultations.

With that, we'll begin with Mr. Weissman, as an individual, from Toronto by video conference.

Welcome.

Mr. Peter Weissman (Chartered Accountant, Trust and Estate Practitioner, As an Individual): Thank you. I want to thank you for having me here to share my thoughts with you about the upcoming budget.

I've been a witness at this committee on other issues before, but just by way of background, I've been an income tax practitioner for over 30 years. While my comments today will be some of my income tax observations, they are informed by years as a student, as an employee, as an accounting student, and for the last 20 years, as a business owner running an accounting practice.

I'll be honest with you. We're all still licking our wounds from the battle that was waged over the government's private company tax changes. You'll be relieved to know I don't plan on rehashing all of that today. I know what this is about. We have what we have.

The only thing I'd like to say about it is that, during the process, I don't think the objectives of that process were flawed. Some of the ways of going about achieving the objectives were much too complicated, but they are what they are. We have complicated rules to work with instead of simple ones. In 10 years or so we might find we have some judicially determined answers to what are seemingly unanswerable questions right now, to be quite honest, with respect to the TOSI rules, the income-splitting rules.

I'm hopeful that the upcoming budget won't include similarly complicated proposals, and as a Canadian, to be very honest, I hope that they also won't include a lot of the divisive rhetoric we've seen in recent years. I personally found it very disturbing and really not productive to achieving what we as Canadians want.

I also just want to state that contrary to what I think many Canadians believe, business owners are not any more nefarious in their tax matters than employees are or, to use the government's term, the middle class and those working hard to join it. There are a number of employees who are very aggressive in their tax planning. I don't deal with aggressive tax planners. I don't want anything to do with them. I pay my fair share of tax and I think everyone else should. I don't really want to subsidize people who are cheating our tax system. I don't think anyone should have to pay more than their fair share but I don't think they should pay less. It's not really morally acceptable, in my opinion, to pay less than your fair share.

We live in a great country. We have a high standard of living. We should maintain that. We have great social safety nets. Some of them could be improved, but we look after our citizens and we look after our people and vulnerable Canadians. That, to me, is what I think our tax system should be doing. I'm happy to give suggestions to help keep funding that and using the funds efficiently to meet those objectives.

With that in mind, I'll just give you a few of my suggestions that will, hopefully, be considered in the budget or post-budget in further dealings. Hopefully, the 2020 budget will stray away from partisan positions and rhetoric and just take a more conciliatory approach to be more productive and to work with people who can help be part of the solution, instead of part of the problem.

In that spirit I'd like to suggest that the government commit to three actions. First, we've invested in hiring more auditors, but I think the money needs to be spent now on training those auditors. What we're experiencing in the field, particularly at the audit level, is that a lot of people who are new to the audit world as auditors have not necessarily been trained in income tax provisions. They follow audit manuals. Honestly, they're not well trained. Decisions are being made at the audit level that trickle all the way through to appeals and to the tax courts. When something's not handled well at the audit level, the trickle-up effect happens.

I could give you a lot of examples. I have a situation right now that should be a simple matter. Something was purchased before a certain date, and the auditor thinks the act says it had to be purchased after a certain date. It's clearly not correct. It's really simple when you read the act. It's a mistake. The proposal right now is to assess my client as having $6 million of capital gains because they sold a smaller property they were working out of and moved into a newer one. The act allows you to defer the tax when you do that. Because of this misreading of the act and saying that the new place had to be purchased after a certain date, my client now has to deal with appeals to try to get that reversed.

What concerns me is not just that the auditor misunderstood something relatively simple in the act but the fact that the supervisor signed off on that audit as well. I think that's a function of workload. I'm not judging anyone, but the training of auditors, to me, is much more important now than hiring more auditors.

● (1545)

I gave you that example. I think that hiring people without training them defeats or undermines the objective of why we are hiring them. I'm all in favour of enforcing more compliance for people who aren't in compliance with our tax rules, so don't get me wrong on that front. I think that using the auditors better, training them, would get us a better result, recovery-wise and cost efficiency-wise, than just hiring more people.

Second, I'm hopeful that the government will continue on its path to making the system easier to navigate and manage for people with disabilities—physical disabilities and mental infirmities. I was appointed inaugural co-chair of the first disability advisory committee back in 2005. That was a committee that reported to the minister of revenue, just as the current disability advisory committee does. At that time John McCallum was the minister of revenue. That committee was created in a budget. I remember reading the budget, as a tax practitioner, and it said it proposed to create this committee to advise the minister on ways to better administer the disability tax credit. I applied based on that and got the position. It was a very productive year, before the committee was cancelled when the government changed.

We have had luck in having the committee reinstated recently. My concern, though, is why. We shouldn't need the committee to exist anymore. I was appointed in 2005, so that's 15 years ago, and we still have the need for a committee to help advise the government on how to administer the disability tax credit.

I think it's time to consider a new role for the disability tax credit or perhaps a new model. It's very complicated, the way it's worded. It's a very old system, and so are some of the medical expenses. I'll give you some examples. I think a look at the overall treatment of disability tax measures and medical expenses in general is really overdue.

We have, for example, in the medical expense section, limits on how much you can claim in certain circumstances for full-time attendants. The limit was set in 1997, $10,000. We're now in 2020 and that limit hasn't changed. In over two decades that $10,000 number that was set back in 1997 dollars hasn't changed, and people looking after or paying for full-time attendants to look after their loved ones have a very restrictive amount they can claim in certain circumstances. It's time to relook at that. That's just one example.

Another one is that a number of years ago people with celiac disease lobbied—I'll use the term—the government because the cost of gluten-free food was much more expensive than the cost of regular food. The act was amended to include a provision that said for people with celiac disease the incremental cost to purchase gluten-free food is a medical expense. I think that was great at the time. More people are affected now by gluten problems than just people with celiac disease, but that provision hasn't been amended.

I don't deal specifically in disability-related matters, but I do tax planning with people. I had a client whose father couldn't swallow food properly. He had been rendered quadriplegic in a car accident. All of his food had to be pureed, but not in a blender at home. It had to go out, actually, to a food processing facility. It was very expensive. There's nothing in the act that allows something like that. They're quite common now, swallowing disorders. For people with Alzheimer's disease, dementia, that's a common symptom. There's nothing in the act that addresses that.

I'm just trying to give you a flavour. There's a whole area in our act that really needs to be revamped and brought up to date, and maybe even relooked at in a different context. That's what my third comment is.

I think—no, I know—it's time for the government to commit to convening a multidisciplinary, comprehensive, bipartisan panel to look at a comprehensive review of our tax system. I know there's not an appetite for it. It's something that has been falling on deaf ears. It's really important.

I'll give you two analogies here. I think of our tax act over the years; it's like a pair of socks. Holes have popped up here and there, and we've darned them, sewn them, closed them shut, but now we have this tattered pair of socks that we really can't walk around in.

• (1550)

To give you a better example, in 1972 Canada had the best hockey team in the world. We all remember the Canada-Russia series in 1972. That was also when our tax act was last overhauled.

The Chair: I don't want to interrupt, but we are considerably over time. I'd ask you to close pretty quickly.

Mr. Peter Weissman: Thank you. I'll end in 10 seconds.

That team was the best in the world in 1972. That's when the tax act was amended. That team wouldn't stand a chance on the ice today. That's the version of the tax act we're working with.

Thank you for your time. I'm sorry I went over.

The Chair: Thank you very much for those suggestions. This committee in the past has also recommended a comprehensive review.

Turning to the Assembly of First Nations, we welcome Mr. Wilson, special adviser.

Mr. Daniel Wilson (Special Advisor, Research and Policy Coordination, Assembly of First Nations): Thank you, Mr. Chair, for the invitation to speak with the committee today as we meet on the unceded territory of the Algonquin nation.

The Assembly of First Nations has developed a submission reflecting a broad range of investments that would support the participation of first nations in the economy. I believe it has been distributed to members. My thanks to the clerk.

As we have noted with this committee in the past, closure of just the education and employment outcome gaps between first nations and other Canadians would provide an additional 1.5% to Canada's gross domestic product. Among the investments set out in the document we have provided, I'd like to highlight four priorities that I believe could provide the greatest return on investment, with each of these moves forward a shared priority of first nations and the Government of Canada, building on important work already done and being done.

The first is the implementation of the Indigenous Languages Act, passed by the previous Parliament. The revitalization of first nations languages is a key step in reversing one effect of Canada's former residential school policy—the erasure of our languages. Knowledge of one's language also leads to better educational attainment and supports better employment prospects, part of that GDP growth to which I alluded earlier. The investments detailed in our handout were calculated by former associate deputy minister of finance Don Drummond, and take into account the investment made in budget 2019.

The second priority I'd highlight is similarly about implementing legislation passed in the previous Parliament, An Act respecting First Nations, Inuit and Métis children, youth and families. Again, the roots of that legislation lay in our colonial history and the failure to provide adequate care to first nations children. The important step of recognizing the jurisdiction of first nation governments through legislation is most welcome, but that jurisdiction needs financial support. The investment called for in our submission will support implementing first nations' jurisdiction. It would result in fewer children in the system and reduce the social costs of the damage being done to them currently. Those reduced social costs will be joined, once again, by better outcomes for first nation citizens and concomitant benefits to Canada's economy.

The third area I would like to highlight is housing. Regional Chief Picard of the Assembly of First Nations Quebec-Labrador spoke to this in this committee yesterday, so I will use this time solely to augment his remarks. I would point out that the investment called for in our submission would also give effect to one of the simplest and most concrete recommendations from the inquiry into missing and murdered indigenous women and girls that this government conducted over the previous Parliament. As that inquiry reported, lacking suitable housing alternatives, young women move out of their communities and find themselves in environments that are not secure and that expose them to harm. This investment can prevent that vulnerability and save lives.

In addition, it is well established that the ability to function at both school and work is dependent on the quality of housing. Committee members can easily imagine how difficult it is to function at school or work the next morning when upwards of 20 people are sharing a three-bedroom house, as is too often the case in first nation communities. Addressing this need will reduce social costs and provide benefits to the greater Canadian economy through enhanced productivity.

The final priority I'd like to bring to the committee's attention is governance funding. The Assembly of First Nations welcomes the unprecedented investments made by the current government over the past four budgets. The investment in governance detailed in our submission will increase the return on investments made to date and any that may come in the future. Every government requires strong governance systems in order to make efficient and effective use of the resources at their disposal. First nation governments are no exception.

Funding for first nations governance has not risen by more than 2% in any year since 1997, thus failing to keep up with inflation, let alone other cost drivers. As a result, current funding for first nation governance amounts to just over 3% of spending, whereas most governmental organizations operate in the 10% to 15% range of expenditures. This is simply unsustainable for our governments. The investment outlined in our submission would provide for institutional development; the creation and functioning of shared service organizations; recruitment and retention of qualified staff; and the strengthening of financial management, human resource, and IT systems, and all other essential governance structures required to run an effective and efficient government. By investing in good governance, first nations are able to make better use of the resources available to them.

● (1555)

Canada and first nations share a desire to increase self-determination for first nations, as we agree that this, above all else, will improve the quality of life of first nations' citizens. However, jurisdiction, without the fiscal capacity to exercise that jurisdiction, is hollow. This investment in governance funding could be the most important step that Canada can take to support the important work that first nations and Canada are engaged in together.

First nations' priorities are Canada's priorities. The return on investment is clear and benefits us all.

I look forward to your questions.

[*Translation*]

Thank you. *Wela'lioq*.

[*English*]

The Chair: Thank you very much, Daniel.

From the Co-operative Housing Federation of Canada, we have Mr. Ross, who is the executive director; and Ms. Lockhart, program manager.

Welcome.

Mr. Timothy Ross (Executive Director, Co-operative Housing Federation of Canada): Thank you to the committee for the invitation to be here today.

I represent the Co-operative Housing Federation of Canada. We represent over 250,000 Canadians living in housing co-operatives from coast to coast to coast, in every province and in every territory. I'm joined here today by my colleague Courtney Lockhart. Our mission is to inspire, represent and serve our members across the country.

I'm not here to talk about, necessarily, the interests of our members here today. I'm talking about an issue that is affecting so many Canadians, and that's the housing crisis. Everyone needs and deserves a place to call home that is affordable, attainable and sustainable. I'm sure that all of you around this table have heard from your constituents about the housing crisis and the lack of affordability and supply in your communities. We are far from providing safe and affordable housing for all Canadians.

Today, among renters across the country, nearly one in five is spending over half of their income on rent, putting families and individuals at risk of homelessness and reducing their capacity to afford basic necessities. The problem is getting worse and more robust federal action is needed.

When it comes to housing options, people know that they can buy and they can rent, but there's another choice that has been underutilized, and that's co-operative housing. Housing co-operatives are owned by their members. They provide security of tenure and they're affordable forever. For example, here in Ottawa, a two-bedroom apartment now costs, on average, $1,400 per month, whereas a two-bedroom apartment in a co-operative costs approximately $1,000 per month.

Here we are at the pre-budget consultation for 2020 and we have three actions that we'd like to propose to the federal government that will augment and accelerate the good work that is already under way with the national housing strategy.

First, CHF Canada is calling on the federal government to invest in non-profit and co-operative housing. This is not a new or radical idea. During the 1970s and 1980s, Canada developed many programs that successfully started most of the co-ops that exist in Canada today, sprouting up in every province and territory. These federal programs were cut in the 1990s or devolved to provinces, creating a serious shortage of affordable housing in communities across the country. Had these programs continued, we would have half a million more affordable, community-owned homes across our country.

To get back in the game, we are proposing that the federal government establish a $300-million quick-start co-operative housing development fund.

Second, CHF Canada recommends that the federal government enhance the federal lands initiative under the national housing strategy that is already in place today. The cost of land is one of the biggest obstacles to developing new co-operative homes. The federal government should transfer $15 million in surplus land to the co-operative housing sector to develop new co-op housing. This would spark the creation of permanent affordable housing for generations to come.

In B.C., for example, the co-op sector has leveraged government surplus lands to develop community land trusts and hundreds of new co-op homes that will be permanently affordable in one of Canada's most expensive markets. With an enhanced lands initiative, we can replicate this model and build more co-op and non-profit housing across the country.

I'll turn things over to my colleague Courtney.

● (1600)

Ms. Courtney Lockhart (Program Manager, Policy and Government Relations, Co-operative Housing Federation of Canada): Our third point is that the government needs to commit to protect long-term rental assistance programs. Rental assistance is a tried and tested method to help low-income households offset the cost of rent. This ensures that low-income households pay no more than 30% of their income on rent. This also creates mixed-income communities, where people paying market rent and people using assistance live alongside one another. We have 50 years of evidence that this model works and creates a strong sense of community among neighbours.

The national housing strategy includes a new rental assistance program that is set to begin in April 2020, but the scope is quite limited. In the past the federal government assisted almost half of all households and co-ops across the country. Now it has dropped below 20% because the rental assistance programs have become unpredictable, or do not even exist in some provinces. You may say that this is because there is less need and people are finding the right housing in the market, but we know that this is not the case. The need for affordable housing continues to grow, with 1.7 million Canadian households currently in core housing need, meaning their housing is not affordable or not adequate.

Co-op homes are already built, paid for and situated in strong communities. By maintaining these rental assistance programs, we can continue to help more low-income families live in co-ops across the country.

Solving these housing problems no longer requires discussion; it requires action. We know what will work, so we encourage the federal government to leverage our expertise and our communities. A housing system that works for all Canadians must include more co-operative housing.

Thank you for your invitation today. We look forward to your questions.

The Chair: Thank you both for those presentations.

Now we're turning to video conference from Calgary—we had a witness yesterday from Calgary as well—Moodys Gartner Tax Law LLP, with Mr. Moody, CEO.

Welcome.

Mr. Kim Moody (Chief Executive Officer and Director, Canadian Tax Advisory, Moodys Gartner Tax Law LLP): Thank you, Mr. Chair, and good afternoon, committee members.

Thank you for the opportunity to appear to discuss the 2020 budget. My name is Kim Moody. I'm a chartered professional accountant and the CEO of Canadian tax advisory services for Moodys Gartner Tax Law and Moodys Private Client in Calgary.

I have a long history of serving the Canadian tax profession in a variety of leadership positions, including as chair of the Canadian Tax Foundation, co-chair of the joint committee of the Canadian Bar Association and CPA Canada on taxation, and chair of the Society of Trusts and Estate Practitioners for Canada, to name a few.

Before commenting on the 2020 budget, I want to start by sharing the significant tax changes we've seen in the last few years, for two reasons: first, to outline the significant challenges that are still outstanding to emphasize that we need to get it right; and, second, to highlight the divisive rhetoric that we all experienced to emphasize that this needs to end so that we can move forward with sound economic tax policy.

The last four years' budgets have been plagued with disturbing and divisive rhetoric, pithy branding messages and, ultimately, poor taxation policies. Some examples are, one, qualifying most budget contents with the phrase “middle class and those working hard to join it” when no credible definition of “middle class” exists; two, attacking the so-called wealthy with a 4% increase in personal tax rates at a time when our neighbour to the south was decreasing personal tax rates, which has put our country's competitiveness at risk; and, three, introducing the private corporation tax proposals of July 18, 2017, with the government effectively calling private corporation business owners tax cheats.

Such proposals, while scaled back, resulted in the introduction of the tax on split income regime and the new passive investment rules—more on this later—and the introduction of the journalism tax incentives, which frankly are an assault on our country's free speech.

Woodrow Wilson, the 28th President of the United States, who served from 1913 to 1921 and was widely regarded as one of the better presidents of the U.S., once said the following about a nation: “a nation is a living thing and not a machine”. I find that very wise and sage. With that in mind, I'll put recent history aside and move on to try to make a positive contribution to our living thing, Canada, but frankly, I believe all of us have an obligation to positively contribute to building a great Canada. We should be working together to develop positive policy and not simply revert to partisan politics. Such working together should be in a co-operative manner, with a conciliatory tone.

Given such, here are some tax priorities that I believe should or should not be part of budget 2020.

Number one, take a permanent pause on the implementation of the stock option proposals. Overly simplified, I believe the government and the Department of Finance have not provided a compelling case to change the status quo, as I have written about extensively in June 2019. Such proposals are very complex, with minimal tax revenues predicted to be raised, and the joint committee on taxation has pointed out some of the technical problems and the complexity of the current proposals. The proposals could have a detrimental impact on growing businesses' ability to attract skilled labour if they are not exempt from the new regime. Again, in my view, these proposals should be permanently abandoned.

Number two, do not increase personal tax rates. While I note that the Liberal election policy platform did not contain an explicit proposal to increase personal tax rates, it—and the Minister of Finance's mandate letter—did contain a proposal that the minister "Undertake a review of tax expenditures to ensure that wealthy Canadians do not benefit from unfair tax breaks." With respect, such a review was done during the previous government's mandate, so another review in three years is, simply stated, code for tax increases aimed at the wealthy. Such indirect tax increases would cause even more capital to flee Canada and discourage the best and brightest from staying in Canada. This needs to be avoided.

Number three, decrease corporate tax rates. U.S. tax reform has had a significant impact on the competitiveness of our Canadian businesses. In my home province of Alberta, now going into its sixth year of recession, the impacts of U.S. tax reform have been felt greatly. While our provincial government has responded with corporate tax rate reductions, the federal government has not responded in a meaningful way to competitiveness issues caused by U.S. tax reform. One way that could occur is with modest corporate tax rate reductions.

Number four, do not increase the capital gains inclusion rate. Again, the Liberal Party election platform did not contain explicit comments regarding the capital gains inclusion rate, but it did contain the aforementioned tax expenditure "review" to ensure that wealthy Canadians do not benefit from tax breaks. With the 50% inclusion rate being one of the largest tax expenditures, many are concerned that the inclusion rate could increase in the 2020 budget. Such an increase would be devastating to the investment community and to the ability of our country to attract capital. Don't do it.

● (1605)

Number five, do not introduce the interest deduction limitation rule proposed in the Liberal election policy platform. Such election policy platform proposed a new rule to limit interest deductions to 30% of EBITDA. This appears to be a copycat proposal from the U.S. tax reform. However, the U.S. rule was introduced concurrently with a series of other anti-stripping rules and a 14% corporate tax rate reduction. In the domestic context I am unaware of the need for broad-based change, and would suggest careful and comprehensive review before such a rule is proposed. A sloppily introduced rule could have a devastating impact on the business community, especially capital-intensive businesses that hire hundreds of thousands of Canadians and form the backbone of the Canadian economy.

Number six, amend the TOSI regime. As many have likely already told you, the TOSI regime is extremely complex and broad-sweeping, resulting in massive tax increases for so-called middle-class business owners and their families. While there may be a compelling policy case for some sort of anti-income splitting regime, the current regime is untenable and, frankly, unfair. These rules need a complete rethink.

Number seven, repeal the journalism tax incentives. These rules are an attack on free speech in Canada. Some, including me, believe that the regime could lead to biased media reporting in an era where the average person believes that our media is already biased, which is not good. While these incentives may be well intentioned, the tax system is certainly not the right policy lever to deal with the foundational challenges that the print media around the world are facing.

As Woodrow Wilson said during World War I in 1917:

> I can imagine no greater disservice to the country than to establish a system of censorship that would deny to the people of a free Republic like our own their indisputable right to criticize their own public officials. While exercising the great powers of the office I hold, I would regret, in a crisis like the one through which we are now passing, to lose the benefit of patriotic and intelligent criticism.

In my view, the journalism tax incentives will indeed lead to a form of indirect censorship, and ultimately, this slippery slope needs to be avoided.

Number eight, introduce meaningful changes to enable a fair succession of the family business and farm to the next generation.

Finally, as many presenters have told you before, this country needs comprehensive tax review and reform. Yes, I know many of you are tired of hearing this. I've had a chance to listen briefly to yesterday's panel, and three of the speakers said the same thing, and so did Peter Weissman.

Perhaps there is something to all the smart people who have appeared before you. Perhaps certain academics, bureaucrats and parliamentarians, who think that comprehensive tax review and reform are not necessary or that Canadians are not ready for such a review, are simply wrong. In my view, Canadians are ready. They're ready for real and refreshing change for the better, ready for positive change to assist our living thing to get ready for the next generation.

I realize that this committee has recommended it before, but the government does need to take action.

Thank you. I'd be happy to take questions.

• (1610)

The Chair: Thank you very much.

Turning to the Multiple Sclerosis Society of Canada, we have Mr. Davis, senior VP.

Mr. Benjamin Davis: Good afternoon.

I'm pleased to present to your committee key priorities for Canadians affected by MS. Canada has one of the highest rates of MS in the world. An estimated one in every 385 Canadians live with the disease. It's a chronic, episodic, progressive and often disabling disease of the central nervous system. Since that includes the brain, spinal cord and optic nerve, MS can affect vision, memory, balance and mobility. On average, 11 Canadians are diagnosed with MS every day.

The MS Society has heard the personal and profound stories of life with MS from Canadians, the struggles in the workplace, the financial difficulties families are facing to make ends meet, the frustrating barriers in accessing Health Canada-approved therapies, appropriate care, housing and social supports, and of course, the hope that research gives to the tens of thousands of Canadians living with this disease.

To address these realities, I'll present our recommendations on employment and income security, access and accelerating research.

First is employment security. People with MS want to work but struggle to continue to work. We need to update the definition of disability to include episodic. A staggering 60% are unemployed and that needs to change. Often the problem is one of flexibility and accommodation, and an understanding of episodic disability.

Last year, the HUMA committee studied Motion No. 192, episodic disabilities. Its report, “Taking Action: Improving the Lives of Canadians with Episodic Disabilities”, made 11 important recommendations that now need to be implemented, including extending the duration of the EI sickness benefit from 15 to 26 weeks.

The second area of priority is income security. The costs of paying for medication, services, equipment and treatment are a significant burden for people with MS and their families. Intertwined with this burden are complicated application processes, requirements for numerous verified medical forms and strict eligibility criteria for programs. When MS stops people from working, they should be able to access adequate income and disability support. This situation is amplified for women. In Canada, MS affects women three times as often as men.

We recommend the following. First, make the disability tax credit refundable. Second, implement the 11 recommendations in the HUMA committee's Motion No. 192 report. Third, change the eligibility criteria for the Canada pension plan and disability tax credit to include those with episodic disabilities, using the new Accessible Canada Act's definition of disability.

