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The Honourable Wayne Easter

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• (0900)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I think everyone is here. In any event, I'll call the meeting to order.

As all witnesses know, this is the Standing Committee on Finance. Pursuant to Standing Order 83.1, we are doing consultations in advance of the 2017 budget.

The theme we're trying to work toward is what we have to do to achieve better economic growth in this country.

Welcome to the witnesses.

Usually when we have a new panel, because we don't expect all the witnesses to know all the MPs, I ask the MPs to introduce themselves. We'll start with Mr. Godin, who's the closest local MP.

Joël, you can introduce yourself, and then we'll go around the room and introduce the other MPs.

[Translation]

Mr. Joël Godin (Portneuf—Jacques-Cartier, CPC): Thank you, Mr. Chair.

I am going to speak in French since the majority of people in Quebec City are francophone.

My name is Joël Godin, and I represent the riding of Portneuf—Jacques-Cartier, just north of Quebec City, basically everything between Sainte-Brigitte-de-Laval and Rivière-à-Pierre. The riding runs along the river from Deschambault-Grondines to Saint-Augustin-de-Desmaures. It's a large district, and that is especially noticeable on weekends.

I left Ottawa yesterday to be here today. Tomorrow, I will have the privilege of meeting with the constituents in my riding. It's an extra day. No matter, I'm glad the committee is here, in Quebec City.

I would like to thank the participants for taking part in this exercise. It will help us better represent you and do our jobs as parliamentarians. We always strive to improve Canadians' quality of life.

Welcome to Quebec City. I'm delighted to be back home.

Thank you and have a good day.

[English]

The Chair: Dan.

[Translation]

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Good morning. I am the member for Central Okanagan—Similkameen—Nicola. The Okanagan is in British Columbia's interior.

I'm very pleased to be with you.

[English]

The Chair: Pierre-Luc.

[Translation]

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): My name is Pierre-Luc Dusseault, and I represent the riding of Sherbrooke, which, as you know, is in the Eastern Townships. It's a pleasure to see you all here, in Quebec City, and to be here myself.

[English]

The Chair: Francesco.

[Translation]

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Good morning everyone. My name is Francesco Sorbara, and I am the member for Vaughan—Woodbridge.

[English]

It's nice to be here. I've never been to Quebec City. This is my first time. It's a beautiful city in *la belle province*. Welcome. Thank you.

The Chair: Mr. McKinnon.

[Translation]

Mr. Steven MacKinnon (Gatineau, Lib.): Good morning and welcome to the Standing Committee on Finance.

My name is Steven MacKinnon, and I represent the riding of Gatineau. It's an easier name to remember than that of Mr. Albas's riding.

Like Mr. Godin, I want to thank you for taking part in this exercise. It's important that we hear the views of Quebecers. We've just come from the Maritimes. It's a pleasure to be back in my home province.

[English]

The Chair: Thank you, all.

I'm Wayne Easter, member of Parliament for Malpeque, Prince Edward Island, which is the riding between Charlottetown and Summerside.

Welcome all. If people could hold their presentations to about five minutes, we'll have more time for questions.

We will start with the Conseil québécois des entreprises adaptées, Mr. Gouin and Ms. Brisson.

[Translation]

Mr. Raymond Gouin (Executive Officer, Conseil québécois des entreprises adaptées): Thank you and good morning.

Mr. Chair, ladies and gentlemen of the committee, thank you for having us this morning.

The Conseil québécois des entreprises adaptées would like to share with you what adapted enterprises all over Quebec are doing to help people with disabilities contribute to the country's economic growth. We would especially like you to understand the importance and value of supporting us so that we can do even more.

Right off the bat, I'd like to make a minor correction to our brief. It should have referred to the Canada-Québec Labour Market Agreement for Persons with Disabilities rather than the Canada-Québec Agreement on the Labour Market for People with Disabilities, which is the former name. I just wanted to start by pointing that out.

The network of adapted enterprises in Quebec has a unique mission, promoting the creation of adapted jobs for persons with disabilities in quality workplaces. It is one of the largest networks of social economy enterprises in Quebec, with 43 adapted enterprises active in 59 different business locations across the province. It is also the largest employer of persons with disabilities in Quebec and Canada, with nearly 4, 000 jobs held by persons with disabilities. Adapted enterprises generate more than \$225 million in total annual revenues and \$140 million in salaries. They provide more than 200 quality products and services in a wide range of sectors. They are well-known companies, including Desjardins, Hydro-Québec, Loto-Québec, Vidéotron, and Gaz Métro. The network of adapted enterprises represents 40 years of history, recognition, and respect. It is a unique model in Canada that could be applied to the entire country.

These 43 adapted enterprises receive financial assistance through the Programme de subventions aux entreprises adaptées, or PSEA, a subsidy program for adapted enterprises that compensates for the low productivity of the disabled people they hire. They are people living with severe functional limitations who, although able to be productive, cannot compete in a regular work environment.

The PSEA budget for 2016-17 is \$80.5 million, and is partly funded through the Canada-Québec Labour Market Agreement and the Canada-Québec Labour Market Agreement for Persons with Disabilities. Unfortunately, the federal government has not increased the budget for the Canada-Québec Labour Market Agreement for Persons with Disabilities for more than 10 years.

The economist Pierre Fortin, who has studied adapted enterprises, has repeatedly said that government investments in Quebec's adapted enterprises are both economically and socially sound.

These investments are economically beneficial because they result in significant social assistance savings for the government, given that the vast majority of persons with disabilities employed by adapted

enterprises would be receiving social assistance or employment insurance benefits if they were not working. Of course, they also generate considerable sales tax and income tax revenues, because workers with disabilities have significantly higher net incomes and enhance the economic activities of the adapted enterprises.

In our view, the PSEA funds itself.

The program's social benefits stem mainly from the fact that it does much more than simply facilitate the creation of workplaces. It facilitates the creation of living environments where people with disabilities are not marginalized. Quite the contrary, they receive guidance, support, and training from the adapted enterprises, bringing new meaning to their lives.

The Government of Canada has clearly expressed its desire to reduce poverty, remove systemic barriers, and ensure persons with disabilities all over the country have access to equal opportunities. That is something Prime Minister Trudeau has said often. Getting there will take a lot of work.

We believe that Quebec's model of an adapted enterprise network could be part of the solution. The Government of Canada should enhance its support for our model so that more people with disabilities can integrate into the labour market and retain employment. That will help them contribute to society, come out of isolation, break their financial dependence, fulfill a meaningful role, participate in their community's development, thrive, and become full-fledged citizens.

● (0905)

In order to make that happen, we recommend that the Government of Canada increase its contribution to the Canada-Québec Labour Market Agreement for Persons with Disabilities beginning in 2017-18 and that the additional funding be specifically allocated to Quebec's adapted enterprises.

Thank you.

● (0910)

[English]

The Chair: Thank you very much.

I might mention to witnesses, as well, that you'll see members looking at their iPads. We've had all the briefs translated and downloaded to our iPads, so that's what people are looking at. They're not playing games.

Next is Mr. Brun with the Desjardins group, Mr. Brun.

[Translation]

Mr. Bernard Brun (Director, Government Relations, Desjardins Group): Thank you, Mr. Chair.

My name is Bernard Brun, and I'm here on behalf of Desjardins Group.

I'd like to thank the committee for the opportunity to share our input today and contribute to the prebudget consultations in advance of the 2017 federal budget.

It is especially lovely for us to be here, in Quebec City, given the tremendously important role of Desjardins among financial institutions and services in the capital and around the province.

Desjardins Group is the country's leading financial co-operative group, and the sixth in the world. Today, its assets total more than \$260 billion, and it has some 47,000 employees working to serve seven million members and clients.

The Bloomberg news agency ranked Desjardins Group as the most solid financial institution in North America, with some of the best capital ratios and credit ratings in the industry.

I am going to pick up on some of the elements contained in our previous brief to the committee.

In particular, I want to highlight the distinct co-operative dimension that sets Desjardins Group apart from other financial institutions, as well as the regulatory impacts and issues it gives rise to at the provincial and federal levels.

Financial co-operatives differ from traditional banks by virtue of their mission and their democratic structure. Because of this special relationship with members, we can attest to the fact that, in addition to contributing to Canada's financial system, financial co-operatives represent an additional vector of economic stability and regional prosperity. For example, 30% of Desjardins Group's points of service are located in sparsely populated areas, with fewer than 2,000 inhabitants.

That brings me to my first point.

We would like to stress to the committee members the importance of consistent rules governing financial institutions.

Quebec's provincial regulator, the Autorité des marchés financiers, designated Desjardins Group a domestic systemically important financial institution. At the end of the day, Desjardins Group is a leader in Quebec and Canada alike. The rules that governments put in place, particularly at the federal level, affect all financial institutions no matter where they are headquartered, as well as the taxpayers and citizens they serve.

We are asking committee members and the government to recognize that any measures governing financial institutions must be adapted to the co-operative model, which is clearly not the prevailing model in the financial institution industry. That is especially important in light of the federal government's current review of the regulatory framework governing financial institutions.

The second point I'd like to discuss, which relates more to the economy, is a hot topic right now and one that concerns many in the government and financial sector. I am talking about household debt and the measures related to the housing market.

It is fair to say that household debt is worrisome on a number of levels. Steps must be taken. Just recently, the federal finance minister announced that measures would be put in place. Despite being well-received, these measures will have a clear impact on access to housing; the extent of that impact, however, is still not fully known.

Regional disparities exist within the housing market, particularly in a country like Canada. It is important to keep that in mind, and I

urge the committee members to consider that element carefully. Educating the government on this point is key. It is not advisable to introduce uniform standards across the country, given that the overheated market is limited to certain geographic areas and certain types of housing.

Furthermore, it is recommended that the government take a step back in order to fully assess the impact of the recently introduced measures before proposing new ones.

● (0915)

Addressing household debt through the financial sector requires a very delicate hand given the interrelationship with economic growth and interest rates. The government must exercise the utmost caution in its cost-benefit analysis in order to achieve a so-called smooth landing for the entire Canadian economy.

I would just like to wrap up by, once again, urging the government to fully recognize the characteristics, specific needs, and benefits of the financial co-operative system. The government must also recognize that Desjardins Group and the rest of the country's financial co-operatives are an important and integral part of the Canadian financial system and that the rules need to be adapted accordingly.

Thank you.

[*English*]

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

We'll turn now to Mr. Dorval and Mr. Laplatte from the Quebec Employers Council.

The floor is yours.

[*Translation*]

Mr. Yves-Thomas Dorval (President and Chief Executive Officer, Quebec Employers' Council): Thank you, Mr. Chair.

Thank you to the committee members for inviting us today and listening to what we have to say. We very much appreciate the opportunity. Given how quickly five minutes goes by, I'm going to get right to the heart of the matter. My apologies to the interpreters, but I am going to speak quickly.

The Quebec Employers Council, or CPQ, brings together employers active in Quebec and elsewhere.

We directly represent more than 70,000 employers, who are not just companies, but also associations. I have a conflict of interest I should tell you about. Some of the people sitting at the table are members of the CPQ, including the Conseil québécois des entreprises adaptées and Desjardins Group. We also have partners who belong to the Regroupement québécois des organismes pour le développement de l'employabilité.

Our involvement extends to all areas. The employers we represent are mainly private companies, but we also represent employers in the community, social economy, public, and semi-public sectors.

I'm going to go right to our concerns. You talked about economic growth, which is key not just to businesses, but also to the quality of life of all citizens. There is a reason we have an inclusive prosperity program that recognizes the value of businesses, influences employment, and affects the quality of life and standard of living of the entire population.

From an economic standpoint, it is clear that exports are crucial not only to achieve a positive trade balance, but also to raise the standard of living of the country's 36 million inhabitants and contribute to their development.

Exports depend on a number of elements. Similar to its predecessors, the current government is taking a close look at free trade agreements. It is doing so, however, against the backdrop of growing protectionism, an issue that concerns us.

In terms of financial and fiscal policies, we recommend that the government invest in strategic levers to foster economic growth among our employers and businesses. Those levers include innovation. In order to be able to export, it is necessary to be competitive. We have no choice. We aren't a country of a billion or 500 million people but, rather, 36 million. We have to become more competitive, and that means being more innovative.

Innovation has three dimensions.

Let's talk about products and services, an area in which innovation is crucial. We spend a lot of money on research and development. We are world leaders when it comes to publications and clean technologies, for instance, but we rank last when it comes to patents and the commercialization of clean technologies. The reason I mention that example is to underscore the difference between research and development and innovation.

First and foremost, innovation is the development of products and services. It also involves manufacturing processes, not to mention emerging issues of global concern such as greenhouse gas reduction. If we want to become more competitive and improve our growth and export potential, we need to help businesses and employers innovate in the three areas I just mentioned.

Private investment in Canada is low. That is especially true in Quebec. It is therefore necessary to find ways to attract investment. That means not just having sound free trade agreements in place, like the one with Europe—which will facilitate the mobility of capital—but also being able to attract capital here. To do that, we need to create a competitive and appealing tax environment and regulatory framework. I'm not talking about creating tax havens in Canada. Instead, I am talking about building an environment that appeals to investors because it offers predictable and competitive conditions. In terms of fiscal policy, it's important to have an environment that attracts investors to Quebec.

I am going to go beyond the issue of investment.

There is much talk of immigration these days. In Quebec, a study was released on the impact of economic immigration. It focused on programs affecting growth, in other words, programs that attract immigrant investors and entrepreneurs. Unfortunately, the federal government has shown less interest in these types of programs, essential programs for Quebec. We have to attract private investors.

Productivity is another factor in promoting growth, exports, and competitiveness. We have to make sure our businesses and employers are productive, and that requires investment decisions.

Our economic fabric is made up primarily of small and medium-sized businesses. When business leaders consider whether or not to make an investment, they look at how much the return on investment will be and how long it will take to achieve.

● (0920)

To support business leaders in making wise investment decisions that will improve their productivity or even reduce their greenhouse gas emissions, the government needs to provide incentives. It needs to provide support that will close the gap between investing in traditional technologies and investing in productivity-enhancing or GHG-reducing technologies. That is a key consideration. There are people around the table today who will talk to you about human capital. Nonetheless, in order to be productive, human capital has to be available.

A large number of federal and provincial transfer programs are based on employment insurance programs. Many people, however, do not have access to employment insurance. They include recent immigrants, persons with disabilities coming onto the labour market, students who have just finished university, or those who still have a job. Productivity-wise, it's important to help these people. Given that the population is aging rapidly, we need transfers that assist individuals who don't have access to employment insurance benefits, in order to foster productivity.

The government implemented an infrastructure program. We believe infrastructure is incredibly important, but the program should include facilities under federal jurisdiction as well. It is crucial that we increase investment in infrastructure under federal responsibility such as our ports, airports, railway system, and all related infrastructure. Central Canada comes to mind and the need for quicker and more frequent passenger rail service in the Quebec City-Windsor corridor.

I'd like to conclude by talking about taxation and the budget. As you know, the Quebec Employers Council normally views deficits as worrisome. It isn't so bad when deficits are backed by investments in infrastructure and strategic economic levers. What we have a problem with are deficits tied to program spending.

We developed a concept we call “detent”—or stop and review, if you will—that the Quebec government has implemented. We urge the federal government to consider our homegrown concept. Essentially, this is how it works. When new spending programs are introduced, the government looks at whether it can reduce spending on other lower priority programs, to maintain a balance and prevent program spending deficits that are not asset-backed.

Thank you, Mr. Chair.

[English]

The Chair: Thank you, Mr. Dorval.

We'll turn now to Mr. Toye from the Canadian Community Economic Development Network.

Mr. Michael Toye (Executive Director, Canadian Community Economic Development Network): Thank you for the opportunity to present today, honourable Chair and members.

• (0925)

[*Translation*]

The Canadian Community Economic Development Network is a national association of community organizations, co-operatives, credit unions, foundations, municipalities, and citizens working to enhance the social, economic, and environmental conditions of Canada's communities. We have members in all regions of Canada, including urban, rural, northern, and aboriginal settings.

