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## **Standing Committee on Finance**

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**EVIDENCE**

**Tuesday, February 16, 2016**

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**Chair**

**The Honourable Wayne Easter**



## Standing Committee on Finance

Tuesday, February 16, 2016

• (1545)

[English]

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

Pursuant to Standing Order 83(1), this is a meeting on pre-budget consultations for the 2016 budget.

I welcome the witnesses here. I know you had fairly short notice for getting your submissions together, so we really appreciate the fact that you did it on short notice. I will say, given time constraints, our first round of questioning will go to six minutes instead of the regular seven. I'm going to hold the witnesses to five minutes, and we'll have to cut you off at that stage, just so you know ahead of time. I believe that was in the clerk's letter.

Welcome, and I believe the first one up is Mr. Queenan with the Canadian Alliance of Student Associations.

**Mr. Erik Queenan (Board Chair, Canadian Alliance of Student Associations):** Good afternoon, Mr. Chair, committee members, fellow witnesses, and members of the gallery.

My name is Erik Queenan, and I'm the chair of the Canadian Alliance of Student Associations and the president of the Students' Association of Mount Royal University in Calgary. I'm pleased to have the opportunity to speak before this committee on behalf of CASA and our 21 member associations representing over 250,000 students across Canada.

CASA has worked closely with this committee in the past by presenting on issues pertaining to post-secondary education. Recent examples include unpaid internships and youth employment. We look forward to continuing this collaborative relationship.

I want to begin by broadly discussing CASA's approach to advocacy, which is rooted in evidence-based research and is driven by the work of our student members. Our organization works on the principle of creating a post-secondary education system that is accessible, affordable, innovative, and of the highest quality. We believe we have a significant role to play in addressing the inequities that exist in our post-secondary system, primarily by ensuring that groups that have been traditionally under-represented are able to gain access to an education. We strongly believe that progressive public policy addresses these imbalances by recognizing that different students have different needs.

CASA is also cognizant of the financial realities of this country and the budgetary constraints that all governments face. Investment in higher education is necessary, but we must prioritize those areas

that will have the greatest impact. That is why we strive to provide policy options that are cost effective and deliver the greatest impact upon investment.

Moving into our budget priorities for the year, CASA recommends the government increase the value of the Canada student grant program by 50% and expand eligibility to graduate and doctoral students. This would build on the past success of the CSGP in ensuring that Canadians from more backgrounds can access post-secondary education. Through the CSGP the federal government provided over 320,000 college and undergraduate students with non-repayable, upfront grants. The CSGP, introduced in 2009, offers \$250 per month to students from low-income households and \$100 per month to students from middle-income households.

Grants continue to be extremely effective in promoting accessibility and reducing debt levels. This program is effective and deserves further support through increased funding and expansion to the one group of students that are still excluded, those studying at the graduate level.

Furthermore, CASA calls on the government to deliver on its promises to indigenous students by promoting the post-secondary student support program, or PSSSP. This means removing the 2% annual cap that has constrained the program from reaching the number of indigenous students who'd otherwise be attending post-secondary education. Closing the education gap for indigenous populations is an important step in reconciliation and must be a national priority for this government. As a country we not only have a legal obligation in addressing these issues, but a moral one as well.

Lastly CASA is calling on the government to increase the Canada student loans program's weekly limit from \$210 to \$245. Student loans assist more than 470,000 students every year, but this limit has not been updated since 2004, which has left students struggling to afford their education. At the moment it is estimated that nearly 41% of Canadian student loan borrowers have financial needs that exceed the funding available, and that figure is going to continue to grow every year that low limits are not increased.

Faced with this funding shortfall, students must deal with troubling alternatives. Some students turn to private loans where they face high interest rates and little repayment flexibility. Others turn toward their families who must often sacrifice their own financial stability.

In a poll conducted by Abacas Data, CASA found that one-third of Canadian PSE families reported taking funds out of their retirement savings in order to afford their children's education, while another 14% went as far as remortgaging their homes. The cost of education is no longer just a student issue, but an issue for Canada's middle-class families as well.

Our brief, which has been submitted, captures the rest of our priorities, including a reinvestment in research, a call for investment in experiential learning, and an increase to the repayment assistance plan income threshold. These asks have been fully costed, and we believe they can be met within the current fiscal environment.

CASA appreciates the opportunity to work alongside this committee in a positive and collaborative manner. We've provided this committee with a broad spectrum of sensible and transformative policy recommendations that will positively impact students across this country and Canada's economy, now and into the future.

Thank you very much and I look forward to your questions.

**The Chair:** Thank you very much, Mr. Queenan.

We'll turn to Ms. Gray, Canadian Association of Retired Persons.

**Ms. Janet Gray (Chapter President, Ottawa Chapter, Canadian Association of Retired Persons):** Good afternoon. Thank you, Mr. Chair, and thank you for the opportunity to present CARP's pre-budget recommendations.

My name is Janet Gray. I am the chair of Ottawa's CARP chapter, one of the 60 chapters across Canada. CARP, for those of you who aren't aware, is a national, non-profit, non-partisan organization with 300,000 members.

Retirement security and health care are the top priorities for our members. However, retirement income insecurity, even poverty, is a reality for many older Canadians, despite working hard and contributing to the country throughout their working lives.

In the past 20 years, the poverty rate among seniors has tripled from 4% to 12%—between 1995 and 2012. This is worse for single seniors, especially single older women. Eighteen percent of single women over 65 live in poverty with incomes under \$20,000 per year, and a critical mass lives well below the cut-off. Over 30% of single women between 45 and 64 are also low income, and 70% of them are part-time workers and 66% are minimum wage earners.

The combination of OAS and GIS is a determining factor in keeping older Canadians out of poverty, especially for single seniors, but it does not close the poverty gap entirely. There is a significant gap that needs to be bridged between the low-income measure and the current OAS and GIS benefits, a gap that is unlikely to be filled by savings and private pensions.

Therefore, CARP recommends the government restore the OAS eligibility back to age 65, increase the GIS especially for single, low-income seniors, increase the OAS and GIS to bridge the poverty gap, and introduce the seniors index tied to wage rates. Together these measures will help to prevent poverty in old age for all Canadians.

The retirement landscape has changed. Canadians are faced with financial challenges, disappearing workplace pensions, and uncertain economic times. Two-thirds of working Canadians, 12 million

people, do not have workplace pension plans, and Canadians are increasingly unable to save sufficiently for their own retirement. The CPP currently provides Canadians, on average, only \$7,000 in benefits annually. It replaces 25% of earnings up to \$51,100, but falls short of the 70% of pre-retirement income needed for retirement. The government has an opportunity to help Canadians save better for their retirement.

CARP recommends the government fulfill its promise to work with the provinces to enhance the CPP, but a modest increase to CPP alone will not cover the 70% replacement income needed for retirement. Therefore, CARP also recommends a supplementary universal pension plan that would work like the CPP with mandatory enrolment, independent of government or single employers, using the existing payroll deduction mechanism, employing professional management, and focusing entirely on optimal performance.

Canadians expect the health care system to deliver appropriate care that is comprehensive and responsive to their needs across the full health care spectrum, from acute care to chronic care to end-of-life care. However, the health care system falls short of Canadians' expectations and needs.

One in four Canadians, just over eight million, provide care to a chronically ill or disabled loved one. They face various challenges including loss of income, caregiving and medical expenses, mental and emotional distress, and health decline. Three-quarters of caregivers provide care to a person aged 65 or older. As the population ages, more Canadians will become caregivers.

Home care is fragmented across the country. Often the programs are unavailable and national standards of care and access do not exist, creating wide variances in the amount, quality, and access to care between provinces and sometimes even within a province. On average, a person aged 65 or older uses six prescription drugs that can cost, out of pocket, thousands of dollars annually. Prescription drugs are necessary treatments to prevent deterioration, even death, but at present, they are an insurmountable financial burden for many Canadians.

CARP calls for a system-wide transformation of the health care system in which patient needs are prioritized, national standards of quality care exist, and timely access is available regardless of postal code.

As a first step, we recommend the government make the federal caregiver tax credit refundable to benefit those with modest or no taxable income, invest the promised \$3 billion in home care, create national standards of care and access, and establish a national pharmacare plan that ensures accessible and affordable drugs.

The federal government identified retirement security and health care as priorities during the recent election. The 2016 budget is an opportunity for the government to fulfill its promises to Canadians, create a clear pathway to retirement income security, and transform health care for all Canadians.

Thank you.

• (1550)

**The Chair:** Thank you very much.

Turning to the Canadian Association of Social Workers, we have Fred Phelps, a Saskatchewan boy at heart.

**Mr. Fred Phelps (Executive Director, Canadian Association of Social Workers):** Good afternoon.

On behalf of the board of the Canadian Association of Social Workers and our provincial and territorial federation partners, I would like to thank this committee for choosing to hear the perspective and budget priorities of the social worker profession.

First, CASW is tremendously pleased that this new government has demonstrated a commitment to bringing co-operative federalism back to health and social care in Canada. To this end, CASW was pleased that the federal minister responsible for families, children, and social development has chosen to already meet with his provincial and territorial counterparts, a meeting CASW has called for but which has not taken place since 2006.

Finally, we are deeply encouraged by the commitment of this new government to develop a new health accord, and we sincerely hope we will also address “social” in this health accord. This tectonic shift in leadership comes not a moment too soon if we are going to address the growing inequality gap in Canada.

We have three main recommendations.

First, implement a new social care act for Canada. Currently, we cannot determine how federal dollars for social services are being spent, as there is no accountability or measured ties to the Canada social transfer or other social investments. We should not invest more without knowing how we already spend.

A new social care act for Canada proposes principles similar to that of the Canada Health Act to guide the social transfer and other social investments, making possible a national strategy with shared performance indicators and outcomes. The proposed act would help guide the provinces and territories in developing priorities and policies that best fit their unique needs, while helping the federal government understand where dollars are being spent, receive recognition for those investments, and in turn, know where more target investments might be needed. We can't develop good policy without good information.

Our second recommendation is to consider the potential of basic income. CASW welcomes the recent comments by Minister Duclos in noting the merits of basic income. To this end, CASW

recommends that the federal government consider developing a targeted basic income. CASW believes it should be targeted initially to provide support to those who are the most economically vulnerable because of age, labour market status, or differing levels of ability, and could build upon existing negative income tax mechanisms. When you make comprehensive upfront investments, you benefit down the line.

CASW cautions that not all basic income models are created equal. The implementation of a basic income should not be cause to eliminate all other social assistance programs and strategies. A basic income would be foundational to a national poverty reduction strategy when simultaneously paired with policies such as a national affordable housing strategy and child care strategy. Compassionate policy is also cost-effective.

Our third recommendation is to support Canada's evolving needs with targeted strategies. We know that Canada's population is aging rapidly, and senior women, in particular, are increasingly economically vulnerable. Health care costs are soaring and demands on the system have shifted from acute to long-term needs.

CASW, in alliance with the Canadian Medical Association, is calling for a multi-year, multi-faceted national seniors strategy with the “Demand a Plan” initiative. Canada's needs are changing.

Canada also needs to better address Canadians' mental health. National public and private campaigns to end the stigma encourage Canadians to seek help, but this must also be accompanied by an equal increase in services to access care. The Mental Health Commission of Canada suggests that funding for mental health should be increased from 7% to 9% of total public health spending. Currently the federal share of provincial-territorial spending is approximately 22%. We recommend this be increased to 25% of total public health care spending.

As well, CASW supports this government reaffirming the renewal mandate of the Mental Health Commission of Canada. Canadians are making mental health a priority and we need to follow suit. Mental health infrastructure must also be bolstered to support the social determinants of health. Increasing and investing in the social determinants of health is prevention.

CASW looks forward to working with this government to bring compassionate and cost-effective policies to Canada.

Thank you again. I look forward to answering any questions you may have.

• (1555)

**The Chair:** Thank you very much, Fred.

We now have Mr. Kelly, with the Canadian Federation of Independent Business.

**Mr. Daniel Kelly (President and Chief Executive Officer, Canadian Federation of Independent Business):** Good afternoon and congratulations to the new parliamentarians.

For those who don't know us well, we represent 109,000 small and medium-sized businesses across Canada. All of them are independently owned and operated, and we are strictly a non-partisan organization.

I did want to share with you a little bit of data. I've put a deck in front of you today.

As you can see on slide 3, our business barometer shows that small business optimism in the economy is dropping and dropping rather quickly. We really do need to see some messages of reassurance and some policies to reassure Canada's job creators. As you all know, it is small and medium-sized firms who do disproportionately the lion's share of the job creation in the country and are usually the slowest to fire in economic distress. They are under intense pressure right now and need your help.

The good news is that we actually saw a little bit of a change in the last month where there are more businesses now predicting to hire than to layoff. That is good news. It is a bit of a departure from the previous month's data. There is an opportunity here to continue to provide some positive messages for the economy in the months ahead. The total tax burden remains our number one priority as an organization. Certainly, our members, through our polls of them, share with us that this is top of their minds.

Just getting into the issues, we've put out seven key priorities for the federal government for the months and years ahead. One is to ensure continued access to the small business corporate tax rate. We congratulate all parties, in fact, all four main national political parties committed to reducing the small business corporate tax rate from 11% to 9%. We also extend our congratulations to the new government for following through on the first tranche of that with a reduction from 11% to 9.5% that went into effect as of January 1.

We are a little bit freaked out with the prospect for some clawing back of access to the small business corporate tax rate. There have been some messages from the new government that it may limit some of the businesses who currently do take advantage of the lower small business corporate tax rate. Some talk about perhaps professionals being disallowed from accessing that rate. That is a bit of a worry and we're hoping to get some messages of reassurance on that front in our meetings in the months ahead.

Our biggest concern right now is the prospect for CPP expansion. I'm often asked what the top thing is that governments can do to make the economy better. My top piece of advice is don't make it worse. I must tell you that Canada pension plan expansion would do that. It would have a huge and immediate negative impact on small firms.

We are pleased to hear some messages today that the Ontario government has decided to put on hold at least the first year of its very disturbing plan to implement the Ontario retirement pension plan. That is good news that it is going to take a bit of a break from that to allow the CPP discussion to take place nationally. We're

pleased that the federal government may have had a role in convincing the Ontario government to perhaps put the brakes on that, so compliments there.

I do want to share with you new data that is out today from the Ontario government. It shows that 59% of businesses are expected to freeze or cut wages in response to the ORPP. This isn't CFIB data. It parallels it almost exactly, but this is Ontario government data that shows that businesses will reduce wages in response to the ORPP. We also believe very strongly that there will be fewer jobs for Canadians should the ORPP or CPP expansion go into effect.

Skipping quickly to employment insurance, we're pleased to see that there will be an overall reduction planned for 2017. It is about half of what was promised in previous budgets.

I do want to make note though that for small firms in Canada—and this is something very few people know—because of the small business job credit that's in place for 2015 and 2016, when that comes off next year in 2017, employment insurance rates for the smallest businesses in Canada will go up under the new proposal.

That could be devastating when you're counting on those very same small firms to create jobs to give the economy a boost. It won't be a reduction for them. It will actually be an increase for them unless something happens.

● (1600)

We're urging you to either continue the credit or to implement a permanent lower rate of employment insurance for small businesses, perhaps on, say, the first \$500,000 in payroll.

**The Chair:** I'd ask you to sum up in 30 seconds, please.

**Mr. Daniel Kelly:** Very good.

I've also made some recommendations on red tape, on Canada Revenue Agency. We do want to give a special plug here for the Liberal Party's previous bill to allow succession planning, to make that easier for small firms. Emmanuel Dubourg put forward a private member's bill. We're asking you to put that into practice as well as control of government public sector wages, benefits, and pensions.

Thank you very much for your time.

**The Chair:** Thank you very much, Mr. Kelly.

Mr. Kevin Lee, with the Canadian Home Builders' Association.

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

The 8,500 member companies of our association across the country are in the business of building new homes and renovating existing ones, working hard to develop the communities we call home. As you know, the residential construction industry has been a major source of stability in Canada's economy over the past decade, through good times and bad, and this needs to continue.

By several measures, residential construction is Canada's top industry, employing over 900,000 workers, providing over \$50 billion in wages, and accounting for over \$125 billion in economic activity. Residential construction benefits all regions across the country, active in every single community, large and small. It accounts for \$35 billion in exports.

For Canadian middle-class families, home ownership is a cornerstone of social and financial well-being. Some 70% of Canadians own their homes. While there has been much made of debt-to-income ratios, we need to look at other statistics as well. Thanks in large part to strong and sound housing markets and Canadians' wise investments in their homes, Canadians' net worth to income ratio is at a record high of 768%. Canadians own outright over \$3 trillion in housing assets. It's clear then that home ownership is a source of financial strength for most Canadian families.

Housing market conditions across Canada are decidedly varied. While some parts of the country continue to see strong housing markets, others are weaker. Still, the issue of the housing affordability challenges facing young Canadians is a harsh reality in today's economy. Many factors have contributed to drive up the cost of housing, and there are new fundamentals at play. Many under-recognized factors are driving up demand, while many government policies are limiting supply, directly or indirectly, and driving up house prices in other ways.

The result is affordability problems, especially for young Canadians. Four in five millennials want to own their own home one day, but right now we're in danger of locking them out. Given that owning a home is a key to entering the middle class, Canada needs to take action, and there is plenty that we can do.

CHBA therefore recommends that the federal government focus on three areas with respect to housing: affordability for first-time buyers, climate change, and finally, jobs and innovation.

First, on affordability, the millennial generation faces a challenging job market, stagnant incomes, and high home prices, particularly in our urban centres. Lack of access to home ownership by this group, who should form Canada's middle class in the future, will impair their financial success and have ongoing negative impacts for the economy as a whole.

We therefore recommend the following.

The federal government should adjust mortgage rules by allowing 30-year amortization periods on insured mortgages for well-qualified first-time homebuyers. This is a no-cost means to help prevent young families and new Canadians from being locked out of home ownership.

With respect to taxes, municipal development taxes have skyrocketed in recent years, and hence, so has the GST charged on top of them. We therefore recommend removing the GST portion applied on top of municipal taxes in new residential development.

Related to those development taxes, federal infrastructure investment is critically important. It not only supports development but it can help avoid more local development taxes further deteriorating affordability. Accordingly, the government should reduce the burden on municipalities by increasing the federal share and allowing municipalities to contribute less than the conventional one-third of funding to the projects.

Finally, the government should reform federal tax regimes related to purpose-built rental properties, including infill projects, to encourage more affordable market-based rentals.

On climate change, where housing is actually an underappreciated Canadian success story, despite having 38% more houses in Canada than in 1990, residential emissions overall are down 11%. New houses are 47% more efficient than they were in 1985 and this improvement hasn't been through codes but through ongoing innovation and voluntary improvement—much of it thanks to government and industry collaboration in research and development.

New housing is doing very well and will continue to improve. We therefore do not recommend more stringent codes unless they can be shown to have no impact on costs and affordability. New housing can and will continue to improve its energy performance, voluntarily, with excellent success.

There's a huge opportunity in the energy retrofitting of the existing housing stock. Every dollar invested in the average existing Canadian home will yield four to seven times more GHG reductions than the same dollar spent on a new home. CHBA therefore recommends a permanent refundable home renovation tax credit for energy efficient retrofits using the government's EnerGuide rating system. Improving the energy performance of existing homes offers the greatest and most cost-effective benefits to homeowners, utilities, governments, and society as a whole.

● (1605)

Tax credits that require receipts for the improvements made would also help address the underground cash economy, a key policy area for protecting Canadians, supporting honest businesses, and ensuring taxes collected support government programs.

Finally on jobs and innovation, our sector, which employs 900,000, will see over 118,000 skilled workers retire over the next decade. Support for skilled jobs and research to support innovation and productivity will be key. Specifically we recommend that federal training support be expanded to all of those pursuing careers as skilled workers.

The government should encourage innovation by focusing federal research support, including that for codes and standards on better built houses that cost the same or less. Innovation and responsible regulation can continue to improve Canada's excellent housing, but we need to do this without continually increasing costs and damaging affordability.

I'll leave it there. Thank you very much for your time.

**The Chair:** Thank you very much, Mr. Lee.

Mr. Marotte.

[Translation]

**Mr. Hans Marotte (Lawyer, Mouvement Action-Chômage de Montréal):** Thank you very much for the invitation.

People often say that if you want to know where you are going, you have to remember where you've been. And so I would like to remind you of a commitment made by the House of Commons in 1989. It was a unanimous commitment made by all parties. They voted for the abolition of child poverty by the year 2000. The organization Campaign 2000, which tracks this situation, reports that in fact, child poverty has increased markedly since 1989. We are consequently forced to recognize that as a society and as a government, we have failed.

We also have to ask ourselves why we failed. Campaign 2000 identified two major issues. The organization pointed out that the Government of Canada stopped investing in social housing. That is one of the reasons why child poverty worsened. It also pointed out that there had been some deep cuts to employment insurance over the past 25 years.

I don't want to put salt in the wound, but one has only to think of 1990, when the Conservative government stopped contributing to the employment insurance fund. In 1993, the Conservative government managed to completely exclude from employment insurance anyone who voluntarily left a job or was dismissed for cause. In 1996, the Liberal government doubled, if not tripled, the eligibility requirements for benefits. One has only to think of the Harper government EI reform in 2012. All of these measures impact families, children and workers.

The Mouvement action-chômage de Montréal, which has been in existence for 45 years, defends and represents people who have problems with employment insurance. These are people who are simply between two jobs. That is what being unemployed is: it is being between jobs. Currently, if there were 100 unemployed persons in this room, fewer than 40 of them would be entitled to benefits. We think that is a problem.

In the context of this pre-budget consultation, we propose that you change things to make the employment insurance program truly accessible. The program should do the work it was created to do. In the final analysis, there will be repercussions at the budgetary level.

