



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## **Standing Committee on Finance**

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FINA • NUMBER 112 • 1st SESSION • 42nd PARLIAMENT

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**EVIDENCE**

**Wednesday, October 4, 2017**

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**Chair**

**The Honourable Wayne Easter**



## Standing Committee on Finance

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• (0850)

[English]

**The Chair (Hon. Wayne Easter (Malpeque, Lib.)):** Could we come to order, please.

I just want to welcome everyone to this hearing of the Standing Committee on Finance.

Just to explain to the panellists who are here to start at 9:00, we have what we call an “open mike session”, which gives people the opportunity, either on an individual or organizational basis, to speak for one minute. It's almost like the House of Commons, where you get one minute to give a Standing Order 31 speech, and when you're one second over that minute, you're cut off. We won't be quite that strict, but we'll try to hold you pretty close to a minute.

We'll start with the open mike session on pre-budget consultations for the 2018 budget. What you say will go into the record and will be considered as part of those consultations.

We'll start with Ann Frost.

**Ms. Ann Frost (As an Individual):** Thank you.

I'm speaking to you this morning as a member of the Grandmothers Advocacy Network. We advocate for women and children in sub-Saharan Africa, and we're asking Canada to commit \$260 million to the Global Partnership for Education for their three-year replenishment period.

A hundred million children in sub-Saharan Africa do not attend school, and many who attend school don't have a quality educational experience because of the lack of trained teachers and supplies, inadequate buildings, and outdated curriculum.

The Global Partnership for Education is in a unique position to assist in improving educational access for children in developing countries. They provide funding so that countries can build schools, train teachers, create strong curricula, and address the many barriers that children, especially girls, face in accessing a quality education.

Access to a quality education should not depend on the lottery of birth. Canada can assist in making education a reality for all children in the world by agreeing to commit \$260 million to the Global Partnership for Education.

Please make education a priority for all.

**The Chair:** Thank you very much, Ann, and for sticking pretty well to time. In this session, I might say, we don't get into questions from members. They take notes, and that's it.

Raymond Frost, the floor is yours. Welcome.

**Mr. Raymond Frost (As an Individual):** Good morning.

I speak to you today as an educator, and on behalf of the Grandmothers Advocacy Network. I also ask Canada to commit \$260 million to the Global Partnership for Education over the next three years.

A hundred million children, the majority of whom are girls, are out of school in sub-Saharan Africa. The possibilities are endless when girls and women have the education and skills they need to live in a world where they are fully in control of their lives.

Educated societies are needed if we are to have the skills to solve some of the challenges of the 21st century: climate change, food security, improving economies, and ending poverty.

The Global Partnership for Education can help make this happen by helping developing nations build schools, train teachers, and provide access to quality education. Canada can help the GPE make quality education a reality for all children by committing \$260 million to the GPE over the next three years.

Thank you.

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

Erin Arnold.

**Ms. Erin Arnold (As an Individual):** Honourable members, where would you be without your education? Well, 130 million girls are out of school. If they were a country, they would be the 10th largest. Think about that lost potential.

Canada contributes about 2¢ per Canadian per day to global education. According to the education commission, it's indispensable to double our contribution if we want to close the gap and provide every girl with the opportunity to go to school.

We know the facts. Education is one of the most powerful interventions, and it's fundamental to breaking the cycle of extreme poverty.

This means that just 2¢ more, and Canada can lead the way in helping to educate 130 million engineers, entrepreneurs, doctors, and perhaps our next world leaders or finance ministers.

Today we ask Canada to contribute to the Global Partnership for Education in 2018, so we can help millions of girls in the poorest countries get the education they need. That's my two cents.

Thank you.

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

Sharon Gregson.

**Ms. Sharon Gregson (As an Individual)** Thank you.

Good morning. I have to say, this is the closest I've come to speed dating in quite some time.

I also have to comment on how bizarre it feels to come here this morning and present to an all-male panel of members of Parliament. Frankly, as a woman in Canada, I am fairly upset with that state of affairs, and I shall be letting the Prime Minister know.

I am here representing the Coalition of Child Care Advocates of British Columbia. You probably know that the federal government is signing multilateral and bilateral agreements on child care with the provinces. B.C.'s share over the next three years is \$50 million a year. While it is very good to see the federal government step up and recognize its role in child care in this country after 16 years of not being present in those conversations, the amount that's being dedicated at the moment is woefully low and only perpetuates the current framework, which is a patchwork, rather than making the full change that families need.

The quick recommendations for you to consider are to ensure that you recommend \$1.2 billion in 2018 for early learning and child care, with annual increases; that the funding be to build a system, not for individual vouchers to families, which don't build a system; that the investment be in the not-for-profit and public spheres, because, after all, kids are not for profit and child care in the market has been a failure; that there be investment in the ECE workforce; and that there be meaningful consultation with advocates.

In British Columbia, we have something called the \$10aDay child care plan, a plan ready to be implemented, and we need the federal government to step up so that our province can move forward to implement that plan.

I ask you to consider the role of early childhood education and early learning for the future of Canada.

Thank you.

● (0855)

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

Next is Dawson Markle.

**Mr. Dawson Markle (As an Individual):** Thank you, and good morning.

I am here today as a volunteer on behalf of Engineers Without Borders Canada.

In budget 2018, we ask that Canada commit to a timetable of predictable annual increases to the international assistance envelope to bring Canada's development assistance to 0.31% of GNI within this government's first mandate.

Canada's current level of development assistance is 0.26% of GNI, which is the lowest in recent history. While development assistance globally has increased by 9% in the past year, according to the OECD, it is disappointing that Canada's own contributions have declined by 4%.

Increasing aid would help Canada achieve its sustainable development goals and increase economic growth. Forthcoming research on the Canadian international development platform suggests that countries receiving development assistance are more likely to import greater quantities of Canadian goods, compared to those that don't have aid.

We hope that budget 2018 can correct this downward spending trend so that Canada can fulfill its global commitments.

Thank you very much.

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

Next is Lucia Rincon.

**Ms. Lucia Rincon (As an Individual):** Good morning.

I am speaking to you this morning on behalf of the Coalition of Child Care Advocates of British Columbia, specifically about how this child care crisis is affecting families, children, and our communities.

Families urgently need child care that is universal, quality, and inclusive—an integrated child care system. To this purpose, the \$10aDay program, I believe, is the best way to go.

Thank you.

**The Chair:** Thanks very much, Lucia; and thanks to all who presented. I know one minute is a fairly short period of time, but we do take your points seriously.

With that, we have all our people here for the panel. Before we start, thank you for coming as witnesses, and for any who managed to present a pre-budget submission prior to the August deadline, which seems a long time ago now, we appreciate those submissions as well.

To give you a little overview of the members here on this committee, it is a subcommittee of the parliamentary committee. There are a number of members. We travel with seven people and not the full committee. I might mention that our female participant isn't able to travel on this leg with us.

In any event, I will ask the members to introduce themselves and where they come from, so you'll know the cross-section of the country we represent.

I'm Wayne Easter. I'm a member of Parliament from Prince Edward Island, the riding of Malpeque. If you have good oysters out here, that's where they come from. I'm a member of the government party.

Pierre-Luc, do you want to start, please?

● (0900)

[*Translation*]

**Mr. Pierre-Luc Dusseault (Sherbrooke, NDP):** Thank you, Mr. Chair.

My name is Pierre-Luc Dusseault and I represent the Quebec riding of Sherbrooke. I am a member of the New Democratic Party of Canada. I was pleased to hear such good ideas earlier. I also look forward to hearing the ideas of the people in this group.

[English]

**The Chair:** Pat.

**Mr. Pat Kelly (Calgary Rocky Ridge, CPC):** I'm Pat Kelly. I'm a member of Parliament for Calgary Rocky Ridge and a member of the Conservative caucus.

**The Chair:** Dan.

**Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC):** Thanks for having me. I'm Dan Albas from Central Okanagan—Similkameen—Nicola. It's wonderful to be in Vancouver. I'm looking forward to all the panels today. Thank you to all the people who came and presented. The open mike is a wonderful thing.

Thank you, Mr. Chair. I'm looking forward to today.

**The Chair:** Michael.

**Mr. Michael McLeod (Northwest Territories, Lib.):** Hi. My name is Michael McLeod. I represent the Northwest Territories. I'm a member of the Liberal Party, and I think I'm the newest member of this committee.

**The Chair:** Francesco.

[Translation]

**Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.):** Good morning. I would like to welcome everyone.

[English]

I'm Francesco Sorbara. I represent the wonderful and dynamic riding of Vaughan—Woodbridge, bordering the city of Toronto. I've been a member of this committee from the outset, and I look forward to receiving your comments and feedback. I'm also a proud father of two young girls. They miss their daddy.

Thank you.

**The Chair:** Greg.

[Translation]

**Mr. Greg Fergus (Hull—Aylmer, Lib.):** Hello. I am Greg Fergus and I am the Member of Parliament for Hull-Aylmer, which is on the Quebec side of the Ottawa River.

[English]

Just to let our witnesses know, please have your translation devices ready.

[Translation]

In fact, Mr. Dusseault and I will be speaking French.

[English]

Also I would like to thank very much the members of the public who came forward. I appreciate having the open mike. It was very good to have your comments, especially on early child care. I appreciate that.

**The Chair:** Thank you to all.

We'll turn to our first witness. Please keep it to around five minutes. We have only five panellists today, although yesterday we had seven, so we're probably okay to ease off a little on the time.

From the British Columbia Council for International Cooperation, we have Mr. Schemmer, who is co-chair of the board of directors.

[Translation]

**Mr. Darren Schemmer (Co-chair, Board of Directors, British Columbia Council for International Cooperation):** Distinguished members of the committee, I would first like to thank you, on behalf of the British Columbia Council for International Cooperation, for inviting us to appear before you today.

[English]

The British Columbia Council for International Cooperation is a network of 150 civil society organizations, educational institutions, affiliate members, and individuals who share a common interest in making our world a better place.

As part of the non-profit sector, we would like to thank you for taking our views into consideration. Canada has the second-largest non-profit sector in the world. Our sector is larger than the automotive sector and contributes 8.1% of gross domestic product. Keep in mind that these are real jobs employing 13% of paid employees in Canada.

The statistics on volunteerism are equally impressive: 13 million Canadians volunteer their labour and skills.

We would also like to thank you for considering international development when formulating our national budget. You are clearly aware that what happens in one corner of our planet affects every corner. Our interdependence became obvious to Canadians a decade ago when it was growth in developing countries in Asia and Africa that prevented the world from falling into a deep economic depression.

In recognition of this interdependence in 2015 Canada and 193 other countries signed onto the United Nations' 2030 agenda for sustainable development and agreed to pursue 17 sustainable development goals with targets to achieve by the year 2030. One of these, goal 8, is of particular interest to those of us gathered here today. It is about decent work and economic growth. Among other targets, Canada and the other countries agreed to: "By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average".

BCCIC attended the United Nations summit where countries signed on to the sustainable development goals. We returned curious to know if British Columbians shared this agenda. Over the past two years BCCIC travelled this province and met with more than 700 leaders in over 50 round tables in 32 communities. We mobilized teams of young people to speak to thousands more on the phone. Together we explored what it means to balance the local agenda with our common international agenda. We have mapped over 2,500 groups just in B.C., Yukon, Northwest Territories, and Nunavut who are working on the sustainable development goals. We encourage you to look at our digital map online at [bccic.ca/](http://bccic.ca/) to see for yourselves how active this mosaic is.

In the context of the sustainable development goals, you were asking us about goal 8, decent jobs and economic growth in relation to Canada. Goal 8 cannot be addressed successfully in isolation from the rest of the goals, and the national cannot be addressed successfully in isolation from the global scale. We were inspired by recent Canadian policy statements that recognize this, such as the feminist international assistance policy.

The global agenda can be summed up in our commitment to leave nobody behind, which brings me to my main point. In every corner of this province and in the territories we found unanimous interest in the sustainable development goals. It mattered not an iota what a person's personal theory of change was, nor their politics. All agreed upon the benefits of municipal, provincial, or national plans working within the framework of agenda 2030 and the sustainable development goals.

Everyone knows we live in a globalized economy on a planet with ecological limits. Everyone sees that security, prosperity, and well-being in Canada depend on security, prosperity, and well-being elsewhere.

How does this translate into a federal budget for Canada and Canadians? Budget 2018 in our opinion must step up Canada's capacity to engage outside of as well as within our borders on all 17 of the sustainable development goals. Others will speak to you about how budget 2018 can support the goals in Canada. I will speak to you about how budget 2018 can be more representative of Canadians' interest in supporting the goals globally.

On average Canadians donate about \$530 a year. This represents a little over 1% of our average personal annual income. Internationally governments are expected to contribute just 0.7% of their gross national income toward official development assistance. Many countries have achieved or even exceeded this target, so how does Canada perform? Are we pulling our weight?

You will be saddened to learn that Canada is at an all-time low. For many years our official development assistance was growing, but today we are spending a paltry 0.26% of our gross national income on official development assistance. Let me repeat that: 0.26%, a quarter of a penny, for every dollar that Canada earns.

BCCIC is concerned that our federal government underestimates the interest of Canadians in the sustainable development goals. We are more generous than our government with our donations of money and we show up in droves to volunteer our time. Our recent federal government budget priorities do not reflect this commitment

by Canadians, but they should. With shifting security concerns, a changing climate, the aging global population, and the limits of a finite planet, it makes no sense to view our national economy in isolation from our global context.

Budget 2018 is the time to aggressively commit to the 0.7% target. We recommend achieving 0.7% of gross national income for official development assistance within five years if not sooner. Canada must commit to the sustainable development goals with more than just words.

● (0905)

Thank you for your consideration.

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

Turning to the Burnaby Board of Trade, we have Mr. Holden, CEO. Welcome.

**Mr. Paul Holden (President and Chief Executive Officer, Burnaby Board of Trade):** Thank you.

The Burnaby Board of Trade represents roughly 1,100 member businesses, entrepreneurs, and organizations from Burnaby and across the lower mainland. We work at making business better by providing our membership with insightful leadership, advocacy, education, and a platform for collaboration.

We're also unique in that we approach all issues with a triple bottom line perspective. We consider economic, social, and environmental factors whenever we consider an issue.

In repeated consultations with our members, both explicitly to inform our pre-budget submission and through other unrelated outreach such as our innovative business walk programs, we've seen a consistent focus on a few key priorities from our members, which all impact the issue of productivity. These issues are transportation and mobility, employee attraction and retention, housing and real estate costs, and business investment. It is these areas on which we suggest the federal government focus in budget 2018 as a way of improving the productivity of our workers and businesses.

In the area of transportation and mobility, as Burnaby is a dense urban city of more than 220,000 people, transportation and the efficient movement of goods, services, and employees is of significant interest to the business community. Traffic and congestion cost businesses both time and money by delaying the movement and delivery of their products and their workers.

While commuters and drivers of personal vehicles often have options for different travel methods or travel times, businesses often do not. Our manufacturers can't deliver product by bus. Continuing the government's investment in both rapid transit and major transportation infrastructure would be the most direct way for budget 2018 to achieve tangible improvements in efficiency and productivity in the movement of our goods, services, and people. If employees are stuck in traffic and congestion is slowing down the movement of products and services around our region, productivity suffers. As a recent Canadian Automobile Association study found, congestion in Toronto, Vancouver, and Montreal is responsible for adding nearly 88 million hours annually to Canadians' commutes. That's over 10,000 years' worth of extra time every year that drivers in those cities are stuck in their vehicles.

In the area of employee attraction and retention, businesses tell us that attracting and retaining staff is a major issue, and having vacancies and staff turnover can be detrimental to productivity. Our members also tell us that government can play a role in helping business by ensuring people can access training for the skills we need in our workforce and by ensuring our immigration system allows us to attract the kind of talent our economy needs.

That said, many of the existing training programs still require a considerable investment from businesses, making it difficult for companies operating with limited capital or cash flow to avail themselves of these programs. In particular, in many of the high-skill sectors, there is significant competition for talent, which creates disincentives for employers to invest in training for employees who can easily move to competing firms. A focus on working with the provinces and territories on delivering innovative and effective training programs that can overcome these barriers, such as the unemployed stream of the Canada jobs grant here in B.C., would be welcome in budget 2018.

In regard to immigration, we have long advocated for a focus on skill-based immigration and suggest that initiatives such as the temporary foreign worker program should be targeted at filling the unique skills gaps our businesses are experiencing.

Regarding housing and real estate costs, the rapid rise of real estate costs in our urban centres, and increasingly in suburban and exurban areas, is now a business issue. Last year, for the first time, we saw a considerable number of businesses raise this issue as a concern and cite it as responsible for rising business costs, increasing lease and rent rates, and the difficulty in attracting workers from outside of the region to move here. Further action is warranted by the federal government in budget 2018 to work with its provincial and municipal counterparts to address the rapid increase in housing prices and the decrease in affordability through a focus on both supply and demand factors.

