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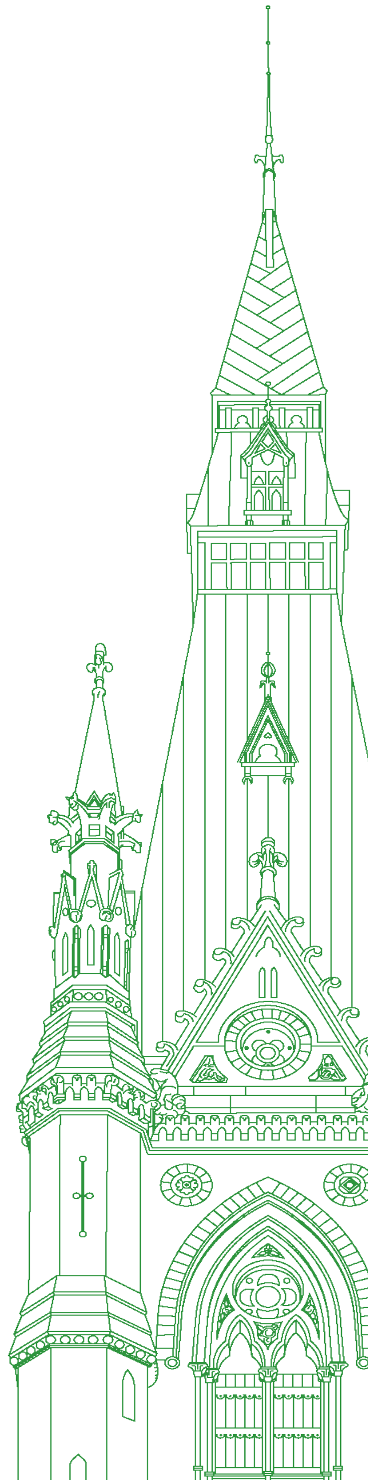

Chair: The Honourable Wayne Easter

Standing Committee on Finance

Thursday, May 20, 2021

● (1105)

[*English*]

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

Welcome to meeting number 47 of the House of Commons Standing Committee on Finance.

Pursuant to Standing Order 108(2) and the committee's motion adopted on Tuesday, April 27, the committee is meeting to study the subject matter of Bill C-30, an act to implement certain provisions of the budget tabled in Parliament on April 19, 2021, and other measures.

Today's meeting is taking place in a hybrid format, pursuant to the House order of January 25; therefore, members are attending in person in the room and remotely by using the Zoom application. The proceedings will be made available via the House of Commons website.

So that you're all aware, the program shows the person speaking rather than the full slate of witnesses and committee members. The camera is on only the one who is speaking.

That being said, welcome to all witnesses. I ask that witnesses try to hold their comments to about five minutes. That way, we'll have as much time as possible for questions.

We'll start with the Canadian Cancer Society. We have Kelly Masotti, vice-president, advocacy; Rob Cunningham, senior policy analyst; and Stephen Piazza, senior manager.

Who's on? Kelly, is it you?

Ms. Kelly Masotti (Vice-President, Advocacy, Canadian Cancer Society): Yes, Mr. Easter.

The Chair: You're on, Kelly.

Ms. Kelly Masotti: Thank you, Mr. Chair and members of Parliament.

On behalf of the Canadian Cancer Society, thank you for the opportunity to appear before the committee today.

My name is Kelly Masotti. I'm the vice-president of advocacy. With me is Rob Cunningham, senior policy analyst, and Stephen Piazza, senior manager of advocacy.

In our testimony we would like to emphasize two provisions in Bill C-30 that we strongly support. These are an extension of the employment insurance sickness benefit from 15 to 26 weeks, as outlined in part 4, division 36, of the bill, and the increase in tobacco taxes, as outlined in part 3 of the bill.

Bill C-30 includes a much-needed commitment to the extension of the employment insurance sickness benefit to support people facing the financial burden that comes with a cancer diagnosis. The proposed extension from 15 to 26 weeks will have a very positive impact on people living with cancer, and we strongly encourage all MPs to support this important change.

When Canadians face cancer, their struggle is not just medical but also financial. In addition to a decrease in income, they also face a rise in expenses, such as for medications, medical travel, parking and home care costs. The stress of this financial burden affects their emotional well-being and therefore their psychosocial needs.

As Canadians live longer and have longer careers, more people are likely to develop an illness while in the workforce. With nearly one in two Canadians expected to develop cancer in their lifetime and more than one million Canadians living with and beyond cancer, there is a critical need to provide additional support.

This extension will have a major impact on the lives of those living with cancer. At 26 weeks, it will align with the compassionate care benefit for caregivers, which was extended in 2016.

National Ipsos polling data found that 88% of Canadians support extending the sickness benefit to 26 weeks, whether funded by employers or out of their own pocket. Similarly, 84% support an extension to 50 weeks.

It is estimated that 77% of sickness benefit claimants who exhaust the 15 weeks do not return to work immediately. About three-quarters of these claimants took at least an additional 26 weeks off work.

For the hundreds of thousands of Canadians living with cancer, financial burden and illness are a day-to-day reality. The issue has only been heightened as a result of COVID, and supports for those with cancer have never been needed more.

I will now turn things over to Rob regarding tobacco taxes.

Mr. Rob Cunningham (Senior Policy Analyst, Canadian Cancer Society): The Canadian Cancer Society strongly supports the tobacco tax increase in the bill of $4 per carton of 200 cigarettes. Higher tobacco taxes are the most effective strategy to reduce smoking, especially among youth.

Tobacco remains the leading preventable cause of disease and death in Canada, killing almost 48,000 Canadians each year and causing 30% of cancer deaths. Higher tobacco taxes are a win-win, improving both public health and public revenue, with the budget indicating $2.1 billion in incremental revenue over five years from the tobacco tax increase. Thank you to this committee for its pre-budget recommendation to increase tobacco taxes.

Successive federal finance ministers have recognized the importance of higher tobacco taxes, including Michael Wilson, Paul Martin, Jim Flaherty and Bill Morneau. The strategy over time has worked, and Canadians are supportive. Canadians do not want kids to smoke.

Tobacco companies raise the issue of contraband, as they always do. However, tobacco companies have increased their own net-of-tax prices by $20.20 per carton over a seven-year period. There's no indication that these price increases have led to higher contraband. The tobacco industry has no credibility when it says government should not increase tobacco taxes, yet at the same time has massive price increases of its own. These manufacturer price increases have resulted in $2 billion in additional revenue per year going to tobacco companies, revenue that should be going to governments.

The budget also includes a tax on vaping products—though not in this bill—effective in 2022, a measure that we also strongly support to respond to the dramatic increase in youth vaping.

We welcome your questions.

The Chair: Thank you both very much.

We turn now to Kevin Lee, chief executive officer of the Canadian Home Builders' Association.

Welcome back, Kevin.

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

For the residential construction sector, building back better is something we do every day. As we look towards recovery from COVID, several things are clear. A home is more important than ever to Canadians, and we've seen that through the extensive activity in renovations, new construction, DIY activity and home resales. Through these challenging times, Canadians have looked to their homes to be their workplaces, classrooms, gyms, places to relax, and hopefully, for most, places to feel safe.

New construction and renovation are providing much-needed jobs and economic activity during economic recovery.

When we talk about housing these days, though, of course affordability is top of mind, both in the cost of housing and in the cost of materials, particularly lumber, and more supply is the key to both. Starting with affordability, a housing supply lens is required to truly address escalating prices. This was clear prior to COVID, and the pandemic has accentuated that further. There is much that can be done through concerted efforts of all levels of government to increase supply, and there are important leadership levers available to the federal government to help make that happen.

At the same time, while it may be tempting to try to cool the market with demand-side measures, such activity only creates pent-up demand and limits supply. Band-aid demand-side measures cause rapidly increasing house prices when conditions change and demand outstrips supply again, as we are seeing right now. The use of blanket macroprudential or policy changes that could further disproportionately affect first-time buyers in the absence of sufficient action on new housing supply will only exacerbate the problem.

As OSFI considers changes for uninsured mortgages, it is important that consideration of any such changes by the Department of Finance to the insured mortgage stress test be approached with caution. First-time buyers who are extremely well positioned financially and are very low risk would be locked out through such measures, further building up demand and crowding the rental stock.

● (1110)

The Chair: Kevin, I hate to interrupt, but I expect the translators are having a little problem keeping up with you. You're going fairly fast. Just slow down a bit.

Mr. Kevin Lee: Okay. Will do.

Before any measures are introduced for insured mortgages, there should be a thorough review of the existing mortgage system through a lens of fairness and access for first-time home buyers. Other adjustments, like longer-term seven-year or 10-year mortgages, as encouraged by the Bank of Canada, and 30-year amortization periods for first-time buyers, would be better routes in the insured mortgage space.

On the supply side, the federal government should use its financial and suasion levers to encourage and support provincial and municipal government efforts to streamline permitting and approval processes to speed up construction, reduce project financing costs and bring more supply online faster. It should provide leadership through CMHC on the key challenges to new construction, which are zoning restrictions, density limits, process delays and, very importantly, Nimbyism, including not just social but market-rate housing.

CHBA was pleased to see support in the budget for a conversion of commercial space to residential and further recommends that conversion guide such retrofits to support those efforts.

CHBA was also pleased to see the expansion in the budget of the rapid housing initiative and recommends the extension of the timelines to better reflect true construction timelines, especially given supply chain volatility.

As well, the success in cutting through red tape of the RHI shows that federal leadership of a similar type could also be used to accelerate market-rate housing supply.

Also related to supply, CHBA was pleased to see the emphasis by the government on skilled workers and apprenticeships, with labour shortages already a challenge. With some 22% of the construction workforce set to retire over the coming decade, getting more young Canadians into the industry is essential.

With respect to lumber, industry and consumers are currently incurring tens of thousands of dollars in cost increases for new homes, negatively affecting builders with contracts already in place, challenging the viability of projects and even businesses, and further deteriorating affordability for consumers. Due to material shortages, closing times on new houses are now delayed across the country by an average of six weeks, according to a recent survey of our members. Builders and developers are now starting to pull back on housing pre-sales and starts due to material price volatility and supply concerns. This will only further add to the housing supply shortage. The federal government needs to investigate all issues related to the Canadian lumber supply and investigate potential solutions to ensure a reliable and increased supply within Canada now and in the future.

Finally, with respect to energy efficiency and climate change, CHBA is pleased to see the support being provided to energy retrofits. The greener homes initiative grants and support for energy advisers, plus the addition of the $40,000 loan program, all based on the EnerGuide rating system, will help make big strides where there is the most to gain with respect to GHGs in the housing sector and existing housing stock. The requirements to keep receipts will very importantly help fight the underground economy.

On the new construction side, CHBA continues to lead with its Net Zero Energy Housing Council and home labelling program, which has now labelled over 600 homes across the country and is leading the way in finding the best way to reach these levels of performance while also addressing barriers to broader diffusion, such as affordability.

At the same time, CHBA continues to caution against regulating higher levels in code before more affordable solutions are found and encourages the government to invest more in innovation to do so.

Thank you very much for your time today. I look forward to answering any questions you may have.

The Chair: Thank you very much, Kevin.

We will turn now to the National Council of Unemployed Workers and Pierre Céré, spokesperson.

Go ahead, Mr. Céré.

● (1115)

[*Translation*]

Mr. Pierre Céré (Spokesperson, National Council of Unemployed Workers): Mr. Chair and members of the committee, good morning and thank you for inviting me.

The public health crisis we have been in since the spring of 2020 is coupled with an economic crisis, the likes of which we have not known in our lifetimes.

Last year alone, between mid-March and late September 2020—about seven months—nine million people lost their jobs. That is equivalent to 45% of the workforce. Those nine million people received the Canada emergency response benefit, or CERB, for an average of three months. The CERB was replaced by the Canada recovery benefit, or CRB. At the end of September, the government put the employment insurance, or EI, system back on track, introducing flexible measures that were practically akin to genuine program reforms. The measures are nevertheless temporary.

To gain a clear and unbiased understanding of the country's employment realities, we need only look to the EI numbers. From September 27, 2020 to May 9, 2021, a period of about seven months, 4.1 million EI claims were processed. Currently, 2.3 million people are receiving benefits. In terms of the CRB, if we take the three types of benefits into account, a total of 2.8 million people have received benefits since September 27 of last year.

In a recent study, the International Monetary Fund, or IMF, recommended that Canada “avoid a premature withdrawal of fiscal and monetary support” and highlighted that “the lessons from the crisis represent an excellent opportunity to review the EI system, including its role as an automatic stabilizer.” The IMF was right to say as much.

However, the objectives of the Budget Implementation Act, 2021, No. 1, are not entirely consistent with the IMF's position. Under division 35 of part 4, the measures to extend the CRB stipulate that, for the last eight weeks, or the new weeks after July 18, 2021, the amount of the benefit will be reduced to $300 a week, and at best, the September 25 cut-off date could be extended to November 20, 2021. Members of the Standing Committee on Finance, if it is within your power, I urge you to propose an amendment to the bill that would standardize the benefit amount at $500.

Division 36 of part 4 deals with EI and is clearly very complex. Some temporary measures will remain in place for a year, so 2021-22, but 2022 will mark a return to the status quo.

We welcome the temporary supports announced by the government, including measures to apply a single eligibility threshold of 420 hours to the entire country, to ensure penalties associated with separation from employment take into account only the most recent separation, to ensure that severance pay no longer has an impact on EI benefits, and to provide seasonal workers in 13 economic regions access to an additional five weeks of benefits.

However, the measures fail to address two areas. The first is the calculation of the benefit rate. The government is reverting to the status quo with a variable divisor determined by the unemployment rate. However, under the temporary measure currently in place, the divisor is 14 weeks. The second is the benefit period. Again, the government is reverting to the status quo with benefit periods that are too short. These gaps could have been avoided had the government renewed the temporary measures establishing the divisor at 14 and provided a universal benefit period of 50 weeks.

As a result of those gaps, the government is not helping regions in the same way. Some will actually be penalized, even though the entire country is feeling the effects of the pandemic.

Lastly, extending the duration of sickness benefits from 15 to 26 weeks is a historic and meaningful step, but why wait until next year? Why is it not being implemented until August 2022?

The government is delaying its plans to reform the EI system. So be it, but in the meantime, it should put temporary measures in place to provide the support people need. The government needs to act swiftly to close the gaps and remedy the shortcomings. Furthermore, it is imperative that the commission the government appoints to review the program and make recommendations, complete its work within a year, not two years.

● (1120)

Canada is the architect of great achievements on the world stage. The Universal Declaration of Human Rights is but one. Domestically, health insurance was a triumph for the country. The social safety net is critically important in responding to unemployment and crises, and the government must act accordingly.

On behalf of our organization, I urge the Standing Committee on Finance to bring forward solutions to the serious flaws in divisions 35 and 36 of part 4 of Bill C-30.

[*English*]

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

We'll turn, then, to the United Steelworkers. We have Ken Neumann, national director for Canada, and George Soule, government liaison officer.

You're on, Mr. Neumann.

Mr. Ken Neumann (National Director for Canada, National Office, United Steelworkers): Thank you very much, Mr. Chair.

Thanks as well to the clerk and the committee staff, the interpreters and the committee members for the opportunity to join you here today.

I am Ken Neumann, the national director for Canada for the United Steelworkers Union. Our union represents more than 825,000 workers in North America, including 225,000 workers in virtually every economic sector and region of Canada. I would like to add our voice to acknowledge the history that was made when Minister Freeland became the first woman to table a budget in Canada. It's well past due.

Another historic piece of this budget is the scope of the need people across Canada are facing. COVID-19 has hit and is still hitting people very hard. As a union, we are focused every day on fighting for our members, fighting to keep them safe and secure in their jobs. We also serve them by fighting to make Canada a stronger, fairer and more equitable place. By raising the bar for everyone, we can keep raising it even higher at the bargaining table. That's the lens we used to look at Bill C-30.