The third area of priority is access. Access to comprehensive treatment, care and appropriate housing is a must. We recommend the following to make access a reality for Canadians. First, implement the Accessible Canada Act to ensure a barrier-free Canada, with a specific focus on programs and service delivery, employment, built environment and transportation. Second, we recommend, through intergovernmental health agreements, investing in comprehensive home care, and for those unable to remain at home, funding the development of appropriate housing through the national housing strategy. Third, we recommend increasing access to Health Canada-approved treatments, as early intervention is vital to avoid many of the long-term economic and personal costs that result from unnecessary, irreversible disability. The needs of people with MS and their families should be at the centre of health and drug policy decisions.

The fourth and final priority area is accelerating research. Research is key to new treatments, better quality of life, and ultimately, a cure. Canada remains at the forefront of MS research around the world. Through generous contributions from donors, corporate sponsors and fervent fundraisers, the MS Society has invested over $175 million in research since its inception in 1948.

The MS Society continues to fund fundamental research, as we still don't know what causes MS or how we could prevent it in the future. First, we recommend the federal government continue to invest in basic scientific research. Second, we recommend that the federal government connect with health charities to ensure the patient voice is part of setting research priorities. We believe that federal research funding programs should be informed by the perspectives of patients, their caregivers and health care providers. Finally, our third recommendation is to partner with health charities to turn innovative research into real-life treatments.

There are a number of partnership opportunities within the impact goals of our own new strategic plan: advance treatment and care, enhance well-being, understand and halt disease progression and prevent MS. For example, the Canadian prospective cohort study to understand progression in MS, otherwise known as CanProCo, is an innovative public, private and philanthropic partnership that will allow researchers and clinicians to observe a large group of people living with MS from across Canada over a period of time, and collect data from them. Analyzing this data will answer fundamental questions as to why and how progression occurs, which is key to improving diagnosis, treatment, health services and health outcomes.

● (1615)

Thank you for this opportunity to speak and share with you the priorities that Canadians affected by MS want you to take action on: employment, income, access and research.

The Chair: Thank you, Mr. Davis.

Our final witnesses are from the National Police Federation: Mr. Sauvé, president, and Mr. Merrifield, vice-president.

Welcome.

Mr. Brian Sauvé (President, National Police Federation): Thank you, Mr. Chair.

Good afternoon to the committee. I want to thank you for the invitation to present today. My name is Brian Sauvé. I was recently elected and confirmed as the president of the National Police Federation, representing almost 20,000 members of the RCMP across the country. With me today is vice-president Peter Merrifield, as well as two other vice-presidents sitting in the gallery, Michelle Boutin and Dennis Miller.

I provided copies of the speaking notes to the clerk, as well as a short presentation that I'll refer to. First, I want to give you a bit of history on the RCMP, and then we'll get into what the NPF is all about.

This past weekend we celebrated our 100th anniversary as the Royal Canadian Mounted Police. For those who don't know, in 1920 the Royal North West Mounted Police merged and assimilated the Dominion Police, forming what you have today, which is the Royal Canadian Mounted Police. Effectively we've had this name for 100 years. We're approaching our 150th anniversary in 2023 because the North West Mounted Police was founded in 1873.

Many Canadians will know the RCMP from their presence here on Parliament Hill or the storied musical ride. Our responsibility is to enforce all federal statutes in Canada including national security and organized and commercial crime. However, in addition to those high-priority mandates the RCMP also provides contract police services in over 150 communities across Canada. We have over 929 work sites, both domestic and international.

Many of those communities are remote and isolated. For example, from Grise Fiord, Nunavut, all the way to Surrey, British Columbia, to Gander, Newfoundland, to Red Deer, Alberta. When all those residents dial 911, we show up. We are the police jurisdiction and they expect someone to treat them with courtesy and respect, as well as to investigate their crimes and solve their issues.

Here's a little about the National Police Federation. For those of you who don't know, that coming up on its150-year history, the RCMP membership was unable to organize and certify a bargaining agent. We are the first one ever. We made history in 2017 by filing the first application for certification. The Federal Public Sector Labour Relations and Employment Board certified the NPF in July last year as the first-ever bargaining agent for all 19,000 police officers across the country. Overnight the NPF became the largest voice of organized police labour in Canada, the second-largest voice of organized police labour in North America, and most probably, close to the fifth- or the sixth-largest one in the world.

We're a fairly large body now and we're still learning as we go. We're keeping our voices respectful and professional. We're solutions-based. For now the membership of the RCMP has a voice to speak out about all the trials and tribulations, successes and pitfalls, we have encountered through our 147-year history. The primary focus of the NPF is to ensure RCMP members are properly compensated, resourced, supported and trained to maximize public and police officer safety.

We are entering into collective bargaining on contract issues with Treasury Board later this winter. However, that's not the reason I'm here today. It's an introduction to who we are, but I do want to cut to one case that is specific to the budget and this committee. The RCMP is drastically underfunded and under-resourced. The deck I provided on page 3 shows a cross-section of British Columbia. I could do every province but it would be a very long presentation. That data is from 2016. It shows you that the RCMP, in every community we police in British Columbia, offers fewer police officers per population than comparative municipalities.

Our Mounties are extremely efficient, and I would put a Mountie up against a munie any day. However, I would suggest to you that a reasonable person would assume that we are stretching them beyond their capabilities. If we're going to talk about priorities of happy, healthy work-life balance, mental resilience, mental health in the workplace for our first responders, they cannot be as overworked as our membership. They are continually at risk of burnout. You will see provinces across this country making legislation for post-traumatic stress related to our first responders' jobs that is directly linked to that exposure. We can train them to be resilient, but we also need them to have time off to decompress.

● (1620)

In order to improve that resiliency and to provide a healthier work-life balance, which can only lead to improved service delivery and a safer Canadian public, the RCMP needs more police officers. I can't bargain that with the employer. This committee can recommend to the minister to improve the funding for the RCMP and increase that funding for the number of cadets who go through Depot in Regina.

Although dated, a 2010 white paper was written by the Senate entitled “Toward a Red Serge Revival”. It speaks specifically to the human resource crisis the RCMP was facing in 2010, and one of the recommendations was that we hire an additional 5,000 to 7,000 police officers to address that crisis with our increasing mandate and the demands placed on us in 2010. We are now 10 years further down the road, and I would suggest to you that if that report were written today, similar conclusions and recommendations would be made.

Respectfully, we need to act. The RCMP is in need of additional funding to increase its ability to recruit and train more police officers to provide those members working day in and day out the ability to enjoy a healthy work-life balance, remain healthy and maintain public safety in the communities they police. I know it's a little odd to have a labour group come and ask for funding for its employer, but that's where we're at.

I thank you for your time. I appreciate the invitation, and we're open to questions.

The Chair: Thank you very much, Brian. We thank you and all the police forces in the country for what they do.

We'll turn to questions, and if we can go to five-minute rounds for the first four and then drop it to probably three and a half for the next four, we'll get everybody in.

We'll start with Mr. Poilievre and then go to Mr. Fragiskatos.

Hon. Pierre Poilievre (Carleton, CPC): My question is for Mr. Kim Moody, Canada's most colourful accountant. I hope you won't mind me saying that.

He's also one of Canada's best accountants and has been a very intelligent and knowledgeable commentator on matters related to the Income Tax Act.

Mr. Moody, when the government brought in the new tax on split income rules for spouses and adult children, a current and also a former chief justice of the Tax Court said that the complexity would lead to “battle” in the the court system between CRA and taxpayers, and that the judiciary was not sure how it would even interpret these rules. At the time I commented that the government probably spent more money on enforcement and administration than it would collect in new revenues.

Now that these changes have been implemented, what has been your experience with your clientele?

● (1625)

Mr. Kim Moody: Thank you, Pierre, for the kind comments.

My experience has been that the average accountants and their clients just cannot comprehend these rules nor apply them. At the end of the day, we're dealing with a situation where these rules apply to such a broad-based group of people. Pretty much every single private shareholder of a private corporation will have to deal with these rules and has dealt with these rules, whether correctly or not. That's the problem with these rules: When you foist complexity on such a broad group of people who do not have means to access people like Peter Weissman, me and others, foundationally in my view, that is just unfair.

I agree with your proposition, and I agree with the former justice proposition that the courts will be littered and the CRA will be littered with disputes on these matters, which is very unfortunate. Now having said that, is there a compelling policy need to do something to cleanup some mischief? Absolutely, but not with this set of rules.

Hon. Pierre Poilievre: On the same subject, I'll go over to Mr. Weissman, whom I know to be a very wise man. I wonder if he has any wisdom to impart to us regarding the application of the new TOSI rules or the passive income grind-down that were part of the final tax changes coming out of July 2017.

Mr. Peter Weissman: Thanks, Pierre. Yes, I'd be happy to give my observations.

We've now had experience in the trenches with the TOSI rules. What we predicted is what's happening. We have a lot of difficulty interpreting the rules. They're not just tweaks. If you look at the record, if you look at how many interpretations and positions the CRA has released in trying to help auditors, Canadians and taxpayers interpret the TOSI rules, you get a good idea of the number of resources that are being spent just on learning the rules, not even on enforcement.

When I have a client who calls me about the rules, I have to pull out the act. I will not give an answer over the phone. I have to get back to client and I am a tax practitioner.

The income-splitting objective, I think, was a notable one. As I said in a Senate standing committee comment, I think we could probably collect about 75% of the anticipated revenues from the TOSI rules by changing them to a simple income-splitting curtailing method of extending our kiddie tax age to 24. That would have taken no additional work, with no additional costs of recovery for that.

In the trenches, to answer your question, both the passive income rules and the TOSI rules are problematic, and we're still learning.

I think it was Justice Rip who made the comments that you were talking about. I was at the presentation when he talked about the Tax Court issues, and we're seeing them. I alluded in my opening remarks to the workflow that's moving up to appeals and to the Tax Court.

Hon. Pierre Poilievre: It seems to me that a tax system that forces people to spend time guessing whether or not they can pay a contributing spouse dividends, rather than letting the two spouses just work on building the business, serving the customers and paying the employees, is a twisted outcome indeed.

We have family members now who don't know whether or not they can qualify and are spending more time filling out logbooks to prove that they're actually contributing members of businesses than they are contributing to the business itself.

Would you agree that this is an area of unnecessary and new complexity that could easily have been avoided with simple changes like the one you just suggested?

Mr. Peter Weissman: Yes, and I am on record saying that.

Hon. Pierre Poilievre: Good. Thank you.

The Chair: Thank you both.

Next is Mr. Fragiskatos, and then we'll go over to Mr. Ste-Marie.

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

Thank you to the witnesses.

Mr. Sauvé, I am looking at your brief. “Provide more funding for Depot to increase new members” is one thing you are asking for.

Why do you want the funding to go to Depot?

● (1630)

Mr. Brian Sauvé: Depot is the only place we train police officers.

Mr. Peter Fragiskatos: That's in Saskatchewan, is that correct?

Mr. Brian Sauvé: Yes. That's in Saskatchewan, in Regina.

Mr. Peter Fragiskatos: Okay.

When was the last time you saw funding for this purpose?

Mr. Brian Sauvé: It's a little odd to have a labour group asking for an employer's increase in funding. However, I can tell you what—

Mr. Peter Fragiskatos: I still think it's a legitimate question, just for context here.

Mr. Brian Sauvé: It is a legitimate question. I can tell you that right now the plan is to put 40 troops through Depot per year. They've been doing that for about three years. However, Depot is only funded for 18. Our contracting partners in the divisions that have us as police of jurisdiction are actually “at risking” out, through their budgets, the funding for the other 22.

This is kind of where, if you had some guaranteed funding for Depot, we would have a plan in place to increase the number of cadets being able to go through. That 1,200 number of members going through every year has been the case for the last three years. The plan is to continue it for another three years. That will not fill the gap.

Let's start this way. We have 1,200 who go to Depot, and about 1,000 graduate. That's about a 20% failure rate. Our attrition is almost at 850, so we're gaining 150 members per year, which is not even filling the gaps.

Mr. Peter Fragiskatos: Okay.

You are talking to MPs here, not to the government. Is that right?

Mr. Brian Sauvé: Yes.

Mr. Peter Fragiskatos: It's an open forum.

I do note on your briefing paper that a white paper was submitted in 2010 to the Senate, called “Toward a Red Serge Revival”, talking about the human resource crisis that the RCMP faces. This white paper goes back, as I said, to 2010, so you've been asking for this for some time, not just under one government but under different governments.

You alluded to this in your remarks, and this is my last question, because I want to go to Mr. Davis. Tell us about not just the physical challenges your members are facing but the mental health challenges that are at play.

Mr. Brian Sauvé: Just to clarify, we didn't submit that white paper.

Mr. Peter Fragiskatos: No.

Mr. Brian Sauvé: It was written and researched by the Senate.

Mr. Peter Fragiskatos: Excuse me.

Mr. Brian Sauvé: Former senators Colin Kenny, Thomas Banks—

Mr. Peter Fragiskatos: Yes, it was the white paper by the Senate. I apologize.

Mr. Brian Sauvé: Just to be clear, it wasn't me. We didn't write it. It's way too deep for me.

Mr. Peter Fragiskatos: Okay.

Mr. Peter Merrifield (Vice-President, National Police Federation): It was a sober-second-thought document.

Mr. Brian Sauvé: Mental health is a lively topic today in the first responder community: fire, police, paramedics, even the Department of National Defence and the Canadian Armed Forces. It has been for a number of years. Suicide rates are through the roof. The RCMP has addressed this and tried to go down a mental health strategy approach by reducing stigma. Part of that has been resilience training. The road to mental readiness program is a Canadian Mental Health Association course we've implemented and developed for policing, and it's gone down the road. That's fantastic. We can train our members to be resilient for what they see in the field. Where that resilience wanes and where it fades is when you're overworked and you cannot get well rested to be resilient. That's where we're seeing challenges in the field.

Mr. Peter Fragiskatos: Thank you, Mr. Sauvé. I wish we had more time. Unfortunately, we are limited in that way.

Mr. Davis, you have a number of recommendations, but one of the key ones is research and the need for accelerating that. First of all, it's my understanding that quite a lot has happened over the past 20 years or so on treatment. It's very different now than it was 20 years ago. Regarding the need for basic research, obviously this government has made historic investments in that.

Do you have an idea how of how much of that basic research that's happening across Canada is being focused on MS?

Mr. Benjamin Davis: To your opening comment, yes, there's been remarkable progress in the MS space over the last 25 years. If you were diagnosed 25 to 30 years ago, you were told to go home and good luck. Now there are a number of options available, and that's wonderful. Some have said to me that this progress is second only to the progress that's been made in the HIV community. That said, there is a tremendous amount of opportunity to continue to fund basic research. MS is such a complex disease, and because we do not yet understand what causes MS and we do not have a cure, we need to continue to invest in that community. Investments in research are important. Research is expensive; it takes time. We need to continue to fuel what is some of the leading research in the world that happens here in Canada.

● (1635)

Mr. Peter Fragiskatos: We're all done.

Thank you.

The Chair: All done, all in.

Go ahead, Mr. Ste-Marie.

[*Translation*]

Mr. Gabriel Ste-Marie (Joliette, BQ): Thank you, Mr. Chair.

First of all, I would like to thank all the witnesses for being here. They have raised some very interesting points.

My first question is for you, Mr. Davis. Thank you for your well-structured presentation. Someone in my immediate family is living with a multiple sclerosis diagnosis. The day-to-day isn't easy. I can tell you that you are doing a good job, both on the Hill and in the field. In my riding, the Lanaudière chapter of the Multiple Sclerosis Society of Canada is truly omnipresent and works hard.

You've presented your requests well. I'd like to ask you a question. It's the provinces that provide health services. We see the federal government's share of funding declining year after year. All the provinces are asking for reinvestment in health care.

Does your association support this request?

[*English*]

Mr. Benjamin Davis: Can you repeat that last part, about our association?

[*Translation*]

Mr. Gabriel Ste-Marie: Does your association agree with the request of all the provinces for additional federal funding in the health care sector?

[*English*]

Mr. Benjamin Davis: Thank you for clarifying.

Of course we need more investment in the health care system as it pertains to dealing with MS and other diseases.

There's a piece around ensuring there's good coordination within the health care systems. It's very frustrating, in my opinion, in a federated model. We need greater coordination amongst agencies. All the funding bodies involved need to work together to ensure that there's an increase in investments. I'll give you an example. In many cases people with MS every year have to continue to check a box that says that they still have MS.

Motion No. 192, the report that was a tremendous amount of work done by the HUMA committee, spells out 11 very clear recommendations. One of them I lifted off the page for this committee is that there should be coordination on the definition of eligibility criteria. Provinces would benefit from that. Removing some of the waste and the burden and processes that evolve in the provincial systems.... That could be used for other things, obviously.

I think there's a tremendous amount of opportunity. It does start with more funding, but it also starts with a lot of coordination and a lot of effort.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you.

My next question is for the Co-operative Housing Federation of Canada.

Thank you for your presentation. Yesterday, our committee heard from the Association des groupes de ressources techniques du Québec, which deals with social housing. The organization is requesting the maintenance of the $1.7 billion a year that CMHC dedicates to the long-term funding of the current social housing stock. It is also calling for $2 billion a year to be invested in the National Housing Strategy to address the housing shortage, including co-operative housing.

Do you share that organization's position?

I have a second question. Ottawa has still not signed a social housing agreement with Quebec. Do you think it's time for such an agreement?

[*English*]

Mr. Timothy Ross: I will begin with the first question, which is much easier than the second question.

We generally support a reinvestment in community housing. At one point federal funding for community housing exceeded $2 billion per year. That's going down as a result of the end of operating agreements with community housing providers that are non-profits and co-ops all over the country. One good thing about the national housing strategy is that it has some programs that do reinvest in community housing, specifically the federal community housing initiative and the Canada community housing initiatives. It will secure, and this is of the utmost importance to our members, the rental assistance that low-income households need in order to continue to live in their housing co-operatives.

We absolutely support that recommendation from our colleagues at the AGRTQ, L'Association des groupes de ressources techniques du Québec. However, one thing, and we did identify this in our brief, although the national housing strategy has reinvested in the rental assistance that low-income households rely on in community housing, in non-profits and co-operatives, the new supply programs that are intended to develop new affordable housing lack earmarks. There's no easy point of entry and no easy access into these co-investment programs. We think the development of community housing that is inoculated against the upward pressures of the speculative market results in double digit rent increases for renters across the country, and vacancy rates dropping below 1%. We think the federal government should invest in a new supply program for co-ops and not-for-profits.

● (1640)

The Chair: We'll go to Mr. Julian, and then back to Mr. Morantz.

Mr. Peter Julian (New Westminster—Burnaby, NDP): Thanks to our witnesses for the very important presentations that you're making.

I appreciated your words, Mr. Davis. I thought, when you gave your presentation of my cousin, Julie Serle, who died of multiple sclerosis. I know of so many families across the country. Mr. Ste-Marie just mentioned his family is impacted. We should all come together to support the initiatives you're talking about.

Mr. Sauvé and Mr. Merrifield, I am aware first-hand of the difference in funding. I represent two communities. New Westminster has an independent police force. In Burnaby, it's the RCMP. The police forces are very professional and competent in both cities, but in Burnaby, they are being strangled by what has been chronic underfunding by the federal government of RCMP training and Depot, and in providing officers. The graphic you presented shows so vividly the difference in the number of police officers per population. This is something that shows the strength of the arguments you're bringing forward. I hope those arguments are part of the recommendations that we bring forward from the finance committee.

I want to begin my questions with you, Mr. Wilson. We lose over $25 billion a year in overseas tax havens, according to the PBO. We waste massive amounts of money on very wealthy people, yet first nations communities have been chronically underfunded, starved of funding. The Assembly of First Nations is calling for about $7 billion a year to address what has been the legacy of colonialism.

What is the cost we pay if we don't make those investments, so that indigenous communities, whether we're talking about infrastructure, education, or housing, are finally treated with the same respect as other Canadians?

Mr. Daniel Wilson: I thank the member for the question.

I'll begin with a short history because there's a well-established document that answers your question. The Royal Commission on Aboriginal Peoples published a report in 1996 that had a really interesting paper within it called “The Cost of Doing Nothing”, which is precisely the point that you raise. At the time that was roughly $11 billion. I did a recalculation of that about five years ago and it was well above $20 billion at the time. I haven't recalculated it since, but I can assure you that it vastly exceeds the $7 billion per year that we're talking about in the entire submission here.

As I tried to emphasize in my remarks about the priority areas that we wanted to highlight, all of these have enormous returns on investment both through the reduction in social cost and the concomitant productivity increase, which leads to gains in Canada's GDP. Those will be vastly outstripped. The reference I made to the 1.5% was the result of a study from the Canadian Centre for the Study of Living Standards in 2017 that estimated it at approximately $37 billion, just in reducing the gap in outcomes on education and employment alone.

As you can see, all of those numbers exceed the investment required in order to benefit Canada and first nations simultaneously by multiple-fold.

● (1645)

Mr. Peter Julian: Thank you very much for that.

To the Co-operative Housing Federation, given the increased number of homeless and the struggle that so many people are having to find affordable housing, could you give us the sum total of what you're asking for in this budget? What would actually be required to expand the co-operative housing movement so that every Canadian could have a roof over their head?

Mr. Timothy Ross: In this particular budget there are two asks that have financial requests and it's $350 million, focused on the creation of new co-op housing supply and the acquisition of federal surplus land. The other programs that are focused on rental assistance are already budgeted in the national housing strategy. That's the sum total for this year's request.

Mr. Peter Julian: When tens of thousands of people are sleeping out in the streets and parks of our country, what would it take, with those kinds of investments with co-op housing, to ensure a roof over everybody's head?

Mr. Timothy Ross: The short answer would be that we have a really good national housing strategy, but why only set out to solve part of the problem? The targets that have been set do not address all of the core housing needs in Canada. The national housing strategy could be enhanced by augmenting the targets to address all core housing needs and end chronic homelessness, not only address it by a half.

The Chair: We'll have to move on to Mr. Morantz. We'll keep it to a tight four minutes and then move over to Ms. Dzerowicz.

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

Mr. Weissman, I just wanted to talk to you about the disability tax credit and RDSP programs. I'm somewhat familiar with these programs because my wife and I had to apply for them for my son with autism. I remember it being, even for us, quite complicated, particularly with the banking requirements around setting up the RDSP at the time. I've gone through your presentation and I wondered if you could talk about the concerns you have with respect to these two programs in general.

Also, could you touch on the issue of uncoupling? I think it is an interesting idea.

Mr. Peter Weissman: I'm sorry. Could you just mention again the last part of your question?

Mr. Marty Morantz: In the presentation you talk about the concerns around the coupling of the RDSP with the disability tax credit in terms of eligibility and the idea of uncoupling those. It's in the Disability Tax Fairness Alliance's letter to which you are a signatory.

Mr. Peter Weissman Yes. Thank you.

By the way, to all the people who've made comments about MS and its effect on people, personally I'd like to thank you for acknowledging that. I've been living with MS since 1993—I have my scooter here behind me—hence one of my reasons that I've been quite active on the disability tax credit measures.

The disability tax credit is a very difficult program for people to access, especially people with mental infirmities. You mentioned autism. It's not tangible or visible. You can't really measure or objectively quantify a disability that comes with a mental infirmity.

From my experience with the disability tax credit, the largest percentage of claims that are denied have to do with mental infirmity or developmental disabilities. I think there's a fundamental problem, and there has been since I was on the committee back in 2005 and dealing with mental infirmities and developmental disabilities. To have a tax system where the medical and disability-related measures start with a fundamentally difficult program—difficult to administer, difficult to access and difficult to understand—undermines the whole effectiveness of all the programs.

The RDSPs I think were a great addition to the financial options available to people with disabilities. Linking that with the disability tax credit was a problem, because not everyone who gets the disability tax credit continues to have a disability. What we found in 2017 was that a lot of people with diabetes were being disallowed the credit—and they had been allowed it before—because of some “advances in technology”. When the credit was disallowed, they lost their entitlement to the RDSP, and they were going to have to pay back all of the incentives they received.

That was what I meant by the uncoupling. Once you've received the credit, the benefits from the RDSP that you're entitled to I don't think should be taken away. Finance did listen to that, and the uncoupling was made to a certain extent.

I'm not sure if that answers all of your questions.

● (1650)

Mr. Marty Morantz: That certainly helps.

In terms of other issues around the program, though, I think that in the letter you talk about the issues around awareness. You say that, really, a very small percentage of people are actually entitled to the disability tax credit, and also, for the RDSP, which as I recall was former finance minister Jim Flaherty's initiative—a very small percentage of them are able to access it or are even aware of it.

I'm wondering what your experience is on that with regard to your clientele and your experience on the committee.

Mr. Peter Weissman: A lot of people are not aware of the disability tax credit, and a lot of people who are have been talked out of applying for it. They're scared of it. They read about how difficult it is. They read about second letters going to doctors about medical histories, and they just don't think that they're going to be eligible and that it's going to cost them a lot of money to access it. That's one of the problems with the disability tax credit the way it is now.