Business investment is crucial to both innovation and economic growth. When companies invest in improvements to the tools, equipment, and infrastructure their workers use, it increases their productivity, spurs innovation, and drives economic output. However, many businesses can't justify or accommodate a big upfront investment. Programs would be welcome to offset that initial capital outlay or speed up the recovery of that investment through savings or capital cost depreciation.

In our own efforts to encourage businesses to make investments to increase their environmental sustainability, we have seen first-hand the difficulty many have in making initial investments if the benefits take too many years to accumulate. Often small businesses have limited cash flow or lack the capital to justify or accommodate a significant upfront expense, even if it will have benefits and will pay for itself in the long term.

● (0910)

Budget 2018 should build on current government actions that encourage and incentivize investment in new equipment, technology, machinery, and software, which help boost the competitiveness and productivity of our local firms. Budget 2018 should also specifically look at creative ways of helping businesses overcome potential upfront financial barriers to making these kinds of capital investments.

We feel that proactive approaches that encourage and incentivize business investment are a far better approach than are punitive measures, such as the proposed changes to the taxation of private corporations, and, especially in this context, the proposed restrictions on holding passive investments within a business. We should look for ways to empower businesses to invest in innovation and productivity and not put barriers or potential barriers in the way of that kind of investment.

Thank you for the opportunity to share our thoughts and those of our members with the committee today.

**The Chair:** Thank you very much for sharing your thoughts with us.

From Clean Energy Canada, we have Mr. Woynilowicz.

**Mr. Dan Woynilowicz (Policy Director, Centre for Dialogue, Simon Fraser University, Clean Energy Canada):** Good morning to the members of the committee, and thanks for having us here today to share some of our thoughts.

Clean Energy Canada is a think tank based at the Centre for Dialogue at Simon Fraser University, and we work to address climate change by accelerating Canada's transition to a clean energy system. I'd like to focus my comments this morning on recommendations that will support the federal government's implementation of the pan-Canadian framework on clean growth and climate change, and more specifically the forthcoming zero-emission vehicle strategy.

Canada's transition to electric vehicles will result in significant emission reductions. Transportation accounts for nearly a quarter of Canada's carbon pollution today, and electric cars can make a big dent in that. That's especially true when they're charged from clean power, and Canadians are fortunate to have an electricity supply that's already 80% non-polluting.

An effective zero-emission vehicle strategy can help position Canada as a strong competitor in the global transition to clean cars, and budget 2018 should provide the funding needed for that strategy to succeed. That means using the budget to help advance three goals: first, making it easier for Canadians to choose an electric vehicle; second, making it easier for Canadians to charge an electric vehicle; and third, helping ensure that Canadian businesses can capture the economic opportunity presented by the global shift to electric vehicles.

To make it easier for Canadians to choose an electric vehicle, we need to provide them with an efficient way to get high-quality information and provide them with an opportunity to actually test drive and compare different vehicles. The reality in Canada right now is that it's hard to find an electric car at most dealerships to test drive, let alone purchase. Myself, I've been a lifelong Volkswagen driver, and I was excited when they released an electric Golf earlier this year. I contacted my local dealership to see about going in and taking a look at one, perhaps taking a test drive; and I was told that they had already sold out, there were none on the lot, and there wouldn't be until next year.

Now, this isn't uncommon. A 2015 study found that more than a half of certified electric vehicle dealerships in Canada didn't have a single electric vehicle in stock. Based on this kind of inventory, the study concluded that it was five times harder in Canada to purchase an electric car than in the United States. Not surprisingly, a follow-up study in 2017 concluded that a lack of inventory statistically decreases consumer interest in buying an electric car.

To remedy this, the federal government should support a national network of electric vehicle discovery centres modelled on the facility operated by Plug'n Drive in Toronto. This facility allows interested consumers to learn about electric cars without any pressure to buy and take models out for a test drive.

I had the chance to visit the EV discovery centre in Toronto last week, and not only was I able to test drive one of Volkswagen's e-Golfs, I also got to drive the Chevy Bolt and the Nissan LEAF and learn a lot about those different models and what they had to offer with no pressure to buy. Had I wanted to move forward with a purchase, I would have just been referred to any of the local dealerships in the area.

It's a proven a model, and we believe it should be expanded to other parts of the country as a public-private endeavour, similar to the model in Toronto that includes funding from utilities, from the car manufacturers, the Government of Ontario, as well as TD Bank.

Once a consumer decides they'd like to purchase an electric vehicle, there is still the challenge of overcoming higher purchase prices. There's no question that rebates matter. The three provinces in Canada that offer rebates for the purchase of zero-emission vehicles account for 95% of Canadian sales. During the transition period until electric cars attain price parity with internal combustion engine vehicles, well-designed point-of-sale rebates are an important tool that the federal government should offer coast to coast for consumers purchasing zero-emission vehicles. For budget 2018, a national commitment to electric vehicle rebates would send a powerful signal.

To make it easier for Canadians to charge electric vehicles, you've heard recommendations from the Canadian Automobile Dealers Association, Plug'n Drive, the Canadian Vehicle Manufacturers' Association and Electric Mobility Canada; so I won't comment further, other than to add our support to their recommendations for sustained investment in electric vehicle charging infrastructure across the country.

Lastly, but just as significantly, the economic opportunities of a domestic and global shift to electric vehicles are compelling. Canada has strong technical capabilities in auto parts, manufacturing, and automotive innovation. Electric cars and their charging infrastructure also require significant software and technology expertise, another area of Canadian strength.

● (0915)

Canada is rich in many of the natural resources, such as copper, required for the construction of electric cars. For example, electric vehicles require four times more copper than internal combustion engine vehicles.

To ensure that Canadian businesses can capture this economic opportunity, the federal government should support an updated and expanded zero-emission vehicle technology road map, a tool that the federal government has successfully used for other sectors to assess Canada's strengths and determine how best to capitalize on them.

Thank you for the opportunity to provide these recommendations. I look forward to your questions.

● (0920)

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

Turning to the Fraser Institute, we have Mr. Lammam.

**Mr. Charles Lammam (Director, Fiscal Studies, Fraser Institute):** Thank you, Chairman, and thank you to the committee for having me participate in these pre-budget consultations. I hope that you find my comments helpful as we craft next year's federal budget.

I'm the director of fiscal studies at the Fraser Institute. We're an independent, non-partisan, economic policy think tank. The mission of the institute is to help average Canadians understand the impact of government policies on their lives and the lives of future generations.

I understand that looking at the budget is really an endeavour of looking into the future, but I want to spend a little bit of time with my opening remarks providing the context that we find ourselves in today, so looking backwards.

Despite recent headlines about positive economic growth, the reality, I believe, is that we don't have as rosy a picture as these headlines would suggest. It's important to keep in mind that we're coming off two very weak years of economic growth in 2015 and 2016, so there is a natural rebounding that has occurred so far this year. When we look at the last quarter of growth, which is the second quarter of 2017, we see that 40% of that growth came directly from the energy sector, so as the energy sector continues to rebound, that's going to drive some of the growth.

If you look at growth projections going forward, whether from the Bank of Canada or from private sector forecasters, you'll see that the expectation for Canada is for economic growth to moderate and slow considerably in the coming years despite the small blip in 2017.

One of the critical concerns I have is regarding our economic fundamentals, particularly the slowdown in business investment, which receives little attention but is a key driver of our long-term growth and prosperity.

When businesses invest in the latest technologies and production techniques, and expand their operations, it spurs economic growth and raises living standards for workers because it makes them more productive, which in turn allows them to command higher incomes. However, business investment in Canada has been falling. In fact, the level of business investment in the latest quarter of available data is down 20%, after accounting for inflation, over the peak in 2014. By international standards, Canada's rate of business investment as a share of the economy and per worker is among the lowest compared to other countries where we have comparable data; in fact, it's second lowest among 17 countries.

Looking at the longer-term trends, business investment—particularly in machinery and equipment, which is the type of investment that provides workers the tools that they need to become more productive—has been on a long-term downward trend going back to 2000.

There are many possible explanations for why we've seen the decline in recent years. Certainly, part of that has to do with the drop in commodity prices. However, some factors affecting growth and investment are due to policy decisions, and on this front, the federal government hasn't acted. Policies are sent signals that have discouraged investment and economic growth in recent years.

For example, we've seen an increase in marginal income tax rates, particularly those that affect entrepreneurs and highly skilled workers. We've seen, by extension, an increase in the capital gains tax rate, which is levied at half of one's marginal tax rate. There's been uncertainty about whether the capital gains inclusion rate will increase. The government did muse about this last year but has not really closed the book on whether that will happen. This creates an enormous amount of uncertainty among investors and entrepreneurs.

In addition, we have a looming payroll tax hike, both from the employment insurance system as well as from the planned expansion of the Canada Pension Plan, and a new carbon pricing mandate, which will certainly affect business investment in our country, particularly as other countries like Australia move away from carbon pricing. Of course, there's an unstable fiscal framework, federally and in a lot of provinces. I don't need to remind the committee about

the government's pledge to run no more than \$10 billion of deficits for three years before returning to balance. So far, they've doubled and tripled that amount with no plan to revert back to a balanced budget. This matters for investment for a number of reasons.

● (0925)

In particular, it creates uncertainty about future tax hikes introduced to repay and service the increased debt that's being accumulated. There have been missteps by the federal government in response to these challenges, which I argue are contributing to our depressed levels of business investment. They are being exacerbated by several provincial policies. We don't need to get into those, but they include higher marginal tax rates as well as increased corporate income tax rates, which have led to an increase in the effective tax rate on new investment in Canada, unstable fiscal frameworks, a dramatic increase in the minimum wage in some provinces, new labour regulations, and skyrocketing energy prices in Ontario.

As a result of all this, Canada has become less competitive in recent years as a place to do business and as a place to work. For instance, according to the World Bank's rankings for ease of doing business, Canada dropped to 22nd from its 14th ranking of last year. Also, a recent survey of large companies by the Business Council of Canada found that 64% of CEOs thought Canada's investment climate had been worsening over the last five years, with particular notes about the tax and regulatory burden increasing. Similar results have been found by small businesses in surveys done by the Canadian Federation of Independent Business, so overall there has been a decline in our investment climate over the years.

In addition, I would like to point out that while there are some near-term challenges with investment and economic growth there are also long-term challenges that flow from an aging population. This is an issue that is often discussed but doesn't receive enough attention, in my opinion. There are concerns that older people will be less entrepreneurial and will participate in the labour force less than their younger counterparts. This demographic shift is causing projections for very long-term growth to fall below 2% over the next 35 years. On this front, the government has also discouraged the labour force participation of our seniors through a policy that reduces the age of eligibility for old age security.

There are lots of policy ideas that could be used to counteract these forces. I'm happy to elaborate on some of them in questions and answers. I would like to point to two broad issues. One of these, which is important for our prosperity to thrive, is the need for increased certainty in our business environment and investment climate. We can achieve greater certainty through a more sound fiscal framework going forward. The government is now undertaking a review of the personal income tax system, which is a positive move in light of the growing complexity and our declining competitiveness in recent years. While this review is under way, the government should move to reform the system more comprehensively rather than adopting a piecemeal approach, which is what it has done to date.

Those are my opening remarks. Thank you for the opportunity. I'd be happy to answer any questions in the Q and A.

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

I think it was you on the other end of the phone last week speaking on the issue of small business corporate taxes. I know you came on with less than 24 hours' notice. We appreciate that.

We're turning now to Mr. Black, with the Greater Vancouver Board of Trade. Thank you for coming. The floor is yours.

**Mr. Iain Black (President and Chief Executive Officer, Greater Vancouver Board of Trade):** *Bonjour mesdames et messieurs.* I will speak in English. While my children are fluently bilingual, my high school French is unfortunately not going to do more than get me into a bar fight. I will stick with English, with your indulgence and the greatest of respect.

Ladies and gentlemen, the difficulty in going fifth, behind a whole bunch of really smart people, is that all the good stuff has been taken. I'm going to be freewheeling my remarks a little bit more, and hopefully we'll keep it a little more conversational.

Let me start by saying thank you to all of you for your service to our country and for sitting on this committee. I know well what you are going through. I served as an MLA and cabinet minister in the province of British Columbia for two terms, and actually I sat on the provincial version of this committee. I know what a privilege it is to get to know intimate little corners of the country that you never thought you'd find yourself being in, but I also know that it is not glamorous work. It is a grind. It is also very important work that you are doing, so thank you so much for doing that.

Member Sorbara, to you in particular, when I was first elected, I had three children under the age of five. I know well what it's like to be missing them, so thank you for that additional sacrifice that you are making.

Gentlemen, I stand before you as the CEO of a 130-year-old non-profit organization, which is a little different from many other kinds of chambers of commerce and boards of trade in the country. We have a very unique history, and we have a very unique approach to the world in our diversity, first and foremost with respect to the industries and the size of the companies that we represent.

We don't have any one dominant industry within the membership of our organization, which represents, through its membership, about one-third of the working people in the province of British Columbia.

Eighty per cent of our members are small to mid-sized enterprises, many of them family-owned. That is the nature of business in British Columbia; we're a branch-office kind of place. Much of the wealth is generated by small family-owned businesses, multi-generational—of not a bad size in many cases, with a couple hundred employees. We are not a headquarters kind of town as Toronto is, for example.

We are also a very progressive organization. We are not your traditional “cut it, burn it, pave it” kind of free enterprise-oriented organization, although we are definitely a free enterprise organization. We build communities. Part of our history is that we are very focused on issues and have taken leadership positions on issues like homelessness in the Downtown Eastside, in which you'll find the poorest postal code in all of Canada. We were considered a tipping point in that particular conversation about seven or eight years ago, and likewise with mental health and addictions, housing affordability, etc. We have a much broader focus on how we do business, which will become pointed for the last part of my remarks.

Your invitation to speak before you today was greatly appreciated. Thank you. You asked me to focus on two areas: the productivity of our people, and the productivity and competitiveness of our companies.

With respect to our people, I would refer you to our December submission with respect to the budget, in which we spoke about a couple of key things lifted directly from a piece of work that our organization did a couple of years ago, which we refer to as the greater Vancouver economic scorecard. I will distribute copies to the committee.

Effectively, this was an unprecedented study that took two years. We did it in conjunction with The Conference Board of Canada. We studied this region as a region, as opposed to the 22 different municipalities that comprise it. We compared ourselves to 19 other jurisdictions around the world to figure out how we were doing. One of the areas that we came to where we needed some focus was indeed the area of human capital. I'll focus on that one area, because the scorecard itself is quite a comprehensive piece of work. In that we identified that we had to attract, develop, and retain human capital.

On the attraction side, we recommended, through our letter from December of last year, that you focus on areas of foreign credentials and recognizing them, on streamlining and revising the temporary foreign worker program, and in particular on those who are abusing it to make sure that abuse is curbed, so that the true intent of that program and the very important role that it plays in our economy in British Columbia is actually delivered. On the side of developing human capital, we focused a lot on areas of post-secondary education and the investments that need to be made there strategically, as well as on retraining people as appropriate, as we go through economic and industry changes in British Columbia—which have been remarkable in the last 25-odd years that I've had the privilege of living here.

On the retaining side of things, we focused a great deal on housing affordability. We're about 15th out of 17, unfortunately. We have a very low grade on that scorecard that I referenced. Our ability to attract and retain people under the age of 35 in the Lower Mainland is one of the worst in the world, to be quite candid. We found ourselves placed 15th out of the 17 jurisdictions that we studied.

We also inextricably linked housing affordability to investments in public transit. You will forever, from this point forward, see our organization do that. We will not talk about housing affordability without talking about investments in public transit, because in a modern metropolitan area such as we now live in, you can't actually separate the two. I'll come back to that very slightly in just a moment.

● (0930)

The only further comment I made on housing is that we urge the federal government to get back in the game. There was a time, 30-odd years ago, when the federal government played quite a role in a housing strategy that was federal and actually coordinated efforts with municipalities and provinces to address some of the challenges we're currently facing. Frankly, it could have prevented them a wee bit, too, particularly when it comes to issues of rental housing stock.

Turning to businesses for just a moment—I recognize that I'm now at the point of needing to turn the mike back to the committee—we had a variety of recommendations around the business competitiveness side of things, focused a lot on our geography and where we are: the Pacific gateway. We're very unique here. We are the St. Lawrence Seaway of the 21st century. I can get back into that in the Qs and As if you like.

We had a lot of focus on optimizing the supply chain; interprovincial trade; air competitiveness, specifically with YVR; the shared capitalization of airports and ports, which we strongly urge you to leave alone; and then finally, again, the investments in public transit south of the Fraser River in particular, and the Broadway extension as well.

But I could not sit in front of you without talking about the changes in small business taxation that are being proposed. I'll finish my comments on this.