If you forget about pharmacare—because the Liberal government did—this big budget can look as though there is a little something here for almost everyone. That includes some important changes that improve labour standards, stop contract-flipping in airports, provide for a federal minimum wage and increase protection for some pensions. We are very happy to see changes that we were calling for. Of course, we're hopeful to see the promise of child care become a reality.

In between a lot of big spending, the government has failed to get some of the big things right. COVID-19 made major holes in programs such as employment insurance impossible to ignore. The changes that were brought in to fix EI during the pandemic, including creating a federal role in paid sick days, should be made permanent, not cancelled before COVID-19 is even behind us.

The budget barely scratches the surface of making the ultra-wealthy pay their share. While the government is slashing CRB supports by 40% from their CERB levels, they're doing nothing to claw back money from some big corporations that, in bad faith, took money through the wage subsidy program. By not going retroactive, the Liberals are letting big businesses that threw people out of work and handed big bonuses to bosses and shareholders off the hook.

The budget does include some good skills training and retraining programs, but too often it seems that protecting jobs was an afterthought. The government needs to connect the dots when it comes to creating a real industrial and job creation strategy. With a supply chain that brings materials and parts back and forth across the border, there are more workers involved in the auto industry than auto workers. In all the talk about zero-emission vehicles, there is no explicit strategy tied to that supply chain.

Obviously there is a lot of potential in the $15 billion promised for public transit, but where will the materials be sourced? As with other infrastructure announcements and commitments in this budget, there are no requirements to use domestically manufactured materials. There are no sustainability and emissions conditions either.

Knowing where our steel, aluminum and other products are from is crucial to the development of a North American approach to procurement and infrastructure, which is how we get an exemption to the buy America provisions. To that end, we are advocating for a North American "buy clean" strategy, which would prioritize the environmental impact of materials used in construction projects.

A recent buy clean report prepared by Blue Green Canada shows that steel, aluminum, cement and wood products produced here in Canada have some of the lowest carbon emissions in the entire world. This strategic approach would allow Canadians workers to benefit from President Biden's massive infrastructure, environment and jobs investment.

● (1125)

You have a partner with the United Steelworkers in working with the Biden administration to make that strategy a reality. From the carbon border adjustments to improving worker access to Canada’s trade remedy system, we look forward to consultations on border measures that are tied to clear procurement strategies that maintain and create jobs.

Before the budget was tabled, I said that it needed to support everyday people and help make sure that workers have jobs to support their families today and into the future. With some important changes, I believe it can be done. This budget tries in many ways to look like it is doing a lot towards that end.

Again, I thank you for the opportunity to be with you today, and George and I look forward to any questions that you may have.

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

We'll now go to the Habitat for Humanity Canada with Julia Deans, president and CEO.

Go ahead, Ms. Deans.

Ms. Julia Deans (President and Chief Executive Officer, Habitat for Humanity Canada): *Bonjour*, Mr. Chair and committee members. Thank you so much for this opportunity.

I'm coming to you from Toronto, the traditional territory of many nations and now home to many diverse first nations, Inuit and Métis peoples.

As Canada's only national affordable home ownership provider, Habitat Canada and our 50 local Habitats partner with homeowners, volunteers, donors and governments to help families living with low incomes, including indigenous families on and off traditional territories, to build strength, stability and independence through affordable home ownership.

Habitat families buy their homes and make mortgage payments that don't exceed 30% of their income. Even with mortgages, they build equity that helps them educate their kids, start businesses and weather storms like COVID-19.

Housing is so much more than bricks and mortar. Investing in it creates safe and resilient communities and will boost jobs and our economy so that we can build back better. According to the FCM, every billion dollars invested in housing generates $1.5 billion in economic growth.

COVID-19 has made us all keenly aware that home ownership matters for every social determinant of health: shelter, health, security, stability and work. Home ownership lifts families and helps them build bright futures for themselves and their children.

In Canada, home ownership is the single greatest enabler of multigenerational economic advancement. Almost 70% of white Canadian families own their homes, but only 30% of Black families. We must democratize the pathways to home ownership and wealth creation. If we don't, we are cementing the barriers to racial and economic equality.

Our desire to do much more is why Habitat partnered with CMHC through the national housing co-investment fund. We're leveraging close to $36 million in forgivable loans to create more than 400 new affordable homes. We're delivering well on our three-year commitment, creating homes all over Canada in communities from Whitehorse to Mission, Calgary, Winnipeg, London, Montreal and the Lennox Island first nation in P.E.I., with more builds coming this year. Most of the families benefiting face multiple barriers to home ownership, and 35% are single mothers.

Habitat's record is why last December we were chosen to create housing for Black families in another federal government project. Its $20-million commitment will help Habitat build 200 more new homes across Canada. All told, we plan to deliver over 600 new affordable homes to families in need with this critical co-investment funding.

Knowing the value of the co-investment fund, we were really pleased to see budget 2021 move almost a billion dollars forward into it for the next two years. This additional investment is well timed to support recovery efforts, but to activate it, the government needs partners like Habitat. We've proven that we leverage government contributions to attract more funding from other donors and make affordable homes a reality for families who need them.

We are proud to have delivered and proud that other charities are now being referred to us to discuss our successful participation in the co-investment fund. This is good, because when it comes to improving housing access and affordability, the charitable sector is a key contributor, and we can be counted on to recycle investments into more and more new homes.

We're ready to continue scaling our contribution, but we need the government to partner with us by continuing to invest alongside us, our donors and the low-income families we serve, as it does so well through the co-investment fund. We are currently working to renew our agreement with CMHC. We've tooled our Habitat federation to execute well and to grow our impact through the co-investment fund. We want to again stress the importance of adding to that fund through the proposed budget, because it will allow the government to to invest together with families, donors and charities across Canada to create affordable housing that will not happen otherwise.

Government investments in affordable housing are essential, and a loan is not an investment. If we were commercial developers flipping homes and taking out our profits every few years, a loan might be just fine, but we are investing in the long-term future of families and the long-term supply of the affordable housing stock they need. We and other charities and not-for-profits need more than a borrower-lender relationship. We need government to be a true partner, one that will leverage our resources and vice versa for the benefit of families.

We appreciate the strong working relationship we've built with Romy Bowers and her team at CMHC, and hope very much to renew our partnership on terms that make sense for the families we serve and want to serve.

● (1130)

In the meantime, we urge you to support continued investment in the national housing strategy and in organizations like ours that are here to help.

Thank you.

The Chair: Thanks very much, Ms. Deans.

Before I turn to our last witnesses, I will just give committee members the lineup for the first round of questions. It will be Mr. Vis, followed by Mr. Fragiskatos, Mr. Ste-Marie and Mr. Julian.

From Habitat for Humanity, Halton-Mississauga Dufferin, we have Michael Brush, who is the interim CEO.

Michael, I understand you had a bit of a jogging accident very recently. Thanks for being here just the same.

The floor is yours.

Mr. Michael Brush (Interim Chief Executive Officer, Habitat for Humanity Halton-Mississauga Dufferin): Thank you very much, Mr. Chair and committee members.

I am Mike Brush, interim CEO of Habitat for Humanity Halton-Mississauga Dufferin region and representing 10 Ontario municipalities.

I'd also like to acknowledge Julia Deans, our partner at Habitat Canada. She spoke very eloquently of our cause.

Thank you for the opportunity to speak today and to share our comments in relation to the 2021 federal budget.

The Clerk of the Committee (Mr. Alexandre Roger): Mr. Easter, the sound is not good enough for interpretation. It is very low. I think Mr. Brush is holding the microphone with his hand.

The Chair: Mr. Brush, I will just interrupt for a second. You might be covering the microphone with your hand. Hold it fairly close to your lips. The interpreters are having a hard job catching the sound.

Go ahead.

Mr. Michael Brush: How is this? Is this better?

The Chair: I believe that is a little better, yes. Try it.

Mr. Michael Brush: I apologize. This was last minute, and we didn't have an opportunity to replace our microphones.

The Chair: Give it a try anyway. Go ahead.

Mr. Michael Brush: At Habitat for Humanity, our vision is to create a world in which everyone has a safe and decent place to live. As we know, COVID-19 has created many new challenges for our communities, while exacerbating others that existed prior to the pandemic, including affordable housing. Today, more than ever, Canadians need a safe and decent place to shelter, live, and work. That's why Habitat for Humanity is continuing to urge the Government of Canada to invest in the full range of affordable housing along the affordable housing continuum; from emergency shelters to home ownership and other equity-building models. We can't focus on only one part of the continuum; we all need safe and appropriate housing we can afford.

In Canada, home ownership is the single greatest enabler of multi-generational economic advancement. Home ownership provides people with the stability of an adequate place to live as well as a pathway to build wealth and equity for their families. People can use the equity to start businesses, to finance their children's education, plan for a secure retirement, and pass on wealth to the next generation.

When it comes to the health of children and youth, housing impacts their ability to develop optimally and achieve life's goals. It is important to note that home ownership and equity-based housing models also help municipalities manage their limited resources. These models relieve pressure on social and emergency housing, for which community lists can be several years long.

Habitat for Humanity has called for an increase in the national housing strategy and is pleased to see the government moving forward with $750 million in funding for the national housing co-investment fund and adding $1.5 billion to its rapid housing initiative, with at least 25% going to woman-focused housing. These funds, combined with investments in affordable housing innovation, a homelessness strategy, and rental and transitional housing, will provide badly needed housing and smooth the pathway to affordable home ownership for many families across Canada.

In that context, the budget contains some important new investments in housing and homelessness, building on the national housing strategy. However, the 2021 budget does not go far enough or fast enough. It does not make important progress toward ending homelessness by 2030. We acknowledge this government's commitment towards continuing to invest in the national housing strategy to support those most vulnerable with shelter and with supportive and transitional housing.

Habitat for Humanity presented its recommendations in the prebudget submission for the 2021 federal budget. These items include the following: advancing the national housing strategy with increased, deep and accelerated investments for CMHC programs, including the new rapid housing initiative; continuing the attention to improve the application process and terms and conditions for program participants, particularly with an emphasis on having less red tape; increasing access to lands for affordable housing providers, including through the federal lands initiative and a new property acquisitions program; and incenting other levels of government to facilitate the creation of more affordable housing, including through land designations, buildings, zoning processes, and differentiated taxes and fees.

By leveraging community partners like Habitat for Humanity, the Government of Canada will alleviate some of the severe financial pressure confronting cities and communities and help their low-income families to create the homes they need to build their futures and to rebuild and sustain local economies.

We asked the federal government to commit to the goal of having all Canadians able to afford a home that meets their needs by 2030, backed by a comprehensive plan for achieving this goal. We will continue to work collaboratively and in partnership with all levels government to help achieve this.

Once again, thank you for the opportunity to speak with you. As is everyone else, I'm open to answering any questions.

Thank you.

● (1135)

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

Thank you to all the witnesses.

Before I turn to Mr. Vis and the first round of questions, Mr. Neumann, in your presentation—before I forget later—you mentioned the Blue Green Canada report. Could you send the link or the copy of that report to the clerk? That might be helpful.

On Tuesday I had a meeting with 11 U.S. senators, an all-party committee meeting. Steel came up in the buy America discussion, so maybe we'd better pay attention.

Mr. Ken Neumann: You'll have it before the end of this session.

The Chair: Thank you very much.

We'll turn now to Mr. Vis, followed by Mr. Fragiskatos.

Go ahead, Brad, for six minutes.

Mr. Brad Vis (Mission—Matsqui—Fraser Canyon, CPC): Thank you, Mr. Easter, and thank you to all of the witnesses for their thoughtful submissions this morning.

I'm first going to turn to Habitat for Humanity, because I was very interested in a couple of the final points made regarding the co-investment fund and improving the application process.

Across Canada, people are very thankful for the co-investment fund, and I recognize that, but I've heard unanimous consent that more needs to be done to get the application process moving faster so we can see more organizations like Habitat for Humanity leverage these investments by the federal government to get more homes built.

Ms. Deans, you mentioned a renewed partnership. What would a renewed partnership look like, and what type of red tape could we cut to improve that partnership?

Ms. Julia Deans: We are probably a bit unique—well, not unique, but we have had good experience with the process, and it's partly because we're able to bring 50 local Habitat organizations together and work with CMHC on a portfolio basis, which has made life easier for them and certainly for our local organizations. Engaging in processes like this can be very hard for a charity that may be working very hard on the ground in trying to devote time towards this. Our experience has been positive.

On our renewal, we hope we will be renewing under the co-investment fund, which would bring us the contribution we need, as opposed to a loan, which would not. I do believe that further outreach to smaller organizations that may not have the wherewithal that we do and continuing the customer service work that CMHC has been investing in will be key to having more participants in the co-investment fund and other CMHC programs.

● (1140)

Mr. Brad Vis: Thank you, Ms. Deans.

The rapid housing initiative has received generally positive accolades in respect to the timeline utilized to have projects approved. If we had a similar approach with the co-investment fund, do you think more affordable homes would be being built in Canada right now?

Ms. Julia Deans: I'm not sure I'm in a position to comment on that. I think we all appreciated the speed of that approach. It was not something that Habitat Canada was involved in, because it focused primarily on modular rental housing. That wasn't something we participated in.

Certainly it's a model that I would hope CMHC is looking at learning from to apply to other programs.

Mr. Brad Vis: Thank you so much.

I will note that you did mention Mission, British Columbia, in my constituency, and right up the road from where I work there will be a new Habitat project completed in the very near future. Thank you for what you're doing to improve access to home ownership across Canada. I think that irrespective of party we recognize the good work that you guys are doing in Canada and the leadership that you provide in improving government processes and acknowledging where some issues reside, as Mr. Brush outlined very clearly, and what we can do to improve our processes under the national housing strategy.

Ms. Julia Deans: Thank you.

Mr. Brad Vis: Mr. Lee, you mentioned in your remarks that one of your recommendations was to provide the option of a 30-year amortization period for first-time buyers. How would a 30-year amortization period improve affordability for a first-time homebuyer?

Mr. Kevin Lee: In simple terms, it just allows you to lower your monthly payments and also, of course, it enables you to have a little bit more buying power out in the marketplace, because you're spreading your amortization over 30 years instead of 25. It's particularly important for first-time homebuyers. Everybody has been seeing for quite a while now the challenges for first-time buyers entering the market, and it's also important to note that first-time buyers are very low risk. In fact, when you talk to the mortgage insurance companies, you'll hear that they are the best profile in terms of low risk, and it would be a great way to help first-time buyers get into the market.

Mr. Brad Vis: Thank you, Mr. Lee.

You also mentioned that we need to support longer-term affordability along those lines by extending mortgage terms to seven or 10 years. I know from previous discussions with industry officials in the mortgage sector that the Interest Act hasn't been updated for 140 years as it relates to mortgage. What could the federal government be doing to give Canadians more flexibility and security by looking at the Interest Act and the types of mortgage options available to first-time homebuyers and others?

Mr. Kevin Lee: You're exactly right that the act has been around for a long time, and as a result of the wording of that act, we are much more focused on five-year terms for mortgages. Reviewing that act and providing more flexibility to enable financial institutions to more easily move to seven- and 10-year terms would provide a lot more stability in the marketplace and give encouragement to make use of those terms.

That, of course, would help with anyone concerned about even 30-year amortizations or lowering the results of the stress test. If you were able to go to seven or 10 years, some of those financial risks would start to be mitigated even more with that kind of length of term.

Mr. Brad Vis: What you're saying is that by addressing the Interest Act, we could amend the mortgage stress test and perhaps make it easier for first-time homebuyers to qualify for that first purchase.

Mr. Kevin Lee: Yes. That's certainly been one of our recommendations when we look at the stress test. If you wanted to step it down, how do you reduce the risk, since the stress test is about addressing risk? The longer people have a locked-in term instead of having to renew in seven and 10 years....