When someone in Red Deer, Montreal or Gaspé loses his or her job, he loses an income. If we can give him employment insurance benefits, he will not use them to purchase luxury goods or put them in a tax shelter. He will spend the money in his community. This money will have a direct impact on his life and on the life of his community. We feel that making the program accessible is really very important.

There is another very important thing. I invite you to read the "Employment and Insurance Monitoring and Assessment Report", a guide the department publishes each year, in which it assesses the effectiveness of the employment insurance program and the means by which the program manages to pay benefits to the men and women who are entitled to them. Each year, there is a decrease in that effectiveness. Currently, the program is not managing to pay the benefits within the prescribed time. The employment insurance program, that administrative machine, is supposed to pay benefits within 28 days. Unfortunately, that objective is attained in only about 7% of cases. This has repercussions on communities and on individuals. Year after year, the "Employment Insurance Monitoring and Assessment Report" informs us that there are fewer resources in

the machine. Accessing the program has become more complex, and people receive their benefits later.

I hope you will also look at the Social Security Tribunal of Canada. When people apply for benefits and their claim is denied, they have the right to appeal the decision.

In my opinion, in 2012 and in the years previous to that, the Canadian program was one of the best justice systems in the country. You could obtain an appeal hearing in 30 days or less, and a decision was handed down two or three days later. It was a model of efficiency, it did not cost much, and people had access to justice.

I plead before the Social Security Tribunal of Canada. Currently, hearings take place within three, four, five or six months. I don't know about you, but personally, I could not live without a salary for four, five, six or seven months.

In light of this, we implore you to improve the functioning of the Social Security Tribunal of Canada. The current situation impacts people and communities, but it also has budgetary consequences. And yet, it would not cost much to improve it. In fact, the previous system did not cost any more and it was extremely effective.

I can answer your questions in more detail, if you need any clarifications.

Thank you very much.

• (1610)

[*English*]

**The Chair:** Thank you very much, Mr. Marotte. I think some of us around here have had the same experience before the tribunal. I know I have.

In any event, going to questions, we are doing six minutes instead of seven, and we will start with Ms. Dzerowicz.

• (1615)

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

With your permission I'm going to ask two separate groups two questions and then have people respond.

First, I want to say thanks to all the panellists. You did an absolutely wonderful job. I've learned a lot, and thank you so much for making the time to come here today.

My first question is for the Canadian Association of Retired Persons, Ms. Gray. I live in a downtown west riding. I represent Davenport. We have a lot of seniors there. They are desperate to try to continue to afford to live in an area in which they spent most of their adult lives. They deal with a lot of issues around affordability and around senior isolation, so a lot of what you spoke to resonates with me.

I'd love for you to respond to two things, and I have two quick questions. One is about how our government has committed to lowering the retirement age from 67 to 65. How will that benefit seniors and the overall Canadian economy? That's the first part of my question for you.

The second part is, as was mentioned today in one of the presentations, the Ontario government has introduced a new pension plan and the federal government is committed to working not only with Ontario but indeed at the national level on an enhanced CPP. Can you talk to us about how an enhanced national CPP will benefit your members? Those are my questions for you.

If I can, I'd also like to direct a question to Mr. Kelly of the Canadian Federation of Independent Business. In my riding I also have an extraordinarily vibrant and innovative class of businesses. They are small businesses. They're wonderful. They're energetic. They're breathing huge amounts of life and innovation into the Davenport community. One of the things that has surprised me—and I will confess it's what you list on page 5—is the shortage of qualified labour. I find it interesting that at a time when we have a lot of youth looking for jobs, we have unemployment, we have a lot of programs in place from apprenticeships to trades, I find it remarkable that is one of the top five issues. What federal actions can be taken in this area?

I'd love to hear from you, and that's it, Mr. Chair.

**The Chair:** Okay, thank you.

Who wants to start on the age 67 to 65? Ms. Gray.

**Ms. Janet Gray:** What the difference is between ages 65 and 67 is essentially a two-year gap in income. People who want to retire at age 65, if they have little work experience—and a lot of the older generation may have because they've been stay-at-home parents—find that all of a sudden they are at age 65, they have no CPP, and they have to wait until 67 to be eligible for OAS and GIS. There is that two-year gap. If they are able to get anything at all from CPP, two years later they can supplement that with the OAS and GIS. That was a critical two-year period for a lot of people.

For the ORPP and the CPP, our preference certainly would be for a CPP enhancement. In light of that not happening, we've reached out to the provinces to ask what they can do to overcome this obstacle. Some of them are willing to take that on and some are willing to look at it, but our overall preference is to have a CPP enhancement.

**The Chair:** On the skills meeting the jobs question...?

**Mr. Daniel Kelly:** It's a very interesting question.

There is a lot that can be done, and one of the things we liked best about your party's platform was the EI holiday that was proposed for youth hiring. That is a terrific incentive. It's something that has been done in the past. Previous Liberal governments have implemented that. We've been strong champions of it as well. Your government promised to put in place a three-year holiday for 2016, 2017, and 2018 for youth between 18 and 24 years old. They would still pay premiums themselves but employers would have a holiday to incentivize them to create more jobs oriented towards young people.

You are quite right; there are challenges with youth employment. I have to admit we were fairly strong critics of the previous government with respect to the actions it took on the temporary foreign worker program because there is an ongoing need for workers for jobs that Canadians themselves are not lining up for. I have to say that I sympathize with the young person who has gone to school for four years or eight years and now has \$50,000 in student

debt. The job that might be available to him or her is at a quick-service restaurant or cleaning rooms in a hotel. I can understand why he or she might choose to sit on the sidelines of the labour market for a bit in that environment, but we have to recognize that all work is noble. If we're not prepared to do the jobs ourselves, if we're not prepared to encourage our kids to take those jobs, we're going to need to bring in somebody who is prepared to do some of those jobs.

We can do a much better job as employers though, by reaching out to some of the underemployed pockets of the labour force. The aboriginal population and seniors have some potential. The youth piece is a difficult nut to crack and I have to confess there are a lot of employers, a lot of our members, who have lamented that the work ethic in Canada is generally declining. That is one of the challenges that they face as well.

Very quickly, on the CPP front, I did want to say that even the strongest proponents of CPP admit that the benefits don't actually kick in fully for forty years, so no seniors today would get a nickel more in Canada Pension Plan contributions and even those five or 10 years out would get almost nothing from CPP expansion, so this really would benefit perhaps kids like my seven-year-old son, but not any time soon.

• (1620)

**The Chair:** Thank you, Julie.

Turning to Mr. McColeman—

**Mr. Phil McColeman (Brantford—Brant, CPC):** Thank you, Chair, and thank you to the witnesses for coming.

First of all, Madam Gray, I just want to clarify the comments you made about retirement being at age 67. What is your understanding of the current OAS program and the changes the previous government made to it? When do they come into effect?

**Ms. Janet Gray:** That is 2023, I believe.

**Mr. Phil McColeman:** It's 2023, and they are ultimately graduated until 2030.

**Ms. Janet Gray:** Yes, they are phased in after a certain year of birth.

**Mr. Phil McColeman:** The representation I was listening to was not very clear on that point, and I wanted to be sure I understood.

**Ms. Janet Gray:** I'm sorry.

**Mr. Phil McColeman:** I also want to clarify your organization's position regarding tax-free savings accounts. The current government came in and reduced it from what we had moved it to, which was \$10,000.

What is CARP's position on that?

**Ms. Janet Gray:** We preferred the higher amount, quite frankly. Any amount in a tax-free savings account is a good idea. We would like to see it higher, as it was.

**Mr. Phil McColeman:** Have you any idea of how many seniors took advantage of saving that way?

**Ms. Janet Gray:** I don't have that answer right now, sorry.

**Mr. Phil McColeman:** I just thought you might have that number.

Now I'll move over to Mr. Kelly.

Mr. Kelly, small business, as we all know, generates the bulk of employment. This past week, I was in my community at a Polish delicatessen. The owner of the business came out from behind; I hadn't met him before. I was doing some shopping. He pulled me aside and said to me that he has four jobs available, basically making sausage in the back of the facility. He had a Polish butcher who had to go back because his work visa was done. He has since had five individuals, youth. He mentioned they were generally in their early twenties. Of those five, none of them lasted more than two days on the job. This is not a made-up story. This is the story he told me, and he wanted me, as his MP, to come to Ottawa and advocate in the largest way possible to get that Polish butcher back into Canada to work in the back shop.

There is some disconnect here, as I've mentioned. In small business, which is my background, the kind of popularized thinking is that you're making all kinds of money, that you're a rich guy and you can afford to pay more taxes and more indirect taxes, but I think your members would agree that the margins are often so small between staying in business and going out of business that one small addition can make the difference. Am I correct in saying that?

**Mr. Daniel Kelly:** You are. I have to tell you that I'm really worried about what I'm seeing right now and the economic signs that we're looking at. I know that you, as parliamentarians across all parties, are as well.

I am quite concerned. Even small actions with good intentions could be that straw that breaks the camel's back. Right now I have a bunch of members in Ontario who are apoplectic about the ORPP, the Ontario retirement pension plan. It is good news that it's delayed, but CPP expansion could be just as bad. I really do worry.

This is a different environment than the one we were in when CPP enhancement happened the last time. When Paul Martin fixed the Canada pension plan, CFIB members supported a small, gradual increase in CPP contributions in order to save the CPP. It is a myth that we are always opposed to any new form of taxation.

This is different now. The signs that the economy is showing us right now suggest this is not the time to increase the largest payroll tax in the country. At the very least, even if there's sympathy toward doing it, I would suggest that you shouldn't.

On this specific—

• (1625)

**Mr. Phil McColeman:** Can I just stop you there? I'm sorry, I only have a few minutes and I want to get to Mr. Lee for one quick question.

Mr. Lee, you know that I know the home building industry intimately. On a new door, from the time you take the raw piece of land to the time you hand the keys over to the new homeowner, how much of the cost of that home is taxation, on average?

**Mr. Kevin Lee:** It varies from municipality to municipality. We're seeing numbers from 20% to 25% of government imposed taxes from all three levels.

**Mr. Phil McColeman:** I have one last point. I met with a builder during the holidays. I met with builders all over the place. I met with one last week, and he said that the price of lumber has come down on a house this year to the lowest it's been in 20 years. It's because of the price of commodities and where they've gone.

I asked him how much of the price of the house is the lumber, the materials to build the house? He said less than 10%. Will it be reflected in the final price of the house? Not likely, because every jurisdiction in this country, mainly municipalities, is taking up that space with development charges that in my community exceed \$25,000 a door on any new dwelling. That's for apartments, condominiums, and single-family houses.

Is that what your members are experiencing?

**Mr. Kevin Lee:** Yes. We're seeing that similar kind of decline where the construction costs are becoming a fraction. One example we've seen is, in the GTA, the same house built a decade ago versus today. It used to be that the construction cost of the house was 40%, and then you had land, taxes, and everything else on top of it. For that same house today, the construction cost is down to 20%, so it reflects your numbers of half—

**Mr. Phil McColeman:** I might make the last point if you'll allow me, Mr. Chair.

Affordability in many cases, as we've watched trend lines over the last 20 years, has to do with making sure we hold the line on taxation for new home buyers.

**Mr. Kevin Lee:** That's a huge part of it.

**The Chair:** Mr. Caron.

[Translation]

**Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP):** Thank you very much.

Mr. Marotte, I would like to begin with you. You referred to your report. Could you table it officially with the committee?

**Mr. Hans Marotte:** In fact, it was the Employment Insurance Monitoring and Assessment Report. I have some excerpts.

**Mr. Guy Caron:** Could you table them officially so that the committee may consult them?

**Mr. Hans Marotte:** Absolutely. No problem.

**Mr. Guy Caron:** I appreciate that very much.

You spoke of the Social Security Tribunal of Canada. I hear a lot about eligibility issues. It generally takes 28 days to respond to an employment insurance claim, but these days, people sometimes have to wait three to four months before they even receive a decision about their eligibility.

Is this something that is going on today? If so, how can we solve this problem?

**Mr. Hans Marotte:** In fact, we see this more and more.

I have been with the Mouvement action-chômage de Montréal since 1994. The objective to reply within 28 days has always existed. So the administrative machine feels it is reasonable to provide a reply within four weeks, apparently. However, for some years now, these reports have stated that the objective is not being reached, and that the time it takes to reply is getting longer every year.

The explanation is simple. There have been many cuts to the public service in the employment insurance sector. Public servants tell us that the resources are just not there anymore.

There is also a new way of doing things. I am not an expert on processes, but I can say that in the past, when someone applied for benefits, an agent received the application and dealt with it to the end. He knew the file, he knew the employer, he could process the application quickly. Now, the application is received and processed in cyberspace, according to what public servants tell us. When you apply for benefits, your application goes into the Web. After that, an officer in Rimouski begins to process it. He must go through two or three steps...

**Mr. Guy Caron:** Not anymore, since the Rimouski centre was closed.

**Mr. Hans Marotte:** Yes, that is correct. I spoke of Rimouski, but let's say it is processed elsewhere.

At a certain point, this agent will work on another file, and someone in Shawinigan will take over. However, when the citizen would like an answer, there is no one to contact. He cannot speak to Ms. Thibodeau, who is aware of what is happening with his file. It is a dog's breakfast.

It is indeed quite complex. Resources have to be allocated and claims have to be processed quickly. They used to be before. I have been in contact with public servants for a very long time. The system worked and was efficient, because it was important and it was treated as a priority.

Public servants now tell us that they are no longer certain that paying benefits is a priority.

•(1630)

**Mr. Guy Caron:** In the past, employment insurance claims were processed in 6 main centres and 23 secondary sectors in Quebec. Now the 23 secondary centres have been eliminated and only the 6 main centres remain. So, all of the claims are processed in these 6 centres. Claims sent in by people in Rimouski or Gaspé may be processed in Gatineau or Shawinigan, as you said.

I thank you for having provided these details.

This morning I spoke about employment insurance as an economic stabilization factor, particularly in regions undergoing economic difficulties. The example you gave illustrated that situation well. Thank you.

Mr. Kelly, I would like to talk about credit card transaction fees. I often hear small business owners, in my riding or elsewhere, say that this is a major problem for them. You did not include this point in your priorities.

The fees for basic cards are generally 1.5% to 2%, but this can reach 3.5%, if not almost 4%, for prestige cards. For many of these

people, this is really a priority. If their profit margin is 5% or 6%, they can kiss their profits goodbye, as well as the possibility of reinvesting or hiring anyone.

I know that there is a voluntary code and that the issuing companies have voluntarily reduced the basic rate they charge businesses, but this remains a problem.

In your opinion, is this one of the priorities the government should tackle?

[English]

**Mr. Daniel Kelly:** I do. You're quite right. Credit card processing fees have come down for the first time ever. They did drop. We were pleased to see that. Actions were taken by the previous government to help make that happen.

Has it gone far enough? No, absolutely not. The code of conduct is working. It put some new ground rules in place, so we're very pleased with the code and how it's being enforced. That seems to be very good.

What seems to be missing, though, is that additional downward pressure on rates. With credit card processing fees, again, it's been about a 10 basis-point reduction, a 10% reduction at most, but we had seen a 40% increase in credit card processing fees in the previous several years.

We would encourage the new federal government to give this file another look. I wouldn't say, right now, that it's the most burning issue among our members, but it is an important one and it does erode the amount that the business can hang onto to pay their staff, pay their bills, and grow their businesses. It remains an important issue.

**The Chair:** Thank you, Mr. Caron.

Mr. Marotte, leave your paper with the clerk and we'll get it translated. Thank you.

Mr. Sorbara.

**Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.):** Thank you for your kind and thoughtful comments in your presentations. I'm trying to keep these questions direct so I can get feedback from a number of people.

Janet, for CARP, to put it on the record, our platform did contain a measure to improve the GIS, specifically a 10% increase, \$920 a year, which will benefit 1.2 million single seniors in Canada, of which 900,000 are female. That is a large measure that we advocated for in our platform and hope to see in the coming months, so I'd like to put that out there.

I have a question on the 70% replacement income. How is that number determined in looking at... We understand that folks retire with a level of income. There is some discussion and debate out there on different levels of income having an appropriate level of retirement savings, and other levels of income not having appropriate levels.

I wanted to get your thoughts on the 70% and on the debate that's occurring.

**Ms. Janet Gray:** I wouldn't say that it's an arbitrary number, but it is a number that is fairly well grounded in the financial industry. That's your pension amount if you have a full 35-year pension. If you have a pension, you're likely going to have 70% of your retirement income, so that's pretty much where it comes from.

Can people live on less than 70%? A lot of Canadians are doing that already. It's not a hard and fast rule; it's just a general guideline.

• (1635)

**Mr. Francesco Sorbara:** This is my second question. We know that statistically in Canada there are more 65-year-olds and older versus 15-year-olds and younger. Are there any changes that you think we can make to incentivize older individuals to remain in the labour force, any type of reform of OAS or GIS that your organization would look at or would advocate for?

**Ms. Janet Gray:** First of all, they have their own incentive, which is strictly to keep paying their bills and to maintain their lifestyle. Is there something else you can do? Absolutely, and I think some of that is already in place. If they delay CPP and OAS, they do have an incentive to get a little bit more. Could that be increased? Sure, that's a great start.

**Mr. Francesco Sorbara:** Because there are clawbacks that kick in.

**Ms. Janet Gray:** Yes, let's change those.

**Mr. Francesco Sorbara:** For Mr. Lee and Mr. Kelly I have a joint question.

The changes that went through on the temporary foreign worker program—looking at 2013 versus now—have disrupted that program significantly.

I come from York Region, specifically in the Vaughan area. We probably have several of the largest home builders in all of Canada. There is a shortage of skilled tradesmen. I hear it all the time. I actually met with individuals on Saturday morning to discuss the shortage again because they have it. We need some solutions and I think that has to come from government and the private sector.

My question is about what you can see in terms of how we either fill the shortage organically or with the temporary foreign workers. Are there any suggestions on your part?

**Mr. Kevin Lee:** To the question earlier about why we have a mismatch of jobs as well, I think that for quite a while Canada has been pushing our young people into a university education, degree, and career that doesn't necessarily always lead to the jobs that are at hand.

I think one of the important things, moving forward, is that as a country we.... In Europe they call it "parity of esteem" and it's something we have adopted here to encourage young people to get into some great careers that are skills based that apply to residential construction and others.

With respect to the temporary foreign worker situation, the GTA is experiencing an extreme shortage right now of framers. Connected to various things—it's sort of a perfect storm of an economy that's still doing really well—are some crackdowns that occurred in terms of foreign workers, legal and maybe not so legal, in recent times.

How do we deal with that? The express entry system that is supposed to help people get back in—and not even necessarily on a part-time basis or a temporary basis, but leading quickly to long-term Canadian status to stay here and help build this country—is an important piece.

We think that, yes, the express entry system for temporary foreign workers.... The thing with temporary foreign workers is also that, in an emergency situation, there are often exceptions to how you can get them in. How do we define those situations so that we can bring the workers in or back into the country?

**Mr. Francesco Sorbara:** I have just one more comment for Mr. Kelly.

We do know that many workplaces aren't offering pension plans in Canada. There's a whole movement away from defined benefit plans to no pension plan, or potentially defined contribution plans, or hybrids of such.

The CPP is a world-renowned model, looked at from many jurisdictions—low fees, great asset managers, arm's-length—so there are many pluses on the CPP side. I think an enhancement to CPP is a prudent step to take because there is a gap in someone having a dignified retirement in Canada, so I want to put that out there. That's a measure we need to look at and I'd like to get some feedback from your side.

**Mr. Daniel Kelly:** Sure. One thing, to just chime in on that front, is that some at the political level feel that it will help equalize small firms against larger firms because everybody will have to start paying into a pension that they might not otherwise have.

I will point you to the data that the Ontario government collected, which shows that only 10% of small businesses feel that this will help them in attracting workers; 90% don't. Entrepreneurs do not feel that this is going to help them. In fact, for those who are introducing a voluntary pension vehicle, that is what helps them become an employer of choice.

I certainly don't disagree with your point. More employers can and perhaps should get involved in the pension game. We do like the pooled registered pension plan. Even the Ontario government is looking to introduce it, which is good news. But mandatory payroll tax hikes right now, even dedicated to things as important as retirement, we feel would quite frankly be devastating for the Canadian economy.

• (1640)

**The Chair:** Thank you, Mr. Kelly.

We'll turn to Mr. Liepert.

**Mr. Ron Liepert (Calgary Signal Hill, CPC):** I have a couple of questions for clarification. Kevin, did you indicate that you're finding a skilled worker shortage in parts of the country? Are there not excess skilled workers in those same trades in Alberta these days?

**Mr. Kevin Lee:** Interestingly, not necessarily. There was a major shortage of skilled trades in Alberta as everything was going. Many of them have left Alberta and gone back to their home provinces. In some instances that is providing and filling that gap, but in other instances we haven't see that. The example of the GTA is probably the most pressing right now. We have national builders who had workers in Alberta and they are unable to get the people they need.

**Mr. Ron Liepert:** It seems to me that we have a disconnect, and we should be looking at this as part of the budget. How do we ensure that those skilled workers move from one part of the country to the other as they certainly did in the oil and gas sector?

Dan—and Mr. Chairman, I've known Mr. Kelly for a long time so I can call him Dan—in the last election campaign we heard some reference that many small businesses are simply a tax dodge. Could you respond to that?

**Mr. Daniel Kelly:** The clip that aired on *The National* was an interview with Peter Mansbridge when the Prime Minister commented that a large percentage of small businesses were simply ways for wealthy Canadians to save on their taxes. We immediately sought clarification because if the Prime Minister through those comments is channelling that his government will not tolerate anybody setting up a fake company to benefit from the small business corporate tax rate, we will applaud that and we will take no issue with that whatsoever.