In this context, I have to remind you—or educate you, if you don't know—that in British Columbia we're unique when it comes to the small business community. Over six out of 10 jobs in B.C. come from the small business community. That's the highest in Canada. Over a third of our gross domestic product comes from the small business sector. That is also the highest in Canada. We also support the highest number of women-owned or -operated entrepreneurial ventures in all of Canada. We have a very special relationship here with the small business community.

Perhaps poignant for this conversation, I had the pleasure of serving as the small business minister for this province for two years, so I know this stuff fairly well, and I'd be glad to carry on with any conversation in the Q and A.

We have seen something rather unique happen in our organization in the last three or four weeks. It's unprecedented. We are not a radical, dramatic, “step back on our heels” kind of organization. We're a pretty polite bunch. We get along with governments of all

stripes and have done that for over a century and a quarter, but we've never seen our members react the way we've seen them react to the proposed changes that are on the table at the moment.

In the last three weeks, we solicited input from our members and anticipated about 5,000 emails to be generated. As of yesterday, we've produced over 25,620 emails to the members of Parliament in British Columbia through inviting small business members to make their views known. Of the two or three dozen issues that may exist out there on this particular conversation—it's fairly complex, and I recognize that—I want to focus on two. With that, Mr. Chairman, I'll wrap up.

First, I want to focus on the ongoing and fundamental disconnect that exists between the narrative of the federal government, specifically including our Prime Minister and our federal Minister of Finance, and the advice and the analysis of the experts: the accountants, the advisers, and the financial planners of hundreds of thousands of Canada's small business owners. These trusted specialists have repeatedly and emphatically stated that the federal government's assertions and assessments about who is impacted and how they're impacted are arithmetically inaccurate. It's not about politics. It's about math. They are factually incorrect, and they are simply wrong.

The second point pertains not to tax rates or any financial issue, but to the philosophy and the culture of entrepreneurship in Canada. At issue are the accepted, legitimate, and legal mechanics, not loopholes. Let's be very clear. These were deliberately designed to encourage human behaviour around creating jobs and employment in the small business space, but they have for decades defined the sacrosanct relationship between government and small business. It is not needed and it is not the government's place to further dictate how, what, and when a business owner pays people or puts money in or takes money out of a small business.

If the government continues down this path, what we risk compromising is the ability of small businesses to do what we do: to fund a local soccer team, a hockey team, Rotary Clubs, hospitals, hospices, soup kitchens, and food banks. Thus, and in conclusion, these changes not only threaten Canada's golden goose of the economy, but are also poised to undermine small businesses' role as a cornerstone of Canada's communities.

Thank you for the opportunity to be here today.

● (0935)

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

I would say that on this committee we have seen some of that reaction—in spades.

We'll go to seven-minute rounds, starting with Mr. Fergus.

[Translation]

**Mr. Greg Fergus:** Thank you very much, Mr. Chair.

I would like to again thank all our witnesses for being here. This is my first year on the Standing Committee on Finance and I have never seen a group of business people so concerned about other issues and not just profitability. I commend you.

Mr. Schemmer, before asking the business people some questions, I would like to mention that I am well aware of the work done for years by your national organization, the British Columbia Council for International Cooperation. I am very interested in hearing about your concerns with respect to international development and the fact that Canada must play a greater role in that area.

Mr. Holden, it is very encouraging to hear that a board of trade is concerned about the triple bottom line.

Several of you mentioned the issue of transportation and noted just how important it is for the federal government to continue investing in public transit. I completely agree with you.

I would also like to thank Mr. Albas for his comments about electric vehicles. I have owned a hybrid car for 10 years, and so I really understand what he is saying. Public transit is of great importance to me, and I work hard in my riding to ensure that the federal government invests in public transit. I realize that this is an important issue.

That said, my two questions are for Mr. Lammam and Mr. Black.

Mr. Lammam, I have read the publications of the Fraser Institute, a highly respected organization, for quite some time. I appreciate your concerns as well. I would like to ask you a few questions about carbon pricing. You stated that this will pose a challenge for Canadian businesses. You also mentioned that Australia would cancel the carbon pricing established by a previous government. Is there a way to link the economy and the environment? In my opinion, there seems to be a general movement in the industrialized world towards imposing carbon pricing. Some say that if people want to make a profit, let them make as much profit as they can. However, I believe that we should instead determine how to use the economy to ensure the development of a sustainable economy.

Mr. Black, once again, you spoke about public transportation, affordable housing, and the importance of investing in postsecondary education. I am certain that you are aware of the fact that the federal government quite recently, in late 2016 and early 2017, committed to investing in affordable housing. I would like you to comment on this and to tell us how this is a key issue here in British Columbia.

• (0940)

[English]

**The Chair:** Mr. Lammam, go ahead.

**Mr. Charles Lammam:** Thank you for that question and for following the Fraser Institute's work. I'm pleased to hear that. There are a few things I'd like to say.

First of all, I'm not an environmental policy expert, but I will refer you to work that we've done that has measured the quality of Canada's environment over longer periods of time. Quite surprisingly, we find that we do a pretty good job in this country of

maintaining a good environment. That's something that I think Canadians should be proud of. I think that's an important backdrop for understanding what types of environmental policy measures we take. But carbon is different, obviously, given the types of issues surrounding it.

I'd like to say a couple of things about the way carbon pricing is implemented in practice versus the theory behind it. There tends to be a disconnect. In theory, a carbon tax that is more economically benign has features that we do not see in practice. For example, implementing a form of carbon pricing needs to be done concurrently with removing any existing regulations that serve the same purpose of regulating the emissions. Otherwise we could have basically a double hit to the same type of activity. So, we don't see that type of implementation where there is a retraction of existing regulations that serve the same purpose as carbon pricing.

In addition—and this is a very important feature of how carbon tax is implemented in practice—we don't see anywhere in the world, and certainly not in Canada and certainly it won't be the case with a federal mandate of carbon pricing, where provinces are required to offset new revenues through the carbon pricing, however it's implemented, by reductions in other forms of taxation. This is important for many reasons. Again, it helps mitigate some of the economically damaging effects of the carbon tax. So, the federal government, in its mandate, has not specified how exactly the provinces must use any new revenues they generate from the mandate, and there has been no interest, certainly, not even in B.C., which at one point did have a revenue-neutral carbon tax—it no longer does. Even in B.C., the plan with our current government is to raise the price per tonne with no offsetting reductions in other taxes like personal or corporate income that could mitigate some of the damaging effects of a carbon tax.

It's unambiguous that carbon pricing will put Canadian firms that are emission intensive at a disadvantage. The issue is about what the magnitude is, but it certainly will do so and it will do so at a time when business investments slow, at a time when our competitiveness is down. So, this is yet another policy that will have to be dealt with by businesses, investors, and entrepreneurs in the country at a time when we actually need pro-growth and pro-productivity types of policies.

It's so important to understand where we are in North America. We have a southern neighbour that has essentially put on hold or put aside any desire to implement a similar type of policy. So, when you think of people contemplating where to invest their next dollar or production facilities in Canada near the border, we could conceivably see situations of businesses moving south of the border where they don't deal with the same types of production costs that come from a carbon tax. It's more perverse than that in that we don't see any environmental benefit because the production activity is really just being shifted from Canada to the United States.

So it's important to understand the area of the world we are in. With a southern neighbour that's not really interested or hasn't expressed any interest in pursuing carbon pricing, I think it makes it all the more concerning for Canada to go at it alone in a North American context.

• (0945)

**The Chair:** Mr. Lammam, we are going to cut it there. I know Mr. Black is making notes. We'll bring him in later. Next time I'm going to cut Greg off at two and a half minutes into his question.

Go ahead, Mr. Albas.

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

Thank you to all of our panellists for being here today. I'm going to be focusing more on the economic and tax-related matters.

Mr. Lammam, you had mentioned your concern about low business investment levels. I think we're at the lowest we've been in Canada since 1981. Now, eventually what happens is that you have depreciating capital, where you have machinery that is not being replaced. So it's not just a matter of new capacity; this is a matter that we're not replacing old capacity. What happens to an economy that begins to see that it's all consumption, so to speak, and not enough money is being put into new capacity?

**Mr. Charles Lammam:** I can't overstate the importance of having robust business investment. It's partially what is driving the questions from this committee about productivity. Canada will not see its productivity levels grow unless we provide workers with the kinds of tools that they need to be productive and unless we invest in new, innovative ways of doing things. I would argue that it's an absolute national disgrace that we have such a low level of business investment. This is a long-term problem that we have in this country. It was partially masked by the recent oil boom from 2009 to 2014, but it's become more pronounced as commodity prices have fallen. We didn't become an investment powerhouse internationally, so to speak, but, again, the improved performance in our energy sector did mask an underlying problem.

Going forward, I think the solution needs to be squarely on policies that encourage investment in new structures, in machinery and equipment, and in innovation. It's so important for us as we enter a period of a declining labour force participation. We're currently in a period of relatively slow growth or low growth. Improving our productive capacity is going to be key moving forward. My concern, with regard to the federal government's approach, is that we are enacting counterproductive policies that do not help at the margin to spark business investment in a meaningful way. I cited some recent surveys about the sentiments among businesses, both large and small, plummeting in recent years, about our relative standing declining, and about the signals that are being sent to entrepreneurs and investors about whether Canada is a positive place to invest and to undertake new investments in machinery and equipment.

• (0950)

**Mr. Dan Albas:** What also concerns me is that every single person who spoke at the open mike and many of your fellow panellists today have talked about the need to invest in many different things. However, if people are not investing in the productive capacity of this country.... Human capital is also very

important, but they need to work with something. I'm very concerned, so I appreciate that.

Mr. Black, I certainly appreciate your presentation and the 25,620 emails. I've connected with many former high school counterparts who have gone on to great things in your neck of the woods, and they are very concerned.

Just with regard to the tax changes, your group put forward a campaign to hit the pause button. Yesterday, there was a vote in the House of Commons that basically asked for an extension of the consultations and whatnot. Where does the government go from here? My opinion on this is that you have a situation where now it's political because decisions are going to be made. What kinds of things do policy-makers need to bear in mind, and what is the optimal route moving forward?

**Mr. Iain Black:** I stand before you without the luxury of political opinion. We have an organization that by its very bylaw is non-partisan, and we have illustrated for a long time now that we work with anyone. We focus on what's right, not who's right.

In our letter to the finance ministry on the budget consultations, we included a comment made in budget 2016 that said that the government was interested in removing—and I'll quote our letter—"inefficient and ineffectual taxation measures". We were very encouraged by that, to be honest. We responded accordingly in December and made two very specific recommendations. The first was around maintaining "personal and business tax competitiveness to enable our nation to effectively compete for financial and human capital". In the second, we applauded the notion of simplifying or reviewing the tax regime and said, "Include tax system simplification as a key outcome in the governmental review of Canada's tax regime".

To be honest, this is not really what we had in mind in terms of what's come forward. I'm not in any way trying to kind of pile it on here. I recognize you've had a tremendous amount of feedback, and it's probably not been fun for many of you. Here's the thing: we honestly believe that there is a very important, thoughtful conversation that needs to take place around looking at how we have people pay tax in this country, and recognize that taxation policy is to trigger a certain human behaviour to encourage people to do one thing or discourage them from doing another. It hasn't been done thoroughly in this country for probably 25 or 30 years, and it really should be done every 10 or 15 years. We're very much in favour of that conversation, and we'd love to be part of it. What we're struggling with is that the last time changes such as those being contemplated right now were introduced was about 40-odd years ago, and it was a two-year consultation process, not 75 days introduced in the dog days of summer.

We recognize that the government has been projecting through its campaign and whatnot that it wants to go down this path. But let's be very clear: that's not consultation, and that time frame should never, ever, be included by any sitting government as part of, if you will, a respectful and formal consultation period. Our campaign all started with "Hit the Pause Button!" We're not against some of the philosophies around taxation reform, but we do think this has been awfully rushed. It started as being very prescriptive. I sense there's been a shift in the narrative a wee bit toward being a little more open to have things go forward. We actually think standing back, erasing the whiteboard, and starting again is probably the best path. We'd be delighted to be part of that conversation should the government wish to go down that path.

**The Chair:** We have time for one set of quick questions.

Dan.

**Mr. Dan Albas:** In regard to your comments earlier on efforts to look at airports such as YVR, which is a very successful model that people from all around the world speak quite highly of, why are you suggesting that the government not proceed in that area?

• (0955)

**Mr. Iain Black:** It's going to be a little different across Canada. Those of you who are from different parts of Canada might not see it the same way in your local surroundings, but every airport and every port is different. Shared capitalization conversations are quite complex, and they have different implications depending on where you live and the status of the entity in question.

We have a very strong airport, a very strong balance sheet. We have a port here that is one of the most efficient operating on the planet. As to the benefits associated with privatization—and bear in mind that this is coming from a free enterprise oriented organization—we actually believe we've already received the benefits that would come from privatization at the port of Vancouver, which has been recognized by all kinds of independent folks as being very efficiently run. Changing the share capital of the port, for example, would actually cause prices to go up in a very competitive international shipping market. That has phenomenal impact in the Lower Mainland, where over 100,000 people are directly or indirectly employed by the port of Vancouver within about five kilometres of the water itself. It's a pretty big deal.

To your question on YVR, with the greatest of respect to the idea, the value of \$4.5 billion to \$6 billion, which is what I understand the airport is assessed at, is not the government's money. That value has been created through passenger traffic and through airport fees that have been charged to renters, to the surrounding real estate folks, and to the airlines. There have been modest contributions by the federal government of different political stripes over the last 25 years since it went into this really interesting, unique community leadership model. With greatest pride, the Greater Vancouver Board of Trade was a key proponent of that. We have a board seat on the airport to this day because of our role in taking it to this new model. It has been the number one airport in North America for six out of the last seven years, and number two in the world.

It is a shining example of how well it works, so we're very cautious of anything that would cause our airport to get off the track of being best in class on an internationally recognized level.

Changing the share capitalization of YVR could absolutely do that, because the only way a private investor would be interested would be to reap a return, which by definition means the costs of running that airport go up, and that would get passed along to passengers and airlines.

**The Chair:** Thank you all.

Last year, the finance committee's recommendation 76 was that the Government of Canada, at the earliest opportunity, undertake a comprehensive tax review with the objective of simplifying the Income Tax Act. I can say as chair that our thought was a little more comprehensive than what happened as well.

Mr. Dusseault.

[*Translation*]

**Mr. Pierre-Luc Dusseault:** Mr. Chair, I will try to be as brief as possible so that I can ask all witnesses a question.

My first question is about the 0.7% target. I can't help but talk about it after everything we just heard from the public.

Mr. Schemmer, in order to give us an idea of the scope of the target, what does the 0.7% target represent in terms of dollars or investments in 2017?

**Mr. Darren Schemmer:** Canada currently spends approximately \$3 billion a year in official development assistance. To reach 0.7%, it would spend about \$6.5 billion a year. Putting it that way makes it seem like a really big amount. However, as a percentage of the federal budget, it is not that much. As you know the expenditures in the federal budget total hundreds of billions of dollars.

**Mr. Pierre-Luc Dusseault:** That gives a better idea of the extent of investment required. The budget envelope would be more than doubled in the end.

With respect to boards of trade, Mr. Holden, you mentioned the cost of commercial rents. Perhaps I should have realized it before, but, up until now, I hadn't really thought about it. When we think of rents, residential housing comes to mind first. Nevertheless, commercial rents are definitely also affected by soaring prices. I would like to know just how much of a problem this is.

On a related matter, is online competition one of your concerns given that it is becoming increasingly expensive for businesses to have a bricks and mortar store while online retailers do not have to pay commercial rents?

•(1000)

[English]

**Mr. Paul Holden:** I think it's inevitable, as things move more and more online, that life is going to be more challenging for the traditional bricks and mortar businesses. I'm sure our friends in the retail associations are spending a lot of time working with their members on looking at ways that they can improve the efficiency and effectiveness of their businesses.

I think, for us, the issues of commercial leasing costs and rental costs are so intertwined with the overall cost of property, whether it's accommodation or business property expenses, certainly in the Lower Mainland, that I think it's an issue that is affecting businesses, both on the hard cost of running their business, but also on the cost to their employees of being able to live at a reasonable distance from their business and afford to work there.

We certainly found when we did the last of our business walks, which is an innovative program that we started a few years where we visit businesses across our city, that the rising costs of housing and commercial rent is something that is affecting more and more businesses.

[Translation]

**Mr. Pierre-Luc Dusseault:** My next question is on electric vehicles. Perhaps you prepared an analysis or a recommendation about this.

Have you discussed the possibility of the government—and I am obviously thinking of the federal government—including the purchase of electric vehicles in its procurement policy? The average person may not necessarily know the extent of the fleet of government vehicles.

Have you analyzed the procurement of electric vehicles by the federal, provincial, and municipal governments? This could result in significant progress being made in this area.