The stress test is very much about when you renew. If you're able to get a seven- or 10-year mortgage term much more easily, by the time you come to renewal, you're that much further along in increasing your equity through your career. Probably your income as a family has gone up and you're in a much better position if in fact mortgage rates have gone up at that time.

● (1145)

The Chair: We will have to move on. Thank you all.

We will go to Mr. Fragiskatos, followed by Mr. Ste-Marie.

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

I appreciate all the witnesses today.

Ms. Deans, I do not have time, unfortunately, in the six minutes to ask questions of Habitat for Humanity and you, but thank you very much for the work you do in London as an organization. You mentioned London in your opening remarks. It is deeply appreciated in the city, and for very good reason. The organization has a really sterling reputation in our community. Please keep it up. I'm always happy to help where I can. What a wonderful group it is.

Ms. Masotti, it's nice to see you again. I know that you've appeared before, and we've spoken in the past. It's always interesting when we have witnesses who come and speak about the budget and their point of view is shared by other witnesses who came earlier in the week. Your thoughts on the extension of the sickness benefit from 15 weeks to 26 weeks, as found in the budget, are shared by many, including David Macdonald, who is the senior economist for the Canadian Centre for Policy Alternatives. When the budget was released, he said the following about this specific reform. I'm quoting here from the Toronto Star, where he said, “These are positive long-term changes.” As well, “You can get EI if you lose your job, but you can also get EI if [you're] sick. So if you’re struggling with cancer...you can now receive EI for longer.”

Obviously, I know you agree with that, and your testimony reflects that, certainly, but for those for whom your organization continues to advocate, how critical is this change?

I ask in light of the fact that I've heard some colleagues hinting—this is certainly not universal, but some colleagues—that they think the budget goes too far, that it expands the role of the state, that it is too generous. They haven't used those words, but I do get that feeling sometimes in hearing colleagues speak about it, particularly my Conservative colleagues.

Could you speak about the importance of this change?

Ms. Kelly Masotti: I sure can. Thank you very much for the question.

This change is critical for people who are living with cancer. As I stated in my opening remarks, cancer in certain instances can actually be looked upon as a chronic disease—not in every case, but in some—and people are interested in getting back to the workforce. An extension to this benefit is critical, because it would allow people the time off they require to go through treatment, to recover from treatment, and to then return to the workforce, which is what we know they want to do.

Twenty-six weeks is an incredible start. This is a historic investment in the sickness benefit. It will cover many people. We know that right now three-quarters of the people who apply for and use the employment insurance sickness benefit exhaust it and take additional time off. Therefore, we know that, at minimum, 26 weeks will help many Canadians right now who are living with cancer.

Mr. Peter Fragiskatos: Thank you very much, Ms. Masotti. I appreciate that.

I have less than three minutes, so I will go to Mr. Lee from the Canadian Home Builders' Association. It's nice to see you again, Mr. Lee. We've spoken in the past.

A lot of things in your testimony stood out to me. I certainly share your enthusiasm about the rapid housing initiative. Thank you for sharing your thoughts on that and how it could indeed be strengthened going forward.

You said, and I wrote down the quote here, that there is “much that can be done” to increase supply in Canada as far as housing is concerned, and that there are levers that exist at the federal level to make that happen. Could you expand on the levers? I know you did so in your testimony, but I think it would be worthwhile for all of us to hear more on that idea.

Mr. Kevin Lee: I think there are probably two different areas.

One, which I spoke to, was the ability to provide more objective information through CMHC on zoning issues and on some of the better practices that can be used to help accelerate getting more market-rate supply into the market at the municipal level.

As well, Nimbyism is such a huge factor for building anything pretty much anywhere these days. In fact, the only times you don't see that phenomenon is when you build greenfield development. Ironically, we're all trying to build smartly upwards and inwards as well, through densification. That's the hardest thing to get done, so some work there would be really important.

The other real levers that the federal government also has are funding mechanisms. The government is committing to more infrastructure funding, for example, and tying it to good housing outcomes could be really important to make sure we get the desired type of density around transit stations and including market-rate housing in it. There's obviously a focus on social housing and supportive housing, which is really important, but we also need to look at how we also support market-rate housing, and the levers that the government has through such things as infrastructure can really help that.

● (1150)

Mr. Peter Fragiskatos: Thank you very much.

The question is asked in light of the fact that we continue to see, especially where I am in the southwestern part of Ontario but in southern Ontario in general, an exponential rise in the average cost of homes.

Are there any ideas at the federal level that would address that issue? Some of the comments that you just made would involve zoning issues. Clearly that's a municipal matter, but there are things the federal government could do further to what it is already doing, which are important steps in the right direction.

I really appreciate your having an opportunity to share your thoughts on what more can be done. Thank you very much.

The Chair: Thank you.

We will have to move on to Mr. Ste-Marie, followed by Mr. Julian.

Gabriel.

[*Translation*]

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

Good morning, everyone.

Thank you to the witnesses for being here and delivering presentations.

Mr. Chair, we just received the document you requested. I appreciate the witness providing it so quickly.

I want to start by clarifying something in connection with what Mr. Fragiskatos and Ms. Masotti were just talking about. Unless I'm mistaken, the majority of the House supported extending EI sickness benefits to 50 weeks. The Bloc Québécois put forward the motion, which was supported by the NDP and the Conservatives but opposed by the Liberals. Unfortunately, it's clear from the budget and Bill C-30 that the government disregarded the will of the House. I just wanted to provide that context.

My questions are for Mr. Céré.

Mr. Céré, thank you for being here and making your presentation. You cited the IMF, which cautioned the government against withdrawing income support programs too quickly. You made clear your concerns about divisions 35 and 36 of part 4 of the bill, in relation to a new iteration of EI, one that will come into force in September for a period of one year, as well as the CRB.

To my knowledge, the minister has the power, by regulation, to extend the CRB until November, but she cannot change the amounts, which would require a change to the act. You, of course recommended that we propose amendments to the bill. We will propose amendments, but they still have to be deemed in order by the chair. We will try to come up with appropriate wording.

I want to follow up on division 36 of part 4, which amends EI. For the one-year period from September 2021 to 2022, you identified two gaps, the variable divisor in calculating the benefit rate and the benefit period.

Could you elaborate on those gaps in the bill and tell us who will be affected?

Mr. Pierre Céré: Thank you for the question, Mr. Ste-Marie.

These are technical issues, of course. When we talk about the divisor, it's as though we were speaking Martian. The divisor is what will calculate the benefit rate, that is, the money a person will get, the unemployment benefit. In other words, it's the bread and butter. Then the benefit period is the duration. It is somewhat inexcusable or inexplicable to go back to the status quo, because we already have temporary measures until September 2021, with a single eligibility criterion of 420 hours and the famous single divisor of 14 for all Canadians. That means that the calculation of the benefit rate will be based on the best 14 weeks, and that figure is, of course, linked to the eligibility criterion of 420 hours.

The first blind spot is that this 14 divisor is not renewed. Instead, a variable divisor based on the unemployment rate could be used. There is a telling silence in part 4, division 36 of the budget implementation bill.

Let's take the example of a seasonal worker who has worked 15 long 50-hour weeks and has accumulated 750 hours. They would be more than eligible for EI benefits. They would normally expect—I say “normally”—that their salary would be averaged. If they worked 50 hours a week for 15 weeks at $20 an hour, that works out to an average of $1,000 a week for 15 weeks. A benefit rate of 55% of that average of $1,000 would result in benefits of $550 per week.

However, the EI administrative regions are very large, the boundaries are very arbitrary and there are a number of different employment realities within the same region. So if you reintroduce the variable divisor by unemployment rate, someone in the same situation but living in another EI administrative region could be subject to a divisor of 20. That means that the $15,000 earned in 15 weeks would be divided by 20, which would give an average salary of $750 per week, rather than $1,000. That individual would receive 55% of that average of $750, which amounts to a benefit of $413. So the person would lose $137 a week.

If we look at the benefit period in the tables in schedule 1 of the budget implementation bill, we see that we are back to the status quo. If a person has 750 hours of work, that will give them, based on a regional unemployment rate of 6% to 8%, between 14 and 18 weeks of benefits at most.

The pandemic isn't over. Everyone is worried. Some employment sectors have not yet gotten back on track. There are people who will feel the consequences for many years to come. So please, let's keep helping people. What will help them is the bread and butter of the calculation of the benefit rate and the benefit period. That's why we're asking you to amend division 36 of part 4 of this budget implementation bill and go back to what currently exists, that is to say a fixed divisor of 14 and a benefit period of 50 weeks for all Canadians, temporarily, for 2021-22. The government will set up a commission to study the EI program, and we hope one day to have a real permanent reform.

● (1155)

Mr. Gabriel Ste-Marie: Thank you.

[*English*]

The Chair: Mr. Céré, I'm sorry. We're out of time on that round.

Mr. Julian is next, followed in the next round by Mr. Falk.

Go ahead, Peter.

Mr. Peter Julian (New Westminster—Burnaby, NDP): Thanks, Mr. Chair.

Thanks to all of our witnesses for coming forward, and we hope that you and your families continue to be safe and healthy during this pandemic, particularly with the third wave that is crashing on our shores.

I want to address Mr. Neumann.

I know, Mr. Neumann, you announced that you will be retiring as national director of United Steelworkers in Canada this year. I think I speak for all members of the committee and many Canadians across the country in giving you a sincere thank you for your strong and dedicated advocacy for steelworkers, of course, for working families right across the country and for all Canadians. We have mixed feelings. We're happy for you taking on this next stage of your life, and sad to see that your voice, which has been so strong, may not be as present, though I know that the future will reserve strong fighters for working families. Thank you for everything you've done.

I want to come back to your testimony. You really flagged a dichotomy in our country. First, we're seeing a clawback on CRB, starting in a few weeks' time, and of sick leave as well. That's something that is only temporary, though that program has lots of holes. You contrasted that with the ultra-rich in this country who have been able to profit from this pandemic, yet the government has not taken any of the measures such as the $10 billion that we would get from a wealth tax annually or any measures to crack down on overseas tax havens. That's $25 billion. You highlighted that contrast of working people paying the price for wrapping up these COVID programs at the same time as the ultra-rich basically get off scot-free without having to pay their fair share.

Should the government's priorities be different, and should they be focused much more on regular Canadians and on working families across the country?

● (1200)

Mr. Ken Neumann: Thank you very much, Peter, and thank you for saying the things.... After 45 years, it is a long shift. I'm in an elected position, and I'm going to serve out my term and, as you say, move on. It's always been an honour to work with Mr. Easter and the so many people I've gotten to see. I'm not going to disappear, but I appreciate your comments.

I look at this screen. I've looked at many screens before. I've had the opportunity in my lifetime to travel the world, and I always say that Canada is the greatest country that you can possibly come from and live in, and I truly mean that. The fact is that, when we look at the government and politicians such as you, we rely on you.

It was a big step for the Government of Canada when this worldwide pandemic took hold. It took a bit of prodding, but we got the government, in regard to the CERB and all those other sorts of things, to basically lift, making sure that people had some income support to look after their loved ones and do what they did, and I think they did a good job of that.

The fact is that we look at you as the shepherds of our tax dollars to make sure that there's fairness imposed in them, and what we've seen, in particular, now with the cut.... The COVID crisis is far from over, in my perspective. You have the vaccine issue that's all out there, so there are many things there. The other thing is that some people who have taken dividends have not lived up to the spirit and intent, and I think what that does is it destroys the credibility of folks who are out there, politicians who, each and every single day, say, “We want a fair society. We want to make sure that our people and our children are looked after.”

I think that, when you have the wealthy.... You've just scratched the surface in regard to where you're going to go after the folks with the big yachts and some of these massive, expensive cars. That's not gone far enough. They need to pay their fair share, so I think that the government needs to focus on making sure that the CERB, the clawback.... Why from July 4? You're sending a terrible message for the folks from the beginning. They're given dividends, they've laid off workers and they've not followed the procedures. I say, as I said in my testimony, that we need to focus on those things. There are many great things in this budget that we need to move forward. We have many challenges ahead, but what people look at is fairness. It's fairness to make sure...and I give credit. I've given credit to this government before when they announced moving the CERB to the $500. If you look at the statistics, a lot of people support that.

Much needs to be done to make sure that we go after those cheaters who have not lived up to the rules. The fact is this: Make the rich pay. My God, all of us, each and every one of us on this screen, we pay our fair taxes. Why shouldn't the ultra-rich be in that same position? They all have to contribute. That's what makes this country so great.

Mr. Peter Julian: Thanks so much for that answer. When you talk about fairness, we know that this crisis has exacerbated problems around access to medication. There are 10 million Canadians who have no drug plan or medication plan.

How significant is the government's abandoning of any commitment around putting in place public, universal pharmacare?

Mr. Ken Neumann: Peter, that could take a long.... That one tears at my heart. I've seen promise after promise after promise with regard to pharmacare and by all indications, if you look at the last two years, the spin that was out there that pharmacare was about.... I've witnessed many bankruptcies in the steel industry and whatnot, and I've seen some of our members when we weren't able to protect the pensioners because of the fact that their benefits were cut because the bankruptcy laws weren't in our favour. I have phone messages where the son is calling in for his mother because she's lost her benefits. She has to make a decision based on food versus medication. That's not the society Canada is at.

If we can't look after that third stool with regard to the national medicare program.... Pharmacare is something that is desperately needed. There are thousands and thousands of people out there every single day. This is about having a healthy society. This is about having a healthy Canada. This is about giving people some dignity and respect.

We had a terrible situation more recently during this pandemic with what we have seen take place in the nursing homes, but pharmacare obviously has to be at the forefront. It is paramount to having a society where people can live a decent life and make sure they are looked after.

I can't say enough about the backtracking on that, because it was a commitment that should have been in this particular bill. All indications were it was going to be there, but somehow, poof, it disappeared.

The Chair: We will have to end that round there.

We'll go to a five-minute round with Mr. Falk, followed by Ms. Koutrakis.

Mr. Ted Falk (Provencher, CPC): Thank you, Mr. Chair.

Thank you to all of our witnesses here this morning. You have provided some very interesting testimony for this committee's study.

Mr. Cunningham, I would like to start with you. I just want to confirm that I heard something correctly. You said that annually there are 48,000 deaths from cancer caused by smoking.

● (1205)

Mr. Rob Cunningham: That's correct. It's the leading preventable cause of death in Canada, 30% of cancer deaths but also heart disease and stroke and respiratory diseases. It's an enormous public health issue that remains and there is a lot that we can do about it. The tobacco tax increase will help to address that.

Mr. Ted Falk: That's what I'm wondering. I'm looking at our COVID response and we've turned our country upside down for 25,000 deaths from COVID. You're saying that you have double the amount of cancer-related deaths just from smoking. I'm wondering whether you believe that the response is adequate.

Mr. Rob Cunningham: Certainly a lot has been done. We've made tremendous progress. Smoking prevalence in Canada has decreased from 50% in 1965 to 15% in 2019, but we still have 4.7 million Canadians who smoke and the government does have an objective of under 5% tobacco use by 2035. The government has implemented the best plain packaging regulations in the world. Certainly vaping by youth is a new threat. There are regulations going forward on that, but there is so much more that we can do in terms of legislation and in terms of programs. The answer is absolutely yes.

Mr. Ted Falk: Thank you, and thank you for that testimony.

Mr. Lee, I want to ask you a few questions.

I've been connected to the construction industry for the last 30 years. I've worked with many of your homebuilder members. I spoke with a builder just on the weekend and he informed me how the average home cost, just from a lumber perspective has increased about $40,000 on the average home in this last year. The OSB board has gone from $8 a board to over $80 a board with limited supply now. It has gone up 10 times. Dimensional lumber has gone up triple or quadruple in this last year.

