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CANADA

## **Standing Committee on Finance**

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**EVIDENCE**

**Wednesday, October 19, 2016**

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**Chair**

**The Honourable Wayne Easter**



## Standing Committee on Finance

Wednesday, October 19, 2016

• (0900)

[English]

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

We're a nice little crowd here around the table. We're here as the federal finance committee, pursuant to Standing Order 83.1, which is pre-budget consultations in advance of the 2017 budget.

As all the witnesses know, we're doing the pre-budget consultations, but we're also trying to emphasize how to achieve better economic growth in this country. I know a number of groups sent in briefs in early August. It seems a long while ago now. We have all those briefs, and they're still coming and being translated, but they're all on your electronic media or iPad, so if you see people on an iPad, they're likely looking at the briefs that have been presented.

Just before we start, so the witnesses here know who they're dealing with from the parliamentary side, I'll ask each of our members to introduce themselves and say where they come from.

I'm Wayne Easter. I'm a member of Parliament for Malpeque, Prince Edward Island, which is central Prince Edward Island, and I'm a member of the Liberal Party.

**Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.):** Good morning, everyone. Good morning, Chair.

I'm Francesco Sorbara from the riding of Vaughan—Woodbridge, which is across the street from the city of Toronto. The area I represent is in York region.

**Mr. Steven MacKinnon (Gatineau, Lib.):** Good morning.

I'm Steve MacKinnon, and I'm the member of Parliament for Gatineau, Quebec, across the road from Ottawa.

**Mr. Ziad Aboultaif (Edmonton Manning, CPC):** I'm Ziad Aboultaif, member of Parliament from Edmonton Manning, which is the northeast side of Edmonton. I'm with the Conservative Party.

**Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC):** I'm Dan Albas. My riding is Central Okanagan—Similkameen—Nicola, part of the interior of British Columbia.

I'm very happy to have you all here today.

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

My name is Pierre-Luc Dusseault. I'm the member of Parliament for Sherbrooke, Quebec, and I'm a member of the NDP.

**The Chair:** I have one other announcement. Peter Haydon, who is with the Naval Association of Canada, was on our agenda, but he is

ill and cannot attend. Just for the record, we have his presentation, and it will go into the record as such.

Welcome, witnesses.

We'll start with Ms. Pasher, from the Atlantic Canada Airports Association. We've heard a fair bit about that in Fredericton and Charlottetown.

Go ahead, Monette.

• (0905)

**Ms. Monette Pasher (Executive Director, Atlantic Canada Airports Association):** Thank you.

Mr. Chair, ladies and gentlemen, thank you for the invitation to appear here before you as part of the pre-budget consultations.

Airports and air travel are so important to trade and economic growth here in Atlantic Canada, so I'd like to touch on that, as well as discuss some of the challenges the airports in our regions face.

While we have a relatively modest population base in Atlantic Canada at only 2.3 million people, we welcome more than 5 million visitors to our region annually, which means tourism is an important sector and economic generator.

Our airports move nearly eight million passengers per year, and that's more than three times the population of the region. That number has grown by 21% over the last decade. We're not only moving a substantial number of passengers and cargo in and out of Atlantic Canada, but we're helping to grow our economy. Our airports generate over \$3 billion in economic activity every year.

Today's businesses, as you know, compete in a fast-paced global economy, and while our companies no longer have to be located in large international centres to compete, they do require efficient access to regional, national, and international destinations. Our airport organizations remain committed to providing this vital service, and it is because of this that we have grown. With that growth, it is imperative that we continue to maintain, improve, and invest in infrastructure at our airports, and we will need partnerships with the federal and provincial governments to meet that challenge.

The creation of the national airports policy back in 1994 resulted in the transfer of financial responsibility for our airports from the Government of Canada to the community. This financial model has resulted in a net transfer of funds from aviation to the Government of Canada—for example, in 2015 it was \$323 million in the form of airport rent—but only a small fraction of those funds contributed to government are going back into the aviation system. In fact, in 2015, only approximately 12%, or \$38 million, was invested through the airports capital assistance program, and that's across the entire country.

Since 2000 the funding in this program has not changed, while the cost of doing business over those last 15 years has risen considerably. A lot has changed since 2000. Flying is no longer considered a luxury mode of transportation. It has increasingly become a necessity in order to conduct business across the country and connect people and goods to the global market. As well, a new market of fly-in, fly-out workers has contributed to the growth of aircraft movements at our regional and local airports here in Atlantic Canada.

The airport capital assistance program needs a dramatic increase in funding to support small airports across the country. The fact that small National Airports System airports do not qualify for airport capital assistance funding also presents a challenge. They are small regional airports with fewer than 600,000 passengers annually, and four are located here in our region. They have significant capital expenditures, and revenue collected from their traffic volumes is not sufficient to fully sustain their capital needs.

In addition to the support that is required for safety-related projects, airports also require economic development infrastructure funds. Infrastructure projects in Canada have focused on the rehabilitation of assets such as water, waste water, public transit, highways, roads, ports, ferries, harbours, parks, and trails. They're all worthy of investment, but we have to ask ourselves this: what about Canadian airport infrastructure? Are these assets, which stimulate billions of dollars in economic activity a year, important to our economic prosperity and also worthy of investment?

Instead of receiving investment, air transportation plays the unique role in Canada of subsidizing the government purse. Canada's airports, as I mentioned, pay \$323 million a year in airport rent.

In 2015 in Atlantic Canada our Halifax Stanfield International Airport paid \$6.2 million and the St. John's International Airport paid \$2.4 million. This year, in 2016, five additional airports in our region will begin paying rent, creating an additional financial burden on these small airports.

We are recommending that the government eliminate rent for all airports with fewer than three million passengers and also put a cap on rent for other airports so that it no longer continues its upward climb. Airports are closed-loop systems; any reduction in rent would be passed on through lower airport charges and debt requirements.

• (0910)

As gateways to the communities they serve, Atlantic Canada's airports have an integral role in furthering the economic prosperity of this country. In order for them to remain competitive, federal policies

and programs should aim to facilitate and foster growth in this important sector.

Thank you.

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

Next we turn to the Atlantic Institute for Market Studies and Mr. Navarro-Genie.

**Mr. Marco Navarro-Genie (President and Chief Executive Officer, Atlantic Institute for Market Studies):** Good morning, Mr. Chairman and honourable members of the committee. Thank you. I am grateful for the chance to appear before you this morning on behalf of the Atlantic Institute for Market Studies.

Canada is a country with a wealth of resources and possibilities, but it is often impoverished by its own policy choices. There are a few federal actions that would assist Canada's businesses to meet their expansion, innovation, and prosperity goals and to contribute to economic growth in the country.

The most fundamental, perhaps, is the respect for jurisdictional lines and constitutional limitations. To this effect, we are delighted to see that an Atlantic Canadian from Newfoundland and Labrador has been appointed to the high court. As the first voice that rose in this region against putting fresh ideological imperatives before the Constitution, we welcome this development, and we hope for similar outcomes when it comes to taxing carbon.

The second and perhaps most important, in keeping with the sentiments of our Prime Minister, is that policies and regulations be adopted for the sake of the public good, avoiding politicking as much as possible, the case in point being perhaps the EI file in this region. Policies that make it easier for people to work, or, rather, not work, promoting a 14- to 16-week work cycle, when businesses and consumers operate on a 52-week cycle, is certainly detrimental to businesses, individuals, and the community as a whole.

Third, the notion that governments control economies the size of Canada's is simply pure fantasy. A \$30-billion infusion into an economy the size of perhaps this region might get things moving, but trying to get the national economy moving, or perhaps preventing it from sliding back, with such careless spending is like trying to jump-start a jumbo jet with a AA battery. It just doesn't work. Economies are autonomous sets of relationships. We would do better to keep away from such grand designs to improve them. The best way to improve economies and foster growth is to promote the right conditions by removing as many barriers to growth as possible and allowing the private decisions of entrepreneurs, investors, and customers to choose what is best for them without state distortions.

Trying to cajole all innovation towards a single market sector, for example, such as the current attempts with clean tech and environmental development, leaves other areas wanting. It does not ultimately advance greater development or growth and leads to further collapses when policy-makers make mistakes—and we often do—or when market conditions change.

Last, perhaps in the interests of time, this Parliament would do well for this region and this country not to impede privately funded projects that have time and time again proven to foster tremendous growth through development and employment.

[*Translation*]

The provincial governments and federal government must not let themselves be controlled by interests that stop the development of private infrastructure that can provide jobs and economic growth for Canadians, in particular Atlantic region residents, who really need those things.

[*English*]

The Energy East pipeline coming from Alberta through New Brunswick is a vital necessity for our economies and must not be allowed to remain suspended interminably. If there is an immediate economic priority in this country, it ought to be the liberation of this economic factor, with its high-tech jobs, its research and innovation, its air and environmental cleanup capability, and its ability to foster greater economic independence for native and rural communities. Greater energy autonomy for Canada will also mean more affordable energy for those who are most in need.

I think Energy East sums up the core of the recommendations: to stick to the Constitution, to make public decisions with higher goals in mind than ideological dreams or electioneering, to let private enterprise have more economic oxygen through less intervention instead of more and more subsidies, to create wealth and more jobs through native and rural communities, and to avoid favouring any one economic sector to the detriment of others.

*Merci.*

● (0915)

**The Chair:** Thanks very much, Marco.

We turn now to the Atlantic Provinces Economic Council and Mr. Poschmann.

**Mr. Finn Poschmann (President and Chief Executive Officer, Atlantic Provinces Economic Council):** Thank you, Mr. Chairman, and thank you to members of the committee for the invitation, and welcome to Halifax.

When appearing before previous iterations of this committee, I would have been ready to talk about the need for measures to ensure a stable and efficient housing finance system in Canada. I'm not going to do that today, because it is not immediately on our agenda, but it is in the air. If we can come back to that, then it would be a very good discussion to have.

I would like to address questions that were put to us in the context of pre-budget consultations quite directly.

The pre-budget consultations asked three questions: How should the federal government help Canadians generally—and the un-

employed and indigenous peoples and so on—to maximize their contributions to economic growth? How do we help businesses in all regions and all sectors do the same? How do we ensure that urban, rural, and remote communities make their best contributions to growth? Those are really one question posed three different ways: how do we best boost growth?

We used to call this the productivity agenda. Now we call it the innovation agenda. That's okay; whatever we call it, the generic description remains. We perform best when government finances are stable; when Canadian's job rates aren't being swamped by government indebtedness; when taxes are low and stable, and do not stifle growth; and when our social supports are consistent and generous, but not so generous as to build dependence and complacency.

I'll add open markets for goods and services, and free flows of labour and capital, and I would read in everything that Ms. Pasher said about the importance of airports to trade, people, and goods. Free flows of labour and capital and free exchange rates permit competitive markets to do their work, and individual Canadians can steer their efforts to where our work is most valuable.

This points more than anything else to the value or the importance of trade, especially for the Atlantic economy, where access to markets is crucial. We have two pending trade deals, the Canada-European Union Comprehensive Economic and Trade Agreement and the trans-Pacific partnership. Each of these deals is at risk as they head into their respective ratification processes. Canadians and the government should be aggressively promoting them in every possible forum.

Trade is not only international; it is also domestic. Trade barriers across provinces are too common and too high. The Atlantic provinces are working collectively to harmonize and lower their barriers. Other provinces are making their own efforts. The federal government should aggressively support these initiatives, and it should use its jurisdictional powers to help them along and to lower the barriers that lie within the federal realm. This means a hard look at our agricultural and agrifood policies in particular. International and domestic restrictions on agricultural trade and supply management in Canada restrict growth and innovation across sectors and regions, and we can fix this.

When it comes to innovation and the innovation agenda, the most powerful tools rest firmly in the hands of the federal Department of Finance, and I am referring to the tax system. Canada has generous tax supports for research and development by way of generous deductions and credits, and even refundable credits. There are issues with the way we do it, such as favouring spending on labour as opposed to capital investment, which is needed for serious R and D, and favouring spending by small businesses as opposed to the larger or growing ones.

The biggest issue is that the supports we have are targeted on spending and on R and D, which is different from rewarding innovation. Innovation is what happens when ideas are adopted and commercialized in new ways.

We could do much better by rewarding innovation more than spending on R and D and by lowering the income tax rates applied to the fruits of innovation. The mechanism for doing so is known as the patent box, or the innovation box, and models exist in the U.K. and elsewhere in the EU.

The process is simple. Firms track the share of their incomes that can be traced to eligible intellectual property, such as patents, spending on R and D, and know-how. The income traced to eligible IP, intellectual property, has been taxed at a lower rate than other income.

Recently the provincial governments in Quebec and Saskatchewan put the innovation box squarely in their budget plans, and these are admirable initiatives. They would work even better if they were nested within a similar federal plan. A federal innovation box system would limit balkanization across provinces and across provincial tax systems. More to the point, it would strengthen Canada's international tax advantage and attract the most productive sort of foreign investment, namely spending on innovation, which generates spillovers that benefit all of us.

One key message is that there is a very short list of useful things that a federal budget can do, and supporting trade and innovation is firmly on that list.

- (0920)

With that, Mr. Chairman, I think my time is up, and I thank you very much for yours.

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

We turn now to Ms. Poduska and Mr. Sarty, from the Canadian Association of Physicists.

**Dr. Kristin Poduska (Director, Science Policy, Canadian Association of Physicists):** Thank you very much.

As a committee, you're asking for expert consultation to develop an economic strategy for 2017. You've asked Canadians what federal measures in relation to education and training would maximize our country's economic growth.

I, Kris Poduska, and my colleague Adam Sarty represent the voice of physics in our country, which is the Canadian Association of Physicists, and our organization has recommended boosting funding in two specific areas: first, in funding for merit-based fellowships to students and trainees through the Natural Sciences and Engineering Research Council of Canada, or NSERC, and their post-graduate and post-doctoral fellowship programs; and second, in funding for discovery-driven fundamental research, which is through NSERC discovery grants.

Now I'd like to explain why these two measures will help achieve your goals as well as ours.

First let me introduce you to the Canadian Association of Physicists.

With over 1,700 members, we're Canada's national association for physicists who work in industry, academia, and government. The CAP is recognized and respected for its science and technology expertise. We've testified before other House of Commons committees, including last year, at the request of the Standing Committee on Industry, Science and Technology, for a study on the state of disruptive technologies.

Adam and I are both university professors. Adam is based at St. Mary's University here in Halifax, and I'm based at Memorial University in St. John's, Newfoundland. We're here today to help promote the importance of physics, both as a fundamental science and also as a necessary component of Canada's technology-driven innovation economy.

The reason that we're making these specific budget recommendations are that attracting and retaining Canada's best talent will develop a strong base, which is essential for building a resilient and innovative workforce that will help drive Canada's entrepreneurs and businesses.

Canada's international competitiveness and capacity for sustained innovation depend on balanced support of research, including discovery-driven fundamental research. This kind of support gives freedom as well as flexibility to researchers, so that we can really push the limits of existing knowledge. In doing so, we find unexpected and sometimes even unimaginable phenomena.

Discovery research is really critical for Canada to be competitive in identifying and developing technologies that are transformative. These are sometimes called disruptive technologies. Examples of these kinds of transformative technologies include the internal combustion engine, lasers, solid-state LED lighting, and GPS, the global positioning systems. The trick is that by the very nature of these kinds of technologies make it very difficult to anticipate when and how they're going to emerge. If Canada wants to be a leader in this field, we have to do two things: we have to be able to generate new knowledge, and we also have to have the people who are able to identify what pieces of that new knowledge can work together to be transformative.

The most effective national strategy is to have discovery-focused funding that's both sufficient and stable to support the broadest possible base of researchers at all stages of their careers. Now, the reason we're making that recommendation this year is that Canada is losing ground on the world stage.

As an example, the Secretary-General of the United Nations has a scientific advisory board that suggests that national research and development funding should be at 3.5% of GDP. Canada has been very far below this level, and slipping. Our R and D funding fell from 2% to 1.6% of GDP in the years between 2005 and 2014.

This year there's a federal review of fundamental science that's part of the larger innovation agenda. This exercise is supposed to be targeted to help address this very issue. The recommendations from this review panel will be out later this year. Undoubtedly they will have budget items similar to what we're requesting in terms of money for training as well as for fundamental discovery-driven research. The greatest impacts will be realized if the budget can address the panel's recommendations.

In closing, I'd like to thank the committee for this opportunity. We'd be very happy to answer any questions you might have later on.

• (0925)

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

From the Halifax Chamber of Commerce, we have Mr. Sullivan and Ms. Conrad.

**Mr. Patrick Sullivan (President and Chief Executive Officer, Halifax Chamber of Commerce):** Thank you very much, Mr. Chair, and ladies and gentlemen.

My name is Patrick Sullivan. I'm the present CEO of the Halifax Chamber of Commerce.

The Halifax Chamber of Commerce is a best-practice business advocacy organization that continuously strives to make Halifax an even more attractive city in which to live, work, and play.

The Halifax Chamber of Commerce has been around since 1750, whether it has been the chamber of commerce or the board of trade, so it has been a very long time. We represent more than 1,600 local businesses and more than 65,000 employees and act as a powerful voice in promoting local business interests.

Halifax is one of the most economically dynamic cities in the country. The Conference Board of Canada projects that Halifax will have the second-highest GDP growth in Canada in 2016, and this puts us on track to achieve the chamber's strategic goal of having Halifax among the top three highest-growth economies in Canada by 2018. With strong transportation links and emerging clusters in ocean technology and financial services, our city is well positioned to succeed in today's economy.

We certainly appreciate the opportunity to address the House of Commons Standing Committee on Finance today and will address your questions in order.

The maritime region is facing a rapidly aging population and a serious decline in the size of our region's labour force. Ensuring that Canadians, particularly those from under-represented groups, have the skills they need to participate productively in the modern economy is a critical part of building the labour force in our region to succeed in the future.

