



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Finance

FINA • NUMBER 119 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Friday, October 20, 2017

Chair

The Honourable Wayne Easter

Standing Committee on Finance

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• (0845)

[English]

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

As everyone knows these are pre-budget consultations in advance of the 2018 budget. I know there are some panellists at the main table here. We will start that session at nine o'clock, but for everyone's information, what we have before that are open-mike sessions where individuals from the public have a minute in which to make a statement on their interests and where they think budget consultations should go. There are no questions to those presenters, but their information is on the record.

With the open mikes, we'll start with Ms. Inez Kelly. Welcome.

Ms. Inez Kelly: Thank you very much.

My name is Inez Kelly. I've been a volunteer for the last 40 years with organizations that are committed to ending extreme poverty on the planet. Within that context of that commitment, about 25 years ago arose the awareness and the realization that when women are empowered and girls are educated we can break the cycle of poverty. When young girls are educated their families become educated, they give birth to healthier children, communities become empowered, and then nations become empowered. Globally it makes a difference.

Recently the Canadian government took on this whole new idea of a feminist international assistance policy. Within the commitment to end extreme poverty, if we want to fulfill that commitment to women, the upcoming Global Partnership for Education replenishment conference, next February, would be an extraordinary opportunity for Canada to really step up and be bold with our commitment to women by contributing or investing \$260 million over the course of three years to the Global Partnership for Education, empowering women.

Canada has declared itself a leader in this domain, and it would really make such a huge difference on the planet for Canada to step forth that boldly and commit itself to empowering women and educating girls in the world.

The Chair: Thank you very much, Inez. If you could send the information on that conference to the clerk, it would be great.

We will go to Ms. Eden Hildebrand. You're not going to talk about Cows ice cream are you? I know how well you like it.

Go ahead, Eden.

• (0850)

[Translation]

Miss Eden Hildebrand (As an Individual): Good morning to all the members.

[English]

My name is Eden and I'm a millennium kid. Our goal is to fulfill all 17 sustainable development goals by 2030. I'm concerned that Canada is not on track to fulfill their promise to spend 0.7% of our money helping countries around the world. Over 260 million kids around the world don't go to school like I do. This needs to change.

When my French teacher asks me to read 60 minutes of French per week I make a plan: 10 minutes on Monday, 15 minutes on Tuesday and Wednesday, and 10 minutes on Thursday and Friday. I would like to know what Canada's plan is to fulfill our promise to make 0.7% to make sure that when I graduate from high school every kid my age around the world graduates with me.

I would like us to do more in the 2018 budget.

The Chair: Thank you very much, Eden.

Jason, go ahead.

Mr. Jason Tetro (As an Individual): Hello, Mr. Chair. I have a prepared statement.

I'm a representative of the Canadian Association for Neuroscience, and its over 1,000 researchers.

According to the Organisation for Economic Co-operation and Development, Canada invests 1.7% of our gross domestic product on fundamental research. This puts us second last in the G7. The importance of increasing investment in fundamental research has been highlighted by the fundamental science review commissioned by Minister Kirsty Duncan and overseen by Dr. David Naylor.

The Naylor report's primary recommendation "is that the federal government should rapidly increase its investment in investigator-led research". This means increasing funding to individual labs, so that as a nation we can collectively train the next generation of scientists who will fuel innovation and find cures and treatments for diseases that affect all Canadians. This is the important part. The Naylor report recommends an immediate investment of \$155 million for investigator-initiated funding in 2018. It is the necessary first step in returning Canada to a position as a global research leader and for delivering on the government's election promise of long-term investments for the future.

We ask that the government implement all recommendations in the Naylor report, including that initial investment of \$155 million in budget 2018. Just to let you know, this fits within the government's own planning framework.

I know that you know David Dodge, Mr. Chair. He said that "long-lived investment is actually a wonderful thing to be doing. It's exactly the right thing to be doing."

Thank you very much.

The Chair: Thank you very much, Jason.

I ask Alastair Love to come to the mike. Mr. Love, the floor is yours.

Mr. Alastair Love (As an Individual): Honourable members, where would any of us be without our education? Today over 130 million girls are not in school, not because they don't want to be but because they are denied their right to be.

Canada has an opportunity to make a big change in this, a big difference. Committing just 2¢ per Canadian per day, Canada can lead the way in changing the opportunity for girls' education around the world.

Every dollar invested in girls' education has a tenfold effect in producing health and income benefits in low-income countries. It's also estimated that about one-third of the decrease in adult mortality since 1970 can be attributed to gains in the education of women and girls.

In budget 2018, please let's make a difference and invest in quality education for all girls around the world.

Thank you.

The Chair: Thank you very much, Alastair.

Next we have Fiona Price.

Ms. Fiona Price (As an Individual): Good morning. My name is Fiona Price. I'm here as one member of 180,000 National Association of Federal Retirees. I'm the vice-president of Peel-Halton, number 34.

Today I speak to Bill C-27, the act to amend pension benefits.

The suggested change causes trepidation. Will it affect those of us who are already retired? When we became government employees, we signed on in good faith and agreed to deferred compensation in exchange for our employment. To imply now that you are going to change how our monies are to be returned to us, after we have retired on a fixed income, is not in good faith. It's improper.

In 2015 Prime Minister Trudeau clearly promised our association in a letter to the then-president that defined plans, which "have already been paid for by employees and pensioners, should not be retroactively changed". This seems to have been forgotten.

Retirement income security is essential for those of us who are already retired. Going forward, if you want to change the program, there will be no surprise to the younger generations signing on to work for the government, and they will be allowed to plan accordingly, as we did.

This topic also lends itself to ask that a minister for seniors be created, as we do need a dedicated voice advocating on our behalf. Seniors are the largest-growing demographic in Canada, contributing more than ever to our communities and economies.

I thank you for your time.

● (0855)

The Chair: Thank you, Fiona.

I call to the mikes Aaron Brown and Melanie Woodin.

Mr. Brown, you can go first.

Mr. Aaron Brown (As an Individual): Good morning, honourable members.

My name is Aaron Brown. I'm a Canadian citizen who believes in equality, peace, and prosperity for all. I am fortunate to have been raised in Canada, with access to health care when I needed it, a good education, and a community where I could play outside without fear. But hundreds of millions of people don't have these basic human rights and services.

I've seen the impact of Canada's investment in these countries. Far fewer mothers and children are dying; however, there's still a lot to be done. The needs are great.

International assistance has the reputation of being about charity, but it's more than that. It's about strengthening the global community. It's about economic growth abroad and at home, reducing the risk of deadly pandemics abroad and at home, and decreasing violent extremism abroad and at home.

We have heard a lot about new commitments and policies lately, and I know they have not been backed with any new or additional money to see them through. To deliver on these commitments and policies, I urge you to recommend an increase in international assistance in your report to Parliament on budget 2018.

Thank you for your time.

The Chair: Thank you, Aaron.

Dr. Woodin, welcome.

Dr. Melanie Woodin (As an Individual): Thank you.

I'm a professor at the University of Toronto, an active neuroscience researcher, funded by CIHR and NSERC, and the director of the largest undergraduate program in the life sciences at the University of Toronto.

My main message today is to ask you to act on the recommendations of Canada's fundamental science review, chaired by David Naylor.

I'll give you a brief example from my own research lab. I have a Ph.D. student in my lab ready to graduate who grew up on the Iran-Iraq border, immigrated to Canada, became a proud Canadian citizen, and has produced a fabulous Ph.D. thesis. She just received a fellowship at Stanford at a Nobel Prize-winning lab and she's excited to go.

I'm excited about the prospect of her returning to Canada, but she's currently questioning that prospect due to the lack of recent investments in investigator-led research funds. We can prevent this loss of highly trained Canadian-invested HQP by supporting the Naylor report.

Thank you.

The Chair: Thanks very much, Dr. Woodin.

Mr. Humphrey.

Mr. John Humphrey (As an Individual): I'm a retired machinist. I am a member of United Steelworkers Canada. I'm also the grandfather of six children, and I want to talk about child care.

The Steelworkers' Toronto Area Council is calling on the federal government for full direct funding of child care. It's calling for affordable fees geared to income, and it's talking about a national care program to greatly expand available spaces.

This is particularly urgent in Toronto, where there's a chronic shortage of child care facilities. I would say it's a crisis. Three years ago, one of our daughters, Kate, was blessed with twins. I say "blessed", but when it comes to child care, it was actually a big misfortune. She and her partner ended up having to pay \$2,500 a month, which is more than Kate takes home from her work at the Beer Store. It would make more financial sense for her to quit her job. The trouble is that she loves her work, and she wants the kids to have the benefit of early childhood education in a well-regulated environment.

They live at Keele and Rogers in Toronto. The only day care that they've been able to find with space for two children together is over at Spadina and Lawrence, which is 45 minutes away by public transit. That's a big problem.

I think this should be addressed.

The Chair: Thank you, John.

Mr. Duncan Alexander Kirby, go ahead.

Mr. Duncan Alexander Kirby (As an Individual): Thank you.

My name is Duncan Kirby and I'm a volunteer with Engineers Without Borders.

In budget 2018, we ask that Canada commit to a timetable of predictable annual increases to the international assistance envelope that would bring Canada's development assistance to 0.3% of GNI within this government's first mandate.

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

Increasing aid would help Canada to achieve the sustainable development goals and increase economic growth. Forthcoming research from the Canadian international development platform suggests that countries receiving development assistance tend to import more Canadian goods than they would without aid.

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

Thank you for your time.

● (0900)

The Chair: Thank you, Duncan.

The last for the open-mike session is Cian Rutledge.

Go ahead.

Mr. Cian Rutledge (As an Individual): By a show of hands, how many of you ate breakfast today?

Did you know that one in 10 people around the world are undernourished and don't have proper access to food? That means that even though we've eaten today, 700 million people will go to bed hungry, and three million of those are our fellow Canadians.

In the year 2000, Canada signed onto the millennium development goals, with a vision of creating a better world for everyone. These goals were replaced by the UN sustainable development goals. We wanted to see our nation spend 0.7% of its budget on development, including the decrease of global hunger. As of this year, we are falling short of that goal and are currently spending about 0.3%.

I'm here to ask you to consider increasing Canada's financial commitment to meeting those goals. This past Tuesday was World Food Day. We celebrated that we've cut world hunger rates in half in the past 25 years, but we still have a long way to go.

Let's not let another Canadian go bed to hungry.

Thank you.

The Chair: Thank you very much.

Thank you to all of the open-mike participants. We've had a wide variety of opinion, and it's great to see some young people come up to the mikes.

With that, we'll turn to the submissions. I would mention in the beginning that, on behalf of the committee, I thank all of those who provided submissions prior to August 15. Those are on members' iPads and they will be considered as part of the pre-budget consultation along with today's testimony.

Before I start, just to give you an idea of where people come from and what ridings they represent, I'd ask members to introduce themselves.

Go ahead, Francesco. Your riding or Jen's is the closest.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Good morning, everyone. I think my riding is a little closer. It took me about 30 minutes to drive down from Vaughan this morning. It wasn't that bad. It was actually kind of nice.

I'm Francesco Sorbara. I represent the riding of Vaughan—Woodbridge.

Welcome, everyone. I look forward to hearing all of the interesting comments and feedback this morning.

Ms. Jennifer O'Connell (Pickering—Uxbridge, Lib.): I am Jennifer O'Connell, member of Parliament for Pickering—Uxbridge.

[*Translation*]

Mr. Greg Fergus (Hull—Aylmer, Lib.): I am the member for Hull—Aylmer, Quebec, a riding very close to Ottawa.

[*English*]

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): I am Dan Albas, Central Okanagan—Similkameen—Nicola, in the interior of British Columbia.

I'm very happy to be with you here today.

Thank you.

Mr. Tom Kmiec (Calgary Shepard, CPC): I'm Tom Kmiec. I'm the member of Parliament for Calgary Shepard.

[*Translation*]

Mr. Alexandre Boulerice: Good morning. My name is Alexandre Boulerice and I am the member for Rosemont—La Petite-Patrie, a riding in Montreal. I too am very pleased to be here.

[*English*]

The Chair: I'm Wayne Easter. My riding is Malpeque, in Prince Edward Island, which runs between Charlottetown and Summerside.

With that, we'll start with the first witnesses.

From Addictions and Mental Health Ontario, we have Ms. Czukar.

Ms. Gail Czukar (Chief Executive Officer, Addictions and Mental Health Ontario): Good morning. I am Gail Czukar. I am grateful for the opportunity to present today on behalf of Addictions and Mental Health Ontario.

Addictions and Mental Health Ontario is the provincial voice for over 220 organizations that provide mental health and addiction services and supports. These include supportive housing, outpatient care, community-based counselling and case management, withdrawal management, residential addiction programs, peer support, and hospital treatment programs.

Our members see first-hand the impact of mental illness and addiction on productivity and the health of our communities. Each week, 500,000 Canadians will miss work due to a mental health or addiction issue. The Conference Board of Canada has estimated that untreated mental illness and addiction cost the Canadian economy upwards of \$50 billion a year.

As you are aware, we are in the midst of an opioid crisis. Just last week, Hamilton lost five individuals to opioid overdose. Last year, it was 46 people. One of those young men was a resident of one of our members' supportive housing programs.

I want to be clear. This is not just about opioids. We are in fact facing an addiction and mental health crisis. To paraphrase Dr. Gabor Maté, an addiction physician in Vancouver's Downtown Eastside, we have to ask ourselves not "Why the addiction?" but instead, "Why the pain?"

Addiction and mental health issues touch all of our lives. I am sure many of the committee members here can speak first-hand to lived

experience with mental illness or addiction, whether for themselves, a child, a family member, a friend, or a colleague. What I bet all those instances have in common is the significant struggle in knowing where to find help.

Eleven years ago, the Senate urged Canadians to bring mental illness and addiction "out of the shadows". We are making progress on reducing stigma, but when people reach out for help, who is there to take their hand? Eleven years after the Kirby report, I am sad to say that Canadians living with mental illness and addictions are not that much better off. We've made some progress but not enough. The good news is that we know what works, and we have many examples of programs and innovations that are ready to be scaled up.

Our recommendations to the Standing Committee on Finance are straightforward. They are detailed in our written submission, which was made in August. I understand that you have that.

I am going to focus this morning just on our central recommendation, which is to target investments in mental health and addiction where they will have the greatest impact: in the community. The other points—about partnering with indigenous communities on mental health and addiction, preventing the opioid crisis from worsening, and targeting housing funds to supportive housing—are included in our written submission.

What helps people recover and sustain a better quality of life? Although prescription medication can be an important component of treatment, it is not enough, in most cases, for a person to achieve recovery. Emergency departments are a critical resource. In fact, for many people with mental health and addiction issues, they are the only resource. But where would each of us want our loved ones to find the support they need to rebuild their lives? We would want them to find somewhere where they are treated as a person first, where they have a say in their treatment, and where all of their needs and challenges are considered.

We would want them to find services like case management and counselling, and in some cases housing, in addition to these supports. We would want them to be connected to peer support workers who have gone through what they've gone through. We would want the services to be flexible so that, if necessary, they can be connected to more intensive services, such as residential addiction treatment programs.

There is ample evidence to support the value and outcomes of the community-based services I just mentioned. Take, for example, the managed alcohol supportive housing program offered by Nipissing Mental Health Housing and Support Services, in North Bay, Ontario. Six months prior to moving into the home, their seven residents spent a combined 315 days in the hospital. Six months after the move-in, that number dropped to zero. We do know what works. Community services enable greater client choice and support people to do just that—live meaningful lives in their communities.

To conclude, the health transfer investments in mental health and addiction are a welcome start, but we know that mental health and addiction are chronically underfunded in Canada. The Mental Health Commission of Canada recommends increasing health spending on mental health and addiction from 7% to 9%. In Ontario, at current health spending levels, the health transfer in year five will bring mental health and addiction spending up to 7.3% of the total health budget.

Too many Canadians are struggling with mental health and addiction problems and not getting the help they need. I am asking you today, “When Canadians reach out to make the call for help, will you be there to answer?”

Thank you.

• (0905)

The Chair: Thank you very much, Gail.

Now we turn to Ms. Alexandra Dagg, from Airbnb, a former union colleague.

The floor is yours.

Ms. Alexandra Dagg (Public Policy Manager, Canada, Airbnb): Good morning. I am Alex Dagg, and I am Airbnb's public policy manager here in Canada. I am also an Airbnb host. I would like to express my thanks to all members of the finance committee for your time today.

The Government of Canada has focused its last two budgets on middle-class Canadians. While Canada's overall economic picture has been positive in recent months, many Canadian families haven't felt as fortunate. Wages have stagnated for many years, and household debt remains high. Meanwhile, the cost of living keeps on growing in Canada. Statistics released just this week show that the cost of renting a one-bedroom apartment is about \$2,000 in both Vancouver and Toronto.

Airbnb gives Canadians a chance to earn some extra money by sharing their home, allowing them to keep 97% of the listing price on our platform, and earn some extra money from their most important asset, which is their home. That means 97¢ of every dollar earned on on Airbnb stays right here in communities across Canada, and the same cannot be said about the hotel industry.

The reality is that the tourism pie is growing. Today, almost 10% of the global economy is travel and tourism. This represents \$7.2 trillion of global GDP, which is \$2 trillion more than global oil revenues. Home sharing is allowing everyday middle-class Canadians to benefit from this explosive growth while democratizing travel, and allowing more people, from millennials to seniors, to experience the world.

Around 80% of our hosts in Canada are occasionally sharing their primary residence and earn about \$4,000 per year. About 57% of our hosts report they use Airbnb to help afford staying in their home, and 7% of them have said that home sharing has saved them from eviction or foreclosure.

Since 2008, women around the globe have earned more than \$10 billion on Airbnb. In fact, 60% of our hosts in Canada are women, and nearly 5% of them have reported they use the income they have made on Airbnb to support a new business. We are proud of the role we've played in Canada and around the world to help women independently achieve greater financial, professional, and social empowerment.

Seniors are also some of our best and busiest hosts, many of whom face increasing costs while living on fixed incomes. Income from Airbnb is helping them to stay in their homes and age in place. In Toronto, a typical senior Airbnb house earns \$6,700 a year.

Over the past year, Canada has welcomed nearly 3.5 million guest arrivals from throughout the world on Airbnb. Our surveys show that guests choose Airbnb because it's more affordable, and 35% of our guests have said they would not have travelled, or would not have stayed as long without access to our platform.

Airbnb allows more tourists from within Canada and abroad to experience the beauty of our country and the diversity of our cities, while also benefiting local businesses, like shops and restaurants, and businesses that are not just in the tourist zones but neighbourhood businesses where guests stay.

Over the past year in Toronto, Montreal, and Vancouver, Airbnb guests spent \$329 million in restaurants. Airbnb and our hosts are generating new tax revenues for governments, both directly through hotel, tourist, and income taxes, and indirectly through economic spinoffs.

As a company we have entered into tax partnerships with more than 350 jurisdictions globally. This includes a new agreement just announced in August in Quebec, where we have agreed to collect and remit on the Airbnb platform the 3.5% lodging tax on bookings in the province of Quebec. This is our first agreement in Canada.

We have also worked with the Canada Revenue Agency, starting last tax season, to promote income tax compliance among our hosts by providing 55,000 Canadian hosts across the country with individualized statements of their earnings on our platform as well as links to the CRA website explaining how to report this income on their tax return.

In conclusion, I want to thank the committee for considering the benefits that the sharing economy brings to our communities and to middle-class Canadians. Home sharing has become a lifeline for many of our hosts, allowing them to stay in their homes, support their small business, or save for their children's education.

Thank you for the opportunity to speak today.

● (0910)

The Chair: Thank you, Alex.

From the Canadian Beverage Association, we have Mr. Goetz.

Mr. Jim Goetz (President, Canadian Beverage Association):

Thank you very much for inviting me here once again to present on behalf of the Canadian Beverage Association, which represents the non-alcoholic, non-dairy beverage industry.