Do you have any explanation as to why there is this amount of inflation?

Mr. Kevin Lee: Yes, we deal with lumber every day. It's a huge challenge right now. It is another situation of supply and demand. We've seen a huge increase in demand for housing of all forms across North America and the lumber industry has had a very hard time catching up with the slowdowns early on in the pandemic and an unexpected boom in housing. We've had transportation issues across Canada as well.

It's going to be really critical that the softwood lumber agreement gets settled. That will provide some more stability for Canadian lumber producers. We also need to look at what else can be done to get more lumber and keep more lumber in Canada. It's one of our precious resources. How do we help make sure we have enough?

We've talked about the shortage of housing and the shortage of housing supply. Right now we're being hampered as a country in being able to build more when there is that demand, so moving forward we really do need to investigate everything that can be done. Our mills are doing quite a bit of work. Production is up compared with just prior to the pandemic, but certainly there is an opportunity for the federal government to dig in some more and see what else we can do to increase the supply of lumber for Canadians.

Mr. Ted Falk: One of the issues of concern that I hear a lot about in my constituency is the availability of building lots, especially from the affordable housing perspective. There is not an adequate supply of raw land that's zoned properly. I'm being led to believe it can take up to seven years to go through the necessary approvals and regulations to move land to a situation where you can actually develop on it.

Is that an issue you're hearing from your homebuilders, that there's too much regulation and red tape?

Mr. Kevin Lee: Yes. There are certainly lots of opportunities to streamline things, and we do think there is a federal role. Obviously, most of that occurs at the local level and somewhat at the provincial level, but there is a leadership role and an analysis role that the federal government can play to help streamline that and also help municipalities get things done faster.

Certainly through COVID we've seen an increased use of digital processes to help move things along, with more electronics being used to speed application, and the rest. Also, streamlining some of the competing regulations and looking at regulation to see what really needs to be done to help get more online faster would go a long way to giving us the capacity to get more houses for the Canadians who need them.

● (1210)

The Chair: I'm sorry, but we're out of time, folks.

Mr. Ted Falk: I'm certainly not out of questions, but I'll cede to you, Mr. Chair.

The Chair: I knew you weren't out of questions, Ted.

We'll turn to Ms. Koutrakis for five minutes, and then go on to Mr. Ste-Marie.

Ms. Annie Koutrakis (Vimy, Lib.): Thank you, Mr. Chair.

Thank you to all our witnesses this afternoon for their very thoughtful and important testimony.

My first question will be to either Ms. Masotti or Mr. Cunningham.

Ms. Masotti, it's nice to see you again before the finance committee. The last time I spoke to you face to face was more than a year ago, and it was great to meet you at that time.

As we know, the budget proposes to establish a national institute for women's health research. I'm wondering if I can get your thoughts on that. Perhaps you could explain to the committee why dedicated research and funding to support women's health care is necessary, in terms of COVID or otherwise.

Ms. Kelly Masotti: It's nice to see you again as well.

I think I'm going to get back to you with a more detailed response. I was prepared to speak to EI today and the tobacco tax increase.

What I will say is that any increase to research dollars in Canada is a bonus. What we saw with COVID and the supports from the government was the ability for research to be maintained. Initially, researchers were not included in the support services, so our organization indicated that in order to maintain a standard level of research in our country—specifically cancer research is what we were speaking to—these supports were desperately needed.

For an organization like the CCS, we offer not only dedicated research on cancer but also support services for those who are living with cancer. It's both the research side of our portfolio and the support services that we were concerned about in the last year, and moving forward as well. It's both donor dollars and supports from the government that charities need in order to maintain the level of service that we're providing for people living with cancer and their family members.

The research dollars that were included in this current federal budget were welcomed by the Canadian Cancer Society. I'll get back to you with more specifics about why a gendered focus is important as well.

Ms. Annie Koutrakis: Thank you.

Mr. Chair, perhaps that response could come through the clerk so that it can be sent to all members of the finance committee.

My next question is to Mr. Lee. Thank you for your testimony.

The budget proposes $300 million in the rental construction financing initiative, a program that supports the conversion of vacant commercial property into affordable housing units. In your testimony, you touched on that. I'm wondering if you can comment on the current interest in these types of conversions and explain the process of converting these spaces to the committee.

By extension, what types of construction workers, contractors or suppliers are generally involved in these conversions?

Mr. Kevin Lee: Thanks for the questions.

Obviously what COVID has done is given a different look to many commercial spaces that we expect will be permanent and long-lasting. The ability to bring more residents into different areas—a lot of the time these will be in more urban cores—is a great opportunity.

In terms of construction jobs, there's obviously a lot to be had. It really runs the gamut. Retrofitting a building basically uses the same trades as building a new home does, from plumbers to framers to steelworkers to electricians. I think there is a big opportunity to do this, and also to do more.

Because it varies a lot from project to project, more guidance could certainly help things to move faster, which is why we're also recommending some work on guides to help the contractors do things in an efficient way and to learn from each other as well, moving forward, as we do more and more of this.

Ms. Annie Koutrakis: Mr. Chair, do I have time for one short one?

The Chair: You can have a very short one, 45 minutes for both the question and answer.... I mean, 45 seconds.

Ms. Annie Koutrakis: Forty-five minutes—I was going to take it.

My next question is for Ms. Deans. In my own riding of Vimy, some incredible housing projects for women facing conjugal violence have been funded through the rapid housing initiative. I was wondering if you could share some examples of women-focused affordable housing that's been developed in Canada, and comment on the importance of dedicating 25% of RHI funding to women-focused projects.

● (1215)

Ms. Julia Deans: We can certainly speak to the need. We're not participants in the rapid housing initiative at this point, but as I said earlier, 35% of the people benefiting from our current funding through the co-investment fund are single women. That, I think, speaks to the need and the size of it. It's much more than 25%, so I would just echo the thought that we need to be keeping women, particularly single mothers, in mind in this year when so many women have been truly battered by COVID, particularly those in the workforce.

The Chair: Thank you, all.

To complete the panel, we'll sum up with Mr. Ste-Marie and Mr. Julian for two minutes each, and then Mr. Vis and Mr. McLeod for three minutes each.

Mr. Ste-Marie.

[*Translation*]

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

Let me come back to you, Mr. Céré. You were saying that the blind spots in division 36 of part 4 of Bill C-30 were taking us back to the status quo. Unless I'm mistaken, you mean this would be a return to the Axworthy reform of the 1990s, right?

Mr. Pierre Céré: That's right. The employment insurance system, as it is called today, was reshaped through austerity measures in the 1990s under the Mulroney government until the Axworthy reform, which reduced the protections of the employment insurance program. The program was literally put in a straitjacket and has never been released, except during the current crisis.

However, the temporary measures that are being put in place and partly renewed starting in September leave two major blind spots: the benefit period is too short, which is one of the devastating effects of the Axworthy reform, and the calculation of the benefit rate is based on a variable divisor based on the unemployment rate, which was inspired by a study done by the Forget commission in the 1980s, which wanted to annualize the system to lower the benefit rate in the calculation.

In the budget implementation bill, the government is announcing that it will return to the status quo in September. This is clearly unacceptable in the current crisis. Hundreds of thousands of people across Canada will suffer.

Mr. Gabriel Ste-Marie: So it will mainly be people who are in seasonal or other sectors that will have more difficulty getting back on their feet, such as the major tourism industry.

Mr. Pierre Céré: That's right.

There are also all those who have temporary jobs. That's a lot of people. Some people find themselves unemployed between two contracts. I'm also thinking of all those who have part-time jobs, who have trouble accumulating hours of work and who will find themselves unemployed, with very short benefit periods. All of these people represent about 35% of the labour force, according to official Statistics Canada data.

So, here, the government isn't fulfilling its obligations to the public in this regard. I will quote the Liberal member for Hochelaga—

[*English*]

The Chair: Thank you, both. We'll have to go to Mr. Julian, followed by Mr. Vis.

[*Translation*]

Mr. Pierre Céré: Okay.

Mr. Gabriel Ste-Marie: Thank you.

Mr. Peter Julian: Mr. Céré, could you tell me quickly how many people you think will be affected by these budget cuts to the EI program. You mentioned hundreds of thousands of people, but do you have an approximate number? It's important.

Mr. Pierre Céré: Currently, the number of EI claimants is approximately 2.3 million. I mentioned the fact that 35% of the workforce is in precarious employment. So it quickly becomes hundreds of thousands of people. That's a lot of people.

There are also all indigenous communities that are landlocked in EI administrative regions where the unemployment rate may be lower than it is in the communities. The people from the Assembly of First Nations have mentioned this. The official unemployment rate often does not reflect the reality, that is to say, the adjusted unemployment rate, or what is called the underutilization of the labour force. There may be a lot more unemployment in some parts of the EI administrative regions, but people are going to end up with a divisor that is very—

Mr. Peter Julian: I'm sorry to interrupt you, Mr. Céré, but I'd like to ask another question. Thank you.

[*English*]

Mr. Neumann, I have a final question to you.

You've been a long-time advocate of a job strategy prioritizing domestic procurement. How important is it that the federal government actually start to take these things seriously and get them right?

● (1220)

Mr. Ken Neumann: I think it's crucial.

If you look at what's happening in the U.S. in regard to the $2 trillion dollars, and if you look at my testimony in regard to the “Buy Clean” report, Canada has an advantage. If you look at aluminum, steel, lumber, you see we have the lowest carbon emissions of anywhere in the world. That's something the government needs to pay attention to.

As far as procurement is concerned—and I'm sure that each and every one of you knows this—why are we in this country still today building bridges with Chinese steel? If you want to look at the carbon footprint, why are we bringing rebar in from China to build the Site C dam? The list just goes on and on.

When we talk about the investment in rail—there is a $15-billion investment—one question I ask is, where are they going to source the material from? Why aren't we sourcing that material from our places here, where we produce it? It's crucially important that it contain jobs, contain good living wages for workers who work in those particular industries.

The government has it right. You have a friend in the U.S. in regard to the environmental issue. I think there is a much better alignment of the Prime Minister and the current president in the U.S. Buy America is going to become a big thing, and I can assure you that our union is going to be working on both sides of the border, as we've done before under the Obama-Biden administration. We got an exemption, and that's what needs to be done.

We have a main advantage, and that is the environmental impact. The fact is, about buying green or buying clean, that's what the government needs to pay attention to.

The Chair: Thank you both.

Mr. Vis, you may take three minutes, and Mr. McLeod will wrap it up.

Mr. Brad Vis: Thank you, Mr. Chair.

I'm going to pick up with Mr. Lee where I left off.

One of the recommendations of your organization talks about the federal government providing leadership—and you have touched on this already a bit, but I think it's really important to emphasize—on the key challenges to new construction—zoning restrictions, density limits and Nimbyism—for all forms of housing, including market housing.

Further, what role can the federal government play in this? These are uniquely municipal or provincial issues, but we're hearing more and more that the federal government needs to step up to the plate to provide the leadership.

Can you give us some more concrete examples, please, about improving supply for new homes in Canada?

Mr. Kevin Lee: Making sure that we know what the communities of Canada should look like in the future is a really important role of the federal government. It addresses Nimbyism. It addresses density.

There have been a few questions about the rapid housing initiative. Our modular construction council members have been heavily engaged in it. I think it's quite a success story. It also shows that where there's a will, there's a way.

Many projects are going through really quickly. We talk about seven years to get land ready, but when there are a few dollars available and we're trying to address some important affordable housing needs, all of a sudden projects are happening at record speed. If we can do that, in collaboration with municipalities, for the rapid housing initiative, surely there are opportunities to do it for market rate housing, which would include houses that the average Canadian can afford.

Mr. Brad Vis: Just to clarify, you're suggesting that the federal government use, say, infrastructure dollars to incentivize the creation of more supply in order to get homes built more quickly.

Mr. Kevin Lee: Exactly. There is a huge opportunity. The federal government makes big, important commitments to infrastructure. There is no reason these can't and shouldn't be tied to the housing Canadians need.

Mr. Brad Vis: Thank you.

The Chair: You have time for one more, Mr. Vis, if you want.

Mr. Brad Vis: You've also touched upon supply. Concerning the federal lands initiative, has there, from your understanding, been any movement on the part of the federal government towards providing a list to homebuilders or to the non-profit sector in housing to say where the federal government owns land and where it can be used for developing new homes?

Mr. Kevin Lee: I think there has only been a little bit of movement, from my knowledge at least, on that front, but we can look into it more. It is an obvious and big opportunity. The federal government does own lands in many very opportune places that would be great for providing all forms of housing for Canadians. It is a really great opportunity to pursue further.

The Chair: Thank you, all.

Mr. Brad Vis: Thanks so much.

The Chair: We'll turn to Mr. McLeod for three minutes. Then we will have to conclude.

Michael.

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

Thank you, everyone, for your presentations today.

My question is for the Canadian Cancer Society. First of all, I really appreciate the work you do and everything you've done over the last while on the issue of cancer. I come from a very large family. The issue of cancer has been something that has plagued us, as it has most big families.

It's even more challenging when you come from the north. For us to get a diagnosis or any kind of checkup, we have to go to Alberta. For anybody to get any kind of treatment, they have to go to Alberta. It's not like walking across the street to get a doctor's test. It's expensive, it takes a lot of time and it really puts a lot of burden on the families. It was really good to see what the budget has for support, increasing the time to 26 weeks.

You mentioned that you would have liked to see a 50-week period. Can you explain how you came up with that number? It does make a lot sense for many of us who are in the remote areas, but I'd like to hear your side of it.

● (1225)

Ms. Kelly Masotti: Thank you for the question.

We were supportive of at least 26 weeks, which is what has been included in the federal budget. We were pleased to see that as a starting point. We know that claimants exhaust the 15-week mark that currently exists. About three-quarters of claimants took at least an additional 26 weeks off of work.

When we talk about 50 weeks, 26 weeks is a strong start, but we know that the average length of treatment and physical recovery for breast, colon and rectal cancers, three of the most commonly diagnosed cancers, exceed that 26 weeks—26 to 36, 37 and 47 weeks respectively. We also know that the overwhelming majority of Canadians support an extension greater than the 26 weeks to 50 weeks. Polling conducted in March 2021 showed that 84% support extending the employment insurance sickness benefit up to 50 weeks, and four in five Canadians would do so despite the cost to themselves or their employers.

Any additional extension beyond 26 weeks would also be very welcomed by the Canadian Cancer Society. We know that all parties have supported an extension. We welcome continuing this discussion and moving this file forward.

The Chair: Thank you, both.

Just quickly, Mr. Brush, there were no questions to you. Do you have anything you want to add before we close?

Mr. Michael Brush: Thank you. I just want to say that this is a great opportunity. That's number one. Number two, at a local level, we are trying to take advantage of the RHI funding as well, along with the other types of funding the federal government is giving. I understand that more has been opened up. At a local level, we are looking for that opportunity.

The Chair: Good. Thanks very much, Mr. Brush.

Be careful jogging.

Mr. Michael Brush: I will. Thank you.

The Chair: I want to thank all the witnesses for their appearance today. As with most panels, we covered a fairly wide map.

Mr. Neumann, I think Peter said it on behalf of us all. On behalf of the whole committee, thank you for your life's work. Putting pressure on governments of all types is part of the job that you've had. It leads to better policy, regardless of political stripe.

We wish you well in your retirement and all the best.

Mr. Ken Neumann: Thank you very much.

The Chair: Thank you, everyone.

Committee members, we will suspend and then come back to the next panel.

● (1225)

_____________________(Pause)_____________________

● (1230)

The Chair: We will reconvene and call the meeting to order.

We welcome the second panel of witnesses to meeting number 47 of the House of Commons Standing Committee on Finance.

We are, as you well know, meeting on Bill C-30, an act to implement certain provisions of the budget tabled in Parliament on April 19, 2021, and other measures. I should call it the prestudy on Bill C-30, because it hasn't been referred to us as of yet.