The federal government plays an important role in skills training in Canada, and it's important to ensure that existing programs provide effective training for Canadians. As well, Nova Scotia has struggled to retain its youth and recent graduates in recent years, compounding our demographic challenges. To address this, the federal government could increase support for youth and recent graduates so they can take part in experiential education opportu-

nities, such as internships or co-op programs. This would help better prepare them for the workplace and would increase labour force attachment and retention.

When we speak to our members, we hear that the overall tax burden is a constant source of frustration. In recent months, the federal government has taken action, such as planning to raise the CPP and introducing the concept of a price on carbon, both without consultation. Both of these will have a significant impact on business costs in the years to come. Going forward, we'll be looking for the federal government to take action to make business in Canada more competitive, not less.

Lowering corporate income tax rates or reinstating the planned decrease in the small-business tax rate would help in this regard. As well, reducing regulation, providing timely customer service, and consulting the business community early in the regulatory process would help make life easier for business.

Immigration is also an important avenue for the region to help manage its demographic transition. Fortunately, the federal government has taken recent action in this area and will provide the Atlantic region with a pool of over 2,000 more provincial nominees, which we certainly plan to take advantage of. More immigration will only be effective if they stay in the region, and while Nova Scotia's, particularly Halifax's, rate of retention has improved dramatically in the past few years, we can still do better. The federal government can help in this area by providing more funding for settlement services and by ensuring that immigrants have the skills and language training needed to succeed in the local labour market.

Finally, ensuring that Canada has the transportation and information technology infrastructure required to participate fully in the global economy is critical for economic growth. Investing in trade-enabling infrastructure should be a top priority of the federal government's infrastructure program, as should, as has been mentioned, concluding the major outstanding trade agreements to help open up new markets for businesses. Improving the ability of companies in our region to export their products and services around the world is a key economic goal for business and will help communities and Halifax.

That's it. Thank you very much.

• (0930)

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

We'll go to Ladies Learning Code and Ms. Sariffodeen.

**Ms. Melissa Sariffodeen (Chief Executive Officer, Ladies Learning Code):** Thank you, Mr. Chair.

Good morning, members of the committee. Congratulations to you all for celebrating your first electoral anniversary today.

My name is Melissa Sariffodeen. I'm the co-founder and CEO of Ladies Learning Code, which is a Canadian not-for-profit organization empowering women in the use of technical skills.

We run anything from a one-day workshop teaching a woman to make a website to a summer camp for kids. Most recently, we drove across the country in the computer lab teaching kids through pop-up workshops.

Research suggests there'll be a shortage of more than 200,000 ICT workers in Canada by 2020, and right now there's a huge under-representation of women and other groups in this field. As a nation, how will we thrive and prosper, both socially and economically, when only a small portion of Canadians have the skills we need in our increasingly digital world?

I'm here today to make the case for investing in digital skills and coding education. This is absolutely critical to future prosperity in our country. That success is undoubtedly compromised by the fact that only a small portion of Canadians actually have the skills necessary to fully participate, let alone innovate, in this increasingly digital economy.

Over five years ago, a group of women, myself included, hosted a workshop in Toronto on coding. It sold out in seven minutes. A month later we hosted another. It sold out in 30 seconds. After that, we hosted another, and another. This demand has propelled us from a single workshop for adult women to a national not-for-profit organization. We now run programs in more than 29 communities across the country, in places like Charlottetown, Cape Breton, Vancouver, and Quebec City. We've taught over 50,000 women and youth to code. We've had over 3,500 new volunteers who have taken our programs.

All this is because of a key few factors. One is that we have this really strong community-driven model, and in every city we're in we have individuals who understand their community. The programming we run in Cape Breton is different from what we use in Lethbridge, Vancouver, or Toronto.

Also, for every four learners in any of our programs, we have one technical volunteer. That person comes from industry—they might be a developer at Microsoft or Google—and they support women and youth in learning. What that means is that these individuals go back into their workplace with an understanding of how women learn, how beginners learn, and they take that with them as a professional development opportunity.

More and more, we also employ a pay-what-you-can model to ensure accessibility. Year over year, we've almost doubled our operating budget, and definitely our reach. We've had no government funding to date, aside from a small translation grant. It's all private sector funding from Google, Microsoft, Telus, Scotiabank. This underscores their desire to invest in an organization that is scrappy and lean like ours and is focused on impact and has built a mechanism that can scale up.

While these numbers might be impressive, what I'm most proud about is the impact we're having on Canadian women and youth. I

think of Nancy, who came to us in 2012 with a music degree and no job. She learned to code with us and now runs our programs in Montreal. She is a developer on her way to a very lucrative and rewarding career. I think of Lauren, who's 11, from Calgary, who took our girls' program and was then inspired to create a company called Robots are fun!, which creates educator kits for teachers. She's not even in high school, but she is running a business effectively.

We believe that coding education is the next necessary step we need to take as a country to usher in a new era of Canadian innovation. I know Canada is uniquely positioned to rise to that occasion. We have the expertise, the infrastructure, the resources, and I think the political will to do what it takes to become a world leader in digital skills. At Ladies Learning Code we have the experience and the delivery model to scale up and do that.

Our funding ask to the Government of Canada is to help us offer our programming in more places, to do more programming in the places we're already in, and to expand the pilots we've been working on for other under-represented groups, such as indigenous communities, newcomers, and people with disabilities. Therefore I ask the Government of Canada—all of you here today—to help address our current challenges by setting out a bold and thoughtful plan to usher in a new era of Canadian innovation by investing in digital skills, in coding education, and in women and girls, so that we can give these under-represented groups an equal opportunity to build our future together.

Thank you so much. I welcome any questions.

● (0935)

**The Chair:** Thank you very much, Melissa, and thank you all for your presentations.

Turning to the first round of questions, we have Mr. McKinnon.

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

It's wonderful to be in Halifax, and thank you all for being here.

One of the things that strikes this committee as we go across the country—and we have been in western Canada and we're now making our way through the Maritimes towards central Canada—is the constant refrain about skills, people without jobs, and jobs without people.

I was struck by how Ladies Learning Code could possibly constitute one of the solutions to this very confounding problem.

I want to ask a very general question. Perhaps we'll start with you, Mr. Sullivan, but I'd invite anyone who wants to weigh in.



You talked about immigration. That's obviously one of the solutions to this problem, certainly in this region, as we butt up against the one thing that doesn't lie—demographics. That imposes a sort of natural cap on growth.

Have you thought beyond immigration or within the immigration category about the kinds of solutions that the federal government could be part of, either in partnership with provincial governments or acting on its own? What are the solutions to this demographic issue in terms of training and attracting people, and how do we make sure that there continues to be a more vibrant labour force in this region?

**Mr. Patrick Sullivan:** As you've correctly stated, Nova Scotia is expecting a decline of about 10,000 people between the ages of 18 and 65 over the next five years or so. It's a significant decline. People are going to age out of the workforce. We definitely need more people. We have had the increase of approximately 2,000 people in the provincial nominee program. That is open to all Atlantic provinces, so we don't want them all to go to P.E.I. We'd love to get our proportional share in Nova Scotia.

What can the government do? I believe Dominic Barton is about to present some time this week. Certainly *The Globe and Mail* is reporting today that he's going to recommend an increase of between 50% and 100% in the number of immigrants.

We would agree with that. We need to have those people stay in this community, which means we need to encourage the local business community to hire these people. A program in Nova Scotia called the graduate to opportunity program provides 25% to 30% of the first year's salary to those employers. That would be a great incentive for employers.

Language training would be very helpful. We need to offer opportunities for entrepreneurs from around the world to come to Nova Scotia with tax credits, or some opportunity to examine Nova Scotia as a destination or Canada as a destination, frankly, and again, hopefully we'll get our share of those business leaders if we offer them particular opportunities for investment in Canada.

**Mr. Steven MacKinnon:** Mr. Poschmann, do you care to comment?

**Mr. Finn Poschmann:** I agree with much of what Mr. Sullivan said, especially with respect to increases in allowable immigration or immigration targets into Canada. We have a regional, geographic, and demographic mismatch with skills, and this is especially striking in the Atlantic region. Different tools are needed over time to address that. Immigration is one long-term mechanism.

When it comes to jobs that don't have people, relaxation with respect to the temporary foreign worker program would help, and I know that the current immigration minister is strongly in favour of tuning that program so it responds better to regional needs with respect to the range of skills covered.

When it comes to the very long-term success in Canada's regions, much of the heavy lifting is needed at the regional and provincial levels, and I'm referring in particular to primary and secondary education. Our rural areas do not meet the education standards that we should be meeting collectively, and we see some of that in the larger centres as well. These are in the provincial domain to address, and they do not need any more money. It's more a matter of

curriculum, and when we do a better job at the provincial and regional levels of delivering curriculum, then our public school and post-secondary graduates will be much better placed to take advantage of the jobs that are available and to develop, for instance, their coding skills later on and fare well in the world that we will meet.

● (0940)

**Mr. Steven MacKinnon:** Before I ask you to comment, Mr. Navarro-Genie, let me ask specifically about the position of AIMS. We've heard what you might call some market-distorting suggestions about how to retain immigrants, how to better prepare a workforce for the jobs of tomorrow. Do you agree with those sorts of measures?

**Mr. Marco Navarro-Genie:** I do, to some extent. We are very much in favour of immigration, of course. You cannot grow an economy unless you grow the population. Where it becomes a bit of a chicken-and-egg thing is that while we are working very hard to attract more people from outside—the gloom outside notwithstanding, this is a very beautiful place to live, and it doesn't need much to attract people—the issue is to retain them. We have not been that successful at retaining immigrants, and there is a reason. As Bill Clinton used to say, it's the economy. People may not come here because we have great health care, and people are not likely to come here because we have great restaurants. People will come and will stay because there is a stable economy that promises something to their children, so the issue is the economy.

We are essentially making a thousand little fixes around the economy that don't address the very core of the issue. We pay some of the highest taxes in the kingdom. We have heavy regulatory burdens. We have an aging population and a sicker population. The education standards, as has been pointed out, are slipping. Our youth, the very people who are born here, who are attached to that ocean, keep leaving, and with them leaves a high level of skills. We have low productivity. We have higher energy prices. All these things combined are essentially the culprits for seeing people leave. If we are unable to retain our own children, I think we are going to have difficulties retaining newcomers. The economy and all these things need to be addressed.

**The Chair:** Thank you all.

We are now turning to Mr. Aboultaif.

**Mr. Ziad Aboultaif:** Good morning, all, and thank you very much for all your presentations. We are learning a lot about Atlantic Canada throughout this session today.

I believe that the economic downturn, the oil price crisis in Alberta, is affecting everybody on this side of the world. In looking into how we move forward, we've seen many panellists come forward and many people ask for money. You seem to bring a different atmosphere to the discussion today, which from a business perspective makes a lot of sense.

I'd like you to comment on this, especially Marco, Finn, and Patrick, and maybe Melissa. If you can contribute to the conversation in a way that... In my opinion, the government should not always be coming up with money when there is a crisis. Sometimes that works and sometimes it doesn't. We believe that if we are to spend \$30 billion, we need to be able to create 300,000 jobs. The math did work in the United States, and I think we should be on the same path.

Right now the government is taking some measures on a CPP increase or extension, on EI—which is a payroll tax—and on carbon taxes. I believe that now is the time for the government to step up and ease those taxation measures to give private businesses the opportunity to perform well in Canada and to make sure they find solutions to the job losses, the immigration issues, and all the economic problems we have.

What do you think the private sector can do in order to take this economy where it should be going?

We'll start with Marco.

● (0945)

**Mr. Marco Navarro-Genie:** Thank you.

We dispute the belief that it is the government's job to create jobs. When governments set out to create jobs, they essentially have to remove large amounts of money from the productive sectors of the economy.

As we have seen time and time again, governments are not necessarily the best managers of other people's money. The best managers of that money are the people who earn it. We believe that the more money we leave in people's pockets, the better it will be.

In spite of the gloomy picture that I painted a couple of seconds ago, we have scintillating points in this region. The start-ups are one example. We have a growing number of new high-tech, high-paying, extremely innovative businesses in New Brunswick, in P.E.I., and here in Nova Scotia. These are focuses of know-how and entrepreneurship that need some nurturing.

I'm not sure that it's the state that should nurture them, but we should establish a framework of rules that would allow for more investment, and certainly foreign investment, to come in and nurture them. If this committee could do something for this sector, it would be to set up the appropriate framework for it.

**Mr. Finn Poschmann:** Mr. Chairman, the honourable member is threatening to draw out my libertarian side.

I agree with much of the premise and with many of Marco's comments. There are arguments for and against the expansion of the Canada Pension Plan and the liberalization of EI, but these expansions are certainly not growth-enhancing measures.

Beyond that, there are things that government can do. Mostly these have to do with ensuring that we have stable finances in the long haul. At the federal and provincial levels, that involves not spending a lot more than we take in. It would be very encouraging to see the federal government plotting a trajectory to get itself back to fiscal balance in rather short order.

The impetus for infrastructure spending grew out of a financial and economic crisis that is long since past. The message that interest rates are very low and that, therefore, it's a great time to borrow and to spend on infrastructure is tantalizing. However, it is a seriously misleading message, because infrastructure investments can only be worthwhile to us collectively as a society if the returns on those investments are, one, complementary to private sector activity and productivity growth and, two, exceed the carrying cost of the debt that's incurred.

The carrying cost of that debt is not just the interest that is required to be paid on the debt; it is the cost of public funds associated with taxation that necessarily is required to support that borrowing or to pay down borrowing in the future.

The message that we can borrow money at 1% or 2% rather fundamentally misrepresents the cost of current investment in public sector infrastructure. We should think about this very carefully when we make our spending allocations.

● (0950)

**Mr. Ziad Aboultaif:** Mr. Sullivan, would you comment?

**Mr. Patrick Sullivan:** I will quickly echo much of what the other two gentlemen stated. I would say that 83% of our members are small businesses. They pay corporate taxes in Nova Scotia. Unfortunately, Nova Scotia's proportion of those taxes is extremely high, at 15%, versus another area such as Ontario, which is at 11.5%.

Federal corporate taxes could be reduced by a couple of per cent. That would certainly help. Putting additional dollars in people's pockets to stimulate spending in the particular region will be a great step, I think. People tend to invest in their business when they're a small business.

Finally, I think Nova Scotia and the federal government are beginning to recognize the value of some of the great natural assets we have here. There has been a recent significant investment of approximately \$200 million in oceans, funnelled through Dalhousie, Memorial, and, I think, UPEI. We believe that that will be a helpful spend. However, as Marco suggested, it needs to be accompanied by perhaps some additional opportunities for innovative new businesses in oceans and a stimulus for those small businesses to set up and grow.

**Mr. Ziad Aboultaif:** I have a question, and I think Melissa can contribute to the answer.

I do believe that we need to encourage the entrepreneurship mode and spirit for youth and for women, and that is where we can play a fundamental role. We have young generations who have seen the world through the Internet or otherwise, and they have very creative ideas. They are well educated. It's the same with women. Hopefully you agree with me that we need to encourage entrepreneurial methods and ideas through government programs, college, or whatever in order to do that.

Would you comment on that?

**Ms. Melissa Sariffodeen:** I think I'm probably preaching to the choir now about technical skills, but I think they're really important. For us, we would argue and advocate mostly for teaching coding and the broader concepts of computational thinking. It's this idea of teaching our youth problem solving, innovation, and failure, which is a huge, undervalued concept that we're not teaching properly in the education system. We see coding right now as the mechanism to teach those things, specifically to the under-represented groups that aren't part of the conversation right now.

I would agree that there is a lot of opportunity to focus on that, and I think coding can be the mechanism to do it.

**The Chair:** Thank you all.

Go ahead, Mr. Dusseault.

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

Thank you, all of you, for being here today.

I may not be able to ask a question to all of you, because the chair is very tough on time.

I'll start with Mr. Poschmann. You talked about the interprovincial trade barrier. There was a recent case in court about someone who bought beer in Quebec. When he got back into New Brunswick, he was arrested by the RCMP. He was fined for that, and he's challenging the laws of New Brunswick because he thinks it's not constitutional to impose trade barriers between provinces.

I want you to comment more on that. Would you recommend that the federal government should make sure the Constitution is respected, and that there be no trade barrier between provinces?

**Mr. Finn Poschmann:** Thank you, Mr. Chair and honourable member, for the question.

I don't know what made you think I would be interested in talking about beer, but....

Yes, it's a great case, a great case study, and a great constitutional test. The provincial control over the distribution of alcoholic beverages goes back to a federal resolution coming out of the Prohibition era. In other words, the federal government wanted to get out of the field, and the saw-off it found was to turn over responsibility or authority to the provinces, where it previously did not reside, and as of 1949 you could even buy beer in P.E.I.

The question outstanding is whether that extends to trade across borders and how the trade and commerce clause is intended to be interpreted within the Constitution. My personal opinion is that it would be within a superior or supreme court's authority to determine that the barriers are unconstitutional. Whether a court will do so will depend on the arguments that are eventually presented in court, should the case get there. I wouldn't like to predict the outcome.

• (0955)

**Mr. Pierre-Luc Dusseault:** Thank you.

Staying with trade, but now international trade agreements, to the chamber of commerce, are you worried if we enter into trade deals with bigger economic superpower countries or a group of countries? If it's open for us to sell in that market, then it is open for them also to sell to our market, so do you think it's in our favour to do that?

Are you in some way worried about that and the fact that it may be more favourable to the biggest economies, which are more predictive and maybe will have an advantage with those trade deals?

**Mr. Patrick Sullivan:** That's a very difficult question.

My quick answer will be we already have trade deals with large trading partners like the United States and Mexico with NAFTA. Contrary to what Donald Trump may think, I believe that was a net benefit to Canada. There were certainly losses, but overall it would seem that has been an improvement.