[English]

**Mr. Dan Woynilowicz:** We don't have anything specific in this submission, but we have been doing quite a bit of work and engaging with the the centre for greening government that has been established to look at how the federal government can use the power it has through procurements to actually look at the greenhouse gas emission footprint of products and services that are being procured. Certainly the fleet of vehicles that the federal government maintains is a key opportunity for the government to create that market pull for electric cars. The International Energy Agency has really flagged, in terms of the cycle of growth of electric vehicles and their technology and their cost, that we're at a stage where we need to create that positive feedback loop of beginning to get to a greater scale, which brings costs down, which then is going to make it more accessible to a greater number of consumers and enable governments to remove rebates.

Absolutely, we would support the federal government looking at, where practical, procuring electric cars for their fleet. Certainly when we look at the driving habits of average Canadians, the federal government has found that electric cars can meet 90% of Canadians' daily driving needs, in terms of the range of those vehicles. Certainly for many government applications of vehicles, that would likely be

the case as well. Of course, there are going to be other aspects within the federal government, like the Department of Defence, where that may not be as practical, based on the vehicles they need or the range they need, but certainly we would support having the federal government establish criteria that electric cars be selected where they meet the driving requirements of that type of vehicle.

[Translation]

**Mr. Pierre-Luc Dusseault:** I know that people interested in this issue always raise this point. What about the disposal options for the waste from electric vehicles? How can we dispose of the batteries? Is there anything new in this area? Most people see this as one of the problems with electric vehicles.

[English]

**Mr. Dan Woynilowicz:** Yes, significant progress is being made, both from a policy perspective in terms of developing that end-of-life requirement for recycling and also, from a technological perspective. There's been a lot of research going on in universities around the world, including here in Canada, looking at how we can actually be harvesting metals and minerals from electronic waste, including lithium-ion batteries used for electric vehicles, which accomplishes two ends.

One is that it prevents that waste stream from going into landfills and causing issues with contamination.

Second, it can prevent the same extent of new mining and extraction activity to make sure that we have the metals and minerals we need for producing these vehicles. Whether it's electric car batteries or solar panels, the clean energy sector is acutely aware of the life-cycle impacts of their products from extracting the metals and minerals required for them through to their end of life. For the clean energy sector, much of their reputation is built on environmental credibility, so it's something that they're looking at very closely. The European Union, in particular, and now also China, are moving very aggressively at looking at how to close that loop with the end of life of electric vehicle batteries.

•(1005)

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

Mr. Sorbara.

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

This is day two of our western Canadian swing, and we've definitely heard a lot on the issue of tax fairness and our proposed consultation paper.

To Mr. Black, to your comments, we've heard them, and we're listening, and it is a consultation paper. Because I have some insight I can say this. About 25 years ago, a minister of the crown here in B. C., by the name of Grace McCarthy, came to Prince Rupert, which is my hometown, and presented me with an entrepreneurial award of the year for being a young entrepreneur in northwest British Columbia. I know what I did to get it, and I know how hard I worked, and I do have a lot of respect for small business owners, whether their business is 10 employees, one employee, or 1,000 employees. So, there's no need to continue on that route there.

Mr. Black, you did reference a report on the Greater Vancouver scorecard. Maybe someone in your staff can send that over to us via email, because I would love to take a look at it.

In terms of continuing to grow the B.C. economy—you are in B. C., and I want to continue on that—maybe you can highlight three of the major impediments to continue the growth that we've seen in the last decade, ever since, actually, 1986, when Expo came to Vancouver, which was really the catalyst, I think.

**Mr. Iain Black:** Thank you for the question.

Incidentally, I was at Grace's funeral. It was a wonderful tribute. It was a spectacular, provincial, non-partisan affair, actually.

Congratulations on the award. What were you, five years old at the time?

• (1010)

**Mr. Francesco Sorbara:** A bit older.

**Mr. Iain Black:** With respect to the economy, it's been a fascinating time. I've lived here for 25 years now, and I moved here as, I would like to think, a young salesman with IBM, and went into business for myself over the subsequent 20 years before my walk down the bucket list path into politics for a bit. So, I witnessed the economy change a great deal. I'll tap into both my own observations as well as the work that we did on the scorecard.

To your question on the scorecard, we will distribute that to all members of the committee. We will send that to the secretary of the committee when we get back to the office today. The summary booklet actually is great airplane reading, and God knows how much time you spend on airplanes. There's a wonderful summary there as to the challenges and whatnot.

What we've seen happen here in the last 25 years is the economy shift a great deal. The reliance we had in terms of our natural resources sector continues to be enormously high, but back when I first moved here, forestry was the dominant player in town. The head offices that existed in Vancouver in 1994 were many, and now they've all gone. For whatever reason, they've left town, and they're branch offices now, even though all the forestry activity continues, obviously, on the coast and in the central part of British Columbia. For the benefit of the committee, those are actually two sub-industries that are quite different, quite distinct, in terms of their fabric.

I think the impediments are really around...transportation investment is a huge one. On the Pacific gateway, you now have a situation where 75% of anything leaving Canada by water west of Thunder Bay, Ontario, goes through the port of Vancouver; and 50% of what

leaves Canada by air west of Thunder Bay, Ontario, goes to YVR. It doesn't go through my hometown of Winnipeg. It doesn't go through Regina or Saskatoon or Edmonton or Calgary or Abbotsford, all the other international airports of choice that are between Thunder Bay and Vancouver. It comes here by rail or by truck, and it leaves by YVR. So, you've seen a big shift now where this region accounts for a great deal of Canada's economy by way of exporting in a manner that it just hasn't before in history. The port has had enormous growth. The airport thought it would hit 21 or 22 million passengers by 2025, but it hit that last year—probably this year, really. It's a crazy growth curve that they're on, and I'll defer to those organizations for the specific numbers, but the underlying point is nonetheless true.

So, investment into the Pacific gateway is very important. I did present to the B.C. members of the government caucus, and the Conservative and the NDP caucuses, on the day that we launched the scorecard, and we talked about this very briefly. I think it's very important to understand that it was across different stripes of federal leadership that we've seen the necessary investment into our port infrastructure, into our railheads, into the investment in and around YVR, and indeed the road system around here. We had wonderful support through those decades. Right now, it's not as clear to us that it's as much of a priority for the federal government as it has been in the past. I note, very quickly, that it was former prime minister Paul Martin who was one of the biggest champions of this region. It has truly crossed political stripes, and I would encourage you to continue on that line. So that's one.

We've already spoken about the investment of transportation and the linkage to housing affordability, and that is a key impediment economically in this region as well. Finding people to come to this province and live here as professionals, whether they're young professionals, aspiring, whether they are established professionals.... The people who hire people, the people who sign the front of the paycheque.... It is really difficult when the cost of living is as high as it is here. I'm one of the lucky ones. I got into the housing market a long time ago, and so I watched this with astonishment. There's no way I could get into the game today.

Those continue to be key economic impediments for where we might go next as a province. It's challenging because the folks in our northern community who are driving the natural resources sector, and, indeed, most of the economy here, frankly—

**Mr. Francesco Sorbara:** Thank you, Mr. Black. I do want to ask the other gentleman on the panel a question.

Charles, from the Fraser Institute, I read your material. I may not agree with it all the time, but it's good to always inform yourself of all sides of the argument, and some of your stuff is actually useful.

In terms of the Fraser Institute's view on tax reform, holistically I take it you would like to see just a comprehensive tax reform undertaken for simplification?

**Mr. Charles Lammam:** We actually produced, I would argue, one of the most detailed proposals for comprehensive personal income tax reform a couple of years ago. I'd be happy to send a copy of that report. The thrust of the report is that we've seen an enormous amount of complexity in the personal income tax system. We've actually done reports measuring that complexity using various methods, and I'd be happy to share that material as well. We've become as a country less competitive in our personal income tax system, and of course, this is against a backdrop of our not having significant growth. We're entering a period of slow growth.

So having a comprehensive package that reforms our personal income tax system achieves multiple ends. It makes our system more competitive, it makes it simple, and it can provide the economic jolt we need. We've provided a road map for how the government can do this. In fact, I was actually quite encouraged when the current government set out a plan to review the tax code and do away with much of the complexity, but what's happened in practice, though, is the government has eliminated some of these special preferences in the tax code, with small business measures being one of them, but has not concurrently enacted other changes to the system to help counteract whatever it's done, whether it's removing tax credits or special preferences. It's really retained that revenue. And part of a comprehensive tax reform package, which we saw in 1987 in this country, would involve a concurrent reduction in marginal tax rates. In fact, we've seen the opposite happen.

I'd be happy to share the specific plan of how we can simplify our system quite dramatically and provide the efficiency gains we need.

**The Chair:** Thank you.

Go ahead, Mr. Kelly.

**Mr. Pat Kelly:** I'm going to start again and carry on with Mr. Lammam. You were asked to present on Canada's competitiveness as one of the items. I'd like you to comment further on the effect of mixed signals in the regulation of resource development, musings about increasing the capital gains tax, adding a carbon tax that contains all the shortcomings you've already identified, and the proposed taxation reform on Canadian-controlled private corporations. What is the cumulative effect of all of this on Canada's competitiveness, and how do they contribute to what you have characterized as a crisis of absence of investment in business?

•(1015)

**Mr. Charles Lammam:** The short answer is that it's not helping. It's actually hurting it in a very negative way. Oftentimes, we look at the impacts of policies by what's been enacted. But investors and forward-thinking entrepreneurs also look at the economic climate based on what the expectations are for the future. So when we have a situation where there's an unstable fiscal framework....

Maybe I'll just digress for a second on this because I want to highlight how important it is to get our fiscal framework right. We are due for a recession in the next three to five years. When we have a situation where the federal government is running substantial deficits by choice, it puts our finances in a very precarious situation should there be a recession, should there be an economic downturn where revenues fall and spending increases. It's more important now for us to make sure our fundamentals are right, if and when that occurs.

But what's happening is that we're seeing the potential for further tax policy changes because of this uncertainty and the higher debt that's being accumulated—so the uncertainty from an unstable fiscal framework and the signals being put forth by the government, whether it's the musings about a higher capital gains tax, which it has not clarified whether that's completely off the table....

The unfortunate rollout of its current proposed changes to small business taxation are adding to a significant burden. I just want to highlight some of the language that's being used by the Minister of Finance. In a national interview, when asked about the proposed changes, he responded by using the words "going after" to describe the government's approach to taking more taxes from small businesses and professionals. It's a signal that's hard to quantify, but when put against a backdrop of higher marginal tax rates, carbon pricing mandates, increasing payroll taxes, and several changes happening at the provincial level, it certainly does add up, and it's now happening at a time when we need precisely a more certain and sound economic climate.

So it's really hard to quantify these signals, but they're certainly having an impact, and it's being demonstrated in several surveys that are now being done on Canadian business.

**Mr. Pat Kelly:** Thank you.

Mr. Black, you mentioned in your opening remarks that the reaction from your members to the proposed changes to Canadian-controlled private corporations was unprecedented in the 125 years of your organization. I know you mentioned, too, that you're aware that much has been said about this, and you expressed concern over whether people want to hear more on the matter. Transformative tax change has captured the attention of your membership. Tell us what your members think about this proposal.

**Mr. Iain Black:** Thanks for the question, and apologies to Mr. Sorbara if I spoke too long at the last opportunity.

It's a combination of things. I think they were caught off-guard by the timing and taken aback by some of the original narrative and the messaging. I think referring to long-standing, legitimate, accepted, and legal mechanics as "loopholes", implying that they're skirting the system and being too cute by half, was really quite offensive. Whether that was deliberate, or just undisciplined language of the moment, is beside the point. That was the message that was sent, and it was unfortunate. I sense there's been some backtracking since then, and that's appropriate.

The process itself is problematic. Equally challenging for our members is for the government to go down the dangerous and slippery slope leading to accusations of "class warfare". It's pitting people who are successful against people who are not, whether their shortcomings derive from personal circumstances, lack of opportunity and education, or cultural upbringing. This is an important conversation to have, but it's a very dangerous pool to swim in when you're trying to make necessary policy changes, and so our members reacted to that.

I think all the key points have been made across the country repeatedly. Our biggest concern right now is that we're seeing a constant doubling down by our elected officials, particularly the Minister of Finance, on this particular topic. Although you're now beginning to hear some language about the cake not being quite baked yet, that is a recent development, and it accounts for a small portion of the large volume of commentary that has come so far.

We're encouraging the government to step back from this and really think it through, really come to grips with it. The meetings that recently took place with a small number of hand-picked folks were much more open, transparent, and community-focused. It's really hard work, and I get that. It's not always fun to go into a room full of angry folks, and I really respect the Minister of Finance for doing that in the last couple of weeks. It's definitely what's needed when you contemplate something of this magnitude. In our view, first, it hasn't been done thoroughly enough, and second, there were a whole lot of unintended consequences from what sounded like not a bad idea to a bureaucrat who's never signed the front of a paycheque.

• (1020)

**Mr. Pat Kelly:** Do you have any further comment on the extent to which this is not so much a partisan issue but one of simple mathematics, together with a lack of understanding of the existing system and its shortcomings?

**Mr. Iain Black:** I would refer the members to a series of submissions that have been made by one of the top experts in small business and family wealth in the country, a man out of Winnipeg, Manitoba, by the name of Doug Nelson. He has made several submissions. I've read them all, and one of them is 45 pages long, so it's not light reading. He breaks down very clearly that the families of small business people making \$75,000, \$100,000, \$125,000—not the \$200,000 or \$250,000 numbers that have been tossed around in the media—are absolutely impacted. He illustrates why in detail. And let's not forget that this income has already been taxed at the business level before it is withdrawn as personal income.

The other challenge is the lack of encouragement to entrepreneurship. To go into business, men and women often walk away from well-paying jobs, where they might even have a pension. They often put their mortgage on the line along with their family savings and sometimes their parents' family savings to take risks that allow them to create jobs and drive the economy, which we desperately need them to do. To discourage these people from playing this critical role in our economy is one of the worst things a government can do. If I had to isolate one thing, that would be it. It's taking away that emotional drive that worries us, not just the particular policy.

**The Chair:** Mr. Lamman wants in as well, and I know Mr. Holden mentioned this topic earlier, but I'd like to ask you a question. Right now the consultations are over. The uncertainty still exists. That's why I disapprove of extending the consultations: the uncertainty is already there, and there's already a flight of capital.

In about 30 seconds each, what would you suggest the government do now?

**Mr. Iain Black:** On the uncertainty piece of this, given that the negative reaction is so huge, it's the lesser of two evils to pause and rethink versus to proceed as is. You have two very uncomfortable choices in front of you. One is to proceed with things that are very

clearly being negatively received by the employers in this country's small businesses—the people who actually write the cheques and employ people.

Your alternative with respect to standing back and having a broader conversation on taxation in this country, both the personal and the small business and incorporate—because I think you have to separate the two—is a much more important conversation. It's a very thoughtful conversation that should take place, but in our view it is without question the lesser of two evils when it comes to the uncertainty that's currently on the table.

A really bad outcome versus one that might be bad? I'll take that any day.

**The Chair:** And I would include in that: why not a task force of experts? Take a year and do it right. Do a white paper, turn it over to this committee at some point. I don't know.

Mr. Lamman.

**Mr. Charles Lamman:** That's a fantastic idea. The idea of tax reform is a good one. It's the right move, and it's the time to do it. What's problematic about this approach is that it's a very piecemeal approach. It's obviously upsetting a lot of people, in part because the government has said, “We'll have a consultation period, but we're doing this anyways.” That contradiction has infuriated people.

Tax reform is needed because of the complexity, because of competitiveness issues, and to provide an economic jolt. I'd reference our paper again for a road map on how that should happen.

I just wanted to follow up on the question about competitiveness. It's a bit of an elephant in the room, so I'm surprised we haven't touched on it. While we're going in the direction we are in this country, south of the border there are some major changes potentially happening with regard to the direction that administration may take.

It may or may not happen, but certainly corporate tax reform and regulatory reform are going in a very different direction in Canada, which puts us at risk, particularly now that access to the U.S. market through NAFTA negotiations could be tenuous going forward. Just more reasons for us to get things right.

• (1025)

**The Chair:** Mr. Holden, you want in quickly.

**Mr. Paul Holden:** Thank you, just a few seconds.

I'm thinking about some of the other points. The fact is, you can't put the toothpaste back in the tube. It's already out there. Some of the ill will or bad feeling is there. To Iain's point of the lesser of two evils, the business community is feeling very uncomfortable right now, and the best way to add a bit of comfort is to essentially say, “Okay, we heard. We listened. Maybe you don't think we did, but we listened. We've heard some of the comments. We've heard some of the concerns. We've heard them in huge numbers. We'll go back to the drawing board and we'll commit to striking a task force or commission, or whatever the right structure is. We'll revisit this, we'll do it properly, and we'll take on board the concerns we've been hearing.”

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

Mr. McLeod, last panel.