If, on the other hand, there is the sense that some small businesses are not deserving of the lower rate of taxation for small firms, and some provinces have been putting this forward, several of them have moved. For example the Quebec government, which has made a lot of really good public policy choices, has decided to eliminate access to the small business rate for any business that has three or fewer employees, so the smallest of small companies in Quebec starting in 2017, next year, will no longer have access to the lower rate of taxation on small businesses. The *depanneurs* across the river will no longer be able to access that and will pay the big business rate.

Our worry is that the federal government may be drawing some inspiration from that. We don't know the government's intention. It does worry us though that this same theme is in the mandate letter for the new Minister of Small Business Bardish Chagger. We're going to be meeting with her next week, so we look forward to that. At the moment we're seeking clarification from the federal government as to what that means.

**Mr. Ron Liepert:** A good percentage of your membership are not sausage companies; they're professional companies. Is that not correct?

**Mr. Daniel Kelly:** Indeed we have about 5,000 doctors, lawyers, and dentists as members.

**Mr. Ron Liepert:** Kevin and Mr. Kelly, I'd also like to ask you about the TFSA. You've talked a lot in your brief about how devastating an increase in CPP premiums would be. Give us your thoughts on the decision not to stay at the doubling of the TFSA.

**Mr. Kevin Lee:** From our perspective, one of the things that the TFSA does is that it obviously encourages savings and provides a vehicle for people to save for down payments and the like for their houses. Currently given the way house prices are going, you know you can put money into your RRSP and you can pull it out if you're a

first-time homebuyer and that sort of thing, but the ability to save outside of that is necessary in many markets. We have been supporters of having a good and strong TFSA program in Canada.

**Mr. Daniel Kelly:** On that front from our perspective, when we did a public opinion poll of Canadians asking them if they did have more money to save for their retirement where would they like to place it—I'm looking for the data. I don't have it in front of me. The top choice was that if Canadians had more money to save for their retirement they would put it into a TFSA first, RRSP second, and way down near the bottom of the list was CPP.

**Mr. Ron Liepert:** Erik, some of the things that we've just been talking about seem to me to be the kinds of things that I would hope organizations like yours would advocate for, not necessarily on behalf of your current membership but for future membership, things that Dan Kelly just mentioned.

• (1645)

**Mr. Erik Queenan:** Was that regarding skilled workers?

**Mr. Ron Liepert:** More along the line of small businesses and potentially removing the taxation benefits of being a small business.

**Mr. Erik Queenan:** That is a tough thing and I think it might be worth a conversation.

Ultimately CASA has to advocate for the students and our members, some of which are polytechnic institutions.

What I was dying to say earlier, when you guys were talking about skilled workers, is that CASA is advocating on labour market information so people that are graduating high school know where jobs are and know what industries they are in. That's something that's lacking right now, and to have the labour market information would really benefit that.

The other thing that would help is funding for experiential learning for paid co-ops and paid internships. One of our delegates is from SAIT, the Southern Alberta Institute of Technology. They don't have funding. There are students who have completed all of their courses, but there's no funding available to get their hours. There's no funding in order for them to get their internship hours so they can become qualified electricians, carpenters, plumbers, you name it.

**Mr. Ron Liepert:** Or chefs.

**Mr. Erik Queenan:** Exactly. Absolutely. Those are two ways to help with some of the issues that were brought up earlier.

**The Chair:** Thank you very much for that information.

Mr. Grewal.

**Mr. Raj Grewal (Brampton East, Lib.):** Thank you, Mr. Chair, and thank you to all the panellists. Excellent presentations.

My first question is to Erik. You advocated for additional funding to be expanded to graduate and Ph.D. programs. As a recent graduate, and not too far removed from law school and carrying student debt myself, I couldn't agree with you more in terms of supporting our students and educating our youth.

Don't you feel more funding should be given to the undergraduate level so all Canadians can have access to a level of post-secondary education as opposed to putting more money up at the graduate and Ph.D. levels?

**Mr. Erik Queenan:** I think we absolutely agree. Of course we want to see more funding go to the undergraduate level as well, which is why we are advocating for a 50% increase to the Canada student grant program as a whole.

I mentioned expanding it to graduate and doctoral students because currently the Canada student grant program doesn't provide any funding for graduate students or for people looking for their Ph. D. That's the reason why.

Absolutely we want to see more funding for students at the undergraduate level as well because student debt continues to rise.

**Mr. Raj Grewal:** Thank you.

Mr. Kelly, you're passionate about the small business industry, as you should be. Explain the rationale behind why the professional element should be given the tax cut as well, because that also encompasses Bay Street lawyers—not that I have anything against Bay Street lawyers, having practised law at a big firm—and it also encompasses their partnership because their partnership structures are small businesses for lawyers. They would be benefiting from this 2% tax decrease.

**Mr. Daniel Kelly:** Yes. From a fairness perspective we don't feel there's any difference if somebody is a good mechanic and is earning several hundred thousand dollars, or if they are a good lawyer, doctor, or dentist and earning several hundred thousand dollars. It's the level of income you should be treating in the same way. The threshold is now at \$500,000 where you can access the small business rate. We think the government should be agnostic as to the way in which that's done, as long as these are legitimate businesses.

Many professionals have told us they are graduating—as I think your previous question alluded to—with hundreds of thousands of dollars of debt to become a professional in Canada. While certainly there are some professionals that do very well, and we're happy for that, it is a bit of a myth that every doctor, lawyer, and dentist in the country is wealthy. That's why we think their incomes should be treated the same as any other Canadian business owner and not subjected to specific provisions.

At the very least we urge you not to go down the approach Quebec has taken, which is an across the board elimination of access to the rate for those that have three or fewer employees. In our view that is especially punitive.

**Mr. Raj Grewal:** I think the status quo... I was having this discussion with a professional last week. He said, "You're raising my taxes", and I said, "No, we're keeping them the same."

The economic rationale when you're walking around in your riding and you go to the mom and pop pizza shop, is that—as my honourable colleague mentioned—for many small businesses the margins between profit and going bankrupt are tight. I think they benefit from this 2% decrease proportionately higher than a professional would benefit.

The economic rationale for me is that small businesses outside the professions deserve the reduction, and the professions remain as status quo. I appreciate your testimony on that.

Mr. Lee, you made a great point on the amortization and changing the mortgage rules for 30 years. Is there any data on the percentage of uptake in purchases that would incur? Would there be an amount, say under \$500,000, to ensure those mortgage rules aren't being taken advantage of?

• (1650)

**Mr. Kevin Lee:** Certainly, given the most recent move on down payments, it would make sense under the current regime for it to be under \$500,000. We think that would be just fine. We're really talking about entry-level people and getting them into home ownership. Our calculations suggest that by moving from 25 years to 30 years....

It was really that we went from 40 years all the way down to 25 years. It was that last piece that really bumped a lot of people out of the market. By going from 25 years back to 30 years for well-qualified first-time buyers, about 80,000 new home buyers would be capable of affording to get into the housing market. How many of them actually would is a question of market dynamics. It really opens a big window for people who have a long time and are early in their lives and their families and careers to become homeowners and pay it off over a slightly longer period.

**Mr. Raj Grewal:** Thank you very much.

**The Chair:** Thank you.

Mr. Aboultaif.

**Mr. Ziad Aboultaif (Edmonton Manning, CPC):** I have a couple of questions. One is for Ms. Gray.

By the way, thanks to the panel for all the wonderful information. We learned a lot today.

You mentioned several social assistance plans. One is the national pharmacare plan for retirees and so forth. You mentioned the figure of \$3 billion. Can you elaborate further on how this amount would be distributed among the different programs or different plans, and over what period of time?

**Ms. Janet Gray:** The short answer is that I don't have that information in front of me, so I'll have to get back to you on that.

Our interest in the pharmacare program is that there are different policies amongst the provinces. There's no continuity province to province on what drugs are covered and what drugs are not. We'd look for some conciliation between all of that. We also want to ensure that there are some bulk purchasing priorities that can be done, so that if all the provinces are buying together, they're going to get a much better cost per unit of that drug. That's our concern. We want to be able to level the playing field so that people in British Columbia are not getting a drug that a person in New Brunswick cannot get.

I can get those particulars back to you.

**Mr. Ziad Aboultaif:** I have a small question for Mr. Marotte.

You've mentioned your organization being involved in creating or helping to create jobs. Would you be able to give us some data on how many of those jobs you've created or have assisted in creating?

[Translation]

**Mr. Hans Marotte:** We do not help people to find jobs, but to obtain employment insurance benefits. We are funded by the United Way, which provides funds to us so that we can help people who have lost their job to obtain employment insurance benefits while they look for another job.

We are not in the business of creating jobs as such. We are a small community organization with four employees, so unfortunately we do not have those resources.

[English]

**The Chair:** You do have time, if you have another question, Mr. Aboultaif.

**Mr. Ziad Aboultaif:** That's fine.

Thank you.

**The Chair:** Mr. McColeman, we'll give you a minute.

Go ahead.

**Mr. Phil McColeman:** I just want to come back to the point of the added taxation, not to housing but to small business, and the comments that were made regarding treating certain categories or professions differently if you're running a small business.

Again, it's the popularized perception that if you own a business, you make a lot of money. I know some professionals who struggle at, let's say, their surveying business or their engineering business. This is the very group that's been targeted. There have been gestures—and there isn't anything we've been told is coming down the pipeline, but it's been indicated that these are the people who have small businesses to reduce their taxes and for no other reason. They might employ two people in the office, a receptionist and maybe an assistant. I want to revisit that and come back to the thoughts on the panel regarding that point.

From what you've seen, Mr. Kelly, and your members, are people in this category rampantly abusing the small business tax format? Should they not be treated the same as any other small-business person?

• (1655)

**Mr. Daniel Kelly:** We're trying to figure out if this is a solution in search of a problem, and we suspect that it is. Again, if the Prime Minister is talking about abuse, that businesses are not legitimate and they're setting this up, and it's basically an employment income that they're hiding in a certain fashion, we will be the first to support that. However, for legitimate business owners, whether they're in one profession or another, we feel that the treatment from the federal government should be the same. Again, I do want to compliment the new government. It has endorsed the reduction from 11% to 9%. Our request is that it be made possible for all, and that there's no threat to it.

Responding to Mr. Grewal's question, one of the things he was saying is that it wouldn't actually be keeping it at the current 11%; it

would be taking the professionals and bringing them up to the big business tax rate of 15% right now. It would be a significant increase in taxation for professionals, not basically a wash.

**Mr. Phil McColeman:** I have some analysis from the accounting associations—

**The Chair:** I'll have to stop you there, Phil.

Mr. Ouellette.

**Mr. Robert-Falcon Ouellette (Winnipeg Centre, Lib.):** Thank you very much.

For Mr. Fred Phelps, I was interested more in the basic income concept.

We often talk about social workers in Winnipeg and indigenous communities, and how a lot of social workers are trying to do a good job but often they're taking indigenous children from their communities. In the province of Manitoba, 88.3% of all children who are taken into the care of the state are taken because of negligence, the inability of parents to provide good housing and food for their children. There are about 11% where allegations of abuse are put forward. Of that 11%, only 11% of that are actually substantiated abuse. Those are telling statistics. If there's 11,000 kids in care in Manitoba, it would work out to around 140,000 in the province of Ontario, 90,000 in the province of Quebec, 350,000 to 360,000 across this country. People would be up in arms in revolution over this if it were their kids.

Since we are looking at this level of poverty, I am wondering if you could elaborate on perhaps the impact it might have on keeping these families together so they can one day hopefully succeed in life.

**Mr. Fred Phelps:** Thank you very much for that poignant question. Being a past child protection worker and bringing children into care, many of the instances of neglect are on the basis of poverty, not on the basis of a family not wanting to provide for their children. It's an inability to provide for their children.

A basic income, coupled with the ability for people to meet their basic needs with housing, would take a tremendous burden off of families themselves. They would be able to maintain...and reduce the harm, to keep their children with them, with their families. It would greatly benefit extended families, who are often exasperated trying to keep kids out of care. Bringing those children back into extended families is breaking those families financially as well. It compounds the issues for children, and intergenerationally, from year to year.

I think addressing the fundamentals, the housing, basic income, would allow families to be able to maintain children in the home, more so than any policy we have right now.

**Mr. Robert-Falcon Ouellette:** Thank you very much.

For Mr. Daniel Kelly, it's interesting that you talk about how the people feel in your organization, but I'm going to use the example of Singapore concerning pension plans.

In 1955, there was the introduction of a central provident compulsory savings scheme. It was expanded in 1968. In 1984, it was expanded again. In 1987, there was a minimum retirement sum scheme, again conceived as a fifty-fifty split between the employer and the employee. People didn't want it, but today Singapore is an economy that I think a lot of us can look up to. It came from the developing world into the developed, if not one of the top-tier countries of the world. It's great that we feel things, but sometimes we have to look to concrete examples based on data.

My real question, though, is that looking at the professionals, I fail to understand how it perhaps works. I've never seen a homeless practising doctor. I believe that in our society everyone should pay their fair share. We are citizens first and foremost, and last we are taxpayers. That means that as taxpayers we are citizens. I fail to understand. Does that mean a doctor has his small business—he pays 9% or 10% or 11%, or whatever the rate might be—and then on his income that he earns as a doctor, he will pay income tax on top of that?

• (1700)

**Mr. Daniel Kelly:** Yes.

**Mr. Robert-Falcon Ouellette:** That's just what I wanted to ensure, because it sounded like there are people who are trying to hide money from the state, and I believe that shouldn't be the case. Thank you. That cleared it up for me. I really appreciate that.

The final one is for Hans Marotte. I don't have a lot of time left, but on the EI plan, it sounds to me like the government in the past has been trying to reduce the number of people who have access to employment insurance, reducing the numbers. With computer technology today, by using the Internet, by people having to fill out those forms themselves for employment insurance, I fail to understand why it would take more than a simple couple of days to process these applications. When you're on unemployment insurance, you have to make big decisions for your family. You have to pay that mortgage. You have to pay those car payments. You have to pay your children's hockey registration, and all these things you're doing in trying to support your family. If you can't do it, what are you going to do?

I have two seconds.

**The Chair:** Mr. Ouellette, you'd better get to it.

**Mr. Robert-Falcon Ouellette:** Do you believe the government should actually be making this a more efficient process with our computer systems, and more productive?

[Translation]

**Mr. Hans Marotte:** The means are there, clearly. Where there is a will, there is a way. I was in a car accident a month ago. A week later, my car was fixed and running again; and it is just metal. But when someone loses their job, that person can no longer pay the rent, or feed their children, or purchase a bus ticket to go to an employment centre where he can look for work. Where there's a will, there's a way.

I have been with the Mouvement action-chômage de Montréal for 25 years. I know that over all of those years, this has never been a priority. If a government really wants to see to it that people receive

their benefit cheque within a reasonable period, that can be done very quickly.

[English]

**The Chair:** Mr. MacGregor, we'll go a little over time, but we'll give you three minutes. Go ahead.

**Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP):** Thank you, Mr. Chair. I appreciate the opportunity to speak today.

My question is for Ms. Gray. I'm Alistair MacGregor. I am pleased to sit as the NDP's critic for seniors' issues. I certainly hope I can continue a relationship with your organization.

The Broadbent Institute just released a report that shows the planned increase in guaranteed income supplement should remove about 85,000 seniors from the poverty rolls. While that is a commendable action, it's still going to leave about 634,000 in poverty.

It also has a statistic that shows that the overall median value of retirement assets is about \$3,000 for those aged 55 to 64. I know that very much reflects the constituents in my riding. I'm from Vancouver Island. We have a lot of people earning in the neighbourhood of \$30,000 to \$50,000. Once all the bills are paid, it does not leave a lot left over to save. With the population of seniors set to increase dramatically over the next 20 years, I think this problem is only going to exacerbate itself if we don't take some corrective action.

I heard that a big issue for seniors is health care. I'm a big subscriber to the social determinants of health. I believe that if we don't take actions to address poverty.... We know those who live with lower incomes have poorer health overall. I certainly saw that a lot. I used to work as a constituency assistant to Jean Crowder. I met lots of low-income seniors who had to supplement their diet with a box of crackers just to make it through the month. It really makes you quite emotional when you see it up close and personal. It makes you realize that the stuff we do here in Ottawa has real effects out there.

I was just wondering. Has CARP as an organization done any studies or talked to its members about the social determinants of health? Could you offer some feedback to me on the best way forward on that?

• (1705)

**Ms. Janet Gray:** Sure. It's a big question. We know that health care issues are changing as the demographic is aging, so it is foremost on our list as well.

There are gaps people are falling through. That goes to the national pharmacare program we're talking about. It goes to making sure that the Canada Health Act is indeed country-wide and accessible to everyone. One current thing that's popped up on our radar has been dental care. Dental care is not covered in the national health care act. It's often an emergency situation that takes them into the hospital setting. There's a lot of interest around that, on an advocacy role also.

We know there are certain age gaps where they fall between the cracks. In Ontario, specifically, after the age of 65, their drugs are paid for and there's a copayment. Their drugs are cheaper on the other side of 65 than they are on this side of 65.

Yes, there are absolutely a lot of issues and I'd love to talk to you more about them.

**The Chair:** We'll have to thank you both. On behalf of the committee, I'd like to thank all of the witnesses. There's been a lot of good information and interesting exchanges.

The committee will suspend for about five minutes. We have to get the video conferences geared up and there are some technical things to deal with.

Thank you one and all. The meeting is suspended for five minutes.

• (1705) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1715)

**The Chair:** Could we come to order, please?

We will have a PowerPoint during this panel at some point. We also have two mayors by video conference.

We'll start with Mr. Macdonald, from the Canadian Centre for Policy Alternatives.

You have five minutes. At five minutes I'll cut you off.

**Mr. David Macdonald (Senior Economist, National Office, Canadian Centre for Policy Alternatives):** Yes, sir.

Thanks so much to the committee for the invitation today.

I'd like to focus my remarks today on some important macroeconomic phenomena instead of specific policy questions.

I think that we're living through a transformative moment in Canada. We're witnessing the end of monetary policy and the rise of fiscal policy.

Historically, to manage recessions, the Bank of Canada would lower interest rates, thus encouraging households to take out a loan or a mortgage to build, buy, or renovate their house, also encouraging businesses to take out a loan to improve their operations. For instance, during the great recession the Bank dropped interest rates and households ran a \$176-billion deficit in 2009 alone. By comparison, the federal government ran only a \$55-billion deficit, and the provinces, a \$26-billion deficit.

While federal government cutbacks have since led to balanced books, households continued running annual deficits of \$60 billion to \$80 billion a year between 2009 and today. In fact, households were the heroes of post-crash growth in Canada. The cost, of course, was historically high household debt, but the payoff was much higher GDP growth.

As the federal government cut back, the provinces also continued their deficits. Their major programs, such as health care and education, can't be cut back in the same way. This actually led to a historic crossing in 2015, with provinces now holding more debt than the federal government for the first time in Canadian history. At the end of 2009 and the financial crisis, the Bank of Canada's overnight rate approached zero, effectively ending their ability to spur growth by encouraging more debt. Going forward, Canada is therefore limited in where we can see growth come from.

Slow growth didn't start in 2015. We have been experiencing slow growth since 2010. All estimates are that this will continue, likely

mixed with technical recessions, for the foreseeable future. We continue to import more than we export, a trend started following the 2009 crisis, thereby reducing our GDP growth every year. The corporate sector actually has strong balance sheets and continues to hoard record amounts of cash, which now exceeds the value of our national debt. But corporate contributions to GDP, through new capital spending in particular, have been devastated by the oil price rout.

This leaves the federal government as a key engine for future growth. Without more involvement, specifically deficit-financed involvement, slow growth and technical recessions are the prediction for the future of Canada for the coming years.

But there is significant room to grow. The federal government is presently at its lowest share of total expenditures to GDP of any time since 1939 prior to the Second World War. Put another way, the federal government spends less as a share of the economy than it did prior to the implementation of the Canada pension plan and modern old age security, prior to employment insurance, and prior to universal health care. The federal debt-to-GDP ratio, Canada's relative debt ratio, is at its lowest point since 1980. We have the lowest federal debt-to-GDP ratio by a long shot in the G8, and it has been falling.

While Canada is lowering its debt-to-GDP ratio, bond markets are desperate for more debt, not less debt. They can't get enough Canadian debt. They are, in fact, so desperate that they are willing to lose money on our bonds after inflation, with our five-to-ten-year bond yield now under 1%. They are desperate for the federal government to run larger deficits to create more low-risk Canadian government debt.

To provide some scale, if we were to take, let's say, a \$25-billion deficit—I think that is at the high end of expectations this year—one might say that this may seem large. It certainly is large for an individual or a company, but we need to consider this in relative comparison to the Canadian economy, which is worth \$2 trillion today, and in comparison it's actually quite a small amount. In fact, a \$25-billion deficit would be smaller than any deficit on a relative basis run between 1970 and 1995. In fact, we could run a deficit of \$25 billion forever and the debt-to-GDP ratio would remain constant as the economy grows. In fact, the larger the federal deficit, the larger our corporate profits and the larger the household surplus, that is to say, households paying down their debts.

It's not just deficit size that's important; it's also what it finances. Deficit financing tax cuts for rich Canadians, for instance, would be much less effective at job creation and GDP growth. Deficit financing of social programs and infrastructure, on the other hand, would be much more effective for GDP, jobs, and growth.

There may be delays, clearly, in infrastructure spending and social program set-up, but slow growth isn't going anywhere. We have plenty of time to implement those programs and reap the benefits in terms of increased GDP.

For more details, I hope you'll read our alternative federal budget, which will come out in early March.

• (1720)

Let me thank you and I'll wrap up there. I look forward to your questions.

**The Chair:** Thank you very much, Mr. Macdonald. You're right on the money, right on the time.

We now have Mr. Everson, with the Canadian Chamber of Commerce.

By the way, thank you all for coming in on short notice. We appreciate it. I didn't mention that at the beginning.

Mr. Everson.

**Mr. Warren Everson (Senior Vice-President, Policy, Canadian Chamber of Commerce):** Thank you very much, Mr. Chairman and honourable members. Thank you for inviting us here today.