We believe it is essential as a supercluster-identified sector that we engage with the government and Parliament to help create Canadian jobs, encourage economic growth, and drive investment. CBA members generate employment for more than 60,000 Canadians at better-than-average wages. Beverage industry salaries are, on average, 26% to 38% higher than the average for all manufacturing industries across the country. We contribute over \$500 million in tax revenue to the federal government and an additional \$400 million in provincial taxes.

We are a leading partner of small business in Canada. The sales of our members' products through grocery stores, food service vending machines, and convenience stores support tens of thousands of independent jobs and hundreds of thousands of retail and food service jobs.

I'm pleased that the MPs on this committee come from the Northwest Territories, British Columbia, Alberta, Ontario, Quebec, and Prince Edward Island. As an industry, we have a connection with each of your regions. For example, our members work with farmers to source sugar beets from Alberta and buy corn from Ontario. We purchase apples from B.C., Quebec, Ontario, and Nova Scotia, purchasing from 350 apple growers in Quebec alone. Our aluminum cans come from Whitby, Ontario. We employ people at distribution facilities in the Northwest Territories, and some of North America's largest manufacturing and distribution facilities are located in the 905 region.

Our members are making significant capital investment in Canada, bringing new technologies and efficiencies into the sector, such as having the largest fleet of hybrid trucks in North America. All the while, we employ well-paid, hard-working, middle-class Canadians. Our innovation is not limited to investment in our businesses. We also invest in strategies that will help support better health outcomes for Canadians. Launched in 2015, our industry-led "balance calories" initiative aims to reduce the calories consumed by Canadians from non-alcoholic, non-dairy beverages by 20% by 2025.

Very shortly, the Conference Board of Canada, our partner in our balance calories initiative, will be releasing our second report on the impact of our initiative. We expect that this report will show at least a 9% decrease in calories—calories being sugar—in our products since 2015. This means that in just 11 years our industry has already removed 29% of the calories that Canadians consume from our

beverages. This is unprecedented in the food and beverage industry. As shown in the Ads Standards 2016 compliance report on the Canadian children's food and beverage advertising initiative, we have a positive record as an industry in adhering to our guidelines on marketing to children, which ban the marketing of our products to children under the age of 12.

The beverage sector shares the government's vision of building economic growth and benefits in Canada through innovation in the agrifood sector and throughout the food and beverage value chain. However, our members are concerned about increasing barriers to growth, including financial risks that impact our members on a daily basis, and speculation around a sugar tax and significant regulatory changes. The changes to front-of-pack labelling and CFIA regulations alone, according to Industry Canada, are estimated to cost the food and beverage sector over \$2 billion over the next several years.

Coupled with those expenses, we understand that an economic impact analysis of the severe restrictions on advertising inherent to Bill S-228 commissioned by the Association of Canadian Advertisers shows a multi-billion dollar impact on GDP and revenues for Canada's struggling media industry and sponsorship of amateur sports, cultural events, and community giving; lost tax revenues for Ottawa and the provinces; and tens of thousands of job losses.

The CBA and its members recognize that obesity poses a critical challenge to individuals, public health, and government resources. At the same time, Statistics Canada data shows that the consumption of calories from beverages in Canada has continued to decline as obesity rates, unfortunately, have increased over the last 20 years. Proponents of a tax on our industry often point to Mexico as a success story, but the data coming out of Mexico's own reports is demonstrating that this is not the case. It shows that obesity has continued to rise. The revenue from the tax has also continued to rise, and 60% of that revenue is coming from Mexico's poorest households. We also know that there have been 11,000 job losses up and down the value chain. These are not the markers of a successful health or tax policy.

The Mexican tax also applies to a broad range of products, not just beverages, so even with that broad array of products targeted for taxation, there are no positive health outcomes. Why would anyone think that a narrow tax on products that supply 4% of calories to Canadians would make any difference?

● (0915)

What we are asking government and your committee to do, Mr. Chair, is quite simple. Protect our jobs and investment in Canada by ensuring regulation, policy, and taxation measures are principle-based, science-based, and equitable. Recognize that the Canadian beverage market is already evolving in a positive and significant way, and refrain from implementing any targeted attacks on a single industry.

In conclusion, the beverage sector has built its success on science, evidence, and innovation, and we continue to be encouraged by a chance to work with a government that understands the importance of public policy that works for Canadians and not against Canadians or Canadian workers.

Thank you.

● (0920)

The Chair: Thank you, Jim.

There is no snow out there today, but here from the Canadian Council of Snowmobile Organizations is Mr. Burns.

Mr. Dennis Burns (Executive Director, Canadian Council of Snowmobile Organizations): Thank you, Mr. Chair.

There is snow out west, Mr. Chair, and you need to know that. We have pictures and we post them on Facebook on an ongoing basis. It drives everyone crazy.

Good morning to everyone, and thank you very much to the committee for sitting and talking about snowmobiling. It is October and winter is coming down the pipeline.

I sit here as Dennis Burns. I am the executive director for the Canadian Council of Snowmobile Organizations. We're a volunteer-led, not-for-profit national voice for organized trails for all of Canada. We've been in business since about 1974 and we've been in Ottawa many times looking for ongoing partnerships due to the base of how we operate and what we do.

I'll bring the three previous presenters into my conversation because we actually work very closely with all three of them, so it's great.

We have a little over 120,000 kilometres of trails in Canada, which represent about 48% of all organized and managed trails in Canada today. If you want to know who is the biggest and who has the most trails out there, it's definitely snowmobilers. What's really unique about snowmobilers is that they will create a trail. They'll get up in the morning and decide that perhaps they need to put a trail some place to connect a new business, to actually reach across a farmer's land and get into the right piece of property, and they'll put a trail in. What normally happens is that the trail is then used for all four seasons.

We have many examples just north of the city of Toronto, where there are some incredible bridges that were put in, led by a volunteer

snowmobile group. They're million-dollar bridges and now they're for four-season use. What's really unique about snowmobilers is that they wake up, they dream big, and they actually work the paper and meet with the partners to get the money to actually do a project, and at the end of the day, all four seasons get to benefit from the bridge.

We've recently completed our economic impact study. An economist, Harry Cummings out of the University of Guelph, put it together. We pay \$1.4 billion each and every year in taxes to all three levels of government. We used the Conference Board of Canada's actual model. They created the TREIM model for Ontario, the tourism regional economic impact model and that nets \$1.4 billion each and every year.

Again, the same study confirms there are 41,000 jobs through the course of snowmobiling all across Canada, and the number of family members involved in it is, very conservatively, about 1.5 million to 1.8 million active snowmobilers across Canada. We're very proud of that.

The main snowmobile manufacturer in Canada comes out of Quebec. Bombardier Recreational Products built the Ski-Doo, which is very popular across Canada and it does have the largest market share. They're all built here in Canada. The only thing that comes from elsewhere is the engine, which actually comes out of Austria.

If you look at the economic impact spin, in Quebec alone it's about \$2.2 billion, and \$1.7 billion here in the province of Ontario just from snowmobiling. Add into that the economics from building the snowmobiles in Valcourt, which adds in about another \$1.2 billion. It's a really big industry. A lot of people don't realize how big we are. Overall, for our economic impact across Canada, we're looking at \$8 billion, and we're very proud of that too.

When we look at who is actually paying for the trail system and access to the trails, we work our model on what is called a user-pay system. To drive your snowmobile on a trail you have to put a pass or a permit on it so we actually collect user-pay fees from the individuals. Therefore, we come as a very strong member, showing the government that we have \$58 million that we're sitting on, as we prepare to expand our fleet and do more work on the trails. That's our part of the user-pay system, which is \$58 million.

We've just completed a news release and the average age of a snowmobiler is 44 years. We've been in business since 1974, which I've already shared. We have 729 clubs across Canada. The unique thing about the clubs in Canada that provide the snowmobile trails is that this is not a business for us. This is done on a volunteer basis. That's the very unique thing about snowmobiling. A lot of people say, "It's big business, then". It is, but it's all driven on the backs of the volunteers. A lot of our people are consuming the beverages from my friend, and we stay at the B and B locations all across Canada.

We're right now working through a study with the University of Guelph that speaks to the health of snowmobiling, and one chapter I'm going to add in particular is the mental health portion of it, because we really feel that a lot of people get very depressed in January and February. The concern is "Oh, my God, it's snowing outside" and everybody says, "Bundle up, stay at home, and don't do anything". Snowmobilers say, "What a fantastic day for snowmobiling."

• (0925)

I turn on the weather broadcast and it says it's -21°, but it's -30° with the wind chill. I said don't worry about the wind chill. We make wind when we go snowmobiling, so that's the best part of the whole day. We absolutely take advantage of it.

We represent everybody across Canada in organized trails, except Nunavut. We have no organized snowmobile trails. We've tried over a number of years, but once they get north of town, it's the tundra. It's just open riding. There are no organized trails there.

Our demographics work out to about seventy-thirty. Seventy per cent of our riders are male, while 30% are female. It's really key. We have potential growth with the ladies' side of the things. We've started Women on Snow. We have a major ride that has gone across Canada four times that's sponsored by Polaris. We've done a number of these rides. We have new ladies. She Shreds is one of the new businesses based in B.C. She is doing a fantastic business. She's teaching ladies to ride with ladies. They go into the mountains and they don't have their husbands, or boyfriends, or I guess in today's world, wives would be a correct statement as well. The concept is that they don't have anybody watching. They find that, if ladies teach ladies how to ride, they are not nearly as stressed and they learn how to do it a lot better, so we hope to increase our percentage of lady riders far above 30%.

Each and every year snowmobilers are very big advocates in the individual communities. They raise a lot of money. Ongoing, they average a little over \$3 million, which they raise and they provide. The same volunteers that raise money for the local fire department are the same ones that work very hard at the local snowmobile club.

What we're looking for is a partnership with the government. My request is very clear. Over the five years, we would be looking for \$8 million a year. That would be \$40 million. At the same time, we pay about \$7 billion in taxes. We're not looking for a major investment, just a small return on the amount of volunteer work that happens all across Canada.

Thank you, Mr. Chair.

The Chair: Thank you very much, Dennis.

We'll be turning to Mr. Nantais with the Canadian Vehicle Manufacturers' Association.

Mr. Mark Nantais (President, Canadian Vehicle Manufacturers' Association): Thank you very much, Mr. Chairman, and thank you to the honourable members today for actually coming to town, so to speak.

As president of the Canadian Vehicle Manufacturers' Association, I am pleased to be here representing Fiat Chrysler Canada, the Ford Motor Company of Canada, as well as the General Motors of Canada

Company. Together they are responsible for approximately 60% of all production annually, and as some of the largest multinational companies, exporting vehicles to 100 countries around the world.

Canada needs strong advocacy for its automotive manufacturing sector in order to achieve its economic goals. It will also be essential that the renegotiation of the North American Free Trade Agreement maintain outcomes that support Canada's auto industry and its highly integrated value chain across North America. On one hand, there is significant opportunity to support Canada's automotive sector competitiveness, and on the other, much to lose if we don't get this right.

The automotive sector is undergoing a technology transformation, including but not limited to the introduction of connected and automated vehicles within an evolving shared economy. Due to the strength of Canada in software engineering and innovation, significant investments have been made and partnerships established in Canada by Canadian member companies focusing on the car of the future.

For budget 2018, CVMA urges the government to continue the momentum it has developed, with a focus on the following items. The first one is the strategic innovation fund. The CVMA commends the government for introducing the ability to offer non-repayable investment support in the former automotive innovation fund, and we are pleased to see that this has been carried over to the amalgamated strategic innovation fund.

With the migration of the AIF, as we call it, into the broader SIF, the industry will be looking for assurances that there is the same degree of investment support for automotive investments as was previously available under the AIF.

The CVMA recommends that the innovation policy framework remain responsive and sensitive to the attraction of new investments. That will involve Canada vigilantly monitoring the incentives offered by other jurisdictions to ensure its own programs and policies are competitive, accessible, and useful.

Secondly, on the innovation superclusters initiative, further to the government's announcement of the short-listed nine superclusters, we are hopeful that the innovation partnerships going forward will not be limited only to the superclusters. To that end, we will continue working with government, academia, and industry as innovation opportunities are identified, developed, and implemented.

Thirdly, in terms of manufacturing research and development tax incentives, the Canadian auto industry is a major investor in the research and development of technologies that spur advanced production processes and vehicles that meet both public policy objectives and the driving experience demanded by consumers. We recommend a research and development program that is more flexible and responsive to the needs of industry and administratively efficient to help support the innovation agenda by promoting automotive research excellence and the opportunity to build on the existing research capacity.

A tax research credit that is truly supportive of innovation must be robust and reflect the true cost of advanced manufacturing R and D, inclusive of capital equipment, and based on a broader definition of innovation versus the current definition of science. Further to this, an allowance for our capital expenditures to support large-scale investments, which lead to job creation and retention, would also encourage manufacturing innovation investments.

While not all members utilize or benefit from the SR and ED tax credit, claiming the SR and ED credit is increasingly becoming more onerous and the current definitions under the program are simply too narrow. We would welcome again the opportunity to engage with government to explore ways of implementing an effective research experimental support program.

Our fourth recommendation is for continued investment in Canada's trade corridors. The CVMA recommends that the government build on the budget 2017 commitments to multi-modal border infrastructure interconnectivity, as well as funding support to implement the improved cross-border labour mobility processing procedures. We also look forward to the completion of an additional bridge crossing in the very important Windsor-Detroit gateway.

In addition to these recommendations, there are some very important considerations that, if left unaddressed, could undermine the objectives of the innovation agenda, for instance, an electric vehicle policy.

The electric vehicle market is clearly in its early stage of development and manufacturers have committed an estimated \$100 billion to developing and bringing a rapidly increasing number of electric vehicles to market. The CVMA has been very active in the development of the pan-Canadian framework for an electric vehicle strategy and we believe a collaborative partnership between industry and government will lead to greater success towards increasing electric vehicle adoption.

• (0930)

We therefore encourage the federal government to do the following: continue the support in terms of electric vehicle recharging infrastructure that was announced in 2017, and provide further support by matching provincial government EV recharging infrastructure funding commitments dollar for dollar, if possible; establish federal incentives to help consumers with the purchase of electric vehicles that could be stackable on some of the provincial incentives; and lastly, examine tax policies that actually act as disincentives to EV adoption. Here I'm talking about workplace charging for employees being a taxable benefit.

We strongly recommend that the federal government avoid a zero-emission vehicle mandate, as we call it, given the potential negative consequences for consumers, dealers, and manufacturers. Rather, we recommend it focus on a more collaborative approach to enhance electric vehicle adoption.

Another opportunity to encourage EV adoption is to accelerate turnover of the existing on-road fleet. Such an approach would be less costly and provide even greater environmental as well as safety benefits more quickly.

My last comment relates to the aggregate policy impacts on operating costs. Automotive manufacturing in Canada is experiencing many operating cost challenges. We must be mindful of the aggregate impact of these cost factors on operations in Canada, which already makes us the highest-cost jurisdiction to produce vehicles.

On that point, Mr. Chairman, I'd be glad to answer any questions the committee members may have. Thank you.

The Chair: Thank you, Mark.

We'll go to the Intellectual Property Institute of Canada, with Mr. Lipkus. Welcome.

Mr. Nathaniel Lipkus (Councillor, Intellectual Property Institute of Canada): Thank you, Mr. Chair.

As mentioned, my name is Nathaniel Lipkus. I'm a member of the council of the Intellectual Property Institute of Canada, which is frequently referred to as IPIC. I'd like to first thank this committee for inviting IPIC to present to you our recommendations on budget 2018 and to answer any questions.

As you may know, IPIC is the Canadian professional association of patent agents, trademark agents, and lawyers practising in intellectual property on behalf of clients or employers across Canada. We believe our membership is uniquely positioned to help support the government's innovation objectives. IP agents help protect innovation investments and therefore form the backbone of any country's innovative industry.

A Canadian national IP strategy offers the perfect opportunity to create much-needed incentives for Canadian innovators to protect their inventions and enable their businesses to flourish in the long term. We recommend three incentives that would dramatically improve the way we as Canadians protect our IP: a first patent program, a commercialization coupon, and an innovation box.

Number one is the first patent program. In last year's finance committee report in preparation for last year's budget, the committee recommended that the Government of Canada create a first patent program with a design similar to that launched by the Government of Quebec. This program should subsidize the expenses incurred by small and medium-sized businesses obtaining a first patent. This recommendation ultimately was not included in budget 2017; however, we still believe the need exists, and it aligns now more than ever with the government's plans around the innovation agenda and its plan to create a national IP strategy.

Statistics from the U.S. show that patent allowances for start-ups have a significant economic impact, such as a 51% increase in sales growth and a 36% increase in employment growth. Such a program has existed in Quebec since July 2015. The program offers eligible small to medium-sized businesses a subsidy on expenses related to obtaining their first patent. The demand for this program has been so high that funds were quickly exhausted in less than a year.

A similar program at the federal level would directly help Canadian inventors, start-ups, and SMEs who are at the critical point where they have developed an innovative device or method and are able to seek patent protection, but do not have the resources to do so. This program would move the needle towards protection. By protecting their inventions early and allocating safe resources to supporting commercialization of their venture, they'll be better placed to establish their business and in the future improve their chances of scaling up within Canada and abroad.

We recommend the federal government create a similar program through budget 2018.

Number two is the commercialization coupon. To encourage researchers who receive federal grant funding to protect their IP and take the important step towards commercializing the inventions developed in the course of their research, we believe the government should make a commercialization coupon available. This should be a one-time-only option in the span of a grant term, which would provide a small amount of additional funding for commercialization activities such as filing for IP protection, conducting market studies, or hiring for business plan preparation. This coupon would allow commercialization activities to follow and be coupled with grant money, allowing researchers to be successful following the completion of their project.

Number three is the innovation box. The government should adopt an innovation box model to provide a reduced tax rate for income derived from commercialization in Canada of intellectual property. The term "innovation box" comes from a check box on tax forms to identify revenues that would be eligible for the reduced innovation tax rate. This idea originates from several other jurisdictions—most notably the United Kingdom, but also earlier this year in Quebec—where governments lowered corporate taxes on income derived from commercializing IP.

Although early, data is starting to emerge from the U.K. patent box program, where claims for the program are rapidly increasing, and interestingly, so are claims for existing R and D tax credits. R and D claims are up more than 22% for SMEs and more than 5% for large companies in the most recent statistics available. The potential downstream impact from these U.K. and similar programs may leave

Canada lagging further behind our major trading partners if we don't implement something similar.

In conclusion, IP agents would like to continue supporting the government's goal of pushing Canada forward to be a leading innovator in today's economy.

● (0935)

Our first recommendation of a first patent program would help start-ups and small and medium-sized enterprises protect their initial IP. Our second recommendation would help researchers with federal grants to achieve successful commercialization. Our third recommendation would help spark innovation across Canada through lower taxes. All three recommendations, though, have a similar goal, to help support and protect innovative activities throughout Canada that would increase economic growth and build our innovation ecosystem.

Finally, Canada has the potential to be a leading innovator in today's advancing marketplace, and IP agents are at the forefront of helping us succeed with that vision.

Thanks so much.

The Chair: Thank you, Nathaniel.

Our last witness on this panel is from the Toronto Region Board of Trade, Mr. Parker.

Dr. Jeff Parker (Manager, Policy, Toronto Region Board of Trade): Thank you.

Good morning, Chairman Easter, honourable members, and of course, our legislative staff. Welcome to the Toronto region.

I'm Jeff Parker. I'm the manager of policy for the Toronto Region Board of Trade. Thank you for giving me and our organization the opportunity to appear before the committee today.

The board is the Canadian Chamber of Commerce's largest urban centre, connecting more than 12,000 members in the Toronto region. The board seeks to make Toronto one of the most competitive and sought-after business regions in the world. In service of that goal, we pursue a robust policy agenda aimed at making our residents and businesses more productive and competitive, which also happens to be the focus of the finance committee's consultations this year.