Among our members are Fresh Outlook Foundation, in Kelowna, in Mr. Albas's neck of the woods, SEED Winnipeg, which appeared before the committee two weeks ago in Winnipeg, and the Corporation de développement économique communautaire de Québec, just a few blocks from here. I am very encouraged by the interests being represented today. It may not be all that surprising given that the committee is in Quebec, a world leader in the social economy. In any case, the diverse group of voices represented is very encouraging.

[*English*]

Our members are community leaders in moving towards an equitable, inclusive, and sustainable economy that better serves traditionally disadvantaged people and communities. Recent trends in social economy, social finance, and community resiliency reflect the growing range of alternatives that are expanding the scope of innovative community practices tremendously, with examples ranging from new crowdfunding strategies to impact investing, from Quebec's 2013 social economy law to the United Nations Inter-Agency Task Force on Social and Solidarity Economy.

An economy with broader ownership and greater citizen engagement

[*Translation*]

as Mr. Brun, of Desjardins Group, mentioned,

[*English*]

serves everyone better. Here are a few examples to illustrate the recommendations in our brief.

Many of you probably saw headlines last week about the innovative indigenous-led solution to drinking water problems in northern Ontario communities. The solution, in fact, is disarmingly simple. Train the people who live there to maintain and run their own water systems. It creates local jobs and provides better results. It's community economic development.

Indigenous-led co-operatives and social enterprises, whose mission is to create jobs and improve communities, can make a real difference. Aki Energy, a Winnipeg-based social enterprise, has run a very effective pilot program to train people on four first nations to install and maintain geothermal heating systems, reducing energy costs and financed with an innovative pay-as-you-save program through Manitoba Hydro. However, the program can't be expanded because of a regulatory snag related to the use of Indigenous and Northern Affairs funding. Modernization of support for indigenous

innovation can channel energy into exciting opportunities for a new path forward.

I'm now going to pass things to our board chair, Ryan Gibson.

Mr. Ryan Gibson (Board President, Canadian Community Economic Development Network): This summer the government announced its inclusive innovation agenda, and we're pleased to see that the objectives included making Canada a leader in promoting social enterprise. On that topic, I wish to recognize the report published last year by the Standing Committee on Human Resources, Skills Development and the Status of Persons with Disabilities under the chairing of Mr. McColeman, which remains an extremely valuable road map for social finance and social enterprise in Canada.

We applaud Innovation, Science and Economic Development's recent creation of a directory of Canadian social enterprises and the definition they have established for that. Now specific measures related to social procurement and community benefit agreements, in addition to what is proposed in Bill C-227, could go a long way to creating a more favourable environment for social enterprises to develop, but our primary recommendation is to level the playing field for social enterprises when it comes to access to business development programs.

We strongly encourage the government to expand the capacity and access to existing SME services through the Canada Business Network and to other federal business development programs to enhance business supports and readiness for investment by social enterprises, co-operatives, and non-profits. This should be coupled with an awareness-raising effort for government officials to ensure a level playing field for alternative forms of incorporation.

The transition to a clean, low-carbon economy offers excellent local investment opportunities for urban, rural, and remote communities to enhance their resilience and contribute to economic growth that distributes socio-economic benefits. Community-based projects inspire a new kind of social entrepreneurship, building a strong social licence for clean technologies and empowering local citizens, especially indigenous peoples, with the opportunity to reinvest clean energy project returns into local infrastructure, education, and health. This would involve including criteria in new infrastructure investment that prioritize funding for clean energy projects in communities vulnerable to climate change and making affordable financing available to communities and project developers through the Canada infrastructure bank, including federal loan guarantees.

The Prime Minister's mandate letters instructed ministers Duclos and Mihychuk to develop a national strategy on social innovation and social finance. At the Global Social Economy Forum in Montreal last month, Minister Duclos announced the creation of a steering committee to guide that strategy. This is an excellent and essential first step. In dynamic, emerging fields like social innovation, an approach often called co-construction here in Quebec is the only way it can work. We encourage the government to adequately resource the development of the strategy and the sector partners that are required to participate in a meaningful dialogue.

It's fitting that this is the week of co-operatives and that we're sitting here talking about these initiatives.

Thank you very much.

• (0930)

The Chair: Thank you very much.

From Oxfam Canada, we have Ms. Ravon.

[Translation]

Ms. Lauren Ravon (Director of Policy and Campaigns, Oxfam Canada): Thank you.

I will be giving my presentation in English but would be happy to answer any questions in French.

[English]

As some of you may know, Oxfam is an international confederation working in 90 countries to support long-term development and to provide humanitarian assistance in times of crisis. We also do advocacy and campaigns to address the root causes of poverty. We put women's rights and gender justice at the heart of everything we do, both here in Canada and in some of the poorest communities around the planet.

Many of these communities have made great progress in the struggle against poverty, but this progress is being threatened by rising inequality. Money, power, and opportunities are concentrated in the hands of the few at the expense of the majority. Rising economic inequality has the most negative consequences for women, who continue to make up the majority of the world's poor.

On Monday, Oxfam launched a new campaign called Short-changed. The campaign is focused on finding solutions to growing economic inequality by looking in particular at how to make work paid, equal, and valued for women.

With a feminist Prime Minister and a government committed to inclusive growth, Canada is well placed to become a global leader in tackling the twin struggles of gender and economic inequality.

Today, I'll present three sets of recommendations, all of which have implications for Canadian domestic and foreign policy.

First, the government should prioritize progressive taxation to ensure that tax policies do not entrench inequality. The tax system is one of the most important tools the government has at its disposal to address inequality. Badly designed tax systems, on the other hand, exacerbate inequality. When the richest in our society enjoy low rates and can hide their money in overseas tax havens, the rest of society has to make up the difference.

Oxfam has seen examples of governments taking the high road. A few years ago, Senegal adopted a new tax code to raise revenue to pay for public services. This reform increased the corporate tax rate, reduced personal income tax for the poorest, and raised it by 15% for the richest. Uruguay has also reformed its regressive tax system over the past decade by lowering the tax rate on the poorest and the middle class. Today, after-tax income inequality is starkly lower than it once was. These reforms show that where there's political will, governments can ensure that those who have more can contribute more.

For budget 2017, we recommend that Canada continue investing in CRA's capacity to tackle tax evasion. We also recommend that the government gradually increase the corporate tax rate from 15% to 21%. Providing tax breaks to Canada's largest companies has not materialized into more jobs and prosperity, but rather an increase in corporate profit and government deficits.

Canada should also play a positive role in global tax reforms by specifically looking at tackling tax havens and ending harmful global tax competition. Canada also has a role to play in helping developing countries participate in these global reforms on an equal footing.

The government also should make gender-based analysis mandatory for all proposals that go to cabinet, the Privy Council, Treasury Board, and the Department of Finance. It should invest in research to make sure this gets done and gets done well. The next budget should include increased funding for Status of Women Canada to lead these efforts.

Second, Canada should increase the proportion of total government spending on public services and social protection to lift people out of poverty. Public services can be great equalizers, and they can mitigate the worst impact of today's skewed income and wealth distribution.

Public services are particularly important for women. For example, when parents have to pay to send their kids to school in developing countries, girls are more likely to be kept home, which affects their life chances and their future income earnings.

Public services such as health care, child care, and elder care also help redistribute the unpaid work that women have traditionally performed for free, and which limits their time to engage in paid work in rich and poor countries alike.

Oxfam has seen examples of governments taking the high road. In 2005, the Government of Nepal dramatically improved access to health care by removing fees for primary health care services and providing cash incentives to women to give birth in health facilities. This has a dramatic impact on women's health. Here in Quebec, the subsidized child care program has prompted an upsurge in employment among women, especially single mothers, whose poverty rate has fallen and whose after-tax income has shot up.

Oxfam welcomes the federal government's commitment to building a national framework on early learning and child care. To ensure this delivers on its promise, we recommend an increase in child care funding by \$600 million in 2017, as well as steady increases in the years to come.

The government should also address the discriminatory and chronic underfunding of essential services for first nations.

• (0935)

The government, on the international front, could reinvest significantly in Canada's international aid budget to the tune of \$862 million in 2017. We can afford to do our part in tackling global poverty. An increase in the aid budget would also strengthen Canada's renewed leadership on the global stage.

As we've discussed with Minister Bibeau and her team, 20% of all new aid investment should be specifically allocated to programs that advance women's rights and gender equality.

Finally, our next budget should address the unequal economics of women's work. Women around the world, including here in Canada, have been told that accessing the workforce will provide them with independence and empowerment, but the reality is that many women are often rewarded with poverty wages, insecure jobs, and unequal pay. Women also shoulder the majority of unpaid care work, washing their children's clothes, caring for aging parents, or collecting water and firewood in some of the poorest communities in this world.

In Canada, women represent 60% of minimum wage earners and they make, on average, in their earnings 28% less than men. Yes, women still earn 72¢ on the dollar. In some countries the gap is even starker. For example, women in Pakistan make, on average, 37% less than men. Around the world, 75% of the people who work in the informal sector are women. You can think of women selling snacks at bus stops in Mexico, or women sewing together our jeans in their homes in Bangladesh, working for multinational corporations.

Some governments are taking positive steps to address the unequal economics of women's work. For example, after loss of advocacy by Oxfam International and their local partners, the Government of Malawi has raised the minimum wage, which has made a real difference in the lives of women. In Sweden, the equal opportunity act is a great example of how to address pay disparities between men and women.

The Chair: Could you wrap it up, Lauren, please.

Ms. Lauren Ravon: In budget 2017 the government should enact legislation to raise the federal minimum wage and work with the provinces to move toward living wages for all workers across Canada.

The government should follow through on its commitment to introduce proactive pay equity legislation, with particular attention to the greater pay equity gap for racialized, aboriginal, and immigrant women.

Canada should sign and ratify ILO Convention 189, the domestic workers convention, and expand the scope of legislation, policy and programs that allow domestic workers to enjoy equal rights.

Finally, the government should take greater steps to hold Canadian companies accountable for meeting robust labour standards when operating abroad, and provide support to developing countries to regulate labour practices.

Thank you very much.

The Chair: Thank you very much.

We'll now turn to Ms. Roy from Regroupement québécois des organismes pour le développement de l'employabilité.

[Translation]

Ms. Valérie Roy (General Manager, Regroupement québécois des organismes pour le développement de l'employabilité): Thank you.

Mr. Chair, members of the committee, on behalf of the Regroupement québécois des organismes pour le développement de l'employabilité, or RQuODE, I want to say how grateful we are for the invitation to appear today and the opportunity to share our observations and recommendations with the committee.

The RQuODE is the largest employability network in Quebec. Located throughout the province, the network's 87 member organizations specialize in workforce development, providing employment services to more than 80,000 people every year. As a result, the impact we have on communities is significant, and the programs we implement have tremendous benefits for a variety of client groups.

The 2017 federal budget is an opportunity for Ottawa to take concrete steps to help Canadians fully contribute to the country's prosperity and social development.

I have three recommendations I'd like to share with you today. The first relates to accessibility and the use of labour market information. Given the rapidly evolving labour market, workers, students, employers, governments, and non-government organizations need to be able to rely on timely high-quality labour market information, particularly to make informed decisions on employment, education, and economic development.

Comprehensive, up-to-date, and easily accessible data are critical in order to train a skilled workforce able to meet the needs of employers. For that reason, we support the two recommendations put forward by the Forum of Labour Market Ministers, the creation of both a new labour market information council and a national stakeholder advisory committee.

However, much work still needs to be done to ensure that labour market information more accurately and effectively reflects local labour market needs and realities all over the country, by delivering detailed regional data on labour supply and demand. This calls for close coordination between the levels of government to limit information fragmentation across various platforms, connect the different tools, and prevent disparities.

Although labour market information may seem easier to access thanks to the Internet and new technologies, few people know where to find it or, more importantly, how to interpret it.

We therefore recommend promoting greater use of labour market information by working with the provinces and territories to improve data quality, availability, accessibility, and outreach.

Our second recommendation addresses services for client groups who are under-represented in the workforce, including youth, aboriginals, and immigrants.

As you know, labour market policy is a responsibility the federal government shares with the provinces and territories, pursuant to labour market and labour market development agreements with each province and territory.

With the exception of Quebec, the labour market agreements with the provinces and territories were replaced in 2014 by the Canada Job Fund, which is designed to strengthen private sector involvement in workforce training and skills development.

Despite having a commendable goal, the Canada Job Fund significantly reduces funding for employability programs that help vulnerable Canadians who are unemployed, given that it allocates 70% of the budget meant to support individuals who are not eligible for employment insurance benefits to employee training.

Although Quebec was able to keep the funding under its labour market agreement thanks to the unique way its employment partnership is structured, the fact that funding is being redirected to employed individuals is concerning on many levels. It is especially worrisome when it comes to the continuation of provincial measures for groups that are under-represented in the workforce, which I listed earlier.

It therefore seems necessary to incorporate greater flexibility into the agreements between Ottawa and the provinces and territories. This would ensure that training and employability programs managed by the provinces and territories could meet local labour market needs and allow for the introduction and sustainability of meaningful initiatives aimed at all groups, particularly those most vulnerable.

With that in mind, we recommend that the government guarantee access to employability and career development services to all vulnerable individuals through more flexible measures and transfer agreements.

Our third and final recommendation concerns the lack of an overall career development policy, both nationwide and in most provinces and territories.

• (0940)

The disparity between people's skills and labour market needs has serious repercussions: a loss of productivity, the squandering of human capital, health problems, and high social service costs. In that sense, an approach that includes all Canadians and promotes the development of their full potential is crucial to the country's sustainable economic growth and social cohesion. A career development framework needs to be established.

Without a coordinated strategy, it will be difficult to take proactive, deliberate, and sustained action to meet the career development needs of the population over the long term.

Consider that less than 20% of Canadians follow a linear career path. That means the need to build a mobile and dynamic workforce is undeniable.

We recommend that, through the Forum of Labour Market Ministers, the government develop a national career development framework, while giving the provinces and territories enough independence to adapt and deploy measures and strategies.

Thank you for listening.

[English]

The Chair: Thank you very much, Ms. Roy.

Turning to questions, we're going with six-minute rounds. We went a little over in the earlier segment.

Mr. MacKinnon.

• (0945)

[Translation]

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

I want to thank the witnesses for their fine comments. We've heard a wide range of recommendations this morning, and I think they paint a good portrait of the realities in Quebec.

I'd like to start with the representatives of the Conseil québécois des entreprises adaptées. As I see it, the measure of a country is the opportunities it provides to those who need them most. I want to commend you for your efforts to that end. I believe we should follow Quebec's model, and I will certainly recommend that to my colleagues.

You said the funding under the Canada-Quebec agreement had not increased since 2004. Paul Martin was the finance minister back then. He raised the funding for persons with disabilities even during the years of deficit-cutting. I see that, in your brief, it says that Quebec increased its contribution under the agreement.

Can you repeat or explain to the committee to what extent and in what way these investments deliver a return? I'd also like to know what form that return on investment takes, be it money in government coffers or the impact on pension plans. To what extent can this type of investment benefit society?

Mr. Raymond Guin: I hope I understand your question, Mr. MacKinnon.

When I was speaking earlier, I said that we see the adapted enterprise subsidy program as self-funding.

In fact, the study done by the economist Pierre Fortin and a few of his colleagues showed that, if the vast majority of persons with disabilities employed in our adapted enterprises were not working there, those individuals would most likely be recipients of social assistance for life.

What we have seen in Quebec—and I imagine the same is more or less true in the rest of the country—is that, even when youth with disabilities complete specialized training designed to support access to the workplace, they still have tremendous difficulty transitioning from the educational realm to the workplace.

They often wind up feeling marginalized and singled out. It's a very difficult time in their lives. What we've observed is that the vast majority of those young people with disabilities, or at least a good many of them—and, unfortunately, I don't have those numbers—end up living on social assistance even when they received training and education. It stems from the difficulty they have accessing the labour market. Just to clarify, I am referring to persons with disabilities considered to have severe functional limitations that prevent them from integrating into the labour market. It's important to understand what we are talking about, after all.