When they first came out, RDSPs were not available at most financial institutions, and you could only get them at the retail banking level. The banks weren't that interested. The limit on the amount that you can put into an RDSP is relatively low for most financial institutions. You have a $200,000 maximum over the lifetime. Most of the investment houses are not really interested in that space.

In the last number of years, I've noticed more private client investment houses are willing to help wealthy families who have people in the family with RDSP eligibility learn about them and actually invest in them, but other than that, the financial institutions really aren't marketing the product. It's really left to the disability community to find out about it themselves. The grants and the bonds are [*Technical difficulty—Editor*].

The Chair: Thanks to both of you. We're way over. I didn't want to cut the discussion.

We'll go to Ms. Dzerowicz and then over to Mr. Cumming.

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

I want to thank everyone for their great presentations. I wish I had more time to ask all of you questions, but I don't.

I will start off with the co-ops in Canada. Both housing affordability and affordable housing were the top two issues during the recent election. I'll tell you that there's a lot of interest in my riding, and I'm in downtown west Toronto. There's a lot of interest from a number of groups to actually create more co-op housing.

I want to get started with what we've done so far. My understanding is that we have, through the national housing strategy, provided funding down to CMHC for those who are interested in creating new co-op housing. The other thing that I thought we had also done was to renew operating agreements that had come due for co-ops and then provide a bit of a six-month bridging support that might be needed for those.

Am I right on what we've done so far? Can you answer very quickly?

Mr. Timothy Ross: Generally, yes. The renewal of what were called operating agreements is under way. It's being replaced with rental assistance to low-income households.

Ms. Julie Dzerowicz: That's what you call long-term rental assistance programs.

Mr. Timothy Ross: Yes. That's under way. We're really looking forward to the launch of the federal community housing initiative on April 1. That will secure affordability for 55,000 households in community housing across the country.

In terms of new funds to start new co-ops, it's a bit of a yes and no. There are new supply programs, for example the co-investment fund, and any group can apply, whether you're the largest private developer in a city or the smallest, even an unincorporated group that was just incorporated yesterday.

With the exception of Quebec and now in Vancouver, an issue is that the development capacity has really been lost within the community housing and co-operative housing sector over the last 30 years due to the cancellation of supply programs in 1993. That's why we want to really focus on that issue and start with a $300-million quick-start fund for new co-op development.

Ms. Julie Dzerowicz: I was going to raise that because the biggest issue we are facing is that people don't have the capacity. They have no clue, other than they want to do it, they want to use their space to do it or they have some capital to contribute. That whole other portion of how to develop it and then how to actually run it is completely different. You're saying that your $300-million quick-start fund would include some dollars for the capacity to be able to create the plan and then actually run a co-op moving forward. That's helpful.

You've also mentioned the enhanced federal lands initiative, the $50-million federal lands transfer. Do you have a mapping of these federal lands that you'd be targeting across the country? Do you already have a sense about that?

● (1655)

Mr. Timothy Ross: The information on that is scattered. Lands, as they become available, are posted on CMHC's website on its own program page, so there is no comprehensive view, at least that I know of, that has been made public.

Ms. Julie Dzerowicz: Unfortunately, I have to cut you off, but if you have any information that might be helpful to us on that, it would be great.

I just want to turn my attention very quickly to Mr. Davis.

Community Food Centres Canada, which is located in my riding, has been a very big advocate around making disability tax credits refundable. They're big believers that what happens unless we do that is.... They believe it's a gap in our poverty reduction strategy, and our actually making it refundable will reduce food insecurity.

Do you have an understanding of what the cost would be to government if we were to make it refundable?

Mr. Benjamin Davis: That's a great question.

In our advocacy work, we are often asked that question by elected officials. Last year we partnered with the Conference Board of Canada to answer two questions: What's the cost of making the DTC refundable, and what's the cost of making EI sickness benefits more flexible? It's about a billion-dollar investment, but the modelling that the Conference Board did shows an obvious return.

Of course, with MS and other diseases, when MS takes you out of the workforce, the disability tax credit.... I'm not the accountant in the room, but if you don't have enough income, it's about as valuable as Monopoly money. We absolutely need to make that refundable.

Ms. Julie Dzerowicz: Would you mind—

The Chair: I'm sorry, Julie. You're out of time.

We'll split the remaining time between Mr. Cumming and Ms. Koutrakis.

Mr. Cumming.

Mr. James Cumming (Edmonton Centre, CPC): Thank you to all of you for appearing today. My first question is for Mr. Moody.

Given the tax changes and the direction that we're seeing with these tax changes, often I see unintended consequences. My concern is flight of capital and flight of talent. What's your experience, particularly in Alberta or in general? Are we at a point now where we're starting to see people looking at other options, particularly because the U.S. seems to be going in a different direction and making it more attractive for capital to be in the U.S. with their tax changes?

Mr. Kim Moody: Without a doubt, I see it among my client base. We deal with private corporations, private individuals and major employers. I can tell you without exaggeration or embellishment that a good chunk of capital—and I mean significant capital—has gone south of the border for that very reason, which means loss of jobs.

To make a long story short, it's been very challenging in Alberta, as I'm sure you know. You're absolutely right about unintended consequences in terms of some sloppily drafted tax legislation that has been put forward over the years. My recommendation is to be very careful about that kind of stuff in the future.

Mr. James Cumming: Okay.

Mr. Weissman, you talked about training for Revenue Canada officers. You have experience, particularly with returns. For persons with disabilities and seniors, a lot of the files are simple returns. Are we at a point with technology now, given that Revenue Canada has a lot of the information they require, to simplify that process and lessen the burden on Revenue Canada so that they can focus on more complex issues? Are we getting close to the point where we can look at potentially doing that?

Mr. Peter Weissman: My practice doesn't involve a lot of personal tax returns, but I can answer your question because I do have observations in that area.

The CRA has become more automated, especially with the easier tasks that you just mentioned. We do download client information from the CRA website when we are filling out tax returns. In the disability tax credit world, I used to have to reapply every five years because of my MS. I now don't have to apply. I don't have to reapply as often, and it's the same for some other applicants. At that level, the CRA has become much more efficient and user friendly. It's at the more difficult levels, such as in the audit field when you're on private company matters or reorganizations, that you notice the lack of training. That's not something you can automate or simplify.

● (1700)

The Chair: Thank you.

Ms. Koutrakis.

Ms. Annie Koutrakis (Vimy, Lib.): I would like to thank everyone for being here today. Thank you for your reports. They were very interesting, and alarming in some cases. I will be directing my questions to Mr. Ross and Ms. Lockhart. If I have a little bit of time left, I will direct them to Mr. Davis.

In my constituency of Vimy in the city of Laval, we have five housing co-operatives. The largest has over 100 apartments. With the CMHC, the government created Canada's first national housing strategy. This plan of over $55 billion over 10 years will reinforce the middle class, stimulate our economy and reduce chronic homelessness by half. We have seen a very positive response with the implementation of the NHS.

With that in mind, could you please inform us, just briefly, on your recommendations for new housing co-operatives, specifically on the eligibility criteria for loans?

Mr. Timothy Ross: Do you mean the eligibility criteria for current programs within the national housing strategy?

Ms. Annie Koutrakis: How would you like them to be changed, if they need to be changed at all?

Mr. Timothy Ross: Certainly, if you want to create a greater depth of affordability, one thing that would be beneficial, if you were looking at making modifications to the co-investment fund, would be to look at the ratio of grants to loans. The larger the grant contribution in the development project, the more you can deepen the affordability. That would be one place to look.

There's another area that would be worthwhile. Community housing all across the country is getting old. A lot of co-ops and non-profits are obtaining new financing and new lending to renovate and renew their properties. We have a program that has facilitated access to about $100 million of credit union lending to co-operatives within our membership. One thing that gets in the way, for co-ops and non-profits that are still under their operating agreements with CMHC and that will be for some time, is that they're carrying a mortgage with CMHC. There's a significant interest penalty if you exit that mortgage. A program that was introduced has just expired. It's the prepayment penalty relief program with CMHC. That would be another area to look at in terms of lending that would facilitate access to capital for co-ops and non-profits across the country.

The Chair: We will have to leave it at that.

I remind committee members that we have two more panels of six, followed by a minister for an hour. It would be nice to have five minutes between each panel.

I want to very sincerely thank the witnesses for their responses to questions and for their presentations. The committee will consider them as we move forward in our pre-budget recommendations.

With that, thank you very much. Thanks to the folks on video conference as well for taking the time.

We'll suspend for five minutes.

● (1700)

(Pause)

● (1710)

The Chair: We will reconvene our the pre-budget consultation hearings for the 2020 budget.

To begin, I do want to thank all of the witnesses for coming here on very short notice. For those who made submissions in the spring and early summer prior to mid-August, the committee made a motion to bring those submissions forward. They will be considered in our recommendations, as they are considered part of the pre-budget consultations.

With that bit of introduction, we will start with the first witness, the Business Council of Canada, with Brian Kingston in his usual seat.

Go ahead, Brian.

● (1715)

Mr. Brian Kingston (Vice-President, Policy, International and Fiscal, Business Council of Canada): Mr. Chair and committee members, thank you for the invitation to be here and to take part in these consultations.

The Business Council of Canada represents the chief executives and entrepreneurs of 150 of Canada's leading companies in all sectors and regions of the country.

Canada's economy faces serious headwinds including an aging population, weak productivity and rising global protectionism. Our economy is barely growing on a per capita basis. Over the past decade we have witnessed growth of around 0.5%. That's half the pace achieved by the U.S. and half the OECD average.

Slower growth over the long run will inevitably mean fewer opportunities for our children and grandchildren, higher rates of unemployment, and less money for vital public services such as health care, education and transit.

To better understand these challenges and to identify solutions, last year the Business Council launched a task force on Canada's economic future, in which we engaged Canadians from across the country to advance policies that enhance growth and ensure a better future for all.

The task force report and recommendation outlines how government business and other stakeholders can work together to strengthen Canada's economic capacity and spur investment for the benefit of all Canadians. At the same time, it calls on employers to enhance Canada's human potential by embracing diversity and inclusion in the workplace, promoting mental health, and supporting a more skilled and innovative workforce.

The report recommends that the government modernize the regulatory environment, prioritize nationally significant infrastructure projects, modernize and simplify the tax system, rethink Canada's foreign policy in a changing world, increase immigration flows to build the future labour force that Canada needs and, finally, develop a national resource and climate strategy.

Of these recommendations, we believe that regulatory modernization has the greatest potential to improve the lives of citizens, drive innovation and enhance business activity across the board.

This is something we heard consistently during our consultations, and we think now is the time for a new approach to regulation in Canada. I am happy to provide some details on that in the question period.

As Canada's largest employers, our members are committed to doing their part to nurture Canada's workforce. That includes increasing labour force participation among indigenous people, encouraging greater diversity and inclusion in the workplace, promoting the adoption of proven mental health strategies, investing in employee learning and development, expanding career opportunities for young Canadians and supporting the next generation of Canadian innovators and entrepreneurs.

Now, I recognize that some of the priorities I have just talked about are what you would expect from the Business Council of Canada. As I said at the beginning of my remarks, we represent 150 of Canada's leading companies, and we recognize that as parliamentarians your focus is on building a better future for all Canadians. That means not just the large companies that we represent but also entrepreneurs, small businesses, indigenous-owned firms and innovators of all kinds. In other words, we challenge ourselves to focus on the broader interests of Canadians today and in the future.

Tomorrow we plan to release a statement in partnership with the Canadian Council for Aboriginal Business, the Canadian Federation of Independent Business, the Canadian Chamber of Commerce and Canadian Manufacturers & Exporters. Collectively, the member companies of these five organizations employ millions of Canadians in every corner of this country and every part of the private sector.

I can tell you from experience that these five organizations don't always agree on the same priorities, but we are coming together because we all recognize that without a healthy and growing economy, our society and our governments will not be able to afford the vital programs and services that Canadians depend on. Without a healthy and growing economy, our children and grandchildren will not be able to look forward to a better future.

I look forward to sharing with you that statement when we release it tomorrow.

Thank you for the opportunity as always, and I look forward to questions.

The Chair: Thank you very much, Brian.

We turn now to the Canadian Electricity Association with Mr. Bradley.

Welcome. The floor is yours.

[*Translation*]

Mr. Francis Bradley (President and Chief Executive Officer, Canadian Electricity Association): Thank you, Mr. Chair and committee members.

My name is Francis Bradley, and I am the president and CEO of the Canadian Electricity Association. CEA is the national voice of electricity. Our members operate in every province and territory in Canada, and include generation, transmission and distribution companies, as well as technology and service providers from across the country. Canada's electricity sector employs 81,000 Canadians and contributes $30 billion to Canada's GDP. Indirectly, our sector supports essentially every job and industry in Canada. Electricity is the foundation of the modern economy.

Electricity is also at the heart of Canada's transition to a low-carbon economy. Over 80% of Canada's electricity generation is already non-emitting, making it one of the cleanest grids in the world. In fact, the Canadian electricity sector has already reduced GHG emissions by 30% since 2005.

Electricity will play an essential role as Canada transitions to a low-carbon economy. The sector is uniquely positioned to help advance Canada's clean energy future and provide, as the throne speech aspires, clean affordable power in every Canadian community.

• (1720)

[*English*]

Sustainable, affordable Canadian power offers the opportunity to decarbonize and electrify other sectors such as transportation and industrial processes. To do so will require substantial investments in the sector to accommodate new demand and evolving technologies. We must do so while maintaining the reliability and the affordability in the system that Canadians have come to expect.

We're pleased that the government has supported this transformation in past budgets, with pilot programs for new technologies such as smart grids, deployment of EV charging infrastructure, electric vehicle purchase incentives and energy efficiency. Looking to the future, we've identified a number of ways that the federal government can support this process. I'll highlight some of those recommendations from our submission.

First, the government, in conjunction with provinces and territories, should complete a national electrification strategy to ensure that government policy, utility investments and customer expectations are built on a robust and actionable plan.

The Conference Board of Canada estimates that there is a need to invest $1.7 trillion—that's trillion with a "t"—in the electricity sector by 2050 to reach climate goals. It's important that we base this investment on a national plan.

Second, the government should target investments to meet the electricity needs of tomorrow. This includes encouraging the commercial deployment of energy storage. Batteries and other technologies will help revolutionize our grid, allowing power to be used well after it has been produced. Previous programs facilitated the early deployment of wind and other renewables, and they could serve as a good model for storage.

Third, we must enable innovation by modernizing our regulatory models. This includes updating the Electricity and Gas Inspection Act to permit new metering technologies to reduce barriers to the deployment of advanced technologies such as LED street lighting and electric vehicle charging infrastructures. Similarly, a regulatory innovation fund would allow provincial and territorial regulators to minimize price impacts on Canadians as new technologies are deployed.

Finally, we must continue to invest in cybersecurity. Canada has taken meaningful steps forward in the past few years to address cybersecurity issues. Unfortunately, we continue to face dedicated and innovative adversaries who seek to undermine our critical systems.

Information is the best defence. Canada should expand the Project Lighthouse pilot nationally. The program shares timely, actionable intelligence between government and electricity customers on a daily basis. It has already had an impact in Ontario and it offers opportunity for the rest of Canada.

To conclude, it's no secret that the electricity sector is undergoing unprecedented transformation. The pace and scale of the changes we have experienced are nothing like we've seen in generations. CEA and our members have an important role to play in enabling innovation, but we can't do it alone. There's an important role for other partners, including the federal government, to help drive this transformation.

Thank you, members and Mr. Chair. I look forward to your questions.

The Chair: Thank you very much, Francis.

Turning then to the Conseil national des chômeurs et chômeuses, we welcome Mr. Céré.

[*Translation*]

Mr. Pierre Céré (Spokesperson, Conseil national des chômeurs et chômeuses): Mr. Chair, I would like to thank you for this opportunity to speak with members of the Standing Committee on Finance as part of the pre-budget consultations. I have come to talk to you about the employment insurance program, of course, and I do so as the spokesperson for the Conseil national des chômeurs et chômeuses. We bring together 10 regional organizations in Quebec and New Brunswick.

During the last election, last fall, the Liberal Party of Canada, which forms this government, committed to a number of employment insurance measures: a career insurance benefit for long-tenured workers; an employment insurance disaster benefit to be introduced in 2021; an extension of sickness benefits from 15 to 26 weeks; and the transformation of the pilot project for seasonal employees into an enhanced permanent program. The key measures are the extension of sickness benefits and the permanent program for seasonal workers. It is these measures that I will speak about.

I'll start with sickness benefits. It does not seem to be a given that sickness benefits will be announced in the next budget. We think that would be a serious mistake. The government has made a commitment to the public. The needs are great, and people are waiting. Thousands of people suffer from serious illnesses and, in many cases, have only EI sickness benefits to support them financially. In 2017-18, sickness benefits supported more than 400,000 people in Canada, 36$ of whom have received the maximum 15 weeks of benefits. The rate of exhaustion of these benefits is highest among those aged 55 and over.

I would like to bring the following facts to your attention. Of all the G7 countries, excluding the United States but including Russia, Canada has the worst health benefits coverage of any country in the G7. I did say the worst. France grants 156 weeks; the United Kingdom, 52 weeks; Germany, 78 weeks; and Japan, 72 weeks. I'll let you do the math. In Canada, the sickness benefit component was created in 1971 and has never changed. It is 15 weeks, and it's time for that to change.

The government is proposing to extend it to 26 weeks. We consider that to be a minimum. We believe it should be extended to 50 weeks for those who are seriously ill. That is our proposal. In fact, according to a study by the Parliamentary Budget Officer released in April 2019, the additional cost of extending sickness benefits, if they were increased from 15 to 50 weeks, would be $1.1 billion by 2020. On this subject, the Parliamentary Budget Officer said the following in his study:

> Therefore, the increase in the duration of benefits is expected to raise the employee premium rate by a total of 6-cents from the baseline rate ….

There is an urgent need for action, and it is important not to subject this commitment to political calculation.

Let's talk about seasonal workers now. The realities of seasonal work are part of the working world and our economy everywhere. The government understands that seasonal workers, and I quote from a government press release, “are an important part of Canada's continued prosperity”.

These workers often find themselves without any other employment opportunities when the work season is over. Their employment, like the length of the working season, is often subject to the vagaries of the climate, available resources and the market. That is why, in August 2018, the government implemented a pilot project targeting seasonal workers in 13 administrative regions by granting them five additional weeks of benefits. This pilot project will end on May 30. The government's commitment is to improve this program and make it permanent. We believe that it does indeed deserve to be improved by better targeting seasonal employees in these regions, perhaps by identifying seasonal employers to better target seasonal employees. We also believe that an exception eligibility criterion, set at 420 hours of work, should be added for these seasonal workers.

Similarly, we believe that this program should also be offered to indigenous communities that experience high unemployment rates and that, in fact, face the same constraints as seasonal employees. In other words, we believe that we must protect our regions, protect seasonal workers and protect indigenous communities.

The government must move quickly to improve this measure and announce it in the next budget in March of this year. If we are talking about money, I would like to bring to your attention the fact that the cumulative surplus in the employment insurance fund currently exceeds $4 billion. I would also like to point out that, according to an OECD study entitled “Social Protection and Well-being”, in terms of social spending on unemployment, Canada spends 10% less per capita than the OECD average.

● (1730)

We think the role of the employment insurance program is to help people who lose their jobs by providing them with economic security. It is also the role of a responsible government to ensure that the program fulfills that function.

Thank you for your attention.

[*English*]

The Chair: Thank you very much, Mr. Céré. I doubt if you'll find an MP around the table who hasn't had somebody come into their office because they had run out of sickness benefits at 15 weeks. I know many of us have had them tell us that.

Turning to Deloitte, we have Mr. Khan, managing partner and head of Deloitte data.

Welcome.

Mr. Bilal Khan (Managing Partner and Head of Deloitte Data, Deloitte): Thank you.

Hello. Thank you everyone for taking the time. I appreciate that the committee has been drinking from a firehose of information, so I hope to be concise, clear and hopefully give the committee something interesting to take away.

As mentioned, my name is Bilal Khan, and I'm the managing partner at Deloitte. I'm head of Deloitte data, which really focuses on data analytics and artificial intelligence, primarily around governance, strategy and public policy as they relate to the new economy. In addition to this, I sit on the Province of Ontario's digital and data task force, which is a private sector task force responsible for setting a series of recommendations for the future of the province. Prior to being with Deloitte, I built one of the largest scale-up innovation hubs in Canada called OneEleven, which is focused on late-stage technology companies.

Deloitte is one of Canada's leading professional services firms. We employ well over 14,000 people across the country. Deloitte's purpose is to inspire and help our people, communities and our country thrive by building a better future for us all, something I think we all can relate to. We take great pride and responsibility in contributing our perspective on the issues that matter to our country and that affect the Canadian business community, more broadly.

As part of our commitment to the future prosperity of Canada, we've established the future of Canada centre. It's our research and public policy branch designed to spark vital discussions about the country's future to help all Canadians thrive in the new economy.

At Deloitte, we believe that Canada has an opportunity, in fact, a responsibility, to be a global leader in the new economy. My remarks today will focus on how Canada can compete on the world stage as a true global leader in the artificial intelligence and data-driven economy. To set the context a bit, Canada is extremely well positioned to reap the benefits and opportunities of an AI and data-driven future, thanks in part, first, to early leadership from our academic institutions; second, a highly trained workforce; third, an effective skills-based immigration system; fourth, continued investments in artificial intelligence; and fifth, the Canadian government's leadership in creating an open data ecosystem.

Canada lags behind other countries when it comes to the commercialization and adoption of artificial intelligence. Canadian businesses don't believe Canada is well positioned to lead in the data economy. Our research shows that Canadian businesses are facing several challenges when it comes to the new economy. Canadian businesses significantly trail their peers on AI adoption. At least 71% of Canadian businesses have not even begun their AI journeys, partly because as a mid-sized economy we have smaller datasets than companies in larger countries. In the new economy, data scale matters.

Most Canadians don't understand AI or its implications, which is holding back business investments. Businesses and consumers distrust AI and are concerned over unintended consequences from AI-powered decisions and data privacy. There's a lack of clear regulations on artificial intelligence and data, creating uncertainly for businesses and lack of trust for consumers.

We've identified three key areas where bold action is needed to successfully achieve prosperity in the new economy.

First, fuel the AI economy. Good data makes good AI possible. If AI is going to drive our economy, which it eventually will, Canada needs to increase the quality and quantity of public data available to researchers and businesses to commercialize. This is especially true for companies in less populated countries like Canada that often have fewer resources and smaller datasets than larger countries, like we see with the domination of the United States and China.

The Canadian government can help spur innovation by making more public data available in machine-readable format for commercialization purposes and making it easier to use. Other countries are already leading the way. France, Germany, Australia and of course China have made publicly held data such as utility data, transportation data and health care data a feature of their national AI strategies.

● (1735)

Public data is even more valuable when combined with privately owned data. To accelerate this, governments across Canada can increase collaboration with the private sector to ensure that data is being released in algorithm-friendly, machine-readable format.

Second, prepare Canadians for AI and data-related change. In our research we found that only 4% of Canadians were confident in their understanding of AI. We need to better equip our workers for a changing labour market and shield Canadians from being negatively affected by the new economy. To prepare Canadians to respond to social changes that the new economy will bring, governments need to ensure that all Canadians achieve a basic level of AI and data literacy. For example, in Finland they've created a program called elements of AI, a free online course geared to people with no technical background. Experts told us that the popularity of the course outside Finland has also increased Finnish prominence in the global AI ecosystem.

Third, mitigate risk and build trust in AI and data. Trust is the currency of the new economy. In our research we heard from Canadians that they did not trust AI. This mistrust is holding back the adoption of AI. Businesses and consumers alike told us they had concerns about using AI-enabled tools they didn't trust. This is in part due to outdated legislation that does not provide transparency and clarity by clearly laying out the rules concerning AI, data, privacy and security.

We understand that governments must balance both protecting consumer rights, data, and privacy while ensuring and encouraging business innovation. I'm encouraged by this government's effort to update Canada's privacy and consumer protection laws and the digital charter. Legislation must be updated to reflect the reality of today's AI and data-driven economy and legislation should give businesses a clear set of guardrails and consequences to operate within the collection, storage and sharing of data. This is an area where clearer legislation wouldn't necessarily be detrimental to business innovation. This is because, absent timely and specific legislation, the grey zone that businesses are forced to operate in is far worse for innovation.