I think that with the opportunity to open up additional markets as a province that has significant exporting capability, particularly in seafood and other areas, we would likely be a net beneficiary. I couldn't speak to every province, but I think we would likely be a net beneficiary, particularly with the opportunity to ship more product to the European market.

That is, I suppose, more my personal opinion, since I have not surveyed our members. We would have to ensure that the agreements are reviewed and written by folks with much more experience and skill than I would have.

**Mr. Pierre-Luc Dusseault:** Thank you for that.

Maybe now we could talk about fundamental research. Are you satisfied with NSERC? Are you satisfied with the current process when money goes to projects, or in addition to giving more money, do you recommend changing the process of how the money goes to organizations or people who are doing research?

**Dr. Kristin Poduska:** Thanks for asking that question. That's always a big question.

I'm pleased to say that what we found from our members and other people in other science and technology disciplines who get funding from NSERC is that on the whole, people are quite happy with the overall process. When the government gives a large chunk of money called "discovery money", it's used very wisely by the NSERC organization. The general consensus is the process is quite good for NSERC. Of course, for health funding and social sciences funding there are different organizations that run under different models, but we're quite happy with NSERC. The real challenge is just the number of dollars, but the overall process has been great.

**Mr. Pierre-Luc Dusseault:** Seeing part of that money going to fundamental research is also part of your issue.

**The Chair:** By "fundamental", you mean "discovery", right?

**Mr. Pierre-Luc Dusseault:** Yes.

**Dr. Kristin Poduska:** Exactly. Just to provide a little bit of background, a typical average grant to a researcher is under \$35,000 per year. That money can be used to hire students, send them to conferences, or pay for lab supplies. We're basically running a small start-up in our own labs on \$35,000 a year.

There are other programs, of course, that are more targeted that can help supplement that funding, but it's that key, that discovery funding, that nucleates everything else. That's where we can get our ideas that we can use to partner with companies to go off on other things.

The scholarship and fellowship programs help support additional students who have merit and fantastic records on their own, but without that key piece from NSERC to get everything rolling.... It's a small amount, but it's seed funding that really generates a lot.

•(1000)

**Mr. Pierre-Luc Dusseault:** Thank you.

[Translation]

Mr. Navarro-Genie, you mentioned employment insurance and the fact that businesses provided 52 weeks of work a year. Do you also take into consideration the reality of seasonal workers?

At our meetings in the Atlantic region, we were told that seasonal work was different and that the workers in this category needed an employment insurance program adapted to seasonal work.

To support the seasonal industry jobs, and there are many in the Atlantic region, should the federal government ensure that the employment insurance system enables workers to remain in their sector rather than find work in sectors that provide non-seasonal jobs?

**Mr. Marco Navarro-Genie:** Thank you, Mr. Dusseault, for the question.

Some industries operate here on a seasonal cycle, but that's not at all new in Canada. There are also seasonal jobs in the rest of the country, for instance in the Prairies. Obviously, wheat can't be grown in the middle of February, for example. We need a framework that motivates people to find other sources of income. If not, government assistance will keep being requested.

Here in the Atlantic region, almost 100% of people who work in fisheries rely on social assistance or employment insurance. In other regions where there are also seasonal activities, the percentage of people who rely on those programs is much lower. That's the case in Alberta and Saskatchewan in particular, where 60% of people rely on those programs. Something isn't working.

About 15 years ago, Mr. Chrétien's federal government tried to correct the situation, but the cycle of giving money to everyone so they could stay home doing nothing resumed.

**Mr. Pierre-Luc Dusseault:** Aren't you worried—

[English]

**The Chair:** We'll have to cut it off there, Pierre.

Before I turn to Francesco, I'd like to talk about coding.

A number of us were at the Republican convention. Governor Hutchinson spoke there on a panel. He ran a whole campaign on

coding for children and youth and won. I still don't understand coding. Can you explain it?

**Ms. Melissa Sariffodeen:** Putting it simply, it's the language you use to get a computer to do something for you. For anything from an app to a website, a language is used to communicate with a computer. It's about giving a set of instructions to the computer. There are lots of different languages, not unlike English or French, that you could use to communicate with the computer. We're teaching the language.

**An hon. member:** It's programming.

**The Chair:** I need more than programming when it comes to computers sometimes.

Go ahead, Mr. Sorbara.

**Mr. Francesco Sorbara:** Thank you, Mr. Chair, and good morning, everyone.

There are lots of good ideas here. That's the way I like to start.

I'll start with a theme that we have heard for three days in a row. I completely agree with you on the principles of rent or leases for airports. In the area I'm from, the GTA, the Greater Toronto Airports Authority, or GTAA, pays approximately \$150 million in ground lease rent. I just want to confirm that this fee is a full pass-through, in that whatever the airport is charged gets charged to consumers using the airport.

**Ms. Monette Pasher:** Yes, airports are closed-loop systems. They're charged rent by the federal government, which was \$323 million in 2015, and as the airport continues to grow, we're anticipating that will move to \$400 million by 2020. We think that now is the time to change that, to cap rent for at least our larger airports but also to eliminate rent for airports of fewer than three million passengers. These airports need that investment to be put back into their infrastructure and to support growing our economy and shipping our seafood and all the things we are doing in our region. We would like to see rent eliminated for our smaller airports.

•(1005)

**Mr. Francesco Sorbara:** When people speak about innovation and productivity and these cliché words, what it comes down to is that airports are economic generators for tourism, for shipping lobsters or other things, and also for bringing in talent.

People wanting to move to a certain area will want to know there is great access to an airport to travel and so forth, so that's imperative. There's also the issue of leakage, because millions of Canadians cross the border every day—especially the ones lucky enough to live close to the border—to use a U.S. airport because it's much cheaper.

I'm moving on to coding. Is there a numerical ask?

**Ms. Melissa Sariffodeen:** Yes. We wanted to expand our programming at Ladies. We've asked for \$3 million.

**Mr. Francesco Sorbara:** It's \$3 million.

I have two young daughters at home. I hope they're afforded every opportunity, as any other Canadian would be. Are these programs strictly offered to young girls, or to young girls and youth? How does that work?

**Ms. Melissa Sariffodeen:** As an organization, we run a lot of different programming, and it's for anything from young girls to kids to educators to adult women. We specifically want to grow programming for our adult women and young girls, and we're focusing on expanding that, which is the most under-represented group within our offering of programs.

**Mr. Francesco Sorbara:** Okay. Thank you. I think it's a great program. It's a great pilot. I'm glad to see you're doing that. It's one step above literacy. We had one presenter yesterday who talked about just having people becoming literate. This is obviously people taking it to the next level.

Mr. Poschmann, I would love to hear your view on the housing market and maybe some of the measures that we've enacted. If you could just answer for 30 seconds, that would be great, because I would like to ask another person a question.

**Mr. Finn Poschmann:** Thank you, Mr. Chairman. Thank you for the question.

Yes, over the past several years, collectively we've made important changes to the mortgage insurance system, which I think in general have been quite good, as well as important structural changes in the way we will deliver and fund mortgage insurance.

The current government has since made a couple of changes to the rules regarding qualifications for down payments and maximum limits on loans. These took place after a one-year or two-year pause in changes to regulations. I think that it was good that we waited that long before the further tightening that the government has put on the table.

I do worry that the current measures will make life a little more difficult than it has to be for first-time buyers. Time will tell. At this point, I would strongly recommend that the finance department in the government take no further action on the housing market front until the market has digested the changes that are currently under way.

**Mr. Francesco Sorbara:** You spoke of a patent box or an innovation box, and you mentioned that two provinces have already enacted that measure. I'm quite interested because I think you are correct in that. The material I've read as an economist said that we do favour providing tax credits for labour on R and D spending versus

the capital input side. With that, the output from the capital that's been invested, we're not rewarding....

With the two provinces you mentioned, how is it working out for them? Is there any data to coming out from those measures that were enacted?

**Mr. Finn Poschmann:** Thank you again.

There is no data, and there won't be any for quite some time. In Quebec, the measure was introduced in the last budget, along with the ways and means. In Saskatchewan, the proposal for an innovation box was presented in the budget as a proposal, with the details to be worked out later. The government undertook an internal task force, which will be reporting on the details any time around now in Saskatchewan.

I would anticipate very modest results, because it is relevant only to provincial income taxes, which is a small portion of the overall tax bill that a corporation faces. Larger corporations and multi-jurisdictional or multi-national corporations tend not to pay much provincial income tax. Small businesses within a province tend to pay none at all. It would only be a small subset of businesses that would be able to avail themselves of the benefits of a provincial innovation box. In conjunction with a federal program designed similarly, the impact could be quite different.

● (1010)

**The Chair:** We'll have to cut it there.

Mr. Albas is next.

**Mr. Dan Albas:** Thank you, Mr. Chair, and thank you to all of our witnesses today.

I'm going to start with Ladies Learning Code. After people take the course with you, do they stick with coding?

**Ms. Melissa Sariffodeen:** That's a good question.

We have a wide range of experiences. On the adult side, our largest group, the vast majority of women are looking to upgrade their skills. They are taking on additional opportunities at work and taking on more responsibilities. We do have another group, about 20%, that go on and pursue computer science, or take a boot camp—if you've heard of coding boot camps—and then they become developers.

Mainly our adult women are interested in being able to take on additional work, improve their skills, get professional development, get the raise they're looking for, and do that kind of thing.

**Mr. Dan Albas:** If you were to receive the financial support, how quickly could you scale up and show that you would have quantifiable outcomes?

**Ms. Melissa Sariffodeen:** We could do that next year, 2017. We've done a lot of evaluation, and there are a lot of metrics. There is an annual report I can also give you. We've built this mechanism, we've scaled up really scrappily over the last few years, and we have private-sector support as well as partners, so I feel really confident that we can start scaling up and reach 50,000 learners next year alone, which is what we've reached cumulatively to date.

**Mr. Dan Albas:** A number of groups have been before this committee, and all of them sound like very worthy causes, needy areas that we could look to invest in. Why your organization versus all the others?

**Ms. Melissa Sariffodeen:** You mean other coding organizations or in general?

**Mr. Dan Albas:** I meant generally, because everyone is looking for the same dollar.

**Ms. Melissa Sariffodeen:** I think the idea is that we don't know what the jobs of the future are yet, but digital skills and technology are pervasive. We know that 42% of the Canadian workforce is up for replacement through automation, so technical skills are the next frontier. It's a language, and it takes time to get good at a language. If we don't invest now in our youth and in our women, when we need it in five years or 10 years, we won't be there. The timing is really now.

**Mr. Dan Albas:** Okay. Thank you.

Mr. Poschmann, you mentioned capital versus labour on the R and D front, saying that there are far more generous labour credits than there are capital investments. Did I paraphrase you roughly?

**Mr. Finn Poschmann:** I was speaking with respect to scientific research, as in SR and ED.

**Mr. Dan Albas:** Could you elaborate?

**Mr. Finn Poschmann:** These are changes that were implemented a couple of years ago at the federal level, and SR and ED generally provides a credit for a broad range of expenditures that businesses do on R and D.

There have been a number of criticisms of the program over the years, including its size. Some of the previous changes rebalanced the design of the program so that it was more generous for small businesses than for large ones. Refundability was introduced for small businesses, and eligibility for capital expenditures was sharply trimmed, leaving labour as the primary expenditure.

If what you're interested in doing is promoting employment in basic research within firms, that could have some positive benefit. If your goal is to generate the fruits of research, however, then it's less clear that it is the course we would have followed.

**Mr. Dan Albas:** I appreciate that.

Mr. Sullivan mentioned the lack of certainty for business right now, with all the new things that are coming up. Mr. Navarro-Genie, you also mentioned that Energy East is a viable project that would bring a lot of prosperity right across the country. Obviously, certainty to business is important. In British Columbia we've seen the Trans Mountain project, and there have been additional delays by additional processes put on top of that.

What things should the government consider or not consider in regard to Energy East or other energy processes coming down the pipe?

•(1015)

**Mr. Marco Navarro-Genie:** Certainty is a huge issue for business people and investors.

We have, for example, created a little bit of a regime in this country, but particularly in this province, of uncertainty regarding energy. I have been here three years, and in those three years fracking was allowed and then was not, and now there is a legal ban on well stimulation through this technique. Anyone looking at this from the outside, whether you're in the energy industry or otherwise, would have to worry about these seemingly whimsical changes that happen in policy.

My earlier allusion to jurisdictions had to do with the fact that the pipeline is ultimately under the jurisdiction of the federal government. It is therefore up to the federal government to make sure that following the proper regulation and consultation on the environmental side doesn't hold this thing up till kingdom come. This needs to happen, and it is a federal jurisdiction to make it so.

**Mr. Dan Albas:** Mr. Sullivan, do you have anything else you'd like to talk about regarding businesses, particularly small businesses, that make up the majority of your membership?

**Mr. Patrick Sullivan:** What I alluded to was more about consultation that took place before some of these decisions were made. Obviously, there's not a final decision, because nothing has happened in Parliament to date, as I understand it, on the two particular issues I spoke about: CPP and the carbon tax.

We need to understand the long-term implications of some of these decisions, particularly in Nova Scotia, which has the highest electricity prices in Atlantic Canada—I think that's the case; certainly it has very high electricity prices—and has had significant reductions in energy consumption over the last number of years, and planned continued reductions. It would seem to me to be a penalty to business in Nova Scotia if we implement the carbon tax as proposed.

Again, certainty is a very important thing for business. We need to have a longer time horizon, rather than just the one, two, or three years that we seem to talk about consistently at the provincial and the federal level.

**The Chair:** Thank you all.

Go ahead, Mr. Grewal.

**Mr. Raj Grewal (Brampton East, Lib.):** Thank you, Mr. Chair.

Thank you to the witnesses for coming today. This is my first time in Halifax. I went for a run yesterday. It's an absolutely beautiful city.

My first question is to Ms. Pasher. You're advocating for the elimination of federal rent for airports of less than three million passengers. What is the cost to the federal treasury of making such a move?

**Ms. Monette Pasher:** I actually don't have those numbers in front of me right now. It's not all of the airports in the country; the tier one airports would still pay rent, but not the tier two and below. Sorry, but I don't have those numbers in front of me right now.

**Mr. Raj Grewal:** Just going forward, everything on the finance committee is dollars and cents. When you're asking for a recommendation, it's always good to cost it out. It carries a lot more weight. There are only so many revenue sources for the government, and there are always expenditures.

I'd be more interested to know about the operation of the airports and how much the government charges in rent. It's an interesting discussion, but it's a valid point.

Mr. Poschmann, you're advocating to have tax credits for innovation, and as examples you cited two other countries that do that. Can you give us a real-life example of how that would be applicable?

**Mr. Finn Poschmann:** Sure. Thank you for the question, Mr. Chairman.

The long-standing example, I suppose, would be Ireland. We also see them in Luxembourg, although they've been changed a couple of times. A number of European countries are home to the patent box or —

**Mr. Raj Grewal:** I don't mean the countries. Let's say there's a company in Canada. How would you assess the innovation, and how would the tax credit be implemented?

• (1020)

**Mr. Finn Poschmann:** Oh, okay. Thank you. I hadn't understood "companies".

You look at the qualifying expenditure or qualifying activities related to acquiring a patent or other forms of intellectual property, your investment in building know-how, which in agricultural markets probably should include trade secrets. That establishes the expenditure base as a share of your total expenditures.

Then you look at the income that's derived from the activity associated with the intellectual property—in other words, royalties you subsequently earn through exploiting the IP that you have developed, created, or purchased. That portion of your income would be taxed at a lower rate than the general corporate income tax rate. A typical ratio would be that the preferred rate—the patent box or the innovation box rate—would be half of the general corporate rate.

**Mr. Raj Grewal:** You're advocating for these to replace the existing tax credits.

**Mr. Finn Poschmann:** Generally, they would work alongside them.

Personally, I would look to shrink the SR and ED at the same time. However, this is something I would proceed with very carefully, because we have a lot of business processes or mechanisms that are funded through the SR and ED, so I would address this very carefully and over time. We ran some very rough numbers a few years ago, and looked at a static revenue hit for Canada of somewhere between \$1 billion and \$1.5 billion. That sounds like a lot of money, but I suspect it would prove to be

otherwise when you look at the investment activity and the spillover activity we would expect to generate.

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

My next question is for Melissa. That's phenomenal work. I didn't even know Ladies Learning Code did such great work.

You mentioned that a lot of your funding comes from the private sector right now, and you mentioned some of the biggest companies in the world. Are they continuously funding you this year as well?

**Ms. Melissa Sariffodeen:** Yes, we already have about half a million dollars committed from those partners.

**Mr. Raj Grewal:** How many of the people who sign up for your classes end up going to work for these big corporations?

**Ms. Melissa Sariffodeen:** That's a good question. We don't have those stats. We do track, and it is a selling feature for companies. There's a lot of mobility, which is interesting for people. I know anecdotally that people have gone to work for Telus and Scotiabank.

That's definitely a selling feature and something we build into contracts with these partners. They continue to support us. They know they find a value. I think what they find more valuable is sending their employees to participate in our programs as learners and mentors, because it's professional development for them. I think that's the biggest value for these corporations, that development opportunity.

**Mr. Raj Grewal:** Are you partnering with the high schools? I would assume that the younger we could target a program like that, the better off Canada would be.

**Ms. Melissa Sariffodeen:** So far, our work is definitely extracurricular. We are having conversations with ministries of education across the board to start piloting curriculum even younger. We teach kids as young as four years of age. High school is important, but it's a tough group of girls to engage. We're focusing on even younger than that to get them hooked.

**Mr. Raj Grewal:** Perfect.

To the Canadian Association of Physicists, I want to thank you for your testimony. I don't have particular questions for you, but I do understand, and the government does understand, the importance of science. We recognize that funding was cut significantly by the previous government. I remember the first day in question period when we came back and we said that the war on science had ended. The government is looking forward to having science as a big part of the innovation agenda.