Obviously, a large number of persons with disabilities are able to access the regular job market given that their limitations are not too severe. The people we hire have severe employment limitations and, therefore, have a very hard time finding employment in so-called regular businesses. In some cases, they have no such opportunity. These individuals would otherwise be receiving social assistance benefits for life.

By hiring these people to work in our adapted enterprises, we put them on a path of social inclusion. They become consumers, taxpayers, and more active members of society because they find new communities in the companies they are placed in. They participate in society in a much more normal way, fulfilling meaningful roles that allow them to thrive and become fully contributing members.

As a result, a number of things happen. The government spends less on social assistance benefits and takes in more tax revenue, given that these workers have larger incomes, generate sales taxes, and contribute to the commercial activities of the adapted enterprises overall. Consequently, when you compare the amount the government is spending with the spinoff for society, it is clear that the program funds itself.

It has other equally important benefits, as well. They are harder to quantify, but include reduced health care costs and a lower demand for health care services, supportive care and attention, and follow up associated with this group of individuals. They find what they need in these adapted enterprises, in terms of support, training, and so forth.

● (0950)

Mr. Steven MacKinnon: Thank you for the incredible work you do, including here at home, through Re-Source Intégration. It's just wonderful what's being done.

I'd like to come back to the issue of infrastructure, a frequent topic of discussion. Obviously, I would like to hear from Mr. Dorval or Mr. Brun on this subject, but I do have questions for all of you.

We are hearing a lot about the Canadian infrastructure bank, greater involvement in pension plans and retirement funds, the Canada Pension Plan Investment Board, and participation in new projects, such as Montreal's public transit plan, and even existing infrastructure such as airports.

Where do you stand on that, in terms of greater involvement by pension plans or the private sector overall?

Mr. Yves-Thomas Dorval: Thank you, Mr. Chair.

First of all, Canada's infrastructure is not mature; it is aging. The work that was done more than 30 years ago has to be done over again, including sanitation infrastructure, water mains, sewers, drinking water, and so forth.

There is also the infrastructure for moving people, as well as transporting merchandise and logistics, which are very important for economic growth.

Massive investments are clearly needed. This is timely because investing in infrastructure creates economic activity. It benefits suppliers, workers, and so forth. So it will stimulate economic growth. The Governor of the Bank of Canada said once again yesterday that Canada's projected economic growth is weaker than expected.

The benefit of investments in infrastructure, if they are strategic and well-considered, is that they stimulate all economic activity.

Another benefit is that the investment backs something valuable, an asset. This is not bad debt; it has benefits.

To achieve this, the government wants to introduce programs. In the current context, major investments are needed for certain projects. We also note that retirement funds, whether the Caisse de dépôt et placement du Québec, the Ontario teachers' pension plan or federal public servants' employee pension plan, are also facing investment problems. Stock market returns are not what they used to be and, above all, bond yields and interest rates are quite low.

Infrastructure is also an investment vehicle and a good match for the various pension funds in question. So it is attractive for them to pursue this.

In Quebec, we saw that the caisse de dépôt was not allowed to do this. A special law had to be enacted to enable the caisse de dépôt to do this. It has to be done a certain way. It is not a question of the government guiding the investment; rather, the investment has to appeal to the private sector.

There is something interesting about the caisse de dépôt law. When an investment is made, there also has to be a private partner. As a result, it does not become a government order, but rather it has to be part of a profitable investment. In this sense, it is interesting that the private sector is joining forces with the public sector. If the private sector is not ready to invest, it could be because it is not a good investment, and vice versa.

A critical mass is needed for such increasingly large-scale projects. This applies to moving people, but in other sectors as well.

A report was tabled, or will be—in any case, there were leaks to the press—, the report of the consultative committee chaired by Mr. Barton. In any case, there is clearly some interest. How can we attract...

Why should the private and public sectors work together? We are not talking about a public-private partnership given the ownership of the infrastructure. The issue instead is the draw for investors and matching them with an institutional investor, in a relationship more similar to that of the market because, if there is no private interest, perhaps the return on investment is not good enough.

These aspects are extremely important. That is why we support this kind of initiative. In the case of the Réseau électrique métropolitain de Montréal, the organization responsible for Metropolitan Montreal's power grid, we see that the federal government needs to play a role, but not just the federal government. It is also important for other projects that could provide a boost, such as a faster rail link in a corridor in central Canada, which that we strongly support.

• (0955)

[English]

The Chair: We'll have to cut it there, Mr. Dorval. We're substantially over.

Mr. Godin.

[Translation]

Mr. Joël Godin: Thank you, Mr. Chair.

I would like to thank all the participants for laying out their game plans, so to speak.

My first question is for the representatives of the Conseil québécois des entreprises adaptées. Mr. Gouin and Ms. Brisson, I have just learned that we live in the same neighbourhood. I am very pleased to meet you for the first time, here at the Concorde.

In my opinion, with regard to your mission, I think the term "self-funding" does not do you justice because what you do is much more productive than that since it helps our community. I commend you on your mandate and encourage you to pursue it.

In order to properly assist you, could you tell me exactly what the council needs in terms of money to continue?

I will tell you my second question right away. How many companies are waiting? When requests are made, there has to be a problem, yet I do not see a problem in your operation. I would like more specific information.

Mr. Raymond Gouin: As to the amount of money, I would say the sky is the limit. In Quebec right now, there are just 130,000 people who are considered to have severe barriers to employment and who receive social assistance. We believe that a good many of those 130,000 people are unable to work for various reasons. For our part, I think we could help at least 5%, 6% or 7% of these people re-enter the labour market if we had the necessary resources and could create adapted jobs for them. That could take a considerable amount of money.

We have a specific project, which we outlined in our brief. It would create at least 1,200 new jobs over the next five years. That is regular growth. We would like the number of available or subsidized jobs in the provincial program to increase by 5% per year. Our brief includes some figures. It represents an additional \$3.4 million in the first year, and it would be more in the following years, of course.

Your second question pertains to the number of companies that need assistance. We conducted a survey of our 42 members in early 2016. We asked them how many positions they would need to help them consolidate their current activities and whether they intended to develop plans to create adapted jobs in other sectors, in other regions or near their current regions.

The results showed that, over the next three years, 1,000 new positions could easily be created by the existing adapted companies. For our part, we think the existing adapted companies can generate thousands of new jobs. It is not necessary to create new adapted companies. The existing ones are ready to transfer their current staff, to set up in other regions, and to develop other places of business in order to make jobs available for persons with disabilities in those sectors.

Mr. Joël Godin: Thank you very much. As I have already said, your work is commendable and I encourage you to continue. Rest assured that your MP in your riding can represent you well.

Mr. Raymond Gouin: Yes.

• (1000)

Mr. Joël Godin: My next question is for Mr. Brun, from the Mouvement Desjardins.

You said in your presentation that household debt is a major concern.

A measure has been implemented just recently by the current government, specifically by the Minister of Finance. This measure is a way to control urban markets, such as in Toronto and Vancouver.

I would like to know what impact this measure could have on specific regions, in your opinion. This measure reduces buyers' ability to purchase their first house. It was implemented just a few days ago, so it is brand new. We know it will have impacts. I would like to hear your opinion on that.

Mr. Bernard Brun: Thank you for the question.

Yes, the measures are very recent and they include a number of components. One of them is intended to close a tax loophole. That was primarily directed at foreign investors. It has been well received on the whole, because it had become clear that certain investors had an undue tax advantage. It heated up the market unnecessarily, as you said, and also exacerbates the whole problem of access to housing.

Other measures have been announced, such as a test to determine how much pressure buyers can withstand. This means evaluating their ability to pay a higher interest rate over five years.

As a result, we are seeing a slight cooling of the real estate market. There is a contradiction of sorts, though, since this measure also limits buyers' access.

There is quite a contradiction right now. Interest rates are so low that, unfortunately, good citizens, who are careful and save money, are penalized. For example, people who did not buy a property quickly enough, when interest rates were kept low, who thought they would eventually increase, have seen property values increase much more than any additional amount they could have saved for a down payment.

That is why the government is now addressing housing affordability. That is also why I said, on behalf of the Mouvement Desjardins, that I urge the government to be extremely careful with tightening measures. The tax loophole is an excellent measure. Protecting people against themselves by applying a test for a potential hike in interest rates is extremely important. Before any further measures are taken, however, I think the impact of the current measures must be assessed, over a few months or a certain period of time. The impact of the measures taken must be assessed, and then any further action must be in small increments. Otherwise, the aftermath, the potential drop in property values or in economic activity, could outweigh the benefits of additional measures.

[English]

The Chair: Thank you, Mr. Godin and Mr. Brun.

Mr. Dusseault.

[Translation]

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

I could have asked Mr. Gouin and Ms. Brisson my first question, regarding investments with a much higher rate of return.

I will ask Ms. Ravon and Ms. Roy the question now. I want to try to convince the committee members that these investments will be good for our society.

With regard to a national day care program, do you have any figures for the committee as to the return on each dollar invested? In my opinion, every dollar invested in a day care program would give the government more than a dollar in return, owing to a higher labour force participation rate, especially among women. Do you have any figures on that?

•(1005)

Ms. Lauren Ravon: Yes, absolutely. Some very interesting studies have been conducted in Quebec and we mention them in the report. I could give it to you at the end of the meeting.

We see an effect not only in terms of greater access to employment for women, reduced poverty rates, higher incomes, but also an increase in GDP. For Quebec, the studies were conducted in 2008 and 2011. They conclude that the costs of the provincial day care program are much lower than the additional revenue generated for Quebec's economy. Studies of this kind, conducted in Scandinavian countries, conclude the same thing. In general, not only do the programs pay for themselves, but they also create economic growth.

Mr. Pierre-Luc Dusseault: I hope that information is helpful to the committee.

Moreover, do you have figures that would allow the committee to gauge the return on investment of job-readiness training, which helps people access the labour market?

Ms. Valérie Roy: Thank you for the question.

We have been trying for years to gauge the return on investment in practical terms. The most recent studies we conducted, with other job-readiness groups in Quebec, have shown that every dollar invested has a return of approximately \$2.80. The return on investment is considerable. As Ms. Ravon said, it not only pays for itself, but it also creates economic growth.

I would note quickly that it is often very difficult to demonstrate the return on investment of programs, such as in my sector of job-readiness. We are dealing with quantitative data, reports that organizations have to provide to government. So the provincial or federal government has some quantitative data. There is, however, a tremendous amount of qualitative data that also has to be considered in order to better gauge the return on investment and the benefit to society of helping people, who at first glance face barriers to employment, enter and stay in the labour market.

This is a challenge for many of our colleagues in other socioeconomic sectors. I think we must take the time to get a clear picture of the return on investment and then offer more targeted programs and services accordingly.

Mr. Pierre-Luc Dusseault: Thank you.

Those are three very practical proposals that will enable the committee to consider the issue at greater length and, we hope, recommend that the government invest in this.

That said, I am very impressed by the mission of companies in the social economy and cooperatives. I am very much in support of that. Could the federal government do more to encourage the creation of companies in the social economy and cooperatives?

I think that, if an entrepreneur has an idea to launch a company, to become incorporated, their first reflex is not necessarily to create a cooperative or a company in the social economy in their sphere of activity. It is no doubt more complex and difficult to do. How could the government facilitate the creation of that kind of company so there are more of them instead of just companies, as we often heard this week, whose sole objective is to make money to give their shareholders at the end of the year?

Mr. Michael Toye: Thank you for the question.

[English]

I think the reflex for alternatives, especially among young entrepreneurs looking for collective enterprises, social entrepreneurship, is really taking off in universities and colleges. People are looking for alternatives, whether it's B corps, co-ops, or social enterprises.

What we found in our analysis of the existing programs, and was the reason for our recommendation related to opening up small and medium enterprise programs offered by the federal government, was that only about 10% have actual regulatory or legislative barriers to serving social enterprises, non-profits, or co-operatives, but the major problem is demystification, right?

Among the public in general but especially the employees, the public servants working in those programs, there's a reluctance to be serving in non-profit because it's a different structure, a different approach, and they're not sure they're eligible.

We're recommending there, in fact, be an effort of education, an awareness-raising. The fact is that collective enterprises have double the five- and 10-year survival rate of traditional SME start-ups. There's an extremely viable business structure that has, in addition, tremendous social and economic benefits for local communities.

Another very positive step forward was the inclusion of social innovation and social enterprise in Innovation, Science and Economic Development Canada's new innovation strategy, at least in the consultations so far.

We have great hopes that this is a new step forward in terms of opening up what used to be Industry Canada's programs and interest, support for a co-op movement and others, and I think there's a lot of potential.

• (1010)

[Translation]

Mr. Pierre-Luc Dusseault: Thank you.

In my remaining time—

[English]

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

Mr. Sorbara.

Mr. Francesco Sorbara: Good morning, Chair, and good morning, everyone. It's great to be here.

I'm going to give a minute or so of my time over to Mr. MacKinnon. We have five minutes, right?

The Chair: We'll have time for a couple of extra questions at the end, so we'll give Mr. MacKinnon and someone on this side a chance later.

Mr. Francesco Sorbara: Thank you.

To the Desjardins Group, good morning gentlemen.

Having covered Desjardins Group in a case for many years on the bond desk, I'm familiar with your structure, the shareholders' equity, and the whole bit with regard to Desjardins.

I want to get your view on the housing market. Many people in Canada comment on the debt ratio, debt to disposable income, but the same commentators, or many of them, don't comment on the net worth of Canadians, even if you take out the real estate assets and you just look at the net worth of financial assets. It's kind of double accounting, two sides of the balance sheet. Really there are three, but two sides for now.

I want to get your view on that, in terms of the fact we are spending a lot of time looking at this one ratio, but we're not spending a lot of time looking at a few other ratios to determine the strength of the Canadian consumer or the Canadian household.

I'd like to hear your view of the changes that were made, and what impact they may have on Quebec, specifically rural Quebec, the area outside of greater Montreal and greater Quebec City.

[Translation]

Mr. Bernard Brun: Thank you for the question.

First, I must say that your first comment regarding debt ratios is very relevant. We know that household debt has increased substantially in recent years. The ratio currently sits at about 170%. We must certainly bear in mind the value of assets as compared to debt level. The value of these assets has increased, however, which reassures our groups of economists overall. That is also reflected in our economic studies.

The issue is instead the risk of loss of value. If the assets acquired drop in value, this could cause some vulnerability. Right now, we consider the ratio to be acceptable.

With regard to the measures that have been announced and implemented, I would say that there are in fact practical impacts on the real estate market, specifically on the Quebec market, which affects the Mouvement Desjardins. Since these measures were just announced on October 3, we cannot yet provide details or know exactly what the impact will be. I would say, however, that there will be a substantial impact, that is, a substantial decrease in mortgages. To your colleague's point, this could further limit access to ownership. The government will no doubt have to take measures to offset this in order to make it easier for people to purchase a home.

[English]

Mr. Francesco Sorbara: Thank you for your answer.

[Translation]

Ms. Roy, I have a question for you.

[English]

On the access to labour market information, I wholeheartedly agree with you that across the country we need better information for all user groups to make sure we're making wise decisions.

Have you quantified how much you would like to see put into the system for the labour market information programs that you advocate for?

Ms. Valérie Roy: No, we haven't.

[Translation]

You want to know how much money would be needed?

[English]

Mr. Francesco Sorbara: Yes. How much money in additional government funds would be required?

[Translation]

Ms. Valérie Roy: No, we have not arrived at a specific amount of money.

In our brief, we point out that there is a great deal of information about the labour market. We should invest in ways of providing this information effectively. For instance, we should invest a lot in the platforms to make them more appealing, because the information they contain is still very dry. It is not presented in an interesting way and does not appeal to people. Many people are not familiar with it. We should invest in a promotion and visibility campaign to show people how to use these unappealing Internet platforms. Work is needed to make the public and especially young people aware of the sectors of activity where there are employment opportunities, and to help them properly understand the information on these platforms in order to match training to job opportunities.