With a cross-cutting approach to public policy and strong private-public collaboration, we as a country can seize the opportunity to be a true global leader in the new economy. We can achieve AI and data prosperity in a way that will benefit all Canadians.

I look forward to having a discussion through your questions.

Thank you very much.

The Chair: Thank you, Mr. Khan.

I'm turning to Mortgage Professionals Canada, Ms. Taylor, chair of the board, and Mr. Taylor, president and CEO.

Welcome.

Mr. Paul Taylor (President and Chief Executive Officer, Head Office, Mortgage Professionals Canada): Thanks very much indeed for the introduction, Mr. Chair, and thank you for the opportunity to address the committee today.

Mortgage Professionals Canada is a national industry organization representing mortgage brokers, mortgage lenders, mortgage insurers and technology service providers in that channel in Canada.

As all of you will likely know, MPC has for some time now been asking for a number of changes to the mortgage macroprudential rules, primarily a reduction in the mortgage rules stress tests; the reintroduction of a mortgage insurance-eligible 30-year amortization for first-time buyers; a stress test exemption for borrowers who have paid, as agreed to, the first term of their mortgage and who wish to renew with a different lender; and an increase in the RRSP withdrawal limit under the homebuyers' plan, which was granted in budget 2019.

Ms. Elaine Taylor (Chair of the Board of Directors, Head Office, Mortgage Professionals Canada): First, we thank the government for implementing an increase in the homebuyers' plan from $25,000 to $35,000 and, as of January of this year, for expanding the program to include those who have experienced a breakdown of a marriage or common-law partnership. This is a good change.

Our request to reduce the stress test has been continuous since that test's introduction. We have also been consistently clear that we do not advocate the elimination of the stress tests. However, the current Bank of Canada-posted rate mechanism is unduly onerous, and increasingly so over the last 15 months. Five-year fixed rates are now generally 240 basis points below the current benchmark rate of 5.19%. While market rates have been reduced in response to bond yields, the posted rates have not moved in line. Accordingly, would-be borrowers today are tested proportionately harder than borrowers in January of last year.

We are very encouraged to hear OSFI's assistant superintendent, Ben Gully, acknowledge the stress test gap. As we are advocates to uncouple the Bank of Canada rate from the stress test mechanism, we welcome this acknowledgement. This public sentiment, coupled with the instruction in Prime Minister Trudeau's mandate letter to Finance Minister Morneau to make the borrower stress test more dynamic, we take as a clear expression of a problem understood.

During the examination of alternatives, we asked that MPC and other senior stakeholders in the housing industry have their recommendations regarding the mortgage stress test included in the review process and their potential marketplace impact appropriately modelled.

● (1740)

Mr. Paul Taylor: We also continue to recommend an exemption to the stress test where borrowers have paid as agreed through their initial term and wish to move their mortgage at renewal. Maintaining the current requirement is anti-competitive and, frankly, anti-consumer. Canadians with a proven payment history should not be tied to their incumbent lender's renewal offer.

Also, while the program is in its infancy, the newly implemented first-time home buyers incentive plan seems not to be providing the level of support the government had projected. Numbers published recently describe funding of roughly 50% of the projected take-up rate.

We acknowledge that the winter months are traditionally a slow period for home purchases, but given the feedback received from our member mortgage brokers across Canada, we do not expect to see much of a change in the overall level of activity. We contend that the income multiples are the largest deterrent to the program's overall success, if success is defined as having the $1.25 billion allocation actually issued in equity mortgages.

Program participants are limited to four times their income, up to a household maximum of $120,000. If purchasers decide not to take a shared equity mortgage and instead simply use the existing mortgage insurance option, all things being equal and in today's low interest rate environment, they'll qualify to borrow significantly more than four times their income.

Our members also note that the program as currently structured does not assist anyone to qualify to purchase a home who would not otherwise already have qualified. The election campaign promise to increase the income limit and its multiplier to five times, and $150,000 in greater Toronto, greater Vancouver and Victoria, will go some way to increase participation and invites a discussion on regionalization of mortgage policy through the future design of this program.

Our ongoing primary recommendation to assist first-time home buyers is for the government to reintroduce an insurable 30-year amortization exclusively for first-time buyers. As a practical alternative, it would also reduce monthly carrying costs for the purchasers, who are traditionally the cohort with the highest propensity for income growth. Our own research has confirmed year after year that Canadians pay off their mortgages much faster than their original amortization schedule requires.

If a reintroduced insurable 30-year amortization is not deemed appropriate at this time, even though unlike the first-time homebuyer incentive it would receive 100% participation from mortgage lenders, we recommend increasing the qualifying maximum income multiple to 4.5 times. While we don't believe this will be as supportive a change as the reintroduction of the insured 30-year amortization, it will increase the number of would-be first-time buyers, would-be owner-occupiers and generally young and aspiring middle class Canadians benefiting from the program.

It would also place the limits more in line with commentary from the IMF that loans greater than a 450% loan-to-income ratio present the greatest risk. Increasing the income limit to 4.5 times nationally, therefore, should not raise the ire of the international financial community.

Thank you very much indeed. We welcome any questions.

The Chair: Thanks to both of you.

The last witness on this panel is from the Vanier Institute of the Family.

Ms. Spinks, president and CEO, welcome.

Ms. Nora Spinks (President and Chief Executive Officer, Vanier Institute of the Family): Thank you for the invitation to join you today.

You've heard from business, energy and financial services. I'm here to talk to you about families in Canada. Families are the engine of our economy and the cornerstone of our society. Families are the primary caregivers, helping people recover from illness and injury.

We live in an increasingly complex and interconnected world with unparalleled access to information—information about families and family life. However, despite the fact that we have enormous volumes of data, data is not the same as understanding. At the Vanier Institute, we focus on enhancing the national understanding of how families interact with, have an impact on and are affected by cultural, environmental, social and economic forces.

The Vanier Institute is an independent national charitable organization dedicated to understanding the diversity and complexity of families and the reality of family life in Canada. We envision a Canada where families fully engage and thrive in a caring and compassionate society, with a robust and prosperous economy, in an inclusive and vibrant culture, in a safe and sustainable environment. The Vanier Institute is an evidence-based learning organization and a national resource for anyone interested in or involved with families in Canada.

Governor General the Right Honourable Georges Vanier and his wife, Pauline, created the Vanier Institute in 1965 as a royal standing commission that should never be discharged. We continue to provide a wealth of information about families and family life, family experiences, expectations and aspirations. We've circulated some material for you just as a sample of what's available to you as you do your work. I think we've sent you some material on student finances and some of the other material that's available, as well as materials dedicated to seniors and finance. You name it, we have it, and if we don't have it and you want it, we can likely get it for you.

By analyzing data and synthesizing information, organizing resources and mobilizing knowledge, we expedite research to practice. We facilitate meaningful partnerships and collaborations across all sectors to maximize the impact of research on policies and practices. We engage in conversations and collect stories from families and from people who study, serve and support families. We are a resource for those who fund or invest in research, services, policy analysis, program delivery and innovation. We identify leading and promising practices in communities, organizations and workplaces, and we share our findings across Canada and around the world.

We have a broad and inclusive functional definition of family, focusing on the important role that families play in the lives of the individual family members, the workplace and the communities in which they live, using a family lens to explore a wide spectrum of topics, since there are few things in life that don't affect or aren't affected by our circles of kinship. We make evidence-based forecasts while anticipating, planning and preparing for the future. For example, in our recent work on intergenerational transfers of wealth, we've estimated that $750 billion will be exchanging generational hands in the next decade.

We know that the fastest pathway to poverty is either divorce or loss of a life partner, and that disproportionately impacts women who are seniors. We continually seek and embrace new and innovative ways to reach out to researchers, educators, students, journalists, service providers, faith leaders, policy-makers, business entrepreneurs and others with an interest in families and family life. With decades of experience and commitment, we've earned the respect of our peers in the voluntary, public and private sectors.

Since our founding 55 years ago, we've earned a reputation as one of the country's thought leaders by sparking important conversations across boardrooms and around kitchen tables alike. Family finances and family policy have been a focus of ours for the last 25 years, as we've studied income, expenditures, savings and debt, wealth and net worth.

The last year we've been focusing on three issues that may be of interest to you. These are the Canadian family policy monitor, the family well-being index and the family research network. The monitor provides evidence-informed decision-making and evidence-based policy development and evidence-inspired program innovation. The index provides an opportunity to measure the way in which families are thriving and we're working with our colleagues in New Zealand, Scotland, Iceland and Australia and building on their work.

● (1745)

We engaged with Canadians on our listening tour across Canada: families affected by incarceration, military veteran families, first responder families, people working in early learning and child care, and families navigating the system designed to support adults and children with disabilities. This month we are meeting with LGBTQ2S youth who have been rejected by their birth families and have created chosen families, as well as Inuit elders who have been forced away from their families in order to receive medical care. The network will bring all of these together.

In the spirit of reconciliation and to further our relationships with indigenous peoples, we are aligning our efforts with the calls to action. In the spirit of a global community, we are aligning our work with the UN's sustainable development goals.

In closing, I want to leave you with a quote from a report that was written by Mr. Khan's colleagues in New Zealand. They write that there are three evidence-informed foundations for the efforts that are going on in New Zealand:

> First, people care about their wellbeing as much as their income. Second, wellbeing depends on a range of factors, only some of which can be purchased. Third, public policy that is exclusively or primarily focused on increasing income (or GDP in aggregate) may actually end up decreasing wellbeing now, or in the future.

In closing, I'm not asking for anything specific in the budget—although it would be nice if you found some funds for the Vanier Institute in your budget, as our counterparts in Australia are receiving $4 million a year from their government, and we aren't—but we are here to provide you with answers to whatever questions you need answered in order to make your decisions going forward for budget 2020.

Thank you.

● (1750)

The Chair: Thank you all very much for your presentations. We'll try to get eight questioners in, but we will hold people to four minutes, with little flexibility. We'll start with Mr. Cooper.

Mr. Michael Cooper (St. Albert—Edmonton, CPC): Thank you, Mr. Chair, and thank you to the witnesses.

I'm going to direct my questions to Mr. Taylor from Mortgage Professionals Canada. I think everyone agrees that first-time homebuyers have been inordinately impacted by the mortgage stress test, yet is it fair to say that first-time homebuyers are among a group of borrowers who are quite reliable? These are low-risk borrowers.

Mr. Paul Taylor: I don't think they are any more or less at risk than the larger community. The biggest trigger for mortgage default is loss of employment, which really can affect anybody in almost any geography. First-time homebuyers are certainly a community that has had the hardest time qualifying since the introduction of these new rules. I think the societal concern we've had with the test since it was introduced is that while it seems to achieve the intended fiscal policy response in trying to curb overall levels of indebtedness, by creating a bit of a pause in housing market values because of a roughly 20% reduction in first-time buyers' borrowing power, those homes have effectively been on sale for the well-capitalized and the investment classes. The would-be owner-occupiers, the young, middle-class Canadian families trying to build homes for their growing families find them really unattainable.

Mr. Michael Cooper: I saw some statistics, though they may be a little out of date, from Mortgage Professionals Canada indicating that about 100,000 Canadians who otherwise would have qualified for a mortgage did not qualify as a result of the mortgage stress test. Do you have any updated statistics in that regard?

Mr. Paul Taylor: That was probably from our report written by our chief economist, Will Dunning. It was a cumulative total of his estimate of the number of folks who would have been pushed out of potentially being able to purchase a home following the introduction of the test. That report, I'm guessing, is about six months old at this point. He's currently authoring a new report that is likely to be published in about three weeks, so I can only assume that number is higher than it was when it was last published. Unfortunately, I haven't read the currently authored report, so I don't have a direct number for you today

Mr. Michael Cooper: That's fair. When the stress test was implemented it was to address an overheated market, primarily in Vancouver and the GTA, and there was a debate about whether it was an appropriate response to an overheated market. I would say it wasn't. It suppressed demand, but the issue is really one of supply.

That said, how does it make sense in my province of Alberta, where in fact prices have been decreasing not increasing, where the market has cooled and has been cooling for a considerable period of time? It's really a one-size-fits-all approach, which is a common thing I hear. Would you agree?

● (1755)

Mr. Paul Taylor: Yes, that's a reasonably accurate statement. One of the largest concerns about it is that there are pockets of the country that have been significantly and disproportionately impacted by this policy.

Economies vary, as you well know, from city to city, and rural region to rural region. If the intent was to take some of the heat out of the Toronto and Vancouver markets, we all understand why there were inflationary adjustments in pricing that were eye watering at times. When reducing the purchasing power of the people at the bottom end of the economic ladder, we have to be really cognizant of the societal outcome we create, and not focus entirely on just the financial outcome. If we're trying to build a country where we're supportive of our young and up-and-coming middle-class Canadians, we should be ensuring that the policies we create encourage ownership by them while potentially discouraging other forms of ownership.

The Chair: Ms. Koutrakis.

Ms. Annie Koutrakis: Thank you to all the witnesses who are here today. Thank you for presenting your reports and recommendations before the finance committee.

I will be directing my question to Ms. Spinks. Everybody around this table knows that family is very key and important. If we're going to move forward and prosper as a nation, especially with all of the technological advances happening in our society, we need to be well-educated. Education is very important. I notice in your handout that you say 7 out of 10 parents have considered putting the Canada child benefit toward their children's education.

Can you tell us about the impacts you are seeing as a result of the Canada child benefit—for example, lifting 300,000 children out of poverty? What more can this government do to help in that vein to ensure that no child is left behind where education is concerned?

Ms. Nora Spinks: The most significant impact is that families have a predictable income. It's not a lot, but per child it makes a big difference. In fact, for those at the low end of the income spectrum, it can mean the difference between using a food bank or not. We've seen the population profile of food bank users shift dramatically since the introduction of the child care benefit.

It gives families an option either to cover their basics or to start planning for the future, depending on where they are along the income continuum. What we're hearing from families is that they are very grateful to know that the funds are there to invest in the future or just to offset some of the high costs of early learning and child care services, or to supplement a child's experiences with music lessons, dance, or camp, that the family might not have been able to afford.

Ms. Annie Koutrakis: Does your organization have any statistics comparing our government or country with other countries with similar challenges where education is concerned?

Ms. Nora Spinks: Yes, we have those. I don't have them off the top of my head, but I would be happy to provide them for you. They're not extensive, but we do have information about how people are spending or saving for education, and for those who are not, what kinds of impediments lead to their choices or options for education in the future. I would be happy to provide that to the committee.

Ms. Annie Koutrakis: Thank you.

The Chair: Mr. Ste-Marie.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you. I'll be able to use the extra minutes very effectively.

Good evening, ladies and gentlemen. I would like to thank you for being here today and for responding to our invitation on such short notice. We are very pleased that you are here.

I have questions for Mr. Céré of the Conseil national des chômeurs et chômeuses, the CNC.

My first question concerns the use of EI benefits as sickness benefits. The Parliamentary Budget Officer did a study on this last April. It revealed that 77% of EI recipients who were ill had exhausted their 15 weeks of benefits, were not ready to return to work and had taken at least 26 weeks of sick leave to get back on their feet.

I believe the CNC is asking that length of sickness benefits be increased to 50 weeks. From what I'm hearing, the minister is concerned that the premium rate for companies would be very high.

What arguments would you make to convince him to adopt this measure?

● (1800)

Mr. Pierre Céré: First of all, Quebec and Canadian society has long expressed a need for sickness benefits. When a comparison is done, it is not to our advantage. When we compare Canada to similar countries, we see that it is the worst in terms of the protection provided by its sickness benefits in the event of a serious illness. We face immeasurable tragedies every day. Canada must assume its responsibilities and rebalance EI sickness benefits. We have been hearing about this for a long time.

In the last election, the Liberal Party of Canada, which forms this government, committed to advancing and extending sickness benefits to 26 weeks. Our position, which is also the position of many in society, is that this should be the minimum and that benefits should be extended to 50 weeks for those who are seriously ill. People need it, and their testimonies show that.

For example, on the Facebook page of the Conseil national des chômeurs et chômeuses, we posted a message about sickness benefits two weeks ago. It has been shared 1,300 times to date, and there are nearly 130 comments. I will share a few of them with you.

One person said that she had 15 weeks of sickness benefits, was still waiting for surgery and had no income. Another person said that she had had 15 weeks of health insurance benefits during her radiation treatments and all of her exams in Montreal, that she was no longer employed, that she was undergoing chemotherapy treatments and that it did not make sense. Another said that she had been off work for 15 months, that she was lucky to have had wage loss insurance and that she had taken her savings for the remaining five months. Finally, one person said that his spouse had cancer, that he did not work last year and that he had only had 15 weeks of sickness benefits, and that a person cannot get very far with that.

People's testimonies are sometimes overwhelming. They tell us that the government needs to rebalance sickness benefits. The Parliamentary Budget Officer's study tells us that there would be a 6-cent increase with a premium rate that keeps going down. Indeed, the employment situation is good. More money is flowing into the employment insurance fund, and to offset this, the contribution rate is being lowered.

We could arrive at a balanced rate that would be reasonable for everyone. Take the case of an employee who earns the average Canadian industrial wage of $50,000 a year or $1,000 a week. The contributions would increase by 6¢ per $100 of salary. That is 60¢ a week. What do we do with 60¢? That is $31 a year, but $31 a year per citizen to provide better protection in the event of serious illness. It's time to take action to change things.

Mr. Gabriel Ste-Marie: We're talking about—

[*English*]

The Chair: I'm sorry, Gabriel. We'll have to move on to Mr. Green.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Céré.

[*English*]

The Chair: Thank you for the example.

Mr. Matthew Green (Hamilton Centre, NDP): Thank you very much, Mr. Chair.

Following the line of my friend here, my questions will also be to our guests from the CNC.

Mr. Céré, do you think that, no matter where you live, there should be a single criterion to access benefits?

[*Translation*]

Mr. Pierre Céré: Yes, I think so. You know, Canada is the only OECD country that has a variable eligibility criterion based on place of residence. There are 62 eligibility criteria for 62 economic regions, and the unemployment rate is recalculated every month. That is not normal. These administrative regions are cut up in an extremely arbitrary way. There are 12 administrative regions in Quebec and 62 across Canada. This creates absolutely incredible situations.

We believe that there should be a single eligibility criterion in Canada, with an exception for seasonal workers and certain regions with a very high chronic unemployment rate. This is the case in northern Manitoba, for example, as well as in indigenous communities. This exception measure should provide an eligibility threshold of 420 hours of work. For Canada as a whole, we are proposing a single eligibility criterion of 525 hours of work, which we think makes perfect sense and is balanced.

● (1805)

[*English*]

Mr. Matthew Green: Thank you very much.

From that line, do you think the next budget should include reforms to accessibility hours? What would your suggestion be for the government in the next budget?

[*Translation*]

Mr. Pierre Céré: The government needs to do some serious thinking about these issues.

I am told that the budget will be presented at the beginning of March. I would be surprised if, on the issue of eligibility criteria or eligibility requirements generally for the employment insurance system, we could come up with a sustainable proposal for the next budget in such a short period of time. However, the government should sit down with the other political parties and segments of civil society, reflect and come up with sensible and balanced proposals fairly quickly.

I will close by saying that in the short term, in terms of the budget, we are targeting sickness benefits. There is a commitment from the Liberal Party of Canada on this issue, and the government needs to respond to it. It has to be part of the next budget. In addition, we are saying that the pilot project must be improved and made permanent for seasonal workers. It must be improved and announced in the next budget.

[*English*]

Mr. Matthew Green: Okay.

[*Translation*]

Thank you very much.

[*English*]

The Chair: Thank you.

We'll go to Mr. Cumming, and then over to Mr. Fraser.

Mr. James Cumming: Thank you, Chair, and thank you to all of you for appearing today.

Mr. Bradley, I thumbed through your electricity innovation book and read with great interest that several of the innovative programs have come from my home province of Alberta. I think that that some of the innovation happening in the province is often not well enough known.

Can you speak briefly on advanced carbon capture utilization and storage and the potential that has?

Mr. Francis Bradley: I would be delighted to talk about carbon capture and utilization.

First off, as you noted and in the material we circulated, we have some real global leaders here. We have some groundbreaking work that is taking place in Alberta by Alberta companies, as well as by the universities in Alberta.

We are not yet at a point where we're going to be able to immediately move away from fossil fuels. It's something, of course, that we're planning on doing over time, but we have already figured out how to capture carbon. The first commercial-scale carbon capture and storage plant on an electricity generation facility was built in Canada by SaskPower, a world leader, in Estevan, Saskatchewan.

We continue to be world leaders now in the area of not just capturing the carbon, but figuring out what to do with it. It gives it both an opportunity to reduce the carbon footprint and it creates a separate stream and separate business for the companies themselves.

We're quite confident that this research is going to result in very useful products being produced, such as the carbon nanotube approach that's being looked at by a couple of the projects, including work by Capital Power, for example. These are products that may be used in Kevlar vests in the future, and in advanced manufacturing, in aeronautics, and so on.

The current product stream is actually just waste. In the future, that waste will likely be turned into very useful high-tech products.

Mr. James Cumming: Mr. Kingston, in your report you talk a lot about productivity, red tape and regulatory review. Can you get into any specifics about areas where you see we get the biggest bang for the buck?

If you want to give us the big heads-up on your press conference tomorrow, you can do that today, too.

● (1810)

Mr. Brian Kingston: Sure.

The Chair: We'll keep it secret.

Mr. Brian Kingston: On the regulatory front, there are two things, two specifics I'll highlight.

The first one, which has been talked about for many years and we continue to talk about it, is interprovincial trade barriers. According to the IMF, we're talking about a potential 4% GDP boost if we address them for real, once and for all.

What that means in practice is getting rid of all the exemptions that are in the current Canada free trade agreement and a more serious attempt at some of the labour standard differentials that we have across the country.

In terms of addressing the broader regulatory issues that face companies, I wish there were a silver bullet. There is not. However, the idea we're proposing is to create, effectively, an auditor general of regulation, a separate arm's-length agency from government that has the mandate and the power to shine a spotlight on any area of regulation they desire, be it at the municipal, provincial or federal level. It triggers a response from the government responsible, to comply or explain.

I know there's irony in recommending more bureaucracy to attack bureaucracy, but we've seen this work in Denmark, for example, where it has been highly effective. It's a good start to getting at some of these regulations and finding a way to get rid of unnecessary ones.

The Chair: That is an irony.

Mr. Fraser.

Mr. Sean Fraser: Thank you very much to each of our witnesses. I have more questions than I'll have time to get through, so if you can keep your answers tight, I'd appreciate it.

I'll begin with the Vanier Institute. A number of times during your remarks you mentioned the importance of measuring well-being. I don't know if you've had a chance to review the mandate letter of the Minister of Middle Class Prosperity and Associate Finance Minister. It signals that she should be tasked with developing better indicators to measure overall well-being. GDP, of course, is a useful tool but a bit of a blunt instrument to really demonstrate how Canadians are faring.

What kind of indicators would you suggest are appropriate to build into a framework to understand how Canadians are actually getting by?

Ms. Nora Spinks: Right now we have a couple of existing indices—one that looks at individuals, one that looks at children and youth, one that looks at communities—and we're developing one that looks at families, which sort of ties it all together and makes sense of it all.

What we're looking at is the way that families interact with the economy, their community and the environment. For example, what's the impact of climate change on families, family life and family finances? They're huge issues.

We have four major domains and about 25 different indicators for family well-being.

Mr. Sean Fraser: To the extent that you have those indices ready, if you want to submit them to the committee through the clerk, I'd invite you to do so for our consideration.

Ms. Nora Spinks: Sure.

Mr. Sean Fraser: My second question is for the Canadian Electricity Association.

Mr. Bradley, I come from Nova Scotia. We're still mining and burning thermal coal for electricity. One of the frustrations I have with our federation is the fact that it's really difficult to burn clean energy—I shouldn't even say burn, but to use—that's been produced in neighbouring provinces when we're still burning coal. It strikes me that a regional or national electricity grid might help with that clean energy efficiency. I'm curious as to whether you think that's a policy worth pursuing.

Part two to my question is this. Given the conversation around storage of clean energy, if there are one or two key items you think the federal government can move forward on to help enhance our collective capacity to store green energy, I would love to hear your advice.

Mr. Francis Bradley: Thank you very much for two very interesting questions.

On the first one, there are and have been very active discussions with respect to connecting grids within specific regions. Talking about a national grid the way we over 100 years ago talked about connecting Canada from coast to coast by rail is, frankly, just impossible because of the geography, and there are other challenges. However, there are clearly opportunities within specific regions. Natural Resources Canada has undertaken studies in certain regions of the country to look particularly at what those opportunities are. There are some interconnections already, those that have already been economic and have moved forward, but this is an active discussion and specifically in the province where you come from.