In August the board provided a written submission to your pre-budget deliberations that includes a more complete discussion of the steps we believe the federal government needs to take to make our country more productive and competitive. In my brief time this morning, I want to focus on three areas of that submission: trade, transportation, and the supercluster initiative.

As a medium-sized economy of 35 million people in a world of seven billion, Canada's continued prosperity is dependent upon our ability to export and compete in global markets. Trade makes us more efficient and productive, focusing Canadian businesses on the goods and services that succeed globally. According to Export Development Canada, businesses that sell internationally are 30% more productive and 25% more innovative than businesses that do not.

Trade is also a source of employment. For every \$100 million in new export activity, 1,000 jobs are created, often in well-paid sectors.

Despite the clear benefits of trade, Canada isn't doing enough to seize this opportunity. Specifically, our small and medium-sized enterprises, SMEs, are less likely to export than larger firms with more than 500 employees. Currently only 4% of Canadian SMEs are exporting compared with 23% of our larger firms. According to the research featured in the board of trade's recent priority export markets report, this is the lowest figure in the G7. In Germany, 28% of SMEs export, as do 27% of French SMEs, and 21% of British ones. This is a lost opportunity. If Canada increased its share of SMEs exporting to the same level as larger firms, 23%, it would mean an extra 219,000 businesses generating an estimated \$225 billion in new export activity. This is the type of economic transformation we should be striving for.

Since the 1980s, the federal government has taken the first step by negotiating free trade agreements with dozens of countries, including the recent deal with the European Union, but more can be done, and we urge the committee and the government to adopt the following recommendations.

First, partner with the board's World Trade Centre Toronto to expand our trade education services nationally. The World Trade Centre Toronto has already provided trade education to more than 170 SMEs through its trade accelerator program. The federal government should work with us to extend the program nationally to prepare more firms for international trade.

Second, prepare businesses to take advantage of CETA. Our trade agreement with the EU provides new opportunities for SMEs, but unfortunately, according to our research, many businesses are not sufficiently informed or prepared to take advantage. In partnership with chambers of commerce and industry associations, the federal government needs to do more to provide SMEs with information and resources to fully engage with CETA.

Increasing trade among Canada's businesses also requires the more efficient movement of people and goods throughout our cities. Unfortunately, a lack of investment in transportation infrastructure by all levels of government has caused congestion to increase, reducing productivity of businesses and residents alike. In the Toronto region alone, congestion is estimated to cost as much as \$11 billion every year. The funding pledged to public transit in budget 2017 is a necessary step to address this, and we urge all members to ensure the government maintains its commitment to spend this money based on ridership and population growth.

Beyond funding, the federal government has a special responsibility for trade-enabling infrastructure, particularly at our borders and

airports. If we want to expand trade, grow our economy, and increase our shared prosperity, the federal government can do more to enhance the movement of people and goods through the following measures.

First, speed up improvements to border infrastructure at crossings and airports. While the government pledged new investments in budget 2017, the border remains a major impediment to businesses such as automotive and food and beverage manufacturing that rely on the integrated North American supply chain. Border delays can mean increased costs and decreased productivity.

Second, invest in improvements in airport connectivity. In Toronto's Pearson and Hamilton's Munro airports, the Toronto region hosts the first and third most important airports for handling cargo. Pearson also centres an employment area of more than 300,000 people, and that's Canada's second largest, next to downtown Toronto. The federal government needs to work with the provinces, municipalities, and airport authorities to improve the infrastructure around these critical transportation hubs.

● (0940)

Finally, implement a regional airport strategy for southern Ontario. By 2030, Pearson, Canada's busiest airport, will be closing in on its passenger capacity limit. The federal government should work with stakeholders to implement a strategy that will accommodate rapid growth at the region's airports.

Finally, the board has been encouraged by the federal government's innovation superclusters initiative as a new approach to economic development. The board is proudly involved with the advanced manufacturing supercluster bid, which has brought together industry, municipal governments, chambers of commerce, and research institutions along the Toronto-Waterloo innovation corridor. The bid has attracted more than \$600 million in cash and \$148 million in in-kind commitments from the private sector.

Beyond our own involvement, though, this economic development strategy has much to recommend it. Rather than sprinkle subsidies across the country, the supercluster plan correctly acknowledges that Canada must focus on improving and scaling up existing areas of strength. The stipulation that the government will match funds from the private sector will further restrict the focus to clusters that are already achieving success.

The board urges the government toward final supercluster funding to the bids that are the most developed and will generate the greatest economic return. For this initiative to succeed, the government must resist the urge to make funding equitable by region and instead use transfer programs such as equalization to address regional disparities.

Despite the uncertainty presented by the current NAFTA negotiations, this is a moment of opportunity for Canada. To truly realize our potential, however, we must invest in our urban centres such as the Toronto region, the key drivers of our economic growth, and focus on bringing world-beating Canadian goods and services to global markets.

Thank you for your time. I look forward to your questions.

• (0945)

The Chair: Thank you very much, Jeff.

We will have to go to six-minute rounds with a little flexibility because we have one more witness than usual.

Ms. O'Connell.

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

Thank you all for being here.

I have a number of questions so we'll see if I can get through some of them.

I'll start with Addictions and Mental Health Ontario. Just to clarify, you said when the transfers go through from the federal government on the mental health side, that will represent 7.3% of Ontario's budget as an example. You said the range should be between 7% and 9%.

Are you suggesting that the range isn't high enough for the needs, or is it that it's not going to be happening fast enough? Can you clarify because we would be right in that range so I'm trying to understand what is needed.

Ms. Gail Czukar: As our brief states, in other jurisdictions they spend upwards of 11% to 13%.

Ms. Jennifer O'Connell: It's the range that you want to see higher.

Ms. Gail Czukar: We would like the range to be higher. We would say a minimum of 9% would be a start. The chronic underfunding in this sector has left us so far behind.

Ms. Jennifer O'Connell: Thanks. I appreciate the clarification.

Moving to Airbnb, you mentioned how much money is being spent in local restaurants, for example. I'm just curious. How do you collect that data? How do you know?

Ms. Alexandra Dagg: We survey all our major markets globally every year. The restaurant data we just talked about for Toronto, Montreal, and Vancouver was based on surveys from both our guest and host community, where they tell us how and when they spend their money.

One of the interesting things about it is that they also clearly tell us—and I just want to underscore this—that 35% of our guests travelling and using the platform in Canada either would not have done it or not stayed as long without the affordability option that exists on our platform.

Ms. Jennifer O'Connell: Thank you.

To the Canadian Council of Snowmobile Organizations, in my riding in the northern part in Uxbridge we certainly have a lot of snowmobile trails so I understand the commitment there.

You clearly state you collect user fees so that you can bring that investment to the table. My question is with regard to your earlier statements about a snowmobiler who will wake up one day and dream where they want the trail to be. As a former municipal councillor, that also makes me wonder where these trails are going because I know how long it takes to put a trail anywhere.

How are you working with municipalities to ensure these trails are respecting municipal property, or have you partnerships and agreements and you're not building informal trails that then cause problems for municipal maintenance, etc.?

Is your \$58 million in user fees in addition to the \$8 million over five years that you're asking for? Is that to purchase property? How is this working?

Mr. Dennis Burns: Our goal is not to purchase the property. Our goal is to work with the municipalities very closely. Our volunteers, all across our 729 clubs, go in and meet with the councillors, and they talk to them to make sure that the trails are where you want them, where you don't get any feedback. I encourage all of my volunteers to meet with the mayors, the reeves, the councillors, and actually go to the individual meetings on a monthly basis and ask whether they are getting any feedback on snowmobilers, and if there is something we can help with.

Our group works with your planning departments. They make sure the trails are where they are. Our group doesn't wake up and say, "Well, let's put a trail in the middle of the meeting room because we think that would be a great idea." We would come to the meeting and say, "We need a trail here. Who do we need to talk to to actually have access through that property?"

Quebec has a fantastic program for making a trail and putting it in place. If you have a trail in a provincial park, and the parks people come to the snowmobile club and say they want to reroute that trail, for example, Quebec put a mandate in. They say, "You, the parks people, can have the trail rerouted, but you, the parks people, have to budget and reroute the trail for the snowmobilers because the snowmobile trails are seen as an asset."

The volunteers bring an asset to each one of the communities all across Canada. What we're looking for and encouraging is the partnership to actually make them better—

• (0950)

Ms. Jennifer O'Connell: Sorry, I don't mean to cut you off. I just have such limited time and I want to get these answers on the record.

What is the money specifically for, if it's not ownership and maintenance, because then the town or the municipalities are somewhat maintaining it generally? What specific types of programs does the \$8 million over five years cover?

Mr. Dennis Burns: Very specifically, in the proposal, we speak to the groomers. The groomers were inserted so you can see what actually makes our trails. We use the snowmobile to ride the trail, but what makes the trail flat and smooth like a highway? It takes a grader to level the product. We use the snow to make the uneven ground flat where the trail might be because our trails aren't based on four feet of riprap, two feet of crushed rock, and then pavement. Most of our trails are out in the country through the bush, through the forest, through the trees. Across the rivers, we put a bridge in. We use the snow like a road-building material. These groomers like you see on the ski hill are exactly what we have.

The current price of the PBs, or the Pisten Bully, or the Prinoth units that pull and drag behind them to groom trails, with the new tier four, they're \$70,000 each. We have 1,200 of them out in the snow across Canada and we're looking at refurbishing our fleet. The average age of the units now is getting over 10 years. Part of the investment we see is going back into the groomers.

This very specific ask is to work with us over a longer term to raise our snowmobile trails to a new level. The concept is to raise them by going to bulk buying, and replace the ones in right parts of Canada.

Ms. Jennifer O'Connell: Thank you.

To the others, I appreciate your presentations. I'm sorry I won't have time to ask you all questions.

My last question then is, if I have a minute....

The Chair: You do. You have 30 seconds.

Ms. Jennifer O'Connell: Mr. Parker, for the Toronto Region Board of Trade, you talked about airports and capacity, and the need to build up the capacity at our regional airports. I agree with you there.

There are two things happening. First, the Minister of Transport has conducted a study on aviation for the GTA and the greater golden horseshoe, so I look forward to getting those updated numbers, because you quoted capacity at Pearson by 2030. That's based on a very old GTAA study that had some issues because it was prior to the 2008 economic crash. I think the questions around data will be helpful.

In regard to what I'm understanding for some of the issues around, for example, Pearson being a super hub is not the capacity in the airport but the transportation to move people in and out. In fact, Pearson is essentially the same size as Atlanta. Atlanta can do almost double the passenger capacity or the flights.

Is the focus really about that capacity to move people to and from the airport? You spoke about it a lot. Is that one of the biggest challenges?

Dr. Jeff Parker: Yes, Ms. O'Connell, I would suggest the movement of people and goods is the first and foremost issue. We have the UP Express, which has given us some new connections, but we still have a major bottleneck in this area. One thing the board is studying right now is the movement of goods. We have a four-part series that's been coming out over the fall because we acknowledge that Pearson, as much as it's a passenger hub, is also a very important goods movement hub. We need to make sure the infrastructure is in

place to get the goods to and from the airport, and that's an area where we think the federal government can show some additional leadership.

The Chair: Thank you, all.

Mr. Kmiec.

Mr. Tom Kmiec: Thank you, Mr. Chair.

I'm going to focus most of my comments on the Canadian Beverage Association, but I'll start with the Canadian Vehicle Manufacturers' Association.

You asked that charging stations not become taxable benefits. Is it a taxable benefit right now if an employer provides charging stations to its employees?

● (0955)

Mr. Mark Nantais: Yes. Maybe I can try to give a little clarity. If you are an employer and you provide recharging stations and you provide potentially cost-free charging, that is a taxable benefit. A good part of the value equation to those people considering the purchase of electric vehicles is being able to get to and from work, and while you're at work to be able to recharge your vehicle. That's a real plus, and it's a major consideration for them. If you are being taxed for that as a taxable benefit, it tends to be a deterrent in terms of your decision to purchase a new vehicle.

Part of the EV strategy that I mentioned, which we're trying to develop on a pan-Canadian framework basis, is looking for ways to remove impediments. We would see the taxability of that benefit as an impediment, at least in the early stages of the market development.

Mr. Tom Kmiec: Most people who own EV vehicles right now are very high-income earners, because the vehicles are much more expensive. We would be indirectly subsidizing individuals with high incomes.

Just to think about it, the marginal effect on tax rate would be miniscule, as it doesn't consume all that much electricity.

I'll move on to the beverage association—

Mr. Mark Nantais: I can address that, if I may.

Mr. Tom Kmiec: Yes, go ahead.

Mr. Mark Nantais: Right now, clearly, some of the vehicles out there are for the high-income group, but with all the models that are coming forward.... In 2011 there were about seven models available. There are now well over 30 models, and those models are becoming available to those income brackets, families, that can afford them, families that see this as a regular family car. To suggest that only those people who are high-income earners would benefit from this.... That is a very quickly evolving scenario where ordinary individuals, our families out there, are going to benefit—

Mr. Tom Kmiec: Families who can afford those vehicles, or families who have an older vehicle they don't want to switch out yet, are paying excise tax, and paying GST or HST here in Ontario. That's not a taxable benefit, but they are paying taxes on it. That's just an idea.

To the beverage association, you referred to Mexico. We heard, from the other side, referring to Mexico, how they've reached some of their targets in terms of health improvements. They didn't mention job losses, though. I find it striking. You said there were 11,000 job losses in Mexico after the soda tax, I'm going to call it, was introduced?

Mr. Jim Goetz: Yes, absolutely. There's a study out of the University of Mexico, which I'd be happy to provide for the committee, that showed there had been between 10,000 and 11,000 job losses up and down the value chain.

Mr. Tom Kmiec: Do you have any data or information on what the similar impact would be in Canada if such a tax was introduced, using preferably the same methodology as the University of Mexico?

Mr. Jim Goetz: We don't have the data on how exactly that would affect the Canadian industry, but all we have to do is look around the globe where these kinds of taxes have been introduced and we see that there's been a similar pattern. Philadelphia recently introduced a tax in the city of Philadelphia, and there have been 200 union job losses there. When Denmark introduced a similar style of tax regime, which was more focused on fat, they had that tax in place for only 18 months because there had been 1,200 job losses in the food and beverage sector.

There is a pattern evolving here in that where these taxes are introduced, there are job losses.

I would point to the fact that the Government of Canada was very quick to act when a tariff was put on softwood lumber, averaging about 20%, because of concern for job losses and investment losses, etc., and rightly so, for products going to the United States. Yet at the same time, people are talking about putting a 20% tax on our industry here in Canada, and there is not this discussion about what that would do to our investment here in Canada. On one hand we're addressing, rightly so again, a punitive tax, and on the other hand, discussing putting a punitive tax on our industry. You have to expect there are going to be job losses.

Mr. Tom Kmiec: In your presentation you also mentioned advertising. You made reference to Bill S-228, as have other witnesses before the committee who brought forward their views on it. You mentioned that your industry is regulated, and you have standards that you abide by.

Do people who are members of your association target children for advertising? How do you treat children aged zero to 12, and then 13 to 18?

Mr. Jim Goetz: As far as our industry's track record, I would again refer you to the recent compliance audited report that was issued two weeks ago, I believe, which showed that the beverage industry is meeting its targets when it comes to not advertising to children 12 and under.

In relation to the bill that's been introduced in the Senate and is now making its way to the House of Commons, first of all, our members have done business in the province of Quebec since their legislation was introduced sometime in the eighties, and we're compliant. What the mandate letter to the minister stated was to introduce legislation that is similar to what is in Quebec as far as advertising and marketing to children. We support that. We're not opposed to the legislation.

● (1000)

Mr. Tom Kmiec: I'm going to interrupt you, because I don't know how much time I have.

This was something that I think Mr. Fergus brought up. We were asking questions of the Canadian Convenience Stores Association.

What is the difference between the proposed S-228 and Quebec's advertising law?

Mr. Jim Goetz: Very quickly, Quebec's law outlaws essentially all marketing to children. What the bill that's coming over to the House of Commons does is that it differs in three very significant ways. First, it's only targeted at certain food and beverage products, so it's not all marketing to children but different.

Second, the age is very different: 13 versus 17. Our concern, again, is not with the legislation. Well, we do have concerns with the legislation, but that age is then leading into adult advertising. For example, that means you probably would not be able to show an advertisement for orange juice on Hockey Night in Canada, but you would be able to show a beer ad.

The third component is how extensive it will limit sponsorship events that are really targeted at adults. Because that age is 17, you will have a lot of events that are now sponsored by food and beverage companies that will simply no longer be able to occur in Canada.

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

Mr. Boulerice.

Mr. Alexandre Boulerice: Thanks, Mr. Chairman.

I wanted to take 30 seconds to say to citizens and the people who came to the mike to talk about the importance of science and fundamental science that we support the NATO recommendation and we completely agree with your points.

[Translation]

I will now continue my speech in French.

Ms. Dagg, I will try to address my questions to three speakers. You are the first one. Please keep the answers short.

Where is Airbnb's head office?

[English]

Ms. Alexandra Dagg: Our company's headquarters is in San Francisco, but we do have an office in Toronto.

[Translation]

Mr. Alexandre Boulerice: So you have an office in Toronto.

[English]

Ms. Alexandra Dagg: We also purchased a company in Montreal recently. It's Luxury Retreats with 250 employees employed in Montreal.

[Translation]

Mr. Alexandre Boulerice: Okay.

I just want to make sure we're talking about the same thing. When someone in Toronto or Montreal rents their apartment to a visitor or a tourist, Airbnb earns something from that transaction.

Where will that revenue be taxed?

[English]

Ms. Alexandra Dagg: We earn 3% on every transaction, so 97% stays with them. Our parent company is headquartered in Ireland and the Irish company pays whatever taxes we owe wherever in the globe, but we're very pleased to be able to contribute the tourism tax in Quebec—

[Translation]

Mr. Alexandre Boulerice: Yes. I am aware of the agreement. You recently commented on it in the media. We commend Airbnb for contributing to the City of Montreal's accommodation tax. However, the revenue from the transactions is taxed in Ireland, not in Canada. Is that correct?

[English]

Ms. Alexandra Dagg: The bulk of the revenues are actually taxed in Canada with the 97% that are earned by our host community subject to income tax.

[Translation]

Mr. Alexandre Boulerice: That's the case as long as those host communities declare it voluntarily, correct?

[English]

Ms. Alexandra Dagg: Yes, but the voluntary tax compliance is the heart and soul of our income tax across the entire country. That's one of the reasons why we collaborated with CRA to improve that. We're very pleased about our partnership to help with the education and knowledge about compliance with income tax.

• (1005)

[Translation]

Mr. Alexandre Boulerice: I understand that this is your business model, as is the case with other companies such as Amazon or Netflix. However, this poses problems for the Standing Committee on Finance in terms of tax revenue for our social programs and the government's actions.

I am the member for Rosemont—La Petite-Patrie. Many people in my riding rent their apartment to tourists, and we understand that. We agree with the concept of the sharing economy. However, we receive many complaints from our constituents about certain abuses. Apartments are purchased for the sole purpose of renting them on Airbnb, which causes a very large turnover of people who become tenants of those apartments.

My good friend Amir Khadir has introduced a bill proposing that this system include a time limit of up to a maximum of 60 days a year. This would ensure that the homes are for people who are real residents, who could rent their apartments on the side, not as a main use.

How do you see that and what is your position on it?

[English]

Ms. Alexandra Dagg: We've actually worked a lot with the municipal politicians in Rosemont already, and have had a number of communications with them, as well as other boroughs in Montreal. You may know that there are already regulations in the province of Quebec. We've been working with the province to really

modernize that to ensure there's greater compliance, because the way the regulations are drafted right now are very onerous, and for a casual home sharing it provides so many difficult rules that they're just not set up to follow.