**Mr. Michael McLeod:** Thanks to everybody who has presented here today.

I am very interested in the presentation that was made on clean energy. I listened very carefully. This is an issue that affects us in the north quite a bit. It's a big issue for us. We're seeing the impacts of climate change like nowhere else in Canada, and it's really causing a lot of concern. It's causing issues with our structures and our transportation systems, and it's also causing a lot of problems in the aboriginal communities, the aboriginal population, because climate change has changed the way we've done things historically. Our elders, our leaders, are no longer viewed as the experts on the best place to hunt, how animals migrate, or the best place to cross a river. All that is changed so much that youth don't go to the elders as much. Google, of course, has also played a role in that. The relationship has changed, and it has caused deterioration of the language. Technology has also done that, but this is really a big issue for us. We've been looking at ways to lessen the impact from what we do, because all our communities depend on diesel for power, and a lot of our houses use diesel-generated heat.

We've tried and continue to try solar. Solar is something that has been touted as the way to go across Canada, but we have many months of darkness, so it's a challenge to have solar. It works if you pair it up with something else.

We've looked at wind. Up to now, wind has been difficult because the products usually come from a different country. It's hard to get parts and even harder to find somebody who will install the parts, so it could take you six months to get the parts and then another year maybe to get somebody who will come up to the north, or to find somebody who will come up, so it's difficult to say it's going to work. We are testing. We have a big project going on in Inuvik, and we're moving forward on biomass in some of the southern parts of the territories, and it looks like that will work fairly well.

Geothermal has got potential. The expertise has been very limited in that area. Nuclear is like a swear word if you mention it in the north. People don't even want to explore or discuss that. Although it may have the answers that we need, we can't get past the backlash of that suggestion. We also have all kinds of opportunities there for hydro power if we can find the resources.

I've had the opportunity to try hybrid vehicles, electric-gas vehicles, right up as far north as Inuvik, and they work very well. I was very surprised when I went out at -45°C and the vehicle started. It performed quite well, except the hybrid vehicles that we were testing started spending more time on the back of trucks heading south to get repaired than being used.

We also tried out the smart car. The government's Department of Transportation bought the smart car for the staff to use, but we started to notice the smart car couldn't be found because the staff were hiding it in some of the shops and garages where nobody could find it because they didn't like it. It was not good to drive in snow; that was hard on the vehicle.

When you talked, you said from coast to coast, but we have three coasts. You didn't say anything about the north. I'm keen to see what

the potential is for electric cars in the north. We have no way to charge an electric car right now, and the installation of that will be very expensive. Will it work? Has it been tested so that it will work in the north?

• (1030)

**Mr. Dan Woynilowicz:** It is a challenge that is not only unique to Canada. There are other nations, as well, that have more remote communities, particularly with harsher environmental and climatic conditions that raise a lot of challenges for these new technologies.

I would say that whether it's with hybrid engines or electric cars, we are not there yet in terms of having the technology to operate in those kinds of conditions. Similarly, on the power supply question, there is no silver bullet "one size fits all" form of generation that can meet a community's needs. Diesel has its drawbacks in terms of cost and local pollution and, as you know, with solar, the sun isn't always shining.

I think the solution on the supply side is likely to be hybrid solutions, a number of different solutions, and they are going to be quite community-specific in terms of whether there is a geothermal resource that can be tapped into or whether there is the prospect of hydro in close proximity, so that you don't have to spend a fortune on transmission.

I think there is a real opportunity for Canada to actually be forging ahead with developing some of these solutions. In the pan-Canadian framework on clean growth and climate change, they do identify the need to assist remote communities to get off diesel and get onto reliable and affordable alternative supplies of energy. At the provincial, territorial, and federal level there are some efforts afoot to do that.

When it comes to electric vehicles, I think we actually need to be doing more to design and test vehicles that work in the Canadian environment, recognizing that it is somewhat unique. There is now a Canadian start-up company called Havelaar, which is designing an all-electric pickup truck, and they are designing and testing it in Canada to meet the needs and the driving conditions Canadians face.

I think we need to continue to encourage more of that. Not only will we be able to capitalize on that here in Canada, but we will be able to export those technologies and those results to other nations that face similar challenges as well.

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

I do have one quick question, because it's come up in a number of presentations both here and elsewhere. As you know, the questions were on productivity and competitiveness. A number of people mentioned training and skills development, which would lead to productivity, etc., and they have mentioned that at a number of locations. It's a request to the federal government.

The federal government, though, already transfers \$3 billion to the provinces under the labour market development agreements. That's up for renegotiation now, and it's always a federal-provincial jurisdictional issue. However, should the federal government be laying conditions out on how the money would be better spent so that we get more mileage out of that \$3 billion? That's a lot of money, but it doesn't seem to be getting the job done.

Are there any suggestions?

Mr. Black.

**Mr. Iain Black:** If I may, I have always been a fan of putting conditions on any money that changes hands between government agencies in particular, so I like this suggestion. There are a couple of things we could suggest.

One is that insofar as we have a labour market challenge where we have under-representation from women and indigenous people, and we need additional immigrants to fulfill a lot of the job challenges that are ahead of us, I think improving access to post-secondary institutions, especially for the groups where we need more participation in the workforce, would be one idea.

The second would be increasing funding for post-secondary institutions that are doing research around innovation and product commercialization. We're really not at the table in this regard with respect to other countries in the world. I would also find a way to link that to the private sector.

•(1035)

**The Chair:** Mr. Lamman.

**Mr. Charles Lamman:** A report was put out earlier this year that looked at all of the tax and spending done to support innovation and skills training. The tally was \$23 billion spent by the federal government. The problem, however, is that for almost 90% of that envelope, the federal government hasn't analyzed whether the spending, through taxes and money, is being effective or not.

For me, before we talk about further spending, I think we have to get a better sense of how the money that's currently being put aside for both innovation—which leads to productivity—and skills training is being used. I'm happy to provide a link or the report in question.

I'm going to have to disagree with my colleague here, though, in terms of the conditions argument. I think one of the reasons why public education programs work well in Canada, compared to, say, the United States, is that we do not have conditions on transfers. We have decentralization that allows the provinces and local governments to determine how best to spend the money in order to get maximum results.

We have a problem with regard to health care in that we have money transferring from the federal government to the provinces, but the provinces don't have the ability to fully experiment with what works for their residents.

I think I would caution against further transfers over and above those we do, and particularly those with conditions, because that does two things. One, it reduces the ability of governments at the more local level to experiment, which we have several successful examples of here in Canada. Second, it disrupts the accountability

and the transparency of how the money is raised, because one government is raising the money and a different level of government is doing the spending. Taxpayers are going to have a hard time determining who's accountable for this or that initiative. I would strongly caution against a more federally centred approach on these measures, which would—

**The Chair:** Can you send the clerk that link?

Mr. Holden, for a last comment.

**Mr. Paul Holden:** I'll speak to it just briefly.

I would caution against increased conditions, but I would certainly advocate for increased creativity that allows small business owners greater access to some of the training programs that would benefit their employees, and also for creativity that would encourage participation in some of the programs by some of the groups that Iain was referencing earlier. I think it's a question of creativity rather than restrictive conditions.

**The Chair:** With that, we thank all the witnesses for their presentations and their answers to our questions.

We will suspend for five minutes and bring up the next panel. We'll start at 10:45.

•(1035)

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

•(1050)

**The Chair:** We'll reconvene and call the meeting to order.

As the panellists certainly know or they probably wouldn't be here, we're doing pre-budget consultations prior to the 2018 budget. I want to thank you for coming and making your presentations today. Also, thank you to those that presented a pre-budget submission prior to the August deadline. We appreciate that as well and that information certainly is being considered in our pre-budget consultations.

To start and so that you have a tenor of the makeup of the committee, this is a subcommittee of the House of Commons finance committee. We usually travel with seven members instead of the full committee. To give you an overview of the areas of the country we're from, I'm Wayne Easter. I'm a member of Parliament from Prince Edward Island and the riding of Malpeque.

Go ahead, Michael.

**Mr. Michael McLeod:** Hello, everyone, and welcome.

My name is Michael McLeod. I represent the Northwest Territories. I'm a member of the Liberal Party and I'm probably the newest member of the finance committee. I joined in September.

**The Chair:** Next, we have Mr. Sorbara.

[Translation]

**Mr. Francesco Sorbara:** I would like to welcome everyone.

[English]

I'm Francesco Sorbara and I represent the riding of Vaughan—Woodbridge. I've been on the committee since the beginning of our mandate. I look forward to hearing everyone and hearing your insightful and substantive thoughts this morning.

Thank you.

**The Chair:** Go ahead, Mr. Fergus.

[*Translation*]

**Mr. Greg Fergus:** Hello.

I'm Greg Fergus and I am the MP for Hull—Aylmer, a riding in Quebec.

I invite you to use the earpiece if you do not understand French because another member and I will be speaking French.

[*English*]

**The Chair:** Next, we have Dan.

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

I'm Dan Albas. I'm the member of Parliament for Central Okanagan—Similkameen—Nicola, obviously from the Okanagan. I'm very happy to be in Vancouver with the finance committee doing outreach and I'm looking forward to your presentations today.

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

**Mr. Pat Kelly:** I'm Pat Kelly. I'm the member of Parliament for Calgary Rocky Ridge. I'm pleased to be here as well and I look forward to the presentations.

[*Translation*]

**Mr. Pierre-Luc Dusseault:** Good morning.

I'm Pierre-Luc Dusseault. I represent the riding of Sherbrooke, which is in southeastern Quebec. I am a member of the New Democratic Party of Canada.

I am pleased to be in Vancouver to listen to your testimony and where there is an NDP government.

[*English*]

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

We'll start with HealthCareCAN. We'll try to keep the presentations to around five minutes, if we could.

Mr. McMaster, the floor is yours.

• (1055)

**Mr. Robert McMaster (Member of the Board of Directors, HealthCareCAN):** Thank you. It's an honour and a privilege to have the opportunity to present to the House of Commons Standing Committee on Finance.

I come to you as vice-president of research for Vancouver Coastal Health, which is the area that we're in now. Also, I am executive associate dean of research at the faculty of medicine of the University of British Columbia. That's my day job. I'm also a board member of HealthCareCAN, which is the national voice for Canada's research and teaching hospitals and health care organizations. HealthCareCAN is centred in Ottawa.

I mention this to you because what I'm talking about does not directly concern Vancouver. It concerns the whole country and really driving innovation in the health care system.

I will touch on three related subjects today. One is health care research and innovation, the second is health infrastructure, and the third is antimicrobial resistance and stewardship. They're all very

much related, both in the research area and also in the health care area.

With regard to health care research and innovation, the importance of research and innovation has not been lost on this government. We're really grateful for the initiatives in innovation, and we feel that this really affects and gives a great opportunity for health research to participate.

Canada's life sciences, which include both biotechnology and research should be a dominant force in Canada's economy, yet as the report of Canada's Fundamental Science Review finds, Canada's position in science and innovation has fallen out of step with the G20. Our global position in science is declining across a range of measures relative to our peers. Nowhere is this more important than in the health care sector, which accounts for over 10% of Canada's GDP, contributing to longer lifespans, improved quality of work, and higher productivity for the entire economy.

As a nation, we are failing to provide a thriving environment where our scientists and innovators can drive productivity. Simply put, the decline in funding is untenable for our nation. Particularly affected are early career investigators who are finding it more and more difficult to establish their careers due to the limited funding available for their research. These investigators are our future for driving the innovation of the 21st century.

Our health sector and research institutes are major employers that help local economies thrive. Canada plays host to 777 general hospitals, 304 specialty hospitals, and 115 psychiatric hospitals in addition to 19 pediatric hospitals. These hospitals operate at the leading edge of health research. Every dollar invested in fundamental research is estimated to result in a two-fold to five-fold increase in returns to Canada. This also contributes 20% to 60% to pay for itself, saving the health care dollars within five years. Thus this is an important aspect of research that leads to sustainability and better outcomes for our patients.

With this in mind, HealthCareCAN fully supports the recommendations in the final report of Canada's Fundamental Science Review, which was released last year. As recommended in the report, we recommend that the federal government invest \$485 million over four years for investigator-led research. Such an investment will help restore Canada's international competitiveness.

A related topic is health infrastructure. Health care organizations maintain, operate, and use key elements of the country's critical infrastructure. National and international accidents and hazards affect the sector's response to result in a crisis. An example of that would be the SARS infection several years ago where Canada was a lead in actually containing that across the country.

Aging physical and technology infrastructure has been identified as a key risk to Canada's overall resilience in health care. Canada's hospitals face an accumulated deferred maintenance cost of approximately \$28 billion. A recent study found that health care facilities are among the oldest infrastructures in use today, with 40% of the inventory being older than 50 years. As you would hope, you would expect up-to-date, state-of-the-art facilities if you happened to be in a health care facility.

With regard to research, for the past 10 years, research hospitals, where the bulk of the research is conducted, have been excluded from directly applying to federally funded infrastructure funds. In a welcome change, the 2016 post-secondary institutions strategic investment fund reversed this trend. We really appreciate this opportunity coming from the current government.

This is not to say that the government does not support research through hospital infrastructure. We are most grateful for the federal support of the Canada Foundation for Innovation, or CFI, which has been a strong supporter of research of hospitals in partnerships with universities. However, it still requires university-affiliated hospitals to obtain proposals to be submitted through the corresponding affiliated university.

I think this model reflects the misunderstanding of the nature of where the research is conducted. Within Vancouver Coastal Health, which would be greater Vancouver, we have over \$300 million of health research, much of that federal research, conducted within the hospital system in infrastructure owned by the hospital, not by the universities. If you just go up the street in Richmond, you see that we have a small community hospital. We have research activity there, for example. This is typical across Canada. The major institutes of health research are research hospitals affiliated with a university.

What we are asking is that the government recognize that research hospitals should have the ability to directly compete for infrastructure funding from the government on equal footing. We are not asking for special privileges. We are just asking that the research hospitals be able to apply directly to whatever corresponding program the government has on at the moment. Typically, it would be the Canada Foundation for Innovation, and some of the innovation and infrastructure programs in existence.

We are also asking for \$250 million for a second intake of the post-secondary institutions strategic investment fund, to help address the shortfall facing Canada's hospitals.

A third topic, somewhat unrelated to infrastructure but definitely related to innovation, concerns antimicrobial resistance and stewardship. Antimicrobial resistance refers to bacteria, viruses, and other pathogens that acquire resistance to the current drugs. This is a huge emerging worldwide problem that I would like to bring to the committee's attention.

At a basic level, infections are becoming more and more resistant to treatment. At the current rate, no part of modern medicine will be untouched, as many areas involve infection and inflammation. We will enter an era similar to the pre-1940s, prior to the discovery of antibiotics, meaning that many common diseases will not be able to be treated.

The U.K.'s review on antimicrobial resistance found that 10 million people around the world will die annually from infections by 2050, as we have lost the capacity to treat them with the current use of antibiotics. This estimate surpasses cancer mortality on the whole. The cost of ignoring antimicrobial resistance today will be paid many times in lost lives tomorrow.

I should say that Canada is a leader in antimicrobial resistance research. We should be proud of that.

Each year, over 23 million antimicrobial prescriptions are written in Canada. Half of these are estimated to be unnecessary. This leads to the generation of the pathogens' resistance. A better stewardship of antibiotics would benefit our economy, as well as our health. For example, in British Columbia, a 15% reduction in prescribing antimicrobials resulted in \$50 million a year of cost savings for society, and \$25 million for government.

The antimicrobial stewardship program is currently undersupported. HealthCareCAN has played a key advocacy role on this file and has convened a number of national networks of players, in collaboration with the Public Health Agency of Canada.

● (1100)

With this in mind, we recommend that the federal government allocate \$25 million over five years to the Public Health Agency of Canada to fund projects on antimicrobial resistance and antimicrobial stewardship in collaboration with the Canadian antimicrobial stewardship network.

This concludes my remarks, and I'd like to thank you for giving me the opportunity to address you today.

**The Chair:** Thank you very much, Mr. McMaster, and a special thanks to you and Ms. Travis because I think you were notified less than 24 hours ago that we would have openings for you.

**Mr. Robert McMaster:** I am very thankful for those openings.

**The Chair:** We thank you for coming.

We will turn, then, to the Recreation Vehicle Dealers Association of Canada.

Mr. Moore, welcome.

**Mr. Ian Moore (Past Chairman, Recreation Vehicle Dealers Association of Canada):** Thank you, Mr. Chairman, for the invitation to present to the committee.

Good morning, honourable members. My name is Ian Moore. I'm a past chairman of the Recreation Vehicle Dealers Association of Canada, RVDA. It's my pleasure to be here today to discuss our recommendations to support the federal government in its efforts to increase productivity and competitiveness in the Canadian economy.

Here's a little background on our association for those of you who are unfamiliar with the RVDA. We are a national volunteer federation of provincial and regional associations that have united to form a professional trade association for all the businesses involved in the recreation vehicle industry. The RVDA of Canada has 640 members from coast to coast and has been representing our industry's needs for over 30 years.