With that, welcome, again, to all the witnesses. We will start with the Canadian Union of Public Employees.

If you could keep your remarks roughly to five minutes, we will have more time for questions. We'll start with Ms. MacEwen, senior economist, National Services, CUPE.

Welcome, Angella.

Ms. Angella MacEwen (Senior Economist, National Services, Canadian Union of Public Employees): Thank you very much. It's nice to be here with all of you.

The Canadian Union of Public Employees is Canada's largest union, with over 700,000 members. Our members work in a broad cross-section of the economy such as health care, education, municipalities, libraries, universities, social services, public utilities, emergency services, transportation and airlines.

With regard to this budget, we want to reiterate that investment in the care economy, including health care, child care and social services, will have social and economic returns far higher than the current cost of borrowing. A vibrant, accessible care sector ensures that everyone can participate in the workforce, which will be essential throughout the economic recovery. Government investment in care improves labour market outcomes for women and overall productivity, allowing governments to recoup the upfront costs at the end, so we're very glad to see the investment in child care that was proposed with the provinces.

To make sure this reaches its full potential, we need to see a strong workforce development plan alongside the proposed child care spending to make sure that we have enough trained workers and to ensure that the lower costs of child care we want to see for parents is not being subsidized by pushing the wages of workers even lower than they already are.

In terms of employment insurance, CUPE has long asked for some of the reforms to employment insurance that we see temporarily implemented here such as the lower-paying Canadian entrance requirement and the extra five weeks in high unemployment locations.

We were disappointed to see that the promised extension of EI sickness benefits to 26 weeks has been delayed until the summer of 2022, because that leaves a substantial number of long-haul COVID patients without the economic supports they'll need. They will have exhausted all other benefits, and implementing the EI sickness benefits right now would have been a way to kind of bridge that gap for a lot of people.

We are happy that there is substantial money for training; however, nearly all of it is being targeted for employer-led and employer-developed training. There is no direct support for workers themselves and no support for worker-selected training. The need for training supports and flexibility on training will only grow more urgent as Canada's economy transitions to create more green jobs.

On the minimum wage, CUPE is happy to see the federal government establish a federal minimum wage of $15 per hour. We recommend that the federal minimum wage be adjusted upward annually faster than CPI for the first five years, recognizing that the costs of essentials such as food, water and shelter are increasing faster than the overall rate of inflation, and the $15 rate is what was proposed several years ago and has already been eaten away by several years of inflation.

In terms of tax fairness, this budget was a big disappointment. Tax cuts since 2000 have reduced federal revenues by over $50 billion annually, and the major beneficiaries of these tax cuts have been large corporations and the wealthiest Canadians. These cuts have left a huge hole in federal budgets and have had a ripple effect across provincial budgets as the federal government stepped back from funding essential public services.

The federal government could have increased revenues by over $50 billion without increasing tax rates on middle- and low-income Canadians with fair tax measures like restoring the federal corporate tax rate to 21%; eliminating wasteful and regressive tax loopholes; changing how we tax capital gains deductions, the benefit of which goes to the top 10% of income earners; cracking down on tax avoidance in ways that we know will make a difference rather than just continuing consultations; and introducing a wealth tax on estates over $20 million. The federal government should also still consider introducing an excess profits tax that could raise up to $8 billion, even if it's only on 15% of excess profits for one year.

In terms of transparency and accountability for public supports, unions asked the federal government, when it was implementing supports such as the wage subsidy, to make sure the rules for this program were fair. What we've seen is that did not happen, so lots of very profitable companies have taken public money at the same time as they were paying out big bonuses to executives and dividends to shareholders, laying off or locking out workers and using the wage subsidy as a way to push workers to accept lower working conditions and wages.

● (1235)

There's substantial room for improvement in terms of the transparency of corporate support to ensure the effectiveness and fairness of public spending. CUPE has recommended several ways in which the government could strengthen these conditions and improve transparency and accountability. These include clauses that mandate labour protections for workers, including protection of benefits and health and safety protocols, and ensure protections for whistle-blowers. When there is a union in the workplace, include them in the negotiations for wage subsidies and other supports. For a year after a corporation receives public subsidies or loans, implement prohibitions on dividend capital distribution and share repurchases.

As well, make information about all of this, about how public money is being spent, clear and publicly available.

Thank you.

● (1240)

The Chair: Thank you, Ms. MacEwen.

We'll turn now to the Council of Canadian Innovators and Jim Balsillie.

Mr. Balsillie, go ahead.

Mr. Jim Balsillie (Chair, Council of Canadian Innovators): Thank you, Mr. Chair.

I'm Jim Balsillie, presenting on behalf of the Council of Canadian Innovators. I'll make two observations about the structure of the modern economy in relation to the budget and conclude with one recommendation.

The accelerated pace of innovation and the digital transformation over the past 30 years has created a new kind of economy in which the basis of wealth and power is derived from the ownership of valuable IP and control of data. Concurrently, the new technologies of this era, centred on the nexus of automated decision-making and machine learning, are reshaping our social and political spaces. Intangible assets comprise 91% of the S&P 500's $28-trillion total value.

This shift is unprecedented in its degree and rapidity, particularly with the emergence of high-profit firms with monopoly positions based on IP rights and control of data assets. Wage growth is now concentrated on the small workforces of firms rich in IP and data, which drives inequality. These firms have a low propensity to invest because they generally don't produce tangible goods. Rather, the marginal production costs of their intangible goods is near zero. Additionally, the nature of the taxation system on the profits of intangible assets allows firms to deploy effective tax-minimization strategies, resulting in tax base erosion for Canada.

Countries around the world, starting with the U.S. in the 1980s, have retooled and recalibrated their prosperity strategies to fit with the shift from the traditional economy to the economy of intangible assets. Canada's prevailing policy orthodoxy, still visible in this most recent budget, is to stick with the traditional production economy strategies for growth, even though such an approach continues to result in weak productivity, lower rankings in innovation indices and, most acutely in the last decade, a decline in our GDP per capita compared with the U.S. As the chart in my appendix shows, Canada's deficit on IP payments and receipts is widening at an alarming rate. This deficit would be much larger if the value of net flows of data was included.

In the contemporary economy, the objective is to generate and control IP and data stock assets for their economic and non-economic benefits amidst rivalrous international economies. Canada's prosperity strategies are not only inadequate but often also counterproductive. The first is creating foreign direct investment agencies and programs that have no contemporary analytical framework, unlike our peer countries globally. The second is a 15-year spree of signing free trade agreements despite economists writing, as early as 2003, that international trade treaties have shifted to dealing with strengthening protections for IP owners rather than traditional tariff reductions. The third is making enormous investments in scientific research without adequate IP policies and strategies. Fourth is the underfunded and outdated mandates for critical regulators in the modern-day economy, such as foreign investment, privacy and competition.

The federal budget reflects an outdated approach to a contemporary economy. It also fails to recognize the real limitations of our institutions. It is irresponsible to pack 270 measures into a 700-page document and expect that they will be implemented. It's futile to invest enormous public funds without updated frameworks and clear strategies that would yield desired outcomes for Canada. While the risk remains high for turning a dollar of taxpayer investment into 10¢, there is also the risk of continued counterproductive measures where taxpayer funds generate negative returns for Canada.

Finally, the redistribution of a fixed economic pie or the prudent fiscal anchors many are advocating for are insufficient without a strategy to generate new wealth. Canada urgently needs growth strategies attuned to contemporary realities and budgets to reflect them.

I offer one recommendation that can foundationally help improve Canada's budget planning and implementation—namely, rebuild the Economic Council of Canada to create in-house capacity for the analysis of the contemporary economy. The nature of today's global economy requires an unprecedented amount of horizontal integration, analytical depth and rapid response to deal with the accelerated pace of innovation and the powerful feedbacks and spillovers that emerge in our networked society. A properly built economic council would lead in the very necessary revival of our policy community and help the government rebuild critical capacity that favours national interest, including post-COVID economic recovery.

In closing, I reiterate that misunderstanding our changed economic realities comes with real consequences to our prosperity, security and ultimately our sovereignty. Helicoptering money does not work like it used to, because the volume of credit needed to produce one unit of GDP growth tripled between 2007 and 2015. Simply chasing jobs with an assumption of relatively homogeneous firms is a race-to-the-bottom strategy that will worsen inequality.

● (1245)

Canada has the potential to build back better, but it begins with knowing what we need to build and how we need to build it.

Thank you.

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

We turn then to FlightSimple Aircraft Sales and Michael Wilton, president.

Michael.

Mr. Michael Wilton (President, FlightSimple Aircraft Sales): Good morning, everyone.

I apologize. I'm not likely to be as eloquent as some of the other speakers here. I'm just some simple farm kid from the Prairies, but I did want to speak today about the luxury tax that's been proposed to be imposed on aircraft.

I grew up in the Prairies. My introduction to aviation was from my grandfather who was actually a flying doctor in Manitoba. He had a very modest house and a very modest car and a very modest manner about him. He chose to spend his money to have a four-seat single-engine airplane so that he could travel from Winnipeg to outlying communities and provide very beneficial consultation services for his gall bladder surgery process to outlying communities in Manitoba.

That was how I was introduced to aviation. My very earliest form of joy of aviation was travelling with him while I was visiting in the summer and spending time in places like Gimli and Baldur, Manitoba, travelling around at the airport and going to the local ice cream shop, but I at no time thought he was a big jetsetter. That was not his style. He was a pretty low-key guy.

That's really what general aviation is and I think the concern is that the budget may have lost sight of that situation, especially with the $100,000 lower limit. The impact on the economy of the GA community is quite extensive. I was recently on a trip where I went to see a client in Maple Creek and then a client in Regina and a client in Saskatoon. That trip normally takes about three and a half days in the car from Calgary, with obviously a much higher carbon footprint, being on the road, and then there are the dangers of travel, not at this time of year but certainly in the winter. I was able to do that trip in my own airplane in less than two days and be back in time to pick my young boys up from school and have supper with them on day two. Not only that, but I bought fuel in Maple Creek, I purchased fuel in Regina, I rented a hotel room in Regina, took two cab rides in Regina, one to the hotel and one back, as well as some FBO services in Saskatoon.

The economic impact of what would be considered a very short trip in my business but a very essential one in an effort to see my customers, who can't readily move their aircraft to my location for review and sale, was critical. The reason we do that and the reason I own the aircraft for that business purpose—I am by no means rich and my bank account can definitely attest to that situation—is that our realtor wouldn't ask us to bring our house over to have the pictures taken and the sale done. That is really how we treat aviation for my clients. We can't reasonably expect them to travel to us in the airplane. For the most part, we need to travel to them.

There are a lot of other underlying items, like flight training. The large jets that we were lucky enough to travel on a couple of years ago, prior to the COVID pandemic, of course, are flown by students who fly 40-year-old to 50-year-old aircraft in their training regime. The imposition of this tax is going to limit flight schools' ability to purchase new and more up-to-date equipment to train our new pilots, to the detriment to our aviation industry and the aviation industry worldwide.

One of the other major issues with this is that this tax will affect agricultural aircraft, which are critical, especially in wet years, to ensure that Canada is still feeding the world, as we are known as the breadbasket. Our aging fleet is really getting to that point where $100,000 doesn't buy you much of an airplane anymore. A brand new Cessna 172, such as you would see for training purposes, is upwards of $500,000 plus Canadian dollars. It's going to be very difficult for flight training units to bring in new and updated equipment if there's a large tax imposed on that piece of equipment. They're eventually going to have to slough that down onto their students who are going to end up having to pay more for flight training, which is going to cause a ripple effect of a reduced workforce in the aviation industry.

It's important to note that as much as people say that people with airplanes are rich folks, which is certainly the case sometimes, no question, most of my clients are pretty normal people. They're farmers. They're ranchers. They're business people. They own a small shop. They've just chosen aviation as their given enjoyment.

I have friends with multiple vehicles and half-million dollar houses and cottages at the lake and ski boats, and they're called very successful. I don't have any of that, but I have an airplane and I'm called a rich guy. We don't think that's fair, that Canadian aviators and owners should be brushed with the same stroke as somebody who flies around in a $150-million gold-plated jet.

Thank you very much.

● (1250)

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

Turning to the Retail Council of Canada, we have Karl Littler, senior vice-president.

We're not hearing you, Karl. You could be muted in two different ways. We'll get IT to give you a call.

We'll go to the next witness, Jerry Dias, who has been here many times, and Kaylie Tiessen. Jerry is the national president of Unifor.

The floor is yours, Mr. Dias.

Mr. Jerry Dias (National President, Unifor): Thank you very much, Mr. Easter.

Good afternoon, Mr. Chair and members of the committee. I'm pleased to be here today to provide input on the budget implementation bill. My name is Jerry Dias, and I'm the national president of Unifor.

Just as an aside, it's always my pleasure to appear before many MPs I have had some stimulating debates and conversations with over the years. Once I give my presentation I'm going to have to get off the call. I'll be speaking to the Prime Minister very shortly on a variety of things, but also I have my national executive board meeting going on as we speak and I'm going to get to that once I'm finished with the Prime Minister.

Since the beginning of the pandemic, Unifor has advocated for governments at all levels to put policies in motion to build a fair, inclusive and resilient economic recovery. We call it our "build back better" plan. This year's budget and the first budget implementation bill show the government is at least on the right track. There are a number of items in the bill that are a good start but need some improvement.

These are the items I will bring to your attention today. First, I want to address the minimum wage. Reinstating the federal minimum wage and increasing it to $15 an hour is a long overdue move. It will significantly impact more than 67,000 people working in the federally regulated sector, but $15 an hour is no longer adequate. The truth is that we've been calling for a $15 minimum wage for many years now. It may have been enough five years ago, but it's certainly not enough today.

Frankly, the government was talking about implementing this in 2019, and even then it would have been somewhat short. The minimum wage should be set at 60% of the median wage for full-time workers. This was the recommendation of the government's own expert panel on modern federal labour standards. Following this policy would set the minimum wage at $16.73. Government should be adjusting the minimum wage annually by inflation or by the average annual wage increase, whichever is higher, and establishing a federal low-wage commission to monitor the impact of low wages on workers and the labour market.

Second, I want to address the employment insurance and recovery benefit extensions.

Extending the wage subsidy program is an important step in keeping workers employed during this tumultuous time. The ramp-down rates make sense in many circumstances, but for the hardest-hit sectors, such as air transportation, this change can make the difference between a worker keeping their job or not. We recommend increasing the top-up rate for companies with significant, persistent revenue decline, as they may not be eligible for the Canada recovery hiring program because they are not yet ready to hire new workers.

The executive compensation rule for publicly traded companies should be applied for all wage subsidy support received in 2021, and not just what is received after June 5.

The extension of the Canada recovery benefit and the temporary changes to employment insurance are important. Together, EI and the CRB have illustrated the incredibly important role income support plays in stabilizing workers' lives and the need to fix our currently broken EI system with permanent reforms. We recommend some additional items to strengthen the positive effects these programs can have, including reducing the qualifying hours from the current 420 to 360, and maintaining the minimum benefit rate at $500, while increasing the income replacement rate.

Third, the budget takes an important step in stabilizing employment at airports by reducing some of the negative effects of contract flipping. We support the change and encourage consultation on the regulations in order to ensure all workers are protected by it. In order to further reduce the negative effects of contract flipping, government should extend successor rights.

Fourth, implementing the digital tax on digital giants and extending HST to streaming services are important steps to creating a level playing field and ensuring that large, digital corporations are paying their fair share. We're very concerned that the laws put in place will result in the digital giants not paying their fair share. That outcome would be unacceptable.

Fifth, the modest changes to OAS acknowledge that the current retirement security system does not provide adequate income for retirees, but it is not enough. Government should be exploring innovation in providing defined benefit plans for workers instead of looking to modest changes for the worst off and annuities that mimic retirement security provided by a DB plan, but deliver less.