With more professional hosts using our platform, like boutique hotels, bed and breakfasts, corporate home services, they should follow a heavier legislative requirement. We think Quebec is beginning to have those conversations, and then we'll continue to try to collaborate with the province.

[Translation]

Mr. Alexandre Boulerice: Thank you very much, Ms. Dagg.

Mr. Goetz, I will turn to you now.

According to a study published this year by the University of Waterloo, Canadians consumed 444 millilitres of sugary drinks a day in 2015. Young people consumed 578 millilitres of sugary drinks a day, the equivalent of 16 teaspoons of sugar.

In your view, is that too much?

[English]

Mr. Jim Goetz: Sorry, I missed the first part of it. I think you said the University of Waterloo.

[Translation]

Mr. Alexandre Boulerice: Exactly.

According to the study, the average consumption of a Canadian was 444 millilitres of sugary drinks per day, with young people consuming 578 millilitres. That's the equivalent of 16 teaspoons of sugar a day.

Is it too much?

[English]

Mr. Jim Goetz: Let me first refer to the University of Waterloo report. It was significantly flawed. The dataset that was used—I can share with you correspondence that we wrote to the university without having received a reply—was sliced into several large categories, and it did not include diet and beverages without sugar. That greatly inflated the amount of calories and sugar the report stated people were actually consuming in Canada.

I can point to Statistics Canada data that shows that since 2004 there was a 20% decline in Canadians consuming sugar through beverages. I would be happy to share that with the committee. I can't speak to the University of Waterloo report, because the university has not gotten back to us about the flaw in its dataset, but I will share with you the letter that we sent to the university and sponsors of that report. It's quite well laid out as far as what the university missed. Sugar in Canadian diets from beverages has been declining over the last 20 years. It is not going up; it is declining.

[Translation]

Mr. Alexandre Boulerice: Thank you.

I would like a copy of your correspondence challenging the methodology used in the University of Waterloo study. It's just that I also have other reports from the Institut de la statistique du Québec and the Institut national de santé publique du Québec, whose point of view is different.

If memory serves, earlier, you said that you have already reduced by 29% the amount of sugar added to products sold to Canadian consumers. If so, I applaud your decision and I hope that you will continue along those lines.

Over the next five or 10 years, do you have a plan to continue your efforts to reduce sugar in your products?

• (1010)

[English]

Mr. Jim Goetz: Yes. Two years ago we made a very public announcement, partnering with the Conference Board of Canada, regarding our balance calories initiative. It was a commitment by our industry to reduce calories—which, again, in our beverages are sugar—by 20% over the next 10 years. No other industry has made such a commitment, and no other industry is actually in a place where it can deliver on that. It's easier for us to reformulate and bring new products to the market.

We're expecting our first update from the Conference Board this fall on how we've done so far over the last two years with that commitment. We are also expecting the newest round of CCHS data, which will be coming out of Stats Canada. That has not been done since 2004.

It will also corroborate our comments that sugar in beverages, as far as how much Canadians are consuming, is in fact going down. This is based on not only customer trends but hard sales data. We know, through publicly available data, how much is being sold into the Canadian market. We know that is rapidly evolving and going down. This is publicly available sales data. It's really very difficult to argue with sales data.

The Chair: We're going to have to cut it there. Mr. Goetz, you mentioned a couple of studies. You can send them to the clerk.

Mr. Fergus.

[Translation]

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

Once again, my thanks to all our witnesses.

I will continue along the same lines as my three colleagues before me.

My time for questions is limited. However, I would like to acknowledge the work done by the Canadian Vehicle Manufacturers' Association and the profits it has made. That's outstanding and very important for my region. That brings in a lot of money across Quebec. Thank you very much.

I hope I have enough time to talk to Mr. Parker.

Mr. Lipkus, I had the pleasure of participating in some of your activities in Ottawa, so I am very familiar with the work of intellectual property officers.

Ms. Dagg, I can hardly wait to ask you a question because I know you represented the National Hockey League players. I guess it's good to play in the corners, but I'll try my luck with Airbnb.

To follow up on Mr. Boulerice's question, does Airbnb send information to the Canada Revenue Agency, or to Revenu Québec—

which is the province where I live— to report the income that homeowners received when they rented their apartments or rooms to visitors?

[English]

Ms. Alexandra Dagg: Are you talking about the tourist tax in Quebec?

[Translation]

Mr. Greg Fergus: No, I'm not actually talking about the tourist tax.

Like all employers, do you send information to Revenue Canada about your profile and your revenue, for example?

[English]

Ms. Alexandra Dagg: They're not our employees. The hosts are not our employees. We cannot send that kind of personal, identifiable income tax information. They don't work for us. That's the heart of the idea of the an Internet platform.

However, with the province of Quebec, in terms of our lodging tax agreement, we've agreed to provide the province anonymized, aggregated quarterly data that supports the transmission of revenue that we are collecting and remitting on our platform to the Government of Quebec.

It also includes fairly detailed breakdown information about income by tranche, so that Revenu Québec officials can work on that and understand how the revenue is being earned and match it with our own records. We expect that we'll continue to partner with Revenu Québec in this area.

[Translation]

Mr. Greg Fergus: You collect the hotel tax, right?

[English]

Ms. Alexandra Dagg: Yes, we've built it into the engineering on our platform, so that when you book an Airbnb listing in Quebec you will see, when you look at the final amount, if it was \$100, it's now \$103.50. We collect it on the back end in our platform, so the host community doesn't have to touch it. We cover all of the administrative burden and send a quarterly cheque to Revenu Québec.

• (1015)

[Translation]

Mr. Greg Fergus: So is the Government of Quebec or the Government of Canada aware that certain transactions have been initiated?

[English]

Ms. Alexandra Dagg: Absolutely. They'll get an anonymized listing that backs it up as well, plus they have an audit if they want to go and check to make sure. This way we ensure 100% compliance with the lodging tax in Quebec on our platform. We're the only platform that does this.

[Translation]

Mr. Greg Fergus: In light of that, you can understand why the hotel industry feels you have benefits they do not have.

[English]

Ms. Alexandra Dagg: The Quebec hotel industry is very pleased that we've done this agreement in Quebec. We'd like to be able to do it in other parts of the country. We're currently engaging and doing that as well. I think the hotel industry sees us as a competitive threat. Frankly, we think there is plenty of room for both models, the hotel industry and the Airbnb system, which is a totally different way of travelling. There is not daily maid service in Airbnbs. There is no room service. There is no bell desk. It's a very different experience. You can't compare the two.

[Translation]

Mr. Greg Ferguson: I agreed with you up to your last point.

Mr. Goetz, this week we heard testimony from a group from Montreal that the Organisation for Economic Co-operation and Development, or OECD, has recognized that the tax measure of taxing sugary soft drinks is the most promising in terms of cost and effectiveness.

This is in addition to the recommendation of the World Health Organization, which advises all countries to apply that tax. The group also mentioned that France, Mexico and Berkeley, California, have demonstrated the effectiveness of that tax.

Do you have any comments on that testimony?

[English]

Mr. Jim Goetz: First of all, earlier this year, the World Health Organization did talk about taxation, but they actually stated that it is not a cost-effective manner of reducing obesity. They did recommend that countries do it, but they did state that it is not cost effective. We have to be careful interpreting what the World Health Organization did say.

I look at the McKinsey Global Institute report of 2014, which talked about 18 different measures that either government or industry could do to help reduce obesity and disease caused by obesity, which I will also provide to the committee. Taxation was 16th on that list of policy recommendations concerning what governments and industry could do in order to actually move the needle on obesity.

I can refer this committee to the Mexican government's own reports on obesity, as of last year on their website, which I will provide for you, that show that obesity is continuing to rise. I'm not exactly sure what reports are being referred to about Mexico. I am aware of one that was done and written by a proponent of the tax, who actually helped the government design the tax. He pointed to a whopping six-calorie difference in diets since the tax has been introduced. The study did not cross-reference whether those calories are simply being replaced by other high-calorie foods. Six calories is a potato chip.

I have one final comment. When looking at Mexico, it is disingenuous to say that it is only a beverage tax. That tax applies to chips, snacks, cakes, and all kinds of confectionary. It is not just a beverage tax. Even with a broad tax like that, which applies to a variety of products, including beverages, there has been no moving the needle on obesity.

In Canada, our products make up 4% of Canadians' calories currently. That's soft drinks for example, and it's falling. To think that

a tax on that small of a segment is going to make a difference is not —

The Chair: We're going to have to cut it there. I'm sorry, but we'll have to cut it there.

Before I turn to Mr. Albas, I want to come back to Ms. Dagg for a minute.

We are getting a lot of complaints from the hotel industry about Airbnb getting into multi-room units or individuals getting into multi-room units. Therefore, the hotel industry and some others feel that Airbnb in those situations is not playing by the same rules.

What's your suggestion to get around that, because that is a problem and something that we have to deal with?

• (1020)

Ms. Alexandra Dagg: I would suggest that the study they put out has a number of factual errors in it and is based on incorrect data. We're happy to provide some of that analysis to this committee if that's helpful.

The other thing to point out is that when you think about what they describe as more commercial or professional operators on our platform, they fail to recognize that a number of them are actually hotels that are using our platform and paying all the same tax that other hotels do. They're just using our platform because we have a certain global reach. We have hotels on our platform, as well as bed and breakfasts, corporate housing suites, and executive stay companies. They've been around for generations and pay all taxes they're required to. They fail to understand that and report that in their reports.

There's a competitiveness here. They're concerned about a competitive threat, and that's all it is. We will prepare and send some more detailed suggestions as to why they're incorrect.

We're committed to paying taxes where we're obligated to do that, and we're committed to working in collaboration with governments to figure out where we can contribute in tourism, hotel, and lodging occupancy taxes because we are part of the tourism business and we want to contribute.

The Chair: Thank you.

Mr. Albas.

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

Thank you, witnesses, for your testimony here today. There's certainly a wide variety of ideas and I appreciate that. I'm going to start with Mr. Goetz.

Mr. Goetz, we had some discussions in Montreal regarding a sugary drink tax that was implemented in Mexico, and I think you're sympathetic, as much as your industry is, because we all have children and we want the next generation to have a better life. We know that there are issues, but in matching the correct vehicle for us to deal with that, in this case, the question is whether it should be taxed as in Mexico.

I raised at the committee, at the time, the numbers from the National Institute of Public Health, Mexico's own institution that advocated this, showing a year-on-year increase in the consumption when factored in for population. I'm certainly sympathetic that we do need to have a full look at this and I appreciate you're suggesting that you're going to send the information so we can verify that, because there were some questions about whose numbers were correct. Again, I want to state for the record that I was quoting the National Institute of Public Health of Mexico's own numbers.

You said there has been a decline overall in Canadian consumption. Obviously there has been your own beverage industry's efforts recently, but I think you said that over the last 10 years it has dropped considerably on its own. I would say that has more to do with customer preferences and education. Is that correct?

Mr. Jim Goetz: I would say it is a combination of both. Certainly customer tastes are changing, and our member companies, because they're businesses, are rushing to meet those preferences. Last year alone, three of our largest members introduced at least 25 new products that are either low or no calorie, low or no sugar, into the Canadian market. That's a positive thing because there's investment behind each of those products. There's marketing and there's rollout. That's investment in the country.

However, it is true, according to industry data as well as Stats Canada data, that we are in a far different place than Mexico is. You are right that consumption in Mexico has bounced back. There was a slight dip at the very beginning when the tax was introduced. You need only go to the ministry of revenue website in Mexico, because it shows very clearly that the revenue is rising. If the tax is such a smashing success, someone has to square the circle for me on why revenue is going up.

Mr. Dan Albas: In reference to Bill S-228, it actually says the advertisement of "unhealthy foods". First of all, there's no definition of "unhealthy". In your market, where you might say, having higher sugar content coupled with nutritious minerals and other nutrients... it's a question of what is healthy. Some people might say cheese is very healthy, but again, it depends on your interpretation of what's healthy and what's unhealthy. Does that create a lot of certainty for your industry?

• (1025)

Mr. Jim Goetz: The definition of "healthy" and "unhealthy" is pretty difficult. I believe Health Canada is trying to put together a matrix on that, in order to meet exactly what you said. I don't want to speak for the dairy folks because I don't represent them, but with your example of cheese, yes, it is high in fat and will probably fall under unhealthy.

Mr. Dan Albas: I don't want to get the cheese industry cheesed at me, but again, these are the questions we have. I'm sure many people here received those emails saying that in the food guide that's coming out there are different interpretations of what is healthy and what isn't. I certainly appreciate that.

Advertising is the part that gets me. I recently did a course on business law, and it says that even the placement of posters advertising a price could be considered an advertisement. This sounds as if it will hit retailers as well as the manufacturers and not

just relate directly to advertisements at a baseball game, etc. This sounds like the whole chain.

Is that your interpretation?

Mr. Jim Goetz: It is. That's why I mentioned that the economic analysis study that will be issued later in the month, I believe, by the advertisement marketing industry shows an approximate \$10 billion hit to the GDP.

Mr. Dan Albas: I am concerned as a parliamentarian, because there's nothing in it.... At one time I was a member of the Standing Joint Committee for the Scrutiny of Regulations. If a fine or a tax or whatnot is not put in by Parliament, I'm a little alarmed that there's no mention of how Health Canada would enforce these rules. Is it a broad ban or would they try to implement a tax or fine without parliamentarians such as ourselves having scrutinized and approved that?

Gail Czukar, thank you again for your presentation today.

I believe there is a lack of resources for mental health; however, when I see provinces such as my own institute regimes saying they're going to allow gambling and funnel the money back to help those who can be taken off their addiction, they're giving money to very good groups. They give a lot of the money to Rotarians and to different clubs to use for local civic or other projects. I think there's a mismatch sometimes between the monies we get from cigarettes, etc., to funding and helping people.

Do you think that the people who need the help the most—the people who are homeless and who have mental health issues—are being reached by government? Are they being funded well enough in this country?

Ms. Gail Czukar: They're definitely not being funded well enough. You've cited certain sources for funds, which is the case in Ontario as well. We would want to see more of those revenues going toward prevention, education, and treatment.

I want to clarify. Our argument is that a minimum of 9% of the health budget nationally should be going to mental health and addiction.

The other point I would make is that you've highlighted sources that tend to lead to addiction or disorders related to gambling and so on. What's not entirely clear to us is how much of the budgets or the health accord funding is intended to go to addiction. We need to be clear that mental health and addiction often occur together, but they don't always. Addiction tends to be even more stigmatized than mental health and receives less funding.

The Chair: Dan, we're well over and we're at the end of our time.

Mr. Sorbara.

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

My question is for the Canadian Beverage Association.

What do you view as the most important challenge to the industry right now from the federal government?

•(1030)

Mr. Jim Goetz: I would say it's cross-departmental coordination. For example, in the last budget, the food and beverage industry as a whole was very happy to be identified along with the agrifood chain as a supercluster targeted for growth. We're excited about the opportunities that will happen from field to fork, or from field to bottle in my industry.

At the same time, changes to labelling of food and beverage products at both Health Canada and CFIA are going to cost the industry \$2 billion right out of the gate, according to Industry Canada. Even though we've been identified as a cluster for growth, we're being handed a bill for \$2 billion. We believe a lack of coordination across the industry is problematic.

Again, we can go back to taxation. A punitive tax of 20% on one industry is being suggested. There's no way anyone in economics can argue that's not going to have a chill on investment in Canada. It's unfortunate, because we already know where the trend is going with beverage consumption, which is completely different from other countries that were cited earlier, like Mexico. You have a good news story here to tell, and we want to keep our investment.

Mr. Francesco Sorbara: If our colleague Mr. Grewal was here today—he couldn't attend—he would mention that the facility of one of your members located in Brampton is, obviously, a large employer. I know Raj has mentioned that many times.

With regard to that realm, what could we do to facilitate further development of the industry here in Canada? Consumer tastes are changing. We see a lot more water-based drinks and so forth. What would you say on that realm?

Mr. Jim Goetz: Shockingly, nothing, other than let us do what we do: innovate, bring new products to market, and market them. Let us adapt to changing tastes, and let our industry continue to grow here in Canada.

Mr. Francesco Sorbara: Thank you.

Nathaniel, I have a quick question.

We hear IP, intellectual property, talked about a lot. We hear about it even with regard to this week's announcement between Bombardier and EADS, or Airbus. Here in Canada, how are we doing in terms of IP? I've heard these ideas brought forward before, the innovation box and two other programs that you've announced. It seems that we are very good at doing a lot of good research. I think our supercluster program that we've rolled out is a very big step in the right direction, and I applaud the Minister of Innovation for bringing that forward.

Can you talk about how we're doing, what else we can be doing directly, and how powerful these recommendations are?

Mr. Nathaniel Lipkus: The good news story is that we're great at research. Another good news story is that we're getting great at entrepreneurship, and the superclusters, you're right, will help. The challenge is that, for whatever reason—historical, cultural—we don't take the step of protecting the things that we're creating. By that I mean inventions that people come up with; something that is new, useful, and inventive in an industry; new designs and copyrighted works. We're not actually taking the step to own those things around the world so that we can export them and so that we can take

advantage of them. What happens is when somebody asks, "Do I want to fund this business", that investor looks around and gets nervous. When a company is doing business with another company, that other company, which may not be Canadian, may feel that it can take advantage. There seems to be a disconnect, and these incentives are intended to bridge it.

Mr. Francesco Sorbara: Thank you.

Thank you, Mr. Chair.

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

I just have one question for you, Mr. Lipkus, as well.

You said that your third recommendation would help spark innovation across Canada through lower taxes. We've heard from close to 200 witnesses across the country, and as with this one—\$20 million here, \$40 million there, \$100 million here—it kind of adds up. Corporate taxes in this country are the lowest. Business taxes have just been lowered, or have been proposed to be lowered, among other things. Do you mean an investment tax credit? Just what do you mean?

•(1035)

Mr. Nathaniel Lipkus: The idea is the intellectual property portion of a good. It wouldn't be an exemption for a good that is protected by intellectual property, but there would be some portion that is attributable to the intellectual property, as is the case any time there's a good that has intellectual property. Some portion of that, which we say is commercialization in Canada, wouldn't be a credit, but it would be an exemption that goes with those sales. The idea is to provide a boost so that when companies are deciding at the early stages what they're going to do with their new product, they make that decision to get the intellectual property. It's a pull incentive to get them to make that upfront decision. They would get a benefit down the line, but it wouldn't be a benefit for all global sales or an immunization from tax. You would calibrate it.

The Chair: Okay, that does clarify it, at least in my mind.

I want to thank each and every one of you for your presentation and for answering questions.

With that, we will suspend until the next panel at 10:45 a.m.

•(1035)

_____ (Pause) _____

•(1045)

The Chair: As the witnesses certainly know, these are the consultations in advance of the 2018 budget. We welcome the witnesses for panel two in Toronto.

You'll see members looking at their iPads from time to time. For those who presented a submission prior to the early August deadline, those submissions are on members' iPads. They are part of the consideration for the budget. I think we received 423 submissions.

I notice a couple of members are not in the room yet, so before we start, I would ask members to introduce themselves to kind of give everyone a tenor of where we are from across the country. This is a subcommittee of the finance committee. We don't travel with the full committee.

I'm Wayne Easter, a member of Parliament from Prince Edward Island. My riding is Malpeque. If you eat any of those Malpeque oysters that we ship to Toronto, they come from my riding. They're good for your health and vitality. The riding stretches from Summerside to Charlottetown.

We'll start with Ms. O'Connell, who has a Toronto riding.

Ms. Jennifer O'Connell: Hello. I am Jennifer O'Connell, the member of Parliament for Pickering-Uxbridge.

[Translation]

Mr. Greg Fergus: My name is Greg Fergus. I am the member for Hull—Aylmer, a riding in Outaouais, Quebec, just outside Ottawa.

[English]

Mr. Tom Kmiec: My name is Tom Kmiec, the member of Parliament for Calgary Shepard.