RVing is an iconic form of Canadian tourism. In 2016, one in five campers in North America reported an RV as their primary use of accommodation for camping. The popularity of RV camping for new campers has grown from 18% to 26% over the past year. Not only is RVing an important component of Canadian tourism, but RVing also has a considerable impact on the economy. The manufacturing, purchasing, servicing, and use of RVs contributes billions, both directly and indirectly, to the Canadian economy each year. In 2011 the total economic activity associated with the industry was \$14.5 billion. RV dealers are small business owners who help the Canadian tourism industry and foster economic growth, particularly in rural and northern communities. In every region of the country, tourism creates jobs and opportunities for Canada's middle class.

I'm here today to ask that the federal government consider three of our recommendations that would not only help the tourism industry but would also help the federal government in increasing business productivity and helping small business owners who are the backbone of our economy.

First, to increase productivity, Canadians need to access the labour market, skills development, and training opportunities. We recommend increased support for skilled workers in the RV industry. There are currently only two programs in Canada that offer RV service technician apprenticeship training, in Kelowna, British Columbia, and Calgary, Alberta. Both programs provide Red Seal designation that is accepted nationwide. The existing programs reach full enrolment each year and often hold waiting lists for an additional several dozen prospective students.

Due to the geographic constraints of these existing programs, we recommend that the Government of Canada create an apprenticeship travel grant that could be used by those who are required to travel in order to undertake an apprenticeship training program. This grant should be targeted toward those enrolled in programs that are not offered in their city, town, or province. This grant should be a taxable cash grant of \$2,000 to \$4,000 per person per year in order to provide support for such items as travel costs, lodging, and care arrangements for families.

Second, the Government of Canada should provide targeted and dedicated investment in the camping and RV infrastructure in Canadian national parks. Investing in camping and RV infrastructure would play a critical role in overall contributions of the tourism industry to future economic development and prosperity. There are more than 4,231 campgrounds operated across Canada, each offering a unique experience for Canadians and international visitors. As campground services continue to rise in demand, critical infrastructure needs, such as sizing requirements to accommodate large RVs and access to appropriate electrical outlets and waste disposal facilities, remain unfunded.

Upgrades in infrastructure are essential if we want to be able to ensure the future of this industry and make it more accessible to all Canadians. We recommend that the federal government provide targeted and dedicated investment in camping and RV infrastructure in Canada's national parks. Investing in the infrastructure will play a critical role in the overall contributions of the tourism industry to future economic development and prosperity.

Finally, with the review of Canada's tax planning using private corporations, we would like to make our voice heard in this process. As it stands, the RVDA takes issue with the current proposal as outlined. RV dealers are family-run, small business owners who are able to make a living by working many more hours than the average salaried employee. If these proposed changes go through, these family-run businesses will no longer have the capacity to ensure the longevity of their operations, let alone build up their communities.

● (1105)

As small business owners, our RV dealers must be able to save a portion of their annual profits and keep them inside their corporations to plan for future capital expenditures and set aside funds to account for seasonal fluctuations and the leaner years. In the RV industry, there is significant revenue fluctuation between seasons that can leave businesses suffering for many months of the year.

RV dealers also need to plan for their own retirement, which they fully fund out of pocket without the same assistance a salaried employee at a larger company might have access to. When this money is eventually withdrawn, it will be subject to very high personal tax rates. However, applying the same high personal rates, well in excess of 50%, to returns on personal savings while still in the corporation will have a severely negative impact on small business owners and their ability to save and invest for the future of their businesses.

We hope that our arguments are heard, and I am very thankful for your time and attention today. I would be happy to take any questions you might have.

Thank you.

**The Chair:** Thank you, Ian, for those comments.

We'll turn then to Rogers Group Financial. Mr. Gillespie, welcome.

**Mr. Clay Gillespie (Managing Director, Rogers Group Financial):** Thank you, Mr. Chair and members of the committee, for allowing me to take part in this year's pre-budget consultation in my home town of Vancouver. I greatly appreciate each of you travelling to B.C. for this meeting. This happens to be my second appearance before this committee and I do appreciate the work you do on behalf of the government and all Canadians.

I would like to touch upon the theme of this year's pre-budget consultations: productivity and competitiveness. The two issues I wish to raise today are the proposed changes to small business taxation and long-term care for our aging population.

The first comments are in respect to the proposed changes to small business taxation. I'm an advisor who deals with many small business owners and I want to share some of their perspectives on these proposed changes. Small business owners are typically very practical and look at these changes as just an increasing cost to running their business. Therefore, to maintain their current lifestyle, they will need to make some structural changes to their businesses.

I've had two clients say they are not hiring any new employees for a while to allow their businesses to hopefully absorb these additional costs. I've also had another small business owner suggest it might be easier to go back to being an employee rather than running his business. In his case, he would need to lay off five employees.

I would strongly suggest that the government spend some additional time on the unintended consequences of these changes. I know these examples are anecdotal in nature, but nowhere in the material released about the proposed changes is there any discussion on how they will affect the management of a small business. In fact, many small business owners do not disagree with many of the changes in the proposed legislation, but they are annoyed that they are being portrayed as individuals not paying their fair share and who are using loopholes in running their businesses.

The second topic I would like to discuss is long-term care. As the past chair of CALU, the Conference for Advanced life Underwriting, a national professional membership association of established financial advisors and actuarial professionals, I think it is critically important to think about the long term.

This is particularly critical given the opportunity and challenges various levels of government are beginning to face due to our aging population. According to Statistics Canada, it is estimated that approximately 11 million Canadians will have reached the age of 65 by the year 2036. That represents 23% of the population.

Given this reality, in order to be productive and competitive, we need to think critically about how this act will place additional strains on both our workforce and governments. In particular, I submit that providing quality long-term care support should be one of the country's top public policy priorities. As Canadians live longer, the more likely it is that they will be managing a chronic disease either for themselves, or for their loved ones, and will need some degree of long-term care support.

Unfortunately, many Canadians have the mistaken belief their long-term care needs will be met through programs and services funded by provincial governments. Long-term care, however, is not included under the Canada Health Act, and therefore is not available to Canadians on a universal basis. It is my view that broader ownership of long-term care insurance can help reduce these financial pressures on individuals, families, and governments.

Long-term care is designed to help cover the costs of care for individuals who have lost the ability to care for themselves. Despite the growing number of studies documenting the concerns of Canadians about their ability to afford long-term care needs, ownership of long-term care insurance is low due to a general lack of awareness relating to the extent of long-term care and an uncertainty regarding who is responsible for funding these costs.

To address these changes, I submit two proposals for consideration.

First is that the federal government work with provincial and territorial governments to develop a national approach to informing Canadians of the need to plan for long-term care funding expenses and developing a more unified approach to determining subsidized access to long-term care services.

Second is that the federal government permit RRSP annuitants to withdraw up to \$2,000 per year from their RRSP or RRIF on a tax-free basis to fund the purchase of qualifying long-term care insurance. This program would be similar to the lifelong learning plan and the home buyers' plan that are currently part of the Income Tax Act. These two actions would reduce the burden of family support obligations for Canadian workers and would serve to help preserve government resources through reduced reliance on public programs and institutions for support. Crucially, as well, these actions would maintain a tax fairness inequity between younger and older generations of Canadians.

I thank you for your time today.

• (1110)

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

Turning to Unite Here Local 40, we have Ms. Travis, research coordinator.

Welcome, and thanks for this short notice.

**Ms. Michelle Travis (Research Coordinator, UNITE HERE! Local 40):** Thank you, Mr. Chairman, and good morning.

My name is Michelle Travis. I'm a representative of Unite Here Canada, which represents hospitality workers across the country. Thank you for giving me an opportunity to speak to you this morning. We appreciate it, and welcome to Vancouver.

To get here today, all of you likely came through YVR airport, the workplace of nearly 1,000 airport members who our union represents. Unite Here represents over 25,000 workers across Canada and more than 275,000 throughout North America. Our members are the backbone of the tourism industry. They're the room attendants, front desk agents, bellmen in hotels, and the servers, cooks, and dishwashers in restaurants, including those at the Vancouver International Airport.

Our members are among the friendly faces who greet you when you land, and they are that unseen army responsible for the preparation and delivery of thousands of inflight meals each day. Our diverse membership includes many recent immigrants and a high proportion of women. Our members have made thousands of traditionally low-wage jobs into good family-supporting, middle-class jobs. I will touch on that again in a moment.

Your committee is posing the question of how the federal government can help Canadians be more productive in their workplaces and communities. We want to focus attention on one aspect of the tourism industry that the federal government can play a critical role in addressing, and that is the issue of airport authorities. There is no question that our airports are critical components of our economy and an important source of employment. Some of Canada's airports have received attention for being among the best in North America. However, there's another side that is often overshadowed that can have an adverse impact on our communities, and that is the lack of accountability and transparency on the part of airport authorities, which impacts our members, our communities, and our municipalities. For years various stakeholders have criticized Canadian airport authorities over this issue.

The Emerson report, in its review of Canada's transportation sectors, noted concerns that airports can potentially abuse their monopoly position by assessing fees and by competing in the same businesses as their tenants. The Federation of Canadian Municipalities has urged the government to review the special privileges enjoyed by airport authorities, which can impact municipal finances, and to compel them to abide by municipal bylaws. There have been two attempts to create a legislative framework to improve airport governance and accountability, but those attempts have failed in the past and the issue has been sidelined.

When the Government of Canada originally transferred the operation of airports to non-profit corporations in the 1990s, it failed to create an adequate oversight framework for airport governance. That failure has given airport authorities the unfettered ability to raise user fees, the freedom to carry out land development projects without local approval, permitted the appointment of board directors who are beholden to airport authorities and not necessarily to the municipal and elected officials who appoint them, and the freedom to enter into business ventures without checks and balances.

Similarly, airport workers contracted by airport authorities see a lack of accountability. Airport authorities take no responsibility for ensuring that outsourced airport jobs are decent jobs. I'll give you an example. You may have grabbed a cup of coffee on your way through the airport. The typical airport concession worker who sold it to you is a woman, likely older, who immigrated to Canada for a better future. However, many airport concession workers hold two jobs, work long hours, and juggle long commutes to make ends meet.

Unionized workers tend to be better off, but whether they're union or non-union, airport concession workers face precarious, unstable work because airport authorities will flip contracts to cheaper bidders, and that can push workers out of their jobs. There's little recourse for workers to make their case to a governing body that is self-governing. Right now in Canada, Canadian airport authorities, who act as stewards of public infrastructure on behalf of Canadian citizens, are essentially self-governing.

The federal government is currently reviewing the future of airport ownership and considering whether to privatize airports, as recommended in the Emerson report. We think that what has been overshadowed also is the question about airport government that was also raised in the Emerson report. We recommend that the federal government ensure airport authorities more productively contribute to our communities by compelling the authorities to comply with

municipal planning bodies, pay an equitable share of taxes to our cities, create an advisory role for a local and regional body to have a say in setting airport improvement fees, shine a light on board of directors' deliberations and better reporting on certain business ventures, and urge airport authorities to adopt responsible contractor policies that would create more stability for outsourced workers and end the race to the bottom.

We believe that the question of accountability should be tackled now to remedy some of the errors of the past and create better practices for Canada's major airports going forward.

Thank you.

• (1115)

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

From the University of Victoria, we have Mr. Cassels, president and vice-chancellor, and Ms. Napoleon.

**Mr. Jamie Cassels (President and Vice-Chancellor, University of Victoria):** Thank you very much, Mr. Chair.

It's a pleasure to meet with your committee as you make your way around our country. Thank you for your efforts to reach out across the nation.

As president of the University of Victoria, I welcome this opportunity to speak to you about our proposed indigenous law program and how it directly responds to the focus of this committee. In my remarks this morning, I'll outline what it will take to deliver on a groundbreaking program at the University of Victoria and the impact this would have across the country, and indeed around the world.

The University of Victoria is one of Canada's premier research and teaching universities, educating over 22,000 students a year. In particular, UVic is a national leader in closing the educational gap for indigenous students. Over the last decade, our enrolment of indigenous students has more than tripled, and it continues to grow along with a vibrant body of research conducted by indigenous scholars at the university.

Right now Canada and indigenous peoples are working to build the elements of a nation-to-nation relationship and establish a new era of respect and reconciliation. The Government of Canada and indigenous peoples expect that by restoring their relationship and by building robust institutions, they will promote effective governance and inclusive economic growth. UVic shares that commitment to reconciliation. Just last month, we launched our most comprehensive indigenous plan ever. It outlines how UVic strives to integrate and honour indigenous cultures, histories, and ways of knowing into our curriculum, our teaching, and our research. We believe that indigenous peoples must share in a socially, culturally, and economically viable future for all of us. Our programs of education and research focus on matters like indigenous language revitalization, culture, and social and economic capacity building with nations across the country.

Today I want to speak specifically about our proposed indigenous law program. Like other laws, indigenous law is about citizenship, governance, managing conflict, and interacting with peoples beyond one's own society. As indigenous peoples increasingly exercise jurisdiction over their lands, resources, and affairs, they draw upon their own legal traditions and principles of social order.

The indigenous law program would be composed of two key components that respond to those needs. The first is a four-year dual degree in which students would acquire degrees in both common law and indigenous legal orders. Students would participate in practical, hands-on learning in field schools and would work on indigenous territories across the entire country, learning from indigenous experts and contributing to the operation of indigenous institutions. They would gain the skills to build processes that draw upon indigenous traditions to translate across indigenous and non-indigenous legal, social, and economic structures.

The second component is the “indigenous legal lodge”, which is a national forum for critical engagement, debate, learning, public education, and partnerships on indigenous legal traditions and their use, their refinement, and their reconstruction today. This would house the educational programs that I've described and be both a national gathering place for professional and community education on indigenous legal traditions and a research institute promoting rigorous engagement across Canada, and indeed around the world.

As I said, this will be an institution of national significance, and indeed international significance, as countries worldwide are struggling with similar challenges in how to recognize and work with indigenous legal orders. It will serve as a global centre of excellence for understanding, developing, and deploying indigenous legal institutions, including the structures that can build and sustain healthy relationships between indigenous peoples and states.

The programs will be led by some of Canada's finest indigenous scholars and leaders, including Dr. Val Napoleon, who joins me here today. Dr. Napoleon, for example, leads the indigenous law research unit at the University of Victoria, which has worked with over 40 communities across Canada to create robust legal resources, tools, processes, and practices grounded in indigenous legal traditions.

• (1120)

The University of Victoria is requesting financial support from the federal government to build the indigenous legal lodge and to fulfill

this vision of an iconic, culturally appropriate facility and a marquee legacy investment, fulfilling the calls to action of the Truth and Reconciliation Commission.

Both the program and the lodge directly fulfill the TRC's call to action number 50, which calls for the establishment of institutes of indigenous law. They support the Government of Canada's commitment to a nation-to-nation relationship, advance the 10 principles respecting the Government of Canada's relationship with indigenous peoples, and help to provide substance to the implementation of the UN Declaration on the Rights of Indigenous Peoples.

By supporting this program, the government would also be responding to indigenous peoples from across Canada who've expressed support for this program. This support culminated in a resolution, unopposed, and by a consensus of the chiefs in assembly. At the 2017 AGM of the Assembly of First Nations, the resolution was passed to urge the Government of Canada to fund the establishment of the University of Victoria's indigenous legal lodge as a foundation for understanding, researching, and deliberating upon the nature of indigenous legal systems and their continued use today.

Reconciliation is intrinsically dependent upon the recognition of the rights and traditions of indigenous peoples. This program furthers reconciliation by recognizing and supporting the legal orders on which self-government depends—indeed, which form the very fabric of indigenous nationhood. In doing so, it lays the foundation for a new era of economic partnership and resource development by contributing to robust governance structures anchored in the communities' own laws. It lays the foundation for mutual respect and shared prosperity for indigenous peoples and for all Canadians.

Thank you very much for this opportunity. Both Dr. Napoleon and I are available and happy to interact with the committee if there are any questions.

• (1125)

**The Chair:** Thanks to all of you for your presentations.

We'll go to six-minute rounds this time.

Mr. McLeod.

**Mr. Michael McLeod:** Thank you, Mr. Chair, and thanks to everyone who presented here today.

I am very happy that the University of Victoria is here. I've heard your presentation before. It's something that I think is very important and that we need to hear more about.

I think I'm the only Liberal MP who has gone through the residential school system. Out of all of us in the House of Commons, I think there are only two MPs who have. I'm not 100% sure, but I think I'm the only one who lives in an indigenous or aboriginal community, and it's a small one.

One of the reasons for my involvement with politics at this level is my concern over the youth and the future of our younger people in the north, especially in the indigenous population. Many of us recognize that our way forward is through education. Opportunities and possibilities can arise throughout a person's lifetime, and people will not be able to take advantage of them if the education levels are not where they need to be.