Thank you.

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

I have a couple of questions, and if anybody else has a quick one, we will have time.

On Energy East, I'm surprised we haven't heard more about that in New Brunswick.

If the Energy East pipeline were to come into being, what would it do for economic growth within the region? Does anybody want to take that on? I know we have to get it through Toronto and across Quebec.

**Mr. Marco Navarro-Genie:** I'd be happy to comment, and Finn has things to say as well.

This is, as the cliché goes, a shovel-ready project. If we're looking to provide a stimulus to the economy, this is one that is ready to go, provided of course that the proper environmental safeguards are in place. Oil coming from Alberta, Saskatchewan, and Manitoba, three provinces out west, finding tidal water here in Atlantic Canada would allow exports and would create a significant number of jobs, many of which are technical jobs.

It would also allow us to become less dependent on oil coming from foreign markets. In the eastern part of the country, we are still dependent on foreign oil, which means that wars in the Middle East and situations in Africa make the pricing more difficult and more undependable. There are a myriad of benefits for this region alone, not to mention the fact that western Canada, which at this point is hurting in the oil patch, would be able to find markets for its product.

• (1025)

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

**Mr. Finn Poschmann:** As I recall, we pegged the New Brunswick share of the capital expense at approximately \$3 billion. That would be absent another refinery or a refinery upgrade. If those things were part of a business plan, you'd see a bigger number. The primary number I'd look for is a \$3-billion spend in New Brunswick.

**The Chair:** On airports, Ms. Pasher, how do we compare with the United States? I think Francesco mentioned, and we've heard this before, that quite a number of Canadians slip across the border to fly out of U.S. airports. How do we reduce that number? Is it government regulations or government fees that are causing those people to go to other airports? How do we compare, and how do we better balance that from a government policy point of view?

**Ms. Monette Pasher:** One of the studies that was done in the last two years showed that we lose about five million passengers across the border. There's a drastic difference between Canada and the U.S. The U.S. government invests in airports, they invest in infrastructure, and they're federally run, whereas in Canada our airports actually pay the government through airport rent, so there's a big difference in the cost-competitiveness of aviation in Canada. Our airports are run by community not-for-profits, so all of the money is going back into the system, but our passengers are paying too much to travel because government is actually making money from airports, rather than investing in our infrastructure.

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

Mr. Dusseault, you have a quick question.

**Mr. Pierre-Luc Dusseault:** Madam Sariffodeen, I wonder if universities are contributing to your program, because the training is done before those young women go to university. Do universities finance your program, and do they advertise their own programs in computer science and attract students to them?

**Ms. Melissa Sariffodeen:** That's a good question. We've actually been hired out of Toronto by a few of the post-secondary institutions

to teach their students or their faculty to code, but we do benefit across the country from in-kind sponsorship of space from a lot of universities and colleges because they recognize the value of having our women in those spaces so that they can then promote and advertise to them. It's not necessarily a financial contribution or partnership, but definitely an in-kind venue space that they open up to host our program.

**Mr. Pierre-Luc Dusseault:** It's in their interest to do that.

**Ms. Melissa Sariffodeen:** Yes, definitely, and in ours as well, because we need to get women through the rest of the pipeline to become developers.

**The Chair:** I wish we had time as a committee while we're here to do a tour of the Irving Shipbuilding facility. I imagine everyone saw that facility when they came in last night. I came in after everybody else.

Does anybody want to make a comment on that facility, and what it means to the Nova Scotia region? I think it's probably one of the top-of-line shipbuilding venues in the world.

• (1030)

**Mr. Patrick Sullivan:** I could start, and perhaps Finn would like to add some numbers to that.

This is a facility that is going to generate income and jobs in the thousands for 20 to 25 years in this region. It is a significant establishment. It is not any old shipbuilding facility. They built it, literally, from the ground up, so it is effectively brand new. It's producing ships right this minute, and will be producing ships for literally 25 years, almost a generation of employees. I forget what the number is, but they'll hire between 2,000 and 4,000 people and employ those people over that period of time. It is a significant economic generator to this area and is stimulating many other businesses in the area that will supply that facility.

**Mr. Finn Poschmann:** Patrick said 2,000 to 4,000, I was going to say about 3,000 in the skilled trades, which is a big impact, and that's just part of it. It's visible already. If the members walk a couple of blocks south of here, they can see it in the skyline.

**The Chair:** With that, I'll thank you all for your presentations and your information this morning.

We will suspend for about 10 to 15 minutes while the next panel comes forward.

The meeting is suspended.

• (1030)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1045)

**The Chair:** Okay, we'll reconvene and thank the witnesses for coming.



As you know, pursuant to Standing Order 83.1, the finance committee is doing pre-budget consultations in advance of the 2017 budget.

We will ask witnesses to try to hold their presentations to about five minutes to leave more time for questions. I think you know the theme that we would like to try to focus on—although it is pre-budget and you can cover whatever you like—and it is what we need to do in this country to achieve better economic growth.

To start, I'll ask members of the committee to introduce themselves so that you know where they're from and what region they represent.

We'll start with Mr. Grewal.

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

Thank you to the witnesses for coming.

My name is Raj Grewal, and I am the member of Parliament for Brampton East, just outside of Toronto.

**Mr. Francesco Sorbara:** Good morning, Chair.

Good morning, everyone. Thank you for being here.

My name is Francesco Sorbara. I am the member of Parliament for Vaughan—Woodbridge.

**Mr. Steven MacKinnon:** Good morning, everyone.

I am Steve MacKinnon, member of Parliament for Gatineau, Quebec.

**Mr. Pierre-Luc Dusseault:** I am Pierre-Luc Dusseault, member of Parliament for Sherbrooke, which is in the Eastern Townships, Quebec.

I am with the NDP caucus.

**Mr. Dan Albas:** Good morning, everyone.

I am Dan Albas.

I am from the interior of British Columbia, and my riding is Central Okanagan—Similkameen—Nicola. I'll pay you five dollars if you can say it five times fast.

I am a Conservative member, looking forward to your input today.

**Mr. Ziad Aboultaif:** Good morning, everyone.

I am Ziad Aboultaif, member of Parliament for Edmonton—Manning, a Conservative member from Alberta.

**The Chair:** I am Wayne Easter, Liberal member of Parliament from the riding of Malpeque, Prince Edward Island.

We'll start with eBay Canada Limited. Ms. Stairs, the floor is yours.

**Ms. Andrea Stairs (Managing Director, eBay Canada Limited):** Thank you very much, Mr. Chair.

Mr. Chair, members of the committee, thank you for inviting me here today. My name is Ms. Andrea Stairs and I'm managing director for eBay Canada.

Launched more than 20 years ago, eBay has become one of the world's largest online marketplaces, with approximately one billion

items and 164 million users around the world. Here in Canada, eBay is a top e-commerce destination, with more than eight million unique monthly visitors who spend more than \$1 billion annually.

At the outset of consultations, the committee asked for views on federal actions that would promote Canadian business prosperity and economic growth. I'd like to describe for you the benefits of e-commerce and recommend a policy change that will empower Canadian small and medium-sized businesses to thrive in the global economy.

In addition to changing how consumers buy, e-commerce has changed the way we sell, and eBay has created a platform where anyone can become an entrepreneur, starting with a single listing. E-commerce is levelling the playing field for rural and urban retailers. You no longer need to live in a city to access enough buyers to make your business viable.

What excites me most is that eBay is the launching point for small businesses that want to go global. In fact, I am joined here today by eBay's 2015 exporter of the year, Kimberley Wotherspoon, of LumberMart in Dartmouth. By selling on eBay, Kimberly increased LumberMart's online sales by 1,000%, with 50% of those sales going to customers outside Canada.

Kimberley is one example among thousands on our platform. In fact, in 2015, 99% of Canadian commercial sellers on eBay exported. That compares to less than 12% of traditional Canadian small and medium-sized businesses who export. By selling to customers across the globe, these micro-multinationals are able to create jobs and drive other social benefits here at home.

While technology and platforms like eBay are making international trade more inclusive, small businesses are not able to realize their full exporting potential because of outdated government policies. We hear from our Canadian sellers that Canada's *de minimis* threshold causes significant shipping issues and border friction that complicate exporting.

For those unfamiliar with Canadian customs policy, the *de minimis* threshold is the value below which goods can be shipped into the country before duties and taxes are assessed. This is why we're proposing that the Standing Committee on Finance recommend that the Government of Canada increase the *de minimis* threshold from its current level of \$20. This \$20 threshold was originally set in the early 1980s, prior to the birth of e-commerce. In fact, had it simply been increased with inflation, Canada's *de minimis* threshold would now stand at almost \$45. Instead, Canada's *de minimis* is the lowest in the industrialized world and among the lowest globally.

The low *de minimis* level causes major friction for Canadian small business. It negatively impacts their ability to access low-value international supply chains and creates red tape when purchases are returned from foreign buyers. In fact, a report from the C.D. Howe Institute found that an increase in the *de minimis* level from \$20 to \$80 would benefit Canadian businesses by more than \$100 million in reduced red tape and other costs. Furthermore, Canada's low *de minimis* threshold does not support what the Canadian consumer wants: fairness and choice.

E-commerce gives rural Canadians or Canadians with physical limitations access to goods that are otherwise hard to find. It's easy to see why a recent Nanos poll found that 76% of Canadians were in favour of increasing the *de minimis*.

Finally, an increase of the *de minimis* would improve government efficiency. The report from the C.D. Howe Institute also found that the Government of Canada is spending \$166 million to collect just \$39 million in duties and taxes on goods valued between \$20 and \$80. As taxpayers, we should all be concerned that the costs in assessed duties dramatically exceed the revenues actually collected on low-value purchases.

In conclusion, as a platform for small business and a member of the Retail Council of Canada, eBay respectfully requests that the committee recommend an increase to Canada's outdated *de minimis* threshold.

I look forward to your questions.

● (1050)

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

Turning to the Newfoundland and Labrador Federation of Labour, Ms. Shortall, I do apologize for not getting to Newfoundland. Even as the finance committee, we had budget restraints and we couldn't get to Newfoundland or the Territories.

The floor is yours. Welcome.

**Ms. Mary Shortall (President, Newfoundland and Labrador Federation of Labour):** Thank you, Mr. Chair and committee, for allowing us to have our voice and come here to Nova Scotia. That's very important for us.

We're happy to be here because consultation is very important to the 65,000 members—working men and women in every sector of our economy and every community in our province—who are represented under the umbrella of the Newfoundland and Labrador Federation of Labour.

We have issues that I'm going to talk about that fit under the three questions that were sent to us. These areas are helping Canadians, health care, and pharmacare.

We recommend that government restore the intent and integrity of the Canada Health Act and renegotiate a new health and social accord with the provinces and territories. This accord should provide stable annual increases in funding tied to improvements in, and the expansion of, public health care, to a minimum of 25% by 2025.

We do not support the privatization of health care through fees for service, public-private partnerships, or any other form of privatization.

Investments in health care should include a national pharmacare program, a national seniors strategy, a national mental health strategy, and improved access to health services in home and community settings.

It's also important that the five fundamental principles of universality, accessibility, comprehensiveness, portability, and public administration form the foundation of this accord. We believe that

the social outcomes of such an investment are significant, but so are economic outcomes such as job creation and economic activities.

In terms of early childhood education and care, one of the most important things that the federal government could do to improve the quality of life of Canadians is to ensure that families have access to quality and affordable early childhood education and care. Investing in a national child care strategy will help address the gender gap across the country, increase labour market participation among women, and create significant local economic activity.

Many studies have shown that early childhood education generates far more jobs than other sectors, returns an estimated \$2 in benefits for every dollar invested, and can pay for itself in fiscal terms.

Research also shows us that aside from raising families out of poverty and stimulating the economy, early childhood education allows children to thrive regardless of their economic or social status.

With the rise in precarious work, inequality, low-wage jobs, and unemployment, we also need to strengthen legislation, policies, and programs that protect the interests of workers. Research has shown that higher unionization rates and wages lessen income and gender inequality and are better for our economy. When workers earn more, they pay more taxes and spend more in their communities. The Newfoundland and Labrador Federation of Labour recommends a federal minimum wage of \$15 an hour.

On infrastructure investment in strong public services, we recommend increased investment in public services and infrastructure. Public services in Canada have experienced deep cuts over the past decade. Strong public services form the backbone of communities and hence sustainability, allow the business community to flourish, and are grounded in good jobs with good wages that are spent in local communities.

Investment should also look at the green economy and jobs and a movement away from the P3 model and privatization as a means of delivering public services to Canadians.

The federation of labour also recommends improved funding for stronger labour market agreements. The upcoming budget should expand investment in active labour market policies in the areas of training and job search assistance. We would like to see the budget follow through on the government's full funding commitment for labour market development agreements and the Canada job fund agreements.

In addition, eligibility for accessing these programs should be expanded to include young workers and newcomers, and it should include investments in training for women to increase their participation in non-traditional work.

Another federal measure is pay equity. One of the ways the federal government could address the gender wage gap is through pay equity legislation. We recommend that the Liberal government act on the recommendations put forth by the House of Commons committee on pay equity for such legislation, which would oblige employers in the federal sector to take steps to eliminate gender-based wage discrimination. It's also good for our economy.

The Newfoundland and Labrador Federation of Labour recommends a review of the equalization program with a view to making it more responsive in times of an economic recession. Given the lag in the application of the current equalization formula, the government may want to revisit it to explore ways that would lessen the impact of commodity price fluctuations on employment, communities, and workers.

The Newfoundland and Labrador Federation of Labour finally recommends that the government implement universal qualification for employment insurance at 360 hours, increase benefits to 60% of normal pay using a worker's 12 best weeks, and review the social security tribunal, the SST.

•(1055)

**The Chair:** Thank you very much, Ms. Shortall.

Pallium Canada, Ms. Downer and Mr. Pereira, the floor is yours.

**Dr. José Pereira (Chief Scientific Officer, Pallium Canada):** Good morning, Mr. Chair and honourable members of the committee, and many thanks for this opportunity to present on behalf of Pallium Canada.

Pallium Canada is a non-profit organization that reaches across the country, and our goal is to improve capacity with respect to palliative care.

In June 2016, medical assistance in dying—or MAID, as it is referred to—was legalized in Canada. There's been a concerted effort by many entities to ensure that all Canadians have access to MAID.

During the debates that preceded the introduction of that legislation, the point was repeatedly emphasized that there should also be universal access to palliative care. We have, however, lagged far behind in making this happen. Access to palliative care is patchy across the country. The Canadian Hospice Palliative Care Association, for example, has estimated that only 15%-30% of Canadians who need palliative care have access to it.

The request that we, Pallium Canada, have submitted to the finance committee will increase access to palliative care across the country.

It is often erroneously assumed that palliative care is delivered only by specialist palliative care physicians and nurses and that palliative care is activated only in the last days or weeks of life. These assumptions reduce capacity by relying on a small number of health care professionals to deliver all the palliative care that is needed for cancer diagnoses and for non-cancer diagnoses such as advanced lung, heart, liver, and kidney diseases, among others. Patients are subjected to needless suffering during their illnesses, and opportunities are missed for more timely discussions and planning for end-of-life care. Poor treatment choices are made, including

unrealistic, burdensome, and costly treatments, and sometimes inappropriate use of precious health care resources.

I can sit here and share with you many studies that highlight the benefits for patients' families and the reduced cost to the health care system, but I'd like to share with you my own personal story, the story that brought me to palliative care. It is a story that for me illustrates the power of what we are doing.

In the early 1990s, I was working as a family physician in a small rural community in Manitoba, and one day a patient by the name of George and his wife came into my office. I'd never seen George before. He sat down and he said to me, "Dr. Pereira, I need help. I know I have advanced cancer, and I know I'll be dying in the next few months, but I'm with terrible, terrible pain, and I need help."

Now, I had not received any palliative care education and, unfortunately to this day, there are many health care professionals from many different disciplines—family medicine, oncology, internal medicine, renal specialities, etc.—who have not received training.

I gave George the wrong advice, and the advice I gave him regarding his pain medication was woefully inadequate. I vividly remember the moment George stood up and took his wife by the hand. As he left the room, he turned to me and he said, "I hope one day doctors like you can help people like me." That was the inspiration for Pallium Canada.

As a result, I went and got some training. It was difficult in those days to find some short training. I got it in Hamilton, flew back, and asked him for a second chance, which he graciously gave me, and so I cared for him for the last months of his life in that small community in Manitoba. What it taught me was that with a little bit of training, a family physician such as myself in a rural community or any other community, or a nurse or a pharmacist, can make a very big difference to these patients.

In 2001, after specializing in palliative care, we founded Pallium, and since then we've been reaching out to train more and more health care professionals to reduce inappropriate emergency room visits, to reduce inappropriate hospitalizations, to reduce costly treatments that are inappropriate, and, importantly, to improve the quality of life of patients. The main vehicle of our work has been a course we've called learning essential approaches to palliative care, or LEAP.

We bring experts from across the country together. We bring nurses, doctors, and pharmacists, doctors from different specialty areas, nurses from different specialty areas, and social workers to learn together and to work together. We bring experts from across the country to develop the material, to disseminate it, and to teach in their local regions.

•(1100)

With the foundational funding we have received from Health Canada in previous years, we have developed the LEAP courses and other complementary products, such as online learning management systems—one called Pallium Portal—and an app for point-of-care learning.

We have trained and certified over 500 facilitators across the country, and that's what gives us our scalability. We are proud of the return on investment and the value added we've achieved. From 2001 to 2003, for example, we delivered 27 courses. In the fiscal year 2014-15, we delivered 43 courses, and in this past fiscal year, we were able to deliver 205 courses across the country. That's almost one course every one and a half days. We have trained 8,000 health care professionals with these basic skill sets that make all the difference to people like George.