Mr. Dan Albas: Hello everyone. My name is Dan Albas. I'm from Central Okanagan—Similkameen—Nicola in the interior of British Columbia.

I'm very happy to be with you today and look forward to learning something.

The Chair: There's no wine produced there at all, I suppose.

Voices: Oh, oh!

Mr. Dan Albas: No oysters, though.

The Chair: Well, look. We have the country covered—oysters and wine together, Dan.

We'll start with the witnesses.

Donald Johnson, you're first.

Mr. Donald Johnson (O.C., LL.D. Volunteer Board Member of Not-for-Profit Organizations, As an Individual): First, I'd like to thank the House of Commons Standing Committee on Finance for inviting me to participate in this important pre-budget consultation hearing in Toronto.

As you may know, since the capital gains tax on gifts of listed securities was removed in the 2006 budget, charities have received over \$1 billion in gifts of stock virtually every year since 2006. We have another proposal that would unlock more private wealth for public good.

Our proposal is that the government should remove the capital gains tax on charitable donations of private company shares and real estate, the same tax treatment that applies to gifts of listed securities. This measure would stimulate a \$200-million annual increase in charitable donations and is much more tax effective than direct government spending.

In summary, if the owner of private company shares or real estate sold his or her assets to an arm's-length party and donated all or a portion of the cash proceeds to a registered charity within 30 days,

he or she would be exempt from capital gains taxes. The condition that the sale would have to be to an arm's-length party addresses any concern about valuation abuse. The forgone capital gains tax on these donations to the federal government is only \$55 million to \$60 million per annum, and the charitable donation tax credit is the same as for gifts of cash.

Before we focus on why this measure would help achieve your committee's objectives of enhancing our country's productivity and competitiveness, it is important to note that the middle class are the primary beneficiaries of this proposal. They would all benefit from the increased funding allotted to our hospitals, universities, social service agencies, and arts and cultural organizations across Canada. Other beneficiaries would include the 2.1 million Canadians who are employed by our not-for-profit sector, the majority of whom are members of the middle class.

This measure would certainly help Canadians be more productive. Education and training provided by our universities and colleges would help make our students live more productive lives. Medical treatment provided by our hospitals helps ensure that patients with health issues return to the workforce as quickly as possible and be more productive. Research divisions in our universities and hospitals play an important role in innovation and help us be more competitive. There is a limit to which the federal and provincial governments can provide research support. Private sector donations play a key role in the purchase of cutting-edge technology equipment and provide funding for research support so that we can attract and retain the brightest talent.

These research programs often lead to the creation of new products that strengthen Canada's competitive position internationally. Entrepreneurs play an important role in growing our economy, with a focus on innovation, creating new products, and strengthening our competitive position.

The Canadian Federation of Independent Business, CFIB, which represents 109,000 private companies, is strongly supportive of this proposal.

Our main competitor for attracting the best talent is the United States, where gifts of appreciated capital property are exempt from capital gains taxes. These include donations of listed securities, private company shares, and real estate.

We urge your committee to recommend to the House of Commons that this measure be introduced as soon as possible. Millions of Canadians across Canada would be very grateful. It would be a great legacy for your government to leave for current and future generations.

That concludes my remarks. I'd be happy to respond to any questions.

Thank you.

● (1050)

The Chair: Thank you very much, Donald.

Turning to Bruce Power, we have Mr. Scongack. I might not have your name right.

Mr. James Scongack (Vice-President, Corporate Affairs and Environment, Bruce Power): That's close enough. Thanks very much for having me. By way of introduction, my name is James Scongack. I'm vice-president of corporate affairs and environment for Bruce Power.

I'll tell you a little about Bruce Power, even though it's in the pre-budget submission we made in August. Bruce Power operates the largest operating nuclear facility in the world. It's located in rural southwestern Ontario. We're a private sector operator, owned by OMERS pension plan and TransCanada Corporation. There are two unions on site, which represent 90% of our employees: the Power Workers' Union, and the Society of Energy Professionals.

A majority of our employees are individual owners in the business. We are a unique public-private partnership. The assets we operate are owned by the Province of Ontario. As a company, we're responsible for all investment in those assets. We're responsible for all long-term liabilities related to those assets. We sell the electricity that we generate over a controlled contract with Ontario's independent electricity system operator.

The reasons we're presenting before you today is that, for our energy sector to continue to be world leading, it is very important to recognize the environment we continue to operate in. In Canada, the jurisdiction of nuclear power is split between the federal and provincial governments.

The federal government is responsible for three key elements as it relates to Canada's nuclear industry. The first is the independent regulatory oversight of the industry from a safety, environmental, and public health perspective. The second is related to Canada's international obligations. The third is the tremendous amount of work the Government of Canada does with the International Atomic Energy Agency, where nuclear plants from across the world share expertise and knowledge. Then the policy as to the role of nuclear and the economics of it are at the provincial level. Maintaining strength at both the provincial and federal levels around those key responsibilities is very important for our industry.

If we look at Canada's energy sector from an electricity generation perspective, we see that we have two or three fundamental building blocks that drive our electricity sector in Canada. In western Canada and in some provinces in eastern Canada, there is a very significant oil and gas sector. A number of provinces—British Columbia, Manitoba, Quebec, and Newfoundland—have major hydroelectric resources. Provinces such as Ontario and New Brunswick have a heavy reliance on nuclear power. In fact, today, nuclear power is generating 65% of our electricity in Ontario and doing it at a cost well below the average cost of electricity in the province.

Our organization is a key driver of economic growth in Ontario, supporting middle-class jobs and families across the province. Our operation, directly and indirectly, employs 22,000 people in Ontario, not only at our site in rural southwestern Ontario but also in communities throughout the province. This represents about \$4 billion in annual economic activity. We are planning a \$13-billion investment program over the course of the next 20 years that will take the life of our site to 2064. It is one of the largest single infrastructure projects in Canada. That is important because we are

investing now in what the future of Canada's nuclear industry is going to look like by establishing power reactors that are going to be there for many decades to come.

Canada has a very strong tradition of leading the world when it comes to safe, reliable electricity generated from nuclear power. More important, one of the new streams of effort that is being opened up by our nuclear industry in Ontario—and it ties to our national profile and international stature—is our heavy investment in medical isotope production. Bruce Power is one of the world's largest suppliers of cobalt-60. Cobalt-60 is a type of isotope exported through Nordion, an Ottawa-based company, all over the world. If you've ever gone into a doctor's office, you expect swabs, needles, and everything to be absolutely sterilized. All of that is sterilized with cobalt-60 generated right here in Ontario.

More recently, you'll be aware that the Chalk River facility will be closing its research reactor on March 31, 2018. That will cease the production of what we call "high specific activity cobalt". I hope none of you have had the unfortunate experience of having a family member challenged with a brain tumour, but there is new technology to tackle brain tumours around the world called "gamma knife". Essentially, it prevents a surgical procedure because you can use radiological beams to shrink a tumour. We're going to now be the world's largest producer of that HSA cobalt from our site.

• (1055)

I'm probably over my three-minute limit, Mr. Chair, but you have our submission.

The one final thing I would leave you with is that for us to be successful as a business, it's really important that there be an independent regulator that is very well respected, not only in the international community but here domestically.

I can tell you, having travelled throughout the world representing our industry, that the Canadian Nuclear Safety Commission has one of the best reputations you'll see out there in the international regime, and that provides us regulatory certainty and stability. That's very important for our investments. That's something that spans across party lines, and spans across governments. Whether under the Liberal government of 20 years ago, the Harper government, or now the Trudeau government, the strength of Canada's regulatory regime is something we should all be very proud of.

I'll leave my comments there, Mr. Chair, and I'd be delighted to take any questions you may have.

The Chair: Thank you very much.

We turn now to the Greater Toronto Airports Authority and Ms. McKee.

Ms. Lorrie McKee (Director, Public Affairs and Stakeholder Relations, Greater Toronto Airports Authority):

Good morning. Thank you very much for inviting us here to speak today. I am here, as the chair said, on behalf of the Greater Toronto Airports Authority. We are the private not-for-profit organization that operates Toronto Pearson. My name is Lorrie McKee, and I am the director of public affairs and stakeholder relations.

Pearson is Canada's largest airport. We served 44 million passengers in 2016. We expect to end this year at 47 million passengers, so that's a three million increase. The airport facilitates about 42 billion dollars' worth of Ontario's GDP. That's about 6.3%.

Looking forward to the growth we see coming, by 2037 we expect that the airport will double in passenger numbers, up to about 85 million passengers. I should note that the number of aircraft movements is not growing at the same rate. It's a slower rate. It's mirroring our population growth, about 1.5%.

The growth we are experiencing reflects what our region and the country's growth is, and what our local economies are demanding of us. As the region grows, there is an opportunity for the airport's economic contribution to grow in step. For 20 years, the GTAA has been making the necessary investments to make sure that aviation needs can be met, and we are committed to continuing to do that.

While the airport is operated by the GTAA, the federal government plays an important role in getting passengers to and through the airport seamlessly. We are looking to the government to continue in that partnership in three key areas.

The first is the excessive wait times for pre-board security screening on departure, and for customs and immigration upon arrival. Long lineups, flight delays, and missed connections negatively impact the economy and Canada's global competitiveness. Last year at Toronto Pearson, more than five million passengers waited longer than 10 minutes, and close to three million waited longer than 15 minutes for CATSA, which is the pre-board screening service. In 2016, nearly one million passengers waited longer than 20 minutes for customs screening at CBSA.

We are asking that the government increase CATSA and CBSA funding to efficiently manage passenger growth at Toronto Pearson, and implement a federally mandated service level standard for both agencies. To be competitive globally, we recommend that Canada establish and fund to a service level standard that would see 95% of passengers screened in 10 minutes or less.

The second area is this. For Toronto Pearson to maximize its national economic contribution as Canada's front door to the world, the way we connect people and businesses on the ground must be on par with the considerable success we've achieved at connecting them by air. There are 300,000 people working in the area around the airport. That area has been termed by the Neptis Foundation the second-largest employment zone in the country. However, it lacks good transit options, so the area's economic potential is not being achieved, given that lack of transit.

We know that congestion is only going to get worse, with travel times in and around the airport expected to increase 25% to 30% in the next 25 years. Today, only 10% of passengers and employees use transit to get to the airport, compared to 30% in Vancouver, 40% in Amsterdam, and 60% in Shanghai, for example. You can see how we are lagging behind other world-class airports.

Toronto Pearson and the GTAA have committed to investing funds to build a regional transit centre—a Union Station West, so to speak—on airport and federal lands. The centre would connect some planned regional transit lines such as the Mississauga BRT, the light rail systems for Eglinton and Finch, potentially GO regional rail, and the proposed high-speed rail from the province. A regional transit centre at Toronto Pearson would help ease the congestion around the airport and move people and goods.

As I said, we are prepared to make the investment and build that facility, but we are looking to governments at all levels to work collaboratively and advance the necessary studies on the various lines to bring this transit centre to life.

Finally, in the third area, we ask that the government consider some changes to the duty-free rules so that Canadian airports can deliver what travellers have come to expect at major international airports: dual duty-free and arrivals duty-free.

Dual duty-free is a process that would allow a domestic passenger in a mixed area to buy products at duty-free stores and pay all the duties and taxes that are applicable. Nationally, we calculate that this would increase sales and generate federal and provincial taxes in the magnitude of about \$3.8 million annually.

We are also asking for arrivals duty-free. This is something that has been talked about for many years. More than 60 countries around the world have introduced a way to have arrivals duty-free at their airports, but Canada has not yet made that choice. We expect the financial benefits of arrivals duty-free would be about \$350 million in repatriated sales that are currently happening in foreign airports, more than 700 new jobs, and nearly \$18 million in taxes.

We request that the government work with the provinces to introduce both a dual shop program and an arrivals duty-free so we can be competitive with our global partners.

● (1100)

In closing, as the country's largest airport connecting Canada to 70% of the world's economy, Toronto Pearson does play a critical role in the economic activity of the country. We allow Canadian businesses to reach domestic and global markets, generate jobs and taxes, and facilitate trade, foreign investment, and tourism. The federal government's programs need to evolve in step with our growth.

Thank you very much. I'm happy to take any questions.

•(1105)

The Chair: Thank you, Ms. McKee.

Turning to Indspire, Ms. Jamieson, president and CEO, welcome.

Chief Roberta Jamieson (President and Chief Executive Officer, Indspire): Good morning, *sekoh, bonjour*.

Greetings to everyone, and thank you for the opportunity to be here.

I begin by acknowledging that we are on the traditional territory of the Ojibwa, the Anishinabe, the Mississaugas of the New Credit, and my own people, the Haudenosaunee.

The question before us today is, what federal measures would help Canadians be more productive? Well, I've thought about that in my current role for 13 years, as head of the only national indigenous-led charity in the field of supporting education for first nations, Métis, and Inuit youth. Our mandate and challenge is to raise funds from corporations, private individuals, and governments to use for bursaries for post-secondary education for indigenous students.

As well, we have a much-needed K-to-12 institute that provides educators working with our students across Canada with professional development resources and the tools they need to improve the educational outcomes and increase high school completion rates for indigenous students. We also provide those students with ongoing mentoring and peer support to help them to succeed.

To address the question, a productive Canada is one that includes the full, equitable, and sustainable participation of first nations, Inuit, and Métis people in all aspects of Canadian society, as workers, carpenters, doctors, small business owners, teachers, engineers, public servants, and so on. We are Canada's fastest-growing demographic cohort—important in maintaining Canada's workforce. However, present circumstances are such that if there are not interventions, if there are not the right supports, and if our students do not get the education other Canadians take for granted, that potential productive force, which the experts say could be worth \$36.4 billion over the next 15 years, is not going to be all that productive.

Don Drummond and Andrew Sharpe of the Centre for the Study of Living Standards said in a recent report that the demographic that will heavily influence Canada's economic growth going forward is none other than indigenous youth. It seems obvious to me, then, that the federal government will want to take advantage of the opportunity and provide the needed financial supports to communities and organizations across the country that are dedicated to ensuring that the country's indigenous peoples play a leading role in a more productive Canada.

We have been working very hard to make that happen, and I can tell you that Indspire is ready to do more. We want to build upon the impacts we have already had. Those impacts include assisting over 50,000 indigenous students to graduate from post-secondary studies, sharing with communities across the country successful practices, providing professional development to thousands of educators across the country who are working in our communities, evaluating and sharing innovative practices that are improving outcomes for

students and, finally, by exposing thousands of indigenous youth to career opportunities and employers through our events.

As a charity, we work hard to encourage Canada's corporations, banks, and individual Canadians to contribute to indigenous education. However, what we raise is not enough to meet the need to realize the potential, and we want to make Canada more productive. For us to better meet the needs of even more indigenous youth, Indspire is making two very important requests to be included in your 2018 budget.

First, we currently have an agreement with INAC that funds us approximately \$817,000 annually. We also, through a series of proposals, annually receive about \$1 million from a program called New Paths for Education. The INAC agreement has not changed over the last 20 years, despite the growth in the population of indigenous people, not to mention inflation. We're seeking consolidation of those funds plus an additional \$600,000 of new money. Why? It's so that we can conduct the necessary research I believe public policy-makers need on indigenous youth and education and to do greater best practice research. The total ask is \$2.45 million annually.

•(1110)

Second, the previous government agreed to provide additional funds to Indspire if we could raise matching funds from the private sector. Well, we did that. This government announced in budget 2017, which we are very grateful for, that it would provide an additional \$25 million over five years if we could raise another \$15 million from the private sector. This year, the goal from the private sector was \$3 million, and we've reached that. That has meant, though, that this year Indspire is distributing \$18 million in much needed bursaries and scholarships. We've historically met about 11% of the need. With that additional money, the \$18 million this year, we're meeting about 20% of the needs of the students who come to us.

However, this current fiscal year is the last year of the previous government's commitment. That means that, without any additional new funding, we're going to slide back and very likely end up meeting only 11% of the need. We will slide back from 18% to 8%, frankly. The need is only increasing, and that reduction represents a 60% hit. Even just to maintain the level of funding, Indspire requests that the current commitment be increased by an additional \$5 million annually over the next four years. We have the statistics. Our program works. Our most recent survey in 2017 showed that 96% of the students we support graduate.

In closing, I'll repeat what we all know. Education inspires, liberates, opens doors, and provides opportunity. It changes lives, families, and communities. Education is the best means available to realize the potential that exists in every first nation, Inuit, and Métis child and to create a more productive and prosperous Canada. It is a wise and compelling investment and the key to reconciliation.

Niawen'kó:wa. Thank you for listening to my words.

The Chair: Thank you very much, Roberta.

Next, from the Juvenile Diabetes Research Foundation of Canada, we have Mr. Prowten and Mr. Tohill.

Mr. Dave Prowten (President and Chief Executive Officer, Juvenile Diabetes Research Foundation Canada): Thank you, Mr. Chair and members of the committee. On behalf of JDRF Canada, the leading global charity focused on research to cure, prevent, and treat type 1 diabetes, I want to thank you for inviting us here today to present to the pre-budget consultations.

Type 1 diabetes or T1D is a chronic, potentially fatal, autoimmune disease in which a person's pancreas stops producing insulin, a hormone that transforms food into energy, causing a lifetime dependence on daily injections or infusions of insulin to maintain glucose control.

Those living with type 1 diabetes must carefully balance food intake, physical activity, and insulin to maintain their blood glucose levels within a target range. Failing to appropriately manage this disease may lead to costly and devastating complications such as kidney failure, blindness, nerve damage, amputation, heart attack, or stroke. There's a constant risk of dangerously low or dangerously high blood glucose levels which are life-threatening. We really can't overestimate what is involved in managing this disease. It's incredibly time-consuming and meticulous.

As I'm sure you know, the Government of Canada has long offered relief to Canadians through the disability tax credit, the DTC. According to the Government of Canada's website, the purpose of the DTC is to provide for greater tax equity by allowing some relief for disability costs since these are unavoidable additional expenses that other taxpayers don't have to face. The out-of-pocket costs of managing type 1 diabetes are significant. Depending on individual income and insurance coverage, the costs range from \$1,000 to \$15,000 annually.

New technologies, such as insulin pumps and continuous glucose monitors, certainly help people with type 1 diabetes better manage their disease. They benefit the patients and taxpayers, because better glucose control means fewer emergency room visits and longer-term complications, which are obviously very costly to the health care system. However, these devices are expensive and not fully covered by provincial or private insurance plans.

There's no question that Canadians living with type 1 diabetes have additional expenses that other taxpayers don't have to face. For nearly a dozen years, Canadians with type 1 diabetes have been able to rely on the disability tax credit for at least some financial relief. The notion of a life-sustaining therapy with respect to the DTC was expanded in 2006 to allow people with diabetes to qualify. There's no denying that insulin therapy is life-sustaining. If you're a type 1 diabetic and you don't take your insulin, you'll die.

The CRA's interpretation of the rules around life-sustaining therapy seem to have changed as of May 1 this year. According to the Association of Canadian Disability Benefit Professionals, at least 80% and possibly more than 90% of the claims are now being denied. This is happening despite their doctors having certified that they spend more than the requisite 14 hours a week administering insulin therapy and the associated requirements such as blood glucose testing.

As the costs of type 1 diabetes grow, making it more difficult to access the disability tax credit, the result will be greater inequality in Canada and a greater burden to people living with this disease.

We believe everybody with type 1 diabetes should qualify for the disability tax credit. In our pre-budget submission to this committee, JDRF recommended two small changes to the Income Tax Act that would make this possible.

The first change would ensure that the function of calculating carbohydrates or the food on your plate is included when determining the time spent administering a life-sustaining therapy for the purposes of claiming the DTC. Insulin is not like getting a regimen of antibiotics from your doctor. It's not like "take at every meal". You actually have to calculate exactly what you take, because if you don't, it can be very dangerous. Calculating the carbohydrates is an inseparable function of calculating the appropriate insulin dosage.