● (1255)

Finally, the nod to the importance of Canada-made, zero-emission vehicles through tax incentives is incredibly important and a worthwhile endeavour. I will take a moment to remind folks that we do not yet build ZEVs in Canada. We have to keep this in mind as we consider ways to encourage consumer adoption, but we don't need millions in public dollars subsidizing imports. If we want to build this industry in Canada, and I think we do, all policies, including the development of charging stations, must move in lockstep with our industrial development plans.

Thank you. Kaylie will look forward to taking your questions.

Once again, thank you all very much for your time today.

The Chair: Thank you very much, Jerry.

You can say hi to the Prime Minister from all of the members.

Mr. Jerry Dias: I will say hi to Justin for you.

The Chair: Tell him we hope he's in a good listening mode.

Mr. Jerry Dias: Whether or not he's in a good listening mood, he will listen today.

The Chair: Okay. Is Karl Littler on, even by voice?

Karl, we might be able to hear you by voice. Try it again.

Mr. Karl Littler (Senior Vice-President, Public Affairs, Retail Council of Canada): Is this any better?

The Chair: That's better.

Mr. Karl Littler: It's a gaming headset from my daughter, but hopefully it will pass muster.

Good afternoon. I want to thank the committee for the invitation to appear today on behalf of the retail sector.

For those of you who may not be familiar with RCC, we represent over 70% of core retail sales nationwide. Our members are drawn from general merchandise, grocery, pharmacy and specialty retailers, both in bricks and mortar stores and online. Retail is Canada's largest private sector employer, albeit one that has been severely impacted by successive waves of COVID. When at full capacity, more than two million Canadians work in our sector.

I want to focus my remarks on several aspects of the 2021 budget, both on flagship measures to deal with the economic impact of the COVID pandemic and on a couple of issues of particular interest to retailers.

The major business support programs, CEWS and CERS in particular, have been vitally important lifelines during the pandemic. While we've suffered a significant number of closings and job losses, some of them regrettably permanent, COVID impacts would have been far worse but for the support that our merchants and workforce have received.

On behalf of the retail sector, we want to express our appreciation to the government for its leadership and to the opposition parties for working collaboratively to ensure that these supports continue to be provided through what we hope will be the conclusion of the final wave of COVID.

I want to turn briefly to a largely retail-specific measure that was raised in the budget, the matter of skyrocketing credit card acceptance costs. The move to online and curbside transactions and the growth of contactless payments, amidst hesitancy around the use of cash, has had a major impact on the cost of payment acceptance. Even pre-pandemic, Canada was seeing huge growth in credit card transactions, with $615 billion spent on credit in 2019, which is up 16% from the year before, according to Payments Canada.

On an average cost of 150 basis points, that represents $9.2 billion in costs to Canada's merchants. In reality, the average costs are higher, because corporate and prepaid cards are not covered by limits in the current stream. We don't have complete data for 2020 or 2021, but even allowing for the fall-off of spending on travel and hospitality, we would expect that the number would now be in excess of $10 billion annually, the vast majority of it falling on Canadian retailers and, ultimately, on Canadian consumers in the form of higher prices.

To be clear, Canadian credit card fees are much higher than in most other countries. In the 27 member-states of the EU, credit card fees are capped at 30 basis points, or one-fifth of the Canadian average level. They're also tightly constrained in Australia, Israel, China, India, Switzerland, and the list goes on. That's why our retailers are delighted to see the government's budget commitment to review these fees in the fall of 2021 and to act to reduce them.

We would suggest adding another criterion for the study and looking at reducing the gaps between fees charged for bricks and mortar transactions and the higher fees charged for e-commerce transactions.

In the five minutes allocated for remarks, it's tough to cover all the bases, but briefly, among RCC's recommendations that were not addressed in this budget was the call for a reduction on import duties, especially on apparel and footwear, which bear the heaviest costs. Those businesses have been devastated through the pandemic. Overall, these customs duties cost $4.5 billion annually. They're hidden in the price of goods, but they do drive up costs for retail businesses and the prices paid by Canadian consumers.

Lastly, we think it's high time that the government revisit the 2007 decision to eliminate the visitors tax rebate. Essentially, every other country with a federal sales tax has such a program in place, making destinations more attractive for tourist spending and, indeed, for tourism overall. You may note that this recommendation was also put forward by TIAC, the Tourism Industry Association of Canada, as both TIAC and RCC understand how important an issue this is for attracting high-spending tourists to Canada. RCC has a study available on this topic for those members who may be interested in the issue.

To close, I want to thank members again for today's opportunity to present a retail perspective on the 2021 budget.

I look forward to answering any questions that members may have.

Thank you, Mr. Chair.

● (1300)

The Chair: Thank you to all the witnesses.

The lineup for the first round of questions is Mr. Fast, Ms. Koutrakis, Mr. Ste-Marie and Mr. Julian.

Keep in mind that Ms. Tiessen is here for Unifor.

We'll start with Mr. Fast.

You have six minutes, Ed.

Hon. Ed Fast (Abbotsford, CPC): Thank you, Mr. Chair.

My questions will be directed to Mr. Balsillie.

Jim, thank you for sticking around to answer questions, because I'm sure we're going to have many.

Before I ask those questions, I want to commend to my colleagues on this committee a submission that Mr. Balsillie made to the industry committee, which is arguably one of the most thought-provoking analyses of our industrial policy in Canada today, showing how it fails to meet the challenges of a completely and dramatically changed environment.

Jim, you have, of course, highlighted the fact that the world has moved from a tangibles economy to an intangibles economy—especially Canada should know that—and that countries such as the United States or the European Union have recognized that. They have adapted a host of policies to reflect it.

You've had a chance to look at this budget now. Does it adequately respond to that completely different playing field?

Mr. Jim Balsillie: It does not in the slightest. It misses the foundational piece—that you need frameworks created by experts and managed by experts to make sure that you turn your dollar into 10 dollars, not 10 cents. Many of the past initiatives, such as the FDI agency or bringing Google to run Toronto, or partnering and supporting Huawei in Alberta or Facebook in Montreal, create negative returns for our economy.

Absent the marketplace frameworks and absent the expertise, we're just going to repeat past mistakes.

The great concern I have about this budget is that it does not address those problems in any form of specificity. It just helicopters money, or proposes to, but it also takes an extreme number of new measures—a former deputy clerk counted for me, I think, 270—which just massively outstrip the capacity of the government. It would be like my asking a solo homebuilder to build five homes for me in a week. Perhaps they can build one—which, in this case, we can't—but certainly not five.

No, then, it doesn't.

● (1305)

Hon. Ed Fast: Beyond just the growth in the size of the budget and the growth in the size of government and the growth in the size of spending, would you consider this a true growth budget, one that will serve Canadians?

Mr. Jim Balsillie: No, I don't see growth strategies in it. I don't see a strategy. I don't see focus. I don't see it focusing on generating intellectual, intangible stock assets, such as IP, for the benefit of Canada. I don't see data strategies that can handle this for the data economy. I don't see research strategies that will accrue benefits to Canada. We still haven't done the frameworks for these things. I don't see the right tax measures. I don't see the right investment measures.

I'm all for redistribution and I'm all for progressiveness, and I'm all for investment, but I'm not for waste. Redistribution is fine, but we still need growth strategies. I do not see growth strategies, no.

Hon. Ed Fast: Can you expand a little bit on your concerns about Canada's foreign direct investment strategy and policies?

Mr. Jim Balsillie: All leading countries in the world dramatically revisited their FDI strategies a long time ago. Whether it is Germany, Australia, the U.S., other parts of southeast Asia, the U.K., the EU or Israel, they understand what's called the economic spillovers. We have an orthodoxy that all investment is good, but in fact certain forms of foreign direct investment for the intangibles economy are designed to exfiltrate, or have negative spillovers.

The rest of the world was smiling when Canada opened up its economy and said, “Come and have at our best IP, our best small companies, our best researchers”. They couldn't believe it. No other country in the world does it the way we do. It's like putting our family jewels on a table in the front yard and saying, “Please, help yourself.” That was our prosperity strategy.

Hon. Ed Fast: Do you have any other growth strategies you feel the budget should have addressed and didn't?

Mr. Jim Balsillie: The most important issue is capacity. Canada embraced extreme neo-liberalism about 30 years ago just as the rest of the world was being much more hands-on. It was like a pilot where the skies got foggy and a mountain range was imminent, but we had the strategy of taking instruments off our planes while other countries updated their instruments.

Our number one job is to build the capacity of our civil service to actually craft these programs, to challenge bad ideas. I'm deeply concerned. We saw things like superclusters done with no IP or data strategy, and now there's just more money. We created an FDI agency with no analytical framework. We have no IP strategies for the billions in research funding. We do these research funds where we fund foreign financial companies and vaccine companies and so on, but it doesn't go to Canada getting the good jobs and getting the wealth effects. These are economic and non-economic, and it's called dual use.

We put ourselves in a hole through a strange orthodoxy that no one else in the rest of the world did over the past 30 years, and the first rule of holes is to stop digging.

The Chair: Okay, we are going to have to end it there. I'm sorry, Ed.

Hon. Ed Fast: Thank you.

The Chair: We're a little over, but it was an interesting discussion.

We have Ms. Koutrakis, followed by Mr. Ste-Marie.

Ms. Annie Koutrakis: Thank you, Mr. Chair.

Thank you to all the witnesses for appearing before the finance committee this afternoon.

My first question is to Mr. Balsillie.

My own riding of Vimy, which is the centre of the city of Laval in Quebec, Laval being the third-largest city in Quebec, is home to a vibrant and one of the largest clusters of biotech communities in Canada. This is why I was so excited to see the budget's proposed investments in the biomanufacturing and health-tech sectors through the strategic innovation fund. I know you touched upon it a little bit, but I'm just wondering how impactful, in your opinion, is the proposed $1 billion in funding for the life sciences and biomanufacturing sector. I know we can always do better, but how do you believe this funding can be used to grow our domestic manufacturing capacity in this sector?

● (1310)

Mr. Jim Balsillie: The issue is that, if you don't own the ideas, you don't get the rents. The great mistake of our approach to economic development is that we assumed firms are homogeneous whether you're a high IP-owning firm, domestic or international, whether you're a ring-fenced, high-cap pre-existing firm, or whether you're a low-wage firm with low barriers to entry. Therefore, absent the marketplace frameworks, which are very technical and very contended, the probability that we will suboptimize those investments to 50%, 60%, 70%, 80%, 90% is very high because the game is fought to accrue the economic benefits through the marketplace frameworks of IP and data and competition—and I could go into detail. If we don't do that, we're not creating the engine to get the benefits and that's been our failed orthodoxy over the last 30 years.

Every country in the world doubled, tripled or quadrupled down on those and we went hands off. It doesn't matter whether we spend it in biotech or quantum, or any clean tech, or whether we spend a billion or $100 million or $10 billion. The issue is that we don't have the capacity to get our appropriate returns on our investments.

I'm all for investments. I'm just not for investments into an improperly structured circumstance.

Ms. Annie Koutrakis: Your organization also commented on the government's investment in workforce development and retraining for transitioning workers. I'm wondering, from your perspective, what sectors or professions should training and re-skilling programs focus on in order to maximize productivity and prepare for the economy of the future.

Mr. Jim Balsillie: We've talked about productivity for decades, but we haven't done anything about it. The problem with our labour-skilling strategies is that I'm all for upskilling but then our economic development strategies.... I could give you numerous examples of taxpayer funds saying, come to Canada because our people are cheap, and then what happens is the best people say, I'm getting out of here because I'm not going to be sold as cheap labour. Then what happens is, in the best sectors where there's negative unemployment, these companies come and poach our best people just at critical times when companies are growing, and this is done without consultation with the tech leaders. I can happily give you 20 of the top tech CEOs in Ottawa who just met with the provinces on this, and they do all kinds of programs without talking to them.

I've never met a country in the world, except Canada, where we do major policies without talking to our economic innovators when it comes to innovation.

To answer the question, it's nuanced. It's interrelated to FDI strategies and so on, and you have to talk to the companies because that's how you find out what they need.

Ms. Annie Koutrakis: Thank you, Mr. Balsillie.

Ms. Tiessen, thank you for being here.

In response to the federal budget, Mr. Dias stated, “The only proven way to lead Canada out of the COVID-19 recession is through investments, and it's clear that Minister Freeland understands that reality.”

How would you respond to criticism that the federal government is spending too much to support Canada's economic recovery from the pandemic? In your opinion, could we have afforded not to make these investments at this point in time?

Ms. Kaylie Tiessen (National Representative, Unifor): That's a big question. How many seconds do I have?

The Chair: Go ahead and answer it, Ms. Tiessen.

Ms. Kaylie Tiessen: Okay.

To the second part of your question, could we have afforded not to, the answer is, no, we could not have afforded not to. Supporting people, supporting employment, supporting businesses to get through this crisis, one that we haven't faced in 100 years or potentially ever, would not have happened in a way that has been—I hesitate to use this word—as smooth.... It would have been a lot more rocky, if we had not put these investments in place, if you can imagine that.

We've seen research prior to the pandemic, and again going through the pandemic, from large multinational economic development organizations saying the time is right now to invest in public services, to invest in the care economy, to invest in our people and to make sure that no one is falling through the cracks. Equality and equity are incredibly important, if we want to move toward an even stronger economy than the one we had before.

That's where we are, and that's why we're pushing for our “build back better” plan and are supporting investments for the future.

● (1315)

The Chair: Thank you, both. You kept it pretty well on the wire.

We will now go to Mr. Ste–Marie, followed by Mr. Julian.

Gabriel, you have six minutes.

[*Translation*]

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

Good afternoon, everyone.

My questions are for Mr. Littler, from the Retail Council of Canada.

Mr. Littler, thank you for your presentation.

I would like to talk to you about the fees charged to retailers when consumers pay for their purchases with a credit card. As you said, people are paying more and more by card, and that has increased during the pandemic.

Currently, what is the average percentage of fees charged to the retailer when a consumer pays for their purchases with a credit card?

[*English*]

Mr. Karl Littler: Currently, the average is 1.4%, down from 1.5%. That is system-wide, but of course it doesn't speak to the individual card in the individual setting. Some of those cards, including the newly introduced Mastercard MUSE, can range up closer to 2.5%, but on a system-wide basis it is 1.5% off the top.

[*Translation*]

Mr. Gabriel Ste-Marie: So the percentage is 1.5%, but it can be as high as 2.5% in some cases, which eats into a significant portion of the profit margin.

I think that large retailers like Walmart are able to negotiate lower rates than smaller retailers can. Is that indeed the case?

[*English*]

Mr. Karl Littler: I can't speak to Walmart's specific rates, but in the past that has been particularly true. In fact, there used to be tranches such that if you were of a certain size, you definitively got a lower rate. The networks—under some pressure from government, I might add—have actually narrowed the gap, but I think that in general, if you were of size, you might still, depending on the magnitude, be able to get slightly better rates. This has been to some degree attenuated over the last number of years.

[*Translation*]

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

You told us that Canada was really lagging behind legislatively in this area.

You've already named a few countries. Can you name any countries where the percentage of fees charged to retailers is lower? What is that percentage, compared to the 1.5% to 2.5% you just mentioned?

[*English*]

Mr. Karl Littler: The easiest one for me to point to is the European Union. In the European Union, there's a hard cap of 30 basis points on any credit card. Not only is that a fifth of the average rate in Canada or thereabouts, but that's a cap, so you would anticipate that it's lower than one-fifth of the rate.

It has been 50 basis points in Australia. I haven't checked the recent numbers in Switzerland and Israel, which are obviously both outside the EU, but they were below 100 basis points, or below 1%, so it's very common.