• (1015)

Mr. Francesco Sorbara: I agree.

[English]

The Chair: You can have one more quick one.

Mr. Francesco Sorbara: Quickly, Ms. Ravon, as a father of two young daughters I listened very intently in terms of what you mentioned about what we can call women's inequality, the situation that exists. One of your recommendations was on the CRA and funding. I'm happy to comment that our government did put a lot of monies into CRA. Some \$441 million is going into that entity. We've brought in the Canada child benefit plan, which will lift 300,000 children out of poverty in the next 12 to 18 months. I think these are great first steps, but there is much work to be done.

Out of everything you've listed, could you give us your top two priorities or your two top asks, please?

Ms. Lauren Ravon: Thank you for your interest in the women's rights work that we do. Obviously, I represent an international development organization, and our number one priority is to see Canada reinvest in international aid. We've seen, relative to other international donors, a moving backwards. We've had aid cuts and stagnation for about a decade.

Also, there's something very exciting at this time. I've seen Canadian leadership on the global stage and a government that's committed to women's rights internationally and that's in spaces talking about the importance of protecting women's rights. We would like to see that go alongside increased funding.

The second part would be around gender-based analysis. I think it's crucial in every sector of society in terms of the way we make decisions, and in particular for this committee, although I see that it's an all-male panel today. We're hoping that gender-based analysis can inform the decision-making of the committee.

Mr. Francesco Sorbara: Just to be clear, there are two women, although not today.

The Chair: There were two. Lisa Raitt has stepped aside for some reason. I know not what.

Mr. Albas.

Mr. Dan Albas: I don't know either, Mr. Chair, but I do appreciate that you looked to me.

[Translation]

Thank you, Mr. Chair. I will ask Mr. Brun my questions.

[English]

With regard to the mortgage qualification changes, I've had a number of people in Summerland and West Kelowna comment that they feel let down because it feels as though the goal has been pushed further back. They think the reason for that, for why they don't qualify and they have to save money, is that the government sought to make changes to the whole country really based on what it felt were two very hot markets: Toronto and Vancouver.

We all want to help people. We all want to manage the economy well. I appreciate your comment that you support that, but I also get the sense that you want these changes to be digested before the government considers more actions, particularly after British Columbia introduced a new tax that seemed to actually alleviate a lot of the concerns.

This change really tamps down demand, but it also has a negative consequence in that it tamps down demand right across the country. Is that correct?

Mr. Bernard Brun: Absolutely.

[Translation]

Yes, we feel the demand. The tightening of the rules will have an impact in Quebec as in the other provinces. Those are the predictions of the Canada Mortgage and Housing Corporation as well.

[English]

Mr. Dan Albas: Rather than trying to increase affordability and to stimulate economic growth, would you suggest perhaps the government look at maybe raising the HST/GST rebate on new housing construction? That's a measure that would probably increase the supply of housing while stimulating the economy.

[Translation]

Mr. Bernard Brun: It is a specific measure. I know the government is working on alternatives in order to promote access to housing and ownership.

The increase in property values does of course have an impact on taxes, whether land transfer taxes or municipal and school taxes. Some will increase proportionally.

Measures to promote ownership for first-time buyers could be implemented, such as a discount or reduction in taxes, especially during the initial steps in the purchase process, either in the first years or at the time of purchase. Such measures should be linked with other problems we have seen, such as houses sitting empty, and so forth.

The government should implement measures that effectively target first-time buyers and young buyers in particular. Moreover, these measures should apply to housing that the buyer will live in rather than housing purchased for rental or speculative purposes.

•(1020)

[English]

Mr. Dan Albas: I appreciate that.

With regard to certainty, because it also sounds as though this particular policy was quite rushed, and there wasn't time for a consultation—that's what we heard from the minister's office—I would like to talk about

[Translation]

the paperwork that the caisses populaires are talking about.

[English]

I'm talking about the common reporting standards. I would like to go there.

First, I would like to take a step back. In the last few years, we have seen the American regime, FATCA, the Foreign Account Tax Compliance Act, which sets out quite a net for the Americans to deal with tax evasion. In complying with that, and the structure of credit unions or caisses populaires, there is quite a different approach.

With regard to submitting to the CRA your FATCA reports, how many reports did your organization have to produce?

[Translation]

Mr. Bernard Brun: The Mouvement Desjardins is an association of caisses, an association of small financial institutions. Unfortunately, the government considers each of the caisses as a separate entity for reporting purposes, which in most cases forces us to file more than 300 reports, whereas a bank files just one.

[English]

Mr. Dan Albas: How many of those reports would some of your competitors, and again there are different types of competitors including the larger financial institutions like the Royal Bank, etc., have to produce?

[Translation]

Mr. Bernard Brun: It depends on the number of entities, but as for the bank, it would be one. I can't answer as to their overall structure, but for the activity of the bank itself, it would be one.

[English]

Mr. Dan Albas: So again, it's the same reporting standard but a much different, administratively burdensome, system.

[Translation]

Mr. Bernard Brun: Absolutely, yes. The federal structure is not easily accepted. We are having ongoing discussions with the Department of Finance to really sell the concept of an integrated financial group, meaning a group that can fully abide by the rules on risk management and compliance. Clearly, the government intends to enforce all these rules but, as I mentioned in my introduction, it is important to take into account the distinctive features of a co-operative group.

[English]

Mr. Dan Albas: There doesn't seem to be the same kind of recognition—

The Chair: We'll have to stop it there, Dan.

Mr. Grewal.

Mr. Raj Grewal (Brampton East, Lib.): Thank you to the witnesses for coming here today and testifying on where you think budget 2017 should be going.

My first question is for Oxfam Canada.

You're advocating for an increase to corporate tax rates. I understand the issue in the Canadian landscape on tax evasion, that everybody should pay their fair share, whether it's corporate, whether it's personal, whether it's estate tax, and the government has invested \$440 million in the CRA.

This committee has studied tax evasion and has drafted a report—I don't believe it has been tabled yet—with recommendations on how to counter tax evasion and tax avoidance. On increasing the corporate tax rate, could you add some colour on why you think that is a good thing for the Canadian economy? At the same time, I'd like to hear your comments on the fact that generally, economists say that if you increase corporate tax rates, you'll have an offsetting increase in unemployment.

•(1025)

Ms. Lauren Ravon: This is an issue that Oxfam works on internationally, and very interestingly, the work on CRA has been recognized within the confederation and I know other colleagues in other countries are now pointing to Canada's effort in countering tax evasion. That's an interesting piece of work and we're definitely very supportive of it.

In terms of increasing the corporate tax rate, it's interesting because I was in meetings at the Department of Finance this week with Mr. Morneau's team saying we recognize that significant cuts to the corporate tax rate over the past decade have not led to growth, have had no impact on growth, and actually have diminished our capacity as a government to pay for public services. We're saying that that's not a strategy that functions, and we're quite frank about wanting to see corporate tax rates increase, if it was politically feasible.

Oxfam will be coming out later this year with a study I'll share that ranks inequality-tackling measures across countries. It's looking at 90 countries across the board. We're already seeing where Canada ranks in this index, and we're very low on the scale because of our corporate tax rates. They're some of the lowest, definitely within OECD countries, and even compared to our American neighbours.

Our interest is not so much in how taxation functions. It's how much the government has to invest in pro-poor policy measures and to invest in foreign aid. We know these are one of the areas, and I'm sure all of you on the committee know it's not easy to get new money. It's easier to spend it than to raise it, and this is one of our recommendations.

Mr. Raj Grewal: I couldn't agree with you more on the fact that it's easier to spend the money than to get it. You also commented in your testimony that people who are wealthier should pay more. We have raised taxes on Canada's one per cent, and we've had a tax cut for Canada's middle class, which has been generally well-received.

On the corporate tax point, I must say that the corporate tax rate, in my humble opinion, should remain the same. As a former corporate lawyer and a former financial analyst, I believe that once you raise the corporate tax rate, what happens is that corporations have a duty to their shareholders, and they have to still deliver a bottom line. If you increase the corporate tax rates, that impacts their income statement. At the same time the biggest cost driver is usually employees.

In this market Coca-Cola's headquarters, its biggest plant, is in Brampton, the city where I come from. When I toured that plant, they said that if there was an adjustment to corporate tax rates or if there was an increase or an implementation of a soda tax, they would have no hesitation to pick up that plant and move it to Mexico. That's the reality of what we're dealing with.

I don't doubt the importance of social programs. Obviously, we have to do more in terms of foreign aid and stuff like that, but corporate tax rates, that's just not the mechanism to get that revenue.

You're more than welcome to comment.

Ms. Lauren Ravon: No, that's fine. I think the studies show that a reduction in the corporate tax rate has not helped the economy and it has increased government deficits. That is one thing that—

Mr. Raj Grewal: The study doesn't say what an increase in corporate rates would do to the economy.

Anyway, we'll move on. I'm not here to debate. I just want—

Ms. Lauren Ravon: Well, thank you for listening and thank you for the work on the CRA.

Mr. Raj Grewal: Thank you.

The housing market is extremely important to the country, obviously, and you've added a lot of commentary on that, so I will leave that point there.

This question is for the Quebec Employers Council.

You mentioned an immigration investment program for Quebec. We used to have a good investment program in which a lot of foreign direct investment came into the country. Immigrants came into the country, and they invested I think \$500,000 to \$1 million, and they had a path to permanent residency, and then a path to citizenship. That program was unilaterally cancelled in 2008.

Do you have any comments on what type of program we should be looking at—because I know the minister is looking at one—and what the amount should be?

Mr. Yves-Thomas Dorval: Thank you for the question.

I reinforce what you have said about impacts from increasing corporate taxation, but there are plenty of studies that show also the impacts of not doing so.

First of all, remember that immigrant investors, if they are not coming here to invest, will go away. If we are not able to attract them

to come and invest, we will not get this money, if it's not invested here. It's money we will never get if we don't have programs that will make it attractive for them to come here.

We invite the committee and everybody to look at the study we published exactly 11 months ago, in December 2015, about the economic impacts of immigration. We have a specific section about positive economic impacts from immigrant entrepreneurs and immigrant investors, and we have all the details about how we can generate more and what we have lost in reducing the attractiveness of the investment immigrant.

I am also concerned about the impact that can happen. Immigrant investors that get into real estate and create an artificial increase in the value of the real estate are not necessarily, I would say, the best way of looking at this. It's the same with losing ownership, like in agriculture sectors, our farms. It's always delicate to go there. But it is important to bring this investment.

In Quebec, by the way, a large portion of a program that deals with the first experience of working for immigrants is funded by investments from the investor immigrants. We can generate a huge leverage with that money in different programs, and I think it's a good idea.

• (1030)

The Chair: Thank you both.

Mr. Godin, you have one question and then Mr. MacKinnon will have the last question.

[*Translation*]

Mr. Joël Godin: Thank you, Mr. Chair.

My question is for Mr. Dorval, who represents the Quebec Employers' Council.

In the context of the premise of your presentation, you said that economic growth improves the quality of life of Canadians, and I fully agree with you. You also said that our country must be able to attract investors. I have two quick questions for you since my time is limited.

First, is Canada currently attractive to investors and what should we do to be more so? Second, what is your view on start-ups?

[*English*]

The Chair: He fit in three questions.

[*Translation*]

Mr. Yves-Thomas Dorval: Yes, Canada is attractive. We have a competitive environment for operating costs, taxation and so on. These are not a problem. However, the same isn't true for predictability and approval times. A company that wants to invest in a natural resources project or in a large factory, for example, must wait a while before getting authorization, environmental or otherwise. Predictability is another problem because the environment might change before there is a return on invested capital. This happened in the mining sector, the hydrocarbon sector and other sectors. These are extremely important factors.

In short, our conditions are attractive, but investors find that the processes for obtaining authorization are lengthy and complex, and there is a lack of predictability in the fact that the objectives are often changed along the way.

What can we do for new companies?

I can't speak on behalf of all these companies.

I will give you an example because it is related to a very important concern: clean technologies. We need to invest in them right now, but we have a lot of research, little innovation and very few patents. We are losing this market. Yet, we have expertise in venture capital funds for clean technologies, particularly in Quebec.

However, the problem is that the critical mass of these funds is modest compared to other countries. We are investing in the start-up phases of our new companies, but when we get to the marketing stage, we have no means left. That is when foreign interests with much more robust funds come in and appropriate what we created and the associated intellectual property.

The greatest danger for us is not reaching this critical mass. So we are making a request to the federal government. We would like to have an investment fund for clean technologies. It would be \$300 million, and \$100 million would come from the federal government, \$100 million from the provinces that could be provinces other than Quebec, and \$100 million from the private sector. With \$300 million, we could reach the critical mass necessary to realize—not just in a single portfolio, since there needs to be some diversification—the subsequent phases, phases C and the others, and get to marketing. It would be a good way to help our new companies.

• (1035)

[English]

The Chair: Thank you.

Mr. MacKinnon.

[Translation]

Mr. Steven MacKinnon: I'll ask my next two questions one after the other, and they are for Mr. Brun and Mr. Dorval, respectively.

Mr. Brun, could you give us your opinion on business transfers?

Since there are a lot of family businesses in my region, people often talk to me about the need to improve the system for transferring a business from one generation to the next.

Mr. Dorval, I don't know if you used the word "linking" in your brief, but I would like to know whether you think Quebec is open to a linking exercise between Revenu Québec and Revenue Canada.

What possibilities do you think such an exercise would offer?

Mr. Bernard Brun: Thank you, Mr. MacKinnon.

With the aging population, business transfers are becoming an increasingly alarming issue. It's a problem we've seen for ourselves. The Mouvement Desjardins serves about 400,000 businesses, mostly small and medium enterprises. Business transfers can be addressed in various ways. They can be set up differently. With that in mind, we created Capital régional et coopératif Desjardins. So businesses

can be converted to co-ops, with managers and employees as shareholders.

With regard to business transfers, I think that taxation is a key aspect for the governments, particularly the federal government. We need some tax tools for these family businesses and private businesses, which are not on the stock market. It involves being able to report the impact or, at the very least, amortize all the capital gain issues, which are untenable for successors. Otherwise, foreigners can scoop up clearly established businesses, sometimes even at a discount. By keeping them here, we are also keeping the feeling of belonging and all the economic development that goes along with it.

[English]

The Chair: Thank you.

Mr. Dorval.

[Translation]

Mr. Yves-Thomas Dorval: As for your second question, obviously if you ask the manager of a business or even an individual who now has to complete two tax returns, who now has to deal with two series of audits and so on, we see that there is a problem. As such, I won't address the political aspect of a provincial government that wants more independence. Certainly, when we group things together, we sometimes lose some of that independence. I will not venture into the political issue concerning those matters. However, when we link things, when we have people or businesses that are subject to a multitude of procedures, checks and administrative obligations, having an administration to do it would be much easier and much less costly. It is also interesting that this is done in Quebec with regard to sales tax. Quebec administers the federal sales tax and the provincial sales tax. In short, it can go one way or the other. There is interest in this, and you asked the question.

Another thing of great interest to businesses working in retail and on which the federal government could act is the entire issue of taxation with respect to e-commerce. There is a lot of concern about it in Canada, and many of these responsibilities fall more on the federal government than on the provinces. It is a major issue because of the huge loss in that regard. We're talking about over \$200 million in Quebec for several businesses. We're talking about a huge impact on competitiveness because of this inability to ensure that e-commerce transactions are taxed in the same way as those of convention retail. This gives a competitive advantage to global giants outside Quebec and Canada, and that is a significant disadvantage for us.

[English]

The Chair: Okay, thank you all.

There are a couple of points of clarification.

Ms. Ravon, the CRA report that we did on tax avoidance will be tabled, I think, next Wednesday. We did fairly substantive hearings on that issue.