We have learned the power of collaboration. We have set up key partnerships in this very province. In P.E.I., we partnered with emergency services to train all their paramedics. We did that last year within four months. Early observations indicate reduced emergency department visits and costs when EMS services care for these patients and are called to see these patients in their homes.

In Ontario, we have partnered with the Ontario Renal Network to develop the LEAP kidney program and have started educating teams across the province to reduce the burden of advanced disease and unnecessary treatments.

In the Quebec City region and in Ontario, we have partnered with family medicine clinics to do training. We've partnered with home care agencies. In British Columbia, our LEAP long-term care course is being used by local teams to improve end-of-life care in those homes.

With additional funding, which is our request, we will be able to scale up our work, particularly to build the capacity to provide palliative care in the home and in the community. We will be able to further leverage the LEAP courses to catalyze systems-level change, innovation, and improvement through quality improvement interventions. We will be able to ensure that all our materials are in the two official languages. We will be able to continue reaching out to the indigenous peoples of Canada and strengthen cultural competencies in our programs. We will be able to invest in new technologies to develop the next generation of our online management system and apps and collect more data to further guide us in targeting our strategies.

We need to reach out—and this is important—beyond the health care sector. Imagine, for example, if young Canadians in high schools were equipped with some basic life skills related to palliative care and were able to volunteer in the area and engage themselves in end-of-life discussions. This represents a tremendous opportunity for a much-needed culture shift to occur. Imagine a compassionate neighbourhood watch program, where neighbours and communities help each other.

We can improve palliative care access in this country. We already have tried and tested methods and tools at hand. We now need to be bold and invest in the opportunities that present themselves at this moment in our history.

Thank you very much.

•(1105)

**The Chair:** Thank you very much, Dr. Pereira.

Turning to Memorial University of Newfoundland, we'll have Mr. Greenwood and Mr. Blackwood. The floor is yours. Welcome.

**Dr. Robert Greenwood (Executive Director, Public Engagement, Memorial University of Newfoundland):** Good morning, Chair, and members of the committee.

I'd like to thank you on behalf of the president and vice-chancellor of Memorial University of Newfoundland, Dr. Gary Kachanoski. I am pleased to present on behalf of Dr. Kachanoski, who is leading convocation celebrations back in St. John's today. We would, indeed, love to host you in St. John's at some time.

As you noted, joining me are Mr. Glenn Blackwood, Memorial's vice-president for the Fisheries and Marine Institute. In the gallery is Dr. Charles Randell, president and CEO of C-CORE at Memorial University. I'll speak more about C-CORE.

The federal government has been our partner in many projects at Memorial. We are the only university in our province, and we have a special obligation to the people of the province, going back to our founding legislation in 1949. It builds on Memorial College, which was founded in honour of the men and women who sacrificed their lives in the First World War and then in the Second World War, so we attach great importance to our contribution to the needs of the province.

The funding partnership we've had with the federal government helps to drive innovation, as well as the economy of Newfoundland and Labrador and our country. Without the research performed and the skills learned in our university—much of it funded by the Canadian government—companies would be hard pressed to develop the products and processes on which the nation prospers.

Canada's commitment to being a world leader in economic growth, innovation, clean technology, environmental stewardship, and climate change mitigation is embodied and advanced by the world-leading work of Memorial University across many academic disciplines—in particular, by the Fisheries and Marine Institute and its Holyrood marine base, as well as by C-CORE and its cold ocean oil spill response centre of excellence. With federal investment and collaboration in the amounts of \$25 million and \$35 million respectively, these projects will have a lasting impact on the economic and environmental well-being of our country for many years to come.

The Fisheries and Marine Institute is one of the most respected centres of marine learning and applied research in the world. It is Canada's most comprehensive centre for education, training, applied and advanced research, and industrial support for ocean industries. You really must come to St. John's, if you haven't been there, and do a tour of the Marine Institute and C-CORE. Seeing is believing. It has been described as the NASA of the north. Glenn is currently chair of the International Association of Maritime Universities. There are American admirals who are on the committee that Glenn chairs. It is the best in the world.

To meet the growing demands and shifting challenges and opportunities presented by marine, offshore, and ocean technology sectors, the Marine Institute has undertaken developing the Holyrood marine base in the town of Holyrood, approximately 50 kilometres from St. John's. There are no access roads. You can get out there in 25 or 30 minutes.

The first phase of the base opened in 2010, very much driven by Glenn and his team. It includes facilities that house the Centre for Applied Ocean Technology, ocean technology small business incubation space, and research, training, and support space. The Marine Institute is incredibly connected with industry, community, and government. It leverages about half its budget. It's very entrepreneurial.

The second phase of the Holyrood marine base is now getting under way and will increase its capacity exponentially. Phase IIA includes the construction of a breakwater and a marginal wharf—Glenn can tell you what a marginal wharf is, if you are interested. Phase IIB includes plans for a new oceanfront building. This expansion will allow Memorial to undertake critical at-sea, in-water, and subsea education, training, research, and innovation activities. The base will also be the cornerstone of the town of Holyrood's new cold ocean innovation and research park, which will greatly bolster the ocean technology cluster in Atlantic Canada.

Memorial is one of the few, if not the only, university in Canada that has a public engagement framework, a strategy for the whole university about how the university connects with industry, community, and government. This work is really in concert with and exemplary of that work.

Memorial is seeking support from the federal government in the amount of \$25 million in budget 2017 for the completion of phase IIB of the Holyrood marine base.

C-CORE is a not-for-profit research, development, and innovation corporation that was established at Memorial in 1975 to address the challenges of developing Canada's offshore resources. It raises all its funds through projects with industry, governments, and community.

• (1110)

Incredibly entrepreneurial, the Marine Institute and C-CORE are being studied by leading researchers in Canada now as examples of what the Jenkins task force called for—bridging institutions to link universities with industry and governments and communities.

It is globally recognized for unparalleled harsh-environment expertise and world-leading capability in remote sensing, ice engineering, and geotechnical engineering. It is home to the federally funded LOOKNorth, a centre of excellence for commer-

cialization and research fostering remote sensing innovations to support northern resource development. C-CORE, in its areas of expertise, is the best in the world, doing work with the European Space Agency and others. Charles can rattle them off. They come to us.

To meet the growing need for sound science and engineering solutions to support safe and responsible activity in cold ocean environments, C-CORE is working with industry, government, and community partners to develop the world's first ice-capable oil spill research and response centre of excellence. The Sedna Centre will be the only facility of its kind in the world and make Canada—not just Newfoundland and Labrador, not just Atlantic Canada, but Canada, the country—the world's foremost nation in ocean safety, research, training, and innovation. The centre will enable cutting-edge research, clean technology development, and training related to oil spill prevention, response, and recovery in all areas of our oceans. Charles could go into more detail if you would like during questions and answers.

In budget 2017, Memorial is seeking support from the federal government in the amount of \$35 million to leverage private sector funds for the construction of the Sedna Centre. It was industry that came to Memorial, and C-CORE in particular, to develop this ability.

I'd like to turn things back over to the committee and give you the opportunity to ask any questions you might have about either initiative, or about what Memorial is doing generally.

Thank you very much for your time.

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

If we were closer, we would love to do a tour.

We turn now to NRStor Inc. and Mr. MacDonald.

Ron is a former member. When were you first elected? Was it 1988?

**Mr. Ron MacDonald (President, Remote Communities and Mines, NRStor Inc.):** Yes, it was 1988, a lifetime ago.

**The Chair:** A lifetime ago, and then he left federal politics, and now he's having a wonderful time.

• (1115)

**Mr. Ron MacDonald:** I'm having a great time.

Thank you, Mr. Chair.

It's really good to see you again and to have been invited to this committee. I'm used to being on the other side of the table, so I do this with some trepidation.

First of all, my name is Ron MacDonald and I am president of the remote communities and mines division of NRStor Canada. NRStor Canada is Canada's leading energy storage and microgrid development company. We've been in operation for about four and a half years.

The president of the main company is Annette Verschuren, who most of you probably know. She's an esteemed Canadian business leader and former president of Home Depot Canada and Home Depot Asia. She took this job on about four and a half years ago because she believes that it's important for business people to take a stand on sustainability issues.

My presentation today—I'll try to be very brief—is going to talk about indigenous communities in particular, and some remote mine sites. I want to start off by doing a couple of quotes. It's always good to put it into perspective.

The first quote is from the Honourable Navdeep Bains, Minister of Innovation, Science and Economic Development:

The Government of Canada is proud to support Indigenous peoples to become full economic partners in the development of our abundant energy resources.

The second quote would be from the Honourable Carolyn Bennett:

Genuine partnerships with Indigenous communities in the clean energy and natural resource sectors [will] increase Indigenous participation in economic opportunities, as well as strengthen local economies.

I want to put into some context the issue of indigenous communities and their lack of power resources and the cost both to the community in terms of economic development and on the environmental side of it, as well as the Government of Canada, which has set a number of broad goals and objectives in dealing with Canada's indigenous communities.

To put it into some perspective, across Canada there are roughly 300 communities that rely entirely on diesel-generated power for their power in their communities. Of these, between 170 and 180 communities are indigenous.

To put it into some perspective, I'll talk about one community, one that is not the exception to the rule but is closer to the rule. I'm not going to name it. It's a community that currently gets a direct subsidy for their power, a direct payment from INAC that amounts to between \$4 million and \$5 million a year. It's a direct subsidy coming from the federal treasury.

This community suffers greatly from a lack of power stability. Their diesel generators go down a lot in the wintertime, and they're subject to appeals to the federal government for emergency dollars for repairs. This community is growing at between 3% and 5% a year. In 15 years, its power needs actually doubled. In the current situation in this community, they need to find a solution so that they can take control of their power situation. They are leaning towards renewables. They no longer want dirty diesel in their community. They don't want the diesel spills to become the norm. Because it's a coastal community, they don't want their fisheries to be impacted by diesel spills.

I'll talk about another series of 27 communities up in Nunavut that are 100% on diesel. They range from maybe 100 people to the capital of Iqaluit, which is around 4,000 people. We have a

significant problem up there. These diesel generators are all about the same age; it's about 30 years since they were installed. The government, as we hear it from Nunavut, is looking at an infusion of between \$250 million and \$500 million to update these diesel generators.

As we all know, dealings with indigenous communities have changed a great deal in Canada over the last number of years. The federal government said that they want to be respectful in their relationships with indigenous communities and deal on a government-to-government basis. That will take a very long time for that process to find its right level.

One thing is absolutely certain in the communities we're dealing with: they want to reduce the use of diesel in their communities as much as possible. The issue is, how do you find the money to do this?

What we're looking at, in our estimation, over a 20-year period if nothing changes, with growth rates of between 3% and 6% in indigenous communities, and government not allowing these citizens and these indigenous communities to freeze in the dark, is a continuous drain on the federal treasury to burn dirty diesel through those smoke stacks in order to supply these communities.

● (1120)

The problem gets more complex. Some of these communities are directly funded by the federal government, but most are funded, or their power rates are subsidized, by provincial and territorial utilities.

To go back to Nunavut, keep in mind as a federal panel that 93% of the budget for Nunavut comes from a federal transfer, so you can figure out that QEC, which is the utility that's responsible for providing power in these communities, gets a direct subsidy from the federal government to continue to use dirty diesel, so we have a problem and we have an opportunity.

There are 250 to 300 communities, including 170 indigenous communities, with direct and indirect subsidies on an annual basis. That amounts to anywhere between—we can't figure out the true number, because it comes from a whole bunch of different sources—\$8 billion and \$12 billion over a 20-year period that is going to go into subsidizing these communities. That will not address their desire to reduce greenhouse gas emissions and it will not address the requirement that they have stable power to create jobs in their communities.

Keep in mind that a lot of times subsidized power going into indigenous communities is for the household, and if a business comes in and needs to access power, which they all do, it doesn't mean that they get it at the subsidized rate. When you're dealing with these provincial utilities, the way that the rates are structured in the community is a disincentive for economic development in the community.

My company is NRStor. What do we do? We go in and build real and respectful partnerships with the community. We figure out what their power needs are and where they want to go. Do they want to go renewable, or what do they want to do? Do they want wind? Do they want solar? Is there a hydro resource that's close? Does it run a river? Is it biogen?

Then we work with them to develop an economic model so that they can take over responsibility and control of their power situation. We're not there to sell them anything. We're agnostic. We don't care if it's a wind turbine, or if it's a solar panel, or if it's biogen. We work on the economics of the case, and in every situation we will not sell anything to the community. It has to be a genuine partnership. When we engage in that partnership, we will put money in. We're an investment company.

I can tell you that we run a lot of models every day. In nearly every one of these communities, if the federal government reprofiles some of the monies they are spending on subsidy, then nearly every one of these communities could find a penetration level for renewable energy in their communities that makes economic sense and that would attract investment.

What am I talking about in all of this? I'm talking about going into these communities, building the model, working maybe with or against the utilities—it's a very difficult thing—and trying to coordinate with the federal government, which is spending a lot of money on a situation that gets worse by the day. We want those monies reprofiled. If it's \$10 billion, federal and provincial, that's being spent, then you don't have to reprofile again. I will tell you that it will attract \$2 billion to \$4 billion in private sector investment. In the communities we're working in today, we're putting up at least 50% of the cost. When the federal government looks at all of these requirements—infrastructure development, greenhouse gas emission reduction targets, and development in indigenous communities—you're not alone. The private sector is there. The economics make sense today because of a lowering cost of storage, which is making renewables more economic.

We will finance, and we're not the only ones. We'll take 15-year to 20-year financing on it. It's no longer seven years, which it used to be five years ago when it was coming from the financial community to support green projects.

My value proposition to the committee today is that as a priority the government, working with the provinces and territories, identify all direct or indirect subsidies that support diesel power generation in indigenous communities and immediately create the policies to reprofile some of these monies to support the development of community-based renewable energy and energy storage projects, which will attract private sector investment.

The monies are there. The government has a choice. It can continue to do it in subsidy over a long period of time, which does nothing for economic development in the community and does nothing for the environmental imperatives to reduce greenhouse gas, or it can take a different path and free these monies up as equity participation in real partnerships in indigenous communities that will attract private sector investment.

Thank you, Mr. Chair.

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

I was going to say that we always worry when a politician or a former politician says he's going to be brief.

Go ahead, Mr. Grewal, for seven minutes.

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

Thank you to all the witnesses for coming today to testify at the committee.

I want to start off with Andrea from eBay on the *de minimis* amount. Currently it's \$20, and there's been a lot of advocacy to raise it. The United States has just raised it to \$800.

You had an interesting point that it cost the government \$170 million to collect \$40 million worth of taxes. It doesn't take a finance degree to know that doesn't make much sense. What rate are you advocating that we should raise it to?

• (1125)

**Ms. Andrea Stairs:** What we're advocating is for an increase such that the cost to collect is more than offset by the duties and taxes collected. The government is the source of that data, but I think it probably is going to be something in the \$80 to \$100 range. When you look at the C.D. Howe report, you'll see they listed three thresholds—\$80, \$100, and \$200—and I think that range is probably where you get a break-even in terms of the cost to collect being less than the revenues generated.

**Mr. Raj Grewal:** What is the economic impact on the economy of raising it to \$80?

**Ms. Andrea Stairs:** Raising to \$80 means that the huge delta in the cost to collect can be repurposed by the federal government. C.D. Howe estimated that small business would be ahead by \$100 million, and consumers would be significantly ahead as well. The \$100 million to small business is mostly driven through reductions in paperwork and in brokerage fees that get paid but don't advance anything.

Then the C.D. Howe authors also did a qualitative assessment on impact to the overall economy, and they found that, directionally, that would be positive as well. Not only would those three stakeholders—government, small business, and consumers—be ahead, but the overall economy would be ahead as well.

**Mr. Raj Grewal:** Okay. Now is there a figure for dollar for dollar? For every \$5 to \$10 of business increase, what is the economic benefit to small businesses? At \$80 we're seeing \$100 million. Let's say the government decided to raise it to \$200. There's a petition in the House of Commons right now that asks to raise it to \$200.

**Ms. Andrea Stairs:** That math is done by the C.D. Howe Institute. I don't have it with me, but I certainly can forward that to the clerk so everyone's got that report.

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

On the opposition side, is there any argument to not raise the *de minimis* level?

**Ms. Andrea Stairs:** I think you may have heard from the Retail Council of Canada, which has taken a position against increasing the threshold. I think it's important to note that eBay is a member of the Retail Council of Canada, and that organization is not speaking on behalf of all retailers. In fact, eBay is here speaking on behalf of the small and medium-sized businesses that do business on eBay.

There really is very broad support across the Canadian economy for an increase. We're seeing support from Canadian Manufacturers & Exporters, Canadian companies like Shopify, and the Canadian Chamber of Commerce, and it was even positively mentioned in the recent task force report on Canada Post as a potential source for incremental revenues for Canada Post. I think what you see is very broad-based support for an increase.

**Mr. Raj Grewal:** I asked that question knowing that the Canada Retail Council was advocating against it, so I appreciate your honesty.

The Retail Council pointed to a study showing that it would have a negative impact on retail operations in the country, so in terms of overall economic impact, this would kind of offset it. What's your opinion on that? Basically, what it's advocating is that more Canadians would shop online if we raised the *de minimis* level and that fewer people would shop in stores, so the net impact on the Canadian economy would be even.

**Ms. Andrea Stairs:** I really think that's a bit of a red herring argument.

I think it's important to understand the role that e-commerce plays. In Canada, 94% of retail happens in-store, and even in an economy like the U.S., where you have a very robust e-commerce sector, 90%-plus of retail is happening in-store, so first of all we need to have the level set on how big this is.

The second point is that Canadians prefer to buy domestically every time. It stands to reason that you want to buy from stores where you know that even if you're buying online, you're able to walk down the street and return the item easily should something go wrong. You're able to have after-sale service, warranties, and that kind of thing. Your time of delivery is much shorter.