We submitted a written submission to the committee, and it had at least 10 significant issues in it. I don't propose going through all of them, certainly not in five minutes. Let me speak about two that we think are of pre-eminent importance.

Regarding the first, you'll have heard a lot from witnesses about a skilled workforce. I can't say how often this issue comes up in our normal work. Employers of all kinds are constantly speaking to us about the problems in finding skilled workers. No matter what sector you're in—high tech, natural resources, the services sector—the human resource problem is very much with us.

To the credit of the current government, in its election campaign and since, it's had ambitious ideas and laid out some plans and initiatives that we're very interested in. We congratulate you for taking them on and we'll pledge the support of the membership of the Chamber of Commerce to all of the heterodox ideas that are being talked about with regard to internships and various other mechanisms to transition people from education into employment.

It's a maddening thing that Canada has one of the highest-educated populations in the world, but we have an extremely long lag time for young people before they enter the job market, even if they have a very good degree. All of the tools for work-enabled learning are worth exploring. As I said, it's to the government's credit that you're taking that on.

On a less positive tone, the election came along in the middle of a huge reform in Canada's immigration system. It was really the largest reform that had been undertaken in decades, with the creation of something called the express entry system. I can sum it up by simply saying that whereas in the past, our governmental bureaucracy reviewed the job needs of the economy and then calibrated the immigration system accordingly, under the express entry system the government sought to ask the economy itself, asking employers what they would like, what they need, and then introduced those factors to the immigration stream.

Unfortunately, in the frenzy of the politics around temporary foreign workers the government found itself actually cracking down a little bit, so that we now have the express entry system limping along, trying to come into being, but still having oversight and a lot of fairly heavy government restraint on the use of workers coming in as immigrants. Of course, we also have a lot of unfinished business with regard to temporary foreign workers.

I personally know of major investments, some of the largest investments in Canadian history, that are hesitating today because of uncertainty with regard to their ability to get workers and their ability to source workers from outside of Canada if they can't find the necessary skills in Canada in short order. We believe that Canada is bleeding from a wound that we've inflicted upon ourselves.

Very quickly, because I know your time is short, I want to also talk about the other major preoccupation that we have, which is infrastructure. The government is talking about major programs in infrastructure. We're very strongly supportive of that. Infrastructure is a highly virtuous investment in our opinion. Not only do you get an excellent multiplier for the investment—I think I used 1.7 or 1.75—but you also get a legacy of improved facilities that are usually environmentally beneficial, and there's certainly a quality-of-life benefit.

The trick, however, is to make sure those investments are economically empowering. There's a great demand on you for various social investments. I'm not for one minute going to say that many of them are not worth making; however, with the kind of money we're talking about, we should be capable of megaprojects. The kind of money that will be talked about in the budget, that was talked about in the campaign, is nation changing. It's new power from British Columbia into Alberta to get out of coal-fired plants. It's significant reduction in congestion in the two most congested cities in Canada. It's a whole series of efficiencies to allow exporters to get to the markets and make us all wealthy. So we're very strong supporters of that.

I would also say that infrastructure is extremely egalitarian. It is true that it benefits big business. It is also true that it benefits ordinary workers. If you're fixing furnaces and you cannot get around to various jobs around Toronto because you're spending your time in traffic, you're harmed. If you're a new arrival in Canada driving a taxi cab and you cannot get around to the jobs, you're harmed as much as the president of a major corporation.

We strongly support that, but we do think it needs a considerable amount of rigour in the application of the monies to ensure that.... Even \$60 billion can be frittered away.

• (1725)

**The Chair:** Thank you very much.

Mr. Pedersen, with the Canadian Climate Forum, please go ahead.

**Mr. Thomas Pedersen (Chair, Canadian Climate Forum):** Thank you.

[*Translation*]

Good evening, everyone.

[*English*]

Thank you very much, honourable chair and members of the committee, for the opportunity to address you this evening. I will be making a PowerPoint presentation.

This is what's at stake. This is our home. All that separates us from the inhospitable infinity of space is a very thin layer of atmosphere that surrounds the blue dot we call our home.

We're changing the composition of that thin veneer. We're changing it dramatically. The atmospheric carbon dioxide concentration is rising at a rate unparalleled in the history of the planet, to the very best of our knowledge. The impacts of that are extraordinary and severe. You can see that in the projected temperature change by the end of the century of many, many degrees across the planet. Associated with that, we're seeing increased droughts, increased deluges, rising sea levels, loss of our alpine glaciers, the retreating Greenland ice sheet, and so on. We all know all about these impacts.

In December, Canada and 195 other countries made a commitment to the rest of the world to reduce our level of greenhouse gases to that thin veneer that separates us from space to 30% below 2005 levels by the year 2030. Minister McKenna has said that's just the beginning. That's a floor. That's not a firm target. It's a floor. We need to do even better than that.

Our challenge is how we will get there. We have a big gap, a big gulf, in this country now. In 2012 the previous government closed the Canadian Foundation for Climate and Atmospheric Sciences, which was contributing \$11 million a year in direct support of climate research in this country. In 2013 the previous government closed the National Round Table on the Environment and the Economy, which was spending \$5.5 million a year on largely economically oriented research in support of environmental stewardship in Canada.

About that time, the board of directors of the climate foundation said we can't let this issue fade away. We created the Canadian Climate Forum, dedicated toward promoting constructive dialogue on how Canada can face the climate challenge. We created that about three years ago. We're a very active organization based here in Ottawa.

It's not enough. We need to go further now. The challenge for this country lies right in front of us. What we are proposing here tonight is that we create in this country the "Canadian climate council". This would be a multidisciplinary, very broad body that would draw on the talent pools across the nation to focus on policy, very firmly on policy development, and we would take into account science, engineering, entrepreneurship, health, and first nations—all of the things we need to be looking at in terms of the multidisciplinary matrix that is so important to us.

As the Canadian Climate Forum, we've had meetings now with over 20 senior bureaucrats in over 12 ministries in the last several weeks. They have delivered to us a common message. I'm going to

read you one quotation from an assistant deputy minister, who shall remain nameless, who said, "While we should be able to convene across departments on the climate change file, we have not done a good job of it, nor are we likely to."

What we're proposing is a national council that would pull together all of the different threads, all of the different constituencies, take full advantage of our university sector and our government research labs, our provincial government research labs, NGOs, and others to sit around a common table and deal with a set of common questions, provided by the federal government, that would allow us as a nation to directly address the climate change challenge.

We have a model. This is not something new. The model is called the Pacific Institute for Climate Solutions. It's been in existence since 2008 in British Columbia. It was funded by a \$90-million endowment from the Gordon Campbell government of the day. The institute lives off the interest from that endowment. It's policy focused. It's multidisciplinary. It's working on five major topics of critical importance to British Columbia: transportation futures; energy efficiency in buildings; how we can make maximum societal value from our natural gas resources; how we can integrate the western Canadian electrical grid, which my colleague here mentioned earlier; and we are politically independent. Gordon Campbell looked me right in the eye and told me this two years ago. He said, "Tom, we gave you an endowment because you must be politically independent."

• (1730)

What we are proposing tonight is essentially taking the Pacific Institute for Climate Solutions model and scaling it nationally. We have put in a submission to your committee, to the Minister of Finance, that would allow us to do that, and we ask for your support.

Thank you very much for this opportunity.

**The Chair:** Thank you very much, Mr. Pedersen.

From the Cement Association of Canada, we have Mr. McSweeney.

**Mr. Michael McSweeney (President and Chief Executive Officer, Cement Association of Canada):** Thank you very much.

Let me be direct. Cement and concrete are a sustainable and critical component to rebuilding and developing Canada's infrastructure. Durable, safe, energy efficient, and resilient in the face of diverse and changing climate, cement and concrete are a key building material used in virtually all above and below ground infrastructure and building projects.

It is critically important for governments to make annual investments in our country's infrastructure, and I'd like to applaud the new government for making significant commitments to long-term infrastructure investments. True partnership and co-operation is required to address the infrastructure deficit, and Canada's cement producers wish to be full partners with all levels of government in the renewal and modernization of Canada's infrastructure.

What's different now from my previous appearances before this committee is that the Government of Canada—and governments globally—has committed to transition to low-carbon economies, which will both mitigate climate change and prepare our communities for the changes we are already experiencing. Within a year, the vast majority of the Canadian economy will include a price on carbon and the federal government has committed to complementing these provincial initiatives with a national pricing strategy.

Fighting climate change is not for the faint of heart, especially for you politicians. It will require step change. It will require massive regulation if we are to meet the goals adopted at COP21.

As a northern climate, Canada's infrastructure is particularly vulnerable to climate change. Canada needs and must continue to focus on resilient forms of construction. We are also faced with significant maintenance backlogs. Governments have traditionally focused on short-term fixes to infrastructure deficiencies rather than true infrastructure renewal and modernization, thus leading to an increased tax burden, and ultimately, increased greenhouse gases.

If we are committed to reducing greenhouse gases from the built environment and minimizing long-term maintenance costs, government needs to move beyond the initial cost decision and embrace a cradle-to-cradle perspective. Governments should consider a project's total service life and total cost of ownership. For example, the vast majority of a building's energy consumption and contribution to greenhouse gases takes place after it is built, so infrastructure projects are long-lived assets and what we do or don't do to minimize greenhouse gas emissions today is locking the potential for GHG reductions in the future.

The optimum solution for any construction project, both from a cost and environmental point of view, can only be determined through a complete life cycle analysis. These impacts may not be apparent if the initial costs and environmental burdens are inappropriately weighed in the evaluation. Life cycle studies demonstrate that the initial embodied energy of a typical building in Canada seldom exceeds 10% of the overall energy or CO2 emissions associated with the project's life. Most importantly from a greenhouse gas emissions perspective is the energy performance of the project over its total service life. This factor has shown itself to be a major driver in the environmental performance of a project and of reducing total operational costs and total cost of ownership, so in light of these findings, it's obvious the focus promoted by some industries on only the initial carbon profile of building products themselves is therefore not a fully transparent position and overlooks the largest potential greenhouse gas reductions.

That's why we are recommending that any infrastructure investment should mandate full life-cycle cost assessment screening. As my colleague talked about earlier, let's spend the money properly. We need to ensure that all new projects contribute to achieving Canada's CO2 reduction objectives. It's important that every decision government takes be seen through the climate change lens.

We take sustainability seriously. We've reduced our CO2 emissions by 15% over the past 20 years and our new cement, called Contempra, will decrease CO2 emissions by a further 10%. This new cement is a direct result of the industry's commitment to proactively improve its environmental footprint. By replacing

general-use cement and mandating—having the government mandate the use of Contempra cement on public infrastructure across Canada—governments can reduce CO2 emissions by almost one megatonne per year with this small change. This is the equivalent of taking 172,000 cars off the road each year, or planting 23 million trees annually.

• (1735)

It's just one of the many ways our industry can help governments meet their climate change objectives.

In conclusion, when it comes to investments in durable, safe, energy-efficient, and resilient infrastructure, we'd like the government to truly adopt the philosophy of build it once, build it right, build it to last, and if I can be self-serving, build it with concrete.

**Voices:** Oh, oh!

**Mr. Michael McSweeney:** Thank you very much.

**The Chair:** That makes your point in your closing, doesn't it, Mr. McSweeney?

From the First Nations Child and Family Caring Society of Canada, Ms. Blackstock, the floor is yours.

**Dr. Cindy Blackstock (Executive Director, First Nations Child and Family Caring Society of Canada):** On January 26, 2016, the conscience of the nation was shaken. The Canadian Human Rights Tribunal issued a ruling saying that the federal government of Canada was racially discriminating against 163,000 innocent children in this country by providing them fewer child and family services and less access to all other public services enjoyed by other children because of who they are and where they live.

Sadly this racial discrimination, this fiscal policy, has been with us since Confederation. As the evidence filed by government officials at the tribunal showed, it's not restricted to first nations child and family services, nor is it restricted to access to health care. We saw admissions in those federal documents that were never meant to be seen by the public: that first nations children are denied equal opportunity to an education; they're denied an equal opportunity to drink a clean glass of water; they're denied an equal opportunity to live in a house that won't make them sick.

When we looked at one of the pieces of evidence that came forward, which admitted the underfunding in child and family services, it showed how the department was trying to make up for those shortfalls. One of the slides that will be in your report shows that the infrastructure budget for first nations communities, according to the department's only estimates, falls \$8.2 billion short of what it should be, yet the federal government was transferring \$0.5 billion, over six years. Money that should have been spent on water and schools was being transferred to cover the shortfalls in this program, and it was not covering the shortfalls in child and family services.

What does it mean for kids when racial discrimination is being used as a criterion for fiscal policy by government? Between the years 1989 and 2012, first nations children on reserve and in the Yukon spent 66 million nights away from their families. Evidence before the tribunal showed little kids, four-year-old little kids, being denied equipment so that they could breathe because the federal government couldn't figure out a way to match the service that would have been provided to those little kids if they were non-aboriginal.

A non-aboriginal child told me that discrimination is when the government doesn't think you're worth the money. What would it feel like if you weren't worth the money, and what would it feel like if you were the parent of a child who is not worth the money? No amount of pulling yourself up by your bootstraps is going to give your child that breathing machine. You have to rely on the conscience of the nation, of the people who were elected, to understand that although governments have to make hard choices in hard economic times, there are some things that are sacred and should never be traded off, and one of them is the childhood of the nation's children. There are criteria this Parliament and this government should never use as sorting mechanisms to make those hard decisions, and one of those is racial discrimination. An uncomfortable reality is that the government has been using racial discrimination against children.

And it's not because you're broke. The KidsRights Index, a prestigious worldwide ranking system for how well governments are doing for their children proportionate to their wealth, found this last year—it was released on Canada Day incidentally—that we ranked 57th in the world. In a subindex that looks specifically at legislation and budgets, Canadian governments ranked 134th in the world, right next to Uzbekistan. Our economy, as troubled as it is, is doing far better than Canadian children are and far better than first nations children are.

You know, even if my plea doesn't survive the ethical or moral analysis that I'm asking you to do bearing in mind that racial discrimination against kids is not okay, it can never survive the economic analysis either, because the very best stimulus for any government is not other than investing in children. The World Health Organization says that for every dollar you spend here on children, you save \$20 U.S. down the line, which means about 30 bucks for us. Fail to spend that money and not only do you corrupt the soul of the nation but you leave little kids like Kennedy out.

• (1740)

There's a little girl right now in Alberta who had an ocular tumour. That would scare most parents in this room. Thankfully the surgeon was able to save her sight, but she required some specialized eye drops so that it would heal properly. The federal government did not want to give her the eye drops she needed, which were prescribed by her pediatric surgeon. The federal government said to use Visine instead. This little girl requires orthodontic treatment too. Without it, two pediatric orthodontists have said that she may not be able to talk, she may not be able to eat, and she will be in chronic pain. It costs \$8,000 for the treatment, and if she doesn't get it, she's going to require 20,000 dollars' worth of surgery.

Are we really at such hard economic times and such polluted moral times in the country that we're going to say to Kennedy, “No,

you're not worth the money”?” We have on our website solutions for addressing that child welfare complaint. The tribunal made it clear that the Canadian government knew about the inequality, knew about the harms to kids, and has the solutions to fix it. You need to fix it in child welfare, but you need to fix it here in these committees too, and never allow race and discrimination against children to ever be permissible in your decision-making with this government, or any to follow.

Thank you.

• (1745)

**The Chair:** Thank you very much, Ms. Blackstock. The document you referred to will be translated and distributed.

Now, let's turn to the mayors and the video conference. Mayor Forest and Mayor Garon, go ahead.

[*Translation*]

**Mr. Éric Forest (Mayor, City of Rimouski):** Thank you, Mr. Chair. We bring greetings from the Lower St. Lawrence. It is snowing where you are, and it is raining here.

We want to intervene briefly by stating that the municipalities are important partners for the government, in the economic recovery. The objective of our intervention today is that we would like to see the government take into account the priorities of municipalities, which are local governments.

Since 2008, municipalities everywhere in Canada have contributed to the recovery, particularly through the Building Canada Fund. In Quebec alone, between 2008 and 2014, we contributed over \$30 billion that enabled the creation of 220,000 jobs yearly. These people pay taxes and they are consumers. They contribute to Canada's prosperity.

We mostly invested in aqueduct and sewer infrastructure programs. Today, we are not asking for a budgetary envelope, but we are asking that our priorities be respected.

We want to submit to you two examples of projects that would be ready to start tomorrow morning in the context of an agreement with the Building Canada Fund, particularly for small communities or large projects. In Rimouski, there is a project to build two Olympic-size skating rinks, one in keeping with North American standards and another with international standards, as well as two reservoirs, one of 25 metres. This is a \$35-million project that is greatly needed by the community. The project was developed in partnership with the University of Quebec in Rimouski. That said, in the context of globalization, and faced with a demographic challenge, we have to offer quality services in order to attract new families to our area who will take over our organizations and businesses.

We will provide a brief overview of the situation. May I introduce Gilles Garon, Mayor of Témiscouata-sur-le-Lac, who also has a project to present that is a key project for his community.

**Mr. Gilles Garon (Mayor, City of Témiscouata-sur-le-Lac):** Thank you.

Good morning, members of the committee.

I agree with Éric. Municipalities as a whole share this vision.

We elected representatives often inherit situations from the past, but we nevertheless have the responsibility of preparing the heritage of tomorrow. In our municipalities we sometimes experience situations that are quite difficult.

I'll give you an example. Here in Témiscouata-sur-le-Lac, in 2002, a factory burned down which was not rebuilt; this caused the loss of 450 jobs. We had to deal with that, as well as with municipal budget cuts of 18%. Despite all of that, we had to continue to invest in our aqueduct infrastructure, and that is what we did.

People in our milieu decided to act. We created a municipal association with our neighbour. People voted in favour of that initiative. We are continuing to develop. Today, we are building our regional arena, which has to be upgraded. This is an \$8-million construction project.

We want this project to generate leverage and to be a sort of regional event hub to attract private investment to the region. Our objective is to create a new economy, to create at least 50 jobs, and, in terms of the regional economy, to help all of the businesses in the surrounding area. We want this to be an energy-efficient and very innovative building.

I would like to make one last point. You need to look at the whole issue of cellular telephony, connectivity and broadband technology in the regions. That is important because the service is clearly deficient in our area.

Thank you.

[English]

**The Chair:** Thank you very much, gentlemen. You're a minute under time. We're making great progress.

I'll start the round of questioning, and we'll reduce it to six minutes again.

We'll start with Ms. O'Connell.

• (1750)

**Ms. Jennifer O'Connell (Pickering—Uxbridge, Lib.):** Thank you, Mr. Chair.

My first question is to Mr. Pedersen.

Climate change is something that I'm very interested in. I have some questions in terms of your idea for a more national model of a climate change panel, as I think you referred to it. For the sake of background, I was a municipal councillor for about 10 years, an Ontario member of the Toronto and Region Conservation Authority, as well as Rouge Park before it became part of Parks Canada.

I'm trying to understand your model based on my experience and whether there are any similarities or not. If not, that's fine; it's just what's coming to mind.

In regard to the national policy framework or panel, you mentioned you would create what is existing in B.C. and you would make it national. Are you talking about creating that model, or could you expand the existing panel that you have now? I would assume there are legalities, and this is where my background with TRC and Rouge Park comes in. Whomever endowed the money may

not have allowed you to create the expansion, or did they? That's my first question.

**Mr. Thomas Pedersen:** Thank you very much for the question.

The government of British Columbia endowed the Pacific Institute for Climate Solutions with \$90 million in 2008 to provide the knowledge base and the policy development for the benefit of British Columbia exclusively.

I've directed the Pacific Institute for Climate Solutions for most of the last seven years, and we've finessed that a little bit so that we can justify.... For example, we have a major study under way on the integration of the western Canadian electrical grid. We are designing this project to explore how much the CO2 emissions from Alberta and Saskatchewan can be reduced by taking good advantage of British Columbia's and Manitoba's hydro power.

So we justify that study even though it goes outside the boundaries of British Columbia on the basis that it is important to British Columbia.

We're not saying that we would expand that particular institute nationally. Rather, we would have an Ottawa-based institute, possibly based at the University of Ottawa. We've had preliminary discussions with Allan Rock, the president of the University of Ottawa's team, and they're quite willing to host it.

The point would be that with the model we've established—which is a multidisciplinary model that draws upon all of the pools of talent that we have in our NGO, university, private industry, and entrepreneurship sectors and within our research labs in little pots across the country—we pull the best talent together, put it around one table like this, and put one question in the middle of that table.

For example, it might be transportation policy for Canada toward the middle of the century. What should it look like? How do we get there? Should we electrify our vehicle fleets nationally? Should we focus on hydrogen? Should we be supplanting our internal combustion diesel engines with methane from Canadian sources? British Columbia would like that; we have a lot of methane.

All of these things need to be looked at, but not just through the lens of engineering. You have to have a full economic analysis and you have to have human behavioural psychology built in. I'm sure you saw that as a municipal councillor. You have to find ways to get around Nimbyism, or the "I'm not going to change, because my dad used to drive a truck like this, and I'm going to drive a truck like this." You have to find ways to deal with all of those challenges.

The best approach is to have that multidisciplinary framework. That's what we did at the Pacific institute, and it's working.

**Ms. Jennifer O'Connell:** Thank you.

I completely agree in terms of the psychological aspect. The inventor of the recycle bin is actually from my riding, and a big component of it was the social pressure of putting it next to the garbage can.

Municipalities understand the cost of climate change. But in terms of...and this actually is an interesting question in the sense that, with Mr. McSweeney as well, in the cement industry.... How do you correlate some of the differences in legislation?