I think there's a tendency for people to look to the U.S. example, which is ground zero, as it were, for this and the last hill to die on for the credit card networks, and I don't think that's a good comparison. I'm not sure we would always look to U.S. regulation of financial players as necessarily the paragon.

It is certainly on a very broad basis around the world—mixed economies, more command economies. Parties of left and right have gotten involved in this, because they've seen the competitive problem that was created. It has involved competition authorities and central banks. It's not just a politically driven file in a multitude of countries around the world.

[*Translation*]

Mr. Gabriel Ste-Marie: This is very clear, thank you.

The measure that will fix the situation was announced in the budget, but it's not in Bill C-30, which we are considering now. That will only be for next fall.

Do you think it would have been better if this was proposed now? Since retailers have had a terrible, even catastrophic year, the measure would have provided them with immediate relief. Was there no urgency to act?

● (1320)

[*English*]

Mr. Karl Littler: Certainly we would have appreciated the help to arrive sooner rather than later. I don't think there's any question about that. It is a complex area, because it requires a reconfiguration of rates, and there are differences between Mastercard and Visa, I might add. It also requires reprogramming of a lot of systems by acquirers and processors, so it's not an overnight issue.

We would, of course, like to see it come into effect earlier. To the extent that it's delayed, those savings are gone forever, but it is a complex area. It will take some time to bring something into effect.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you.

Do you think the government will put it in place? The minister was talking about the fall economic statement. My fear is that there will be an election between now and then, and that it will be shelved, as was the case with the private member's bill introduced by Liberal MP Linda Lapointe. Such a bill had already been postponed twice before she introduced her own. When she was subsequently appointed to government office, her private member's bill could not proceed.

Are you concerned that this bill may not materialize?

[*English*]

Mr. Karl Littler: No, I do anticipate that the change will happen.

We've had two, albeit relatively modest, rounds of reduction, one at the end of 2014, and one at the end of 2018. This is additional. I take note that the government, in its political capacity as the Liberal Party, had, in fact, promised to remove the interchange from HST and GST. I guess, from my end.... I'm obviously not privy to the inner workings of this. I've seen this as something of a proxy for that election commitment.

I would expect to see it go forward. Obviously, we have some track for that, given past reductions.

The Chair: We'll have to move on to Mr. Julian.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you.

[*English*]

The Chair: Then the next round will be led off by Ms. Jansen.

Go ahead, Peter.

Mr. Peter Julian: Thanks very much, Mr. Chair.

Thanks to all our witnesses for coming forward with such compelling testimony. We also hope that you and your families continue to be safe and healthy during this pandemic as the third wave crashes on our shores.

I'd like to start by asking questions of Ms. MacEwen.

First, on behalf of the committee, I deeply thank the workers of the Canadian Union of Public Employees, who are often the front-line workers, health care workers and first responders across the country who have shown incredible courage in helping as many Canadians as possible get through this pandemic.

I also want to congratulate you, Ms. MacEwen, on your new book *Share the Wealth!*, which you co-authored with Jonathan Gauvin. Hopefully we can get a bulk rate for the finance committee, because I think each member of the finance committee should read your book. That's my first question, really.

You've raised an astounding figure that I wish our mainstream media would talk about more often—the $50 billion annually that has been lost as a result of tax cuts and a whole variety of loopholes. It goes to the ultra-rich in our country, $50 billion every year. In terms of what that would mean for seniors, what it would mean for students, what it would mean for families, what it would mean for the homeless and what it would mean for indigenous communities, it's absolutely unbelievable. Instead, we've seen, as you mentioned, a slashing of public services when what we really need to do is to stop the massive leakage from the very wealthy among us.

How important is it for us to put into place a fair tax system so that every Canadian pays their fair share and we have the wherewithal to ensure that Canadians get their needs met?

Ms. Angella MacEwen: I think it's critically important, and it's really important to look at the whole system, as we say, instead of having small token pieces. The token tax on aircraft singles out a tiny sliver of what we're talking about in terms of wealth, as one of the presenters here today said, and there are huge amounts of wealth in Canada that are going untaxed right now.

We could increase taxes, as I said, by $50 billion a year, and only be taxing the top 1% of wealth owners and top 10% of income earners more, and we could afford pharmacare and we could afford to eliminate student loan payments. We could implement dental care and we could train workers for the coming change in the economy. It's recently been said that we're going to be creating too many green jobs for the number of trained workers that we have, so all of these issues are of the utmost importance. We need to have the resources available to act on them.

I just want to say I agree with Mr. Balsillie that we also need those economic frameworks in place in order to act on them. We can't just be handing out money. This is not about helicoptering money to make the economy work better. We need to be very strategic and thoughtful about how we're spending this money in order to get the most benefit out of it.

● (1325)

Mr. Peter Julian: Thank you for that.

I'd like to come back to pharmacare, because, as you know, government members voted down and killed the Canada pharmacare act, which was the first piece of legislation actually brought forward to Parliament that would have put in place public universal pharmacare. The budget basically shows a complete abandoning of public universal pharmacare. The government has just completely ripped up its promise of 2019.

There are 10 million Canadians who have no access to drug plans or medication. I have constituents who are paying a thousand dollars a month for life-saving heart medication, and they are struggling to keep a roof over their heads.

How important is it to put in place public universal pharmacare, and how big is this betrayal by this government in simply having abandoned its 2019 commitment?

Ms. Angella MacEwen: Many people who have coverage have it through their employer, so if they lost their job during the pandemic, then they have also lost their drug coverage. It would have been a very timely move to actually push forward on implementing pharmacare. The Liberals have been dragging their feet and have delayed. There have been multiple promises and multiple delays, and there's been huge lobbying by the pharma industry in order to delay the process, because the broader public benefit that we would see from pharmacare would come from lower pharmaceutical profits.

Let's be clear that there would be losers in the system. However, pharmaceutical profits are currently skyrocketing because they're benefiting from public investment in research. This is another example of how we simply don't have the structures right in order to make our investments matter and in order to benefit people when they need it.

It's a huge problem. We have people who can't afford insulin, who can't afford antibiotics and who can't afford, as you say, life-saving heart medication, so it's so critical. We're the only country in the world that has universal health care but doesn't have free medicine.

The Chair: You have time for a quick question and a quick answer, Peter.

Mr. Peter Julian: Ms. Tiessen, Mr. Dias talked about the wage subsidy and the fact that some companies have abused that to pay out dividends and big executive bonuses. How important is it that the government went after anybody who was even questioning the idea of CERB, but the government is absolutely refusing to take on companies, profitable companies, that have misused the wage subsidy?

Ms. Kaylie Tiessen: It's incredibly important to make sure that corporations are held accountable for the public money they receive.

We have been to this committee before, I believe, as well as to others, to talk about the conditions there should be on money that's given to corporations in order to build business or to protect jobs, and that includes a bunch of different things. It includes limiting executive bonuses, eliminating share buybacks, eliminating dividends while they're receiving public money, making sure there's a contract for moving forward on green investments, respecting collective bargaining, making sure that jobs are staying in Canada instead of being moved overseas at the same time that money is being received, and all sorts of pieces. All of that needs to be considered, and we need to make sure that the government is proactively putting those things in place to make sure that the investments are doing the job they're supposed to do.

The Chair: Thank you, all.

We turn now to a five-minute round, with Mrs. Jansen up first followed by Mr. Fraser.

Tamara.

Mrs. Tamara Jansen (Cloverdale—Langley City, CPC): Thank you.

I just want to direct my questions to Mr. Wilton, and I want to congratulate him for magically becoming a member of the ultra-rich through this budget, simply for owning a 40-year-old fixed-wing airplane.

Mr. Michael Wilton: Thank you very much. I am very excited and I am hoping that at some point the bank calls and tells me that I have become part of this program.

Mrs. Tamara Jansen: Yes, it actually really bothers me because I feel that the general aviation owners of small aircraft are truly being unfairly targeted. I wonder if you could speak to that.

● (1330)

Mr. Michael Wilton: Absolutely. As an owner of a small aircraft, and certainly a member of that community in my day-to-day operations, I do feel that we are being unfairly targeted. As Ms. MacEwen just pointed out, we're being targeted for our $100,000 airplanes.

Most general aviation pilots have invested at least $30,000 to $50,000 just in the training portion to become a pilot. This is a lot different from the guy who whips down to his local Ferrari dealership and goes out and blasts through a construction zone at triple the speed limit and has his car impounded. That person hasn't had to take any training other than the standard driver's licence.

Boats are the same problem. We were unfairly targeted at $100,000, and boats were exempted up to $250,000. You can get a licence for one of those from an online weekend course these days. You don't even have to prove your skills. That's why we are really concerned about this, and especially about the limit on the number.

Most general aviation pilots and owners are not the ultra-rich, not even close. They're the regular folks, your neighbours, my neighbours, the people who enjoy a hobby that happens to be incredibly expensive to continue to train for and to continue to keep our aircraft flying for.

As an example, my aircraft is 40 years old, just slightly younger than I am. I spend, on average, about $10,000 a year just making sure it's safe enough so that I can put my twin eight-year-old boys in it and fly them or fly to see my customers. It is certainly not the playground of the ultra-rich. If you buy a $100-million gold-plated jet, yes, I will absolutely attest to the fact that you're probably the ultra-rich. If you come down to see my airplane and see my home and see my vehicle, the small pickup truck that I drive day to day, I'm not sure anybody would consider me to be the ultra-rich.

Mrs. Tamara Jansen: I agree with you.

I happen to live just down the street from the Langley Regional Airport, where there are a lot of training centres. We have the Heli-College Canada fixed-wing training, and we have the Acadia College ,SkyQuest Aviation, Langley Flying School and Hart's Aviation. At none of these do I see any fancy cars in the driveway, but I'm afraid that with this new legislation we're going to see less aviation training capacity or even the ability for people to begin their training because of the costs.

Mr. Michael Wilton: That will actually trickle down to our commercial pilots as well. Before the pandemic, we were in a critical situation in North America, and even worldwide, with a shortage of pilots who could join the ranks of the commercial air operators. Our ability to visit P.E.I. to play golf, which is something I love to do, was going to be hampered by the fact that there weren't enough pilots to fly these aircraft.

When we talk about the imposition of this tax on aircraft over $100,000, these are the very basic, very clapped-out, very ugly-looking small airplanes that these young folks are training in to become the next commercial operators of multipassenger jets. That is what they're training in. The flight schools do not have the money to purchase a brand new training aircraft that is worth $500,000 to $600,000 and to pay an additional tax without imposing that on their students.

Right now, most commercial pilots are coming out of commercial training, entering the airlines with approximately $100,000 in training debt.

Mrs. Tamara Jansen: Wow.

You also mentioned the impact on farming. I know, as a farmer, we would use a helicopter to spray whitewash on our greenhouses. There is lots of use of these kinds of aircraft in the farming industry. Farmers are hurting, and here we go again, let's add some more costs.

I don't know if you can speak a bit more to that.

Mr. Michael Wilton: I can speak a little to that.

One of the primary functions of helicopter and agricultural operations—this is primarily driven in the Prairies, just because of the large number of farming communities we have out here, and in some cases it is the only way—is to ensure that those crops are fertilized properly to grow enough food to feed us and the rest of the world. One of Canada's major exports is wheat. The ability to spray crops from the air is a critical piece in not damaging them and in making sure we're providing the best crops we can.

The problem with that is that helicopters essential for that kind of operation cost in excess of $1 million to $2 million. Most agricultural aircraft, none of which is made here in Canada, is imported from the U.S., where it is manufactured, and it is in the $1.5 million to $2.5 million range.

If we're going—

Mrs. Tamara Jansen: It's a typical Liberal problem. You hurt the little guy.

● (1335)

The Chair: We are going to end it there, Ms. Jansen.

We'll turn to Mr. Fraser, who will be followed by Mr. Ste-Marie.

Sean.

Mr. Sean Fraser (Central Nova, Lib.): Thanks very much, Mr. Chair.

My first question is for Ms. Tiessen. Thank you very much for being here. I'm happy to benefit from your expertise.

The budget includes some fairly significant investments toward either job placement or skills training. Without getting into the specific investments that I'm referring to, I'm more interested in how we can properly target some of those programs that are focused on job placement and skills training to ensure that we're not missing the mark.

If you're designing a program, where do you deploy these resources to make sure that we're not just putting people into a random job because it might be available, but we're actually setting people up for a career that will exist over the next 20, 30 or 40 years?

Ms. Kaylie Tiessen: I wish I had talked to our training design experts this morning, before this question.

Here's what I will say, and I can put you in touch with our training folks to get a more detailed explanation. We're seeing that there's a major transition happening in our economy. There are people who will not be returning to their jobs after the pandemic. There are people who will be transitioning to the green economy. There are people who are going to be transitioning because of new technology.

There are multiple directions that people could choose from in their career, and we need to make sure that people have a choice in what they're training for next. It can't be only an employer-driven process. It also must be people making the best choices for themselves in terms of the life they want to create.

Also, when we're thinking about people transitioning, training is one important piece of the puzzle, whether they're training for a job in the corporation they work for now or a job somewhere else if they transition out. There are lots of other things that we need to be considering when transitions happen, including mental health issues and other pieces. That all needs to be considered. Again, I can put you in touch with our training folks directly to have a deeper conversation.

Mr. Sean Fraser: Certainly I'd benefit from any feedback they have.

My second question is for Mr. Balsillie. I very much appreciate your advice and perspective, by the way. I wish we had more time together, frankly.

I'll jump right in. One of the areas where I know there is quite a bit of work that's been going on for a few years, which I've been involved with in my role in the finance portfolio, is around the framework on open banking. I just see immense opportunities in Canada's fintech space to actually create jobs, to create wealth by providing solutions in the open banking or consumer-directed finance sphere. Right now my sense is that Canadians are a little bit afraid any time you talk about their data, perhaps not realizing that their data is already out there being used.

I'm curious if you have advice on how we can move forward to take advantage of what I see as opportunities for several potential billion-dollar valuation companies that are Canadian-grown, and how we can keep that talent and the wealth that it creates within our own borders.

Mr. Jim Balsillie: Thank you for the question.

I would say a couple of things. First of all, there has been no tangible progress on the open banking protocols and standards, so they're languishing. It's going to take a regulator like the Competition Bureau in there, coupled with finance, to push it, because incumbents don't want it; consumers want it. They're scraping screens right now, which isn't the best way to do it. It's frustrating domestic innovators.

The other thing the Council of Canadian Innovators was very vocal on is that all these other countries in the world used their fintech companies for loans during the COVID relief program. Canada was again an outlier in expressly excluding our fintechs in part of the COVID distribution packages of loans and so on, and it all went to the big incumbents. We candidly talk about one thing but do the opposite.

Mr. Sean Fraser: On a similar vein to the question I put to Ms. Tiessen on how we set ourselves up for success, there are a couple of envelopes included in the budget around the strategic innovation fund, including about $5 billion for the net-zero accelerator fund.

You're speaking to a group of parliamentarians here. In your mind, what would you have us do when this meeting ends, if we're going to help inform the next step to make sure that the money that's being budgeted for is actually deployed in the most effective way?

● (1340)

Mr. Jim Balsillie: We have a problem in that we view firms as homogeneous while they're strikingly heterogeneous in the evolution of the last 20 years, and we view jobs as relatively homogeneous when in fact they have entirely different characteristics for the benefit of the individuals and the country. My number one recommendation is that we do not have the capacity to analyze and create programs and implement and monitor programs to get the outcomes we're looking for in the quality of jobs, the quality of firms, the quality of productivity and the quality of security, which is in this 91% of the economy called intangibles. We talk the game, but we have to understand that Canada adopted an orthodoxy of extreme neo-liberalism 30 years ago.