With respect to the question about storage, right now the focus on storage is about batteries, but there are a lot of other new technologies that will be coming forward, cutting-edge technologies. The question we're asking, particularly with respect to our discussions with the Government of Canada, is what the Government of Canada can do to incent moving forward more rapidly with some of these new technologies, whether it's looking at compressed air systems or advanced battery technologies.

Clearly the federal government played a role in the past to spur the development of wind and solar energy. Wind power in just about every jurisdiction is now a viable option, so we've gotten through that process and it's reached that level of maturity. The question is whether some similar sorts of support can be provided for emerging renewables and emerging storage technologies.

● (1815)

Mr. Sean Fraser: Mr. Chair, is there any time remaining?

The Chair: No.

Mr. Sean Fraser: Thank you.

The Chair: We are completely out and a little over.

We'll go to Mr. Morantz and then back to Mr. Sorbara. We may have time for a couple of supplementaries later.

Mr. Morantz.

Mr. Marty Morantz: Thank you Mr. Chair. I may want to share a bit of my time with Mr. Poilievre, if I have the chance.

Mr. Kingston, back in 2017 the Auditor General released a report on the CRA that was fairly damning in its results. In the interests of time, I won't go through every single problem. More recently the “Serving Canadians Better” report that was commissioned by CRA and done by Stantec Consulting found that 83% of respondents had an experience that didn't meet their needs.

Your report spends a fair amount of time talking about the need to modernize and simplify the tax system. One thing that jumped off the page for me was the fact that the Income Tax Act is now 3,281 pages long.

I'm wondering if you can comment on how you foresee tax simplification in Canada unfolding and the benefits of that.

Mr. Brian Kingston: It's an important recommendation and it's derived not just from the experiences that people receive when they deal with the CRA, which is well documented by that report, but also from what companies face when they have to file their taxes to report income. We think it's high time for comprehensive tax reform. Other countries have gotten far ahead of this. The economy is digitizing, and it's a totally different economy now than what it was decades ago. These piecemeal changes that have been made to the tax system just continue to increase the size of the Income Tax Act and, frankly, make us less competitive.

Not only would comprehensive tax reform be an opportunity to look at Canada and see how we compare with our OECD competitors to ensure that we're attracting investment—which we're not doing—but it would also be an opportunity to streamline the system, to digitize services that the CRA provides and make tax filing something that you can literally do on your phone, which we've seen happen in other countries. There's a benefit to individuals, but there's also a benefit to corporations if you do this right, and I don't think we can afford to wait another decade to tackle this.

The Chair: Mr. Poilievre, do you want to wrap it up in two minutes?

Hon. Pierre Poilievre: Yes.

Mr. Bradley, we often talk about the insanity of selling our oil on the cheap to the Americans in the west and buying it expensively from foreign sources in the east. Sometimes we ignore that we're doing the same with electricity in Canada. For example, in Ontario we're paying eight or nine cents a kilowatt hour on average, and in Quebec, right next door, they're selling hydro to the northeastern United States for two cents a kilowatt hour. Quebec hydro could make more money and Ontario could have lower energy prices if we actually traded more, although we do some interprovincial purchases from Quebec.

Is there a potential for a national corridor or electrical transmission or just better interprovincial trade in electricity that we could pursue as a country, and if so, what are the obstacles to making it happen?

Mr. Francis Bradley: The principal obstacles right now are essentially in the provincial capitals. On the one hand, this is a question of what the relative priorities are in the provincial capitals. On the other hand, there are also very active discussions that are taking place now between a variety of provinces. It has been reported in the news that there are discussions between Quebec and Newfoundland that are very far advanced, and the Government of Quebec and the Government of Ontario are also discussing this on an ongoing basis.

The current electricity trade that we see between Canada and the United States is one that has evolved historically because of the economic opportunities that have been there. They've also resulted in some pretty significant benefits overall to our shared North American airshed because every kilowatt of clean Canadian electricity—it's surplus that is sold into the U.S. market—displaces, in most cases, coal down in the U.S.

● (1820)

Hon. Pierre Poilievre: That is positive.

The Chair: I'm sorry, Pierre. We split the time with Mr. Morantz.

Hon. Pierre Poilievre: Thank you, Mr. Chair.

The Chair: I will tell you this: it's 14.37¢ per kilowatt hour in P.E.I.

Go ahead, Mr. Sorbara.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Mr. Chair. It's great to be here and it's nice to see everyone's presentations.

Mr. Kingston, no one wants to leave money on the table. We never do that in our daily lives, yet it seems that money's being left on the table in Canada when it comes to being able to grow our economy and to create more jobs. Senior Deputy Governor Wilkins gave a speech today outlining some of the things that you and some of the business writers have commented on.

On the interprovincial trade front and the regulatory front, but more so on the interprovincial trade front—and Governor Wilkins alluded to this today—would you identify three areas where we could work together with the provinces to reduce barriers and move things along more quickly?

Mr. Brian Kingston: I think the first area would be on labour standards. I think that's an important area where you have divergence between different labour and certification standards, particularly in some trades. Second, we still do not have a common securities regulator in this country, despite years of trying. Progress is being made, but that should be finalized once and for all. Lastly, it's the regulatory piece that's been created by the CFTA. There's a regulatory co-operation table, but it's simply not moving quickly enough. I think at this point we need a coalition of provinces willing to advance this beyond the current discussions.

Mr. Francesco Sorbara: Yes, because time is limited.... In the last session, our government did a lot. We moved the needle a lot on interprovincial trade. There's much more to do, and we need to continue on that path.

I'm happy to see that the senior deputy governor identified interprovincial trade barriers, increased education and skills training, which was a centrepiece of number of our budgets in the last couple of years, more R and D spending—and we know where we stand on that—and efforts to optimize the tax and regulatory environment. On the tax front, in a prior pre-budget consultation and in our report that we generated, we did identify a comprehensive tax report as very important.

Moving on to Mr. Taylor and Ms. Taylor at Mortgage Professionals Canada, I just wanted to get an update on the speech that was given by the individual from OSFI on January 24. There were comments made that “the difference between the average contract rate and the benchmark rate has been widening more recently, suggesting that the benchmark is less responsive to market changes than when it was first proposed”. What's the difference as of today?

Mr. Paul Taylor: Right now, there's about a 240-basis-point gap between the insured rates and the A-class uninsured rates and the 5.19% benchmark.

Mr. Francesco Sorbara: I was wondering about that. The individual from OFSI did give a pretty expansive speech, which I've read a couple of times to make sure I understand everything. The qualifying rate, the benchmark rate, may just not be responsive or flexible enough and go over that 200-basis-point spread that was identified under B-20.

Mr. Paul Taylor: You are exactly right. Bond yields have been falling, since probably October of last year, and the bank's posted rates have really not followed the direction of that reduction, so there's been a widening gap between the qualification rate and the actual contract rate. This means, proportionately, that people are being stress-tested harder today than they were last year.

Mr. Francesco Sorbara: I do note on this that TD—I believe it was TD—did come in and reduce the five-year rate by 35 basis points—

Mr. Paul Taylor: That's right.

Mr. Francesco Sorbara: —earlier on today, if I'm not mistaken.

Mr. Paul Taylor: I don't know if that discounts the poor policy rationale of using the Bank of Canada rate, though. I do think the banks use that rate for interest rate differential penalties and other internal business practices. They certainly don't have a concern about public policy rationale when they're setting those rates.

● (1825)

Mr. Francesco Sorbara: I just need two seconds, Mr. Chair.

The stress test was a necessary macroprudential policy position, in my eyes, and I was glad to see in the mandate letter to the finance minister that a review will happen—obviously through OSFI and so forth. I am happy to see that happen.

Mr. Paul Taylor: As are we.

The Chair: As always, we are rapidly running out time.

Mr. Khan, I think you made a compelling argument on the importance of AI, yet no questions were directed your way. You did say that government really has to fuel the AI economy, I think, with the quantity of data available. You said that Canada lags behind, and I can tell you this: If there's anywhere in the country that not only lags behind but where we're not even in the game, it's Atlantic Canada, east of Montreal.

Could you tell us how we could work within government to get there? We have regional development agencies right across the country. Is there anything they can do? Or does it have to come through ISED? How do we create the emphasis on AI?

I also chair the Canada-U.S. meetings. I'll tell you that at some of the meetings down in the U.S. this is what they talk about. We don't even talk about it here. Can you give us some suggestions, either through regional development agencies or government as a whole, as to how we should get there?

Mr. Bilal Khan: Thank you for the question. I'll try to be more controversial the next time.

Voices: Oh, oh!

Mr. Bilal Khan: It's a great question. I'd actually focus the question on our talent, certainly east of Quebec, as you mentioned, and in other parts of the country. We have a real and serious challenge and an upcoming problem around upskilling our people and ensuring that people have a purpose and a role and a job to participate in the AI- and data-driven economy.

One thing we lack, and frankly do a terrible job at from coast to coast, is capturing data and information on unemployment and the roles and responsibilities that people currently have. I advocate strongly for mapping skills across this country and across industries. Part of that mapping exercise will allow us to identify and make clear connections between existing jobs and existing roles in the marketplace and how a specific role can easily be upskilled to a role driven by data or AI or automation or analytics. The data and AI economy will be fundamentally predicated on skills, knowledge and ideas, which will be driven by people, but if individuals don't have the ability to upskill, with the resources to better understand their role in the new economy and to have the opportunity to participate, frankly, then I think there will be a massive gap in our ability going forward.

The Chair: Okay. That is helpful.

Thanks to each and every one of you for your presentations and for coming here, as I said earlier, on short notice. Thanks for answering our questions.

With that, committee members, we will suspend for five minutes.

● (1825)

_____________________(Pause)_____________________

● (1840)

The Chair: I call the meeting to order. We are continuing our pre-budget consultations on the 2020 budget.

I want to thank all the witnesses for coming on fairly short notice. I also thank those who wrote submissions prior to the August deadline. Those submissions have been brought forward, and will be considered as part of the pre-budget consultations. They are not left to gather dust.

We are tight for time. If you can hold your remarks to roughly five minutes, that would be helpful. With that we'll have more time for questions. We have a dead stop just slightly before eight o'clock.

We will begin with Kevin Lee from the Canadian Home Builders' Association.

Welcome, Kevin.

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

As you know, CHBA is the voice of Canada's residential construction industry—new construction, renovation and land development. With over 9,000 member firms across the country, we represent an industry that is the source of 1.2 million jobs and 160 billion dollars' worth of economic activity.

The recent election campaign confirmed how concerned Canadians are about housing affordability. It showed the dream of home ownership is still very much alive in Canada, and the next generation of new Canadians is very concerned about home ownership slipping away. It doesn't have to be this way. We can protect the financial system, and, in fact, strengthen it through policy adjustments around housing.

We know there have been successive demand-side measures to address financial system vulnerabilities, but we also know these have had an impact. The problem is that the impact in some cases has been quite severe, and it's definitely time to recalibrate the system accordingly.

CHBA estimates that 147,000 potential buyers have been knocked out of the market by the stress test. About half of those are first-time buyers. Arrears rates have gone up in some struggling areas. Overall, they continue to be below one-quarter of 1% nationally, and young Canadians have the lowest arrears rate of any cohort. The mortgage system right now is penalizing the wrong group.

We, therefore, continue to recommend adjustments to the stress test to reduce it the longer the term of the mortgage. Leave it at 2% for one-year terms, but decrease it over the longer term down to 0.75% for five-year terms. To encourage even longer-term mortgages, as promoted by the Bank of Canada, there is no need to stress-test seven-year and 10-year terms. This will maintain financial system stability, promote longer mortgage terms and help more well-qualified Canadians achieve home ownership.

We are pleased to see the federal government is committed to review the stress test with a view to making it more dynamic. We encourage the minister to expand consultations beyond just the financial institutions to ensure industry voices are part of the review.

In addition, regarding first-time buyers, we still recommend a return to 30-year amortizations for insured mortgages. The millennial generation, who are now well into their careers, are ready to get a foothold into housing, and can do so responsibly. Given that most will move up the market, the idea that they shouldn't have a 30-year mortgage is a fallacy, since most will take on another 25-year mortgage in a move-up home in a few years anyway, if all goes well. The average time to pay off a 25-year mortgage is also only about 17 years in Canada. Again, we are penalizing the wrong group when we prevent entry into home ownership. All that said, demand-side measures have been a problem, but fixing them alone is not a solution by itself. Prices are affected by both demand and supply factors.

The federal government can set up its leadership to work with the provinces and municipalities to increase market rate housing supply where we see so much in the way of shortages and resultant price increases that are rightly so concerning to Canadians.

We need more homes that meet Canadians' needs in the places they work and want to live, and this includes units for both ownership and rental. A rental can be best spurred on by tax reform, but I'll leave that discussion for another time. Governments at all levels need to target getting more housing supply online using the various levers at their disposal.

The year 2019 saw a decline in housing starts of over 4,000 units nationally, compared to 2018, at a time when we all acknowledge we need more, not less housing supply. We're also seeing severe declines in the value of building permits in western Canada, contributing to weakening local economies and job losses in residential construction at a time when those jobs and economic activity are so desperately needed. It's time to enact policy to help turn that around.

Like housing affordability, climate change emerged as an important issue for Canadians during the election. Undoubtedly, there is an important role that housing can play, but smart policies are required to ensure that addressing climate change doesn't further erode housing affordability.

CHBA and our membership have always been leaders in energy efficiency, and we continue to do so with our net-zero home-labelling program. Our leading-edge builders are pioneering this space to find best approaches to meet these goals by building net-zero houses for Canadians who want to invest in their homes that way, but the affordability gap that still exists must be closed before code changes and regulations are made. Further R and D and innovation are needed for higher levels of energy performance to be affordable for all.

We are calling on government not to go to extreme levels of energy performance and code until they are affordable for consumers. We're also calling for affordability to be enshrined as a core objective in the National Building Code for energy efficiency and for all other code changes.

● (1845)

Very importantly, CHBA welcomed the recognition in the election campaign of the impact that home energy retrofits can have in helping to meet Canada's climate change goals. We have long called for home energy labelling at the time of resale and an energy retrofit tax credit, both using the Government of Canada's EnerGuide labelling system. We encourage more support for the EnerGuide rating system for houses, expanding and promoting this system as the backbone of all currently proposed housing incentives, tax credits and other energy efficiency initiatives by governments, utilities and all other organizations to build on the same system to maximize results. For instance, the new interest-free retrofit loan program should certainly require the use of the EnerGuide rating system.

Elections sent a clear message. Canadians want a government that works together and works for them. Budget 2020 is an opportunity to do just that. All parties rightly identified housing affordability, home ownership and climate change as key concerns in their platforms. CHBA looks forward to working with you to bring those solutions to these key issues for Canadians.

Thank you.

The Chair: Thank you, Kevin.

Next, we have the Climate Action Network Canada with Ms. Abreu, executive director.

Ms. Catherine Abreu (Executive Director, Climate Action Network Canada): Good evening, Chair. I thank you and fellow members of the committee so much for having me.

I'd like to begin by acknowledging that we are meeting here on unceded, unsurrendered Algonquin Anishinabe territory.

Climate Action Network Canada is the largest network of organizations working on climate and energy issues in the country. For 30 years we have been the only national organization with a mandate to promote the interests of the climate movement as a whole. Rather than any one individual organization, we have 120 member organizations across the country, working from coast to coast to coast. While climate action networks exist all over the world, Canada's is uniquely diverse in that we bring together in our membership environmental NGOs; trade unions; first nations; social justice, environmental, development and humanitarian organizations; youth groups; and health groups and faith groups. It makes for a very rich dialogue in the membership.

Our members collectively represent millions of Canadian member supporters and volunteers. In fact, you've already heard from several Climate Action Network Canada members over the course of these proceedings, including the Assembly of First Nations, Clean Energy Canada, the Canadian Parks and Wilderness Society and the other 21 members of the Green Budget Coalition. I will be drawing your attention back to some of their recommendations throughout my remarks.

Climate and biodiversity emergencies touch on all aspects of life in society, exacerbating existing inequalities, social injustices and economic hardships, so budget 2020 and all future budgets must take a really multi-faceted approach to addressing environmental challenges and take advantage of the opportunities associated with environmental action.

The three areas of intervention on which I want to focus my comments today are Canadians' everyday lives, Canada's institutional and fiscal frameworks for climate action, and Canada's role in the world.

The story of climate change is fundamentally a human story. We often hear people speak about saving the planet or protecting a particular species that is in peril, and these are of course very noble and necessary motivations, but my motivation comes from acknowledging the fact that climate change poses a real threat to the people in the communities that I care about.

At this point in human history, taking action on climate change is essential to caring about the people that I love. For Canadians to get on board with climate action, they have to see that action touching and improving their lives and the lives of the people they care about. That's why, when considering budget 2020, it's essential to reflect on the recommendations made by the Federation of Canadian Municipalities, the mayor of London, from whom you heard recently, and other municipal leaders who have come before you. Cities are really on the front line of climate change, and municipal governments are the order of government that most Canadians interact with most closely.

With 493 municipalities declaring a climate emergency in the last couple of years, it is clear that resources have to flow to these governments to develop and effectively implement climate change action plans.

The cities caucus of Climate Action Network Canada is a working group of about 20 of our municipally focused member organizations. It recommends that the federal government work to empower local governments to take climate action by providing directed financial resources to municipalities, tying this funding to ecofiscal policy implementation, and requiring full life-cycle climate tests on expenditures. Second, it recommends incentivizing municipalities to achieve carbon neutrality before 2050 by covering the costs of conducting emissions inventories, developing best practices for real-time GHG measurement, and providing guidelines to identify low-carbon jobs and encourage growth in those sectors.

Recommendations from the Insurance Bureau of Canada on flood plain mapping are also really an essential piece of this puzzle, as are investments in public transportation, electric buses, electric vehicles, building retrofits and green infrastructure, as you heard from Clean Energy Canada and the Green Budget Coalition.

Having just left 400 people gathered at Canada's first nature-based climate solutions summit at the National Arts Centre, it's very clear to me how essential it is to invest in work that lives at that intersection of climate and ecosystem protection.

Twenty per cent of Canadian renewable energy projects are owned, at least in part, by indigenous communities. Indigenous leadership has always been at the forefront of Canada's environmental action, and the climate crisis is really no exception.

● (1850)

As Chief Ghislain Picard highlighted yesterday, indigenous community housing is in critical need of investment in Canada, and that investment can help communities be more resilient and prosperous.

When it comes to Canada's institutional and financial frameworks for climate action, let me state the obvious. If we're going to seriously invest in the solutions, we need to stop investing in the problem. It is essential that Canada follow through with its G7 commitment to phase out fossil fuel subsidies by 2025, and beyond dealing with domestic subsidies, Canada needs to deal with the fact that we continue to fund fossil fuel development via Export Development Canada. While EDC has committed to reducing the carbon intensity of its portfolio, Canada, alongside just three other countries—Japan, Korea and China—has substantially funded fossil fuel development abroad using its export credit agencies.

Just to give an example, Canada, from 2012 to 2017, facilitated 12 times more investment for oil and gas projects than what they classify as clean-tech projects. That's a $62-billion investment in oil and gas projects versus a $5-billion investment in clean-tech projects.

Many witnesses have mentioned the good work of the panel on sustainable finance. We, too, support its work and encourage the committee to consider the potential to support the work of the Institute for Sustainable Finance, which brings together more than 20 academic and private sector institutions with the goal of aligning mainstream financial markets with Canada's transition to a prosperous, sustainable economy.

Finally on this point, budget 2020 must necessarily provide resources for regulatory and legislative processes related to Canada's legislation for net zero by 2050 and the development of a just transition act, both of which were promised in the current governing party's election platform.

The year 2020 is also a big year for the Paris Agreement. It is the moment when Paris Agreement parties are welcomed back to the table to review their Paris pledge and improve upon that pledge, and so the revision and enhancement of our climate commitments is essential in 2020. We have missed every single climate target we have set in this country since the early nineties, and so let's make sure we never miss another one.

The Chair: You need to wrap up fairly quickly. We're substantially over.

Ms. Catherine Abreu: Okay.

Finally, when it comes to Canada's role in the world, 2020 is a big year for Canada reviewing its international climate finance commitments. We see this as a big part of Canada's fair share of the global effort to hold warming to 1.5° C. We calculate Canada's fair share of that global investment as about $4 billion U.S. annually, and we currently sit at just under $800 million. Thinking through what Canada can invest internationally for those international climate finance commitments is an essential part of the picture for budget 2020.

Thank you.

● (1855)

The Chair: Thank you very much.

Turning to the confederation of national unions, we have Mr. Bélanger, union adviser, and Mr. Patry. Welcome to you both.

[*Translation*]

Mr. Pierre Patry (Treasurer, Confédération des syndicats nationaux): Thank you very much, Mr. Chair.

Good evening, ladies and gentlemen.

I represent the Confédération des syndicats nationaux, a labour organization with about 300,000 members, mainly in Quebec but also in the rest of Canada.

Given the time allotted to us, I will present the recommendations in our brief, and I will briefly comment on them because we cover a great deal of subject matter.

The first recommendation, which is directly related to the previous presentation—I agree with just about everything that was said—is that the government must stop promoting fossil fuel production to honour its commitments under the Paris Agreement, in particular by gradually phasing out fossil fuel subsidies by 2025.

The most recent report by the Intergovernmental Panel on Climate Change, or IPCC, notes that, if we want to hold warming to 1.5°C as set out in the Paris Agreement, we need to reduce our greenhouse gas emissions by 45% by 2030. I would remind members that Canada's targets are less ambitious, at 30% from 2005 levels by 2030, and that, in addition, GHG emissions continue to rise in Canada. We are not moving towards the target at all, we are moving away from it. We need to get back on track in a number of ways, including reducing fossil fuel production.

Our second recommendation proposes that the government must take a tougher stance against tax cheaters and accounting firms that develop aggressive tax avoidance strategies.

We all remember the KPMG affair a few years ago, which exposed the accounting firm's use of tax strategies to benefit wealthy Canadians. In the end, there were even secret deals made between the Canada Revenue Agency and the cheaters. Far from being punished, the cheaters were even encouraged because secret deals were cut with them. Clearly, this creates a very real perception of unfairness among Canadians and we must put an end to this type of strategy.

Our third recommendation proposes that, while the OECD is deciding on how to regulate the global tax system, the government must create a temporary tax system to ensure that the digital giants are paying their fair share of taxes. In that regard, we find that the digital giants are unfairly competing with Canadian businesses. The digital giants are getting our content but are not paying their fair share of taxes. In fact, they are not paying any tax at all. While the OECD works on these issues, some countries have taken action to create a temporary tax system. That is the case for Great Britain and Australia and, to a certain extent, for Quebec. We believe that Canada should act in this area.

I believe that the Yale Report, which I have not had the time to fully read, covers these issues. We therefore hope that the Minister of Canadian Heritage will look into the report very soon.

The fourth recommendation specifies that the government should no longer make it possible for companies to repatriate dividends from tax havens without paying taxes. I remind members that the Harper Government amended the tax treaty with Barbados to enable practices of that kind.

In fact, Gabriel Ste-Marie of the Bloc Québécois tabled a motion in the House about this. I believe that the motion was supported by the NDP, but it was sadly struck down because the two other parties in the House opposed it. Here again, there is a very real perception of tax unfairness. We believe that the House should take up this debate again to ban such practices.

In our fifth recommendation, we urge the government to take every opportunity provided by trade agreements to ensure that Canadian content is featured in government procurement.

A number of trade agreements have been signed in the past few years: the Comprehensive and Economic Trade Agreement, or CETA, with the European Union; the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP; and more recently, although it is still being debated, the Canada-United States-Mexico Agreement. If we enter into such agreements, we must be able to retain our ability to encourage Canadian content in government procurement—the government must ensure we do. Many jobs are at stake, and they are great jobs.

Our sixth recommendation aims to ensure the survival of the Davie Shipyard, particularly by incorporating it into the National Shipbuilding Strategy. Obviously, we produced our brief in August. Announcements were then made on the subject in December.

● (1900)

Furthermore, we welcomed those announcements. So it seems quite clear that the Davie shipyard will be incorporated into the National Shipbuilding Strategy. But now it needs contracts. Including it is fine, but let's see the contracts. During a labour shortage, the longer the contracts take to arrive, the more people will have found work elsewhere and the harder it will be to recruit workers when they are needed.

Our seventh recommendation is that the government should enhance the employment insurance program by adopting a hybrid standard that would make people eligible after 420 hours or 12 insurable weeks of work. The minimum number of weeks of benefits payable should be raised to 35 and the replacement rate to 60% of the maximum insurable earnings.