What we're really talking about is allowing Canadians the same kind of access that their peers around the world have to fill the gaps. Canadians who are living in remote communities or Canadians who aren't going across the border every day are often not well served by traditional retail, and in that case e-commerce fills the gap, and some portion of that e-commerce may be international e-commerce.

We saw that the sky didn't fall in 2012 when the in-person personal exemptions were increased by the previous government.

• (1130)

**Mr. Raj Grewal:** That might also have to do with the dollar not being that great.

**Ms. Andrea Stairs:** Well, it was done in 2012, when the dollar was much stronger, right? I think this has to be put in its appropriate context.

**Mr. Raj Grewal:** Thank you so much for your commentaries.

I'll move right along to Mary. Thank you for your testimony.

We've been travelling through the Atlantic provinces, and when you read about immigration in Canada and labour shortages and the temporary foreign workers that have been used in this part of our country, do you have any colour to provide?

We heard on the last panel that we're having difficulty retaining immigrants in this part of the country. I was born in Brampton. I love my city and I would never leave it. I worked with many lawyers on Bay Street who were from the east coast, but all left the east coast to come work in downtown Toronto. How can we make sure that our talent stays and that we're building a robust economy here?

**Ms. Mary Shortall:** That's been a huge question for the provincial government as well, particularly now in times of fiscal restraint, when we've been arguing that you need to increase immigration levels and you need to allow the people who come here to stay here—not the temporary foreign worker model, but opening the doors to allow more immigrants and to have strong provincial growth strategies as well, working hand in hand with the federal government.

To encourage people to stay, there needs to be support: strong public services, fair labour rules and fair wages, and language supports. The labour market agreements can assist with that.

For example, the more vulnerable in society are the new Syrian refugees. Some of those agreements could be expanded to allow support for the more vulnerable in society to be able to have language training or to stay on EI for the duration of their training or to assist workers in Newfoundland and Labrador. This is not immigration, but another part of population growth. Ten thousand workers are leaving Alberta to come back to Newfoundland because they've lost their jobs there. They're trained to do jobs that don't exist in Newfoundland and Labrador anymore, so how do we transition them and how do we provide all their training through the labour market agreements that exist?

It has been a huge subject for us in discussions with the provincial government, as well as how you work federally. In our opinion, the temporary foreign worker program as it exists doesn't work. People who come to work in our province or across Canada should be able to live there. We need them desperately as well, particularly in areas like Newfoundland and Labrador, where we have an aging population and a declining birth rate. We need to make it open and welcoming and supportive for immigrants to stay.

**The Chair:** Thank you, Raj. We'll have to cut it there.



That's a good argument for you to make with the whip's office and those in charge of the money. We never did get to Atlantic Canada; we only got to maritime Canada, and that's because they wouldn't give us enough money to see Atlantic Canada, which is over in Newfoundland.

Mr. Albas is next.

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

Thank you again to all our witnesses today.

Ms. Stairs from eBay, many of us here get emails from constituents who have raised concerns that a change to the *de minimis* level to \$80, \$100, or \$200 would have a negative impact on their business. Obviously this committee is looking for ideas on how to grow the economy. When you say it's a red herring, to me that is somewhat insulting to people who have legitimate concerns. Part of the issue we have with trade right now is that many people are becoming skeptical about trade because we're only acknowledging the positive aspects and not talking about the negative ones and then having a factual discussion based on both sides of the argument.

I'm going to give you a second chance to respond to Mr. Grewal's question. Have you looked into what negatives may come because of this change?

**Ms. Andrea Stairs:** We have looked at three major constituencies—the government, small business, and consumers—and found across the board that an increase would be positive for all three constituencies, all three stakeholder groups.

I take exception to the argument around trade. What we see when we look at it—and Kimberley in the gallery is a good example—is that small Canadian businesses are leveraging the Internet to tap into demand around the world, and they grow as a result.

For example, we have a seller in Gatineau who has just won our Entrepreneur of the Year award. This morning we announced our winners. All three are millennial Canadians under 35; they all have million-dollar businesses, built on eBay. These small and medium-sized businesses are tapping into the demand around the world, and doing it very much under their own steam.

For example, we had a round table with Minister Chagger. All she heard about from these entrepreneurs were two issues: one was shipping costs being a massive impediment to their ability to compete internationally, and the other was border issues. These small and medium businesses are the kind of businesses we all want to see prosper in Canada and hire people—

• (1135)

**Mr. Dan Albas:** Okay, but getting back to it, I don't think having a round table chosen by a particular person is broadly representative, while one of the things I like about email is anyone can just grab my email address and send me a message.

You've continued to argue just one side of the coin: the benefits to the people who would have the changes that benefit your company. I'm going to leave it here, but if we're going to have an honest discussion about growing the economy, there has to be an acceptance that there are trade-offs in government. I hope the government listens to more than the voices of those who are for a proposal and also gives equal weight to those who are against.

I'm going to move on.

**The Chair:** At the end we're going to hear from the Retail Council next week. They're being invited.

**Mr. Dan Albas:** Thank you. I appreciate that.

Moving to the Fisheries and Marine Institute, by far the largest of its kind in Canada, what will the building and the improved access to the ocean do for future students as well as industry partners?

**Mr. Glenn Blackwood (Vice-President, Fisheries and Marine Institute, Memorial University of Newfoundland):** Thank you. That's a great question.

We've been building. Back in 2007 we created this School of Ocean Technology. At that point in time, companies would advertise in Canada in three newspaper ads for a certain period of time for remote-operated vehicle operators.

We brought in Bob Ballard, of *Titanic* fame. We partnered with Woods Hole Oceanographic Institution and we created the first ROV, and now we have a degree in underwater systems in Canada.

The students, our students, who historically were rural Newfoundlanders like myself, were mainly from Newfoundland and mainly working in Newfoundland. We've created a School of Ocean Technology on the ocean mapping side. Right now I have students from every province in Canada and all three territories. We're under contract to the Nunavut government, and in partnership with the Nunavut Arctic College, to do fisheries and marine training in the Arctic. We have instructors spread across those 27 communities, probably burning diesel, but it is truly a cachet to become Canada's marine institute.

We also have five maritime schools in Canada at the certification level, but not the degree or the master's. We built that in partnership with those five colleges so they can come in as well.

We simulate the ocean on 24 ship simulators with the world's largest flume tank. It simulates towing the bottom, or offshore structures, but we don't have access to the ocean, so Holyrood for us was to take the outside facilities for safety and marine training and to put it on the water in a sheltered bay in -1° water for a portion of the year. It's very cold water that Charles Randell can tell you about.

Our students now are from across Canada. We've had 120 graduates to date in the underwater vehicles degree program. They're working in Angola, they're working in the North Sea, and they're working intensively in the Gulf of Mexico. They make six figures and they live in Canada.

It's the positioning of Canada piece that we've been doing. This facility—I'll come to your question—will put the subsea infrastructure in place. We have millions of dollars worth of ROVs donated by Oceaneering, the Canadian office of the international company. We have a large number of donations of life-saving equipment to the school of ocean safety by Husky Energy and Hibernia Management & Development Company Ltd. We've had industry support to get to the \$15 million to \$20 million we've spent to date, and huge support from ACOA on proof of concept and getting the nucleus going. Now we're at the stage of major building.

**Mr. Dan Albas:** We've had so many groups come, and everyone is competing for the same dollar, so why should it be your project? What kind of relevance do you have to non-sea-ice areas of Canada?

• (1140)

**Mr. Glenn Blackwood:** There are remotely operated vehicles that I mentioned, and the maritime studies and naval architecture programs for shipbuilding are unique. It's one of a kind in Canada. Again, most of our graduates come from B.C. and work in B.C.

The Holyrood facility for us is access to the ocean to position Canada in that Arctic type of environment, and also to work with small and medium-sized companies. Most of the companies I mentioned are the big companies providing the infrastructure, but most of the users of the facility to date have been the Kraken Sonars, the eSonars, the small and medium-sized companies that don't have their own research and development capabilities, so—

**Mr. Dan Albas:** I appreciate that and I appreciate that time is limited..

Mr. MacDonald, I do appreciate the discussion that you brought to the table, but, again, oftentimes when I work with first nation communities, I find every community is drastically different. They have different needs and visions, and new chiefs and councils are elected with different ideas. Rather than the federal government making the decision to reprofile many of these funds, which I totally agree with, if there's a better way to do things in the long term, we should look at that first, if we can, as an order of business.

For the communities asking for the subsidy, wouldn't it make sense to empower them by saying that we will give them either a subsidy or stability if they decide to make a partnership, and then we can come to the table, rather than for the federal government to make that decision on where those communities need to go? Instead they would meet with people, with other companies as well, and find out where they want to go, and then apply to have those same subsidies applied to a project like your own.

**Mr. Ron MacDonald:** Thank you very much for the question. That's very much our business model.

I spend most of my time in small aircraft going to a lot of remote communities, and not all the communities have the same capacity to develop these projects. We try to find the ones that have the capacity, and then we do the projects, make sure they can be replicated, and continue to build capacity in the community. These are long-term projects. I agree 100%.

The difficulty right now is that the access to apply for those subsidies does not exist. You need to be able to provide stability over a long time. Given the nature of the federal treasury and the

consolidated revenue account, it's going to take a little bit of work to make this a reality.

I'm not saying that every community is ready; some communities will never be ready. Many communities, though, are very ready to move forward but lack the equity to get the projects done. The private sector, and we're not the only ones, is prepared to invest where the business case can be made.

Keep in mind that when a utility like Nalcor—I'm sitting down with a bunch of Newfoundlanders and I'm really pleased that I am—does a capital investment, they do it over a 40- or 45-year economic model. If you're looking at renewables to replace diesel, we're only talking 20-year models. It still means there have to be some funds there for equity participation by the indigenous community.

We're not a charity. We're not going to go in and do a project because it makes us feel good. We go into projects that actually make a difference, that actually give a return for investors. We know that in many of these cases we can get 8%, 10%, 12%, even as high as 15% returns over the long term, but the community needs access to equity. Our proposition is that if you're going to spend the money and burn it up the chimney, give it to the community if they come forward with a viable business plan and a partner from the private sector—so I agree.

**The Chair:** I'll just cut it there.

Mr. Dusseault is next.

**Mr. Pierre-Luc Dusseault:** Thank you, Mr. Chair. My first question will be to Madame Shortall.

You talked about a national child care strategy. You have also underlined the challenge of workforce shortages and other labour issues. Can you provide this committee with the reason that the two can go together? Tell us why the finance committee should recommend to the government that investing in child care could be one of the solutions to the workforce shortage in Canada. Do you have the numbers to prove that each dollar invested in child care would in fact have a return for the government? What is needed to convince the finance committee to invest in that?

•(1145)

**Ms. Mary Shortall:** The \$500 million allocated in the last budget towards a child care program was a first step in what really needs to be a broader federal policy framework for working with the provinces and territories and indigenous peoples. We have lots of research over many years of child care advocacy that shows how expensive child care has become. Newfoundland and Labrador, for example, has the second-highest child care costs in the country, Ontario being the highest. This causes women either to stay home or work part time at precarious work. It keeps children out of regulated child care.

It's very important that there be a national child care and national monies invested. The studies, which come mostly from Quebec's child care program, show that an investment of \$15 a day actually provides a return on investment, putting \$1 or \$2 back into the economy, so it can pay for itself in fiscal terms.

In social terms, it also raises families out of poverty. Allowing women to go back to work allows them to make more money, which they reinvest in the economy, because workers spend more money locally in the economy.

Research also shows us that early childhood education allows children to thrive regardless of their economic or social status, because there is a standard of child care there. By working with the provinces and having sustained operational funding, as well as sustained funding for setting up a policy framework, we can make something of high quality that's universally accessible. By building a system that's public or not-for-profit, we can create an equality across the country that doesn't exist right now. It will help raise families out of poverty.

Again, for many families, child care is incredibly expensive. It doesn't help our economy if people tend to stay home or if people can't afford to pay child care.

**Mr. Pierre-Luc Dusseault:** Thank you. I think the case is made, and I hope this committee will hear that, and the government will hear it too.

Mr. MacDonald, I want to thank you for your presentation. You said the government is subsidizing burning diesel in some communities. I haven't heard you speak about the fact that the government recently signed the Paris Agreement and has a target for greenhouse gas emission reduction. Do you think it should be important to make the case that if you want to get to those targets, it would be an option to reduce greenhouse gas emissions, so instead of subsidizing burning diesel in the communities, we should invest in renewable energy?

**Mr. Ron MacDonald:** Thank you for your question.

Absolutely. When I gave my earlier presentation, I talked about a number of policy objectives by governments provincially and federally. COP21 is certainly one. As somebody who is now spending a lot of time in the High Arctic, I can tell you that when you speak to people who have lived there on the land all their lives, global warming is real. Its impact in the north is greater than anywhere in the south. There's no question about that. Where they used to have three months of winter roads, they now have seven or eight weeks to get the material in to get their stuff for the winter.

You're absolutely right. I just did some numbers. We think there's probably about 500 megawatts of diesel being burned in these communities. That's the generation capacity. Each megawatt of diesel generates 2,500 tonnes per year of greenhouse gases. If I look at this, it tells me in total what we think the megawatts out there are: it's 25,500,000 tonnes of greenhouse gases that are going into a very pristine, fragile environment in our northern communities. It has way more impact there than it does down here in Halifax, or in Ottawa. I can absolutely tell you that.

The other imperative to try to move away from this is on the environmental front. I will say there's a federal/provincial task force on diesel reduction that's been working for over a year, and there are a number of interprovincial committees, but the time for action is right now. The indigenous communities in Canada are no longer content to have utilities and governments tell them what's going to be okay on their land, including extractive industries or whatever. They now say they have control of it, and we must agree.

In every community I go into, not one wants diesel. I go into Quebec. I go into the Makivik region up in Nunavik. There are 14 diesel-dependent communities on that land base. Every one of them wants to move, but it is a complex move. Dollars are important. That's why the federal government needs to be a coordinator here. The federal government has a constitutional responsibility to Canada's indigenous people.

I think for far too long they've found it too complicated to deal with the provincial or territorial government, the federal government, or a utility. The federal government needs to lead on this. For no other reason than for climate change, they definitely need to lead.

•(1150)

**Mr. Pierre-Luc Dusseault:** Thank you. I have one more.

My question will be for universities. I have a great university in my riding, Sherbrooke University, and it is doing well with the projects that have been developed in the university and in their commercialization afterward.

Would you advocate funding projects and technology more often, to develop fisheries or ocean technology in a university, so that those students who have those ideas and projects can commercialize them and grow a business with them?

**Dr. Robert Greenwood:** Maybe I could speak to that first, and Glenn can jump in if he likes.

The real emphasis at Memorial on public engagement emphasizes that idea in terms of research, teaching, and learning. We have a conventional view in Canada. It's still important that the findings in the lab by the researchers—students or faculty—need to be brought into commercialization. There's an outdated view that it's some kind of linear, systematic, rational process. All the research now is very clear that we live in an ecosystem where there's constant interaction and feedback loops among industry, government, NGOs, and researchers, so building the bridges.... This, again, is what the Jenkins panel emphasized.

Other universities are coming to Memorial to learn about the Marine Institute, to learn about C-CORE. I also run a centre of regional policy and development, the Harris Centre. They're bridges. They're part of the university.

Glenn, Charles, and I are not tenured faculty members who have to publish or perish. We have Ph.D.s. We do a bit of research. We do some of that. Our job, though, when we get up in the morning, is to make those connections. It's connecting from the inside out and the outside in. There was just a Conference Board report released two days ago that highlights the Harris Centre and the network in Canada, where we need more of this knowledge mobilization and brokering role.

For Glenn and Charles, their institutes, centres, or campuses don't get enough funding to operate unless they leverage that very directly applied work. Mr. Albas mentioned that there are only so many dollars to spend, and he's bang on.

The goal is to grow the economy so that we have more dollars. When we have anchor institutions like universities that are the basis of clusters with a focus on bridging, that is when we're going to drive the economy from the resource sector, but with the value added that builds on it. Sherbrooke, I know, is intent on that. At Memorial, because we're the only university in the province and we are a province with significant needs and expectations, necessity is the mother of invention. We're a leader in the world in many ways on this.

I don't know if Glenn wants to add to that quickly.

**Mr. Glenn Blackwood:** I think one of the things that we say about Canada—I'm a governor of the Royal Canadian Geographical Society, which does make me an expert on Canada—is that we have the largest coastline in the world. We have the three oceans. What we're doing is complementing what's happening in the University of Victoria. We're partnering with Ocean Networks Canada. We've had strong partnerships in Quebec in Rimouski, and in other universities through the ArcticNet. I sit on the board of Meopar, based at Dalhousie. We just had the announcement of the CFREF, which positions Canada first on the ocean side. It's a partnership between Memorial and Dalhousie, so I spend a lot of time going back and forth to Halifax.

**Dr. Robert Greenwood:** And UPEI.

**Mr. Glenn Blackwood:** And UPEI.

When I look at Newfoundland and Labrador, or the east coast of Canada, or Canada in general, I see that we have settled here from the coast and then moved inland. I think awhile ago we forgot about

the oceans a little bit. I'm hoping that the oceans come back to the forefront.

In Newfoundland and Labrador, our wealth comes from the sea. When we're a have-not province, it comes from the sea. When we're a have province, it comes from the sea. It just comes in different forms. It was fish for nearly 500 years. It's been oil and gas for the past 20 years, fortunately. We're now taking advantage of expertise in these areas to almost a Norwegian model. If you're good at what you do, you can do it around the world.

Water covers 70% or 72% of the planet. By default, 72% of the resources on the planet are probably under water, so we've been working in that area quite intensively.