Mr. Toye, you mentioned the safe water projects in indigenous communities. We did make a recommendation, recommendation 31, in our report last year. We suggested to the government that the safe water project that we'd looked at—and I just can't think of what exactly the name was—a first nation initiative that has been successful in ending boil water advisories, should be considered by the government in going forward. On your point, I'm trying to figure out if we're on the same wavelength in terms of the proposal from the first nations community. If you could have a look at that recommendation, and the commentary before it, then we can sort that out.

Thank you all for your presentations and for answering the questions.

We'll suspend for 10 minutes to allow for the next panel to prepare.

• (1040) _____ (Pause) _____

• (1055)

The Chair: As witnesses understand, this is the Standing Committee on Finance. Pursuant to Standing Order 83.1, we're doing pre-budget consultations for the 2017 budget.

We are missing a couple of members. They must be thinking it's more important to talk on the phone at the moment.

In any event, we would hope that witnesses in their presentations can hold their remarks to about five minutes. All the presentations that have come in have been translated and are on our iPads, so you'll find that the members will be going to their electronic documents now and again during a presentation. Some people do find that distracting.

Before we start, I'll ask those members who are here to introduce themselves so that the witnesses know they you're talking to.

Perhaps we could start with you, Pierre-Luc.

[Translation]

Mr. Pierre-Luc Dusseault: My name is Pierre-Luc Dusseault, MP for the riding of Sherbrooke and member of the NDP caucus.

I am very pleased to be in Quebec and to meet with you. Thank you for being with us today.

[English]

The Chair: Mr. Albas.

Mr. Dan Albas: My name is Dan Albas.

[Translation]

I am the MP for Central Okanagan—Similkameen—Nicola, a riding in British Columbia. I am pleased to be here with you. I hope that—

[English]

I will learn a little more about your organizations. Thank you.

The Chair: Thank you very much, Dan.

Raj.

Mr. Raj Grewal: I'm Raj Grewal, the member of Parliament for Brampton East, just outside of Toronto. I'm excited to be in Quebec City.

The Chair: I'm Wayne Easter, the member of Parliament for Malpeque, which is the area mainly between Charlottetown and Summerside in Prince Edward Island.

The Union des producteurs agricoles is here. I'm a farmer by trade, and I used to be president of the National Farmers Union.

We will ask Mr. MacKinnon to introduce himself.

[Translation]

Mr. Steven MacKinnon: We have had discussions with previous witnesses, and we are eager to speak with you today.

My name is Steven MacKinnon, MP for the riding of Gatineau. I am pleased to be in Quebec again as part of our national tour.

Thank you for appearing before us today.

Mr. Francesco Sorbara: Good morning and welcome. My name is Francesco Sorbara.

[English]

I represent the riding of Vaughan—Woodbridge, and I am Raj's neighbour as well. I'm happy to be here.

Thank you.

The Chair: With that, we'll start the presentations. The first presenter is Mr. Nepton, who's with the Agence interrégionale de développement des technologies de l'information et des communications.

André, the floor is yours.

• (1100)

[Translation]

Mr. André Nepton (Coordinator, Agence interrégionale de développement des technologies de l'information et des communications): Good morning, Mr. Chair and committee members.

AIDE-TIC is a non-profit organization. Its mission for the past five years has been to develop access to information and communication technologies in rural areas. We have carried out projects with the community. These are public and private partnership projects that are associated with large Canadian telecom providers.

To date, we have provided Internet and cellular service to 19 communities in Quebec, including the Innu community of Essipit.

Today, I'm not going to stress the importance of developing our fibre optic networks so that they are closer to users and therefore would strengthen Canada's digital backbone, no more than it is necessary to recall that cellular telecommunications are now part of everyday life, improving the public's quality of life and safety.

Today, I will speak to you about the future, a near future in which digital technology will play a major role and the government will have a leading ability to respond.

The technological environment and the Internet are constantly transforming to meet growing needs. So adaptation of businesses the furthest from the markets and supply is increasingly difficult, forcing them to work harder to remain competitive.

As the OECD indicated in 2015, countries that are successful in positioning themselves on the global digital stage are those that support the deployment and development of broadband networks to remote regions, but that also integrate the dual objective of expanding mobile broadband and optimizing spectrum resources.

Canada has been successful on this front. However, the efforts to date have always favoured the deployment of fixed and satellite networks, while mobile networks necessarily play a key role in the vitality of the digital economy.

Mobile technology is complementary to and inseparable from the fixed Internet. It supports new applications, including those adapted to emergency and health services, business, self-driving transportation initiatives, document transfers and financial services.

On a global scale, the volume of Internet use is increasing by 20% per year, with mobile data traffic increasing by 600% in Canada by 2020. In 2015, 51% of the data that flowed did so over smart phones and tablets, which explains why 60% of all new applications developed are for mobile devices.

The strong demand for mobility therefore justifies the need for additional infrastructure, speed and capacity. By 2020, the technology will attain similar speeds to those of fibre optics, with targets of 1,000 megabits, 10 times faster over the next decade. So today, the rural right to accessibility to the digital economy is the focus of our concern. The need for adequacy when there is a demand for service and government programs is essential, particularly to help new organizations that must face this next revolution of Internet access platforms.

Therefore, the current challenge is to extend mobile networks, which are a source of economic vitality and a factor in accelerating innovation because they remain the only mass support technology that can simultaneously offer mobile Internet and voice transmission, so cellular telephony. The most remote businesses can no longer be excluded from these benefits. Consolidation of the rural contribution to the country's economic input, both through employment and added value must remain at the heart of our actions to encourage more dynamic occupation of the Canadian territory.

To this end, for some time now, elected officials have been expressing the need to have government programs adapted in light of the deficiencies in national cellular services. They are calling for respect for a rational and reasoned technological choice for broadband Internet that is much more progressive and adapted. In reality, even today, too many rural municipalities, including many First Nations, are still completely without cellular telephony, and that must not be the case anymore.

We have two recommendations that are consistent with the expressed will of the current government to make Canada a leader in innovation by developing a digital capacity and having it adopted by all sectors of the economy.

First, the Minister of Innovation, Science and Economic Development Canada is currently establishing the criteria for the new connecting Canadians program, which will be in place for five years. This crucial program is itself the central element of the federal government's digital strategy for the next five years.

In light of the imminent announcement of the operational framework for the program and the \$500-million envelope under budget 2016, AIDE-TIC would like to express its concern about the risk of looking for an obvious technological neutrality that too often in the past has had negative impacts on the deployment of cellular services in the regions. In that respect, we would suggest that you recommend to the officials involved that they create project-selection criteria that prioritize cellular technology as the essential strategic infrastructure for the transmission of mobile Internet and voice where there is no efficient Internet. Obviously, these projects will have to remain at a reasonable cost, prioritize locally, be based on local and provincial involvement and, of course, ensure that the telecommunications carriers are involved.

The second recommendation has already been submitted to the committee, but it has been adapted and regionalized. It is intended to stimulate the deployment of new cellular telecommunications infrastructure, but specifically in municipalities with fewer than 3,000 inhabitants, and along interregional roads. To that end, AIDE-TEC thinks that, considering the low user volumes and, therefore, the low profitability for carriers, as well as the premature aging of technology because of the rapid pace of development, a tax credit should be provided as an incentive for investments or a capital cost allowance of 55%. This would be done based on the total new expenditures incurred by carriers in these rural sites, as is the case for property in class 50.

To conclude, we would like to thank you for giving us a voice and for giving a voice to the half a million Canadians who, even now in 2016, have no mobile cellular service.

We are available to answer any questions the committee members may have.

Thank you.

• (1105)

[English]

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

We are hearing a fair bit about that issue across the country.

We will turn now to the Association des marchands dépanneurs et épiciers du Québec, represented by Mr. Servais and Mr. Desrochers.

Welcome, Mr. Desrochers. It's good to see old—well, I'd better not call you old—former colleagues here.

Mr. Servais.

[Translation]

Mr. Yves Servais (Director General, Association des marchands dépanneurs et épiciers du Québec): Good morning, Mr. Chair.

I would like to thank the MPs for the invitation. It is greatly appreciated.

My name is Yves Servais. I am the director general of the Association des marchands dépanneurs et épiciers du Québec, the AMDEQ, a group of close to 1,000 owners of independent convenience stores. It is important to note that AMDEQ does not include multinationals like Couche-Tard, in Quebec, but only independent convenience stores. AMDEQ is also a buying group. It also defends and represents the economic issues that have an impact on the operation of our members' businesses.

I am accompanied by Mr. Desrochers, who takes care of AMDEQ's government relations. He is also a former member of the House of Commons.

That said, when you invited us to appear, you asked us what federal measures could help the growth of SMEs in Quebec and the development of Canada's economy. We currently have two priorities, which correspond to two matters currently being studied in the House of Commons.

The most important priority has to do with credit card acceptance fees. For close to six or seven years, we have been lobbying the various governments to resolve this matter. Retailers currently have to pay high fees when they let customers pay for purchases by credit card.

A few years ago, the Competition Bureau acknowledged that Canada's acceptance fees were among the highest in the world. We are here today to make you aware of the situation and to ensure that these fees will eventually be regulated lower. Several countries have already regulated credit card acceptance fees.

The former Conservative government took certain positions and was involved in the matter, which we think was a step in the right direction, but it wasn't enough. There were no concrete outcomes regarding the costs that accepting credit cards incur for our members.

For example, when consumers pay with their credit card, for some gas retailers, they may pay \$40,000, \$60,000 or \$80,000 in management fees. For large grocery stores, these fees may fluctuate between \$120,000 and \$150,000. Those are huge amounts.

So we are meeting with you today as representatives of the Association des marchands dépanneurs et épiciers du Québec to ensure that credit card acceptance fees will actually be regulated, as other countries are doing.

I would like to point out that Australia was one of the first countries to regulate these fees by fixing the rate at 0.5%. Here in Canada, the average is 1.5%, but it can even go as high as 2% or 3%. The difference between Canada and Australia is huge. As for Europe, a year or two ago, England regulated credit card acceptance fees and set the rate at 0.3%. Once again, it is much lower than here, in Canada.

I would like to add something about the 1.5% to 2% fees that we are charged by credit card companies. It is important to dissect these fees. I find it worth mentioning that 40% of the fees invoiced to merchants are used for bonus points, free gifts or rewards offered to consumers when they use their credit card. We don't think it is our responsibility to pay for bonus points or rewards that credit card companies give to consumers. We are willing to pay for the technology and the security, but we think it is up to the credit card companies, mainly Visa and MasterCard, to pay the fees related to the rewards.

● (1110)

What happens is that the credit card companies and financial institutions do a lot of promotion to convince consumers to pay with a credit card, which provides astronomical income to the credit card companies and financial institutions, but also creates astronomical expenses for small businesses. That is why we are asking you to establish regulations on this. We believe it's important.

I would also like to point out that, previously, about a year or a year and a half ago, the NDP tabled a motion in the House of Commons to establish a rate on credit card fees. The Liberals were in opposition at the time and had indicated that they were in favour of regulating the rates and fixing them at 0.5%. In February 2016, a Liberal MP, Linda Lapointe, member for Rivière-des-Mille-Îles, introduced a private member's bill to truly regulate credit card rates. So we are asking the government and all the MPs to be sensitive to Ms. Lapointe's bill and to move forward with regulations on credit cards. We could elaborate on this later.

The last point I would like to mention relates to the bill tabled by the NDP on business transfers. It's something that is also very important to us. I could elaborate on this, but I think my time might be limited.

Mr. Chair, may I make a brief comment on this issue?

[English]

The Chair: You're pretty well out of time. Please sum up in 30 seconds.

[Translation]

Mr. Yves Servais: Thank you, and I will be brief.

Many convenience store owners have had their business for 25 or 30 years. They now want to hand over responsibility for their businesses to their children, who are showing a desire to take over. However, fiscally speaking and with existing regulations, it is more profitable and more worthwhile to sell the business to someone other than a family member.

A bill was tabled on this matter. We support it, and we hope that the members of the House of Commons will support it as well.

● (1115)

[English]

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

We'll now turn to Monsieur Leblanc from the Chamber of Commerce of Metropolitan Montreal.

[Translation]

Mr. Michel Leblanc (President and Chief Executive Officer, Chamber of Commerce of Metropolitan Montreal): Good morning and thank you, Mr. Chair. I would like to thank the committee for having us here today.

First of all, allow me to say how surprised I was that Montreal wasn't on the list of cities where you would be holding public hearings. It's the second largest metropolis in the country. You are going to Toronto tomorrow. When I speak to people from the business community I represent, and they speak of Ottawa, that's the kind of thing that is noticed. Please remember these remarks; otherwise, I will eventually repeat them publicly every year.

[English]

The Chair: Just so you understand, we've tried to go to the capitals in each province.

We didn't go to Vancouver, and we missed St. John's.

Mr. Michel Leblanc: You made a choice. That's your call.

[Translation]

As I said, Montreal is the second largest metropolis in Canada. The Board of Trade of Metropolitan Montreal has existed for 194 years. It has more than 7,000 members. It works to improve business conditions and the business environment for businesses. Last week, at our forum, we welcomed the Prime Minister of Canada, Justin Trudeau, the French Prime Minister, Manuel Valls, and the Premier of Quebec, Philippe Couillard, to discuss the Canada-European Union free trade agreement. I will come back to that in a few moments.

The general context for the next budget is one of economic uncertainty that will have an impact on Canada. We are struggling with raw materials that still have very low prices. This affects the entire country, obviously western Canada more with the low price of oil, but the Quebec economy, too. There was a situation called Brexit. At this point, we don't know what will happen in Europe over the next year. Much of our foreign trade is with Europe. We also have these famous US elections where, suddenly, there is a Republican candidate who is even more protectionist than the Democratic candidate, who is herself protectionist. In addition, the Republican candidate said that he would review and perhaps even cancel the North American Free Trade Agreement, NAFTA. In short, in this context, the Government of Canada's next budget must be cautious and very attentive to the evolution of the international situation. In the next budget and over the next year, there will need to be some flexibility to react.

I will tell you quickly about the five areas of action that are important for the Chamber of Commerce I represent in the next budget.

I didn't think we would speak about them today, and I think that we shouldn't speak about them for the next budget, but the first area is Bombardier.

In the last budget, we formally asked the Government of Canada to be present and to provide leadership to support Bombardier. Bombardier is currently the mainstay of the main, if not the only, aerospace cluster in the country. Earlier, you asked how to help

SMEs in the next budget. We are helping SMEs when we maintain a strong ecosystem in a key area for Canada like aerospace. Therefore, we are ensuring that this gem will be able to continue its innovation agenda, to follow through with it and to ensure that all sub-contractors, all suppliers and all small businesses that supply the ecosystem that leads to the C Series will be able to develop. If we end up there in the next budget, it's because the federal government probably missed the opportunity to show that it was there when Canada was facing a major innovation challenge. If it isn't in the next budget and hasn't happened beforehand, it will be a failure for the Government of Canada.

The second area of action involves strategic infrastructure investments. After giving you some criticism, I will now give you some praise.

The Government of Canada made a good decision to start a major infrastructure program in the first year of its mandate. It was a good idea to proceed with analyzing large infrastructure projects. It's doing a good job. The next year must be a year of commitment and payment. If the next year is not a year in which projects get under way and authorizations are given, we will fall behind in the economic cycle. We are currently in a weak economic period, but we aren't in decline. However, as I said at the outset, if there is any economic uncertainty, we need to make sure that Canada's economy continues to grow.

I will now draw your attention to two major projects that seem strategic for the Chamber of Commerce.

The first project is the Caisse de dépôt et placement du Québec's Réseau électrique métropolitain. It must be included in the projects that will be authorized from the infrastructure budget. It's a project that has unanimous support in the Montreal region. It's a project that fully supports the business community. The timelines are tight, and the Government of Canada, which is a major player in terms of funding, must maintain pressure for the timelines to be met.