I want to insist on one point that was supposed to be addressed and, in our opinion, is still not. This is the famous black hole faced by seasonal workers who, because they do not have enough hours of work, can still access the employment insurance program, but not for long enough. So they go through a period when they are still unemployed but not receiving employment insurance. Using a minimum of 35 weeks as a measure should almost solve the problem. This is an important issue in the east of Quebec but also in eastern Canada. In Canada generally, some regions are affected by this issue more specifically.

Our eighth recommendation is that the federal government should introduce a public and comprehensive pharmacare program. Work has been done on this in recent years. Canada is one of the few, if not the only, OECD country that does not have public coverage for prescription drugs.

In Quebec, we have what we call a hybrid system that has been in effect since 1997. It is a step in the right direction, of course, but it has its share of problems. We are therefore proposing a public, comprehensive program, which, by the way, would result in decreased costs for medications and better protect all Canadians. We want it to be done in compliance with provincial jurisdiction and there should be the right to opt out with full compensation if, of course, an equivalent or superior program is put in place.

Our final recommendation is that the federal government must, as soon as possible, adopt the expert panel's recommendation and provide greater assistance to print news media. You do not need a long presentation for me to convince you of the precarious situation in which the media find themselves. The media are important in a democratic society, especially in terms of a diversity of voices. We feel that the situation is urgent. There have been some commitments from governments in this regard, but they have to become specific, because a lot of media are still in danger in Quebec and in Canada as a whole.

Thank you, Mr. Chair.

[*English*]

The Chair: Thank you very much.

Turning to the Northwest Territories Association of Communities, we have Ms. Alty, vice-president, and Ms. Brown, CEO, welcome.

Ms. Rebecca Alty (Vice-President, Northwest Territories Association of Communities): Thank you, Mr. Chair. As mentioned, my name is Rebecca Alty. I'm the vice-president of the NWT Association of Communities, and I'm joined today by Sara Brown who is the CEO for the NWT Association of Communities. We're here on behalf of the 33 communities in the Northwest Territories.

[*Translation*]

Unfortunately, we did not have the opportunity to translate our documents, because we received the invitation to appear only on Monday. However, if you ask questions in French, we will be able to answer them.

[*English*]

Thank you so much for the opportunity to come and speak today and for the opportunity back in August to provide a written submission. Today we'll provide a bit more information on our written submission and take this opportunity to answer any questions you might have.

First, on infrastructure funding, I want to highlight how much we appreciate gas tax funding, particularly last year with the doubling of the gas tax. We're the front-line government. We're there providing clean drinking water, proper treatment of sewage and proper disposal of garbage, as well as providing community recreation, ensuring that Canadians can remain healthy all year long. With the gas tax, we are able to ensure that we are meeting our community priorities and keeping residents healthy, and really making sure that those assets stay up to date.

Housing is in a dire state in the Northwest Territories. In Yellowknife, in our 2018 point-in-time counts, 338 people were experiencing homelessness. We're talking about the north. It's -42° today in Yellowknife and we have 338 people who are homeless.

In 2019, the NWT Bureau of Statistics calculated that 43% of housing in the Northwest Territories has at least one housing problem. A housing problem is affordability, adequacy or suitability, and the proportion of dwellings with at least one housing problem ranged from 30% in Sachs Harbour, which is up in the Arctic Ocean, to 90% of houses in Colville Lake. Therefore, a long-term federal funding commitment on housing is much needed in the Northwest Territories.

In regard to truth and reconciliation, it will be five years this June since the commission released its report. I would like to draw attention to TRC's call to action number 21, which calls upon the federal government:

> to provide sustainable funding for existing and new Aboriginal healing centres to address the physical, mental, emotional, and spiritual harms caused by residential schools, and to ensure that the funding of healing centres in Nunavut and the Northwest Territories is a priority.

In the upcoming federal budget, we do hope this recommendation is actioned.

With regard to land claims, our request is for an increase to the staffing levels in land claims negotiations to speed up and finalize agreements. Right now, about 1.5 days per year are allocated to each land claim table. In the Northwest Territories, Colville Lake has a work plan to get to its self-government agreement in five years, but based on the federal government's allocation of 1.5 days of work per land claim table, that would draw it out to 20 years. From a reconciliation perspective and from an economic certainty perspective, this needs to be addressed. There are a lot of land tenure issues and it's important that they be resolved in the Northwest Territories, as elsewhere in Canada.

With regard to the Arctic policy framework that was approved in the summer of 2019, we hope to see funding for it in the upcoming budget. We all know that without money there will be no progress made. There are many initiatives in the Arctic policy framework that are great; we need work to progress.

● (1905)

With regard to telecommunications, we've identified three areas: broadband service, redundancy and cell service. We've highlighted some recommendations on those.

Right now in the Northwest Territories, all communities have cell service, but for the Internet, it's quite difficult for residents to participate in the digital economy or even stay in contact with one another. Fax machines are still required when the Internet goes down; that's all that you can rely on.

When it comes to cell service, most of our highways have no cell service. If you are about 10 minutes outside the capital of the Northwest Territories, you lose cell service. It isn't so bad if you're in an accident there, because you can probably make it back to town. However, if you're two hours outside Yellowknife, you have no way to reach anybody. Again, at temperatures in the -40°s, if you're in an accident with your family, you have to wait until the next vehicle comes, which means you could be waiting quite a while.

Therefore, we do think cell service, broadband and redundancy of Internet are important issues to be resolved, not only to allow residents to participate in the digital economy but to also ensure their safety and health.

I will turn to Sara, who will discuss our climate change recommendations.

Ms. Sara Brown (Chief Executive Officer, Northwest Territories Association of Communities): Thank you very much. I'll be brief.

First of all, I want to make it clear that everybody in the territories is on the front line of climate change. We're seeing lots of evidence of it. It's affecting lots of ways of life and it's going to start affecting infrastructure. The reality is quite different from what you experience here and we are going to need lots of resources in the way of both supports and dollars in order to address it.

We've just looked at one risk: permafrost. The decay, just on public infrastructure, will be in the order of $1.3 billion, which is huge for a little jurisdiction of 42,000 people. Neither the communities nor the territorial government has the ability to absorb those sorts of additional costs.

We're in the process of studying it and we've given you some additional materials that speak to that, but I want to stress the importance of this issue for all our members and all the residents of the NWT.

● (1910)

The Chair: Thank you. We finished faster than I thought we would.

We now turn to the Prospectors and Developers Association of Canada, with Mr. Killeen, director, and Ms. McDonald, executive director.

Lisa, go ahead.

Ms. Lisa McDonald (Executive Director, Prospectors and Developers Association of Canada): Thank you, Mr. Chair.

I'm Lisa McDonald. I'm executive director of the Prospectors and Developers Association of Canada. I'm joined here today by my colleague Jeff Killeen, director of policy and programs. We appreciate the important matters before the committee. I thank you for the opportunity to offer comments on behalf of the mineral industry.

PDAC is the leading voice of Canada's mineral exploration and development sector, representing over 7,500 members. Our work centres on supporting a responsible and competitive mineral industry. The mineral industry generates significant economic and social benefits across Canada in remote and indigenous communities and in metropolitan centres, employing over 600,000 workers and contributing nearly $100 billion annually to our GDP. It is the largest private sector employer of indigenous people on a proportional basis in Canada and a key partner of indigenous businesses.

Mineral exploration is a multi-staged process that aims to discover economically viable mineral deposits. It is highly technical and the odds of success are very low, with only about one in 10,000 mineral claims reaching the advanced exploration stage and just one in 1,000 advanced projects becoming operating mines.

Junior exploration companies do the bulk of this high-risk, high-reward exploration work and account for upwards of 70% of all mineral discoveries made in Canada. These companies typically generate no revenue and are highly reliant on capital markets to access the necessary investment capital to advance prospective projects. We have seen the competitiveness of Canada's mineral industry waning as overall investment in this sector and early-stage exploration activity reached decade lows in 2019.

The Government of Canada has recognized the importance of the mineral industry based on the significant effort and public outreach undertaken in developing the Canadian minerals and metals plan. The five-year renewal of the mineral exploration tax credit by government in 2019 is further recognition of the importance of exploration companies in the mineral supply chain. PDAC members very much appreciate this support.

We are also very encouraged by the level of government foresight and the tremendous opportunity created by the Canada-U.S. joint action plan on critical minerals. In this context we must work to ensure that junior mineral exploration companies remain competitive on the global stage. Without new discoveries there will be no new mines, and Canada's capacity to produce the minerals that are critical to our economy and the transition to a low-carbon future will be greatly constrained.

Last August, we offered a comprehensive suite of recommendations to this committee with respect to the upcoming budget 2020. I would like to focus on a single theme and related recommendations for the committee this evening, and that is a renewed commitment to public geoscience. The federal government plays an instrumental role in mineral exploration processes by facilitating public geoscientific research. Given the significant risks involved in exploration, public geoscience is instrumental in identifying mineral prospective regions to attract and accelerate exploration activities by private industry. Recent government research has shown the effectiveness of these programs, in that every dollar in public geoscience spending is estimated to generate more than seven times that much in overall economic benefit to Canada.

The two principal federal geoscience programs—the targeted geoscience initiative, or TGI, and the geomapping for energy and minerals, or GEM—are set to end next month. There has been no commitment to date by the government to fund future public geoscience programming beyond March 2020. Therefore, we recommend to this committee that the federal government make such a commitment. We also recommend continued investment in public geoscience, and we support the development of a pan-Canadian geoscience strategy by renewing and expanding the TGI program to $50 million over five years, to support continued development of new models and tools to improve efficiency by industry in exploring at depth and to extend the lifespan of mines currently in operation.

We also recommend renewing the GEM program with a minimum budget of $200 million over five years. The program should include a dedicated allotment to identify, geologically map and model critical mineral prospective regions in Canada to support evidence-based land management planning.

● (1915)

We recommend creating a federal funding mechanism to help provincial and territorial governments undertake comprehensive mineral resource assessments, based on geoscientific studies, in order to understand and incorporate the value of mineral potential into land management decisions.

We recommend expanding public collaboration by establishing an interdepartmental government-industry task force to investigate policy options and make recommendations to accelerate exploration and development of mineral resources critical for Canada's transition to a low-carbon economy.

The recommendations we have offered will support the establishment of a pan-Canadian geoscience strategy between federal, provincial and territorial governments by 2022, as outlined in the government's Canadian minerals and metals plan.

Thank you for the committee's time this evening and for your consideration of the recommendations we have provided.

The Chair: Thank you, Lisa and Jeff.

We will go to the Tourism Industry Association of Canada, to Ms. Bell, president and CEO.

Welcome, Charlotte.

Ms. Charlotte Bell (President and Chief Executive Officer, Tourism Industry Association of Canada): Thank you very much.

Simply put, tourism matters. It matters to our economy through the $102-billion contribution it made last year. It also matters to the 1.8 million people who work in this industry from coast to coast to coast. It's in every single one of your ridings, providing good jobs for Canadians, stimulating development and regional economic benefits, building national pride, and surpassing many sectors of the economy.

Canada's travel economy includes millions of travellers who visit each year for business, meetings, study and leisure. The meetings and conventions sector alone represents $33 billion in economic activity. Travel fosters trade. There's a direct correlation between rises in international travel and subsequent increases in export volumes. According to McKinsey research, each 1% increase in Canadian arrivals can generate upwards of $800 million in Canadian exports. A recent Nanos poll conducted for TIAC found that a majority of Canadians, 77%, believe creating a positive experience for international visitors has a positive impact on how proud they are to be Canadian.

Tourism is one of the few sectors that has seen consistent growth, and it is projected to keep growing worldwide. Considering that more than 1.3 billion visitors travelled the world in 2018 and surpassed global GDP growth for eight consecutive years, tourism continues to be a bright light in uncertain times when other sectors are experiencing challenges and decline. The World Travel and Tourism Council projects that by 2029, one in four new jobs globally will be in tourism, and 1.8 billion travellers will cross international borders.

Here in Canada, we've just recently started to see year-over-year growth after a long decade of decline due to a variety of factors. We're just starting to get back on the upside, but we're still lagging behind other countries. International travel is on the rise. Last year's record-breaking 21.1 million travellers represents only 1.4% growth. Despite all efforts, Canada remains 17th worldwide compared with other countries. Without proactive policies and investments that support growth, we'll continue to fall behind globally. As you well know, we're now entering another period of uncertainty with the coronavirus.

My question to you is this: Where do we want to be in five years? Do we want Canada to continue to lag behind global markets or be a leader? Access barriers remain a significant irritant for international travellers. We're competing with the world and we're not investing enough. We need a visitor visa system that works. You'll be hearing more on that from our sector.

More importantly, there's marketing. Canada's capital investment in tourism falls well below that of Australia, the U.S., the United Kingdom and New Zealand, just as examples. As the Government of Canada continues to focus on creating a competitive Canadian export market, let's remember that tourism is Canada's largest service export. But here too we fall below competitors. Canada could easily improve its competitiveness by raising Destination Canada's base funding to $135 million per year. That would put us on equivalent footing with Australia, for example.

Last year the Minister of Tourism unveiled an ambitious tourism strategy to take Canada to the next level by 2025, seeking to add 54,000 new jobs, increasing tourism revenues to $128 billion, and increasing international tourist arrivals in the winter and shoulder seasons by over one million people. Investments in the new Canadian experiences fund are much needed, but we need more investment to ensure that we meet those targets. That's why we're asking for $500 million over four years.

● (1920)

[*Translation*]

Honourable committee members, you have the opportunity to enhance the economic performance of one of Canada's major growth sectors.

In our brief, the Tourism Industry Association of Canada has made a number of recommendations on ways to strengthen Canada's competitiveness on the international stage.

Thank you for the time you have granted me. I will be pleased to answer your questions.

[*English*]

The Chair: Thank you all.

We'll go to four-minute rounds, and we'll have to stop wherever we are when we get to five minutes to the hour.

We'll start with Mr. Poilievre.

Hon. Pierre Poilievre: Mr. Lee, you said that in 2019 housing starts were down 4,000 units. To what do you attribute this reduction?

Mr. Kevin Lee: I think at this stage we'd have to say it's becoming very hard to become a homebuyer. There are lots of mortgage rule changes and certainly in some places like Atlantic Canada and the Prairies, Saskatchewan and Alberta, they are facing other economic challenges. Normally, in those times we would be inciting construction rather than trying to slow it down.

We would certainly like to see some changes around making those rules more appropriate so that we can get construction back on track. Even in Vancouver and the Lower Mainland in B.C., where things were going...probably price acceleration was definitely too much. We've gone completely the other way and now we basically have a policy-driven housing recession in Vancouver. We definitely need to turn things around.

Hon. Pierre Poilievre: You mentioned demand-side factors. Are there any supply-side factors?

Mr. Kevin Lee: We've got a lot of supply-side issues. Definitely in our largest urban centres it's very difficult to bring new residential construction online. There are lots of delays, red tape and development taxes that are affecting affordability. There are a lot of factors affecting things and it's very inelastic, so in our largest cities—where we have a lot of immigration—it's very difficult to bring new construction online quickly enough to meet demand. You're seeing that in the house prices, especially in the GTA and the Lower Mainland in B.C.

Hon. Pierre Poilievre: Has there been any improvement in these big markets in the delays for approval?

Mr. Kevin Lee: There's a little bit starting in Ontario. There's not a heck of a lot going on in B.C., although there is a new joint panel trying to work on that, so we shall see.

Hon. Pierre Poilievre: Do you find it ironic that we hear municipal politicians tell us there's a housing crisis and yet municipal, and sometimes provincial, policies prevent the construction of housing in the first instance?

Mr. Kevin Lee: Yes, although usually when they're talking about a housing crisis, it's more around homelessness and low-income housing. Obviously it's a concern when there's not enough shelter for people in need.

By the same token, the problem we have right now is that the whole housing continuum is stuck. We don't have enough new construction. We don't have enough people able to get out of rentals and into their first home because of the mortgage rules. Normally, 80% of new rentals that come online every year come from people vacating rental units because they've become a first-time homebuyer. When we no longer have enough first-time homebuyers, we have tight rental markets, and it works its way through the whole rental system and into those in housing need as well.

● (1925)

Hon. Pierre Poilievre: Right.

What would be the fastest way to increase supply at this point?

Mr. Kevin Lee: At this point, it would very much be collaboration between the three levels of government to recognize and acknowledge that it is a huge problem and truly address the zoning regulatory and red tape issues that are moving forward. As well, in certain instances in Canada right now, the way the mortgage system is working means nobody's building on spec right now and so supply is down.

Hon. Pierre Poilievre: In Canada, it takes 249 days on average to get a permit to build a warehouse. In the United States it takes 81 days. Canada's now ranked, I think, 61st or 62nd in the world for speed of obtaining construction permits. That's a problem for all three levels of government. Do you believe that this kind of restriction and delay on building is holding back our economy and our quality of life?

Mr. Kevin Lee: Yes, it certainly is. There's no question about it. There are some Canadian cities that are starting to do a good job on this and have identified this as an issue and so—

Hon. Pierre Poilievre: Which ones are the leaders of the pack?

Mr. Kevin Lee: Saskatoon, for example, is doing a very good job right now in moving things forward, and others are trying to follow suit.

The Chair: Thank you both.

We'll go to Mr. McLeod.

Ms. Rebecca Alty: We created a whole handout for the committee as well as all government staff to look at, because there are some unique challenges to funding and operating in the north. There is stuff about flexibility of timing. Some of these smaller communities, like Coville Lake or the community of Lutselk'e, are only accessed during the winter, with winter roads, or they only have a barge. As well, we have three or four communities that are only fly-in/fly-out communities and there's never winter road access. We need to ensure that we get responses on our applications in time to then be able to go and build.

To meet the tight federal deadlines is sometimes a challenge. Having that flexibility of timing and being able to hear back in quick order is definitely required, as well as the distribution of funds as base-plus as opposed to just per capita, because, again, some of those smaller communities are not able to do the cost sharing. There are a lot of different pots and being able to stack federal funding can mean the communities can actually use it.

Simplified applications and reporting is another challenge. Again, for a community with a population of 80, you have one or two staff members. With these long, cumbersome applications, they're not going to apply, and they're the ones who need it. In Yellowknife, we're the biggest community, with half of the population of the Northwest Territories. We had to hire somebody full-time to keep up, to apply for all the great climate change money that's provided by the federal government and to answer to all the accountability questions.

Another challenge is being able to streamline reporting and the broader interpretation of projects. When it comes to the gas tax, it's those broad categories, and then making sure that we meet the same outcomes.

Stuff like the public transit funding was much more defined. Yellowknife was the only community in the Northwest Territories that was eligible, and the only thing we really could do with the funding was buy bus stops. I don't think either of us is meeting our intended outcomes. That's not meeting our community priorities, and I don't think that's meeting what you intended as a federal government. Making your funding so restrictive limits what we're able to achieve.

Again, there's way more information in there. I'm happy to chat about this all day.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Mr. Chair.

Thank you to everybody who presented today. They were very interesting presentations and I know everybody had short notice. I want to welcome the NWT Association of Communities. You also had short notice and travelled quite a ways to be here. You brought up very interesting challenges we have in the north. If we could find the resources and convince committee to put this as part of the recommendations, we'd be moving a little bit closer to the Canadian standard.

We all know that one of the biggest challenges for communities, organizations and businesses in the Northwest Territories is that the programs need to be sizable enough to address the northern infrastructure and services gaps, and also accessible and flexible. Could you talk a little bit on the importance of designing federal programs to reflect the realities in the north?

● (1930)

Mr. Michael McLeod: I'm going to cut you off because I want to talk about the issue of housing. We heard a bit about it. I know in the north, because I travel, housing is at every table, in every discussion, and it is a crisis. Could you talk a bit about that? I know the city has made homelessness a priority. Can you talk about some of the urgency and requirements for investment in housing in the north?

Ms. Rebecca Alty: As mentioned, at our last point-in-time count we had 338 individuals who identified as homeless. That's men, women and children, families. We have a Housing First program. We receive funding from the federal government. We appreciate that. Thank you very much. There are approximately 24 units, and we have 100 people on the waiting list. They've been on the waiting list since we had the program rolled out two or three years ago. There's overcrowding. It's minus 45. You can't sleep out on the streets; you have to find somewhere to stay. Couch surfing comes with dangers.

When it comes to addictions, people are going for treatment down south, then coming back and going back to a house where all the drinking goes on, because we don't have enough housing. They go, they get clean, they come back and they're back into the cycle. Housing is so critical. It's our number one priority right now in the north.

The Chair: I am sorry to cut you off.

Mr. Ste-Marie.

[*Translation*]

Mr. Gabriel Ste-Marie: Good evening, ladies and gentlemen. Thank you for your participation.

I am going to talk to the officials from the CSN.

You are asking us to live up to the targets in the Paris Agreement. In your opinion, is that compatible with economic development and employment growth?

Mr. Pierre Patry: It is perfectly compatible. At the International Trade Union Confederation, or ITUC, they often actually say that there are no jobs on a dead planet.

We have no choice but to blend respect for the environment and social rights with economic development, in what is called sustainable development. There are many employment possibilities in new areas, such as energy transition and developing alternate solutions.

Clearly, this is also a union issue because jobs will be affected. We feel that it must all be done with a view to a fair transition and that there must be support programs for workers who may be affected by the economic transformation. In any event, that transformation is necessary. The future of humanity is at stake.

Mr. Gabriel Ste-Marie: So it is necessary, and the economic transition brings with it development and jobs.

You recommended that, in trade agreements, government procurement should include Quebec or Canadian content, in part. A few years ago, VIA Rail announced that it was buying new cars made in California rather than in La Pocatière.

Can you explain to us in more detail what you would like the government to do in that regard?

Mr. Pierre Patry: I will ask Mr. Bélanger to answer that.

Mr. François Bélanger (Union Advisor, Labour Relations Services, Confédération des syndicats nationaux): Canada has signed a number of trade agreements. They constrict us, but they also give us business opportunities.

Take, for example, the light rail contracts that are currently being rolled out in Ontario, including right here in Ottawa. The province of Ontario made sure that those two contracts had 25% Canadian content. In both cases, the rolling stock is produced by Alstom. One assembly facility was built in Ottawa and it will handle maintenance, in conjunction with the French factories. The same happens in Toronto where a facility has also been built. In existing signed agreements, that is a minimum, in the CSN's view.

For railway transportation, the federal government did not require any minimum Canadian content. That is why VIA Rail was able to award the contract to Siemens; there was no particular concern about Canadian content in the rolling stock.

Of course, those are lost opportunities. Alstom is an international player, but it is now here in Canada. The same goes for Bombardier, which has been here for a number of years. With Alstom, they contributed to modernizing the Metro in Montreal.

Partnerships are also possible. It doesn't have to be limited to one national company versus another. There are ways to negotiate this kind of thing, but that did not happen with the VIA Rail contract.

Mr. Gabriel Ste-Marie: Okay.

Mr. François Bélanger: I must add that, in the case of the Réseau express métropolitain (REM), Quebec is not without fault. The REM went through the Caisse de dépôt et placement du Québec, and they have no content standards for rolling stock either. That will not be the case in Quebec City. The new Quebec government has made sure that there will be at least 25% for the tramway. That makes sense to us.

● (1935)

Mr. Gabriel Ste-Marie: We have to ensure a minimum level of Canadian content, such as other countries require as a matter of course.

Mr. François Bélanger: Yes. In other countries, the percentage is often much higher.

Mr. Gabriel Ste-Marie: Okay, thank you.

You talked a lot about tax havens and digital giants. The mandate letter that the Prime Minister sent to the Minister of Finance contains those points. We will see whether anything concrete happens. You can count on us to remind them about it.

Do I have any time left?

[*English*]

The Chair: You're done.

[*Translation*]

Mr. Gabriel Ste-Marie: All right. The chair is very strict.

[*English*]

The Chair: We'll go to Mr. Julian.

[*Translation*]

Mr. Peter Julian: Thank you to all the witnesses.

Ms. Alty and Ms. Brown, thank you for the message you delivered this evening. It came through loud and clear. A housing crisis is plaguing the entire country, but especially in the north. The next budget has to include a considerable investment in housing. We got your message loud and clear.

My first questions are for Mr. Patry and Mr. Bélanger.

You talked about tax avoidance. In June, the Parliamentary Budget Officer told us that we were losing $25 billion in tax revenues every year through the network of tax havens. That's a massive figure, and it's the people with the most money and the companies with the highest profits that are benefiting.