• (1155)

**The Chair:** We'll have to cut it there, Glenn.

Just before we go to you, Francesco, I have a question for Pallium.

On this panel, we are on the theme of economic growth. Are you suggesting that the system you're proposing creates some cost efficiencies? In order to do that, beyond the health care side, do you see some cost efficiencies in the system, and what's the economy to do that?

**Dr. José Pereira:** Absolutely, we see cost efficiencies. We see improvements in quality of care, at the same time saving costs.

We're all well aware of the news in the past few days of the skyrocketing costs in health care systems, and we need to reduce those costs and we need to slow down those high costs. For example, we could educate a nephrologist or a kidney nurse and show that there are other options. For someone who is dying of a very advanced disease or a lot of other diseases, there is not much point in starting up dialysis when it's going to be a futile treatment. By doing those sorts of interventions, we can save significant costs. I can give you example after example across the system of where resources are being used inappropriately.

I'll give an example. In Ontario the cost of caring for someone in an acute care hospital is about \$1,100 a day. In a hospice it's about \$440 to \$450 a day. At home it's about \$150 to \$200 a day.

We know from studies that approximately 42% of patients with cancer—and we're not even speaking about the non-cancer, because we have some early evidence that the numbers are much higher—in the last two weeks of life visit an emergency department and are admitted into acute care hospitals when it could be avoided.

**The Chair:** Thank you.

Go ahead, Mr. Sorbara.

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

Welcome, everyone, again.

I'll start at Pallium Canada, because it's timely that you're here this morning. I'm one of the three MPs who represent the city of Vaughan in York Region. In my riding we are going to be building a Hospice Vaughan and we had a gala on Saturday night that attracted about 1,100 people. I sat with a gentleman by the name of Dr. Maida, whom you may or may not know. He is a palliative care doctor.

We've had some really great announcements. Land has been set aside by the conservation authority. The Province of Ontario has stepped in and offered to provide 50% of the operating requirement, so that's about \$1 million a year, but the kink is that you still have to raise that other 50%, which is another \$1 million, and that's not a number to just sneeze at.

We're fully on board, and I am myself trying to support it. I do recognize the cost savings, and this is for a 10-bed or a 10-unit hospice centre and research excellence facility.

Unfortunately, this morning my system is not working, so I haven't been able to look at your brief—I'll have to deal with this IT in a bit—so I have to ask, what is your direct ask? That's because the question I am asked, as a federal MP, is, “Francesco, how and where can you help the Hospice Vaughan, because it saves money for hospitals and saves money for the health care system?” What would be the ask? It is very granular, and it is funded at the provincial level in my case.

Where would you see the role for the federal government in this situation? Could you answer briefly, please?

**Dr. Kathryn Downer (National Director, Pallium Canada):** Thank you very much for that question and for your work in Vaughan in promoting the hospice.

That was my work prior to Pallium Canada. It's a significant engagement with the community to enable that to occur. Having that kind of support in the work that will be undertaken is also part of broader cost savings.

From a Pallium perspective, our work is to develop and to support dissemination of broad-based interprofessional education and to build community capacity in order to provide appropriate care so that the very early goals of care, advanced care planning, embracing of families, and appropriate diagnosis of illness...so that appropriate settings of care can be applied to individuals and their families.

From a federal perspective, the work that we've been able to engage in to this point is to disseminate and build a standardized, consistent framework of education and training across multiple sectors of care and interprofessionally so that everyone is on the same page with the same understanding of providing care. Our work is very much looking to scale this model up from the impact that we've had to this point.

The one example I will give is with the training of paramedics across Nova Scotia, P.E.I., and now in Alberta, and making that

change of practice from a dispatch or transfer to a hospital setting to provide much more cost-effective care in the home, and then again have those families supported so that they have a place to call when they have a crisis. As well, if that paramedic organization is affiliated with a long-term care setting that has had the same training, first, those calls will be much fewer, and if they do occur, they're coming from the same place of understanding.

• (1200)

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

For time's sake, I'd like to move on to another topic, and then we can follow up off-line.

Andrea, I've read the C.D. Howe brief that was put together regarding the *de minimis* threshold. It's obviously a very compelling story, with it currently at \$20, and they go through three scenarios of \$80, \$100, and \$200.

Similar to what Dan was saying, I've received a number of emails from local retailers. I'd like to maybe assuage their concerns in terms of doing this, because the merits on an economic efficiency basis just on the government side are obviously quite compelling. Obviously the world has changed in terms of technology and in terms of the Internet, but more importantly, if you're a rural resident versus an urban resident and living closer to the border, your access is different.

Perhaps you could speak to something that we can look at in addition to it being raised from \$20 to \$80—which I don't think is an unreasonable ask—that would smooth some of the concerns from the retailer side, whether it is subsequent tariff reductions or things such as that, so that we create a win-win situation for everybody instead of possibly a win and small loss situation.

**Ms. Andrea Stairs:** Thank you for the question.

From eBay's perspective, we very much want to see Canadian retail thrive. From a strategic business perspective, our focus is very much on developing our domestic marketplace, with Canadian sellers selling to Canadian buyers.

I do think, though, there's a suite of solutions that can accompany an increase in the *de minimis* threshold, and I think you hit the nail on the head with tariff reductions.

Even the Retail Council's own pre-budget submission raises the idea of pairing an increase in the *de minimis* threshold with a reduction or a rationalization of tariffs in order to maintain a level playing field for retailers so that we maintain the situation but are not protecting retailers on the backs of Canadian consumers. We're doing it in a much more direct and thoughtful way. We can also have a *de minimis* threshold above which there is more consistent enforcement, so that everybody knows the rules of the game and you're not subject to it being enforced one day at \$80 and another day at \$100. That pairing of solutions might make a lot of sense.

**Mr. Francesco Sorbara:** As a comment around the assessment rate, I can imagine that when the holiday season comes, when Christmastime comes, the assessment rate will change because of the volume of packages coming into the country and being shipped. They may look at \$20 or \$25 today, but during holiday time they potentially can't look at \$25 because of the volume. That would just slow down supply chains across the board.

**Ms. Andrea Stairs:** Absolutely. I think the unpredictability is one of the areas that is particularly pernicious to small businesses that are trying to deal with the border, because they don't know exactly when it's going to be enforced.

You're precisely right. We understand that the effective *de minimis* moves with volume, and actually moves depending on where the volume is coming through. For something coming through Vancouver, the effective threshold might be much higher, because the volume of goods coming in from Asia is much higher there than the volume coming through Toronto.

As regards the Christmas season, if you want to be less likely to be assessed for duties and taxes, buy something at Christmas. The volume goes up, and the ability of the CBSA to stay within budget and assess packages means that their effective threshold goes up.

• (1205)

**The Chair:** Thank you both.

Mr. Aboultaif is next.

**Mr. Ziad Aboultaif:** Thank you, Mr. Chair; and thanks to the panellists.

Andrea, I'm going to stay on this topic for the first couple of minutes.

For eBay in Canada, it's a \$1-billion industry per year. If you're increasing the threshold from \$20 to \$80, you're looking at an increase in revenue within operations or in activities. Is that correct?

**Ms. Andrea Stairs:** Yes. We would see an increase in trading activity.

Most of what Canadian sellers sell is sold outside Canada. On eBay, we define a commercial seller as someone selling more than \$10,000 a year, so these are still micro-businesses, one- or two-person businesses. More than half of their volume comes from exports. They're really challenged, because their competitiveness needs to be assessed versus, traditionally speaking, that of a U.S. business.

**Mr. Ziad Aboultaif:** That's on the export side. How many Canadians do you employ?

**Ms. Andrea Stairs:** We have a small but mighty team in Toronto. For example, Kimberley was telling me that she's just hired an extra person to help with her business here in Dartmouth. The tiny businesses, the microbusinesses, the small businesses that use eBay as a platform, are exactly those businesses that are typical of small and medium-sized businesses—one-, two-, 10-, 15-person businesses—across the country.

**Mr. Ziad Aboultaif:** Increasing the activities may not necessarily increase any jobs.

**Ms. Andrea Stairs:** Oh, absolutely I think it would increase jobs, because these small businesses would be more effective in their ability to tap into international markets and would therefore need more jobs at home in order to sustain that.

I'll give you the example of a bike store in Gatineau. A man paid off his bike store ahead of schedule as a result of starting to sell on eBay. He's now done in excess of \$20 million—mostly international volume—has bought a second store, and has hired staff at that second store. These are direct economic benefits into his home community as a result of being able to tap into international demand.

**Mr. Ziad Aboultaif:** You're asking us to propose a \$166-million investment to get \$33 million in tax revenues. How did you come up with that? How precise are those figures?

**Ms. Andrea Stairs:** That study was done by economists working with the C.D. Howe Institute. It was peer reviewed. It looked at public data as well as private data from companies like eBay and data from courier companies. I think it is the most comprehensive study on this topic globally in the last 10 years, and certainly the most comprehensive study ever done in Canada.

**Mr. Ziad Aboultaif:** I think this is one area where we need to be very careful, because CRA is not stupid enough to propose those resources just to get \$33 million and make a hassle over a business operation.

Thank you.

I'm going to move to Memorial University. Mr. Greenwood, you asked for \$25 million on the expansion side and then another \$35 million, so about \$60 million altogether for a niche operation or product. What you provide in education is unique. Why can you not go to the private sector? Why can you not fund your own expansion as a profitable business?

**Dr. Robert Greenwood:** I'll let Glenn speak to the Holyrood facility and the expenditure required there. If we require details, Charles could step up and speak to C-CORE.

The general point I would highlight goes back again to the fact that there are only so many dollars to spend. Mr. Albas made an impression on me. Of course my point, and the focus of this committee, is on how we grow the economy.

In terms of the work in the north and the ice—and it actually dovetails nicely with Ron MacDonald's work—climate change is impacting the opportunities and the challenges in Canada's north, the north Atlantic, and the Arctic worldwide. Regarding the ocean transport opportunities, Transport Canada has come to Memorial, saying they need to develop regulations to develop and enable mining and fishery ocean transport in the north. It is a massive new economic opportunity.

Charles, if you want, pick it up there and speak to the question more precisely, and then maybe Glenn could speak on Holyrood.

•(1210)

**Dr. Charles Randell (President and Chief Executive Officer, C-CORE):** Sure. This is in terms of the facility, the Sedna Centre for oil spill work. In fact, the private sector has come to the table with \$30 million to put into this facility.

**Mr. Ziad Aboultaif:** They have.

**Mr. Charles Randell:** Yes, sir.

**Mr. Ziad Aboultaif:** So are you accepting it?

**Voices:** Oh, oh!

**Mr. Charles Randell:** Well, they have spent about \$750,000 so far doing a lot of upfront work. This facility is going to be built somewhere in the world. Right now in Canada, you cannot develop the Arctic unless you can prove that you can respond to an oil spill on ice, and you're—correctly—not allowed to spill oil on ice, so you can't prove that you can respond. You can't test technology.

The state of the art right now for detecting oil under ice or under snow is dogs, which can do it from a mile away. We have technologies, but we just don't know how well they work. We're not able to train people to respond to oil spills on ice, yet traffic is continuing to increase in the Northwest Passage. There's a 40% reduction in vessel time to go through the Northwest Passage versus going through the Panama Canal or the Suez Canal, and a reduction of 1,300 metric tons of greenhouse gas emissions by going through the Northwest Passage, so it's a good way to go, but Transport Canada's own study, the Government of Canada's own study, said we are not prepared to respond to an oil spill there, even though there's all this increase in traffic.

**Mr. Ziad Aboultaif:** When was that study done?

**Mr. Charles Randell:** That study was done two years ago.

**Mr. Ziad Aboultaif:** Mr. Blackwood, would you like to elaborate on that too?

**Mr. Glenn Blackwood:** Yes.

Again, we are leveraging about 50% of total operational money, project money, activity, and training from the private sector. The private sector has been great in working on mapping the ocean, on acquiring the equipment to look at the deep ocean as we develop the offshore resources in Newfoundland and into the Arctic region. The big challenge we have is the physical infrastructure—the nation-building piece, if you will—the building that this will all operate out of.

We're not looking for operational funding. We're looking for the base so that we can create the building. We've built the breakwater marginal wharf and the first phase of this, a separate building that's fully tasked at the moment, all of that with the support from the Government of Canada on the conceptual piece and on the proof-of-concept piece. About \$3 million of the first \$15 million or \$20 million we've spent has come through ACOA.

We've also spun off the small companies when commercial opportunities appeared. We created a company called Virtual Marine Technologies, which generates small-vessel simulators. GRi Simulations, one of the best in the world, does ROV simulations and is based in Mount Pearl with 20 employees. It was spun off. Rutter

Technologies produces black boxes for ships, the equivalent of a black box in an airplane. That is a global company now, selling that product and others. We have been spinning off the companies.

We as an academic institution aren't going to be private, I guess, because of the mission and mandate, but the economic impact has been about 50% of our activities, and the ongoing operations will be generated by business partnerships.

**The Chair:** Thank you.

To clarify, your marginal wharf, as you called it, uses technology similar to what CAE would have in aerospace. Is that what you mean? Is it something like airplane simulators?

**Mr. Glenn Blackwood:** CAE is world renowned. Actually, the operating basis of our simulators comes from CAE. There's a partnership there. They're also working on helicopter simulators affiliated with this.

The big thing, and it would be great to see it, Minister Navdeep Bains did this by land and by sea in one of our fast rescue craft about two months ago. It is unique and it is complementary to what is happening elsewhere in Canada. We positioned it as such.

It gives us the opportunity to train people in the ocean and on the ocean, as opposed to simulating it elsewhere. It's complementary to what's happening with COVE and what's happening with Ocean Networks Canada in Victoria. We have collaborations with all of those.

**The Chair:** Thank you.

Mr. MacKinnon is next.

**Mr. Steven MacKinnon:** Thank you, Mr. Chairman—

**The Chair:** For those who are waiting for the open-mike session following this, I think everyone has registered. They should register if they haven't. We have five on the list. The open-mike session, for those who don't know, is an opportunity for people to come forward and give a two-minute presentation. They can get on the record in terms of where they believe the budget should go. There are no questions from members.

I say that so people are aware of it.

Go ahead, Mr. MacKinnon.

•(1215)

**Mr. Steven MacKinnon:** Thank you to everyone for your excellent presentations.

It's good to see you again, Mr. MacDonald. I would like to start with you.

Clearly one of the great challenges in this country is delivering vital services to remote communities and affording them the opportunity to fully participate in the prosperity of the country. Your enterprise had some suggestions on that.

I know you touched on this in your presentation, but I want to give you an opportunity to elaborate on it. Have you quantified the extent of the economic opportunity from converting from current energy sources, whether it be in the north or in any sort of remote community in Canada, into renewable or more sustainable energy technology?

**Mr. Ron MacDonald:** Yes, we have. I'll speak specifically to the north, and I'll make one other comment on that because we do business all over Canada, although the north is my priority.

Let's look at economic development. I'm going to talk a little about the community of Sandy Lake. It's a great community. It's an indigenous community in northern Ontario. Sandy Lake has great leadership. It's about 2,400 people. It's growing at about 6% a year, so if you do your math, you see that about every 12 years it doubles.

It has one of the highest rates of diabetes in the world. It was the highest rate 10 years ago, and it's still one of the highest rates. It has a diabetic clinic. It also has, because there are a lot of kids there, a great arena. When they turn the lights on at that arena, they have a brownout over at the clinic.

They constantly have to make a decision about where their priority is in the community. I would always say it should be the kids. The kids are lacking in opportunity, but there's also a lack of economic opportunity, because if somebody goes in there and tries to operate a business, they're going to pay a much higher rate than the subsidized rate. The way the rate structures are, you cannot have economic development. It's straight, clean, and simple.

With a renewable system, just by its very nature, you build it out to more than the capacity. I'll give an example. If it's a solar system, then you're going to try to maximize the penetration of a renewable to displace the diesel. For the summer months and the shoulder seasons, the spring and the fall, you have excess generation capacity.

We've looked at and started to model what you could do with that. If it's already paid for by what we call a power purchase agreement with the utility, so that you already have your economics there, and you have excess capacity for eight to nine months a year, what would that mean to the community?

We started looking at that excess capacity that has to be built in and we looked at giving it to the community for free, because you're going to be in a community partnership. The community is going to have 51% ownership in any of these partnerships.

What would that do for economic development? It means that in the winter months they'll pay more, but in the summer, spring, and fall they pay a little bit or they pay nothing. That is an economic generator for those communities.

Some of the employment opportunities that would come from an investment that takes a lot of power are not possible. It is possible with these renewables, but it is not possible with diesel. It's impossible.

One of the other things that it does, and we looked at this, is grow Nutrition North. It's a federal policy. There's a big problem with nutrition in these northern communities. It's not just that they traditionally don't eat a lot of produce, but when you go into a northern store and you see a head of lettuce and it's \$9.95 and it

looks like it was kicked around as a soccer ball, and then you can get a two-litre bottle of Coke for \$2.99, what are you going to take? I think the answer is fairly clear.

We started to ask, if you put renewable energy in, what are the other opportunities? There are things called vertical greenhouses, and they're incredible. The technologies are here today, and they work in the north if you have power that is affordable.

We see a lot of these secondary and tertiary economic opportunities that could be realized through getting rid of these diesels and all those things that you don't want for economic development, and it is real.

I have one last comment. In the province of Ontario, we also do compressed air. We have the first compressed air contract in southern Ontario, and our president has written an article, an op-ed piece, that says that if Ontario maximized storage in compressed air caverns around Ontario, they'd save over \$11 billion in 20 years. That is economic development. That frees up government money to invest in another sector.

• (1220)

**Mr. Steven MacKinnon:** I'm sure Ms. Wynne could use a couple of those.

**Mr. Ron MacDonald:** She probably needs the help right now.

**Mr. Steven MacKinnon:** I want to turn to Mr. Greenwood and Mr. Blackwood, which is an interesting juxtaposition of names.