The other amendment would be to reduce the threshold from 14 hours to 10 hours to remove any uncertainty in determining the DTC eligibility for Canadians with type 1 diabetes.

We believe these proposed changes would ensure that every Canadian with type 1 diabetes would be eligible for this vital relief mechanism.

We want to thank the members of this committee for inviting us here today. We look forward to answering any questions to help these patients in Canada.

●(1115)

The Chair: Thank you very much, Dave.

We go now to Kids Help Phone. Ms. Simon is vice-president of counselling services.

Welcome.

Ms. Alisa Simon (Vice-President, Counselling Services and Programs, Kids Help Phone):

Thank you. It's wonderful to be here.

I want to start by telling you who Kids Help Phone is, because we are a national charity that most people know in Canada, but many people think of us as we were in 1989.

For almost 30 years, Kids Help Phone has been, as I said, a national charity and a global leader, known for our expertise in improving the mental health and well-being of young people across Canada. We are the only national help line for young people. We provide a lifeline of support in English and in French by providing counselling, information, and referral services, and we also have online tools and resources. Last year, we provided counselling to 70,000 young people across Canada, and over a million young people visited our websites to find relevant information and content, as well as support. We are also one of the only help lines in the world to conduct evaluations so that we are able to demonstrate our impact and show that young people are better off for having reached out and spoken to a counsellor.

Today I will talk a bit about the impact on productivity of mental illness and mental health in Canada. I'll start with some numbers. Although numbers are often boring, they're important, particularly in the finance committee.

We know that one in five Canadians experiences a mental health condition in any given year, compared to one in 25 for heart disease. We know that the annual economic burden of mental illness in Canada, including health care costs, lost productivity, and reductions in quality of life, is \$51 billion. In any given week, 500,000 employed Canadians are unable to work due to mental health problems.

We focus on youth. We know that 70% of mental health problems have their onset in childhood and adolescence; 77% of young people with mental health problems have missed out on education, and 12% have just stopped education altogether.

We know the economic fallout of this data, and there's a lot more data that could be shared with you on the economic impact of mental illness. It provides a compelling argument for addressing these issues effectively and that we have to have a long-term view of how we support individuals, families, communities, and businesses.

We have five recommendations that I'm going to very quickly go through today.

One is that we would like to support the creation of Canada's first national commissioner for children and youth. There is more detail on this in our submission. We believe this role would provide the federal government with a visible and effective leadership voice to the Canadian public and ensure that the rights of children and youth are fully addressed and integrated across all areas within federal jurisdiction. This proposal came from the National Alliance for Children and Youth of which Kids Help Phone is a member.

Our second recommendation is to address the challenges of mental illness and suicide on Canadian post-secondary campuses. Kids Help Phone has run a service in Ontario for many years called Good2Talk or Allo J'écoute. It is a 24-7 help line that has been fully evaluated and shown to be effective. We know that 75% of mental health disorders in young people develop by the age of 24 and that suicide is the second-leading cause of death for young people in Canada. We have a proven solution in Ontario that is working, that we believe needs to go nationwide to meet the needs of post-secondary students regardless of where they are.

Third, we'd like to help young people by supporting innovative services that use technology to support them in the way they prefer. Anybody who has a young person in their life knows that they do not like to call and use their voice. In 2012, Kids Help Phone developed a live chat service that has proven to be very effective, is used by young people with high-risk mental health conditions, and is in incredibly high demand, a demand that we are not able to match with our current budget.

We also know that we have to do more. We need to start texting. We need to start using artificial intelligence. We need to have a plan for rolling out services that meet the needs of young people. Therefore, we have developed and are launching Canada's first and only nationwide 24-7 texting service for youth. There is a scheduled service pilot in Manitoba this year, with a national rollout planned for 2018, if we are able to get the funds.

• (1120)

Our fourth recommendation is to create a national registry of emergency service contacts in Canada. We don't think about this a lot, because if any of us is in a crisis, we dial 911. But when you run a 24-7 crisis line for any young person in Canada, you cannot dial 911 in the jurisdiction where the young person is located.

In addition, many of the local police, fire, and ambulance centres are not staffed 24-7, so services such as Kids Help Phone require a national registry of emergency service contacts to be able to quickly get help out to a young person regardless of where they are in Canada. We believe without the support of the government for this registry, it will not happen and the safety of young people accessing help will be compromised.

Our final recommendation is to support the Truth and Reconciliation Commission of Canada's call to action to redress the legacy of residential schools and advance the process of Canadian reconciliation. As you all know, the commission published 94 calls to action to change policies and programs in a concerted effort to repair the harm caused by residential schools and move forward with reconciliation. Kids Help Phone supports this work. We understand that as a non-indigenous organization, our work must be rooted in reconciliation, but we also recognize we cannot do this work alone. We urge the Canadian government to support indigenous and non-indigenous organizations to come together to support this truly required and necessary work.

In conclusion, we believe the federal government has an essential role to play in enabling Canadian businesses to be more productive and competitive. We believe those companies that make a priority of investing in positive mental health outcomes for their employees and their families have great potential to make us all more productive. We believe our recommendations will have a positive, long-lasting effect, supporting the significant reduction in the \$6-billion cost experienced by businesses as the result of absenteeism and presenteeism associated with personal and family mental health problems.

I thank you for your time and for continuing to be an ally for young people in Canada. My final request is that all of you walk away today taking into consideration the recommendations we have presented, but also making sure to tell the young people in your lives that it is okay to ask for help, that we all experience challenges, and if they don't know where to start, the Kids Help Phone is always there for them.

Thank you.

• (1125)

The Chair: Thank you very much, Alisa.

Turning then to the last panellist on this panel, the Toronto Region Immigrant Employment Council, we have Ms. Eaton, executive director. Welcome.

Ms. Margaret Eaton (Executive Director, Toronto Region Immigrant Employment Council): Thank you very much and thank you for having me here to speak. Thank you to the wonderful panellists. I really enjoyed hearing from all of you.

I am here to discuss the important role that immigrants play in our national economic prosperity. Immigrants bring skills, innovation, new perspectives, and international business knowledge to Canada. They are vital to the economic growth and ongoing prosperity of our country: 38% of immigrants to Canada have a university degree compared to 24% of people born here, and a stunning half of all people in Canada who have Ph.D.s were immigrants to Canada.

At the Toronto Region Immigrant Employment Council, we create and champion solutions to better integrate skilled immigrants into the greater Toronto region labour market. Why is this important? Because the skills and talents of immigrants are not being leveraged to their full potential. In Toronto, the problem is particularly prevalent. One report recently found that only 3% of immigrants who were working in professional occupations before coming to Toronto were working in their field after landing here.

Immigrant underemployment also costs the Canadian economy, wasting billions in lost earnings each year. If immigrant skills were rewarded in a similar way to those of Canadian-born workers, the increase in their incomes would amount to about \$30 billion, or the equivalent of 2.1% of our gross domestic product.

Because of our low birth rate, Canada needs immigrants for both economic and social prosperity. Several recent reports have predicted that net migration will be the key driver to any future population growth. Immigrants play a vital role in expanding the workforce so there are enough people to do the jobs that need to be done, build our infrastructure, pay taxes, and contribute to our social and economic well-being.

The committee's question for witnesses asks what federal measures would help Canadians and Canadian businesses be more productive and competitive, and our recommendation really helps both. We recommend that the Government of Canada invest in immigrant mentoring programs as a proven, effective way to increase the employment of skilled immigrants across Canada, while also helping Canadian businesses benefit from having more diverse, productive teams.

Mentoring programs match an immigrant with a mentor in their field. In our program they spend about 18 hours together over three months. During that time, the mentor helps the immigrant understand Canadian workplace culture and how to conduct a job search. Most importantly, the mentor must connect the mentee with at least seven people in their professional network. We know that 70% of the jobs out there are not actually even posted, so the only way to progress in your career is to build that professional network. That's what mentoring does.

The results of mentoring are outstanding. Seventy-five per cent of mentees matched with mentoring partnerships find employment in their field. Full-time annual earnings of immigrants increase on average by 62% after participating in the program. A recent study by the Boston Consulting Group showed that the social return on investment for the program is also very high. For every \$1 invested in the program, there is a return of \$10.50 in benefits to Canada.

However, the program changes the mentors too. For me, this is one of the most important parts of what we do. Eighty-seven per cent of mentors tell us they are much more likely to hire a skilled immigrant after participating in the program. Businesses and employers become much more diverse as a result, leading to more productivity, innovation, and connection to new global markets.

There are mentoring programs across Canada delivering these results for immigrants and employers, but we could integrate more immigrants into the Canadian economy faster with further investment. We ask for the creation of a national mentoring fund to increase the opportunities for immigrants to have access to this important intervention.

Skilled immigrants have made the choice to come to Canada and contribute to our country, but we owe it to them and to ourselves to ensure that they have the best opportunity for success.

Thank you.

• (1130)

The Chair: Thank you very much, Margaret.

We will have to tighten up a little on the questions. We will go to five-minute rounds.

Mr. Fergus.

[*Translation*]

Mr. Greg Fergus: Thank you, Mr. Chair.

I will be very brief.

Ms. Jamieson, thank you for your work with Indspire, an organization that I have had the pleasure of knowing well during my career.

I would like to ask you a quick question.

Why do you think Indspire is much better positioned than Indigenous and Northern Affairs Canada to close the gap in terms of assisting indigenous youth to graduate from post-secondary institutions?

Chief Roberta Jamieson: Thank you for your question.

[English]

I'm not sure I want to compare a national charity to a department of government.

[Translation]

Mr. Greg Fergus: The results seem impressive. A success rate of 96% is excellent. The numbers don't lie.

[English]

Chief Roberta Jamieson: We're very proud of the track record we have as a national charity. We connect directly with students, and I think that is a very important part of our work. We reach out to them. We also are a repository and the only place in the country that has any data on first nations, Métis, and Inuit youth by geography, age, socio-economic well-being. We ask them what their plans are for the future, what they see as their barriers. We pride ourselves on our relationships that we're developing directly with students. I think that's important to them, but we need to do a lot more.

Some would say that the ask I've put forward is modest. Yes, there could easily be another zero on that, and in the past I've asked for more. I'm also a realist and I know what is possible, and I also know that as we prove the statistical success, I will be back and I will continue to ask for additional funds, because the case is self-evident, I believe, in terms of the importance of making investments in Canada's future.

[Translation]

Mr. Greg Fergus: Thank you.

I will now turn to you, Ms. Simon. Once again, I must say that I am very familiar with the work and services that your organization provides.

An article published last week in *The New York Times* mentions the soaring rate of anxiety among young people. According to the article, cognitive behavioural therapy is a good way to treat anxiety, but the best treatment is to have face-to-face interactions.

What is your organization doing to ensure that those young people will use those sorts of services?

• (1135)

[English]

Ms. Alisa Simon: One of the things we do at Kids Help Phone is ensure that there is a front door that every young person in Canada can get through to talk to an adult about what's bothering them, and we provide a single counselling session to that young person. For many young people, that's enough: they need somebody to listen to, reduce their distress, come up with a plan, maybe practise that plan.

That plan might be that they're going to connect with a family member or a teacher or a friend and they need to know there is hope. That's what we evaluate. Are we making that difference? For many young people, that's not enough, particularly as you were mentioning, with increasing rates of anxiety, but also depression and other mental illnesses. Those young people often need more.

Kids Help Phone has the largest database in Canada that we collect and maintain of every community-based service where young people can get mental health supports, but also LGBTQ support groups, food banks. Any service that's available to young people, we collect and maintain. We make referrals to young people into systems, so they can receive the CBT treatment or other treatments.

The reality is that even when we're able to make a referral, there are tremendous wait-lists for services, so Kids Help Phone is the place that those young people—we refer them to a community mental health agency and we say while they're waiting for treatment, continue to call or chat with us. Then when they get into treatment, we know that those young people are often experiencing significant distress when every other service in Canada is closed. Even if they're in treatment, if they're experiencing anxiety suddenly at two in the morning, they can come back to Kids Help Phone.

Finally, the hope with treatment is that it ends. You go through a significant amount of treatment, whatever your practitioner decides you need, and then you are done, but whether it's two weeks or two months or two years later, young people are going to experience some kind of challenge, because we all face challenges. If they're triggered and that anxiety comes back, come back to Kids Help Phone. Again, maybe we can help you in that one session or we can connect you to a service that will meet your needs.

The Chair: Thank you, all. Five minutes goes faster than seven, Greg.

Mr. Kmiec.

Mr. Tom Kmiec: Thank you, Mr. Chair.

I was going to ask Indspire a bunch of questions. I know we've met before. I also want to say to Fiona Crean, the chief operating officer who is in the audience, that it's fantastic work that you do. We sat down for almost an hour, I think, just to talk about it. You could probably add an extra zero. The bang for the buck is there.

I really want to focus on the Juvenile Diabetes Research Foundation Canada, on the DTC, the disability tax credit. You said as of May 1 this year sufferers of type 1 diabetes have been getting refused by the CRA for the DTC.

Mr. Dave Prowten: That's correct.

Mr. Tom Kmiec: It just clicked in my memory. A constituent of mine, a tax consultant who helps people apply for the DTC, told me that they are now starting to say that an adult who independently manages insulin therapy on a regular basis does not generally “meet the 14-hour per week requirement unless there are exceptional circumstances”.

That was in a letter of refusal that he received.

Could you explain that a little more? How much actual work goes into managing diabetes?

Mr. Dave Prowten: Sure, and thank you.

It's a very complicated disease. It's not just that you check your blood sugar and determine how much insulin to give. You're literally calculating, based on the food on your plate, every meal. If you're doing exercise, you want to be monitoring your blood sugar. Then you're doing that on a regular basis during the course of the day.

You can argue it's easily a 24-7, 365 disease. It's not, as I said earlier, a "take three pills and call me in the morning" sort of thing.

We actually have people who have recorded the number of minutes they have taken. They get past the two hours per day threshold. What we are also learning is with this technology that is coming out, a pump or a continuous glucose monitor, they're actually more engaged in their disease. It makes the range they're in better, but they're actually more engaged, which is better for them, because they're in the better range, but it also—

Mr. Tom Kmiec: It takes more time out of their day to manage....

Mr. Dave Prowten: Yes, oddly enough. There are going to be fewer complications down the road, though, but it's actually strange because in these letters—we're seeing it as well—I think there's an implied assumption that the technology is making it less time-consuming.

Mr. Tom Kmiec: I totally understand. A chronic disease changes your lifestyle. I have three kids with a chronic kidney condition, and it totally affects everything you do.

There is, though, a decision that was rendered this year by Justice Gaston Jorré, on February 20, 2017, on PKU, which is phenylketonuria, wherein the justice found, on the side of the person who had been refused the DTC application, that the issue was about the medical food preparation, the time it takes to actually prepare food and make sure it has the correct level of nutrition that they can intake.

It is interesting that the CRA is now refusing type 1 diabetes sufferers from accessing the DTC, whereas in the case of PKU they actually had to go to court in order to win their case. The income tax sections are 118.3 and 118.4, exactly on the same types of issues.

Do you have any more information on why the CRA is doing this?

• (1140)

Mr. Dave Prowten: It's difficult for us to understand. It seems that it's something that they have reviewed and determined with some of their internal and medical reviews. We were not consulted nor were other groups. We've talked to people like Diabetes Canada. This found us in the last few months, because people are reaching out to us.

We are confused and perplexed because it's something that seems like it was established to help people and it's now being taken away.

Mr. Patrick Tohill (Director, Government Relations, Juvenile Diabetes Research Foundation Canada): I'd like to add something. This is from a news release from Peter Weissman and Lembi Buchanan, on May 19, in connection to the large number of

Canadians with disabilities, with psychiatric illness who have been denied the DTC recently. These two individuals were formerly part of the disability advisory committee that was set up in 2004, but then it dissolved shortly after the changes were made in 2006. I quote from their news release:

"It has become virtually impossible for the majority of people living with severe psychiatric illnesses to assess the DTC without appealing to the Tax Court of Canada," says mental health advocate, Lembi Buchanan, who has successfully represented dozens of individuals navigating the appeal process. "CRA civil servants with insufficient medical and legal training are sending rejection notices without providing valid reasons for their decisions. Canadian taxpayers should be able to access the DTC without having to pay expensive legal bills for lawyers to represent them in court or excessive contingency fees to companies to act on their behalf."

We believe the same thing is happening with PKU, with psychiatric illness, and with many other disabilities that we're seeing with type 1 diabetes.

Mr. Tom Kmiec: In the case of PKU, there is actually a court decision of February 20 that should be enforceable against the CRA to say that in the cases of people with PKU, and specifically medical food preparation, which is what diabetes sufferers do, in those cases, the CRA should be complying with the court decision. But you are saying that at least since May 1, they have been doing something completely different from what the ruling of the judge in that particular case said to do.

Mr. Dave Prowten: It seems that the vast majority of cases are rejections, not acceptances.

The Chair: We will have to end it there. Thank you, folks.

I know that in my own constituency office there are three cases related to this particular ruling by the CRA.

Mr. Boulerice.

[Translation]

Mr. Alexandre Boulerice: Thank you, Mr. Chair.

Mr. Scongack, I'm going to ask you some quick questions.

How much does Bruce Power invest in research and development? Is your company interested in nuclear fusion research and development?

A number of universities and small businesses are currently working on what is potentially the cleanest energy source in the world and a basically unlimited resource. Might your company be interested in that?

[English]

Mr. James Scongack: That may be a quick question, but I don't know if it will be a quick answer, but I'll do my best.

The answer is we're very focused on the generation of nuclear power. What I can tell you in terms of our investment in nuclear, in terms of our technology, there are really two main areas we're focused on.

The first is, as we're life-extending our units, there are tens and hundreds of millions of dollars of investment in reactor tooling. It allows you to essentially inspect the reactor, maintain the reactor, life-extend the reactor, and then eventually replace the reactor components.

There's also an organization that is actually funded by all nuclear operators of CANDU units called the CANDU Owners Group. It is, if you aggregate it together, one of the leading investors in research and development in Canada on a private sector basis.

● (1145)

[Translation]

Mr. Alexandre Boulerice: Thank you.

Mr. Prowten, I was quite taken aback by your presentation.

I am sort of familiar with the situation because my wife has diabetes. Three times a day, I see her calculate everything she eats and assess the impact. Since she is very athletic, there are consequences. The adjustment takes a lot of time because you have to calculate the carbohydrate content. You then need to give yourself an insulin injection.

You are making two requests. First of all, you want calculating carbohydrates in meals to be part of the time spent avoiding a potentially very serious disease. Finally, you want to reduce the number of hours in the eligibility threshold from 14 hours per week to 10.

In your opinion, what percentage of people with diabetes could have access to the tax credit if both requests were accepted?

[English]

Mr. Dave Prowten: Our goal would be that it would apply to everybody. We think this would make it possible, because we believe carb counting is actually more significant than people actually understand. With respect to the 14 to 10, the 14 hours seemed like it was arbitrary to begin with, so we're trying to lower it so that, in essence, everybody would have access to this credit.

[Translation]

Mr. Alexandre Boulerice: Thank you.

Ms. Eaton, thank you very much for your presentation.

Montreal also has a hard time integrating recent immigrants into the labour market. The non-recognition of qualifications means that many highly qualified people, who could be much more productive in our economy, are left behind and take jobs that, let's say, do not live up to their expectations and abilities. As a result, they suffer and the community suffers.

I really liked your proposal on mentoring. First, this opens the doors to a network for the mentees. Mentees do not have those connections, since they do not come from here. Second, it probably allows mentors to become more open-minded. Mentoring helps employers to be more open. In my opinion, that's an absolutely brilliant idea.

I just have one question about it. Who will pay for it?

[English]

Ms. Margaret Eaton: That's a great question.