We really see that in a lot of the communities in the north. We have one tribal council, the Tlicho, which has hired people to work full time to support students in post-secondary education. They call every month. They find out if they need mentors. They find out what mechanisms they need to make their education possible. It's working. We are seeing doctors and lawyers. We are seeing people coming out of the education system with degrees that we've never seen before, so we know it's possible. They're all getting good jobs.

They've also recognized that it has to start earlier, that it can't be for just post-secondary programs. They're looking at the aboriginal head start program and those types of programs in order to do more and to get them involved younger and earlier. We've seen the Nunavut law program really provide some quality people in society who are making a difference. They're taking all kinds of positions—political positions and business positions—and are really making good contributions to society.

I want to ask a couple of questions. First of all, I recognize that for too long institutions in the south didn't allow aboriginal people to be aboriginal. If you went south, you had to push your culture and everything to the side and focus on education. Does your program allow you to stay proud of your culture and your traditions?

**Professor Val Napoleon (Associate Professor, and Law Foundation Professor of Aboriginal Justice and Governance, University of Victoria):** Thanks for that question. I have had students from the Tlicho First Nation and Decho First Nation in the city, amazing people to work with in my experience.

The starting place for us in working with indigenous law is that law from our society is central to who we are as peoples, as citizens. That is the starting place for talking about law in the world, and law between peoples and within peoples.

We understand it as being a way that we think about ourselves and our relationships, our families and our communities, and its tied to land. It's tied to language. It's tied to how we treat non-human life forms and the world beyond.

From that starting place, that fundamental starting place, which by the way is the starting place for Canadian law as well just expressed differently, then we look at the full scope of what indigenous law is, all that is required for societies to manage themselves to their fullest. We look at lands, families, economics. We look at the whole range of business that a society has to have in order to properly manage itself as a people.

There are questions of government and questions of human rights, how we deal with harms and injuries, all of those kinds of things. What we're doing with this program is having students start from their own intellectual traditions, from their own starting places, their integrity as indigenous peoples within their society. So absolutely, pride in who one is, it's how the program is built.

● (1130)

**Mr. Michael McLeod:** Thank you. I think that's so important because we've seen many, too many, suicides in our society. Even people with good educations are committing suicide. The rationale a lot of times is that they become disconnected with their culture and they feel they've failed even though they have succeeded in life. That's really important.

You mentioned, and it's something that I totally agree with, that self-governance is the very fabric of nationhood. I think in my riding of the Northwest Territories we have six large aboriginal populations that are all focused on becoming self-governing. In a few years, we probably won't see the Indian Act or that type of paternal approach anymore and they'll work towards making things work the best for themselves.

How would you incorporate that as a goal in your program? I see you have put together a nice plan. How does this incorporate into your plan?

**Prof. Val Napoleon:** When we think about how Canada governs itself, how the provinces govern themselves, how powers are distributed and people act on those authorities and systems of accountability, that governance and law is a central part of how we govern ourselves. Therefore, indigenous law for indigenous peoples, indigenous societies, is also central.

The work that we've been doing for a number of years is substantively researching and articulating indigenous law across the spectrum of subjects, including lands and resources. Right now we're working on water law and we're working with human rights and governance and moving into other areas.

We're creating resources that will be used to develop curricula within the indigenous law degree program, but there are also materials that are available now to the communities that we're working in partnership with. We've been working intensely with community partners. We've trained community members in working with indigenous legal methodologies and tackling tough questions. We create videos and printed materials and other kinds of resources for people.

We understand that we have to work in a variety of ways to engage people in what they care about with their communities and with their regions and with their territories and how they interact with neighbours and with Canada.

**The Chair:** Thank you.

We'll come back to Mr. Sorbara, he's going to give you half his time so that you can finish that round.

Mr. Albas.

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

Thank you to all of our witnesses for your testimony and presence here today.

I'd like to start with Mr. McMaster. I had first-hand experience with health research hospitals and whatnot, when the University of Alberta and Dr. Shimizu conducted a vertical skin graft. I was one of the first recipients of an experimental technique when I was quite young, and it was 100% successful, so I certainly value many of the things you've represented today.

In regard to your particular ask, that individual research hospitals be able to apply for federal funding, first of all, it's my understanding that those hospitals are owned by the health authorities they run under. Is that correct?

• (1135)

**Mr. Robert McMaster:** That is correct.

**Mr. Dan Albas:** I understand it's a very simple request you have, but I also know how intensely difficult it is to plan long-term infrastructure within a health authority. It's very complicated, and it's very, very.... An example is Penticton Regional Hospital and the upgrades it has. It's near my area, and it was extremely difficult and upsetting to many professionals that they had to wait as long as they did to get on the list.

One of my questions to you is whether you still believe, given the fact that it is so difficult to plan these infrastructure investments for a health authority, that to suddenly have it where an independent hospital starts applying for something that may have material impacts on a long-term plan for the health authority...? How do you square that?

**Mr. Robert McMaster:** The way we square it, and I think the way most research hospitals square it, is long-term planning on their site. It's clear that research aids in clinical care within the site. It should be embedded within the design of a hospital. By having access to federal funds when the hospital is constructed or renovated, it allows the research to be embedded within the hospital, and that allows the patient contact, patient-oriented research, as we are referring to it these days.

It's part of the planning of the hospital. It cannot be independent. I think what does not work would be to build a hospital research building that is separated from the care. The advantage of having research in a hospital is the interaction with physicians, surgeons, patients, and the public. It has to be an integrated plan.

**Mr. Dan Albas:** I just think it would be very difficult to do that, and—

**Mr. Robert McMaster:** Most of the research hospitals have been doing this for years, and we are certainly extending it to our community hospitals.

**Mr. Dan Albas:** I think it's a fair statement. I just think it would be very difficult because, when you start to do infrastructure upgrades in one area and there's a lot of interoperability within the system, there would be a lot of complications.

**Mr. Robert McMaster:** I couldn't agree with you more. It's very difficult.

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

I'd like to go to Mr. Moore. Thank you for your presentation. Are you concerned that many private campgrounds are voicing concerns about CRA's denial of the small business tax rate because they're considered to be passive investments?

Many small family private campgrounds in my area, the Okanagan, have said that if they end up in that end of it, they would probably just sell off the land, and it would go to development and not toward further campgrounds. Are you concerned about that, sir?

**Mr. Ian Moore:** Yes, we are concerned. We are very concerned with that. As dealerships go, we need the campgrounds, both public and private, for people to go camping. I apologize. I know Eleonore wasn't able to be here today, but I know they're working very hard to try to get the federal government to understand that campgrounds being changed in their legislation and taxed.... I know for a fact there are two on the island that, if that happened to them—you're exactly right—they would go to development and you'll no longer have campgrounds. They'll just end up being condominiums.

**Mr. Dan Albas:** Many of your association members probably have holding companies where they'll hold land in a particular company and then the actual operation is in the other. With these changes proposed—again, the chair has been very specific that these are proposals—I'm sure under Canadian-controlled private corporations, that would drastically affect your business model.

Is there anything specific when it comes to how people hold certain properties and how they would be taxed on their own land, in many cases?

**Mr. Ian Moore:** I can't personally answer that. I guess from my standpoint, I can tell you that you're absolutely right. I have my land in a holding company and my operating business in another company for many reasons. One is so that you can sell one or the other off. Personally, I'm very concerned about the small business tax, and I know it's proposed. Looking from a seasonality standpoint, we make a lot of money in April through September or October, but then in the wintertime we end up spending money to keep everybody working. From an operational standpoint, you need to be able to have those funds there to fund yourself through the wintertime. It's very difficult. We don't have a 12 months of the year season.

**Mr. Dan Albas:** Thank you very much, sir.

I'd like to go to Michelle Travis. Michelle, thank you very much for raising the concerns about transparency within the current arrangement for airports. Again, full transparency can be a good thing, but the thing is what metrics to track, though. What metrics are you suggesting, because this would be right across the country. To me, it's one of those things that, if you're YVR or Pearson, etc.... But many are different in how they're managed and governed. What standardized metrics are you suggesting?

•(1140)

**Ms. Michelle Travis:** One of the issues that we would like to see dealt with is that where there is a lack of consistency across the board, particularly for the larger airports. I can speak to those, not so much the smaller airports but just in terms of Vancouver, Toronto Pearson, Victoria, and Ottawa. We would like to see more reporting to the public and more opportunities for the public to be able to engage with the airport authorities or the board.

Right now, YVR, for example, has one annual meeting a year. We know from looking at the Victoria airport authority or even Toronto Pearson, they have opened it up to have a community consultative board, so that there is an opportunity for more engagement with the public. That doesn't mean that there aren't still issues with the airport authorities. I know folks have raised it in those cities. We would like to figure out whether there is a pathway to engage with the airport authority and make them more accountable.

We would propose more reporting. These are federal assets that they manage. There should be some requirement for living up to freedom of information requests. When an airport authority decides to operate a subsidiary or go into a business venture, that raises the concerns and hackles of the larger community, like malls, for example. We have an outlet mall here. That raised real concerns from the City of Richmond and from Metro Vancouver. In Victoria, I know that there is some concern about Sidney crossing and the impact that's going to have.

Edmonton is a more recent example of a mall that raises issues about the best use of federal land. Should it be for low-wage job creation or should it be used for higher-wage sectors that focus on industrial use that can best utilize the airport?

Are you out of time?

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

**The Chair:** Yes, he's out of time. He is substantially over.

Go ahead, Mr. Dusseault.

[*Translation*]

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

My first question is about health care.

Mr. McMaster, in the past few days, the Parliamentary Budget Officer released a study on the cost of a pharmacare program, and he estimates that it would save Canada \$4 billion.

Have you studied this issue? Do you have recommendations to make to the committee about a national pharmacare program that could be proposed to the Department of Finance as part of pre-budget consultations?

[*English*]

**Mr. Robert McMaster:** My own area does not cover the economics of health care. I'm certainly familiar with the long-term discussions on a national pharmacare program. From a research point of view, we would favour that very much because it would release a purchasing procurement across the country, if that were organized through a national system. It would also create quality and consistency across the system.

Related to the topic that I was talking about, which was antimicrobial stewardship, it would also allow stewardship through the pharmacare program. It's more than just having an insurance policy for drugs. From that point of view, I would totally support a national pharmacare program.

•(1145)

[*Translation*]

**Mr. Pierre-Luc Dusseault:** My next question is about recreational vehicles.

Mr. Moore, you talked about national parks with campground sites that are properly equipped for RVs. How much should the federal government invest in national parks to ensure that there are more sites to accommodate recreational vehicles? How many sites are currently available for RVs? What should we be looking at in that regard?

[*English*]

**Mr. Ian Moore:** What I'll do for you is I'll get some information from Eleonore. I can't really answer that today, unfortunately, because I didn't come with targets in mind. I think one of the things they are worried about with the federal parks—to let you know—is the fact that they are still very much dry camping versus having electricity and waste management and disposal and that sort of stuff. I think we would like to see some money in the future put into electricity and also the waste management.

Also, the millennials who are getting into camping, believe it or not, want Wi-Fi. It's going into that future with Wi-Fi, and not having it in the campgrounds is important.

Pierre, I will get some answers back to you. I'll make sure Eleonore gets back to you.

[*Translation*]

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

There may be new legislation or changes that would let people cash in RRSPs to cover long-term health care expenses. What kind of expenses would be associated with long-term care? If an individual were to cash in RRSPs to cover health care costs, what kind of expenses would be eligible?

[*English*]

**Mr. Clay Gillespie:** To be clear, on long-term care there are many different ways that you can deal with it. We believe that any incentive that helps Canadians save for long-term care would be a good solution.

Our solution revolves around using the RRSP as an avenue to help people fund, because long-term care is part of their retirement, typically. The idea is to take money out of an RSP, similar to a homebuyer's or a lifelong learning plan, that they need to pay back over time. It was a similar approach as exists under the current regulations, and long-term care insurance, of course, is only payable if you can't do two of the six daily functions: transferring, toileting, all those kinds of things.

We want people to use some of the savings that they have for retirement and refocus it to saving for their long-term care costs.

[Translation]

**Mr. Pierre-Luc Dusseault:** I would now like to ask you a question Ms. Travis. Could you tell us more about current relations between airport authorities and local governments? Do they collaborate on decisions made by airport authorities? What should the federal government do in the near future to improve these relations, if anything?

[English]

**Ms. Michelle Travis:** In terms of how airport authorities work with local municipalities, airport authorities are required to consult with local communities whenever they want to develop on the land or if there's going to be some impact on the surrounding community.

They will receive input. I think the challenge there is that they don't necessarily coordinate fully together as partners. I think a good example right now is that the City of Richmond is in a dispute with the Vancouver International Airport Authority over a proposed third runway. It may not be developed for years down the road, but the negotiations between the city and the airport authority have broken down. The airport authority went directly to Transport Canada, unilaterally moving forward on this proposed airport rezoning regulation, angering the city because it's going to have an impact on development near the airport.

The City of Richmond wants to develop the city centre. They need more residential. We have members who live in the City of Richmond who want to live closer to work. If there isn't coordination, meaningful coordination, then input and consultation doesn't go far enough. Again, that's not the only example.

I think an interesting contrast is looking at the Victoria Airport Authority. There is this development, Sidney crossing, which is raising objections from the community. I think what's interesting is that the airport authority is going through the hoops of running it through the local city council to get development approval, even though they don't need to.

That suggests a path I think for the future on how airport authorities can work more closely with our communities and get buy-in on projects that have an impact in terms of traffic, the environment, and what that means for development in our communities. That would be a smarter path, as would changing the regulations to basically require our port authorities to go through local hoops.

• (1150)

**The Chair:** Thank you, both. Just on that point, Ms. Travis, you mentioned that there are some sensible recommendations, as you called them, in the Emerson report, to strengthen airport governance.

Does the Emerson report cover the angle you talked about there, that the airport authorities would have to hold local consultations or abide by municipality rules or whatever?

**Ms. Michelle Travis:** I would say that the Emerson report makes some good suggestions in terms of dealing with airport improvement fees. I think there are some limitations in terms of how far it goes. It did not get into the local decision-making issue. The other issue that's popped up with municipalities is taxation and how the tax that airport authorities have to pay the cities is determined, because really, airport authorities have a lot of power to determine that.

In terms of the Emerson report, what's interesting is having a process to contest the airport improvement fees through the Canadian Transportation Agency. I think the challenge there is that they're pretty short-staffed, as we're finding out just from following Bill C-49.

There's a question there about airport passengers having complaints and those running through the agency, and whether they are staffed and they can actually follow through with any sorts of complaints around airport fees. Whereas I think it's \$20 here, I think in Calgary it may be closer to \$30 for every time you depart. That's a high fee. There should be an opportunity for the community members who assess those fees to raise objections.

**The Chair:** Could you send us a link or a recommendation that would deal with this issue? If you send it to the clerk, then we can have a look at it.

**Ms. Michelle Travis:** I would be happy to.

**The Chair:** Go ahead, Mr. Sorbara, and I believe you are splitting your time with Mr. McLeod.

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

Very quickly, to reiterate what the chair said, Ms. Travis, if you could send us those comments and recommendations, that would be great.

To the Recreation Vehicles Dealers Association, I've met with you a couple of times before in Ottawa, and it's great to see you again here. In terms of the apprenticeship tax credit for folks who may not live in an urban setting, how would you characterize the skill shortage for your industry right now?

**Mr. Ian Moore:** We're extremely short. It's very hard to find skilled trades right now, especially when you get into the technicians and stuff. We just can't get enough people through school quickly enough to get people working for us. Even with regard to trying to do apprenticeships, I personally have two people apprenticing for me right now, and they were lucky to get into the school this year, but it's very difficult because they wait three or four years to get in. They sometimes don't want to go but they need to go. It's an important part of the training.

We feel across Canada that seeing that there are just the two schools in the west, it's very hard for the east especially to get training.

**Mr. Francesco Sorbara:** Okay. I do agree in terms of the the impact of this sector within the Canadian economy. It's something that many people may not think about right away, and it's an industry that may not cross the wires every day, but there are some things.

On your comments on the tax side on the proposed consultation period, we've obviously seen a lot of news coming out of that in the last few weeks. There is a consultation period and both I, as an MP, and my colleagues have obviously taken in a lot of feedback, so I want to put that out there. There is no legislation in front of us, and I know we're listening and our comments are being communicated to the folks to be....

My last question is to Unite Here Local 40. I'm going to go back to Michelle.

Your view on the folks who work at the airports has struck a tone with me. I do work closely with and have visited GTAA several times. I'm one of the MPs from Toronto and the surrounding area. I think you've expressed your view on airport privatization quite clearly. Do you want to reiterate that for 30 seconds before I turn it over to my esteemed colleague?

• (1155)

**Ms. Michelle Travis:** Sure. Thank you for the question.

In terms of airport privatization, we are no fan of privatization of the airports. I don't think that would be surprising. From our perspective, our members used to work directly for the airport authorities, and that was the first piece of work that got outsourced. It's been very difficult to raise the standards because of the squeeze on those contracts. Particularly in bigger airports they want to refresh concepts and they want to bring in newer restaurants. Frankly they might replace a Wendy's with a Burger King, but workers are thrown out of work and they aren't guaranteed a job, so that's problematic.