The second project is Via Rail Canada's high-frequency train. For decades, people have been wondering why Canada doesn't have an HFT. We won't have an HFT for a long time yet, but we must take action on rail transport and on the connections in this respect. We must ensure that we appropriate these technologies, especially since this hybrid model will have a huge impact on our greenhouse gas emissions. It will also fit with the goals of COP 21.

The third area of action involves research and innovation, but especially productivity. We have an innovative society. We create innovations. However, we have a productivity challenge, particularly with our SMEs. Based on our analysis, our SMEs are slower than elsewhere to adopt innovations. They are somewhat slower than their US competitors to integrate innovations, particularly in the digital sector and in applications. One of the first challenges we should take on in the next and subsequent budgets is having an explicit growth strategy for the productivity of Canadian businesses, particularly SMEs, by focusing on the integration of new innovations.

•(1120)

Above all, our SMEs must be more alert to detecting innovations that will improve their productivity, to integrating them, and to financing the purchase of the equipment and training required. There may be federal programs, perhaps in harmony with the provinces, that could encourage SMEs to do this and recognize when they do it.

The fourth point aims to encourage the internationalization of businesses. As I said at the outset, the European free-trade agreement is strategic. We support it. Obviously, we supported NAFTA in Quebec, and we support the Trans-Pacific Partnership.

Now, there needs to be consistency and the means to ensure that when we sign these agreements, there is an immediate impact on our SMEs and our businesses. This involves bringing our companies into these economic areas so that they develop their markets. Yet that is where the weaknesses lie. We have economic trade missions with big players, but little attention is given to SMEs and to the capacity of our SMEs to detect business opportunities abroad.

The Board of Trade of Metropolitan Montreal has had a program for over 30 years called the World Trade Centre Montréal. It brings SMEs abroad.

However, the previous government cut our budget by 50% in 2006-09, and reduced it again in 2009-11. Later, when our budget was maintained, there was no indexing for that period, except for one year.

In short, the pan-Canadian challenge is to take advantage of free-trade agreements, to export and to bring our SMEs into these territories. The government should not be the only one to do it. There are organizations who are mandated to do this. It can be done in partnership, but appropriate budgets need to be set aside for this, and it must be part of an integrated strategy.

Finally, on the fifth point, our current dynamic is such that we have agreed that we would have deficits. We still need a clear plan for eventually returning to a balanced budget. The next budget is a credibility budget in this respect. The budget must include an explicit and detailed plan to return to a balanced budget. We will see if the situation changes and if, subsequently, there are reasons not to attain it. But right now we should have a very clear path of how to balance the country's budget, which will reduce concerns about future tax pressure on businesses and individuals.

Thank you.

[English]

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

We'll now turn to Mr. Gaudreau from the network of support to the single and the homeless of Montreal.

[Translation]

Mr. Pierre Gaudreau (Coordinator, Réseau d'aide aux personnes seules et itinérantes de Montréal (RAPSIM)): Good morning, Mr. Chair.

Good morning to all the committee members.

We thank you for this opportunity to be heard and to describe the homeless situation in Montreal and the needs of Montreal, which are among the most significant in Canada, as my colleague mentioned.

The Réseau d'aide aux personnes seules et itinérantes de Montréal, or RAPSIM, is made up of about 100 organizations that assist those who are, or who may become, homeless in Montreal. It is the oldest coalition of community organizations in Montreal. Homelessness is not a recent phenomenon, but, as we describe in our brief, the situation is unfortunately growing. I will come back to that in a few moments.

RAPSIM partners with the City of Montreal in efforts to fight homelessness. We are part of the mayor's committee on the issue. We are also partners in and supporters of the Politique nationale de lutte contre l'itinérance, adopted here in Quebec, which takes action in various areas. In addition, we have been involved with the federal government since 1999 in distributing funds for what is now called the homelessness partnering strategy, previously the SCPI.

As I said, we are pleased to be here and to be able to contribute to the discussion on the questions you are asking about ways to contribute to Canada's growth. I will come back to the homelessness situation in Montreal in a few moments, but I would first like to say that, in the new government's first budget, two actions were a step in the right direction. We even made that the title of our brief. Funds were allocated over two years to repair the social housing units that were built with federal assistance up until 1994 and to ensure that they are accessible. The federal government also increased the budget for its homelessness partnering strategy by 50% over two years only. Those actions were well received all over Canada.

However, unfortunately, even more is needed to address homelessness issues, and that is why we are submitting our requests to you today. I want to give you some figures. Of course we have to talk about figures, even though we must also talk about the human beings who live in such situations.

Last winter in Montreal, we broke a sad record. The shelters had to accommodate the homeless for more than 80,000 nights, an increase of more than 10% for men and 8% for women. If we were in the hotel industry, we would be happy to be talking about a high occupancy rate, because it is an indicator of economic growth. But the growth we are talking about is in distress and misery, a growth that must bring us no joy.

This reality has a number of faces. The people in the streets or shelters, in an increasing number of areas of Montreal and the cities of Quebec, are ever more diversified. It is sad to see more and more older people in the street. Some have been there for a long time but others who were not homeless have become so, and come to knock on the shelter doors, after losing their jobs and their housing, or because of addiction problems.

So the needs are great. We are not seeking to bring you these requests so that you can bring us solutions to deal with the situation. This is about coming back to the questions you are asking. It is about finding how to make a bigger contribution to growth and to get more people into the action. I know that you know that, but we must remind ourselves of it.

Tomorrow is the 27th homelessness awareness night in Quebec, when we will be highlighting the extent of the problem in 30 or so cities. Why have we been doing that for 27 years in Montreal and now in 30 or so cities? Because there is a problem.

Some people are actually unable to find jobs. They are the ones now lining up at the Maison du Père on René Lévesque Boulevard in Montreal to get one of the places in the shelter. Before that, they lined up to get food. They have no mailing address, no email address. They have difficulty accessing communications: they have no phone, none of the other devices. Those are the basic problems that have to be solved.

To do so, the federal government played a major role and can do so again. I pointed out that, in the recent budget, funding for social housing units built up until 1994 was maintained. In Quebec, this means a little over 120,000 units that were built with that assistance in the past. The government has announced its intention, during the consultations undertaken by Minister Duclos and the Canada Mortgage and Housing Corporation, to develop a national housing strategy. That is very welcome. One of the aspects that is as clear as day to us is that the strategy must in large part be focused on the development of social housing.

• (1125)

The federal government must continue to live up to its responsibilities for the social housing units it contributed to. They are assets, in which people can live, pay a decent share of their rent, go back to school, and find jobs. It must also contribute once more to the development of social housing. For 20 years, since the federal government withdrew, the Government of Quebec has been playing a modest, but at least a continuous, role. The City of Montreal does its share, as do other cities in Quebec, such as Gatineau. But we need the federal government to contribute in a major, long-term way by developing a vision for dealing with the problem. We are not happy with the position that Mr. Duclos is taking on the matter.

Housing is without doubt an important part of the fight against homelessness. Since 1999, when the federal government decided that it wanted a homelessness strategy, it has recognized that it is not just a question of housing. There must also be support for shelters, for the work being done in the street, and for the work being done by mental health and addiction organizations to help the homeless.

Last year's 50% increase in assistance over two years brings some relief. For us, we echo the request made to the federal government by the Federation of Canadian Municipalities, that is, to establish a vision for the matter and to double the assistance over 10 years.

There will be no miracle solutions. Homelessness will not be eliminated overnight. But we must find it within ourselves to support the people in the situation and the organizations working to help get them out of it. The assistance provided must be significantly increased over the long term. The federal budget could make a contribution, a difference, in that respect.

So there must be investments in the social housing that exists and that must be developed. The budgets in the homelessness partnering strategy must be increased so that a variety of actions can be supported. People in the streets must be helped out of them. But

there must also be help for people who are about to fall into that situation, or who are in danger of doing so, so that they can avoid it.

That is what we are asking you for today.

Thank you for your attention.

• (1130)

[*English*]

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

Turning now to the UPA, Mr. Lemieux, second general vice-president, and Ms. Bourdeau, economic adviser.

Pierre, welcome.

[*Translation*]

Mr. Pierre Lemieux (Second General Vice-President, Union des producteurs agricoles): Thank you, Mr. Chair.

Good morning, everyone.

We are pleased to talk to you today about Canada's largest sector of economic activity, agriculture and agri-food. The two areas go together well.

In fact, agricultural producers look after production and others add value by looking after processing. Revenue from agriculture in Canada totals \$50 billion. The trade balance for agricultural products in 2014 reached \$19 billion. The agri-food sector in Canada generates about 2.2 million jobs, or one job in eight, an indication of how important this sector is. In Quebec alone, we are talking about \$8.3 billion in revenue in 2014 and a positive balance of \$1.8 billion. In jobs, the situation is similar to Canada's, meaning that about one job in eight depends on Quebec's agriculture or agri-food industries.

However, we would like to tell you at the outset that agriculture's primary calling is to feed our world, and to feed as many people as possible when we are able to export our products. We at the Union des producteurs agricoles are not opposed to agreements being negotiated to facilitate trade. But some of our products are sensitive, including those covered by supply management. We also have agricultural industries of critical importance, specifically milk, poultry and eggs. For us, those are sensitive products and we want to protect them. To do so, we need control at the borders. Otherwise, those industries may well collapse. That is why we are so insistent about border controls.

Given what people in other countries are paying for those products, it is clear that supply management principles established in those industries cost consumers very little. We very often hear that those products are a little more expensive, but the fact is that any product bought in Canada is more expensive than in the United States, even toothpaste. Everything is a little more expensive here. It probably has to do with our geography and with transportation. We do not know exactly why, but we do know that it is not because the products are covered by supply management.

In agriculture, it is crucial to have support mechanisms and income security. Two of those mechanisms are particularly important: supply management and collective marketing. Small companies are located all across Canada. We have legislation that allows us to come together and pool our resources. Those mechanisms are still valid today and are extremely important, for Quebec also. We rely on those tools a lot and, as farmers, we make a great deal of use of them.

To answer your questions in part, I will say that specific employment insurance measures once more require improvement. You have improved them, and that was welcome, but there is room for still more improvement in the program. In agriculture, there are managers but there is also the labour and the labour problems. With unemployment and the workforce, training is important. Currently, some people do not have access to training programs. That must be considered with a more open mind.

There is also a problem with transportation. With people who are a little less fortunate, transportation problems are critical. In rural areas, there is no public transportation. People may talk about poverty in Montreal or in other large cities, but it is everywhere across Quebec and Canada. Accessibility is an ever present problem in the regions.

In addition, responsibility for infrastructure like roads has been transferred to the municipalities. But how are small communities going to manage to maintain that municipal infrastructure? The question has to be asked because, in agriculture, transportation is something that we really cannot do without.

In terms of the labour shortage, we always give priority to the people who live here, but foreign worker programs are vital in agriculture. I am referring to temporary workers.

In terms of measures to help our small agricultural businesses, we need assistance in research and innovation. A number of people brought that up earlier. In recent years, Canada has become disengaged from research and innovation. In that aspect, we are one of the lowest ranked OECD countries.

Can we get back to where we once were among OECD countries in research and development?

• (1135)

As Mr. Leblanc mentioned, in terms of promoting and selling our products outside the country, we need help. We need it to improve our presence outside the country.

No one is better than the people close to the sectors involved when it comes to setting up those programs, that way of doing things, including innovation and research. I am sure that Mr. Easter remembers the former agriculture development councils. Unfortunately, that structure was discarded.

Over time, money may well have been transferred to other structures, but, as a farmer, when I assess everything the councils did in the past, I can say that we have never achieved the same goals, the same results, as we did then. The councils were administered by producers' associations that ran the organization and the programs that had been agreed on together.

Our businesses have a continuity in time and in the way they are transferred. In agriculture, most farms are family-run. The problem is that, when a farm is transferred from one family to another, the tax rules are not fair compared to when other businesses are transferred outside the family.

We are therefore asking for improvements in two aspects: the tax measures and the rules of the game governing the transfer of farms. When this involves siblings, there is a problem that absolutely must be solved. Quebec has already solved it in part. Could the federal government make corresponding adjustments and thereby correct the tax problem for siblings?

We have been waiting for a long time. Some will perhaps say that we have to wait and see, that is, until after the consultations on the Growing Forward program. I say that we can act immediately. In budget 2017, there is a way to send a signal to farmers, telling them that the government really does want to invest in agriculture.

When we sign trade agreements, we have the responsibility of making sure that people are ready and able to be competitive. The country has been opened to outside markets, and very often, other countries are preparing as a result. We do want to sign agreements, but we are not ready to implement them. Our businesses have to be prepared as quickly as possible. That is why a clear signal is needed in budget 2017 so that our companies are motivated and determined to move forward. Our farmers have that motivation and determination and they want to press on.

That is basically the message I wanted to give you; I will be pleased to answer your questions.

• (1140)

[English]

The Chair: Thank you, Mr. Lemieux.

We'll turn to questions. Mr. MacKinnon.

[Translation]

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

Thank you all for joining us today.

Mr. Leblanc, although we are not in Montreal, I feel that you have just kicked off next year's hearings, by which I mean the tour we are planning for 2017-2018.

Mr. Servais, I took careful note of your recommendations about SMEs and the needs that exist in the regions. There is a certain consistency in the witnesses' presentations. The topics that frequently come up are business transfers and access to high-speed Internet. I would like to explore those issues. I am sure that my colleagues will too. So I will start by asking Mr. Leblanc some questions.

I was able to ask Mr. Dorval the questions; he was in the previous group. You talked about infrastructure in Montreal. Though I do not represent the Montreal region, I think we have to unplug our major cities like Vancouver, Toronto, Ottawa-Gatineau, as well as Montreal. I am one of those who believe our country's competitiveness is at stake. You talked about the Caisse de dépôt et placement and the need to continue that investment. You also talked about VIA Rail. These are all major structuring projects.

Could you tell us how structuring projects like those can allow Montreal companies to realize your vision of international competitiveness?

Mr. Michel Leblanc: I will give you a specific example. For those who are not from Montreal, I will try and make the example clear.

There is an arterial road in Montreal called Autoroute 40. The highway goes east-west across the entire city. It was once one of the most dynamic focuses in Montreal's economic plan. Major companies like Pharma and Merck Frosst were located beside Autoroute 40. Those were major innovating companies. They were affiliated abroad, but they were still Canadian companies.

That economic zone has become weaker over about the last 10 years. When you dig a little deeper with those companies, you find that the lack of solid public transit infrastructure is a factor that leads them, when they are choosing to invest or reinvest in the region, to relocate near a public transit system. Ultimately, that translates into a restructuring of the local economy, but it also leads those companies to look elsewhere. Basically, it means that they do not immediately and automatically invest where they are presently, and we can lose them. When we are talking about multinationals, it is an investment that Canada cannot lose.

I agree with you entirely. I am talking about Montreal because that is the community that I represent, but I feel that this is about dynamically urbanizing economic activity all over Canada. I certainly do not want to leave you with the impression that what happens in the regions is not important. Roads are important in the regions. However, our cities must work well and they must be modern. I believe that, if we want a modern Canada and we want an infrastructure investment plan, the time to act is now.

My last topic will be VIA Rail. This has been talked about for decades. Bombardier makes high-speed trains for other places in the world. How come there are none in Canada?

We tell ourselves that, given the costs and complexity of the project, Canada is different. But there is no dedicated track for VIA Rail in the corridor where Canadians do a huge amount of travelling. We are very aware of the state of our environment. So, in this infrastructure investment plan, it makes sense to plan this major initiative that would be a legacy for future generations. By that, I mean a plan for VIA Rail.

Mr. Steven MacKinnon: I would also like to talk to you about a possible contradiction in your brief.

You advocate for the globalization of Montreal companies, but you are opposed to the Canada-wide plan—albeit not a federal one—to regulate financial markets. Could you explain that contradiction to us?

There is the SEC in the United States, and there are regulators for the European Community and for national markets in Europe and Asia. Can you tell us why you insist on regulating our capital markets here in Quebec?