At the moment, we cobble together funding in order to promote and support the program. Employers tend to donate the time of the mentor, so that adds up to over \$1 million in support to our program alone each year. The federal government has given a small amount of funding to our mentoring program and contributes to some

mentoring programs across the country. Our program is largely funded by the Ontario government at this point through the Ministry of Advanced Education and Skills Development. We're also working at the federal level with ESDC to look at doing a program that would measure the impact of mentoring versus a control group to find out if this is, indeed, the best intervention out there. We believe that those results will be positive.

We know, though, that at this point, we're only serving about 1,700 mentees in the GTA. The Boston Consulting Group says that it could easily be 6,000 to 10,000 each year, and across the country another 30,000. We know that economic immigrants, the largest group of immigrants coming to the country, need that kind of support, but to really get it to scale, we feel that there needs to be more federal support for it.

The Chair: Thank you.

Before I turn to Ms. O'Connell on the question of how we pay for it, I'll turn to you, Ms. Jamieson.

What you do—and I'm aware of it—is really getting mileage for every dollar spent. I raise this question in part because in budget 2016 there was \$8.4 billion over five years for indigenous affairs, and \$2 billion on top of that for addressing the water issues.

Whether it's indigenous affairs or whether it's agriculture, we can't continue to spend, spend, spend. Do you know if there's any area that can be re-profiled where there's programming that we're not meeting the objectives that monies were targeted for, so that the monies are spent where it does meet the objectives?

● (1150)

Chief Roberta Jamieson: Yes. I can tell you the money spent with Indspire meets the objectives. The question you ask is one more for the “deliverology” gurus, I would think.

I can tell you this also, Mr. Easter. When RCAP did their report in the 1980s, they came up with 400 recommendations. People asked how much it would cost, and the answer was \$20 billion. Then there was a report done by RBC, I think, the bank, by Charlie Coffey. It was called “The Cost of Doing Nothing”. He quite rightly said that it's money, serious money, but what money will it cost to do nothing? Sadly, that is exactly what Canadians did at the time—not much—and here we are. It sounds like a great deal of money.

Let me tell you that the real question is how much are we spending to keep the unhealthy, dysfunctional relationship going now with indigenous peoples? It's many, many, many billions. Also, what are we losing in productivity in Canada's GDP by excluding so many indigenous people from the workforce? I think those numbers far outweigh the \$8 billion, the \$2 billion, the numbers that you've cited.

I think it's a worthy investment. It's an investment Canadians are making now. But at the other end of the spectrum, I ask us to flip the telescope around to invest in positive change, and that will pay for itself.

I don't want to give your clerk more work, but I suggest that you might ask your clerk to dig out the very recent Drummond-Sharpe report from the Centre for the Study of Living Standards. They make a very compelling case for the \$36 billion-plus that would be added to Canada's GDP if we closed the gap in education and employment for indigenous people. That's a very big number.

The Chair: Thank you very much for that.

Ms. O'Connell.

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

Thank you all for being here.

Mr. Prowten, I want to continue this conversation because I'm very concerned to hear these numbers and to hear what seems to be a definition or an interpretation change, and certainly not a legislative change from our standard.

I also want to talk about the idea.... It wasn't your recommendation, but I know you're recommending to reduce the number from 14 hours to 10 hours. What about the more common-sense approach in terms of relying on a doctor's judgment? I could also see reducing the hours as having different complications for different people with different disabilities. My cousin has cerebral palsy and lives with that every single day. In terms of actual treatment, no one would suggest that she will not have a disability for the rest of her life.

Maybe we should start moving away from, as you even said, an arbitrary number. I can't even understand how you calculate 14 hours on a regular basis. Even with regard to your recommendation of going to 10 hours, should we not maybe be recommending something that is more appropriate in the medical profession, such as having a doctor's judgment determine the appropriateness and the type of treatment needed moving forward?

Mr. Dave Prowten: We would be very supportive of that.

What's actually disturbing to us is that doctors are part of the application process, so in essence the CRA is rejecting doctors' advice right now. We're very concerned about that because we feel that a doctor is signing that they're meeting the 14 hours. We agree with you, and if it were less than 10 hours or a medical practitioner, that would be a very supportive recommendation.

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

My second question is not part of your recommendation, but regards asking for increased eligibility for the registered disability savings plan. This would allow individuals with type 1 diabetes to save on increased medical costs for their life through compound interest on that benefit. It wasn't part of your presentation, but is this something your group would support as well in terms of this lifelong disease?

• (1155)

Mr. Dave Prowten: The answer is yes.

We figured we had five minutes—

Ms. Jennifer O'Connell: Okay, fair enough.

Mr. Dave Prowten: —so we actually focused on this because we feel they're interconnected. We're very aware of that issue and are supportive of that as well.

Ms. Jennifer O'Connell: Thanks.

I understand you do have five minutes, so if you want to send something additional in terms of that, I look forward to reading what you support as well. Thank you.

Ms. McKee, in terms of the GTAA, you spoke about your plans and some of the transit improvements to the west end. What about the east end? I come from Pickering—Uxbridge, and in Pickering alone our population will increase by 70,000. We're almost doubling that in a matter of a few years. That's under construction right now in Seaton. Durham is scheduled to be one of the fastest-growing populations in all of Ontario, and I constantly see a focus around the west end.

What is the GTAA doing to ensure that goods and services and people are able to get to the airport and the hub, and to ensure that our businesses can continue?

Ms. Lorrie McKee: You're absolutely correct. The growth is happening across the region. The forecasts we have done show there are about 110 million people who are going to be looking to fly through southern Ontario by about 2043. We expect Pearson will be able to accommodate about 85 million of those passengers, so we look to other airports in southern Ontario to start to increase the role they play today and more niche roles. We've been working with airports across southern Ontario, just like jurisdictions around the world have major international airports with a series of other airports that support that growth. If you look at the New York area, the London, U.K., area, or at California, for example, there is a network of airports that help to service that growth.

What also helps to support your airport is having that great ground transportation network and the multi-modal nature of transportation so that you're not just thinking about your air network, but also about how it's connected to the ground. People don't fly to airports. They fly to a region to do business or to be a tourist.

Ms. Jennifer O'Connell: I'm sorry, I don't mean to cut you off. I just—

The Chair: In fact, we're going over to Mr. Albas.

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

Thank you to all our witnesses here today. I appreciate all your presentations.

I'm going to go first to Mr. Prowten with the Juvenile Diabetes Research Foundation.

Just to be clear, this was a folio change, where CRA updated its interpretation of who can use the disability tax credit in regard to life-sustaining treatment. Is that correct?

Mr. Dave Prowten: That is a good definition by our analysis to date, yes.

Mr. Dan Albas: Okay. So it was a folio change updated this year. How did you find out about it? Have you reached out to either the commissioner or the Minister of National Revenue?

Mr. Dave Prowten: We've reached out to the CRA to talk to them about it. Other groups are involved, for example, Diabetes Canada. There are organizations that actually do apply on behalf of people. This has gained a lot of momentum in our community relatively quickly. We have a letter from the minister. I don't have it right in front of me, but I can....

Mr. Dan Albas: Would you be able to submit that letter to this committee?

Mr. Dave Prowten: Yes.

Mr. Dan Albas: It would be helpful for parliamentarians to see what the minister's response is.

Could you paraphrase the response?

Mr. Dave Prowten: It's along the lines that unless there's a secondary chronic condition, you will not be able to get to the 14-hour threshold. It seems that it's adding another threshold on top of the original threshold.

Mr. Dan Albas: The first one was quite complex, and obviously, a doctor would have to stake their reputation that the patient met the needs. Now are they actually making it more difficult and more complicated by adding this requirement?

Mr. Dave Prowten: Yes. It's called brittle diabetes, so you're unaware that you go low. This is another version that is very dangerous. Those people have to monitor it very carefully, and some of those people are getting rejected as well.

Mr. Dan Albas: Are people who are being rejected right now finding life more difficult because of this interpretation change?

Mr. Dave Prowten: Yes, absolutely.

Mr. Dan Albas: They've received it previously, and now they're just being rejected. Was there no advisory other than this folio update?

• (1200)

Mr. Dave Prowten: That is correct. We were certainly not made aware of any of this. We found out about it only because of the patient community and others bringing it to our attention.

Mr. Dan Albas: I find it outrageous that this would happen this way. We'll certainly be asking questions, but I would appreciate it if you would submit to the committee the minister's response so we can take a look at that.

I'd like to go to Indspire.

Ms. Jamieson, thank you for your presentation today. I'm very happy to see the 96% rate. It is amazing. It shows that your system is efficient, but also effective.

I understand from the submission that there is also \$300,000 or thereabouts that you're requesting for data. Could you explain what the data is and your proposal to the government on how that data actually has a real public value?

Chief Roberta Jamieson: As I mentioned, I believe we are the only national source of data for indigenous post-secondary students in the country. We do not, however, have an ability to mine it or to

put it in a form that will help policy-makers make decisions about the future, whether they're indigenous leaders, provincial leaders, federal leaders. There is a great wealth of information there that could be made available. What are our students interested in? What barriers do our youth face? How old are they when they go to school? Are they mostly going back to school, as they were a few years ago? The majority of our students were single moms with kids. That profile has changed. Why has that changed? In the country, really, we have no reliable labour force data with respect to indigenous people, and we certainly have very unreliable data on education, even on education outcomes. We know the gap is huge, but we have very little meat to put on the frame.

One of the central themes of the Truth and Reconciliation Commission's calls to action was on education as the driver for the whole change in the relationship, and they called specifically for investments to close the gap. I think to inform the ongoing change, it would be wise to have reliable research available.

Mr. Dan Albas: If this information were put in a format—I'm not sure if Indspire would do it or if you'd work with Statistics Canada or another public body—to make sure that information was not only in a searchable and readable format but also to spur more research and collaboration at universities and whatnot so we can truly work towards seeing more people, whether they're indigenous people from across the country, including Métis and Inuit to be able to be more productive.... I appreciate what you're doing. Thank you for the work, and I hope the government is listening.

The Chair: Thank you.

We'll go to Mr. Sorbara. We will have time for one quick question from each of the parties, following Mr. Sorbara's questions.

Mr. Francesco Sorbara: Thanks, everyone.

First, on the Kids Help Phone, we do a big fundraising effort up in Vaughan, headed by Mary Mauti and her team. They've raised the second-highest amount of money in Canada, if I'm not mistaken. I get to participate in that, and it is wonderful.

As to your recommendations, how important is it to get to the national level rather than just the provincial level? Your recommendations call for putting in place a national registry of emergency services, a national commissioner for children. We often talk about federal leadership, but in this case, I would like to see a little more colour on that.

Perhaps you could talk about that for 30 seconds.

Ms. Alisa Simon: Thirty seconds, I'll do my best.

Kids Help Phone is a national charity, and we're there for any young person in Canada in any moment of crisis or need. However, many of our programs, like the Good2Talk helpline, are funded by the Ontario government, so it is only in Ontario. Kids Help Phone receives no federal government funding at all, and yet we need to be there for any young person, regardless of where they come from.

We want to create systems of equity in Canada. How can we say that students at universities in Ontario have a 24-7 helpline focused specifically on their needs, while students in the other provinces do not? It is the same thing with trying to get the national registry. We have counsellors physically located in Toronto, Montreal, and Vancouver, but if young people are contacting us from outside those major metropolitan areas, we don't have the time to google the back number. We need to be able to quickly get any young person to safety, regardless of where they live.

• (1205)

Mr. Francesco Sorbara: Thank you.

Moving on to the folks at JDRE, your point is well taken, Dave, on the folio. Thank you for pointing that out.

Going over to Lorrie at the GTAA, I'm on record about how important I think airports are. I've always been interested in airports, especially with respect to the potential of Amazon setting up a second head office in Canada. One of its criteria is to have accessibility to an international airport that has the potential for growth. When we talk about this western hub, to me it's a pan-Canadian project. How important is it to continue to push this thing forward?

Ms. Lorrie McKee: You're absolutely right, and the other thing Amazon said was that it was looking for a region with good mass transit. When we look around the world and see who's doing it best, we see airports that have co-branded or co-located their airports with ground transportation networks. When you're thinking about connecting people to jobs, from where they live to where they need to work, and you think about the role Pearson's location has played in the massive growth in the western GTA, it's not surprising that a number of businesses have located around Pearson.

Airports around the world are magnets for head offices of companies to locate and that's no different at Pearson. We're smack dab in the middle of a region that runs not just to the western edge of Toronto anymore but to Kitchener-Waterloo as part of the Toronto-Waterloo innovation corridor. There's a role to play in moving people in that corridor more effectively.

Mr. Francesco Sorbara: Thank you.

Ms. Jamieson, we've had this chat on Indspire. I told the story about where I grew up, about how 50% of the population of Prince Rupert was indigenous, and the issues I saw growing up. I want to applaud your organization. It's a small ask. The input is minimal but the output is huge. Please continue the great work, and if you'd like to comment on that, I'd love to hear it.

Chief Roberta Jamieson: Well, of course I would accept more and put it to very good use.

I thank the member for his words.

The Chair: With that, we'll go to Mr. Albas, for one question.

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

Again, going to the Juvenile Diabetes Research Foundation, have you reached out to CRA, to the commissioner? Have you heard anything back from them?

Mr. Dave Prowten: We've reached out to the CRA. We have not actually met with the CRA, but Diabetes Canada has. There's almost

a coalition forming behind this initiative. It's gaining momentum, and I view this as a chance to right a wrong right now.

Mr. Dan Albas: I certainly appreciate that.

The Chair: Thank you both.

Mr. Fergus.

[*Translation*]

Mr. Greg Fergus: Thank you very much.

I'm caught between two questions. I would like to ask Mr. Johnson or Ms. Eaton a question.

Mr. Johnson, I like the proposals and recommendations you made to the committee, but since I've already communicated with her, my question will go to Ms. Eaton.

Ms. Eaton, your recommendation is only part of what you would like to propose to the committee. It's very helpful and very important to design a mentoring program, but there is also a problem with recognizing the skills of newcomers to Canada. I've seen examples in my riding, in Montreal and across Canada.

As you noted in your presentation, there are people who come to Canada with graduate degrees, they are trained and highly educated. Nevertheless, when they arrive here, they have to start from scratch because the professional bodies don't recognize their skills or create obstacles to prevent them from taking their rightful place in Canada.

If you share my point of view, could you add to my comments?

• (1210)

[*English*]

Ms. Margaret Eaton: I absolutely share your point of view. It is incredibly difficult to get your credentials recognized, and this is typically a provincial issue, but I know there has been some work at the federal labour market minister's level to try to bring some cohesion across the provinces on how we might work, not just within the province but so that we don't have separate credential recognition systems across 13 jurisdictions.

The chartered professional accountants, the CPAs, just came together. There used to be 36 different registration bodies across the country, and there are now 13, which is a great change, and it is consistent across the country.

I believe the federal government could play a strong role in coordinating the work of the provinces, encouraging a national standard, because imagine coming into the country and not even knowing where the registration body is located. Why is it different from one province to another? Then the larger issue is why is it different in Australia versus Canada?

This is a huge issue, and I do believe the federal government has a role to play in terms of bringing together the labour market ministers to actually encourage one system for each profession.

The Chair: Thank you both. Before I go to Mr. Boulterice, Mr. Johnson, you haven't had any questions, so if you want to make a point, please go ahead.

Going by your paper, what you're saying is, and you can correct me if I'm wrong, that if the government were to remove the capital gains tax on charitable gifts, it would forgo \$55 million to \$60 million annually in terms of tax revenue, and in return for that, there would be roughly a \$200 million annual increase in charitable donations.

Is that figure right?

Mr. Donald Johnson: Well, the forgone capital gains tax is \$55 million to \$60 million a year. The charitable donation tax credit is the same as for cash donations, and that would be an additional \$60 million a year.

The forgone capital gains tax is not going to be forgone immediately, because many of the potential donors, if the tax is not removed, will simply hold on to their private company shares or their real estate, and not make a donation. It's really the discounted present value of the forgone capital gains tax that is the cost.

The Chair: Thank you.

Mr. Boulerice.

[*Translation*]

Mr. Alexandre Boulerice: Thank you, Mr. Chair.

Mrs. Simon, first of all, I would like to thank your organization for all the work it does.

Mental Illness Awareness Week was two weeks ago. One of the five faces of mental health in Canada is someone from my riding; I met with him in Ottawa. He spoke about his experience and his mental health needs. Mental health has always been overlooked because of the taboos surrounding these illnesses.

You talked about your organization's work on mental health. This man told me about the importance of prevention, something I had not thought about. Mental health problems are thought to be inevitable and can affect us all, but there can and must also be prevention work.

How do you see this in relation to the young people you help?

[*English*]

Ms. Alisa Simon: I agree with you. Prevention is critical to all the work we do. I talk about mental health because it's such an important thing we talk about. On the spectrum of mental health is also mental well-being. Thirty per cent of the young people who reach out to Kids Help Phone are reaching out because of a mental health challenge such as anxiety or depression. The other 70% are reaching out because something is difficult in their life. They're experiencing bullying, are having problems with a new relationship, or family problems. We hope that by reaching out to us and figuring out solutions, they start to understand how they're resilient, how they can take steps to take care of themselves, and that they learn better mental health coping so that hopefully we avoid some of the mental illness.

One other quick point is we have a program that has been in Saskatchewan and is currently in Nova Scotia as well. It is a school-based program that is teaching about mental wellness and about the fact that everybody has challenges. It is helping young people recognize whom they can reach out to in their life and help them

better understand and break down stigma around mental health and reaching out and seeking help. We would love to see that in other places.

The Chair: With that, I thank the members for their questions. I thank all the witnesses who have come forward and answered questions today, and for your submissions as well.

Thank you very much.

Committee members, we will reconvene at 1:15 for panel three.

The meeting is suspended.

• (1215)

_____ (Pause) _____

• (1315)

The Chair: We will get started. I'll call the meeting to order. This is panel three here in Toronto for pre-budget consultations in advance of the 2018 budget.

Welcome to all the witnesses. You are, as I said, the third panel today in Toronto.

Before we start, I'll go around and ask our members to give you an introduction and tell you where they come from so you know the kind of tenor of the country we represent. I will say that this is a subcommittee of the finance committee. The full finance committee doesn't travel. We travel with seven people as a rule, so this is the committee that's on the road for this week.

We'll start with you, Mr. Sorbara, from the Toronto area.

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

Welcome, everyone. I look forward to hearing everyone's presentations today.

My name is Francesco Sorbara. I represent the riding of Vaughan—Woodbridge. If you go north just a little bit, you can walk over to the other side of Steeles Avenue and you will be in my riding. Welcome.

The Chair: Jennifer is from Toronto as well, or close to it.

Ms. Jennifer O'Connell: It's the east side of Toronto. I'm the member of Parliament for Pickering—Uxbridge.

[*Translation*]

Mr. Greg Fergus: Good afternoon. My name is Greg Fergus. I am the member of Parliament for Hull—Aylmer, a riding in Quebec, very close to Ottawa.

[*English*]

Mr. Dan Albas: I'm Dan Albas, and if Toronto gets any bigger, it might be adjacent to my riding at some point. I'm from the interior of British Columbia, Central Okanagan—Similkameen—Nicola, and I'm very excited to be with you all today. Thank you.

Mr. Tom Kmiec: My name is Tom Kmiec, and I'm the member of Parliament for Calgary Shepard.

[*Translation*]

Mr. Alexandre Boulerice: Good afternoon, everyone. My name is Alexandre Boulerice. I am the member of Parliament for Rosemont—La Petite-Patrie, a riding in downtown Montreal.

[English]

The Chair: I'm Wayne Easter from the riding of Malpeque in Prince Edward Island. It's basically between Charlottetown and Summerside. We had Ms. O'Connell down to do a tour and she even picked a few potatoes and saw what good P.E.I. potatoes are like.

In any event, we'll start. First on my list here, as an individual, is Mr. Goodis, chief executive officer and co-founder of Tax Templates Inc.