For example, in my municipality, when I was a regional councillor we had a water pollution control plant redesigned to disperse sewage in Lake Ontario. When dealing with the province and the Ministry of Environment it actually scored less environmentally friendly to create a better dissolvent, because there was more concrete needed for the facility itself. The quality of the water going into Lake Ontario would have been better, but how the cement was made ranked it at a worse environmental rating.

How do you correlate the two priorities in terms of wanting cleaner water and taking the hit on having more cement in the building itself?

It's an interesting question because you're both sitting next to each other right now, but it was a major frustration. How do we bring that together in terms of having these standards? It builds into my criticisms of LEED as well. A bike rack is scored and ranked the same as geothermal, so what do you think a developer is going to install to get a point?

How do we crack down on some of these legislative issues, and is that something, Mr. McSweeney, that your organization does as well?

• (1755)

**Mr. Michael McSweeney:** Why don't I take a crack at that?

First off, cement is a powder. It's a finely ground powder, and cement only goes into concrete, which is sand, water, and gravel, at a 7% to 10% ratio. When we make cement, we produce approximately 750 kilograms of greenhouse gases per tonne of cement, but with only 7% to 10% going into concrete, we're down to about 75 kilograms, which puts us very comparable to other building materials.

I would always say that you first have to understand what we're talking about: the difference between cement and concrete. There is no other market for cement other than concrete. You look at what it's going to be used for, and I would say that anything to do with having clean water would be worth the investment in concrete in order to treat that water. We shouldn't be having any sewage going into lakes and rivers that is untreated. I, like you, spent 10 years on city council so I have a very good understanding of that.

**The Chair:** Thanks for that.

We turn to Ms. Raitt for six minutes, please.

**Hon. Lisa Raitt (Milton, CPC):** Thank you very much, Mr. Chair.

Ms. Blackstock, thank you very much for your powerful statement. I've never heard you speak in person. I have to say it's very emotional and I can understand fully the journey you've been going through, and I hope what I take away today is a lot more understanding.

I only have one question and I just want to understand from your perspective where we are from a legal point of view in the process associated with the tribunal ruling. Is the government seeking some kind of appeal on the ruling? Where does it stand? Are we still waiting to see what happens? I ask it only in terms of trying to understand the recommendations that you made flowing from it and how long it would take for stuff like that to come into place.

**Dr. Cindy Blackstock:** Thank you, Minister.

I can advise you that the tribunal ordered the federal government to immediately cease the discrimination and immediately cease its narrow implementation of something called Jordan's principle. Since the ruling, the government has until February 22 to file a judicial review. To this point, they have not ruled out the filing of a judicial review.

We were proactive because we're concerned about children. One day with inequity in the life of a child is one day too many. Back in January, before the ruling ever came out, we actually were proactive. We mined those previous studies whose recommendations the government had agreed to, and also the Auditor General's reports, and created first steps. These would not deal with the depth of the inequality but would stop some of the most egregious harms to children. We have sent those to the government. We have yet to receive a response on that. The tribunal has asked us to make submissions on immediate remedies by this Thursday, and we are planning to do so.

**Hon. Lisa Raitt:** I've read a lot of the recommendations that you've made because you've floated them on your website. I think the only one that came with any monetary or financial aspect was an immediate—I think it was \$110 million—into one of the programs. That was really all I could see from a finance point of view.

• (1800)

**Dr. Cindy Blackstock:** There are other financial things. There has not been an inflation adjustment for many years. Also for prevention services, it's done by a formula base, and we argued that it should be increased from \$100, where it was set in 1989 and never increased, to a value of a minimum of \$200 to try to keep these children together. There is a cadre of things that will have financial implications.

**Hon. Lisa Raitt:** But is it fair to say that we can see a lot of your submissions financially from those submissions that you've made to the government already, and recommendations, and how to deal in the short term?

**Dr. Cindy Blackstock:** Yes, absolutely.

I think we have those in fair detail, and we also have them costed out in a series of reports called the Wen:de reports that were tabled in 2005.

**Hon. Lisa Raitt:** Excellent. That's very helpful. Thank you very much.

I guess the remainder of my questions will be going to David Macdonald, Canadian Centre for Policy Alternatives.

What's your growth forecast for next year, Mr. Macdonald? What are you guys saying in terms of what you think 2016...? I assume that you've made a submission to the minister on where you think you're going to land.

**Mr. David Macdonald:** The CCPA doesn't do independent growth forecasts. Maybe it's something that we'll look into in the future.

Finance Canada uses, as I'm sure you know, an average of private sector forecasts. That average at present for real growth at my last estimate, which was yesterday, stood at 1.3% real growth for 2016.

**Hon. Lisa Raitt:** Yes. Some guys come in at 1.7% and others come in lower, at 1.0%. Where's your head on it? Where do you think we are? You're an economist.

**Mr. David Macdonald:** I don't have a model, so I don't have an opinion, of course. That's the economist's answer. I think that—

**Hon. Lisa Raitt:** We'll take an average.

**Mr. David Macdonald:** Yes. That will be Finance's approach. The alternative federal budget attempts to use Finance Canada's estimates as its foundation as well, so we don't do independent growth modelling per se. The 1.3% wouldn't shock me.

I think what will be more interesting as we go forward in time, as I'm sure you've seen as well—and this is what we've seen over the past five years—is that three or four years from now we will be back at 3% real growth.

**Hon. Lisa Raitt:** That's right here.

**Mr. David Macdonald:** We're just not getting there. I think what's more concerning is slow growth, in the past and in the future.

**Hon. Lisa Raitt:** I'm curious to know what your take is. I know you spoke a lot about the debt-to-GDP ratio, and I'm wondering what you think should be the goal for the government, because you're saying we have lots of room. That's been the point of view.

**Mr. David Macdonald:** Yes. The debt-to-GDP ratio is quite low for the federal government at present, certainly the lowest in the G8 by a long shot.

I'm not sure that I have a goal necessarily in mind. Even if we were to maintain the present ratio of 31%, that would mean running a deficit of roughly \$28 billion forever, which is at the far range of anyone's estimate for next year's.

**Hon. Lisa Raitt:** If interest rates don't go up too high, and if we have the same nominal growth.... Those two factors are important as well.

**Mr. David Macdonald:** Yes, and certainly the interest rates are at record lows for the federal government. There has never been a cheaper time for the federal government to borrow, or anyone to borrow money, frankly.

**Hon. Lisa Raitt:** Mr. Chair, just two more questions on that.

Does it matter to your organization if the government actually ever gets to balance, or are you more guided by the debt-to-GDP ratio?

**Mr. David Macdonald:** I think at this point and for the foreseeable future we shouldn't get to balance, in fact. I think our goal should be for the federal government to actively run deficits.

**Hon. Lisa Raitt:** Right. On that point, Mr. Macdonald, I guess my concern is that I think if we only take a look at what's happening on a federal level that we may be making a mistake on fiscal policy, because we have provinces out there that have significant amounts of debt, and we may be at 31%, but if you go to Quebec, it's 87%, when you add in the provincial debt. In Ontario it's 76%. It's a whole different ball game when you take a look at adding in the provincial debts on those kinds of things.

What would be your response to a combined federal-provincial analysis on debt to GDP, as opposed to just a singularly federal analysis?

**Mr. David Macdonald:** Certainly, and I think that was one of the points I wanted to make was that the provinces have actually taken the mantle up from the federal government, and they now have more debt than the federal government for the first time in history. The provinces are actually taking more of that burden in terms of driving economic growth.

The fact is that with high household debt largely tapping out the household sector and the corporate sector being in quite good financial shape but unwilling to spend on capital dollars, given the oil rout, for the foreseeable future we're seeing the end of monetary policy with interest rates effectively at 0% now. The only actor left in the economy to drive growth is the federal government, which is why the argument is that the federal government should be spending those deficits instead of the provinces.

**Hon. Lisa Raitt:** Thank you.

**The Chair:** Thank you both.

Mr. Caron.

[*Translation*]

**Mr. Guy Caron:** I would like to begin with Mr. Forest and Mr. Garon.

You talked a lot about infrastructure. Correct me if I am mistaken, but I think that the main point is that the municipalities are in a better position to define their priorities than the federal government.

• (1805)

**Mr. Éric Forest:** Mr. Caron, municipalities are local governments. It is crystal clear that when it comes to knowing the needs of local populations, they are certainly in the best position to identify their priorities.

As I said in the beginning, between 2008 and 2014, when we took part in the Building Canada Fund recovery program, in Quebec alone, we invested \$30 billion. We accelerated our investments in the aqueduct and sewer service sectors. Today, however, we are lagging behind in other types of services.

The Small Communities Fund lists 14 intervention sectors, but none of them involve sporting, cultural or community facilities. Some of your colleagues around this table have sat on municipal councils. It is clear that the two shovel-ready projects we have presented to you complete the service offer. Their objective is to create attractive living environments that promote an active lifestyle and encourage our young people to get involved in healthy activities.

**Mr. Guy Caron:** Mr. Garon could answer my next question.

Much has been said about the fact that federal government investments in infrastructure should provide a return, increase productivity and be profitable from an economic perspective.

What would you reply to those who might say to you that a sports-related project, for instance, will not further economic growth in Quebec, Canada or in the communities?

**Mr. Gilles Garon:** We are trying to create leverage through our sports facilities. That is what is important to us. Often people have a tendency to say that an upgrade is an expense or a burden on taxpayers. And so we are trying to create financial leverage through that. We are trying to attract private investment through this project and trying to bring capital into the region. The idea is to generate business for enterprises in the surrounding areas.

Let's talk about tourism. We are located on the Trans-Canada axis. We are very well located. Our natural environment is very popular.

We have been working on this project for five or six years. People are ready. We want to see a project that is ecologically responsible, which means highlighting the use of wood, since we work in that sector. We want to create a technological showcase highlighting the use of engineered wood and new trends in insulation. We are leaders in eco-construction in the Lower St. Lawrence. We really want to create a showcase.

All of this is going to create jobs. It will be an extraordinary asset. The ultimate objective is to reduce the bill for taxpayers as much as possible, so that bringing things up to standard does not constitute a burden. Instead of that, we want to create an extraordinary leverage effect.

**Mr. Éric Forest:** I'd like to add something. Like the provinces, municipalities are the federal government's partners in the economic recovery. Globalization and population demographics are forcing our communities to make themselves more appealing places to live. We want to attract the young families who will form the succession for our businesses. There is absolutely no question that we need to diversify our services.

Since 2008, we have invested heavily. In Rimouski, a town of 50,000 people, we've invested \$60 million in waterworks and sewer systems. We aren't asking the government for more funding; we are simply asking for the recognition that local governments are in the best position to make a difference. As long as we are adhering to the government's environmental standards, we should be left alone to implement our priorities.

**Mr. Guy Caron:** Thank you very much.

I am now going to turn to Ms. Blackstock. I think I have about a minute and a half.

You were critical of the fact that money was being transferred between programs without any new investments being made. And recent departmental documents show that was very clearly the case.

Could you summarize for us how it was done? Could you also tell us what the repercussions were on total funding for child and family services programs at the community level?

[English]

**Dr. Cindy Blackstock:** The Auditor General, in her review in 2008 of the child and family services program, specifically cited the fact that these transfers from the infrastructure budget, which funds housing, needed to stop, and the department agreed with it. Although it was agreed that the department would stop that practice, it continued, with vigour, and they transferred half a billion dollars out of that budget to try to cover the shortfalls in child welfare, education, and health.

The problem with that, which is what we tendered at the tribunal, is that there are three key drivers to the dramatic overrepresentation of first nations children in child welfare care: poverty, poor housing, and caregiver substance misuse related to multi-generational trauma.

By deepening the housing crisis, you're actually putting children at greater risk. The answer is not to shuffle deck chairs on the *Titanic* in a department that's completely underfunded. The answer is to ensure adequate funding across all program areas, as the Auditor General recommended back in 2008.

• (1810)

**The Chair:** That will be it, Mr. Caron.

Mr. Ouellette.

**Mr. Robert-Falcon Ouellette:** Thank you very much, Chair. I really appreciate it.

Cindy, thank you very much for coming here today. I was really moved, actually to tears, and I think it's absolutely disgusting to believe that I live in a country that saw our children and first nations people as throwaway people. I think that was the very first stage. Then it became a people who were ignored for far too long, and then a people who we were going to fight with in order to somehow... because we thought it was a zero-sum game. I really hope we've entered a new age where it's about working together, about really trying to build communities between different peoples.

From the bottom of my heart, I thank you for that personal sacrifice, as do, I know, a lot of people right across this country. I know that governments have tried to discourage you in every possible way: have followed you, have tailed you, and have done everything in their power to stop you from bringing forward this case. I am excited to realize that perhaps we do live in a country where the supremacy of law, the rights of people, and justice actually will ring true.

But I don't think your work is done, unfortunately, because I think this is just a very small segment of the issues going on in aboriginal and northern affairs, or in Indigenous Affairs Canada. There are the issues related to schools and the funding of schools. I've often heard the federal government say that we just don't have the expertise to understand these departments. Well, there is expertise in this country like you wouldn't believe from people who are educators. I just can't believe that.

We can get up and debate about ISIS and about governments and how we're going to accept our responsibility on the world stage, yet we don't accept our responsibility here. What do you see as future developments, even for first nations education, which is extremely underfunded and ill serves all Canadians?

**Dr. Cindy Blackstock:** I think one of the important pieces to remember is that there are documented reports showing the inequalities in these education areas on the books already. Not only have they been documented, they've moved to talking about what the harms are for children. It doesn't take a rocket scientist; you don't need a study to do that. If you don't give a child a fair opportunity....

Shannen Koostachin, the little girl who fought her entire life to try to get a school, said that if children don't receive a proper education they can't grow up to become someone important. They can't become the person of their dreams. There are recommendations on the books going back....

In my office I have a report. It's dated 1967. It was a report commissioned by Indian Affairs to document the inequalities, and to identify the reforms necessary to rehabilitate first nations education. Those reforms were never implemented. More recently, we have seen the education panel and I've certainly seen PowerPoints that were disclosed to us through the tribunal process identifying what those shortfalls are, at least \$800 million for building new schools.

I think that where the block has always been and what the tribunal points to in its decision is doing it. You have the solutions. You just need to do it. These kids only get one childhood. They can't wait.

**Mr. Robert-Falcon Ouellette:** Thank you very much.

My next question is for Warren Everson.

I just wanted to have a bit more of a cost-benefit analysis on temporary foreign workers because I think "temporary" means it's a stopgap measure. It's not meant to be permanent.

For instance, we heard from the Canadian Cattlemen's Association earlier, but I also think that in the areas in which a lot of these industries are looking for people—there are so many, for instance, in the agricultural industry—there are Canadians in indigenous communities across this country who are looking for work but haven't been given that opportunity because they've been seen as throwaway people, ignored, people to be fought with. Hopefully, one day they will be people we can actually work with.

**Mr. Warren Everson:** Okay. Let me start with that last point.

In the last couple of years in the Chamber of Commerce I've seen more encouraging co-operation between business and aboriginal communities than has ever occurred before. We're doing a major project right now on the duty to consult. As I've consulted with band leaders I've been quite taken aback by their approach, which is very progressive, very focused on economic development. It's been an unusual experience for me, not what I had expected.

A lot of members, especially the larger companies in the Chamber of Commerce are quite involved in outreach and trying to improve the situation.

I'm not sure if that exactly answers your question.

• (1815)

**Mr. Robert-Falcon Ouellette:** Glad to hear it.

**Mr. Warren Everson:** I don't want to forget your temporary foreign workers issue either.

**Mr. Robert-Falcon Ouellette:** Yes, I know. But I have just one final question for everyone here on the committee. I have thirty seconds, I think.

**The Chair:** Sorry, we're out of time. You're right down to two seconds over, as a matter of fact.

Now I wonder if we have permission to juggle the deck a little bit as we start the first round. Would there be consent to allow Ms. May to have five minutes? Is there any disagreement?

**Some hon. members:** Agreed.

**The Chair:** Go ahead, you have five minutes. Then we go to Mr. McColeman.

**Ms. Elizabeth May (Saanich—Gulf Islands, GP):** I appreciate that, Mr. Chair. This is a precedent-setting moment for me in the 42nd Parliament, and I appreciate it. That's to all members of the committee.

Just to give you a head's up, my questions will be to Dr. Pedersen, but I must stop and say how indebted all Canadians are to you, Cindy, for your bravery.

Robert-Falcon has made the point that she was persecuted by our federal government in the past and literally followed and snooped upon for standing up for children. I do hope that this government will not be filing a judicial review of the Human Rights Tribunal decision.

I just want to thank you.

Turning to Dr. Pedersen, I find your proposal intriguing. The reason I wanted to probe it a little bit is that I'm not sure I'm aware of some university work. I know McGill is doing good work on climate solutions. The University of Ottawa has a deep decarbonization group. Certainly I know the work that's going on at the University of Victoria.

Your proposal, as I see it, suggests that you could network and harness all the different university groups and NGO think tanks, and so on. Do you have any idea right now—or has anyone collected a basic database—of who's doing what, so that we know what the intellectual capacity you might want to harness is at the moment?

**Mr. Thomas Pedersen:** No, there is no such database, to my knowledge. It's a necessary first piece, but it would have to be done very quickly because the issues are compelling and we must respond very quickly to the commitment we've made as a nation. We only have 14 years to get our emissions reductions down by at least 30%, if not more. There are pods, centres of excellence across this country, but there's no coordinating body that is integrating them, tying the threads together. What we foresee doing is inviting those people to the table and having them work with the other disciplines that have a perspective that could shed light on the same general question, the same general area.

Let's bring all of those perspectives together so that the economists at McGill, the Chris Ragans of the world, the Ecofiscal Commission, would work with the Pacific Institute for Climate Solutions, with the knowledge mobilization people at Waterloo, with the centre for international governance at Waterloo, with the ice people in Manitoba.

But you put a single question in front of them. This isn't just a hodgepodge where you throw people into a room. It has to be structured. You give them a challenge, and the challenge might be transportation. I mentioned transportation earlier. It might be energy efficiency in the built environment. How do we attack that when you have a very warm climate in Victoria where the rhododendrons are blooming today, record low temperatures in Ottawa over the weekend, different housing styles to accommodate those different needs, and then we have the north where we have other issues, where the permafrost is melting and foundations are crumbling?

Yukon College has a very active program now working on cold environment housing construction, that sort of thing. But we need to put all of that together. There needs to be a national coherence on what we do with our building stock. The turnover time for buildings is very long, half a century or so, maybe longer, but we don't have the luxury of waiting half a century to let things adjust. We have to get going now on a national front.

**Ms. Elizabeth May:** Yes, and to your point on urgency, the current target for Canada, 30% below 2005 levels by 2030, was the one put in place by the previous government in May of last year, and I don't think we actually know what the current, new Liberal government will commit to as a target. As Minister of Environment and Climate Change, Catherine McKenna, has said, the current one is a floor. I would suggest it's somewhere nearer the basement and we have a real urgency to put in place a new plan and target, the target perhaps first and the detailed plan of every element of how we get there. We would know in broad strokes we can get someplace, but then the transportation question is specific. The adaptation question also harnesses a lot of universities.

Given the urgency, how long, realistically, do you think it would take to assemble a networking advisory function such as you're proposing here today?

• (1820)

**Mr. Thomas Pedersen:** If we were asked today to help organize that, we would get on the phone tomorrow, and I would suggest that within three months we would have that body. We know where the expertise and the experts are. We know that they're really willing to jump in and help. They haven't been asked on a national scale. I would pick up the phone tomorrow and call Sustainable Prosperity and Ecofiscal Commission, and my former colleagues at PICS, and so on and so forth across the nation, and propose that we get together in six weeks to hammer out the governance structure for this new body. In the meantime we invite the federal Government of Canada to provide the key issues for which it seeks politically independent advice, and we get cracking right away.

The smart minds out there are chomping at the bit to help, but they haven't been asked and they don't have the resources to undertake the scale of activity that we need to put in place. We don't have the luxury of sitting and waiting anymore. We have to get going. We had to get going 30 years ago. We have a lot of legacy to catch up on and we cannot just sit back and relax on this.

**The Chair:** I'll have to cut you off there, Mr. Pedersen.

Mr. McColeman.

**Mr. Phil McColeman:** Thank you, Chair, and I want to thank the panellists as well.

My questions really are directed to my colleague Ms. Raitt regarding trying to get an understanding of the combined debt levels of provinces and the national level—there's only one taxpayer in the country. I recently read that RBC said that the provinces in this next year will run nearly \$20 billion in deficits.

If the federal government decides, whatever the number is, there's a lot of speculation out there.... The National Bank last week said \$90 billion over four years. Maybe that's a number that you could hang your hat on, but let me try to understand what you're saying.

Is there not a tipping point? I understand that growth creates value and equity in, let's say, the house of government or the house of the country, because I often think in my mind in very simplistic terms that the debt we have is the country's mortgage. As long as the house is valued more, I guess you could always go into debt against what the house is worth. But are you saying that can go on indefinitely and there's never a tipping point?

**Mr. David Macdonald:** In the sense that we could continue to run deficits indefinitely, yes, that is so. We have a Canadian economy that's worth \$2 trillion. Even if it's not growing at 5%, which would be ideal, let's say that it grows at 3%, which is likely what we'll see next year, in nominal terms. That's more rapid than the \$25 billion or \$28 billion we're adding to debt. This means it becomes more affordable over time.

**Mr. Phil McColeman:** I'm thinking that when you combine the two, as my colleague said, they are in the 78% to 80% range, and—

**Mr. David Macdonald:** Well, the combined federal and provincial debt-to-GDP ratio is 60% in Canada right now, but it's half federal, half provincial.

**Mr. Phil McColeman:** What you're suggesting is that we'll never have to make a payment against the debt in this country.

**Mr. David Macdonald:** We'll certainly have to pay against the debt. We pay all the time. The federal government is constantly paying and rolling bonds over year to year.

Is your question, will we ever pay the debt back to zero?

**Mr. Phil McColeman:** No, it's not. It's about making headway on the debt that we have. We are not making headway; we're seemingly building on the overall provincial and national debt on an ongoing basis, and I'm just saying....