On privatization more broadly, we've seen in the Emerson report that there's a strong recommendation for it, but we haven't seen a cost-benefit analysis regarding what the impact is really going to be, the economic impact on our communities and on workers. We would like to see that if those conversations are continuing, because that doesn't seem to have been moved off the table at this point.

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

**The Chair:** Mr. McLeod.

**Mr. Michael McLeod:** Thank you, Mr. Chair.

I wasn't quite finished my line of questioning, and I thank Francesco for giving me some time.

I want to go back to the University of Victoria and again emphasize that you're doing some good work. I applaud your efforts. I've seen the results of the language revitalization. I've seen the report where you've doubled the amount of indigenous students. It's all great. I think we could do more.

I'm really keen to hear if your plan looks at the challenges we face. We still have the residential school fallout, where a lot of parents still do not promote education. I shouldn't say "a lot", but there are still a

few parents who won't attend their children's graduation because they don't want to step into that facility.

We're dealing with issues such as that. However, we have to recognize that we have such a poor quality of education in the north. We don't have all the core courses, all the prerequisites, to go directly into university. The reality is that if you come from a small community, you cannot go directly to university. You have to take upgrading or other courses, which is very discouraging for our youth.

Is there a way, through your system, that we could allow the students to still come to your facility, to prep so that they can enter the law program or the language program?

Secondly, in your plan, do you have an objective to bring in more indigenous instructors? Without indigenous instructors, a lot of the time the cultural side of things doesn't carry as much weight, it's not as well accepted by the students, and there's an erosion when you start to talk about the languages. We know there's a benefit to that, and it might be another area we can encourage students to move into.

Those are my two questions.

**Mr. Jamie Cassels:** Thank you very much, Mr. McLeod, for those questions. I'll address them very briefly.

In front of you, you have our very recently released university-wide indigenous plan. It makes an absolute commitment to work in partnership with communities to develop multiple pathways into higher education. We're fully aware of the challenges, especially in smaller and more remote communities, about creating those pathways.

You mentioned earlier the Nunavut program that the University of Victoria pioneered some 10 years ago. We go into communities in order to create those opportunities. That's a fundamental commitment.

Secondly, on the question regarding indigenous academic capacity and indigenous scholars and leaders, again my answer to that is, absolutely. The initiative that we are here talking about today is fundamentally led by some of Canada's finest indigenous scholars, including Dr. Napoleon and Dr. John Borrows. As a non-indigenous university president, I absolutely recognize that you only develop these types of programs in partnership with communities and through leadership from the indigenous experts in the area.

•(1200)

**Mr. Michael McLeod:** The language revitalization program that you held in the part of the country I live in was very successful and very popular. I think they're starting another round of recruitment of students. As I travelled throughout the summer, I've seen the interest from the other indigenous people, the other governments that want to look at doing something to save their language.

We have 58 aboriginal languages in Canada. If we don't change the way we work with those languages or try to save or stop the deterioration of them, we're told that we'll probably end up with only three. We have some aboriginal populations, such as the Gwich'in, where we expect the language will be gone in as short a period of time as 10 years.

Are you seeing a real level of interest to start programs in the communities, to develop instructors, and to try to put together a strategy to save the languages?

**Mr. Jamie Cassels:** The indigenous language revitalization programs are very similar to the indigenous legal orders program in that the idea is to create capacity, to do capacity building with and in communities.

On the language revitalization program, we've recently been working with both university and community partners. For example, in Saskatchewan, the University of Saskatchewan has adopted our methodology about how to work in community to develop the kind of capacity that those communities need to enhance and revitalize language. Similarly, as I mentioned, Dr. Napoleon is working across the country with 40 different nations, using that same type of model. It's about capacity building in those communities.

Those two programs are actually very similar in philosophy.

**The Chair:** Thank you.

I'll just ask this before I go to Pat.

In your recommendation, you urged the Government of Canada to fund the establishment of the University of Victoria's indigenous legal lodge. How would the federal government implement that in practice? What would be the process and how much would it cost?

**Mr. Jamie Cassels:** First of all, I'd like to emphasize that it's a partnership between the University of Victoria and the province, particularly with regard to the operational funding for the program. We have been in a large number of meetings in Ottawa with Finance Canada, with Indigenous and Northern Affairs Canada, exploring options for how the budget line would actually be created. We would like to have a separate budget line in the budget.

The total cost of the lodge and its first five years of programming is roughly \$30 million. The proposal that we have submitted to Finance Canada and to your committee is for slightly over \$18 million. We're working with the private sector and the philanthropic community to obtain the remainder of the funds.

**The Chair:** That's helpful. Thank you.

Mr. Kelly.

**Mr. Pat Kelly:** Before I speak, I'd like to thank the members of the public who have come today. I'd like to thank them for their

submissions that will follow this section. I may not get a chance to say that, so I'll say it now.

My question is for Mr. Gillespie.

If I understand your business correctly, you are in the retirement planning and financial planning field.

**Mr. Clay Gillespie:** That is correct.

**Mr. Pat Kelly:** Are most of your clients self-employed?

**Mr. Clay Gillespie:** I would say that about 35% of them are.

**Mr. Pat Kelly:** What are they telling you about the proposed changes affecting the taxation of corporations?

**Mr. Clay Gillespie:** First, they were frustrated with the tone of the message, as if they were breaking rules or something. Once we got beyond that and described what the proposals were actually trying to achieve, it was interesting to note that some of the proposed measures didn't bother them.

The second thing I noticed was that the small business owners immediately switched to the solution. That's what they do as small business owners. They said, "If I can't split income with my wife, and I have to do that, that means I can't hire x, y, z employees." That's how quickly they jump to solutions. They don't have time to do all these other things and hope for things. They just went ahead and planned as if this was actual legislation and started making business changes. The one that worried me the most was the individual who said, "With these changes I can make more money after tax just being an employee, so I'm just calling it a day," and then he was going to fire his five employees.

There's a feeling that they're not trusted and not seen as doing their fair share in paying taxes, so they are just moving on.

•(1205)

**Mr. Pat Kelly:** With respect to the proposed changes on the taxation of income from private investment, this must surely go right to the heart of retirement planning for virtually any long-term, self-employed person who operates a private corporation.

**Mr. Clay Gillespie:** I think that people misunderstand passive investments—and there are some things there that also need changing—because they assume that they're only for retirement savings. I don't know how many business owners you've spoken to, but they're saving money for the days when they have no money and they have to make changes to their business. If there's money left, yes, they will use it for their retirement savings, so passive investments are a big part of that. However, passive investments also provide funding for the lean years. When things change in a person's business, that person needs the money to survive, so passive investments have many different uses. There's the retirement part, and there's the funding of business part, which is relevant in our context.

I remember my dad was a small business owner, and he mortgaged our house so that he could pay employees. I've seen this in action. I've seen small business owners take every cent they have to keep their businesses running.

**Mr. Pat Kelly:** Indeed.

Mr. Chair, I'm going to turn this over to my colleague, Mr. Albas, for my remaining time.

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

In regard to what you said about many people not understanding how the system works for long-term care, British Columbia offers some of the most robust choices, and even then—I talk to constituents on a regular basis—when people go into the system, they find out that it is very tough to get a spot and that oftentimes couples are separated. That's part of the challenge you have, because people just don't know what the expectations are.

I know many provinces have very little, if any, and that's one of the reasons people move to British Columbia.

When you say, sir, that there should be more education as to what each individual province does and doesn't offer, and that if people don't plan for it, then you'll be slotted in, and someone has to plan for you, I think that's a good message.

Even the Canada Health Act doesn't define exactly what kind of care the money is supposed to be used for. The provinces are given a lot of latitude. Do you have any further comments in that area?

**Mr. Clay Gillespie:** It's really shocking to see that most people think long-term care is provided under the Canada Health Act. That's the first misnomer you have to deal with. On the ability to pick the region, B.C. may have one of the better areas, but you could be moved way out of range of your family to find a spot to go into long-term care. Not only do we need to educate people, but we also need to incentivize people to do some planning ahead of time for the situation that many people will eventually face.

Not only do I believe education is important, but I strongly believe that we have to incentivize people, just as we did with RRSPs and other things that we thought were relevant.

**Mr. Dan Albas:** Professor Napoleon, thank you for being here today. I have two quick questions. What are the other law societies saying? Are they considering recognizing this new venture?

Second, obviously this is an important area for you, for British Columbia. What do you think we should all depart here knowing today that maybe hasn't been raised yet?

**Prof. Val Napoleon:** We're at a really exciting time in Canada with the TRC recommendations and the missing and murdered indigenous women's inquiry. Recently the Federation of Law Societies of Canada asked a question about what a competent lawyer needs to know today about indigenous law, because the reality insofar as land issues is that when we look at the environmental landscape and the economic landscape, indigenous peoples are a part of Canada, and Canada is multi-juridical.

How do we relate and solve human problems and conflicts across legal orders, and what are the different kinds of skills that people need to have in order to be able to do that? That's what we're

grappling with, those nitty-gritty kinds of things that are the human problems of law, which law has to be equipped to solve.

We've met, as I mentioned, with the Federation of Law Societies of Canada and with other law societies across the country. We've been looking at the different evaluative requirements that law societies have in the planning of their curricula, and we're imagining drawing on the trans-systemic methodology of teaching from McGill that looks at civil law and common law, and we'll take an adaptive but similar approach.

We could have, for instance, Anishnabek constitutional law and Canadian constitutional law. We could have Tsimshian or Gitxan property law and Canadian property law, or Dene criminal law. We're looking at which courses would be taught trans-systemically in the first year and all the courses imagined over a four-year term. The plan includes field schools as well as class time so that students don't lose their connection with their regions and their communities.

● (1210)

**The Chair:** We'll end that round there.

Mr. Fergus, you have six minutes.

[*Translation*]

**Mr. Greg Fergus:** Thank you very much, Mr. Chair.

I would like to thank all the witnesses here today.

I have some rather specific questions for Mr. McMaster, Mr. Cassels, and Ms. Napoleon.

I will start with Mr. McMaster of HealthCareCAN.

You want us to launch an antimicrobial resistance project. Yesterday, committee members and a group of MPs had the opportunity to tour the VIDO-InterVac Centre, an international vaccine research centre at the University of Saskatchewan.

It seems to me that \$25 million in funding over five years is not enough. Could you explain why you are asking for this amount?

[*English*]

**Mr. Robert McMaster:** I appreciate your question. I actually participated in the World Health Organization vaccine discovery a few years ago, so I'm very familiar with the vaccine development.

What we're asking for is the support that the Public Health Agency has requested from the government, to increase their budget an additional \$25 million for their stewardship program. We are supporting the request from the Public Health Agency. As a public health...they can't actually make the request.

Clearly, for the whole field of antimicrobial resistance, it's much, much larger than \$25 million. In terms of the federal government, which I started on, with the funding for research, if you look at, from the Canadian research institutes of health, how much of that is for research on antimicrobial resistance, that would be much larger money. So the requests are related, because if you request back to the fundamental review of science, a piece of that will be supporting antimicrobial resistance. It would be interesting to find out how much money currently is being spent on that research and the stewardship.

Totally, the request is to support the Public Health Agency, but antimicrobial resistance is a huge international endeavour.

[Translation]

**Mr. Greg Fergus:** Thank you very much.

Mr. Cassels, I know that the University of Victoria—and certainly you and your predecessor—has always taken seriously the importance of fully engaging indigenous peoples in the post-secondary education system. That is definitely what is happening at your university.

I would like to know what percentage of your university population did indigenous students represent in 2000, for example, and what is that percentage today. You mentioned that the population of indigenous students has risen significantly. Can you give us some exact numbers?

• (1215)

**Mr. Jamie Cassels:** Thank you for your question.

[English]

I could give you a general back-of-the-envelope response to that, but I would want to get the most accurate information to you later.

In a decade, the population of indigenous students at the University of Victoria rose from roughly 250 students to 1,200 or 1,300 students. Indigenous students now represent over 5% of our student population. What's very gratifying about this is that we saw that growth at the undergraduate level for the first five to 10 years. We're now seeing that growth moving into the graduate level and into the professional schools.

[Translation]

**Mr. Greg Fergus:** That's great. Congratulations.

I know the work you have done. Not only have you welcomed indigenous students, but you have supported them throughout their studies to ensure they would graduate from university.

Your university implemented some measures to support students from BC's interior. For example, if one of them had to go home because of the death of a family member and could not return because they did not have enough money to buy a bus ticket, they could get help.

Does this program still exist? Are you continuing with these measures, which do not cost very much but are really needed in order to ensure that students return to the university?

[English]

**Mr. Jamie Cassels:** As we set out 10 to 15 years ago with our ambition of truly contributing to reconciliation and creating opportunities for indigenous students, we put in place a program of research to determine what types of interventions, programs, and supports would be most effective in ensuring the success of indigenous students. As a result of that research, we developed an elders program, a campus mentorship program, and as you suggested, a whole series of financial interventions. They were not hugely expensive financial interventions, but they were aimed at helping students through crisis situations so that they can return to community and then come back and resume their studies at an appropriate time.

We found that through a variety of those interventions we increased the success rate. There's no point in admitting students into a program if they're not going to succeed, so they need to be supported for success.

[Translation]

**Mr. Greg Fergus:** I have a question for Ms. Napoleon.

It is very relevant that we teach law students—not just indigenous students, but all students—about the rights of Canada's indigenous peoples.

Could you tell the committee about what you are doing at the national level to encourage other law faculties to use or adopt the program you have established at the University of Victoria?

[English]

**Ms. Val Napoleon:** My colleague John Borrows and I have spent a number of years working with other faculties to provide short courses as well as courses on research methodologies. John, for instance, has just finished four short courses in Ontario and Quebec. We spend a lot of time supporting other faculties in developing the scope of expertise for their classes. For instance, we have developed a graphic novel on Cree criminal law, and the comprehensive teaching guide that accompanies it is used in every law school, as well as in faculties of social work.

Our videos are used in every law school. We have a gender tool kit for indigenous law that is used across the country. We spend a lot of energy provoking conversations and supporting them. The work we've done so far and the proposal for the indigenous law degree program is endorsed by other law schools. We have that national support. We also have funding support from the Law Foundation of Ontario, and we've had that for a number of years. Truly, there's a national perspective that we work with.

• (1220)

[Translation]

**Mr. Greg Fergus:** Mr. Chair, can we ask the University of Victoria to forward this information to the Clerk so that committee members can have access to it. I think it would be really useful.

[English]

**The Chair:** It's not a problem. I think you can do that. It's in the minutes, number one, and if you could just forward that information to the clerk we'll have it.

Unless somebody has a quick point they think they missed, I want to thank the witnesses for their presentations and their answers to questions.

We'll suspend for about five minutes and then go to the open mike. We only have a couple of people, I believe.

With that, we'll suspend for five minutes. Thank you again.

• (1220) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1225)

**The Chair:** We have a couple of people for the open mike. We have Fernande Pool and Celena Benndorf.

Both of you might as well come up to the table. I'm not sure who is who.

We'll start with Fernande Pool. Go ahead.

**Ms. Fernande Pool (As an Individual):** Thank you very much, Mr. Chair, and my thanks to the committee.

I am Fernande Pool. I'm representing Oxfam here. Oxfam is calling on the government to include more women's rights organizations in the budget process by appointing an advisory council on gender budgeting to advise the Minister of Finance. We also want the parliamentary committee on finance to ensure that at least 15% of the witnesses in the pre-budget consultations represent women's rights organizations.

We are calling on the government to invest in the success of its feminist international assistance policy by committing year-on-year increases to Canada's international assistance envelope and to strengthen the women's rights movement here in Canada by investing \$100 million annually in the Status of Women.

Thank you.

**The Chair:** Thank you very much. You made your point.

Celena.

**Ms. Celena Benndorf (As an Individual):** Thank you. I think I'm the second person you're hearing today from one.org.

Honourable members, today 130 million girls in the world's poorest countries are not in school, not because they don't want to be but because they are denied the right to be.

Why should we care about these girls? Of course, we care because they are our fellow human beings, but also because everything is connected. We are all connected. While helping these girls get an education, we'll improve their lives and the lives of those immediately around them. It will ultimately benefit all humanity, even Canadians.

Canada has the opportunity to change the fate of these girls. With just 2¢ per Canadian per day, we can lead the way to providing every child with an education. Every dollar invested in an additional year of schooling generates earnings and health benefits of approximately \$10 in low-income countries.

Today we ask Canada to contribute to the financing of the Global Partnership for Education in 2018 so that it can help millions of girls get the education they deserve.

Thank you.

• (1230)

**The Chair:** Thank you both for your remarks. They will be noted in the minutes and duly considered. Thank you for taking the time.

With that, committee members, we will adjourn.





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