•(1145)

Mr. Michel Leblanc: I am very glad you asked that question.

I do not think that there is any contradiction there. First, Canada has a solid financial structure that was the envy of a number of countries in the recent recession. The structure managed securities through a Canadian passport system that the regulatory bodies recognized. The system works well. Here is how I assess the issue:

[English]

“If it ain't broke, don't fix it”.

[Translation]

It was seen to have worked.

In fact, there was a Supreme Court judgment about the problem that arose in the last recession, systemic risk. This is probably, and justifiably, a type of problem that should be dealt with by a federal agency or at least should be within federal responsibility.

My personal position is specific to Montreal and Quebec. For a long time, we have chosen to operate within a federated system. One of the basic conditions for social order in this country, from Quebec's point of view, is that we accept that a federated system requires federated solutions. The temptation for centralized solutions will always be there. You will always find examples from around the world where centralized solutions work.

Canada's challenge is to show the world that we can have a federated system that is built on shared jurisdictions and that works because of it. That imposes an additional duty on us. In areas where jurisdiction is shared, where it seems to be working, let's make the effort to make it work well using our federated models and let's resist the centralized solution, tempting though it may be. In my opinion, a solution like that will have a negative effect on Canadian cohesion from Quebec's point of view.

Mr. Steven MacKinnon: Thank you, Mr. Leblanc.

I would now like to talk to Mr. Gaudreau about the homelessness partnering strategy, the HPS.

I have had great conversations in Gatineau about cooperation between organizations. You did mention Gatineau in your remarks and I thank you for that. The mayor often talks to me about the need to fight homelessness with a holistic approach, not with the Housing First approach, as you mentioned.

Could you tell us about the need to evolve from Housing First to a more holistic approach in the fight against homelessness?

Mr. Pierre Gaudreau: From 1999 to 2014, federal funds were invested in a number of initiatives, as we describe in the brief we have submitted. They might take the form of a contribution to the facilities of organizations such as the Maison du Père, Cactus Montréal or L'itinéraire, or a contribution to social housing projects. They can also involve supporting people in the street. They may also involve helping people who need food or people who need mental health care. It is about preventing people from going back into the street, or providing them with ongoing support or reintegrating them.

The shift to the Housing First approach, which focused 65% of the assistance in large cities to people who had been in the street for a long time, greatly reduced the assistance available for the other initiatives, including assistance for the facilities. Of course it is a good idea to help people in the street, but if others in the area take their place, you are not getting very far.

The government has taken a step in the right direction when Minister Morneau provided a 50% increase to the HPS over two years. That will make possible a variety of initiatives. As my colleague said, it will allow Montreal to determine its most pressing needs, either to work within the shelters or to help to develop projects for women, for whom we do not have enough room. It will allow the various communities, by virtue of an agreement with Quebec, to act with a Canadian vision. That has worked before and it can work again. That is what we are asking for in the future.

[English]

The Chair: Thank you, both.

Mr. Godin, you have seven minutes.

[Translation]

Mr. Joël Godin: Thank you, Mr. Chair.

I have to apologize, I was not here when the witnesses were welcomed. I am the MP for Portneuf—Jacques-Cartier in the large, beautiful region around Quebec City. So, madam, gentlemen, please let me welcome you to our meeting today.

I would first like to comment on Mr. Leblanc's remarks. He seems offended by the fact that Montreal is not hosting this consultation. I think we must rise above that kind of thinking.

As parliamentarians, we are here to move matters forward and we must not entertain any rivalry between Quebec City and Montreal. I remind you that Quebec City is the capital of the province. Montreal provides the lungs of Quebec, a province that is part of Canada. I feel that playing one against the other is beneath us. We are stronger together, Mr. Leblanc. That is what I had to say. You expressed your opinion earlier and I am giving you mine.

Mr. Nepton, I am from a large constituency in the far-flung suburbs of Montreal, very close to Quebec City. It is called Portneuf—Jacques-Cartier. In my region, there is a problem with Internet communication. It is a serious situation, a matter of public security, and it is our obligation to intervene. I am sure you are aware that only 5% of Canadian territory has no Internet service.

However, a number of regions that are further from Montreal and Quebec City are not served. I feel that this is a major shortcoming that the government must be able—it has set money aside for it—to

accelerate the provision of the service. How do we have to view the problem and find quick and specific solutions?

• (1150)

Mr. André Nepton: Rolling out Internet service clearly always depends on the installation of optical fibre. You have to calculate about \$10,000 per kilometre for optical fibre. Serving rural areas becomes complicated for telecommunications companies, which understandably concentrate more on urban communications.

So you have to look at a technology that is able to provide the Internet en masse, and not through individual solutions. Because of our experience in the 19 communities that we have been able to serve, we in the Agence Interrégionale de développement des technologies de l'information et des communications, or AIDE-TIC, believe that cellular telephone technology is perhaps the mass solution to consider. This is especially so because it can provide the Internet in parallel. So, in the communities that we serve, we now have access to telephones, to mobile Internet and to fixed Internet through the cellphone system.

Earlier, I brought up the matter of the speeds that we will be attaining by 2020. We now know that, in the next five years, Canadian telecommunications companies that are not able to make fibre optics available in rural areas will be using cellphone technology in order to serve them. It works not only for the Internet, but for television, for fixed telephones and for all the packages that telecoms now provide through cable or fibre optics.

Mr. Joël Godin: I share your vision. However, in my constituency, there is an area in Sainte-Catherine-de-la-Jacques-Cartier, not far from Quebec City, that has a cellphone coverage hole. I understand that the companies will not be investing in a tower to cover the area. There are a number of coverage holes, both in my constituency and elsewhere in Canada. Cell technology is one solution, but it does not solve all the problems. What does the priority have to be?

Mr. André Nepton: Satellite technology is already available and can cover localized problems that are really out of contact. Actually, that is its strength, especially in the Canadian north and the most remote regions.

Currently, we are not ready to support telecommunications by deploying optical fibre. As we see it, cell technology provides alternate solutions on a smaller scale. Previously, you had to systematically build very large infrastructures in order to provide service. One cell tower requires an investment of about \$500,000, plus the ongoing costs of upkeep and repair.

With the advent of what we call “small-cell transmission”, we can now do things with almost surgical precision. So we can provide services to areas of 250 square metres. So I believe that, if we become directly involved with rural areas, we will indeed be able to open the doors to those small-cell technologies that should, right off the bat, serve at least the centre, the heart, of all the villages where there is a problem.

Mr. Joël Godin: Mr. Chair, I am going to talk to my new Montreal friend, Mr. Leblanc.

You said that one of your priorities was Bombardier. I completely agree with you. The government has been in power for a year now and it is yet to take a position on the matter. In a market like aviation, as in a lot of other sectors, you have to send out signals. At the moment, the industry is in waiting mode.

I think you are right. Whether the answer is yes or no, at least we will have a decision. In your opinion, what would be the best way to help Bombardier?

•(1155)

Mr. Michel Leblanc: Thank you for the question.

By the way, I have to say that my objective just now was to tell you to work harder. I did not say that you must not come to Quebec City. If you decide to work harder, you can go to all the major cities in the country, including Montreal.

That is a question—

Mr. Joël Godin: Even here, we have a time problem.

Mr. Michel Leblanc: I would like to be able to look at your schedule. It would surprise me if you were unable to come to Montreal.

That said, on the subject of—

Mr. Joël Godin: We could compare our agendas.

Mr. Michel Leblanc: Speaking of Bombardier, the company first needs to reassure the markets. I do not believe that Bombardier would necessarily use the billion dollars we are talking about. Nevertheless, an injection of capital into Bombardier, which would not dilute anything or jeopardize its margins, would reassure its clients and their markets. The whole challenge for this year is for Bombardier to make as many sales as possible. The challenge in closing those sales—since they are multi-year deals because of the maintenance service—is to reassure the markets by telling them that the company will be there when it is wanted. So Bombardier has to deal with a very simple dynamic. It cannot say that it is vulnerable. Instead, it is saying that government participation could help it.

If the Government of Canada is the cavalry, the cavalry should be sent in while the battle is being fought, not when it is over.

Mr. Joël Godin: Okay, Mr. Leblanc. Thank you very much.

I have one last quick question.

You see, we are stronger when we work together. I completely agree with you about Bombardier.

What do you see happening with the high-speed train? Will Quebec City be excluded?

Mr. Michel Leblanc: No, VIA Rail's project includes Quebec City at one end. The president, Yves Desjardins-Siciliano, came to speak to us in the Montreal business community this week.

Mr. Joël Godin: What is your personal opinion about it?

Mr. Michel Leblanc: Quebec City must be a part of it.

Mr. Joël Godin: Thank you.

[English]

The Chair: Thank you both for the interesting exchange.

Mr. Leblanc, have you done a tour of Bombardier before?

In August I did a tour of Bombardier's new C Series plant. I think the amount of investment that goes in before they start the production of an aircraft is absolutely phenomenal. Whether it's Boeing, Airbus, whoever it is, it takes a tremendous amount of investment before they put a new aircraft out there.

Mr. Dusseault, you have seven minutes.

[Translation]

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

I will try to lighten things up a bit by saying that Sherbrooke is also an important city.

Voices: Oh, oh!

A voice: I agree with you.

Mr. Pierre-Luc Dusseault: I would like to go back to the issue of the cellular and Internet service.

I'm not able to determine exactly what the specific role of the government would be in solving the problem of unserved areas. There is no need to travel deep into the regions to notice this problem. Sometimes, the signal is lost just outside big cities. The fact is that private telecommunications companies may be reluctant to invest in those places because it's not profitable and because they think that the market and the critical mass in those places is not worth the investment.

It's a very complex situation. Telecommunications companies are private, so they don't fall under the public sector. How can the government persuade them to go to the regions? If it's not profitable, how can they be persuaded to do so?

Mr. André Nepton: Our second recommendation really seeks to compensate in part for the investments made specifically in rural regions through an accelerated capital cost allowance.

To answer your question, AIDE-TIC has developed a model, particularly in Quebec, according to which we are owners of the host infrastructure for the communities that ask us to do so, namely the municipalities and the RCMS.

So we build sites, we follow the rules, we obtain government authorizations and we build the sites that will encourage big service providers to come. They become our clients and lease the community infrastructure.

So we have been able to do some good work with federal and provincial support, but also with municipal assistance. We have been able to set up host facilities open to all the service providers by reducing not only their commitment of costs slightly, but also the set-up delays. Generally, service providers can take up to three years to set up a site, whether because of regulatory matters or negotiations to acquire land. In our case, it usually takes three months.

With a plan, as soon as we make a commitment to the local people, we can propose an alternative to service providers that also helps with the integration.

•(1200)

Mr. Pierre-Luc Dusseault: Does that help telecommunications companies to be profitable in the long term in those places?

Mr. André Nepton: Yes, and it allows us to invite them to participate. In some places, we can have Bell as a client. We can also have Vidéotron and public safety organizations. Our infrastructure is community-based. So it's free for firefighters, police officers, and so on. That's how we were able to build some facilities in communities that had no services at all.

Mr. Pierre-Luc Dusseault: Thank you.

I would like to go back to the credit card fees.

That's an extremely serious issue everywhere in Quebec and in Canada. Based on the experience of other countries around the world, have credit card companies run away from countries with regulated rates? In terms of credit cards, I would be surprised—

Mr. Yves Servais: To my knowledge, paying by credit card is more and more popular, and I think credit card companies are in every country.

Mr. Pierre-Luc Dusseault: Is there an example of reduced credit card services in countries where the fees are heavily regulated?

Mr. Yves Servais: Not to my knowledge.

I would like to provide some information on the issue.

Take the example of England, which regulated the rates to 0.3%. There was a class action lawsuit of \$19 billion U.S. against MasterCard, which abused its monopoly position to the detriment of small and medium-sized businesses and consumers. However, I think it's representative of the position of strength that credit card companies have on the market. It's time to legislate those fees in Quebec and Canada.

I would also like to make another clarification. All the needs and projects presented today require funding. However, our request to regulate credit card fees comes at no cost for the Canadian government or the Canadian treasury. It's simply a matter of imposing regulations, as other countries have done. Credit card companies have to be told that they have gone too far and that the rates will now be set at less than 1%, at 0.5% or a similar rate. The government will decide.

A bill on the issue was introduced by a Liberal member. Over the past few years, the NDP has also been working very hard on this. The Conservative Party had taken some steps and took a step in the right direction, but I think it's time to move even further with the credit card issue.

Mr. Pierre-Luc Dusseault: I'm also aware of the importance of business transfers, and you have supported my colleague Guy Caron's bill with a view to addressing the inequity of transactions between family members rather than with others. I think the Board of Trade of Metropolitan Montreal and the Union des producteurs agricoles have also supported that bill.

As for farm businesses, do you foresee a growing problem, and what do you expect the impact to be if the next generation is not able to take over family farms? What impact can that have on farms being

bought by foreigners, perhaps by multinational agricultural corporations that would own the land in Quebec and Canada?

Mr. Pierre Lemieux: It is certain that, if we are not able to address the situation, there may well be some dismantling, given the increase in land values. The businesses have increased in value, which is why it's important to grant exemptions; otherwise, those assets become taxable. That's why we support Mr. Caron's bill, but this is something that needs to be corrected.

We also have to consider family businesses that are jointly owned by two or more siblings or members of the same family. If only one of them wants to take over the family asset, the other one or two members will have to pay taxes. That flaw can be fixed through business models, but that costs a fortune. Small family farms don't have the ability to structure themselves or to pay for legal services to properly reorganize the taxes they will have to pay if the correction is not made.

•(1205)

[English]

The Chair: We'll have to cut it there. You're a little over, Pierre.

We have heard the problem you outlined on succession, Mr. Lemieux, in the CFA in Ottawa, which you're a part of, and in the farm organizations in New Brunswick and in Prince Edward Island, as well. We're hearing it in numerous locales.

Before I turn to Mr. Sorbara, I do have one question on something you didn't mention in your presentation, and that is on farm safety nets. AgriStability has been cut fairly substantially over the last number of years. Is it adequate to do the job of a farm safety net going forward? What needs to happen there?

[Translation]

Mr. Pierre Lemieux: If the "Agri" programs were adjusted properly, they could be an interesting option. We agree that the AgriStability program, whose coverage has been reduced to 70%, is not adequate. If the coverage stayed at 85%, we think it would still be a good program.

In some cases, some years when farmers are paid more than their production costs because of the market conditions, there may be some negative consequences. However, it is best to have a good coverage at 85% and to include a corrective measure to prevent abuses due to market conditions.

To that end, we could learn from what Quebec has done. Following cuts to the AgriStability program at the federal level, the Financière agricole du Québec developed the Agri-Québec Plus program, which, however, has not delivered the expected results.

At least, the Government of Quebec, which supports agriculture through the Financière agricole, has recognized that the AgriStability program, with a coverage at 70%, was not working and was not providing the support needed by farms.

[English]

The Chair: Thank you very much.

Mr. Sorbara.

Mr. Francesco Sorbara: Welcome, everyone.

For the last couple of days we've heard a lot of colour on the issue of succession and intergenerational transfer of assets on farms. It seems to be, obviously, a sticking point, and something which, on first glance, in my humble opinion, needs to be addressed. Perhaps somebody could provide the devil's advocate's view on the other side. Why are the rules the way they are right now? Is there any reason they should be that way? I'm obviously going to take a look at Bill C-274, Mr. Caron's bill. I'm very curious. Tax policy is very important. It's part of innovation. It's part of making sure our economy runs smoothly.

I would like to hear from Mr. Lemieux, and any of you on the issue of why the rules may be the way they are, please. This is more for my benefit.

The Chair: Go ahead, Mr. Leblanc.