I'm not an economist. I'm a pretty simple thinker, in the sense that I was taught to save money and pay down debt. But you're suggesting that's not the route the country should follow.

**Mr. David Macdonald:** There are two approaches. You can pay down the absolute level of the debt, and you do that by running surpluses. You would collect more in taxes than you're providing in services. You can certainly do that. The problem is that you would take a hit to GDP in the process.

The other approach is that you can work on the GDP part of the debt-to-GDP ratio, have a deficit, but drive it into better growth, such that you're using high multiplier activities—infrastructure, social programs, those sorts of things—and you continue to stay ahead of it.

In contrast to a household, which has a lifespan, such that at the end of everyone's hopefully long life here their debt is resolved in some way, the federal government and Canada, hopefully, do not have a lifespan; they continue indefinitely.

One other thing to understand is that it has really been the household sector that has taken on the debt over the last decade. The household sector and the federal government used to have the same debt-to-GDP ratio in the 1990s, both at about 40%. The federal government's has decreased to about 30% now; the household sector's is at 96% of GDP. The household sector has been spending about \$70 billion in deficit every year and they have been doing this for a decade.

I think one of the challenges is how to reset that balance so that all the debt that's being incurred on Canadian balance sheets isn't exclusively happening at the household level, which is more or less what has happened since the crisis in 2009.

• (1825)

**Mr. Phil McColeman:** Let me move on to Mr. Everson.

There are comments from many of the panellists we've heard that corporations are holding on to their money—not investing it, but taking, I suppose, a “wait and see” attitude.

How do we get them to make investments? What things would you envision in a budget that the federal government brought forward to see some of that money go into the economy to loosen it up? What are some of the measures you would recommend?

**Mr. Warren Everson:** I don't want to indulge in nostrums, but I'm afraid they are applicable. Canada produces much more than Canada can use, so export trade is extremely significant. We're starting to see good numbers in the export businesses in eastern Canada, but we are not able to get our natural resources to market in many cases. That's an extremely significant problem.

One thing that's interesting right now is that the government is sitting on the starting line for some monstrous private investments. We've talked about public infrastructure, and I have mentioned our support, but in this year we could see \$80 billion of private sector investment in telecom, which as you know is hanging fire, and in LNG and two major pipelines—and in fact, in a whole series of other pipelines as well. The crown has Via Rail asking for permission to install a dedicated rail line in the east, which would be cheap like borscht but would be tremendously significant in terms of reducing congestion and providing an alternative to the highway grid we have right now.

There is a whole series of things hanging fire, and they all require something. They all require something different, unfortunately.

**The Vice-Chair (Mr. Ron Liepert):** I'll have to stop you. Thank you.

Ms. Dzerowicz.

**Ms. Julie Dzerowicz:** Thank you very much, Mr. Vice-Chair.

First I want to say a huge thank you to all of our presenters today. It was super-informative and very moving. Thank you so much.

My first question is for Mr. Everson.

In my riding of Davenport, I have a number of workers in the construction field—carpenters, painters, the whole field. Many of them are here on a temporary sort of work visa. I find your comments about the number of businesses worried about their ability to source workers so that they're holding back on spending a bit worrisome. We also know, and my colleague has pointed this out, that we have workers across the country; we have a sufficient number of unemployed people, whether it's in Saskatchewan, Alberta, or Newfoundland; and we have a number of workers in our aboriginal communities who would love to find wonderful, paying jobs.

You also talked a little bit about the temporary foreign worker program. I will tell you that if I talk to the workers who are on temporary work visas in my riding, they will say they would love a path to citizenship. They would love to be here as full-time Canadians and would love a path to that.

My question to you is in two parts. One, what recommendations would you have for the federal government in immigration policy as well as mobility policy across the country, moving people from where we have workers with probably some good skills to where there are jobs?

**Mr. Warren Everson:** That is an interesting question. Thank you very much.

The temporary foreign workers file is obviously a very hot one. There are at least five different categories of temporary foreign workers, and they're not all the same. A couple of years ago, when there was enormous public concern about it, I think most people were focused on the low-skilled workers who were doing jobs that most Canadians would be able to do.

That speaks to your mobility problem. It's fine to say that there's a job waiting in Tofino, B.C., but somebody in Nova Scotia can't get there, and if the job is working in retail or a restaurant it's not going to pay the mobility cost. So we agree that there's a significant challenge there.

However, in the crackdown on the temporary foreign workers we also cracked down on extremely skilled people who are the key to some sort of development from which hundreds and hundreds of Canadians are going to benefit. We really did ourselves in, and we have to reverse that.

I always like the example of a European hockey goalie who comes over and plays for Vancouver. That's a temporary foreign worker, and if that person does a really good job, not only does the team go to the playoffs but so do the car parks, the concessions, the restaurants. Everyone benefits because one foreign worker, an extremely highly skilled individual, was sourced and brought in to do that job.

You can extrapolate that through the whole economy. In some of the projects we've talked to, people have done extremely extensive studies of the Canadian workforce. They have said they do not know for sure that they're going to have enough of some particular kinds of skills.

• (1830)

**Ms. Julie Dzerowicz:** What changes would you propose?

**Mr. Warren Everson:** In that particular case, you need to give them a safety valve. You have to say that when you've sourced in your province and have sourced nationally and you have done it damn quickly and you can't get the people you need, we will allow you to bring in a specialist.

I agree that the temporary foreign worker project was getting out of control with respect to the number of people coming in on low-skilled jobs, and I think both the previous government and this one are attacking that problem with issues of worker knowledge—that you are able to find where the jobs are—and as you pointed to, with support for mobility to get people to go and to take them on.

I will say, though, that in the Chamber of Commerce—we have 200,000 businesses—the single most frequent issue raised with us by our membership is a lack of skilled workers. There is a good deal of fury among employers, who say, “I don't want to be told that I could find the people if I worked harder; I've done job fairs, I've posted advertising; I cannot find these people, and I can't do my business.”

**Ms. Julie Dzerowicz:** Thank you. My next question is to Mr. Pedersen.

While I have many construction workers, I also have many environmental workers in my community, and they're very passionate. Beyond the recommendation around a forum modelled on the Pacific Institute for Climate Solutions—we all know that there are already four different systems in Canada to reduce GHG emissions and that Minister McKenna is working tirelessly right now with all of the premiers and territorial leaders to try to find a national plan so that we can achieve the commitments we made in Paris. My question to you is: what would be your concrete or additional recommendations to help us to achieve that national climate plan?

**Mr. Thomas Pedersen:** Thank you. That's an excellent question. There are so many pieces to it and so many responses I could give.

I think the first and most prominent step we need to take as a nation is to put an appropriate price on carbon emissions. We did this in British Columbia in 2008 as you may know. We brought in the world's first broad spectrum, legislated carbon tax that was revenue neutral. That has been internationally praised as a “template for the world” in the words of one famous environmental economist at University College London.

What we did in British Columbia was to say we'll start with a tax that's low, but it's on almost all forms of carbon combustion. It's low, but it has an upward scheduled ramp that will continue in this case for five full years, rising each year incrementally. Every penny of tax revenue is recycled immediately back into the economy through personal income tax reductions, corporate income tax reductions, and critical support for rural and northern people who need to heat their homes and that sort of thing.

We put supports in place for the less advantaged in our society, and we lowered our overall tax rate. It's been tremendously successful. We lowered our per capita fossil fuel consumption in British Columbia between 2008 and 2013 by 19% relative to the rest of Canada, and we all suffered from the same post-2008 recession. If we take the recession out of it, we lowered our per capita consumption substantially.

More importantly—

• (1835)

**The Chair:** Mr. Pedersen, wrap up if you could in 20 seconds.

**Mr. Thomas Pedersen:** Okay, wrap up.

More importantly, our economy grew faster than the Canadian average during that time.

**The Chair:** I'll have to thank all the witnesses very much for their time. As I said earlier, on short notice, a lot of information was provided here. We will suspend for five minutes and go to the next panel of witnesses.

Thank you very much.

• (1835)

(Pause)

• (1840)

**The Chair:** We'll come to order, if we could.

We'll start with the video conference, with the Canadian Doctors for Medicare.

Dr. Dutt, go ahead. The floor is yours.

**Dr. Monika Dutt (Chair, Canadian Doctors for Medicare):** Hi. Thank you, everyone, for including me in what is, I'm sure, a long day for all of you.

Canadian Doctors for Medicare was created in 2006. We are physicians who are firmly committed to evidence-informed health care policy reform and to our single payer medicare system.

Our recent advocacy for action has focused on three specific areas: upholding the Canada Health Act, developing and implementing a new Canada health accord, and improving access to prescription drugs through a national pharmacare program. Each of these reforms begins with strong federal leadership.

First is upholding the Canada Health Act. As part of its commitment to the CHA, the federal government must recognize new forms of privatization that have emerged since the Canada Health Act was passed in 1984. Clear examples of violations of the CHA exist across the country. They include, but are not limited to, the following. On November 10, 2015, Quebec lawmakers approved Bill 20, new health care legislation that allows physicians to charge patients who seek services that are already insured under public medicare, with no clearly established limits on the charge.

We've seen the strains that this type of extra billing can cause to a health care system. For example in B.C. in 2012, the B.C. government audited the Cambie Surgery Centre, and found that in roughly a 30-day period the CSC had overbilled patients \$491,654 and submitted overlapping claims of about \$70,000, which means they charged both the patient as well as the provincial health care system.

People who advocate for-profit health care often argue that it will take a pressure off the public system. In fact, we've seen the opposite. It drains health care professionals from the public system, as they go into the private system. They charge people for health care, which means that people who can pay for that health care can access it, and the rest of Canadians aren't able to. Often more procedures and tests are done, because that's often more profitable. Lastly, they don't tend to operate in places that are unprofitable. That might include remote and rural communities, aboriginal communities, marginalized urban populations, and those needing complex chronic care. For these reasons we continue to support single payer medicare.

Secondly, we need a strong federal health accord in 2016. The 2003-04 health accords were landmark developments in Canada, but in the decade that followed there were mixed results. For example, there were some successes in reducing wait times for certain procedures, but they weren't seen across the country. There was virtually no progress on a national pharmaceutical strategy. A renewed focus on achieving their unmet objectives, building on their successes, and rising to new challenges is needed. Specifically, Canadian Doctors for Medicare, or CDM, would like the government to initiate the timely development of a new health accord to adjust the accord for considerations for age, geographic distribution of population, and economic disparity, and to reflect Canada's commitment to equitable access to medically necessary health care.

Lastly, a national pharmacare strategy, which is something I feel incredibly strongly about and really hope this federal government will take on, is also an unfulfilled commitment from the 2004 accord. Right now in Canada we pay more for our prescription medications than any other country in the Organisation for Economic Co-operation and Development, except for the United States, and we pay 30% more than the OECD average. This means that my patients, you, and your family—one in five families in Canada—aren't able to take their prescription medications due to cost. Also, if you don't have insurance, that rises to one in four families. When that happens, that means people's quality of life decreases and there's also an additional burden on the health care system because they require more hospitalizations and more medical care.

Now the federal government has committed to bulk buying with the provinces and territories through the pan-Canadian pharmaceutical alliance, which is wonderful, but the \$260 million this will save per year is nothing compared to the \$5 billion a year that a comprehensive universal drug coverage program would.

• (1845)

In conclusion, a federal budget is a reflection of our government's values and priorities. With that in mind, we ask the federal government to do the following: enforce the Canada Health Act and close any loopholes that may allow for-profit clinics to violate its intent; demonstrate leadership and vision by reopening the health accord negotiations with provinces and territories; and lastly, support the provinces and territorial health ministers as they work to develop and implement a national pharmacare strategy.

Thank you very much for this opportunity to present on behalf of Canadian Doctors for Medicare to the Standing Committee on Finance.

**The Chair:** Thank you very much, Doctor.

I believe you're in Sydney, Nova Scotia. Is that correct?

**Dr. Monika Dutt:** I am, yes.

**The Chair:** Turning to the Canadian Community Economic Development Network, we have Mr. Toye.

**Mr. Michael Toye (Executive Director, Canadian Community Economic Development Network):** Thank you very much.

Thank you for the opportunity to present to you today.

[*Translation*]

The Canadian Community Economic Development Network, or CCEDNet, is a Canada-wide association of community groups, cooperatives, credit unions, municipalities, foundations and citizens committed to enhancing the social, economic and environmental conditions in communities throughout the country. We have several hundred members spread across every region of the country, including urban, rural, northern and aboriginal communities.

[*English*]

Community economic development is citizen-led action to enhance the social and economic conditions of communities on an integrated and inclusive basis. It reduces poverty, unemployment, and social disadvantage by building assets and creating opportunities. What distinguishes CED is its understanding of the interconnectedness of social, economic, and environmental issues, and a philosophy that the solutions that tend to be most effective to the complex problems that communities face are those that involve and are driven by the people most directly affected.

Community leaders understand that the complex challenges they face require multi-faceted responses. Recent trends in social economy, social finance, and community resiliency, all reflect that, expanding the scope of innovative community-based practices tremendously, with examples ranging from new community crowdfunding strategies to impact investing, Quebec's recent law on the social economy to the UN task force on the social and solidarity economy.

Our recommendations focus on how the government can implement the measures it has already committed to undertaking in the election and in the ministerial mandate letters, and ways that will maximize their success and value for communities.

First of all, the government will be making significant infrastructure investments, including much-needed social infrastructure. Building on the report exploring the potential of social finance in Canada under the leadership of Mr. McColeman this spring, the HUMA committee's report recommended that infrastructure investments include a social finance fund and a social infrastructure grant program that could leverage private investment and provide matching capital for durable social infrastructure projects, such as the proposed Canadian co-operative investment fund. Those investments also include a social impact scoring component on all infrastructure contracts and recipients, and that they include community benefit agreements similar to the provision enacted in Ontario's Bill 6 last year.

As part of Canada's climate change strategy, community renewable energy offers excellent local investment opportunities and tangible socio-economic impacts. While contributing to the transition to a low-carbon economy, community-based projects inspire a new kind of social entrepreneurship, building strong social licence for clean technologies and empowering local citizens, especially indigenous peoples, with the opportunity to reinvest clean energy project returns into local infrastructure, health, and education.

We recommend that new infrastructure investment include criteria that prioritize funding for clean energy projects for communities vulnerable to climate change and that financing is made available and affordable to communities and project developers through the Canadian infrastructure bank, including federal loan guarantees to support private investment.

Community enterprises operated by non-profits, co-ops, and microenterprises, established by or dedicated to supporting marginalized individuals in communities, create wealth and respond to the needs of rural and urban communities. Contrary to popular misconceptions, community enterprises have a higher survival rate than traditional SMEs, while offering a positive financial and social return on investment.

We recommend that social enterprises, non-profits, and co-operatives be given access to existing regulatory and tax measures and business development programs that are currently available to small and medium enterprises through awareness-raising efforts for government officials to ensure a level playing field for alternative forms of incorporation.

Finally, all of these recommendations will be most successful if they're implemented with a partnership approach. A round table bringing together representatives from the CED community and government would facilitate the ongoing co-construction and refinement of public policy in support of communities. This would provide access for meaningfully involving the CED sector in the development, and regular review of government initiatives to ensure they meet our shared public policy objectives.

Thank you.

• (1850)

**The Chair:** Thank you very much, Mr. Toye.

We now have the Canadian Construction Association, with Mr. Bill Ferreira.

**Mr. Bill Ferreira (Vice-President, Government Relations and Public Affairs, Canadian Construction Association):** Thank you, Mr. Chair.

Thank you, committee members, for providing the Canadian Construction Association this opportunity to present before you.

Our association represents the non-residential side of the construction industry. I believe you heard this morning or sometime this afternoon from the Canadian Home Builders. They are basically our sister organization. We build the infrastructure, the industrial facilities, and the commercial government buildings across the country. We essentially build everything that they don't.

The focus of my presentation today will be on areas of government policy that we believe will make Canada more globally competitive and an attractive destination for investment for years to come. If indeed we are at the dawn of the fourth industrial revolution, as many economists now believe, the process of adaptation by both private industry and governments alike must begin immediately.

In essence, the new industrial revolution, built on digital connectivity, robotics, and big data, will significantly change the traditional definitions of work forever. Most of us are aware of the impact this revolution has already had on manufacturing. The next phase of it will target primarily services, the service economy, which is where the bulk of Canadians are now employed.

The shift is already under way in many parts of the world, but it's still in its infancy in Canada. The ramifications for government could be significant. Skilled workers, as well as capital, will become more mobile, making tax policy and quality-of-life conditions critical to their retention. A modern and efficient system of infrastructure—I bet you're wondering how I'd get that in—is one of the greatest contributors to quality of life, which is why we're so pleased with the government's commitment to essentially double the annual investment in infrastructure.

Furthermore, it's also an effective way of stimulating the economy, which is critically important right now. A recent study by the Centre for Spatial Economics concluded that, in the short term, GDP rises \$1.43 for every dollar invested, 9.4 jobs are generated per every million dollars invested, and the return for government is about 44¢ for every dollar invested. From our perspective, that's a win-win, not only for Canadians and taxpayers but for governments alike.

Our recommendation to the committee would be to ensure that the government follows through with its platform commitment on infrastructure; ensure that the additional funding is available for the 2016 construction season, which is critical; ensure that the application process is simple, straightforward, and not loaded with a lot of additional red tape that will delay project approvals; and finally, work with the provinces and municipalities to ensure there's no confusion around the application process.

CCA members are also very concerned about the growth of “dead money”, as Mark Carney described it. I think this was raised earlier. Many businesses are holding off on making important investment decisions over concerns regarding the health of the global economy. That should come as no surprise, given the number of times businesses have heard economists talk about “green shoots” only to be later disappointed when they saw very little economic growth.

To help pull this money back into the economy, we believe that government should consider a more aggressive use of depreciation rates to help businesses essentially invest in their assets. Such a policy has been beneficial for the manufacturing sector. We saw this with the previous policy that increased depreciation rates to 50% straight-line. We think that has certainly helped manufacturing turn around. Even though the change has been made and now is on a declining balance, we certainly believe that this is something government should consider for other sectors of the economy.

In the United States, depreciation rates are far more generous than they are here in Canada. We believe that this explains some of the productivity gap between our two economies. Simply put, U.S. depreciation policy encourages companies to put more money quickly into turning over their equipment, whereas Canadian policy does not. For example, in the United States, construction equipment can be fully depreciated within six years, while in Canada it would take you about 13 years to get down to about 1%.

Closing the productivity gap is important for Canada's economic future, and the adoption of more aggressive depreciation rates is one way to help us achieve that goal. With this in mind, our second recommendation would be to adjust depreciation rates for mobile equipment purchases to a 50% declining balance, which would bring us in line with the current state, essentially, for fixed machinery and equipment.

But investments in infrastructure and better depreciation rates will only get us so far. We also need to improve our educational and training infrastructure. In this regard, this is where we believe the federal government has some real influence.

• (1855)

We believe the EI system should be looked at to help lead that process. The LMDA and LMA programs need to be steered away from training just for the sake of training, and geared instead to support employer labour force needs. For example our partner association in British Columbia, the B.C. Construction Association, developed a very successful program, funded by EI, to help unemployed workers who were EI ineligible to get into the workforce. Despite the strong record of success—they managed to transition about 15,000 trainees into long-term jobs in the construction industry—funding for the program has been decreased over the past two years by 50%. Clearly this is not the right direction. Government-funded training and retraining must be demand focused and should include private sector delivery partners in not just the educational community.

We applaud the previous government for its efforts in this regard, which brings me to my next recommendation. Build on the efforts of the previous government to reform EI and non-EI supported training programs by ensuring that employers are given a more meaningful

and substantive voice, not only in the design but also in the delivery of training programs across Canada.

We believe government should take a look at the EI system to find a better way to support labour mobility. For many unemployed, expanding a job search outside their home labour market is very difficult because finances are tight. CCA supports a proposal that I believe has already been put forward by Canada's Building Trades Unions. I think they are appearing on Thursday and they'll probably expand on this. We would like to see a grant provided to the unemployed to help them offset some of the costs they will incur as a result of looking for work outside their home region. That's not to say they can go off and buy a \$10,000 first-class ticket from Halifax to Vancouver. What we're talking about is a minimal amount of money that will help them offset costs that are not going to be reimbursed by any potential employer.

• (1900)

**The Chair:** I'll have to get you to sum up.

**Mr. Bill Ferreira:** I'm summing up.

That would be our recommendation, which would be to take a look at the EI system and consider the adoption of an EI mobility grant to offset job-related expenses that the unemployed might incur.

With that, I look forward to your questions.

**The Chair:** Thank you very much.

I'll turn to a former colleague of mine, Mr. Marchi, with the Canadian Electricity Association. It's not often I see two former ministers at the witness table: Mr. Wilson and Mr. Marchi.

Go ahead.

**Hon. Sergio Marchi (President and Chief Executive Officer, Canadian Electricity Association):** It's reunion evening.

Thank you very much, Mr. Chairman. It's also good to see Mike.

Thank you for the invitation to appear before the committee.

First, a few words on our association, the CEA remains the national voice and forum for the electricity sector across Canada. This year we celebrate our 125th anniversary. Our membership comprises generation, transmission, and distribution of electricity, as well as corporate partner members representing the full electricity supply chain. We also, as you know, have a very close relationship with the United States, owing to the integration of our north-south grid, where we enjoy an annual \$3-billion electricity trade surplus. Electricity, in a word, is indispensable both to the quality of life of our fellow citizens and to the competitiveness of a healthy economy. As such, it should be seen as a strategic asset for our country.

Second, the electricity world is in a transformational period where two critical challenges, among others, are the need to renew core infrastructure to the tune of some \$350 billion over 20 years and to address the exponential growth of cyber-attacks.

Third, electricity is Canada's clean energy solution. Over 80% of our emissions are already GHG-free, making us one of the cleanest communities in the world.