You recommended that the government introduce public and comprehensive pharmacare. In a few weeks, I'll be introducing a bill on that very topic on behalf of the NDP.

Can Canada really afford to keep giving huge subsidies to the wealthy through tax havens, instead of investing in people here, at home? We are talking about $25 billion, after all. If the government were to invest in a comprehensive pharmacare program, what impact would it have?

Mr. Pierre Patry: Well, that's a broad question. The first thing I would say is that taxation is the cornerstone of social solidarity. It's a way to redistribute wealth. Clearly, the tax system needs to be progressive, so the wealthy pay more than the poor. With that money, we set up public services, we establish programs to support social housing, health, education and indigenous populations, and we adopt measures to fight climate change. It's a crucial building block, so it's important to make sure the system is fair. Cracking down on tax havens in every way, regardless of how much it brings in, is vital.

You mentioned a public pharmacare program. Right now, even though Quebec has public pharmacare, there are people without drug coverage because it's too costly for their employers, and that means they don't have disability insurance either.

We want to put an end to that, so we are recommending that the government introduce public and comprehensive pharmacare, which would bring down the cost of drugs.

Mr. Peter Julian: Terrific. Thank you.

My next question is for Ms. Abreu.

[*English*]

You said very eloquently we have to stop investing in the problem. We heard testimony on Monday from the Department of Finance that the government is going to use EDC, the Canada account, to subsidize probably $15 billion or more of the construction of Trans Mountain. That would be the most massive fossil fuel subsidy that we've seen in our country.

How do you think the hundreds of municipalities that have declared a climate emergency, and the more than 100 national organizations that are part of the Climate Action Network, would react to the federal government putting the priority on $15 billion, $16 billion or $17 billion in construction to subsidize something that the private sector has walked away from?

Ms. Catherine Abreu: It is absolutely clear from our membership that we are opposed to fossil fuel subsidies. We need to get to a place where renewable energy, energy efficiency and clean technology operate on a level playing field with fossil fuel infrastructure. If we continue to subsidize the fossil fuel industry, then those industries that are emerging in the green economy will continue to be at a disadvantage.

Your use of the word "priority" is right. At this point, it's a question of where we decide to invest our limited resources, whether those are fiscal or political resources. If we continue to invest them in the growing fossil fuel industry in Canada, which is already the largest and fastest-growing source of carbon emissions in this country, then we will continue to have a poverty of resources that we can invest in solutions, whether those solutions are building retrofits for the 70% of buildings that are standing today and will still be standing into the 2040s and 2050s, or whether they are investments in affordable housing or energy-efficient public transportation.

We're getting to a point now where we need to have that sticky conversation. It isn't necessarily one of collapsing our fossil fuel industry tomorrow, which is something that organizations like mine often get accused of wanting. It is about taking the time that we have to make a plan that protects the planet and, very importantly, protects people.

● (1940)

The Chair: Thank you both.

We'll go to Mr. Cooper.

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

I'm going to direct my questions to Mr. Lee.

In terms of the stress test, looking at the time it was implemented, would you agree that the main issue for the overheated markets in greater Vancouver and greater Toronto was one of supply and not demand?

Mr. Kevin Lee: There was a lot going on there. Definitely a shortage of supply was and continues to be the main driver of house prices there, but there were many elements going on. There was also quite a bit of speculation going on. There was definitely a certain element of foreign investment. One of the challenges we have in Canada is that we don't have sufficient data to really know exactly how much of that is going on. There were a lot of different factors at play, but there's no question right now that, as we continue to see now that prices are starting to rebound again, the issue of supply.... We have a constant growth of population. Until we can get supply to match demand, prices will continue to go up.

Mr. Michael Cooper: Certainly the stress test was aimed at demand, and it suppressed demand by keeping hundreds of thousands of potential homebuyers out of the market. You talked about some of the consequences, including in the greater Vancouver area. Would you agree that reduced demand did not improve affordability because any stabilization of pricing was matched by reduced spending or borrowing power?

Mr. Kevin Lee: Yes, really you haven't actually reduced demand in that instance; you've just tried to suppress it artificially. Those people are still looking to become homeowners but can't right now. It's not that the demand is gone; it's just that they cannot.

The problem is that you haven't improved affordability. The element of any house price stabilization or decline that comes from locking people out isn't affordability. That's just reducing the ability of people to buy, reducing equity for people who have houses and reducing affordability by telling people they can't qualify.

There is a better happy medium that we can find and move forward, to help people get into the market. As long as we can provide the right amount of supply moving forward, continuing to have mortgage rules that enable people to get out of rental is very good, not only for them but to open up the rental stock for other people who need more affordable rent.

Mr. Michael Cooper: Next, I don't think I heard you address the point, which I assume you'd be in favour of but would like some clarification on, about mortgage renewals, about providing an exemption to be able to go to a different lender for first-time buyers. It seems to me that's just common sense.

Mr. Kevin Lee: Absolutely. You don't want to have financial institutions with captive customers. You need to be able to shop around to provide a competitive marketplace. It only makes sense.

Mr. Michael Cooper: First-time homebuyers are low-risk borrowers.

Mr. Kevin Lee: Yes, of course. They are the lowest risk of any cohort, and yet we're telling them they're the ones who shouldn't be getting into the housing market as homeowners.

The Chair: Thank you.

Mr. Fraser.

Mr. Sean Fraser: Thank you very much to each of our witnesses.

I want to start my questions with you, Ms. Bell. The tourism industry is a big deal for us in Nova Scotia, as it is for all of Canada, as you quite aptly pointed out. You mentioned conventions and meetings as being one specific sector within the tourism industry. I think you said it was $33 billion a year. I'm curious to know whether you see certain sectors within the tourism industry that are particularly ripe for the picking when it comes to economic growth opportunities.

Ms. Charlotte Bell: Certainly, the meetings and conventions sector continues to be ripe for growth. Canada is ranked sixth in the world, in terms of the meetings and conventions sector. It is already doing very well.

I would say that small businesses represent most of our industry. We are looking to grow tourism and expand the tourism season. Most people tend to come here between June and September. We are trying to expand that and make sure we're growing the sector. I think there is a real opportunity for small businesses. Through the Canadian experiences fund that was unveiled by the government this past year, we have seen a lot of demand in markets across the country and in a lot of regional and rural markets. where there is a lot of attractive opportunity for product development. The other area, of course, is indigenous tourism and culinary tourism. Those sectors are ripe for growth, I think, and are continuing to grow.

● (1945)

Mr. Sean Fraser: In order to maximize the growth potential of these different sectors, whether they're the ones you mentioned or others, I'm curious to know where you think the potential role of the federal government would be best placed. I know you mentioned boosting funding for Destination Canada. When I'm at home, there are different things pitched to me, from campground operators to marketers for particular regions. In less-developed portions of my home province, we sometimes don't have look-offs or washrooms for two hours of driving. A boost to infrastructure could potentially help grow economic opportunities.

Are there certain areas where you think investments should be targeted to maximize growth, in particular to secondary tourism markets that may not have the brand of our major centres?

Ms. Charlotte Bell: That is part of what the Canadian experiences fund is doing, because it is national. All tourism is local, at the end of the day, but this fund is available through the six regional development agencies. We're currently working with our regional and provincial partners to identify areas that are ripe for the picking, as you say, where there is opportunity for growth, where we're going to go in and build capacity and help people figure out a great product and what's needed for infrastructure. The government is also putting together six regional tables, bringing together Parks Canada, Heritage Canada, Destination Canada and all of these players to develop regional strategies across the country.

I think there are opportunities across the entire country to do this, but we need to have a system in place and policies in place that support that. I think these initiatives will go a long way to doing that. That is part of the reason we're asking for more spending and investment through the CEF.

Mr. Sean Fraser: Ms. Abreu, you led off your remarks by pointing to the fact that climate change is impacting people's everyday lives. I find we are too often trying to inspire a sense of altruism in people before they buy into actually having the need to do something about it. There are places at home where there are no longer salmon in the rivers where people used to fish. I'm worried about the lobster industry when I see what's happening in Maine as the ocean temperature rises.

How can we more effectively communicate the fact that this is happening now and is impacting people today? We heard testimony from the Insurance Bureau of Canada that insurance rates are going up. Taxes are going up. But people don't necessarily look behind the curtain. How can we do a better job of communicating the immediate and personal impact of climate change on families and households today?

Ms. Catherine Abreu: That's a great question. I share very similar concerns as my Canadian family all comes from the east coast in Nova Scotia as well.

I'm going to give you an answer that is maybe not quite what you're expecting. I do think we've actually come a long way in terms of communicating the risks to people's everyday lives that come from climate impacts. We see coverage of that in the news at an unprecedented rate. In 2019, we embarked on a new era of climate mobilization with hundreds of thousands of Canadians getting into the street to demand increased climate action, so I think that conversation has really happened.

What we don't have is a series of mechanisms built into the institutional governance in Canada when it comes to climate action that help Canadians understand what taking action on climate change looks like. We have a target that's set a decade from now, in 2030; and we have a series of models that we look to every once in a while that tell us how many megatonnes we may or may not be off from that target. That story is not a very compelling or human one. It's not relatable. If we were able to take the kinds of legislative and institutional changes that organizations like Climate Action Network Canada and many of our members have been recommending, to increase the transparency around Canada's climate action and tell a more fulsome story about the ways that action is actually changing how Canadians live in this country, then we might be able to help Canadians see themselves taking action on climate change.

For instance, I'm talking about Canada adopting a similar process to that of the German Environment Agency, where we have positive indicators of progress. We say we're going to get this many Canadians out of single-passenger internal-combustion engine trips over the course of this amount of time, and here's the package of policies we're going to use to make that happen. Then you're able to tell that story year over year and people see themselves in that.

● (1950)

The Chair: Okay.

Lisa and Jeff, from the Prospectors and Developers Association of Canada, had no questions directed their way. Is there anything you want to sum up with, based on the kind of conversation that went around the panel? The floor is yours for a final comment.

Ms. Lisa McDonald: Sure. I'll just take a moment to point out that people don't necessarily make the connection that minerals are absolutely fundamental to the transition to a low-carbon economy. We cannot have renewable energy, we cannot have clean tech, we cannot have a green economy without the minerals and metals that our members are exploring for. With the correct policies in place, Canada is poised to be the supplier of choice for those minerals that will help transform not only Canada but the world to the low-carbon economy.

The Chair: Thank you.

Just to the Climate Action Network as well, we've had several people from the energy industry here, and the biggest investor in the energy industry was here yesterday. I'm not going to get into a discussion on this, but we need to find some way of having the environmental side of the argument and the fossil-fuel side of the argument stop talking past each other and come together to find some solutions. If you listen to the oil industry, they'll say the Alberta discount is costing us $587 billion a year because we're not getting a market price for oil. I think you all need to consider those factors. Everybody has their argument to make, but somehow we're going to have to bring these two sides together or we're never going to make progress.

I really appreciated the comments you made, too, Mr. Fraser.

We have the minister arriving at eight o'clock, and we've been sitting for five hours, so we'll try to stretch our legs for a few minutes.

I want to thank all the witnesses for their very good presentations, specific to the point, on short notice. They will be considered.

The meeting is suspended.

● (1950)

_____________________(Pause)_____________________

● (2000)

The Chair: We'll reconvene.

Pursuant to Standing Order 108(2), the committee is continuing its pre-budget consultations for budget 2020.

We have an hour or thereabouts. We'd like to welcome the Minister of Middle Class Prosperity, the Hon. Mona Fortier, as well as Deputy Minister Rochon and Assistant Deputy Minister Yaskiel.

I believe, Minister, you have an opening statement, and then we'll get into our regular time frame on questions. We appreciate your coming at this relatively late hour.

Welcome.

● (2005)

[*Translation*]

Hon. Mona Fortier (Minister of Middle Class Prosperity): Thank you very much, Mr. Chair.

I'd also like to thank the finance committee for inviting me to discuss the pre-budget consultation process that we began on January 13. As well, I'd like to thank the department officials for being here with me this evening.

[*English*]

Before I begin, I would like to talk about a very important measure we put forward last year. Our government introduced a proposal that would lower taxes for the middle class and people working hard to join it. We would do that by letting people keep more of what they earn, up to $15,000, before they have to pay any federal income tax.

We made this proposal because we know a lot of people are feeling the squeeze at the end of the month and need a little help to make ends meet. All told, it's a change that would mean lower taxes for close to 20 million Canadians. At the same time, we've also chosen to take steps to ensure that this help goes to the people who need it most. The wealthiest people in Canada, those in the top 1% of income earners, wouldn't benefit from this change.

This brings me to our work as we prepare budget 2020.

[*Translation*]

To establish policies that work for everyone and that contribute to a country based on inclusive growth, we need to know more about what Canadians need.

As you know, we have undertaken pre-budget consultations in an effort to reach out to Canadians in every corner of the country to learn what their priorities are. We are meeting with important stakeholders in rural, urban and remote communities across the country to find out what matters most to Canadians.

We recognize that there is still much to do in order to build an even stronger middle class. We are asking stakeholders and individual Canadians specific questions that will shed light on their priorities. We want to know what will make the biggest difference to Canadians' to improve their quality of life, whether that means reducing the cost of living or supporting well-being.

To better understand the situations facing Canadians and the problems they are dealing with, during our meetings and round tables, we are focusing on four key themes: strengthening the middle class and growing the economy; fighting climate change and protecting the environment; keeping Canadians healthy and safe; and moving forward on reconciliation with indigenous peoples.

As these four themes demonstrate, we are building on the work we started during our last mandate. In that time, we grew the economy while protecting the environment. The themes are also in line with the mandate I was given to establish growth indicators that will provide a clear picture of Canadians' quality of life and the economy.

[*English*]

Budget 2020 will take into account the findings that have emerged from these pre-budget consultations. Understanding the priorities of Canadians living in different realities—whether they are in Vancouver, Napanee or Montreal—has been very informative to us as we develop the next budget, because we know that a strong economy is one that works for everyone.

I would like to highlight some key ways in which we have helped strengthen the middle class over the last four years.

Since 2015, through government investment and the hard work of Canadians, our economy has added over one million new jobs. The unemployment rate is at its lowest levels in more than 40 years. Our policies have lifted almost 900,000 Canadians out of poverty, including 300,000 children and almost 60,000 seniors.

Our investments in people have also strengthened our economy. We have continually reduced our debt-to-GDP ratio, which is the lowest in the G7. Canada continues to have the best balance sheet in the G7, which gives us a real competitive advantage.

Canada is predicted to have continued growth through 2020. Wages are on the rise. Business profits are solid. We maintain a AAA rating. Thanks to the Canada child benefit, nine out of 10 families with children now receive more money than they did previously. With the enhancements to the guaranteed income supplement and the Canada pension plan, seniors have and will continue to have a more secure and dignified retirement. We created the Canada workers benefit, a strengthened, more generous and more accessible benefit to help low-income workers keep more of their hard-earned money.

We have put gender at the heart of government decision-making. Today, more women are employed and contributing to our shared economic success than at any point in Canadian history. We've made a lot of progress these past years. However, we recognize that far too many families still feel that they are struggling to make ends meet. We know that we still have work to do.

● (2010)

During the pre-budget consultations in Hamilton, I heard that parents see real value in the Canada child benefit, but there is still more work to do to help those caring for young children find available, flexible and affordable child care.

[*Translation*]

Meeting and round table participants in Montreal highlighted the important role entrepreneurs play in strengthening competitiveness. In every city, we've heard about the importance of skilled trades in the workforce.

[*English*]

Another theme at the heart of our conversations with Canadians has been fighting climate change and protecting the environment. We all know that one of the most important issues of our time is the effects of climate change on our communities, our lives and our economy.

From forest fires to floods and droughts to the extreme temperatures and intensifying storms, we are feeling the impacts of climate change everywhere in the country and around the world. Canadians have been clear. They expect their government to take action on climate change and to protect the environment. This is why, over the past four years, we've taken serious action to fight climate change and to protect our communities from its impacts.

[*Translation*]

Since last year, it hasn't been free to pollute anywhere in Canada. We put a price on pollution to protect the environment, while putting more money in the pockets of Canadian families. We are phasing out coal power and moving towards 90% clean electricity for cleaner air and healthier communities. Canadians know that climate action can no longer be put off, and we, as a government, know that too. We need to be ambitious as we fight climate change. Finding solutions to both challenges is what will make a real difference in the lives of middle-class Canadians.

[*English*]

We know that, for Canadians to thrive, they need to be healthy and safe. This is why, in our pre-budget consultations, we have focused our discussions on how we can better meet the needs of Canadians when it comes to health care and pharmacare.

We also discussed the needs of communities and the need for people to feel safer. What does a safer community mean for Canadians? How can we protect our communities to ensure the overall well-being of Canadians? This is a vital point of focus as we move forward to better understand what contributes to the quality of life of Canadians and how we can build stronger, healthier and safer communities.

Budget 2020 will also continue to walk the path toward reconciliation with indigenous peoples. Real progress has been made over the last four years, but much more work needs to be done. We are delivering on a renewed relationship with indigenous peoples, working together to improve quality of life and advance self-determination. We know we have a long way to go, and we will continue to work in partnership with indigenous peoples toward closing the socio-economic gaps that exist today.

● (2015)

[*Translation*]

Clearly, then, our pre-budget consultations are useful. They give us an opportunity to hear what Canadians think about many issues affecting their everyday lives and how they feel those issues should be addressed. We want to know what further actions we should take to make their lives more affordable. We'd like to know what other measures we could implement to put good jobs within their reach.

In short, we want to know what we can do to strengthen the middle class and continue growing the economy.

Our goal is an economy that works for everyone. That said, Canadians have made it clear, both online and during round tables, that helping them earn a good income and keep more money in their pockets is not enough to improve their lives. While they are important elements, truly making the lives of middle-class Canadians better also means ensuring that Canadians are safe, secure and healthy, that the environment they live in is protected, and that the progress towards reconciliation continues.

Whether it's strengthening our public health care system, providing better access to medications, cracking down on gun crime, protecting the environment or fighting climate change, we know these are the issues that matter to Canadians. The issues raised by meeting participants are complemented by suggestions we receive from Canadians online.

[*English*]

Not only have we been meeting with Canadians in person, but our pre-budget consultation process has spread a wide net, using the Department of Finance's online consultations website. Since the start of the consultations, more than 16,000 Canadians have submitted their ideas on how budget 2020 can best meet their needs. This engagement is very valuable and will be used as we develop this very important budget.

While I have the opportunity, I would like to talk a bit about my mandate as Minister of Middle Class Prosperity and Associate Minister of Finance and the importance of it in the pre-budget consultations, as well as within our government.

While the economy is strong and growing, we know that families are struggling to make ends meet. My role is to work alongside my cabinet colleagues to ensure that economic growth is shared fairly and that opportunities are created for all. This is what the OECD and other countries worldwide have identified as inclusive growth. By factoring inclusive growth as the baseline of our government decisions, we are ensuring that our policies address the gap between economic growth and the financial squeeze felt by too many Canadians. We will work, using a whole-of-government approach, to ensure that the prosperity of the middle class is at the heart of policy decisions.

Through these pre-budget consultations and within my mandate, we want to know how we can best help Canadians have a safe and affordable place to call home, a good well-paying job to support their family, a secure retirement, access to health care and the ability to build a better future for themselves and their families. It is by understanding the full scope of the well-being of Canadians that we can build a framework that informs how we grow the economy in ways that it grows for everyone.

[*Translation*]

On that note, Mr. Chair, I would be happy to answer any questions you or the committee members have about our pre-budget consultation work.

Thank you.

[*English*]

The Chair: Thank you very much, Minister.

We'll go to our regular time slots, which will be six minutes for the first four questioners and five minutes for the next four questioners. We should be able to do that in the time allocated.

We'll start with Mr. Kelly.

Mr. Kelly, welcome back to the finance committee. We've missed you during these pre-budget consultations.

The floor is yours.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): Thank you, Mr. Chair.

My congratulations to you, Minister. I enjoyed our time together in the last Parliament as committee colleagues, so I wish you the best and extend my congratulations now, as you are a witness to our committee and we have you at that end of the table. It's nice to see you this evening.

I'm going to begin by asking you a question you've been asked both in the media and in the chamber. You replied to this question that I placed on the Order Paper about the definition of "middle class". You've had some time to prepare and I want to know if you have an answer, a definition now, or if it is the position of your government that there is no definition of "middle class".

● (2020)

Hon. Mona Fortier: Thank you very much for that question, which I was expecting. Again, thank you all for being here this evening.

I am looking at the middle class and we know that Canadians want to have access to a good home. They want to be able to pay for education for their kids. They want a dignified and secure retirement, and they want good jobs.

Canadians live across the country and have different realities. They can be living in Calgary or in Churchill. They have different family structures. The important thing is that we have to face the fact that they have costs of living and it's important to say that the middle class has the reality of wanting that good place, education and retirement. Therefore, we can look at it that way and look at moving forward on making sure that day-to-day lives are taken into consideration during our policy at this time.

Mr. Pat Kelly: One might just say that we wish these things for all Canadians, rather than to get into this class language, but I'll set that aside for now and take it that the government will not have a definition and wonder how one will measure the progress of prosperity for the middle class without a definition.

You mentioned in your opening remarks the tax cut, which will amount to about $90 per taxpayer. You mentioned in the media that Canadians could buy groceries, send their kids to camp or place their kids in activities, or save for their retirement. Will a Canadian family be able to achieve a secure retirement on $90 a year when they're maybe using that money to buy groceries or send their kids to camp?

That $90 per year is about $1.70 per week.

Hon. Mona Fortier: I would like to go back to 2015 when we formed government. Canadians elected us because they felt a lot of pressure. They were feeling that they weren't part of the economy and they really wanted to thrive, so our government decided to invest in Canadians.

The first thing we did was cut taxes for the middle class. We also initiated the Canada child benefit, which gave middle-class Canadians access to more money in their pockets and that helped us lift over 900,000 Canadians out of poverty, including 300,000 children.

Mr. Pat Kelly: My question was in response to your opening statement about a $90-per-year tax cut. Will that pay for groceries or kids going to camp and secure a retirement for Canadians?

Hon. Mona Fortier: Those measures that I mentioned are ones that help with the costs of Canadians' day-to-day lives, and we wanted to continue that. Canadians elected us to continue to help them to put more money in their pockets and that was why we added a new measure, which is the tax cut measure, which will add $300 for Canadians or $600 for families.

Mr. Pat Kelly: The Parliamentary Budget Officer doesn't agree with that number. This year it will be $90.

Hon. Mona Fortier: It will lift 1.1 million Canadians out of paying taxes because they will no longer pay any taxes, and it will help over 20 million Canadians have more money in their pockets.

All of the measures that we've decided to undertake, and our decision to invest in Canadians, at the end of the day, are helping them, but we know we still have work to do. That is why, during the pre-budget consultations, we will be working and listening to Canadians to understand which other priorities we can put in place, not only to continue to strengthen the middle class but also to grow the economy.

Mr. Pat Kelly: Thank you.

Your mandate letter instructs you to support the Minister of Finance in reviews of government spending and tax expenditure, and to transparently report the results to the public. The finance minister is no stranger to this committee. He has appeared here many times and has refused and failed to answer very basic questions about the finances of the Government of Canada.

Being instructed in your mandate letter to transparently report results to the public, are you the minister who can tell this committee in what year the budget will be balanced?

● (2025)

Hon. Mona Fortier: We've committed to Canadians that we will continue to invest in them and also find ways to grow the economy. As for the spending review that you were asking about, our government is committed to launching the next phase of a review of government spending and tax expenditures, and I will be working with the Minister of Finance in my mandate to see what kind of review we can put forward.

Also, it's really a responsibility that we have to be responsible fiscal managers. We will need to make sure that our resources are used in an effective way that allows us to continue to invest in people and keep the economy strong and growing.

The Chair: We will have to end you both there. We're a little over, but that's fine.

We'll go to Ms. Dzerowicz, and then back to Mr. Ste-Marie.

Ms. Julie Dzerowicz: Thank you so much.

I want to say a warm welcome to you, Minister, for being here, and a welcome to both of your officials who have accompanied you. We very much appreciate your opening comments.

As you may know, in my riding of Davenport, climate change is probably one of the top two issues that I heard at the doors during the election. They love that we spent or have committed $63 billion in terms of tackling climate change. They love the 50 climate actions that we have under way. They're really happy with a lot of the promises that we've made around moving to net zero by 2050 and the many other platform promises that we have, but they want us to be even more aggressive and go even faster.

One of the things we talk about in Davenport is systemic change. It's the fact that if we're really seriously going to make the progress we need to make to reach our Paris accord targets, the way we spend money has to change.