One of the things that we're talking about in this country, and arguably one of the great debates we're having, is over pipelines. One of the fundamental arguments against pipelines is the danger of spills in rivers or tanker spills in our harbours as a result of export activity.

A lot of the work you would be doing clearly would address these two things. You didn't specifically talk about rivers. I assume that is a component of your work, along with harbours. Can you elaborate on that a bit more?

**Dr. Robert Greenwood:** Sure. I think both Glenn and Charles can add to that. Glenn could go first, and then Charles.

**Mr. Glenn Blackwood:** Thank you.



I talked about the building. One thing I didn't mention is under Canada's oceans action plan, back in 2006, we launched SmartBay, which was a Placentia Bay initiative. The study that was done on tanker safety in Canada identified this as one of the highest-risk regions of this country. Most of our oil and gas goes in and out of Placentia Bay. It is, I think, next to Vancouver in terms of total value of product coming in and going out. We wired Placentia Bay, basically, with buoys that upload to satellites every 15 minutes. If you go to smartbay.ca, you can see all this.

We've since expanded that around the island, and we've since expanded it into Halifax and the partnership up here, and with the pilotage authority into Saint John, New Brunswick. With Ocean Networks Canada, out of British Columbia, we're now looking at setting up a national oceans observing system to give better information and better decisions for tanker safety. Basically, all these tankers will be in direct communication through these buoys and through an AIS system with all the fishing vessels in Placentia Bay, one of the foggiest places in Canada.

This is not a tourism commercial. We have some of the most severe sea states. We have the famous ice that sank the *Titanic*, and there have been other catastrophes over a period of time. It is a harsh environment. A lot of what we do on the project side is generated by working with industry. They identify their challenges and we work on the solutions.

**The Chair:** Charles, perhaps you would speak specifically on this when you're answering a difficult question from Ziad on the \$35 million. Are you looking for matching dollars from the federal government? As well, how is this package put together?

**Mr. Charles Randell:** Yes, sir. Thank you for the opportunity to actually answer your question, because I realize I didn't.

Yes, we will take the \$30 million from industry. For the facility, the estimate for the capital is \$65 million. One of the reasons it's so expensive.... It is generally expected by the oil spill practitioners that this facility is needed in the world, so it will be built somewhere. The question is, is it going to be in Canada? Wherever it's built, there's going to be a whole industry built up around it. That's why we're so keen to have it here.

To answer your question, there are two other significant initiatives around oil spills going on, for the Arctic and for rivers. We're all talking to each other because this is a big problem and there's not one solution, so we're making sure that we're not duplicating efforts anywhere, that they will all be compatible, and that the information goes from research to application to actual use.

In terms of the coastlines, one of the reasons this facility is so expensive is that it has a removable beach—which is unique—so that we can simulate any of Canada's 200,000 kilometres of coastline to look at cleanup. We can look at effects on vegetation, effects on fish. This facility is primarily for salt water because there are going to be other much smaller facilities that can do the freshwater research, but when you need to scale up the equipment—if you have a skimmer that comes in on a transport truck normally, you can't do that in a lab-sized tank—that's where we'll go to this facility. We are all in concert, and yes, it is very applicable to freshwater and rivers as well.

**Mr. Steven MacKinnon:** Do you work with other entities and centres on rivers?

**Mr. Charles Randell:** There are two other groups right now in Alberta and British Columbia that are looking specifically at oil spills in rivers. We communicate regularly. A research facility is going to be built in Churchill, Manitoba, so we meet with them as well. It's not that we're working together to pursue funding; we're working to develop a national network for oil spill response research and training.

•(1225)

**The Chair:** We will have to cut it there.

Does anybody have anything quickly they need to clarify?

All right. With that, we will thank the witnesses for your presentations. We were fairly well across the map on issues during this panel.

Thank you also to any of those who sent in briefs. They arrived in August, and we do have them.

We will suspend for 10 minutes and go to the open-mike session.

•(1225)

\_\_\_\_\_ (Pause) \_\_\_\_\_

•(1235)

**The Chair:** We have a number of people for the open-mike session. We'll go to two minutes. We have six, not 20, so rather than have you stand at the floor mikes, we'll ask you all to come up to the table together, where there are six mikes. We'll start from one side and go to the other.

Welcome, and thank you for taking the time. When everybody is settled, I'll go with the order I have on the list.

Evan Johnson, do you want to start?

**Mr. Evan Johnson (As an Individual):** My name is Evan Johnson. I'm with Engineers Without Borders Canada. I'm here today to speak to you guys about increasing the ODA budget, the official development assistance budget, in the federal budget for 2017.

Engineers Without Borders Canada is asking for it to be increased by 10% every year for this Parliament's tenure and then show predictable increases until 2023 to get it up to 0.7% of the gross national income. That might seem like an arbitrary number, but that was set by the UN in 1969. You might be skeptical of anything put forth by the UN on funding, but that was set by a commission chaired by none other than Lester B. Pearson. This was a Canadian goal they were aiming for, and as this government has stated, they are trying to re-engage the world, especially on the international assistance side of things, with added focus on women and girls.

Besides being a moral request, it also makes economic sense, since the entire point of the ODA budget is to develop unstable regions of the world, particularly the poorest. Any economist will tell you that if they're looking to trade and invest, they want stable markets. The ODA budget tries to provide social, political, and economic stability to these regions. Overall, that creates a better business environment for Canadian businesses and mutual trade coming from these markets to consumers here in Canada.

All in all, I think it's a worthwhile venture, and I thank you for taking the time to hear from us in every city.

• (1240)

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

Obviously we need an engineering school in P.E.I. I congratulate your organization across the country, because you have a consistent message.

Brian Gifford is next.

**Mr. Brian Gifford (As an Individual):** Thank you for this opportunity.

I'm a member of Nova Scotians for Tax Fairness. I have a six-page brief; I've given several copies of it to your staff, but because it wasn't translated, it can't be in front of you until the translation is available.

There is a lot more detail in what we've presented than in what I will say. We recommend 12 ways to make the federal tax system more equitable and to raise additional revenue for progressive public programs. We applaud the government's sensible view that deficits are a way to stimulate the economy while funding nation-building change, but we believe such change is only sustainable if revenues are increased.

We make eight recommendations to increase revenue and fairness. Four of those are to change tax deductions to refundable tax credits. That's one of the four. Another is to raise the corporate income tax rate toward the level in the U.S., one of our main competitors and the one that we're always comparing ourselves with.

A third is to exclude companies that use aggressive tax evasion and avoidance techniques from competition for contracts to supply publicly funded goods and services. This, we think, would be a very important incentive to reduce tax avoidance and tax evasion.

The fourth was to implement the key recommendations presented by Canadians for Tax Fairness to raise \$20 billion per year.

We also support two public finance ideas that are important to the Maritimes. The first of those is to reinforce the principle of equal

citizenship by restoring equalization funding to historic levels of 1.36% of GDP and by establishing an arm's-length body to oversee the transfers.

The second one is to reinstate the 6% annual increase in the federal contribution to medicare in 2017 and beyond, recognize increased costs due to an aging population as part of the formula, and make universal pharmacare and other improvements conditions for expanded federal funding.

On carbon taxes, we applaud the government's decision to establish a nationally coordinated carbon pricing system. It is essential, in our view, to continue to raise carbon prices beyond 2022 to change industry and consumer behaviour. It's also essential to require provinces to compensate most households for increased energy costs and to invest in the transition to a low-carbon economy.

A carbon tax benefit similar to the child tax benefit, which the government has instituted this year, would be a good model for compensating low- and middle-income households as carbon prices rise.

Thank you for your attention, and we look forward to a progressive, forward-looking 2017 budget.

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

Just so we're clear on the record for committee, you're speaking on behalf of the Nova Scotians for Tax Fairness?

**Mr. Brian Gifford:** Yes.

**The Chair:** Okay.

Dr. Michael Bradfield is next.

**Prof. Michael Bradfield (As an Individual):** I am used to lecturing, so I have to cut 55 minutes down to two.

I'm not here as an individual. I'm here representing a group called the Face of Poverty Consultation. It's an area group that is a faith-based group trying to work for the elimination of poverty.

Thanks for the opportunity to speak, but our group is disappointed that once again there's been very limited notification of this consultation, as in previous consultations. With proper notice, we could have submitted a full-fledged brief, as we have done in the past.

However, we are pleased with a government that recognizes the important role of government in meeting Canadians' collective needs, and thereby also stimulating the economy. We face significant social, environmental, and infrastructure deficits because of decades of program cuts and a failure to introduce new programs, such as funding for pharmacare or dental care programs. This societal deficit was caused by the hysteria over the financial deficit, which was the result of tax cuts favouring corporations and the wealthy, and of misguided monetary policy.

Budgets are also about taxes, and the tax system has become increasingly regressive, raising the tax rate on low-income Canadians while cutting the tax rate for the wealthy. Much can be done to help our most vulnerable and to increase revenues for a more progressive tax system. For instance, we could, one, restore upper tax brackets and close tax loopholes such as the 50% inclusion rate for capital gains, and two, define taxable income as total income, as is done in Quebec.

Third, we could convert tax deductions to tax credits. Brian mentioned that. Deductions generate the greatest tax advantage to the highest income tax bracket. Credits carry the same potential savings for all taxpayers; therefore, the credits should be switched to deductions.

Fourth, we could remove the boutique tax credits, which few Canadians can fully access.

Five, we could make tax credits refundable. This is crucial. If your income is so low that you do not pay enough taxes to use all your credits, you should receive a refund for the difference.

Six, we should pursue tax dodgers using tax havens, and seven, we should join with other nations to put a small tax on international currency transactions, the so-called Tobin tax.

Finally, some say it is immoral to impose debt on future generations. Much of government's expenditures are investments in people, with health, education, and social assistance, and in physical infrastructure. These benefit current and future taxpayers. It is immoral not to make these investments and thus deny everyone access to quality health care, education and training, adequate income support, and safe and efficient infrastructure.

Thank you.

• (1245)

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

Edd Twohig is next.

**Mr. Edd Twohig (As an Individual):** Thank you very much. I'm here as an individual, but at the request of a Canadian senator who spent two or three hours listening to me rampage over what I have learned in the last few years about Canada's economy and the history of it, and further, what I started writing about the bad base of our taxation policy in Canada, on which I started ranting about 50 years ago.

Looking at the history of Canada, I look back at when I was born at the beginning of the Great Depression, and it appears that the Great Depression had a lot to do with the creation of money by the

financial sector, which caused the excesses of the 1920s, which we now see being repeated again.

I go back and look at the history of the golden years of Canada, the years when everybody seemed to be working. We did all the great things. We built the Trans-Canada Highway, seaways, hospitals, and everything. These were the golden years, but they stopped. When did they stop? They stopped when the financial interests again took control of the finances and the economy of Canada.

What's happened since then? Our manufacturing sector has diminished. We look at economic growth and see it has been up and down. We've had bubbles grow and burst, and we have seen a decrease in the distributive justice of our country.

We've seen a death spiral start. We've seen the growth of debt for Canadian homes and people and workers. We've seen personal savings go down and debts go up. All of these things have happened in the last half of my lifetime.

In the first half of my lifetime we got out of a depression, we paid for a war, and we did all these great things in Canada, but then the policies changed around the 1970s, and this wasn't just the policy of Canada.

I have been studying some of these things and hoping that the rest of the Government of Canada, the members of Parliament, would look at these various ideas and debate them and learn them, just as this senator suggested they should.

If I look back at the study and the rational thought that I've applied to these matters, I think that if MPs do not even make the effort to understand them, then I believe they will be negligent, and I would think that I would deem them as being traitors to our society.

• (1250)

**The Chair:** Thank you, Edd. We do have your submission. I think it was dated July 19 when it came in to the committee.

Next is Jim Cormier.

**Mr. Jim Cormier (As an Individual):** Thank you. I'm here on behalf of the Retail Council of Canada.

My appearance was a late addition, but we will be presenting to this committee next week, from what I understand. My colleagues will be doing that, but I thought that since I'm here, I would give you a little teaser on what will be coming next week and maybe give it a little Atlantic spin.

We're here on the *de minimis* level. We respect the opinions of eBay, which presented here today. They're good members of ours, but on this issue we couldn't disagree more with their comments. If you want to look at the impact this could have on the economy, retail is the number one private sector employer in every single province in this country. There are over two million employees nationally, over 60,000 of them here in Nova Scotia alone. We're talking about an economy in a province like Nova Scotia that's over \$12 billion annually in retail revenue.

It's a moving target with eBay. They used to talk about an \$800 *de minimis*. That didn't fly. Up until late this summer, they were talking about a \$200 *de minimis*, and now they have come here today talking about an \$80 to \$100 *de minimis*, so we're not quite sure where they're going to land next. We're sticking with \$200 because that's the one they've used the most.

If you were to look at it, they talk about the customs duties, and that's one, but there's also provincial and federal tax revenue. We talked to every provincial finance minister this summer. We pointed out—I'm responsible for Atlantic Canada—that you're looking at shippable goods between \$20 and \$200 if we stick with their \$200 *de minimis* level. For a province like New Brunswick, that would be about \$2.05 billion in shippable goods that fall into that category. A lot of our members have crunched the numbers, and over time, if you were to allow this type of huge advantage to U.S. online retailers, you'd see about a 20% change in the spending habits of Canadians. That could result in a loss of about \$40 million annually to the Province of New Brunswick. In Nova Scotia, you'd be looking at \$48 million annually. Even in your province, Mr. Chair, there would be a \$1.42 million loss in HST revenue. That pays for a lot of roads, as well as the social services we all want and need.

The point is, why would government here in Canada provide a tax incentive for consumers to shop everywhere else but Canada? It seems like a no-brainer for us. Again, we're the largest private sector employer. Even our American retailers that have set up shop here in Canada are paying taxes. They're employing people. They're contributing to communities. Just look at the drought here on the south shore over the last summer. It was Walmart, it was Loblaw's, it was Canadian Tire, American and Canadian retailers, all jumping to provide free water and supplies to folks down there whose wells had gone dry. These people contribute to communities because they're in these communities.

eBay is not in those communities. We are providing the people with the retail products they want and need. If it gets to a point where Costco can just build a bigger distribution centre in the northern U.S. and ship it on through, they will. It's a business decision. That means fewer Costcos or fewer retailers of other types here in Canada. It also has an impact on small independent retailers.

I'll end with this. Folks like the Bookmark in downtown Charlottetown or Proud Shoes out in Sherwood Parkdale have been active members on this file because they know that this would devastate their businesses. These are small businesses. Maritime Hobbies and Crafts, three blocks away from here, a small third generation hobby shop, would basically have to close up shop, because people could easily ship a board game from the U.S. into Canada. That puts them out of business.

I'll leave it at that. That's the teaser for next week. Thank you for your time.

• (1255)

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

Jacqueline Landry, you're on.

**Ms. Jacqueline Landry (As an Individual):** Good afternoon.

I come from the region of Yarmouth County. I'll try to make this in two minutes, but as a Parkinson's patient—

**The Chair:** You can take a little more time.

**Ms. Jacqueline Landry:** Thank you.

**Mr. Jim Cormier:** I have a habit of going on.

**Ms. Jacqueline Landry:** I am a Parkinson's ambassador for the province of Nova Scotia. I'm representing Parkinson Canada. I also have juvenile onset Parkinson's disease with dystonia. I've been fighting this disease for 25 years.

I'll read from my presentation, because I got this brief quite late, as others have mentioned.

Parkinson's disease is a neurodegenerative disease of the brain that impacts almost every aspect of daily living, including movement, mood, speech, the ability to smell, eating and drinking, and sleep. It also can cause cognitive changes. There is no known cure for Parkinson's disease.

Parkinson Canada recommends that the Government of Canada immediately commit to developing a Canadian action plan for brain health, with the primary aim of improving the life experience, productivity, and prosperity of the over 100,000 Canadians—including me—who are living with Parkinson's, the four million Canadians who are living with brain conditions, and their families. I also have epilepsy, which is another brain condition, so I am part of the four million and part of the 100,000 living with brain conditions.

For planning purposes, Parkinson Canada has estimated core costs of a Canadian action plan for brain health over three years, from April 2017 to March 2020, by three areas of expenditure.

The first area of expenditure is the Canadian brain council and brain summits. The Canadian brain council, once established, would develop the Canadian action plan for brain health, including the development of a national dementia strategy in year one. The council would also convene a brain summit in 2017, and a second summit in late 2019 or early 2020, to obtain input from the widest range of stakeholders possible. The estimated cost for this is \$3.5 million over three years.

The second area of expenditure is epidemiological research and data collection. The Canadian brain council would review the findings about research gaps and data needs for mapping connections and other sources. It would recommend, if the evidence supports it, expanded data collection, the feasibility of creating a new pan-Canadian data collection survey for brain conditions, and funding needs for targeted research on risk factors for brain conditions. Expenditures would likely occur in years two and three. The estimated cost would be \$22 million over three years.

The third area of expenditure is investigator-driven basic brain research through CIHR, the Canadian Institutes of Health Research. Far too little is known about the causes, prevention, and treatment of most brain conditions. Thanks to research, innovative therapies are available for some brain conditions. Unfortunately, many others remain untreatable. Canada needs to invest more in basic brain

research. Parkinson Canada believes that this is best done by increased annual funding to investigator-driven basic brain research through the CIHR at a rate of \$150 million per year. The estimated cost would be \$450 million over three years, and a total estimated cost would be \$475.5 million over three years.

● (1300)

Thank you very much for your undivided attention.

**The Chair:** Thanks very much, Ms. Landry.

Thank you all for your briefs. Do we have all the briefs on record for the open mike? You can give copies to the clerk.

With that, thank you, as I said, for your open-mike presentations.

With that, the meeting is adjourned until tomorrow in Quebec city.

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