Fourth, besides helping to power Canada, we are also a leading economic driver, employing over 100,000 Canadians and contributing over \$35.7 billion in GDP in 2014. In terms of our infrastructure rebuild, the Conference Board of Canada estimates that the resulting creation of indirect jobs will lead to another 100,000 jobs. In *ReNew's* annual top 100 infrastructure builds, electricity projects represent over one-third of the \$161 billion in total investments.

Turning to our budget recommendations, Mr. Chairman, one recommendation calls for sustained federal leadership and support for clean energy infrastructure. Clearly, clean energy is the future, leading to economic, environmental, and social benefits, and the government's commitment to the Canada infrastructure bank, green bonds, and the low carbon economy trust are central. We expect that these new entities will also be open and accessible to members from our sector. In fact, we are working with responsible ministers to develop a focused framework for long-term transformational projects, which currently fall between the remit of regulators and government aspirations at both senior levels.

Another proposal addresses the serious threat of cyber-attacks, where the electricity grid is unfortunately a popular target. We are calling for the budget to clarify the funding envelope for both Public Safety Canada, and specifically the Canadian Cyber Incident Response Centre. The previous government, as you will know, made considerable financial commitments to both, and we believe that it is crucial, given the threat, that the current government honour these intentions.

Two of our recommendations call for renewed funding for NRCan's Office of Energy Efficiency and for its adaptation platform. Again, the core funding for both of these platforms expires after this year, and we would respectfully recommend that they be renewed, as they create sizable savings for Canadian families and industry and reduce overall emissions.

A fifth recommendation encourages the government to implement its campaign pledge to establish electric vehicle targets for its vehicle fleet in the federal government and to place charging stations in federal parking lots. The substance as well as the symbolism of such action, we believe, is key to changing consumer and societal behaviour when it comes to transport emissions, which are almost one-quarter of our carbon footprint.

Another proposes celebrating Canada's 150th birthday in energetic style—pardon the pun—through the announcement of 150 energy innovation projects throughout 2017. Innovation is central to everything that we do and to the economy at large, and I think that the impact of pooling the work of the federal government and its agencies to support these projects would be invaluable.

● (1905)

Our final proposal deals with an emerging grid security risk—namely, geomagnetic disturbances that can lead, and have led, to outages on our grid. The science is still evolving in this area, so we recommend that the budget seriously consider funding in this area to enhance our understanding of these potentially devastating impacts.

In closing, Mr. Chairman and members of the committee, we believe our recommendations try to strike a balance between national concerns relating to the economy and the environment in an integrated fashion, support for infrastructure renewal, and enhancing the protection and reliability of our grid.

I thank you for your attention and look forward to any comments and advice after our witnesses have made their presentations.

**The Chair:** Thank you very much, Mr. Marchi.

We'll turn now to Ms. St-Onge from the Fédération nationale des communications.

[*Translation*]

**Ms. Pascale St-Onge (Member, Tous Amis de Radio-Canada, Fédération nationale des communications):** On behalf of the Tous amis de Radio-Canada organization, I'd like to thank the committee for the opportunity to contribute to the discussion on funding for Canada's public broadcaster.

Established by the Syndicat des communications de Radio-Canada and supported by the CSN and the FNC, Tous amis de Radio-Canada is appearing before the committee as a member of Canadian civil society and as a spokesperson for its members.

During the recent election campaign, three issues of particular concern to us received a lot of attention. The first had to do with improving democratic practices to encourage citizen engagement beyond the simple act of voting. The second involved clear commitments with respect to Canada's economic recovery, with major investments in not just infrastructure but also culture being promised. And the third and final issue was about restoring the funding CBC/Radio-Canada had been deprived of in recent years, a pledge made by most of the candidates.

Our only national broadcaster and producer is at the heart of all three of those issues, and the budget should reflect that.

The media provide a conduit for effective democratic life, social cohesion and the reflection of Canadian diversity. We cannot turn a blind eye to the challenges facing the media industry in today's world: the growing number of broadcasting platforms, the overhaul of media companies, the dangerous drop in revenues and the increasingly precarious survival of a number of major industry players.

Against that backdrop, CBC/Radio-Canada ought to be a beacon safeguarding the presence and vitality of the fourth estate in every single region of the country, east to west, north to south, in English, in French and in the eight aboriginal languages.

In 2013-14, CBC/Radio-Canada received some \$976 million from Parliament. Public funding represents 63% of CBC/Radio-Canada's operating revenue. But, between 1990-91 and 2013-14, the public broadcaster's parliamentary appropriations increased by just 0.5% in today's dollars, while government spending jumped by 74% and the consumer price index rose by 51%. Had those parliamentary appropriations simply been indexed annually, CBC/Radio-Canada would have received around \$1.6 billion in 2013-14, a massive \$547-million difference.

In addition, the local program improvement fund was eliminated, depriving CBC/Radio-Canada of another \$33.1 million annually.

CBC/Radio-Canada's inadequate public funding forced the crown corporation to look to advertising revenue to make up for the shortfall. That approach has had what many would call negative consequences, as far as competing with the private sector is concerned, particularly on the type of programming the public broadcaster has to provide in order to bring in those advertising dollars. Ultimately, advertisers are increasingly turning to new platforms to pitch their products, gradually moving away from the traditional medium of television. And that is threatening not just CBC/Radio-Canada, but also private broadcasters.

In 2011, Canada ranked 16th out of 18 major western countries when it came to per capita funding for its public broadcaster. At \$33 per capita, Canada's public broadcasting funding was 60% lower than the average, which stood at \$82 per inhabitant. And now, after the most recent cutbacks, Canada contributes just \$29 per capita to its public broadcaster.

It is our duty to build a wealth of high-quality cultural assets and intellectual property for both Canadians and people around the world. Despite the fact that the public broadcaster is supposed to be a model of technological innovation and quality content creation, the participation and endeavours of Canadian artists and craftspeople are unfortunately at risk. In 2008-09, CBC/Radio-Canada employed 8,368 people, and in 2014-15, the crown corporation had slashed its workforce to just 6,739 staff, representing a loss of more than 1,600 jobs, or 20%.

In 2013, Deloitte estimated CBC/Radio-Canada's gross value added contribution to the Canadian economy at \$3.56 billion, arising from an expenditure of \$1.69 billion with a spend-weighted multiplier of 2.11. Clearly, then, investments in public television generate huge economic spinoff.

Something else the government needs to think about is companies' use of our technological infrastructure to reach Canadian users without paying a cent in taxes or contributing to the system's funding. The numbers are impressive and could generate so much in levies that the government could finally provide adequate funding to its public broadcaster, not to mention the country's private broadcasters.

Until a real strategy is put in place to compel content broadcasters like Netflix to contribute their fair share, it is crucial that the public broadcaster be given the financial resources it needs to fulfill its mandate without being forced into direct competition with private television broadcasters when it comes to content and advertising dollars.

In our view, a \$150-million reinvestment is the bare minimum that CBC/Radio-Canada needs to help make up for the financial decisions that have been imposed on the crown corporation for the past 20 years. Its capacity to enrich Canadian society depends on it.

Thank you.

I would be pleased to answer any questions you have.

• (1910)

[English]

**The Chair:** Thank you very much, Ms. St-Onge.

The next presentation is a joint one between Phil Upshall, with the Mood Disorders Society of Canada, and the Mental Health Commission of Canada, with Michael Wilson.

I'm certain that as a former finance minister, if he were here all day, Mr. Wilson would be saying, "Where are you going to find all this money?"

**Voices:** Oh, oh!

**The Chair:** Go ahead, gentlemen.

**Mr. Phil Upshall (National Executive Director, Mood Disorders Society of Canada):** I'm Phil Upshall and I'm very happy to be here with you today.

Thank you, Chair, particularly for your intervention in allowing Mike to join me at the table.

Thank you very much to the clerk and all the members here who have been so generous in their time for us. I certainly appreciate the opportunity to appear before you today, and with Mike. Both of us have a deeply personal relationship with today's topic, which is, of course, mental health.

Louise Bradley, the CEO of the Mental Health Commission of Canada has joined us as well, should there be any technical questions to address to her. She's here to help.

I'll be addressing the issue of the APEC digital mental health hub at UBC, and the PTSD issues that confront Canadian health care providers. Mike will be discussing suicide prevention.

As far as our topic in general is concerned, it meets the terms of several of the mandate letters that have gone from the Prime Minister's office. We'll also be dealing with issues regarding innovation, the knowledge economy, and Canada's position internationally, particularly with regard to TPP and APEC.

I'm going to skip some of my stuff, because I'm told I'm long-winded, and our brief has a pretty good analysis of what Mood Disorders Society of Canada does, and how we show leadership with regard to patient-centred care and patient-engaged care.

The APEC digital hub for mental health innovation is an opportunity presented to Canada by virtue of Asia-Pacific Economic Cooperation having determined that without mental health, there was no health for 2.8 billion people, and furthermore, that the economies within the APEC region were significantly suffering from the fact that a lack of mental health was preventing people's full engagement with the workforce along with a number of other obvious issues.

The APEC competition was rather significant. The three of us—Mood Disorders of Canada, UBC and U of A—put together a letter of intent that was approved by APEC, and we now have a memorandum of understanding with them. Our competition was Peking University, University of Melbourne, Manila, Tokyo, Peru, and Mexico City. This opportunity to develop a digital hub at UBC is incredible. Our hub is poised to become a global centre for collaboration, research, and best practices in early intervention, care, and recovery. We are in the process of securing a number of additional partners, but as I mentioned, we already have twelve.

The hub is going to be formally recognized by APEC leaders in November. It was recognized when Prime Minister Trudeau was in Manila this past fall, and it was recognized as a major achievement by no less an authority than President Obama. Everyone recognizes that it's an opportunity to show ongoing Canadian leadership globally and here at home.

I'll leave that issue for now. I'm happy to answer any questions with regard to it.

I'm going to move to PTSD. Mood Disorders Society of Canada has been a leader in PTSD issues for the last several years. As you probably all know, 85% of first responders and veterans dealing with mental illnesses seek help from their primary health care providers, but more than half of them leave their doctor's office without effective solutions. Many of them don't even bother to seek help because they don't think there's any help available.

PTSD affects people involved in serious accidents, those who suffer serious sports injuries, and those who are victims of abuse. We need to ensure that front-line health care providers are equipped to make an accurate and early diagnosis with the best and latest treatments. Together, Mood Disorders Society of Canada and the Mental Health Commission are seeking \$5.5 million over five years for a far-reaching training program for Canada's health care providers to help in the early diagnosis and treatment of PTSD. There are well over 600,000 primary health care providers.

As you will see in our brief, we will engage people with lived experience in our planning, and case studies and interventions will be customized for particular patient groups, including those living in Canada's rural, remote, and indigenous communities. We will collaborate to maximize uptake of our efforts, and we'll measure how we are doing. This is a low-cost highly effective solution to addressing the critical gap that currently impacts the uptake of existing complementary programs.

● (1915)

Over to you, Mike.

**Hon. Michael Wilson (Chair, Mental Health Commission of Canada):** Mr. Chairman and committee members, it's great to be back with you after many years.

Let me talk a bit about suicide prevention. Today, more than 10 people will die by suicide, and many more will attempt to do so. Suicide is a top ten cause of death in Canada and is devastating for the families and communities who are left behind.

But thankfully, suicide can be prevented and we all have a responsibility to make the investments that will save these lives.

We're ready to deploy in 13 communities across Canada based on proven programs, both in Quebec and in Europe, that have demonstrated significant reductions in the suicide rate—as much as 20% over a two-year period.

Communities would be selected based on population size, region, urban-rural, and the presence of acutely at-risk populations, including military members and veterans, first nations, Inuit and Métis, youth, LBGTQ people, and middle-aged men. This is community led and developed to ensure sustainability. Community leaders, including first nations, Inuit and Métis, will be empowered to develop appropriate local interventions.

Individuals who are experiencing suicidal thoughts or behaviours may not seek help, but they may exhibit risk factors that show they are vulnerable. Our proposal targets the gatekeepers in the community who may be able to identify these risks earlier and connect the individual to appropriate treatment. Gatekeepers are people like us around this table and include teachers, religious leaders, home care workers, first responders, and anyone who works with members of the public, even yourselves. If we know the signs, we can help.

Health care providers will receive better training. Access to means of suicide will be identified and mitigated if possible. Public awareness campaigns will be undertaken that will reduce the stigma of mental health so that people feel able to come forward. Finally, a concentrated outreach will be targeted to the most at-risk groups.

To achieve this, we're recommending an investment of \$40 million over a five-year period, and we could begin work as early as this April. We're poised to act quickly, thanks to existing stakeholder partnerships and international learnings, and this program meets a priority of the Prime Minister and demonstrates action to deliver a federal framework on suicide prevention.

As a former Minister of Finance, I certainly appreciate the challenges you're facing around this table in making the tough decisions for recommendations in advance of the budget, but we owe it to ourselves as a society to stand with the Prime Minister in his desire for combatting PTSD and suicide.

Thank you, Mr. Chair.

● (1920)

**The Chair:** Thank you very much, Mr. Wilson, Mr. Upshall, and all the witnesses.

We will turn to questioning. I would ask people to keep their questions as tight as possible.

Ms. O'Connell.

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

My first question is for Dr. Dutt in regard to pharmacare.

With regard to pharmacare, it's something that I personally think we need to move towards, but the implementation of it is critical. I'm wondering if you or your organization have given much thought to the implementation of it. For example, one of the criticisms in the U. S. with regard to the current systems there is that the insurance companies negotiate the prices for the medications themselves, so doctors end up spending a lot of time fighting with insurance companies to cover other brands, or let's say, the non-generic brands.

Has your organization given much thought to creating that protection so that if a physician prescribes a certain medication, the patient can actually get it, versus just whatever is negotiated at the onset?

**Dr. Monika Dutt:** It's one of the main reasons we talk about it being a comprehensive drug coverage plan. Bulk buying is one piece of it, but the other piece is the evidence and forum decision-making, which is to say, putting together the national formulary or the national list of selected medications that would be part of the national pharmacare. There are various models that have been put together to do something like that.

For example, in B.C. there is the therapeutics initiative where they use evidence to decide which medications are the ones that make the most sense to be included in some kind of program, or for physicians to be prescribing. You need that aspect to decide which medications should be a part of the plan. It's not the insurance companies that should be making that decision. One option could be to have a body that would both administer pharmacare and make those types of decisions, taking into account the evidence that does exist.

There are various models out there. There was a recent proposal called Pharmacare 2020 and there's something in there that talks about the type of body that would make that type of decision. I agree, it shouldn't be the insurance companies making those decisions. It should be an evidence-informed body that would make those decisions and also take things like cost into account.

**Ms. Jennifer O'Connell:** Great. Thank you.

I'm glad that's been thought about.

I hear criticism for moving towards pharmacare from some of the pharmaceutical companies themselves. I don't know if I believe this, or how widely spread this is believed, but the position has been brought forward to me that pharmaceutical companies need certain countries to pay more because it funds their research and development.

I'm not so sure that this is the case. I believe that if everybody had access to medication it would actually create a larger market.

Has your organization thought about this at all? Is this something that has been raised, or is it just a minor issue that has not really been brought forward in this country?

• (1925)

**Dr. Monika Dutt:** It's definitely something that needs to be considered.

First of all, it's natural that pharmaceutical companies may argue against pharmacare because they do make a lot of money from

Canada. We pay far more for our medication than any other country that has a universal health care system. It's definitely to their advantage for us to continue like this because we pay more for medication than most other countries that have universal health care.

The argument around research has definitely also been looked at. We don't have any higher levels of research than other places that have a pharmacare program. There's not a clear link to show that if we switch to a pharmacare program we would have less research, because there's a great deal of research that happens in countries that have national pharmacare, or something similar, as compared with Canada. That argument that there's less research in places that have a national program hasn't really been shown to be true.

**Ms. Jennifer O'Connell:** Thank you very much. That was helpful.

Mr. Ferreira, I have a municipal background and one of the issues we had with the building Canada fund was that the application process created a fury of business and tenders for municipalities, which resulted in increased costs, and—I would assume for the construction industry as well—then created an unpredictable season of construction.

Would you favour a more stable system? Maybe your individual contractors might have.... The fees would be level, but they'd have a more consistent construction season, for example, and not just funding when the applications come forward in these one-off situations.

**Mr. Bill Ferreira:** I think our preference would be for a long-term infrastructure plan to try and eliminate the peaks and valleys in the construction industry. This is what we've been arguing for.

The reason we are hoping that the money will find its way out in 2016 is that there are some areas of the country that could really use the additional stimulus. I think the minister is looking at those areas and that the approach is going to be a reasonable one, from all the signs that we've received so far.

We believe that the country needs investments in infrastructure. One of the things that we recently did with the Federation of Canadian Municipalities was to take a look at the assets of municipalities across the country. What we found is that there's a significant amount of underinvestment going on, in part because municipalities just don't have the funding.

Our hope would be that, certainly in the short term, we could see some of that money going to help municipalities address deferred maintenance, because we think that's also a priority. That would be my response.

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

**The Chair:** Mr. Albas.

**Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC):** Thank you, Mr. Chair. I certainly am happy and excited to be here, and I'll be excited when you cut me off.

I'm going to go right into the Canadian Electricity Association.

Thank you very much, all of you, for being here.

With regard to the Canadian Environmental Assessment Act review that was done in the last Parliament, the Canadian Electricity Association came out in support of a “one project, one review” approach. Having multiple processes complicated an already difficult field. You have to deal with provincial power, utility commissions, etc.

Are you as an organization still in favour of one project, one review?

**Hon. Sergio Marchi:** We are. In fact, we've also communicated that to a number of the federal actors. We recently had a meeting with the president of CEA. We also met with the minister of NRCan and the deputy minister of Fisheries and Oceans.

When an environmental assessment provides the approval, we, for example, want that approval to mean something. In other words, that badge of honour must be credible. It does us no favours if that approval is granted and then it's second-guessed by a number of different organizations. We believe in a strong, credible, environmental assessment process.

We live in a democratic country, which means that people should be able to have a voice. We think, though, that we should do this in a smart way, and we very much respect having one project assessment on which the federal and provincial governments collaborate. It seems that the reset button on federal-provincial co-operation has been pressed.

We also don't believe we should throw out the baby with the bathwater. In other words, I think there are areas this government has signalled that it wishes to tweak. That is its right, but we believe that there is a good foundation. At the end of the day, when approval is given, I hope we find the political will and courage to build in this country, because nation building should never be allowed to sleep.

• (1930)

**Mr. Dan Albas:** I wholeheartedly agree with you on that.

I'm going to move now to the Canadian Construction Association. I want to start with the suggestion about the infrastructure bank. For example, in my home province of British Columbia, municipalities use what's called the Municipal Finance Authority, which works very well. In fact, they get some of the lowest rates guaranteed. They're used to using that organization. I think it's been around for 30-plus years.

In your submission to the committee, you said you would like to confirm your support for the infrastructure bank, but you don't want to see these projects getting slowed down because of new processes. I'm of the opinion that the BDC and some of the other crown corporations that already exist could probably give out those monies and help with some of these stimulus projects much more quickly and with better governance than an infrastructure bank could.

Do you agree that adding a new governance or crown corporation to the mix may end up having more process costs than using existing ones would?

**Mr. Bill Ferreira:** I don't believe I took a position on the infrastructure bank. If you ask me for my opinion—and this is really my own opinion—we certainly see some benefits to the government taking on...because it can borrow more cheaply than even provinces

can, in most cases. There might be some benefit, but I think this whole issue of the infrastructure bank needs to be studied more carefully.

I would agree with you. We don't want to see additional impediments to municipalities and provincial governments accessing federal funding.

**Mr. Dan Albas:** You did raise a point that there should be a central portal that's easy to access. I would consider the municipal financing authorities. Perhaps the government would be able to work through that, or even allow gas-tax monies to be mortgaged out over a period of time, so that the construction of larger projects could be paid through gas taxes.

I'd like to go back to talking about infrastructure in general. Do you believe there's a difference between shovel-ready and shovel-worthy? This means that the government, rather than going across the board with just any infrastructure spending, should be focusing on productive infrastructure or quality-of-life infrastructure, like sewers and water, and things that help our communities.

**Mr. Bill Ferreira:** With regard to the terms “shovel-ready” and “shovel-worthy”, from our perspective, all construction projects that municipalities put forward were worthy. There was never a question of whether something shovel-ready wasn't worthy. Even resurfacing roads, which a lot of people complained about, was work that needed to be done. As I said, there's a huge list of deferred maintenance out there that needs to be addressed.

I would agree with you that there are other priorities, and I think the way the government has structured these new funds will actually lift some of those water projects outside of the building Canada fund, which will free up additional money from that for highways, roads, and bridges, which I think are equally important.

We wouldn't take a specific position on the semantics of “ready” versus “worthy”.

**Mr. Dan Albas:** So as long as there's funding, it doesn't matter where it goes.

**Mr. Bill Ferreira:** I didn't say that. I said that I think what we need to do is ensure that the money is flowing.

As for priorities, municipalities set those priorities. They too are elected, and I think they have a pretty good grasp of what their needs are.

From our perspective, we don't take a position on whether something is shovel-worthy or shovel-ready. That shovel-ready work needed to be done, just like shovel-worthy projects need to be done. All municipalities have a huge list of projects that are sitting on the shelf that they can't fund every year. If more money is made available, that means more work will get done, and it is work that needs to be done.

**The Chair:** Thank you, gentlemen.

Mr. Caron.

[Translation]

**Mr. Guy Caron:** I want to thank all of our guests for their testimony. It has all been very insightful. This is our fifth group of witnesses today. It has been intense, but it enables us to come right to the point and focus on priorities more than long meetings do.

I will start with Ms. St-Onge.