I asked this question to officials the other day, but I wanted to pose it to you as well. It's related to federal government spending and a climate lens. To what extent are federal budget 2020 decisions being made based on their impact on climate change? How is it that we're asking ourselves, as we're making decisions around the federal budget 2020, whether these decisions are leading Canada to be more sustainable? Are they leading us to moving toward achieving our Paris accord targets? Are they actually leading us to a low-carbon economy?

Hon. Mona Fortier: Thank you for your question.

We all know that we need to put in all the energy possible to fight climate change. One of the measures we put forward was to make sure that we put a price on pollution, because pollution isn't free anymore. By putting price on pollution, it will help us to continue to protect the economy for kids and grandkids, and will also to put money back into the pockets of Canadians, because we put forward climate change incentives for some provinces like Ontario and Manitoba, where it goes back into Canadians' pockets.

As to your question about how we will continue to make sure that we take this into consideration, during the budgetary process, for every proposal that is analyzed or presented by cabinet, there is an environmental assessment framework that is part of the analysis. That is something that we're taking into consideration, to look at how it will affect our strategy to lower to net zero by 2050.

I might want to ask the officials to explain the process a bit more, if possible.

The Chair: Go ahead, Mr. Rochon.

Mr. Paul Rochon (Deputy Minister, Department of Finance): I'd be happy to do that. I can do so fairly briefly.

For every budget proposal, the department, working with other departments, does a fairly complete environmental assessment of the individual proposals and presents those to the minister and ultimately the Prime Minister.

Ms. Julie Dzerowicz: By an environmental assessment I assume you mean an environmental lens.

● (2030)

Mr. Paul Rochon: An environmental lens, yes.

Ms. Julie Dzerowicz: Is it making us more sustainable? Is it consistent with our achieving our Paris accord targets? Are those the kinds of questions you ask?

Mr. Paul Rochon: Those are the types of questions. Essentially, what are the environmental impacts if they are outside of matters that might affect greenhouse gas emissions: land preservation, impact on oceans, plastics more recently, and those types of things?

Ms. Julie Dzerowicz: Thank you so much. That's something I know I'll take back to Davenport, and I know they'll be happy to hear that. Thank you again.

My second question relates to seniors. The seniors I have in Davenport are... They're amazing, but I'm very partial. They are such a diverse community. They're Portuguese. They're Italian. They're Hispanic. They're Middle Eastern. They're South Asian. They're wonderfully diverse. I meet with them quite a bit. They were super happy with the national dementia strategy we put in place in the last budget. They're really happy with all the additional dollars around the new horizons for seniors program funding. That was really important for them. They were really happy when we made the promise in our platform around the 10% increase if you're 75 and over, and the 25% additional dollars to your CPP for the survivor's benefit, because everyday costs are still very expensive for them.

My riding is in downtown west Toronto. They have homes that are worth quite a bit of money—they would love to stay in the area—but they're having a hard time moving out because they have nowhere to go. They're also looking for some additional housing for seniors.

Minister, can you explain how you plan on incorporating seniors and their needs into the budget process?

Hon. Mona Fortier: I believe this is something that is being done by inviting seniors to participate in this pre-budget consultation. At this time we've received, as I was saying earlier, 16,000 online responses. I would like to know, at the end of the day, if many seniors participated. I'm sure they are voicing their ideas and priorities. I know that during my tour to Windsor, I had a chance to meet with seniors. It is part of their reality that they need more support. They want to be able to have a dignified and secure retirement. They have worked very hard, and we realize that we have to make sure they have access to more opportunities.

As you know, we reduced the age of eligibility of old age security and the guaranteed income supplement from 67 to 65, as the prior government had increased it to 67. That gave them an opportunity to put more money in their pockets. That was a measure that we did right away when we were elected in 2015. We also increased the guaranteed income supplement by $947 for the most vulnerable single seniors, improving the financial security for about 900,000 people. We want to continue to see, as we committed to in the throne speech and our platform, how we can help the most vulnerable seniors, the 75-plus, and include the 10%.

The survivor's benefit is also something that we've been hearing about. It was part of the platform, so that will be part of the conversation in the budget.

The Chair: We'll have to cut that round there.

We'll go to Mr. Ste-Marie, and then over to Mr. Julian.

[*Translation*]

Mr. Gabriel Ste-Marie: Good evening, Minister. I'd like to welcome the deputy ministers and the team of officials here with you as well.

My first question is about the last priority in your mandate letter, the implementation of the new financial consumer protection framework. Do you think the government is ready to implement the framework, and might it be included in the first budget?

I would be particularly pleased this evening if you were able to assure me that, once the framework is implemented, Quebec's Consumer Protection Act will continue to apply to the banking sector, just as it does now. After all, the federal government has always respected the Civil Code of Quebec on Quebec's territory. If that were to change with the implementation of the framework, it would be a first.

● (2035)

Hon. Mona Fortier: Could you give me a few moments, please?

Mr. Gabriel Ste-Marie: Absolutely, as long as the chair stops the clock.

[*English*]

The Chair: No worries.

[*Translation*]

Hon. Mona Fortier: You are absolutely right; that is a priority in my mandate letter. I had the privilege of becoming more acquainted with the legislation, which was revised in the last session of Parliament. I'll be working closely with Minister Bains on the regulations for the new act. Right now, I can't tell you that everything has already been decided, but I can say that the regulations should be put in place during this mandate. They will follow the implementation of the new act. In conjunction with that, the literacy program—which I believe has an annual budget of around $5 million—will be reviewed.

I'm going to turn to the officials for an update on that file. They may have some helpful information.

Mr. Paul Rochon: I can confirm that we've had a number of discussions and good co-operation with our counterparts at Quebec's department of finance and financial market authority, the Autorité des marchés financiers, or AMF. We are sure we have a good way to integrate the two regimes in a manner that's compatible and ensures that much of the AMF's work continues.

Mr. Gabriel Ste-Marie: Thank you.

On behalf of all those I've spoken to in Quebec, I sincerely hope Quebec's Civil Code and Consumer Protection Act will continue to apply to Quebec's banking sector after the passing of the budget implementation bill.

Minister, your mandate letter points out that you are also the minister responsible for Statistics Canada. The finance minister's mandate letter contains a number of priorities that deal with tax avoidance. Still today, however, we have little in the way of relevant statistics. Could you task Statistics Canada with gathering better information on the issue of tax avoidance?

I'll give you an example. Until a decade or so ago, Canada's banks still had to report how much they were saving in taxes on their profits by using offshore shell companies and such in tax havens such as the Bahamas and Barbados. That requirement disappeared after the last financial crisis.

Do you think Statistics Canada could research and document this type of practice so we have a better understanding of tax avoidance?

Hon. Mona Fortier: Thank you for your question.

I want to start by saying that I am not responsible for Statistics Canada. That's actually my colleague, the Minister of Innovation, Science and Industry. He is the minister responsible for Statistics Canada. I'll be working with him to better incorporate quality of life measurements into government decision-making and budgeting, drawing on lessons from other jurisdictions such as New Zealand and Scotland.

Mr. Gabriel Ste-Marie: Yes, fine.

Hon. Mona Fortier: You could ask the minister, though.

Mr. Gabriel Ste-Marie: Yes, I could ask him. Since the sentence was five or six lines long, I didn't catch everything.

Hon. Mona Fortier: You're right that, as part of my mandate, I will have an opportunity to work with the minister on indicators, quality of life, affordability and even financial security. I have no doubt that if you were to ask the minister, he could give you a better answer.

Mr. Gabriel Ste-Marie: Thank you.

If I might, I'd like to ask one very quick, final, question. It's about the funding for plug-in electric vehicles.

Can you tell me what percentage of the funding has been used to date? Recently, we saw some figures reported in the media. If the fund were depleted and if demand were greater than anticipated, would the government renew or enhance the funding?

Hon. Mona Fortier: I know the government was looking into that very issue and put forward measures in the last budget of 2019. Transport Canada is the lead on that initiative. It would be important to check how much was invested in it, but I don't think the officials here today have that information.

● (2040)

Mr. Gabriel Ste-Marie: Very good. I will try again.

Thank you.

[*English*]

The Chair: Finance can get back to us with that information on Mr. Ste-Marie's questions.

We'll have Mr. Julian, for roughly six minutes, and then back to Mr. Poilievre.

[*Translation*]

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

Congratulations, Minister, and thank you for being here this evening. We are pleased to have the opportunity to ask you about budget priorities.

[*English*]

You gave a very upbeat presentation and it's perplexing to me because it seems out of touch with the reality that so many Canadians are facing.

Canadian families are facing record levels of family debt. It's the worst in our history and it's the worst among all industrialized countries. Half of Canadian families are $200 from insolvency at the end of any month. We're seeing an affordable housing crisis in this country. The food bank lineups are growing. That's the reality that so many of us are seeing. People are not saying that $1.73 a week is going to make a huge difference to these various crises. That's the figure that the PBO did say was the impact this year in terms of the small tax cut. What they are saying is that massive investments in affordable housing need to be made, and that's what we've heard from the witnesses who have been coming forward since Monday, and the briefs that we've been receiving. We need significant investments there.

People have been talking, and our witnesses have been talking about the whole issue of pharmacare, As you came up here tonight, Madam Minister, you would have passed Jim. Jim begs every day on the bridge between the Chateau Laurier and the East Block, and he begs because on social assistance he can't afford to pay for his medication. He needs $500 a month to pay for the medication that keeps him alive.

I have constituents, including the family of a good friend of mine, Cole. The father is facing $1,000 a month in heart medication costs and the family is now having to choose between whether they can stay in their home or pay for heart medication. We need universal public pharmacare.

We heard as well about the number of Canadians—four and a half million—who don't have access to basic dental care, which has an impact on our health care system and an impact on their quality of life. The NDP submitted to the Minister of Finance and to the government the proposal that if we cap the tax cut at $90,000, we can actually afford basic dental care for all Canadians.

Those are the needs we're hearing about, and you referenced in your remarks that child care is costing the average family $2,000 a month, but the government is finding money. There's $25 billion a year that leaves this country in what should be tax revenues for overseas tax havens. The government has done very little to address that. In 24 hours, the government came up with $4.5 billion for the money-losing Trans Mountain pipeline, and that was a billion dollars over market value. There is a lot of money that's being invested, I think, in the wrong place. Many people have raised concerns about the construction costs for Trans Mountain, which could be up to $15 billion.

My questions are these. Given the size and scope of the affordability crisis that so many Canadian families are facing, is the government seriously looking at putting in place, through the budget, universal pharmacare that would help millions of Canadians? Is the government looking at that basic dental care plan that the NDP put on the table and that would help four and a half million Canadians? Is the government, and as Associate Minister of Finance, you'd be directly involved, and your mandate letter references this—

The Chair: Peter, are you going to leave the minister a little time to answer? You're up to four minutes.

Mr. Peter Julian: Yes, I am, Mr. Chair, of course.

Are you going to crack down on these tax havens that cost Canadians billions and are you really going to halt fossil fuel subsidies, including up to $15 billion in construction costs for Trans Mountain?

Those are the questions that many Canadians are asking, and we're hoping to get answers tonight.

Hon. Mona Fortier: Thank you for your question and context.

Again, I'm going to start by saying that in 2015, when we started the government, we knew that Canadians were feeling the squeeze at that time. We started by cutting their taxes. Then we also added the Canada child benefit and lifted 900,000 Canadians out of poverty, and 300,000 of them were kids. We also amended the workers benefit. That helped Canadians enormously. We also worked toward helping seniors. Many of those measures did relieve Canadians, while we were continuing to make sure that we grew the economy.

As for other measures, and for pharmacare as you said, in the last election Canadians gave us a mandate to move forward with pharmacare, but before that, I want to say that we have already done more than any government in a generation to lower drug prices. Now it's time to take that final step, sitting down with provinces and territories to implement pharmacare, and that is guided by the Hoskins' report.

We understand that no Canadian should have to choose between paying for prescriptions and putting food on the table. We will not rest until all Canadians get and can afford the medications they need. We will continue to work with provinces and territories to develop a plan that works.

For pharmacare, we are moving forward and we will support Canadians to make sure that they don't have to choose between food and prescriptions.

● (2045)

The Chair: Thank you, both.

Turning to five-minute rounds, we'll have Mr. Poilievre first and then go over to Mr. Fragiskatos.

Hon. Pierre Poilievre: Thank you very much, Minister and Deputy Minister. It's good to have you here today, and congratulations on your appointment, Minister.

Your responsibility is for middle-class prosperity. Can you tell us, this year, what the median income of Canadians is?

[*Translation*]

Hon. Mona Fortier: Pardon me.

[*English*]

Sorry, I missed the question.

Hon. Pierre Poilievre: The question is what the median income is of Canadians today.

Hon. Mona Fortier: Again, when we talk about Canadians and middle-class Canadians, we know that, depending on where they live or depending on their realities, they'll have different incomes across the country. I would say that Canadians are focused on wanting good, well-paying jobs, and also they want to have the income necessary to pay the costs of living, to put money aside for retirement and also to pay for a good education for their kids.

Hon. Pierre Poilievre: All right. Can the minister tell us what the federal government's deficit is this year?

[*Translation*]

Hon. Mona Fortier: Here's the information I have on the deficit.

[*English*]

As shown in the December 2019 economic and fiscal update statement, the deficit is projected to decline from $26.6 billion in 2020 to $11.6 billion in 2024-25.

Hon. Pierre Poilievre: Did the debt-to-GDP ratio rise or fall this fiscal year?

Hon. Mona Fortier: As mentioned in the economic and fiscal update statement, in the long term it will continue to fall.

Hon. Pierre Poilievre: And this year...?

Hon. Mona Fortier: At this time, it's.... Do you want the ratio?

Hon. Pierre Poilievre: I know what it is. I just wanted to know if it's up or down, this year in particular.

Hon. Mona Fortier: The ratio is 31%.

Hon. Pierre Poilievre: Right, and is that maybe—

Hon. Mona Fortier: Then 2021 is projected to be 31% also.

Hon. Pierre Poilievre: This year, did it rise or did it fall?

Hon. Mona Fortier: It's 31%.

Hon. Pierre Poilievre: That is true.

Is the government committed to reduce the debt-to-GDP ratio every year for the next four years? I know that was a platform commitment, but looking at the fall economic update, I see the debt-to-GDP ratio actually increased this year. Also, the next several years of the fiscal plan have the debt-to-GDP ratio on the verge of increasing, and that's before any election spending promises are budgeted for.

Given that there are these promises outstanding, Minister, do you expect that you as a government will be able to keep the commitment to lower the debt-to-GDP ratio every year you're in office?

● (2050)

Hon. Mona Fortier: In 2015, after years of austerity and cuts, the economy was slowing down. People were feeling it, especially those whose real needs didn't line up with aggressive plans to eliminate the deficit, such as people living in poverty, indigenous peoples, women, young people, racialized people and our most vulnerable seniors. In the face of increasing global uncertainty, Canada's economy remains strong. Since 2015, we have invested in Canadians, helping raise 900,000 people out of poverty and adding a million new jobs to the economy.

As our first order of business, we are lowering taxes for the middle class and people working hard to join it. We also want to make sure that, by continuing to govern, we maintain four key principles for the implementation of our fiscal plan. We'll continue to reduce the government's debt as a function of our economy, continue to build confidence in Canada's economy by preserving a AAA credit rating, and continue to invest in people and things that give people a better quality of life. For the fourth guiding principle, we will preserve fiscal firepower in the event that we need to respond to an economic downturn.

The Chair: Mr. Poilievre, you can have a final short question. We're a little over, but the minister has had a little more time than you, so we'll give you a little more.

Hon. Pierre Poilievre: Thank you, Chair.

Can I confirm from your answer that I did hear you reiterate the commitment to reduce the debt-to-GDP ratio? Is it still the government's commitment that the debt-to-GDP ratio will drop every one of the next years over the financial planning period?

Hon. Mona Fortier: As I mentioned, by the four guiding principles, the first one is to continue to reduce the government's debt as a function of our economy in the long term.

Hon. Pierre Poilievre: Thank you.

The Chair: Thank you both.

Mr. Fragiskatos, and then we'll come back over here if we need another name.

Mr. Peter Fragiskatos: Mr. Poilievre and his party are suddenly very interested in debt-to-GDP ratios. I wonder if you could tell me, or if the officials would have the information, what the debt-to-GDP ratio for Canada was in the 1980s and into the early 1990s.

Hon. Mona Fortier: As I don't have that much of a good memory—

Mr. Peter Fragiskatos: That's why I said the officials might have it.

Hon. Mona Fortier: —I will ask the officials.

Mr. Paul Rochon: In the 1980s, if one were to start from just prior to the 1981-82 recession, which was a significant one, the debt-to-GDP ratio was about 29%. The effect of the recession was to push it up significantly to about 45% by 1985-86. In the subsequent years, it continued to increase, peaking just before the 1995 budget at about 70%.

Mr. Peter Fragiskatos: Thank goodness for Mr. Chrétien and Mr. Martin, but I won't be partisan.

If I could move on, in my friend's questioning, although he didn't go directly down that path but he has elsewhere, whether at previous committee meetings or in the House of Commons, he talked about the need to be fiscally responsible, which in the Conservative lexicon usually means austerity. We've heard from a few witnesses this week on this idea of austerity. They may not use the word, but it's the implication of what they're talking about.

Minister, we've had a few witnesses talk about the apparent need, from their perspective, to vastly reduce spending, program spending and service spending. Of course, the other implication of it is that we should move towards a balanced budget as quickly as possible, in budget 2020 in fact, to balance the budget immediately or as quickly as we can.

You've done consultations. Even though you're new to the role, you have done consultations throughout. I know in my own community of London, Ontario, you came and did a consultation. You've done many of these. What are your views on what the consequences would be for everyday people if we moved towards immediately balancing the budget? How would everyday people feel that?

● (2055)

Hon. Mona Fortier: Thank you for mentioning that I was in London during the pre-budget consultation tour. I had the opportunity to meet with many stakeholders, and as much as people are feeling the squeeze in their day-to-day lives, they do want us to continue to invest, but in a responsible way. That's where we have an important role of having a balanced approach in our investments and in our spending.

The good news is that we do have a good economic record at this time. We have the best balance sheet in the G7. We have...well, actually...Canadians have created over a million jobs since 2015, and our unemployment rate is the lowest in 40 years.

The other thing is that we have to continue to make sure not only that we have a balanced approach but that we continue to invest in Canadians and also make sure we fight climate change, for example.

Mr. Peter Fragiskatos: I wanted to ask you that, Minister, not to cut you off—

Hon. Mona Fortier: No, it's fair.

Mr. Peter Fragiskatos: —but I'm limited on time.

The Chair: You have six seconds left, so you better make it quick.

Mr. Peter Fragiskatos: I have only six seconds. Okay.

The Chair: Minister, I think we had half of the Londoners here in the last three days.

Hon. Mona Fortier: I've heard that Mayor Holder was here.

The Chair: We will have to go to Mr. Cumming.

We'll take two more five-minute questions, which will run us a little over the time, Minister.

Go ahead, Mr. Cumming.

Mr. James Cumming: Madam Minister, thanks for coming here today, and congratulations on your appointment.

We've heard a lot from many of the witnesses today on small business. I will tell you that a small business often is very small, meaning it could be a husband and a wife or just an individual. They, without question, would like to fit into this definition of middle class. They would love a good home, education, a job and a nice retirement. What they're struggling with is the continual increase in input taxes in everything they do, whether that be through a carbon tax or increases in CPP and EI regulations.

Can you tell me something specifically you'll be focusing on in the budget to try to lessen the burden on these hard-working Canadians?

Hon. Mona Fortier: At this time, I cannot know what will be in the budget. The most important thing right now is to be listening to Canadians. You are right: Small business people are sharing their realities and their priorities as we have the opportunity to meet many small businesses. During the start of my tour, I went to Cavalier Tool, in Windsor. They mentioned that they appreciated that we did lower the taxes for small business, but they wanted us to concentrate also on innovation and how we can help them go toward the transition to a cleaner economy. They also wanted us to make sure there were opportunities for businesses to have access to the people who had the skills to work in their businesses.

By doing these consultation tours and listening to small businesses, we'll better understand their priorities and make sure that we continue to strengthen our economy to support small businesses, because we know that small business is the backbone of our economy.

Mr. James Cumming: On the debt, I appreciate that there's been action to lower the small business tax, but that's not what I was getting at. Certainly, if they're making money, they appreciate the supports. They can put that capital back into their business, but my question is more specific to this drive to increase all the input costs going into a business. I'd encourage you to come out to Alberta and attend some of the round tables that we're having, hearing about the real issues they're having with these increasing costs.

I hope that in this budget you'll be able to consider those things. They're real and they're impacting small businesses, which are mostly individuals. I'd like to hear if you have any travels into Alberta specifically to hear from small businesses in Alberta.

● (2100)

Hon. Mona Fortier: As you know, all of us, Minister Morneau, me and even Sean Fraser, the parliamentary secretary, started the pre-budget consultation tour on January 13, and we still have some time to go. I'm going out west next week, and we will be continuing to listen to Canadians from across the country. Of course, we want to hear from businesses in Alberta. We know that these small businesses in Alberta are sending us a message, and we want to work with them.

There's one thing I didn't mention that we have done as a government since 2015 because we really wanted to take meaningful action on supporting business competitiveness. We introduced the new accelerated investment incentive to support new business investment so that some small businesses can have access to this. We also took action to make Canada's regulatory system simpler, fairer and more modern. These are the types of measures that we've taken. During the pre-budget consultations we'll hear about priorities for small business.

The Chair: You have time, Mr. Cumming, if you want to make one last point.

Mr. James Cumming: I'll pass, thanks.

The Chair: Then it's over to Ms. Koutrakis.

Ms. Annie Koutrakis: Thank you for being here, Minister, and to the officials. I know it's nine o'clock. I don't know how the rest of us feel, but I'm kind of feeling the day. Thank you for accepting our invitation and for agreeing to appear.

We typically view the Minister of Finance as being responsible for the Canadian economy overall. I see your role to be at least in part to make sure the benefits of our policies promote growth and help ordinary Canadian families, not just the wealthy. The policies we adopted in the previous Parliament have put more than $2,000 in the pockets of a typical Canadian family. Can you tell me why this approach is important, and what kinds of policies you will pursue to help make life more affordable for groups like families, students and seniors?

Hon. Mona Fortier: Again, I'd like to not understate but really emphasize the fact that since 2015 we've been putting in place measures to help the middle class and really strengthen the economy. Having a strong middle class means that we can have a stronger economy. As per my mandate, I will be working closely with the Minister of Finance but also all cabinet ministers, to ensure that we take that reality of affordability, of quality of life and also financial security, and make sure that our programs or measures support the middle class.

[*Translation*]

Ms. Annie Koutrakis: In my riding of Vimy, I've spoken to countless families in Laval who have said how helpful the Canada child benefit has been for them. As you mentioned, nine out of 10 families have more money in their pockets today than they did before, thanks to the benefit. In fact, more than 11,800 families received the Canada child benefit in 2017.

I know this remains a priority for the government, so describe, if you would, Minister, how you intend to help Canadian families and strengthen the middle class?

Hon. Mona Fortier: Thank you for your question. I think you're right to say that the Canada child benefit made a difference in the lives of many Canadians. As you pointed out, it has had a positive impact for nine out of 10 families.

Keep in mind that other measures have been taken to help people join the middle class and overcome poverty. As a government, we've committed to increasing the basic personal amount to $15,000, which will cut taxes for 20 million Canadians by 2023. That's a tangible action we are taking to help the middle class.

● (2105)

[*English*]

The Chair: Are you all in and all done?

That will end our round of discussions.

Minister, I sincerely want to thank you and all the officials in the room who came as well.

I want to mention, though, that we have had over the last three days, and no doubt will again tomorrow, some excellent presentations by folks with a wide ranging view of recommendations, which we will compile and put in a report to have tabled by February 28. We will be meeting on it as committee members from all sides. We will have a number of recommendations that we certainly hope will be considered, because they're based on heartfelt presentations by people who came on very short notice to this committee.

If you were to talk to the clerk, I think he would tell you that with pretty near every call that was made, the invitation was accepted on very short notice. Therefore, we need to see in the budget that their efforts in coming before this committee to have their say are heard and acted upon in the best way possible. I know we really have to control our spending as well, but that's where we hope to go as a committee.

With that, we will meet tomorrow from 11 until 2 p.m., and from 3:30 to 6 p.m.. As mentioned earlier by the parliamentary secretary, the Minister of Finance will be before the committee from 12:30 to 1:30 on February 19.

Thank you again, and thank you to the officials.

The meeting is adjourned.