The economist who wrote for the Macdonald commission, said that if you're going to liberalize labour, capital and markets, that's fine, but you have to pair it with an industrial innovation strategy or we'll go to a low-productivity, low-growth equilibrium. That was Richard Harris. He was the economist for it, and they ignored.... It was a two-book treatise and they only took one of the books. The first thing we have to do is to have capacity, or we're just going to keep, which is the definition of insanity, doing the same thing over and over again and expecting a different outcome.

The Chair: We're going to have to end it there. I'm sorry. That was an interesting discussion.

We'll go to a couple of minutes each for Mr. Ste-Marie and Mr. Julian, followed by a regular round for Mr. Kelly and Ms. Dzerowicz, and then we'll have time for one question each from Mr. Falk and Mr. Fragiskatos.

Mr. Ste-Marie.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair. It was indeed a very interesting discussion.

My question is for Ms. Tiessen and Ms. MacEwen. It concerns what is known as contract-flipping, which are aimed at subcontractors at airports.

The mechanism works on by tendering. The new company that submits the lowest bid and wins the tender hires the same skilled workers already in place in the position they held, but offers them lower wages and less favourable working conditions.

I'd like to know if any of your members are in this situation.

In Bill C-30, the government intervenes by saying that the new subcontractor will not be able to lower wages, but does not protect all collective agreements.

I'd like to hear your comments about this. Ms. Tiessen could start, then Ms. MacEwen could respond.

[*English*]

Ms. Kaylie Tiessen: We are supportive of the change that is being made, recognizing there needs to be extensive consultation in the regulatory process to make sure the list of job categories that it includes doesn't leave anyone out. We have members who do all sorts of jobs at the airport who experience contract flipping. They could work in the same place for 10 to 15 years and make the same wage after their contract and their employer has flipped multiple times.

We know the change that's being made is not enough and we need to extend full successor rights in the union negotiation process to make sure that those collective agreements remain in place so that they have access to all the benefits they have negotiated. Otherwise, we just see this continued fracturing of workplaces and workers end up paying the brunt of what happens.

I'll leave the rest to Angella.

Ms. Angella MacEwen: Thank you, Kaylie.

Yes, CUPE represents workers who deal with this as well. CUPE represents a bunch of food services workers, and it's a problem in provincial jurisdictions as well, so we're really happy to see the federal government start to provide leadership on this sector.

We would like to see them go further and talk about full successor rights because it's a huge problem. It's mostly racialized communities. It's mostly low-wage workers. It's mostly people who have faced multiple types of labour market discrimination, so this would actually be a really big step to providing more fairness in the workplace, helping to create good jobs and making sure employers aren't making their profits off the backs of workers.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you both.

[*English*]

The Chair: We will go now to Mr. Julian, followed by Mr. Kelly.

Peter.

Mr. Peter Julian: Thanks, Mr. Chair.

I'd like to come back to you, Ms. Tiessen. I also want to underscore the important work that Unifor members are doing right across the country, often as frontline workers and showing incredible courage and dedication. We thank your members for helping us, helping Canadians, get through this pandemic.

We've been talking about successor rights. We've seen companies take supports from the federal government and lay off their workers. We're seeing this in the hotel industry here in British Columbia as well. We don't have in place anti-scab legislation. How important is it for the federal government, when it provides supports to businesses, to actually ensure that collective agreements are respected and that we have in place a good, effective labour law that protects workers?

● (1345)

Ms. Kaylie Tiessen: It's incredibly important. We know that one of the really important tools in an economy to raise working conditions for people is unionization. Any laws that undercut that mean we're seeing this sort of race to the bottom instead of a virtuous cycle where we're building job quality over time.

When it comes to anti-scab legislation, we have seen that the absence of that legislation drags on workplace spats and actually causes a lot more conflict in a workplace. It means that our members and members who are affected by this, workers across the country, don't have the same amount of power that they otherwise would. The whole point in setting up a process where people can unionize and actually fight back against their employer is to make sure there's an equalization of power. Something like the allowance of scabs means that equalization is diminished.

In terms of the other pieces, when we're seeing that corporations are getting support and using scabs as an example, that's something that's just totally unacceptable and actually flies in the face of what the government is trying to do by creating and keeping the jobs that are in the industry right now, or in any industry right now, to make sure that people are employed and that we're getting through this crisis.

The Chair: There's never enough time, but we'll have to go to Mr. Kelly, followed by Ms. Dzerowicz for five-minute rounds.

Pat.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): I thought Mr. Fast might have started, but that's all right. I'll go ahead, and I might let him take over part of this round.

The Chair: Okay.

Mr. Pat Kelly: I'll start with Mr. Balsillie.

You mentioned the supercluster approach of the government, and you talked also more than once about helicoptering money. Can you comment on this approach of seemingly distributing money? Maybe it goes even beyond this into some of the grants that we've seen that have the appearance of giving free money to profitable companies. We've seen it with Loblaws or Mastercard or others.

Can you comment on this approach and how this fails to address the issues that you've raised about productivity and capacity building?

Mr. Jim Balsillie: Absolutely. Thank you for the question.

You have to understand that 91% of the value of the S&P 500 is in intangibles, up from 16% 40 years ago. The change in the economy is unprecedented in its degree and rapidity. Thus, it's your marketplace frameworks that determine whether you capture the economic and non-economic benefits of those investments. I have a chart of spillovers in the document I provided to you. They're dramatically different in the intangibles, where, when you can bring in a foreign firm or give them money, all you're doing is making them richer and more capable of exfiltrating assets and talent and wealth and security from Canada.

Whether it's a vaccine manufacturer that is foreign-owned, whether it's Mastercard, as you mentioned, whether it's Google for a smart city or whether it's partnering with Huawei at our universities with taxpayer funding, we will not get the sovereignty and wealth affects of that. It goes to capacity. If somebody understood what they were doing, if they were trained, if they had the expertise, if they had the analytical frameworks, we would do it radically differently.

Because we've had an extreme neo-liberalism orthodoxy, you don't have to do anything. You just go hands off. We went hands off when the rest of the world was double hands on. I'm not against investment, but I'm against spending money with no expertise in terms of making a dollar into 10 dollars. Then, when it turns into 10 cents, people say—

Mr. Pat Kelly: Thank you. I'd really like Mr. Fast to get another question in. Thank you for that answer.

● (1350)

The Chair: Ed.

Hon. Ed Fast: Thanks, Jim, for that answer.

I'd like to ask you a little bit about Canada's trade policy, more specifically, the most recent agreement that Canada signed, the new NAFTA, which is known as CUSMA or USMCA. The U.S. is by far our largest and most impactful trading partner. You've had a good chance to review this agreement. There are three questions, all follow-ups.

First, do you believe it adequately addresses the challenges of an intangibles economy, the challenges of a digital and data-driven economy? Second, do you believe that the budget in any way mitigates those challenges? Third, would a revitalized economic council, as you've recommended, play a significant role in informing future trade policy?

Mr. Jim Balsillie: Our trade policy is firmly rooted in the 1970s. Michelle Rempel asked the question of our trade leaders at committee: Have you done an analysis of the intangible effects? They said no, yet there are no tariffs to get rid of and 99% of the effect of these deals is on intangibles.

We have, then, no offensive strategy. We have no analytical strategy, and we don't have the expertise. We've been on this 15-year pub crawl of just signing things, when in fact these are instruments for regulatory remote control.

No, it sets us back profoundly. Our degrees of policy latitude to build a future are limited. We need capacity to negotiate these trade agreements for the contemporary realities, which the economic council should do. We should have budgets for doing it, and we should have strategic investments in a very contended world.

The Chair: I'm sorry. We'll have to move on again.

We'll go to Ms. Dzerowicz and then to you, Mr. Falk.

Ms. Dzerowicz.

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

I want to thank all the presenters for all your excellent presentations. I wish we had all day, but I only have time to ask questions of one of our guests. My questions are going to be to Mr. Balsillie.

I want to say that I agree with a lot of what you have said, so I want to thank you for being here today.

When budget 2021 came out, the Council of Canadian Innovators put out a statement to say that there were a number of measures included that the council was actually very happy with, such as the strategic innovation fund, the net-zero accelerator, the dollars around re-skilling, the investment in child care, the moving forward with a digital service tax in clean-tech investments and some of our IP investments.

Do you stand by that statement?

Mr. Jim Balsillie: I stand by the direction. I'll say that the frameworks are incredibly incomplete. Those are nuanced comments; you have to put it in it.

They say they're going to do IP, but there are no details on it. I know there was a dollar amount put and a statement, but there is no expertise and no plan for how these are going to be done yet. It is highly recommended that the SIF be done with IP and data frameworks that are oriented to creating intangible stock assets for Canadian companies, and there was criticism that over half the SIF money went to non-Canadian companies.

Again, I'm not against investment, but I am against investments that create negative returns for Canada. Having the expertise in the civil service to know the difference and do the analysis and ensure the implementation is the difference between positive returns and negative returns.

Ms. Julie Dzerowicz: Thank you for that. I heard your comment very clearly in response to Mr. Fast's question, in which you said that we were missing some foundational pieces. I also heard you say very clearly that we're actually missing some capacity within the civil service.

My next question to you is this. Is there a way for us to actually build that capacity fairly quickly? Would you have recommendations on how we could go about doing it?

Mr. Jim Balsillie: Absolutely, and I'd be very happy to supply a paper to your committee on how it might be done. Australia went through setting up a commission. They put in a lot of governance things, which I've studied. I've looked at the parts of the civil service that could elegantly create something like this, with its expertise and its independence and transparency. Yes, I'd be more than happy, if you're interested, to prepare a paper and supply it to you on how this could be done.

I see no reason why it couldn't be up and running by the end of the year with de minimis funds.

Ms. Julie Dzerowicz: I'd be very grateful if you could submit that to the committee.

The next question I want to talk to you about is IP strategy. We do pre-budget consultations at the finance committee, and as part of the recommendations we made to government we recommended a national IP strategy and a national data strategy.

We have some investments in our budget around promoting Canadian IP strategy. There's $90 million for some IP support for start-ups, and there's also some support for the National Research Council—a sort of industrial assistance program.

Are those positive investments, or do we need to do far more than what we have done?

● (1355)

Mr. Jim Balsillie: I know the details around ElevateIP. It was a number put with a sentence and there's no understanding of how they're going to implement it or what the details are going to be behind it. It's one of those things where you can spend a dollar and get 10 cents out of it, and if you don't have expertise in creating and implementing the program, you're going to have the debacle you had with the superclusters.

It's not that investments are a bad idea, but again you'll find that all roads will go back.... If we build a hospital and surgery rooms but don't have surgeons, then we don't have capacity—but I'm all for hospitals.

Again, I like the concept of the investments. I'm deeply concerned about the absence of capacity to design and implement and monitor them.

Ms. Julie Dzerowicz: My last question, Mr. Balsillie, has to do with your key recommendation to us, which is rebuilding an economic council that will do some sort of analysis of our economy moving forward. Can you speak a little bit more to it? Is it rebuilding an existing council? Is it a new council? Could you be a little bit more specifically about your key recommendation?

Mr. Jim Balsillie: Sure, and the Broadbent Institute has an excellent paper on the history of the Economic Council. We shut ours down in 1989, so we went pure hands-off neo-liberalism when others were upgrading their instruments or doubling down on this.

It could be something that is there to measure and manage the intangibles economy. It would be attuned to our contemporary realities, but the concept is policy expertise like we used to have. We stripped it away because we didn't need input because it was all hands off.

You would model it after probably what Australia's doing, take some lessons from other countries, look for a nice insertion point for where to put it in the government and cry a bit of a sad cry over why we shut it down for 30 years.

Ms. Julie Dzerowicz: Thank you so much.

The Chair: Okay, we are going to end it there.

We'll go to two minutes for Mr. Falk, then the same for Mr. Fragiskatos, and we'll have to wrap it up with that.

Mr. Falk.

Mr. Ted Falk: Thank you, Mr. Chair.

Thank you to all our witnesses for coming to committee today. It's been very interesting testimony.

Mr. Wilton, I would like to direct my question to you. You talked a lot about the costs in the aviation industry of getting one's pilot's licence. It's very significant. It's at least $10,000 to get your private pilot's licence. You talked about the cost of aircraft, especially for aviation schools. I too am a private pilot. I have a 40-year-old airplane that's worth about $100,000, and I hardly think it's a luxury.

You've also made mention of our airline industry and our whole aerospace industry, and how that's going to be negatively impacted. There are jobs in the sector that are going to be lost, whether in maintenance or sales. Can you talk a little more about how ill-conceived this idea of a luxury tax on a $100,000 airplane is?

Mr. Michael Wilton: Yes, sir. I think the biggest revelation we found was this tax on the purchase of an aircraft. We already pay tax to our maintenance engineers. We pay fuel tax. We pay landing fees. We pay fees to the pseudo-government agency, Nav Canada, which controls and operates our very safe airspace up here.

We already contribute a lot of tax, you know, for this hobby, for the non-ultra rich. We find that this kind of random tax was thrown at us in this budget as a luxury item. Your aircraft is $100,000. My aircraft is $135,000. I have a friend who's a very wealthy individual and has done very well for himself and drives around in a $450,000 car. Do I think he should be taxed higher than me? Absolutely. His repair bill on the car last year was about six hundred bucks. My repair bill on the airplane last year was $7,000, which I paid tax on.

I think the loss of jobs and the loss of tax revenue is going to actually be seriously detrimental versus the benefit of this random tax on $100,000-plus airplanes.

Mr. Ted Falk: I really believe the threshold is wrong.

The Chair: I'm sorry, Ted.

Mr. Ted Falk: Okay. Thanks, Mr. Chair.

The Chair: It's over to Mr. Fragiskatos for the last question.

Mr. Peter Fragiskatos: Thank you, Chair. My question will go to Ms. Tiessen.

I'm asking you in your capacity as an economist, Ms. Tiessen. I looked at what you wrote. It was on social media in March of last year. You said at that time that the federal government response to the COVID-19 crisis should come in three waves. Number one was public health precautions and immediate worker supports, so the emergency supports introduced by the federal government obviously fit that. Number two was to double down on social infrastructure plans once the acute phase is over. I don't think we'll have time, but a policy like early learning and child care at the national level, which has been proposed in this budget, I think fits in that, and I do see you nodding.

It's number three that interests me. You called for a massive investment in clean-tech infrastructure and jobs in the long term. As you may know, in this budget there's a sum of $17.6 billion that's been proposed for investment in clean tech so that Canada can meet its climate change targets and goals.

I want you to expand, if you could, on the economic impact that could have. I think all too often we think about our moral obligation, as we should, on matters of climate change, but the huge—

● (1400)

The Chair: I'm sorry, Peter. Your going to have to give Tiessen time to answer.

Mr. Peter Fragiskatos: Sure. Thank you.

The Chair: Ms. Tiessen.

Ms. Kaylie Tiessen: That is another big question.

Number one, I don't think we should separate our moral obligation from our economic obligation. Our moral obligation to people comes first. The economy is supposed to serve people, so that's number one.

Then, when it comes to this transition that we now see government has started to commit to, we need to make sure that there are transition supports in place for people. I spoke to this a little bit with the training question earlier. If we are going to see people transition, we need to make sure that they are supported through the process.

That means a stronger EI program, and when they choose to do training in a particular area, that they have the income support. We need to make sure that the training is affordable, so that means it's provided, to a large extent, by governments and employers. We need to make sure that they have the other supports in place to get to school, for example, like making sure there is child care, and those pieces form part of that process.

The Chair: I hate to end the very good discussion that we've hit on in this panel, but as the committee knows, we have another two panels starting in 28 minutes, and people likely want to grab a bite to eat.

Mr. Balsillie, if you can send that paper to the clerk, that will be great. We'll get it distributed.

For committee members, we did learn a little bit in this panel. When we have pre-budget consultations, we'll be able to fly with Ted. He has the aircraft, and that will be dandy.

With that, we will adjourn the meeting. Thank you, again, to all the witnesses for answering our questions.

The meeting is adjourned.