Among the figures you have shared with us regarding CBC/Radio-Canada, I was especially impressed by the fact that Canadians' annual contribution to our public broadcaster is about \$29 per person, while the average contribution is about \$83 or \$84 in OECD countries.

CBC/radio-Canada is not PBS and should not become PBS, either. Correct me if I'm wrong, but most European countries and other OECD members feel that the role of public television is not only to ensure programming and diversity of news, but also to ensure that there is something for everyone in the available broadcast programming, which includes private television and radio. This is actually not a business requirement, but truly a quality requirement.

Could you comment on that comparison and give us your opinion on what CBC/Radio-Canada should be, in light of what its counterparts are in the countries that invest more?

● (1935)

**Ms. Pascale St-Onge:** CBC/Radio-Canada should have a specific mission different from that of other private broadcasters when it comes to things like cultural content, but also local and regional content. For instance, BBC is one of the United Kingdom's cultural drivers.

We have noticed that, since the latest cuts, CBC/Radio-Canada has offloaded a number of aspects of its mandate and its mission. It's important to point out that the Canadian broadcaster's mission is different from that of other public broadcasters around the world, if only because of the linguistic reality and the size of the territory to be covered. It's unique in the world. However, we are among those with the least support through public funding. For CBC/Radio-Canada, that is clearly a major obstacle to providing local service in the regions.

**Mr. Guy Caron:** Regarding news, we hear that many private broadcasters are closing regional stations. CBC/Radio-Canada's mandate is still to provide news, but the various cuts have forced it to reduce the provision of local news almost everywhere. I know that television news broadcasts have gone from one hour to 30 minutes a day across the country. Some newscasts have even disappeared completely.

The government has promised a \$150-million investment. Will that investment help re-establish the level of local news necessary for the communities to be well informed and aware of what is happening in their area?

Do you think that will be enough for the transition to what is called new media to continue?

We have had a glimpse of what is happening in that area. CBC/Radio-Canada is trying to adapt to the various platforms that have been created and is trying to become part of that new environment.

**Ms. Pascale St-Onge:** The \$150 million promised by the Liberal government during the last election campaign is actually in line with the latest cuts of \$115 million, as well as the loss of the Local Programming Improvement Fund. That fund was used directly by CBC/Radio-Canada and helped the broadcaster produce regional newscasts.

The investment would only bring the Canadian public broadcaster back to the level it was at before the cuts—to an annual contribution of \$33 or \$34 per Canadian. We are still well below the OECD average. In a perfect world, it would definitely be preferable for the investment to be even larger. We talked about the difference between inflation and increases. There is a difference of \$547 million annually. That's huge. Of course, \$150 million is a good start.

You were talking about investments to be made in the area of technology. Given all these new broadcasting platforms, we believe that CBC/Radio-Canada must be present and be a leader in terms of new technologies. Meeting this challenge will require investments for the acquisition of not only equipment, but also qualified staff. The idea is to help Canada have a global impact in terms of innovation.

**Mr. Guy Caron:** The Minister of Heritage did not really confirm the \$150-million amount. Questions were asked in the House, and she is now no longer mentioning that figure.

Why would it be important to pay out that \$150 million now, instead of waiting two or three years, if ever the government was to propose that timeline?

**Ms. Pascale St-Onge:** The action plan that was established by CBC/Radio-Canada's current management is ongoing. The number of positions is expected to be reduced again by about 1,500. We cannot continue on this path. Investments absolutely have to be made this year in order to stop the haemorrhaging and enable CBC/Radio-Canada to keep existing and to continue its work.

● (1940)

**Mr. Guy Caron:** Thank you very much.

My next question is for Mr. Marchi.

I know that energy production and distribution are a provincial responsibility. However, an issue is discussed periodically that I think is often passed over during the meetings we have on budget matters across Canada.

What are the biggest obstacles to establishing a pan-Canadian east-west grid? All the provinces are doing a good job of establishing a north-south grid and exporting to the United States. Does the issue lie in a lack of collaboration among provinces? Can the federal government encourage the development of such a grid? Is it desirable to have an east-west electricity grid?

[English]

**Hon. Sergio Marchi:** Obviously, electricity, like other energy constituencies, is provincially wired, but also when it comes to electricity, the federal government has a significant role because there are some 34 departments or agencies of the federal government that are in the policy space of electricity. That's number one.

Number two, I think, on the reset button and the collaboration, this could be a window of opportunity on energy writ large when we look at the federal government potentially joining the provinces on developing and bringing over the goal line a Canadian energy strategy. When it comes to the east-west grid, obviously one of the issues is financial expenditure and cost. Obviously, a lot of things are natural north-south, and we've had to build infrastructure to keep this country together east-west, whether it's the CBC, the railways, the pipelines, or Canadian national highways.

In terms of east-west, I really think that there's real potential for regional east-west participation and collaboration. For example, the Minister of Energy in Ontario has put out a number of MOUs with his counterparts, not only in Quebec but also in Atlantic Canada. The Premier of British Columbia is obviously pushing an infrastructure project of her own in terms of bringing electricity into Alberta. Alberta is also concerned about its natural gas. You have to find a right fit, because you also don't want to do one thing right and go two steps back.

I think on a regional basis, as opposed to coast to coast to coast, because of the financial viability question, regionalism on east-west is very much possible. If the federal and provincial governments with the private sector can collaborate in a partnership, I think that's possible.

**The Chair:** Thank you.

I'll have to cut you there.

Mr. Sorbara, I'm going to hold you to five minutes.

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

I'll start off with the gentleman from the construction industry.

Thank you for mentioning a few things. Thank you for mentioning about productivity. If we want to improve our standard of living, or at least maintain it, we need to improve productivity and we need to undertake that.

Thank you for talking about the multiplier. I think people with regard to our infrastructure investments tend to forget that for every dollar of infrastructure you get a bang of about \$1.50. That's something that's important, especially in today's environment of, say, a 1% annual growth rate, interest rates at record lows; call it flight to safety. Now is the time to proceed with a robust infrastructure pipeline and do it over a multi-year period.

The one thing you talked about that did strike a chord was EI. About two weeks ago, the C.D. Howe Institute put out a report that said 7% of unemployed Canadians in 2008 were deemed long-term unemployed. Today that number has doubled, call it 14%, 15%, so EI needs to play a role in this discussion in terms of avoiding an increase in the rate of long-term unemployed.

You mentioned something about EI deliverability. Could you succinctly comment on what you meant by that and how that would apply?

**Mr. Bill Ferreira:** What we have is some of our provincial associations being very much involved in training. That training is typically focused on those who are EI ineligible.

The STEP program, which is something that is delivered by the B. C. Construction Association, is kind of held up as a model. They used to receive government funding. As a result of some changes that were introduced a couple of years ago to the funding model, they've seen their funding drop by about 15%.

That organization managed to put 15,000 unemployed Canadians who were EI ineligible into the construction industry. I think well over 90% of them remained and are long-term construction employees. A lot of times they are immigrants who just don't have the language training.

Sorry, I suspect you wanted a shorter answer.

• (1945)

**Mr. Francesco Sorbara:** Yes, please.

**Mr. Bill Ferreira:** A lot of times it's immigrants who are new to the country, who don't have the language skills, and who need to upgrade those skills. A lot of times, it's safety training.

In our industry, it's not simple. You can't just take somebody off the street and suddenly put them in construction. There's an apprenticeship program. Those usually are four-year programs. In some areas where we can do it, we do.

We certainly think it's been a worthwhile program. Certainly the industry, the employers within the industry, appreciated the program.

**Mr. Francesco Sorbara:** I appreciate your comments on the accelerated cost of capital for manufacturing and how we can expand that.

Turning to Mr. Marchi and the CEA, you spoke about long-term transformational projects. Under my criteria, I'd probably put the maritime link project as a long-term transformational project. That's the first thing.

Second, in terms of infrastructure reinvestment into our electricity grid, obviously, as Mr. Caron had mentioned earlier, it does fall under the purview of the provinces and the regulators, but we have AltaLink, which completed a multi-billion dollar investment. If you add up Hydro One and Toronto Hydro, every year they're probably putting about \$2 billion in maintenance and capital investment.

There are a couple of parts to my question. First, do we have the right skilled tradespeople available to undertake all this investment that we're going to need? Second, and not directly tied to this, can you comment on the nuclear component in Canada's electricity grid?

**Hon. Sergio Marchi:** Sorry, what's the second component?

**Mr. Francesco Sorbara:** Nuclear energy. In Ontario, about two-thirds of all electricity generated is from nuclear.

Third, perhaps you would comment on your criteria for long-term transformational projects.

Then I have a final question for the gentleman on the corner.

**The Chair:** If you could hold that to a minute, it would be great. Then he won't miss asking his final question.

**Hon. Sergio Marchi:** That's a challenge, but I will try my best.

On the long-term transformational, I'm not talking about our entities looking to the public purse to pay for the \$350 billion over 20 years. We've been achieving that roughly the last number of years, \$15 billion a year. What we're talking about is when you go to the regulator, let's say in Ontario, and you look at doing a pilot project, or green technologies, or wiring remote communities, they will say no, because their remit is to keep prices down. Yet those are very aspirational goals that are found in the federal government's agenda and increasingly in the provincial governments'.

For us, we'd like to form a partnership, with the federal and provincial governments, to address those very sizable gaps, and find a way to finance those long-term transformational infrastructure projects. We believe there's also a second phase to this infrastructure coming to a theatre near us, which really is paralleled with nation building.

Secondly, when it comes to nuclear energy, I believe in nuclear energy. You mentioned that in Ontario it's more than 60%; an impeccable safety record. We know that the challenge for the nuclear energy community is that sometimes the public opinion is very skittish, and nothing moves quicker than scared public opinion. When we had the earthquake in Japan, we saw that Germany, the leading locomotive in the European Union, shifted away from nuclear completely and went to coal. We have to find a way to build that confidence with Canadians, based on the record and not on the perception of fear. It's not easy.

Do we have the skills? I think a challenge in our industry, like many industries, is that in the next few years we will be seeing a high number of skilled workers in our sector retiring. We have to find a way to replace those individuals. We should replace them with made-at-home labour, and if need be, ask new Canadians to join us in the building. I think we will and do currently have the labour; I'm worried projecting 15, 20, or 25 years.

In the electricity sector, we measure change in decades. We have to embrace that future by doing some work today. That's one concern I have. Are we moving quickly enough to be where we need to be in 20 or 25 years?

●(1950)

**Mr. Francesco Sorbara:** Thank you, Mr. Marchi.

**The Chair:** That's it, Francesco.

**Mr. Francesco Sorbara:** I'd just like to say [*Inaudible—Editor*] for their presentation. Thank you.

**The Chair:** We may get a chance later.

I do want to say one thing on Sergio's comment on Germany.

I just did an energy tour in Germany in December. Yes, they're out of nuclear by 2022, I think it is. They're going to phase down their coal as well, and they're targeting 40% renewable. I just forget the time frame, but a lot of that is wind and solar. They have one solar city.

It is interesting what's happening around the world.

Mr. Liepert.

**Mr. Ron Liepert:** Thank you, Mr. Chairman.

My question, my first one anyway, is to the fellow who just finished doing all the talking, so I guess we're going to hear from him again.

Mr. Marchi, I used to be a cabinet minister in Alberta, and I was fortunate to be an energy minister. I used to facetiously say, even though I think I really meant it, that the one file that gave me nothing but a headache was electricity. It was because people didn't understand it. They wanted the lights to come on when they flicked the switch, and they didn't want to pay too much at the end of the month.

We've been talking a lot about budget deficits. We all know about the federal budget deficit, and earlier we were talking about the provincial government deficits.

What percentage of Canada's electricity market is made up of crown corporations? Do you know what the significant debt load of those crowns might be?

**Hon. Sergio Marchi:** Firstly, I hope you're enjoying federal life as you did provincially.

Secondly, I think you're absolutely right. One of electricity's challenges is being out of sight, out of mind, perhaps less sexy than the oil and gas fraternity over the last few years. It's difficult to get 15 minutes of fame, because in a country that's developed like Canada, people expect that when they flick that switch the lights will come on.

The other part is that, of course, we need to keep costs low. My concern is that if we only look at replacing our end of life-cycle infrastructure by one determinant called "get me the cheapest system available", we will be passing down to our kids a system that is guaranteed to be less reliable than the one we inherited. We say low prices, but let's marry that with the indispensable value we attach to electricity, which means that we also want to pay for that reliability and quality.

On the specific numbers of the debt load, I will have to get back to this committee, Mr. Chairman. I don't have them at my—

**Mr. Ron Liepert:** But it's fair to say that there's a significant debt load within the crowns. That would be fair to say.

**Hon. Sergio Marchi:** I think it would be fair, but I'd hate to speculate without having those specifics in front of me. In terms of balance—

**Mr. Ron Liepert:** I'll take that as a yes.

**Voices:** Oh, oh!

**Mr. Ron Liepert:** I want to ask at least one question to Mr. Upshall and Mr. Wilson, and I'll preface it the same way, in that I also had the good fortune of being the Minister of Health in Alberta for a couple of years. One of the frustrating parts of being the health minister—and let me say that the entire file generally gave me a headache—was that mental health was somehow the neglected child of our health care system.

Any time in health care that we tried to do something, we always seemed to bite off a way bigger chunk than was capable of being accomplished. I look at your proposal and I think that it's exactly what needs to happen, but are we trying to do too much again with one initiative? Would it make sense to have a more focused...? I'm not saying that one is more important than the other, but clearly we have a lot of issues today with PTSD. Would it make sense to maybe focus on that if you received the money from the federal government and made that work and then expand it, rather than trying to cover the waterfront on the mental health file?

• (1955)

**Hon. Michael Wilson:** Let me start on that.

First of all, the Mental Health Commission is covering a range of things. We have a range of programs. We look at suicide prevention, the PTSD, as fleshing out that suite of programs. We think there is a real urgency to deal with the suicide prevention issue because of the very high levels of suicide in our indigenous communities. I think that is both a key driver from a mental health standpoint, but it's a real concern, if I can use the word, in a political sense. People understand the extent of it. It's five or six times the national average in these indigenous communities. There's a real desire on the part of people who are following this to address this particular issue.

We are starting by identifying 13 communities that are more prone to having suicides. There is a real focus on this, but we feel that as we roll this out in those 13 communities, there's an opportunity then to scale it up to cover the whole country.

**The Chair:** I just want to let you know that we're quite a bit over. I would say that we're starting to rapidly run out of time.

We have three people on our list. We'll go with three minutes each: Ms. Dzerowicz, and then Mr. McColeman, and then Mr. Grewal.

On this suicide prevention issue, I just want to make one point that people should think about because, as MPs, you're going to get calls at some point in time. With the number of platforms available to get hold of MPs now, I had a veteran with PTSD tweet me 33 times in 25 minutes, each one a little more suicidal. I didn't even know the guy. He wasn't even in my riding, as it worked out, but what do you do when you look at your BlackBerry two hours later? I convinced him to call me, which he did, but I spent an hour and 20 minutes on the phone with him, and I'm not trained for that.

I just make that point to say how serious this can be for people who are sitting around this room, as MPs, because I guarantee you, some day you're going to get a call from someone and we're not trained for that kind of work. That's how serious the issue is.

Ms. Dzerowicz, first, and then we'll go to Mr. McColeman.

**Ms. Julie Dzerowicz:** Thank you, Mr. Chair.

My first question is actually for Ms. Dutt.

First, thanks to everyone for their presentations. They were absolutely outstanding.

Health care is something we as Canadians are super proud of. I know that I, for one, am going to do everything I can to protect our health care system and to make sure it evolves to continue to meet our needs in the 21st century.

I also know that on a per capita basis Canadians pay more for their health care system than those in most countries that I admire—the Nordic countries, the Netherlands, Germany. I think that with this in mind I wouldn't mind getting some recommendations.

My opinion is that I don't think the pot needs to get bigger; I think we have the pot we need. With that in mind, what would be your specific recommendations in terms of what the federal government should be doing to continue to rejuvenate our health care system?

**Dr. Monika Dutt:** Just as a comment around the size of the pot, there has been a lot of analysis showing a whole lot of talk around health care using more and more of the budget. Often in reality what's happening is that the overall pot is getting smaller when taxes are reduced, and things like that, so that health care ends up looking like it's taking up more in the budget, but we've actually been fairly stable as a percentage of GDP, especially in recent years.

In terms of specific recommendations—and it's going back to what I focused on in my presentation—we need to look at innovations that will be both good for health and will also save us money, because money is always a factor. Pharmacare is one of those things that would unquestionably save money in the public sector as well as the private sector, and improve health. It's those types of initiatives that I think are some of the main things we can be looking at.

Maybe just to make a connection with some of the Nordic countries and others you mentioned, often those are countries that have very strong social programs. I know that wasn't the focus of my presentation but the health care system doesn't exist in a vacuum, so when you have other countries that have really strong social programs it does take some of the burden off the health care system. I think that's really important to keep in mind, too. When we're talking about health it needs to be connected with the strong education system and the social infrastructure that's also being discussed at this meeting, in addition to the other types of infrastructure.

Those are some of my quick points. The one around pharmacare is one specific initiative, and then also the social programs that help support a health care system.

• (2000)

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

Mr. McColeman.

**Mr. Phil McColeman:** Thank you, Chair.

Thank you to our witnesses.

I'm going to go to Michael. You haven't really been able to chime in here through most of the discussion. Thank you for the shout-out, by the way, for our human resources, skills and development and status of persons with disability work.

On social finance, most people probably don't understand the concept of it, and the fact that you can mobilize an immense amount of capital to do community projects on the ground. There are lots of people around the world who are interested in it.

Can you do it justice in the next two minutes to describe exactly what it is you would propose in a budget from a federal government in terms of the framework to support social finance?

**Mr. Michael Toye:** Thank you for that question. Probably the short answer is, no, I can't do it in just two minutes but I'll do my best.

Impact investing—social finance—is the combination of people investing for social returns and not purely financial ones. It's a market that has been growing internationally as well as here in Canada. A couple of Canadians in fact did a study last year for the Rockefeller Foundation measuring the scope. It's an asset class that is really growing.

In Canada specifically, some of the recommendations being made by key leaders such as the MaRS Centre for Impact Investing, Vancity Credit Union, and the Chantier de l'économie sociale suggest building on the G7 task force on social finance as well as a thought leader group convened by the MaRS Centre for Impact Investing, saying that a first loss capital fund of \$250 million dedicated to social investment, which I mentioned, could catalyze a 3:1 matching from private sector investments and could then really have an impact on social infrastructure in the country.

The second angle on it is capacity building. There is an emerging practice. As you say, most people don't understand what it means, but it's how we can classify, how we measure, how we regulate these new asset investment opportunities. There's some work that needs to

be done, and the civil society actors on the ground doing that work could be advanced in terms of building that capacity.

**The Chair:** Thank you very much.

Mr. Grewal, you may have a last question.

**Mr. Raj Grewal:** Thank you, Mr. Chair, and thank you to all of the witnesses for your great testimony today.

We've heard a lot on this committee about infrastructure spending and how it stimulates growth and about budgets and running deficits to ensure that you can invest in infrastructure.

My question is to Mr. Ferreira.

The ideological differences on infrastructure spending and running deficits to spend on infrastructure will be debated for years to come, but you mentioned something really interesting about corporations holding a lot of cash. That's no secret to anybody. To encourage them to spend some of their money to stimulate the economy, you spoke about depreciation policy in Canada versus the U.S. In the U.S. it was six years, while in Canada it was 13 years. I found that really interesting, that an adoption of an aggressive depreciation valuation in Canada will help stimulate the economy.

Do you have any metrics to say how, or can you expand on that idea to say how it would stimulate the economy?

**Mr. Bill Ferreira:** First off, I need to correct one thing, because my members would kill me otherwise. We never use the term “spending”; we always refer to it as “infrastructure investments”.

**Some hon. members:** Oh, oh!

**Mr. Bill Ferreira:** What we looked at was specifically construction equipment and the differences between the two countries. The depreciation rate in the United States is far more aggressive. Now, the Department of Finance will tell you that this is because corporate taxes in the United States are higher. I'm not advocating that we touch our corporate taxes—I think our members are quite happy with where they are—but one of the things that aggressive depreciation allows you to do is to invest in equipment more quickly.

That's something that frankly we don't see here. Our depreciation rates are tied to the useful service life of the asset rather than to the productive life of the asset. The productive life of most construction equipment is about four to six years, only because these engines are constantly running. Once they've reached that limit, you sometimes will find other uses for them—you don't necessarily retire them altogether—but our perspective is that we should be frankly encouraging companies to invest in the newest equipment, particularly tier 4 engines, which are a dramatic improvement over the tier 3s when it comes to pollution control equipment.

Right now, given the change in our currency, we have a lot of equipment sitting in dealers' showrooms that just isn't going to be moving anytime soon. Aggressive depreciation I think would encourage businesses to begin investing. Those are investments that stay within the company, so those are investments in Canada.

• (2005)

**Mr. Raj Grewal:** Are there any metrics showing that for a dollar spent you would get...? On the change of policy, how much overall growth would we see in the Canadian economy?

**Mr. Bill Ferreira:** You could probably ask the Department of Finance. They have probably done some research on the investment they've seen as a result of their change in policy with respect to fixed equipment and machinery. The dealers association would probably also have some metrics on that. I don't have anything specific that I could point to, other than anecdotal information, which wouldn't really be all that useful.

**Mr. Raj Grewal:** Thank you, sir.

**The Chair:** Thank you, Mr. Grewal and Mr. Ferreira.

We will have to suspend again, but first, before I do, I'd like to thank the witnesses for their presentations. There was a lot of good information here during the full day, and I certainly thank committee members for their endurance during the day.

We will have to suspend to have a full in camera meeting of the committee for a few minutes in order to add a few more witnesses for Thursday. We can't do it by steering committee, because we would have to report back, and that wouldn't give the clerk and company time to call the witnesses.

Again, thank you all. We'll suspend for five minutes.

*[Proceedings continue in camera]*

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