Mr. Michel Leblanc: We did a report a few years ago that was published—I think perhaps even the *projet de loi* was influenced by the report we published—on the transfer of businesses, not only in the farm industry, but in all our industries. We noticed at the time that if you were transferring to your own family, you had this advantage with the fiscal system. We asked that question—why so—of the Quebec government. The answer we got was this. In the past there was this perception that if you transfer, and while you transfer you don't take the taxes, you will perpetuate the wealth from generation to generation in a family, and that would be unfair. That was the idea. Every time you transfer within a family, you have to take this, let's say, wealth tax. Eventually, the system made it so that if you sell it to someone else, you have fiscal treatments that are preferential to selling it to your own kin. That was fundamentally the argument.

• (1210)

Mr. Francesco Sorbara: On the farm side, for example, Germany allows the transfer of businesses from one generation to the next without invoking capital gains. It's not until you sell your business to, what I would call an arm's-length institution, individual, entity, however it's defined in the tax code, do you trigger that capital gain.

I've run into the situation in my area where families will spend a lot of money on tax planning, which I believe should be spent in another area, trying to allow the business to continue to operate, but then some have to make the ultimate decision to sell.

If anybody else could add some colour on it, that would be great.

[Translation]

Mr. Pierre Lemieux: I'm not a tax expert, but we can send you a note from our tax expert on the issue.

[English]

The Chair: Mr. Lemieux, if you could do that and send it to the clerk, that would be good.

Mr. Francesco Sorbara: On interchange fees, I understand a voluntary agreement is in place that was reached with Visa, MasterCard, and the Canadian government to reduce fees to 150

basis points. I also understand that some entities are not happy or not seeing the results they should have.

Intervening in any sort of marketplace should be done in a very diligent and measured manner. I've read about the Australian situation where they had to re-regulate after they intervened. I understand what they've done in Europe.

I'm looking at this issue. I've ordered a study from the Library of Parliament. My former career was working for a financial institution for a very long time, and I'm trying to get up to speed again on the issue.

Yves, have the small businesses—not the larger entities, like Couche-Tard, or Rona, which I believe is now part of Lowe's—in Quebec seen a reduction in what they are incurring on interchange fees?

[Translation]

Mr. Yves Servais: There was a drop of 10% in the rates as a result of the pressure from the Conservative government of the day for Visa and MasterCard to reduce them. The change did not have a significant impact for us and did not result in additional funding being released to enable merchants to reinvest in their businesses and to hire new employees.

Visa and MasterCard told us that they were going to give us a small 10% reduction and that we should be happy with that. If England, the European countries and Australia were really able to force the hand of credit card companies, I think that we can also do something here.

Do we need to set the same rates as the ones imposed in Australia and England? Perhaps not. When we take a close look at the rates that Visa, MasterCard and financial institutions impose on small and medium-sized businesses, I don't see why 40% of the rate is used to reward consumers by giving them premiums and gifts. I don't think retailers need to cover those costs. If that percentage were subtracted from the average rate of 1.5%, the rate would automatically go down to less than 1%, which I think would be reasonable.

[English]

The Chair: Thank you. I'll have to cut you off there.

Mr. Albas.

[Translation]

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

We have learned that the Board of Trade of Metropolitan Montreal supports the trans-Pacific partnership. Does the Union des producteurs agricoles also support the agreement?

• (1215)

Mr. Pierre Lemieux: I have talked about this before. Yes, we support the agreement as long as there's consideration for the products in the supply management system.

Mr. Dan Albas: Thank you.

Does the Association des marchands dépanneurs et épiciers du Québec also support the agreement?

Mr. Yves Servais: Yes.

Mr. Dan Albas: That's fantastic since free trade policies are good for Canada.

Let's now talk about the affordable housing framework.
[English]

In British Columbia the provincial government, in partnership with the previous federal government, has put in place more housing, whether you calling it social housing or affordable housing, and rental subsidies for those on low income. There is a rental stock, or at least there is a stock of social housing greater than we have ever seen in British Columbia. A large part of that was because of the affordable housing framework that was set out, in which the federal government would give the monies to the provincial government which then worked with BC Housing. BC Housing handles all of the purchases, the contracts and whatnot. They are the closest to the people, and obviously we don't want to see a duplication of management and administration costs.

Do you think that those funds should be invested directly, working with groups like yours, or do you think that they should be going to the provinces first, which have jurisdiction in the area?

Mr. Pierre Gaudreau: We think it should be both. It has been both in the past.

Some of the social housing that was done before 1994, such as public housing, was done by the Société d'habitation du Québec, but co-op housing and non-profit housing was done by community groups, which is a model that still exists here.

I was saying that the Quebec government had funded social housing for more than 20 years now, so we think that in the next budget, the national housing strategy should put a lot of attention on developing social housing and giving the money to the provinces, as has been the case for B.C. Effectively, they are the nearest to the situation in the cities to develop...including community organizations. That's a model that works.

Mr. Dan Albas: Thank you for your comments on that.

Mr. Leblanc, in regard to small and medium-size businesses, one thing I've heard from my constituents is that they wonder why they can't get hold of new technologies as quickly.

For example, there is technology where you can swipe a MasterCard, a Visa card, or whatnot on your cellphone, but it's not available to be used with the Interac system. When I asked further about this in Ottawa, I found out that it's because the industry associations that govern Interac still have not cleared that technology.

Are those kinds of things helpful to entrepreneurs in your area?

Mr. Michel Leblanc: We have the same analysis that anything that blocks the acquisition of innovation is a problem in Canada. It could be regulatory. It could also be that we have systems that do not press for competition. We'll argue that the fees that are charged by financial organizations may be too high.

Before you get to a restricted market with a fixed price, just make sure that the competition is strong, and you're going to have new technology that will challenge the models that exist right now on all fronts.

I would say, give the regulatory agency the mandate to clear those technologies as quickly as possible. Make sure that the marketplace is at the forefront of new technologies, and competition will do its job.

The merchants will all switch very quickly to a new application that will save them money. It's really the marketplace that has to be fixed, and not the pricing itself.

Mr. Dan Albas: I ran a business for 15 years and went to a similar business where someone ran everything on his iPad. I was very jealous because of the reduced costs and the ease of use.

You're basically saying that if there can be a change made, it should be made sooner rather than later.

Mr. Michel Leblanc: Yes, definitely.

Mr. Dan Albas: Okay.

How much time do I have, Mr. Chair?

• (1220)

The Chair: You have time for one more question.

Mr. Dan Albas: Okay, one more question.

In regard to rural Internet, you have mentioned, sir, that satellite is broadly available. One of the things I hear from my constituents is that often they don't know about these resources.

How do we, as members of Parliament, let rural people know? We hear of the challenges oftentimes, but we often don't know what the alternatives are. Is there a site or a central place where we can go to communicate with our constituents on this matter?

[Translation]

Mr. André Nepton: In terms of satellite technology, Xplornet is the custodian of the broadband in Canada. You can consult its site directly and you will see its two ellipses covering all of Canada, which are well served by the satellite. We have to keep in mind that, unfortunately, this technology will still be limited to 20 megabytes until 2020. We hope that it will increase a bit more afterwards.

[English]

Mr. Dan Albas: Thank you.

The Chair: Are you satisfied?

Mr. Dan Albas: Yes. That's good. They gave me the website.

The Chair: Thank you both.

Mr. Grewal.

Mr. Raj Grewal: Thank you to the witnesses for coming today.

I'm going to continue very much on the same themes as my colleagues talked about.

First, on homelessness, I think we can all agree that no Canadian should be on the streets. There was a report released today that the government would have to add an additional \$2 billion a year for 10 years to end homelessness in Canada. I would like your comment on how much money it is actually going to cost to solve this problem in our country.

[Translation]

Mr. Pierre Gaudreau: I'll answer your question in French.

The request for \$2 billion is related to an investment in housing. The request for federal investment to be doubled in the development of social housing was made a long time ago. It would serve to reduce or even eliminate and prevent homelessness, but also to meet the housing needs of many Canadians, indigenous people in the north, people in cities and in rural communities. So this is not just about homelessness.

It is a request that we support. It was signed by many stakeholders and by the Federation of Canadian Municipalities. The allocations that the federal government could commit would also represent an increased investment. We do support the idea of an additional investment for that.

Furthermore, we are asking for an increase in the budget for the homelessness partnering strategy. The federal government's contribution to the fight against homelessness must not, and cannot be, devoted solely to investment in housing. It must also go to preventing, supporting and reintegrating the homeless in Canada into schools and the workplace.

[English]

Mr. Raj Grewal: Thank you.

Mr. Lemieux, thank you for your comments.

As the chair mentioned before, we've heard from organizations relatively across the country that have advocated for people experiencing frustration on the family transfer, so we'll definitely take that back to the minister and make a recommendation accordingly. I don't have a question. I simply wanted to acknowledge the fact that we hear you loud and clear.

Mr. Nepton, on rural Internet access, I come from the ninth biggest city in the country, and not having the Internet is something.... I'd probably go stir crazy if I didn't have access to the Internet. In terms of the economic impact in rural areas, can you add some more colour? If there's a dollar-for-dollar impact, how much would it...? If the government were to invest in getting Internet connectivity there, how much of a benefit would it be to those communities?

[Translation]

Mr. André Nepton: Clearly, I have no training as an economist to be able to provide you with specific data about the impact. However, if you allow me, I will talk about accessibility.

Earlier, we talked about the farmers and the UPA. I come from the Saguenay-Lac-Saint-Jean region that has many cattle farms and dairy farms. Farmers have made some shifts and technological choices to increase their production capacity and to be able to remain competitive on the national stage. They have acquired sophisticated measuring equipment and sensors that monitor the entire production and animal life in real time.

However, unfortunately, as soon as those people move away 200 feet from their WiFi terminal, if they work in the fields or if they are on the road, they no longer receive any security updates as to crises that could occur in their production facilities.

So access to the Internet, particularly mobile Internet, has unexpected impacts. As you mentioned, the issue of all mobile applications, which are currently being developed and are not accessible, will really affect the entire competitiveness dimension of

the rural scene and, unfortunately, speed up the decline of the communities that are most likely to feel it.

• (1225)

[English]

Mr. Raj Grewal: Thank you for your comments.

The government has made a commitment to make sure the entire country is connected, but the chair reminded me that previous governments, both Conservative and Liberal, have made this commitment. I'm really hoping that we can get some movement on that file going forward.

Mr. Leblanc, you spoke about infrastructure funding in small and medium enterprises. As you know, the government has made infrastructure funding the core of its economic growth strategy. In the first year, a lot of the projects weren't able to get going, but we should see some significant pickup going into the construction season next year.

On the impact on Montreal, could you add some colour to that?

[Translation]

Mr. Michel Leblanc: I'll answer your question in French.

First, it is very clear that the analysis had to be done correctly and without rushing. It was fine to do it that way. You say that it must be done in the second year. As I said earlier, we think the public transit project will be ready to start in a year. So we should move forward with that.

For public transit, a great deal of municipal infrastructure must be set up in the Montreal area. Once again, to that end, the projects are ready and there are signs that municipal projects will have priority. That's very good.

I would add that federal infrastructure would also benefit from investments. I'm thinking of research and innovation. In the Montreal area, we have the Biotechnology Research Institute, the Centre for Self-Assembled Chemical Structures and the Canadian Space Agency. Elsewhere in the country, there are other federal research centres. We leave them dormant. They are not visible pillars that highlight economic development and that work closely with companies. In fact, they do not work closely enough with them.

In terms of reinvestment in the infrastructure, we should also look at the federal strategic infrastructure and ask ourselves a question. If we want the infrastructure to contribute to economic development, how will we support it? In the Montreal area, there are three infrastructures, but there are some across the country that could benefit from those reinvestments.

[English]

The Chair: We'll have to end there, Raj. We're already substantially over the time when we were supposed to adjourn.

I have just two other questions, or I guess a comment, Mr. Leblanc.

The Champlain Bridge didn't come up, but just so you know, we have supported that the federal government pay for that bridge. Ever since a senator started advocating to drop the tolls on the Confederation Bridge, the biggest complaint I get in my riding is why the federal government is paying for the Champlain Bridge when we in P.E.I. have to pay a \$46 toll to get to New Brunswick. That's a good thing for you. I get a few complaints. I'll stand by the contract that we signed on the Confederation Bridge, just so you know. I figured I had better point that out.

Mr. Lemieux, I'd like to go back to the AgriStability program for a minute. I understand from what you said that the Quebec government has picked up some of that sleeve between 70% and 85% where the threshold was in terms of support. The provincial government picks it up when incomes fall below that threshold. On the federal-provincial agreement, I do know that the difficulty is that if the sleeve that provincial government works within has to cover some of the cost of AgriStability, then it can do less with the monies for whatever other things it might do.

Would you like to comment on that a little further? I'd like to know where the Quebec government is on that.

•(1230)

[Translation]

Mr. Pierre Lemieux: I don't think the Government of Quebec has decreased its participation in other areas of activity, given that it has increased its support for the AgriStability program.

Earlier, you were making the connection with programs that were historically administered by the Conseil pour le développement de l'agriculture du Québec. We have noticed that agri-environmental programs have been established in recent years and that there has been a decrease in the envelope, the budgets, for the participation of farms. In the past, when it was managed by SEDAC Environment, more farms participated. We wonder why things have changed.

We know that water and environmental issues are increasingly significant concerns for civil society. Instead of implementing regulatory measures, we would like to go back to a more direct form of management by producers or farm producer groups. We could see whether there is a way to do more on the agri-environmental front with a co-operative approach and management by people in the community.

[English]

The Chair: I would like to thank all the witnesses for their presentations. We have those who presented briefs, and those briefs are on our iPads and will be gone through in detail.

Thank you all again for your presentations and answering questions.

We will suspend for five minutes. I understand there are one or two people here for the open-mike session following, which is where individuals can make a statement of two minutes or thereabouts on what they want to put on the record for the finance committee.

Pierre, did you want to raise a point?

[Translation]

Mr. Pierre Lemieux: Earlier, I told you that we would send you a note from our tax expert about it.

One of the observations has to do with the corporate structure in the event of transfers. Given that the taxes paid by the companies are lower than those paid by individuals, more and more people have suggested that, instead of running the business under their own entity, they can create a company. When the time comes to transfer the company, the shares would be applied differently if it were sold to people in the family than if it were sold to other people. So a change needs to be made to make the transfer accessible when the company's shareholders are members of the same family.

I'll still send you the note or notice from our tax expert.

[English]

The Chair: Thank you very much.

The meeting is suspended for five minutes.

•(1230)

(Pause)

•(1235)

The Chair: Engineers Without Borders, welcome. This will be the first time we've heard from you. Congratulations to your organization for making your point across the country.

Go ahead. The floor is yours.

[Translation]

Mr. Cédrik Chouinard (As an Individual): Thank you, Mr. Chair.

My name is Cédrik Chouinard. I am an undergraduate economics student at Laval University and I have also been a member of Engineers Without Borders Canada for five years now.

I would like to reiterate that Engineers Without Borders works very hard in Canada on university campuses and in professional communities, in order to allow development assistance to make a difference for the poorest in the world, particularly in sub-Saharan Africa. We also work in some countries in that region to develop projects that spark the innovation and leadership of entrepreneurs.

Personally, I just want to say that, for a number of years, our organization has been working to ensure that official development assistance is not only increasing in Canada, but that it is also more effective. We don't just want to have more money, but we want it to be used in the most effective way possible. Right now, we are seeing that increasingly ambitious objectives seeking to solve the problems in the world, including sustainable development objectives, require a more ambitious portfolio.

So, on behalf of my organization and of members in my department at Laval University, I request that an effort be made to increase development assistance by 10% in budget 2017 and until the end of the 42nd Parliament. In addition, we ask that a timeline be established so that, by 2023, the official development assistance portfolio is doubled not only for us to achieve our ambitious goal of eliminating extreme poverty, but also for Canada to fulfill its commitment under the Paris agreement, which suggested that 0.7% of the GDP be used for official development assistance.

This is what I am humbly asking your committee to do.

Thank you.

●(1240)

[*English*]

The Chair: Thank you very much for coming forward.

There is only one open-mike presentation today.

With that, we will adjourn and reconvene in the grand city of Toronto.

The meeting is adjourned.

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