Mr. Jay Goodis (Chief Executive Officer and Co-founder, Tax Templates Inc., As an Individual): Thank you, Mr. Chair, and members of the finance committee for the opportunity to speak about Canadian business productivity and competitiveness. I'd also like to thank the advisers in the business community who share their concerns with me.

Today, I will focus my time on the passive income investment proposal, which the Department of Finance has indicated is a 2018 budget issue. We have seen very strong objections from experts and business owners regarding this proposal. Many see the Canadian dream being extinguished and understand the potential ramifications to the Canadian economy.

These proposals have the government penalizing entrepreneurs who have become successful, and raising the ladder so that others have to overcome more significant burdens to achieve success. Recent and future entrepreneurs can now expect tax rates of over 70% on passive income. The modern entrepreneur is mobile, especially at a time when fewer people than ever can afford to purchase real estate. Why should they choose Canada as a place to grow a business, if business success is demonized as cheating instead of lionized as an example to follow?

The government's communications have created a threatening environment of uncertainty. As such, many businesses are actively exploring other jurisdictions. My network has shared with me that billions of dollars of capital has fled the country or never reached it. Investors and business owners are rightfully concerned that their lifetime of hard work could be confiscated by this government with each new surprise announcement.

Grandfathering the passive income of successful corporations stacks the deck against young entrepreneurs, albeit at a competitive disadvantage to older corporations that are unable to grow as quickly due to a much higher tax burden. I don't believe in retroactive taxation, but the grandfathering of existing wealth is creating a two-tier investment tax system.

Consider a private company with 400 employees. The \$50,000 income limit proposal is completely inadequate. If this company can only save around \$1 million, in a downturn, the reserves could be eliminated overnight. What is the impact of not being able to cover payroll? Budgeting necessitates saving and growing capital for future contingencies, capital purchases, and other competitive measures. The federal government cannot decide the capital needs of a business.

The Department of Finance reported that there are \$200 billion to \$300 billion of passive investment in private corporations. How much capital is in public corporations and foreign-owned corporations operating in Canada? Why are public corporations paying a tax

rate, averaging only 28%, but private corporations and their shareholders get wrong? If fairness is the prime objective, this tax gap on equivalent income directly hurts the credibility of the proposal.

To be clear, money inside a corporation is rarely dead, unless it's stuck in a mattress. It provides capital that other productive businesses can receive access to. Basic macroeconomics aside, money inside an RRSP, TFSA, pension plan, or non-registered account could also be called dead money. The distinction is nonsensical.

Capital within corporations provides direct support to the economy by purchasing government debt, public corporate debt and equity, and investment in other private companies and ventures. The rate of growth in corporately held passive investments allocates capital with reasonable efficiency. Government intervention can only distort this market. Canadian taxation of investment in private corporations already exceeds that of our top trading partners. This plan to increase taxes makes Canadians less competitive.

I cannot sufficiently emphasize that a cap of \$50,000 will be a compliance nightmare, due to complexity, difficulty, and uncertainty. There isn't enough time for the details, but this message is coming from every tax expert I've spoken to across the country. There are ordinary situations in which compliance will be nearly impossible, or at best, create a huge economic cost.

It's unfair to apply the rules to larger businesses and their investments just because of their size. Changes in taxes change behaviours. The passive income proposals are changing behaviour to a level I have never seen and the behaviour change is largely to exit Canada.

Here are representative stories that I've been told. My top 10 clients asked me to do an impact analysis of removing themselves, their capital, and their business from Canada. I can't even estimate the direct and indirect job losses. We've had three high-tech software clients, who are all under the age of 35, already starting to sever their ties. Others have simply asked why they should bother investing at all. Foreign investors who told me that they were planning on investing big in Canada have completely changed their minds.

I am working with a foreign client who has shifted from investing \$30 million in Canada to the U.S. Doctors are exploring options to work internationally and are rearranging their affairs. Two or three from our office alone have left. These are actual conversations with real people who create jobs in Canada and generate a significant amount of GDP.

I can assure you that these conversations are happening across Canada in huge numbers. At an event I attended last night, successful entrepreneurs asked me if I could assist with their exit planning from Canada. The government must appreciate the cause and effect.

A productive and efficient tax system must be more than fair, which is a subjective term. It should grow the economy, which allows governments to collect and spend some share of it.

• (1320)

I've seen nothing to demonstrate positive impacts on the economy. I think it is irresponsible that an economic study has not been completed. The federal government is asking millions of Canadians to trust its pliable definition of fairness as it casually creates economic harm.

I would estimate that hundreds of thousands of hours have been spent by some of the most productive members of our country responding to this legislation. This includes writing submissions, public articles, webinars, speeches, and more. How much of a hit do the proposals already have on our GDP? If the government wants to help businesses and investment communities and pinch the capital flight, I would recommend to end the uncertainty and completely withdraw the passive income proposals to restore business and investor confidence.

I could speak for hours about the passive income issues and show mathematical models demonstrating serious flaws in the proposal. I'm happy to continue the conversation.

Thank you. I'm available for any questions.

• (1325)

The Chair: Thank you, Jay. We've heard a bit about that issue over the past couple of weeks.

We now have the Canadian Partnership for Women and Children's Health. Ms. Helen Scott and Ms. Julia Anderson, welcome.

Ms. Helen Scott (Executive Director, Canadian Partnership for Women and Children's Health): We're very delighted to be here and that we're not going to be talking about taxation today. I am pleased that we're among the last of your speakers, because the issue we're bringing to the table is critically important, so I'm delighted to have your attention.

The Canadian Partnership for Women and Children's Health is a network of Canadian non-governmental organizations, academic institutions, health professional associations, researchers, doctors, nurses, and midwives from coast to coast across Canada, who work together to improve the health and lives of women and children in the world's poorest countries. Our colleagues are working in over 1,000 regions around the world.

Our partnership is focused on getting the most out of every dollar invested in global health, through efficiency and collaboration. We know that healthy women and children are foundational to building healthier and more productive economies, and our research shows us that Canadians care greatly, as I know all of you do around this table.

Budget 2018 is the time for Canada to ensure that empowered women and girls can take full advantage of economic opportunities

and decisions critical to their health, daily lives, and livelihood. This vision is reflected in Canada's new feminist international assistance policy and in the universal sustainable development goals.

To meet this vision, we have two recommendations for budget 2018. First, we strongly recommend that Canada meet its international commitment and do its fair share to build a prosperous and peaceful world by committing to a timetable of at least a 12% annual increase to our international assistance envelope, starting in 2018.

We're proud that Canada's development assistance is reducing global poverty and making the world a safer place while also advancing Canada's security, prosperity, and values at home and abroad. Opportunities and productivity for Canadians are directly linked to inclusive and stable global growth that works for everyone. In a global economy, that means greater prosperity for Canadians by strengthening our international market share.

Research indicates that countries receiving development assistance import more Canadian goods than they would without aid, and although it is absolutely not the purpose of international aid, this is a positive by-product. In fact, \$1 in aid can contribute to \$1.19 in exported goods.

The Government of Canada has stated that it will restore and renew Canada's international assistance and re-engage globally. Since Canada is at its lowest official development assistance level in decades, responsible increases are urgently needed to ensure continued Canadian global leadership.

Second, we recommend that Canada affirm and expand its current commitments to women and children's health. This is the smartest investment with the greatest dividend. Since 1990—and I want you to really listen to this—rates of maternal and child death have been cut in half around the world, and that has been with great thanks to Canadian leadership and investment. It is the first time in history that rates have been cut in half, and Canadians have had a big role in this.

At current funding levels, we are at risk of losing these significant gains. The stakes are high. One woman dies around the world every two minutes from pregnancy and childbirth-related complications. Sixteen thousand children will die today from completely preventable causes, and we know exactly what to do. With basic, quality health care and modern contraception, maternal deaths will be decreased by 67% and newborn deaths by 77%.

The hardest hit by extreme poverty, the effects of climate change, and humanitarian crises are women and girls, and they must be at the heart of ending extreme poverty. The investment case is crystal clear. Investing in women and children's health yields at least a tenfold return through better educational attainments, workforce participation, and social contributions. Investments in early childhood and adolescent health and development yield at least \$100 billion U.S. in demographic dividends.

Canada's history of contributing to a healthy and prosperous world by investing in the health and rights of the most vulnerable populations is at risk and can only be safeguarded with renewed investment now.

• (1330)

In closing, we urge you to strengthen Canada's international assistance in budget 2018 to reflect these important Canadian values so that together we can continue to ensure that every woman, every adolescent, and every child survives and thrives everywhere.

Thank you.

The Chair: Thank you, Helen.

Turning to the other side of the table, the Child Care Advocacy Association of Canada, Ms. Ballantyne, executive director.

Ms. Morna Ballantyne (Executive Director, Child Care Advocacy Association of Canada): Thank you very much, Mr. Chair.

I'm pleased to represent Canada's umbrella child care advocacy organization. Our mission, which we've been pursuing now for 35 years, is to work with all levels of government to make high-quality, affordable early learning and child care available to all children.

In answer to the two specific questions that your committee has asked us to address, we submit that the Canadian economy can be more productive and competitive through two measures: first, a significant increase in the child care federal spending already allocated in the previous federal budget; and second, an expanded and more robust federal child care policy framework.

We're pleased that the federal government has re-entered the arena of early learning and child care, but we're here to say that the work is far from done. The 2016 and 2017 federal budgets combined commit \$7.5 billion for early learning and child care over 11 fiscal periods starting in 2017. Under the plan, the annual spending rises incrementally each year until it reaches just under \$900 million in the final years.

To understand the deficiency of this commitment we ask you to put it in perspective. The accepted international benchmark for a country's annual spending on early learning and child care is a minimum of 1% of GDP, which several OECD countries exceed. Canada spends less than 0.3% of GDP, and it's been ranked as the lowest spender among 25 peer wealthy countries.

The multilateral child care agreement that the federal government signed with the provinces and announced in June 2017 was a significant accomplishment, but it leaves in place wide gaps in quality, in affordability, and in access. Those gaps will get wider, not narrower, over the 11 years. This is because it does not compel a

move away from the current market-based patchwork approach to child care.

We provided this committee the economic arguments for child care spending on many previous occasions over the years, but there is yet more new research evidence to support what we have said. A research report recently released by the International Monetary Fund identified that increasing women's participation in the paid workforce is key, not just necessary but central, to speeding up labour productivity and growth in Canada. The report states that if just the current gap of seven percentage points between male and female labour force participation were eliminated, the level of real GDP could be about 4% higher today.

Every IMF researcher confirms that the full potential of the female labour force cannot be tapped in the absence of child care services. The IMF report proposes that the federal government spend \$8 billion a year directed at reducing child care parent fees by an average of 40%. They say that even if just those women who are now staying at home and who have high educational attainment were to take advantage of lower fees, enter the workforce, and start paying taxes, not only would the economy significantly expand but the additional tax revenue would fully compensate for the cost of the program.

We stress, though, that child care spending and policy must not be driven by economic and productivity objectives alone. They must also be geared to the development and well-being of children, and to addressing women's economic security, to reducing poverty, and finally, to honouring truth and reconciliation.

Our 2018 budget proposal is far more modest than that of the IMF researchers, at least in monetary terms. We recommend a federal early learning and child care allocation in the 2018 budget of \$1 billion, and importantly, with a requirement that provinces, territories, and indigenous communities use the funds to make fundamental child care system reforms. This allocation should be increased by an additional \$1 billion in each subsequent fiscal period until Canada reaches the international benchmark of 1% of GDP in current dollars.

Second, we ask you to recognize that the work of developing an evidence-based federal child-care policy framework is not done. The federal government must go back to the table with the provinces and the territories, and this time must fully involve the child care stakeholders, including parents, including our own organization—we were not involved—to draw up a plan with timelines, goals, and meaningful accountability measures; a plan that recognizes child care as a public good and a human right, not a commodity; and one that has as its objective building a non-profit, inclusive child care system to provide high-quality child care for all who want it.

•(1335)

Thank you.

The Chair: Thank you very much, Morna.

Turning to the Food and Consumer Products of Canada, Michi Furuya Chang.

Ms. Michi Furuya Chang (Vice-President, Scientific Affairs and Nutrition, Food and Consumer Products of Canada): Food and Consumer Products of Canada would like to thank the committee for the opportunity to provide input into federal budget 2018.

FCPC is Canada's largest industry association representing the companies that manufacture and distribute the majority of food, beverage, and consumer goods found on store shelves, restaurants, and in people's homes. Our membership is truly national, providing value-added jobs to urban and rural Canadians in more than 170 federal ridings in every region of the country.

Food processing is the largest employer in the manufacturing sector in Canada, providing 300,000 Canadians with high-quality jobs in over 6,000 manufacturing facilities. Canada's food manufacturers employ more than the automotive and aerospace sectors combined.

According to the chair of the advisory council on economic growth, Mr. Dominic Barton, food is going to be one of the biggest businesses in the world. The council's report discusses the opportunity to grow and process more food in Canada. It points out that we only add value to 50% of what farmers grow in Canada and that this represents an enormous untapped opportunity.

We were very pleased that budget 2017 singled out agrifood as one of three key strategic industries in Canada with great potential for growth and job creation. Importantly, it identified export targets for the agrifood industry, amounting to at least \$75 billion annually by 2025. In order to meet these export targets, we need to address barriers to growth currently facing food manufacturers in Canada.

We know that investment in R and D and capital in food processing facilities in Canada has not kept pace with our international competitors. A 2014 KPMG report showed that Canadian food manufacturers are lagging behind their counterparts in their adoption of advanced technology like automation and robotics. In order to be more productive, we require modern facilities with technology that allows us to make products in a smarter, greener, and more efficient manner.

Our first recommendation for budget 2018 is to provide additional support to our industry to encourage investment in advanced technologies and modern manufacturing facilities in Canada. Our industry is facing other significant barriers to growth coming from beyond our border. The Trump administration's focus on repatriating U.S. manufacturing and the ongoing NAFTA negotiations are putting additional pressure on Canadian manufacturers.

Our second recommendation, therefore, is to modernize NAFTA by building on its beneficial aspects and, at the very least, do no harm. Despite the uncertainties south of the border and declining investments, the most pressing challenges facing food manufacturers today are actually regulatory and entirely within the Canadian

government's control. The cost of all of the federal government's food labelling changes alone is \$1.8 billion. This is \$1.8 billion that food manufacturers will not spend on creating jobs in Canada, not spend on operating plants, and not spend on innovating products.

The government's healthy eating strategy will change how we make our products, how we package our products, and how we market them. It's hard to imagine the government asking any other manufacturing sector in Canada to make these types of drastic changes all at once. To be clear, we support Health Canada's public health objectives and are committed to transparency and education for consumers. We need to ensure, however, that food labels do not unnecessarily confuse consumers and undermine public trust with no proven public health benefits.

Our 130-plus member companies are extremely concerned with Health Canada's alarming proposal to place harsh warning labels on the front of food packages. We are not alone. National farm groups are also opposed to the placement of stop signs on iconic Canadian products like cheese and maple syrup.

There are other ways to improve public health, like education, that take a more informative approach to how people eat, and our own research shows that consumers actually prefer an informative approach over an alarmist judgmental approach. In contrast, there is no evidence to suggest that Health Canada's proposals would improve public health outcomes.

Health Canada cancelled a successful consumer education program, on which we partnered with it, and in its place it proposed stop signs on food. We have grave concerns with Health Canada's process and approach. Following a meeting on September 18, we were alarmed that the department communicated broadly, in writing, that we had arrived at an agreement on criteria for front-of-pack labelling, which we had not. This was a clear misrepresentation of the record.

Health Canada's criteria is so narrow, in fact, that it would exclude exploring labelling options adopted by our major NAFTA and European trading partners. Given that the Canada-EU trade deal includes the first-ever stand-alone regulatory co-operation chapter in Canadian history, and that the government is pushing for inclusion of a similar chapter in NAFTA, it only makes sense for Canada to at least explore the merits and alignment opportunities with the food labels adopted in these countries.

•(1340)

Our third and final recommendation is for Health Canada to take the time to determine the best labelling approach for Canada through consumer research, meaningful consultation, and an openness to consider the labelling options adopted by our major trading partners. Also, to signal that Canada is a predictable economy in which to invest, Health Canada must be open to all stakeholders and stop excluding industry from critical conversations.

In conclusion, we support initiatives to grow and process more of our own food in Canada sustainably and competitively for the benefit of Canadians who rely on good jobs in the food manufacturing sector.

Thank you.

The Chair: Thank you, Michi.

Turning to March of Dimes Canada, we have Mr. Christianson and Ms. Legge.

Mr. Steven Christianson (National Manager, Government Relations and Advocacy, March of Dimes Canada): We're sitting in front of you not asking for money. In fact, we're not even going to recommend that you spend any more money. This is a social organization, and we're going to ask that you focus on achieving social goals through measures that you already have at your disposal: procurement.

Good afternoon, Mr. Chair and members of the standing committee's subcommittee, as you've pointed out, Mr. Chair. Thank you for your time and this opportunity to speak about accessibility in Canada.

My name is Steven Christianson. I'm the national manager of government relations and advocacy at March of Dimes Canada. I'm joined by my colleague Jackie Legge, who also focuses on issues of accessibility and inclusion.

Very quickly, March of Dimes Canada was established in 1951, responding to the polio epidemic in North America. We have evolved to become one of Canada's largest service providers and advocates for people with disabilities. We serve upwards of 60,000 Canadians with disabilities and their families, communities, and employers.

Our programs focus on employment, attendant care, vocational services through Veterans Affairs, financial supports for assistive devices, home and vehicle modification, and peer support for stroke survivors. We are also Canada's only organization of its kind to be granted consultative status to the Economic and Social Council of the United Nations.

We're here today to promote the idea that the Government of Canada, in all of its procurement of goods and services, should only spend public money on goods and services that are accessible. Put another way, we say that no public money should be spent on goods or services that perpetuate or create a barrier to the full inclusion of anyone with a disability and anyone whose mobility and inclusion in our economy and society depend on accessibility.

Accessibility legislation refers to laws that identify, remove, and prevent barriers to the full inclusion and participation of anyone with

a disability. In Ontario, Canada's first jurisdiction to have a law, we have the Accessibility for Ontarians with Disabilities Act.

This is a law that includes and creates regulations by sector, with each regulation designed to identify, eliminate, and prevent barriers. Each sector is then broken down by its main actor; for example, small businesses, non-profit organizations, health care institutions, and educational institutions.

When companies and organizations comply with the law, the result is enhanced participation by people with disabilities. This could be greater employment, more access to retail goods and services, or being able to retrieve and fill out a form on a government website. The result is greater accessibility. This is highly simplistic, but it gives you a sense of it.

Manitoba is the second province to create such a law, the Accessibility for Manitobans Act, while Nova Scotia, the third in Canada, formalized its legislation last year. Almost every province either has accessibility legislation on its mandate paper or is at least discussing the efficacy of such a law.

Of course, many of you around this table know that the Government of Canada has been consulting nationwide on a law that we could include at the federal level. We expect the introduction of a national accessibility law sometime in 2018.

This is a trend that embraces legislation as a means of getting rid of barriers and achieving accessibility, but I want to emphasize very quickly that this trend is about more than just disability. The functional needs of seniors and Canada's aging population tend to be remarkably consistent with those of people with disabilities. When you combine the functional needs of someone aging with a disability and someone aging into a disability—remember that we tend to lose some functions the older we get—we have a very large population in Canada that needs accessibility.

Not all accessibility measures necessarily need an accessibility law, and procurement is one of those areas. Procurement policies and regulations can work with accessibility legislation but need not wait for a new law. Today in the United States, for example, if a company wants to sell to or receive a contract from the federal government, the goods and services provided by that company must be accessible.

Experience shows that the more standards that exist for accessible purchasing, the greater the incentive for competition, which leads to greater accessibility. Suppliers see a very lucrative market and want those very lucrative contracts, whether they sell computers, mobile devices, or web services, thereby competing with each other and producing ever greater innovation in accessibility in their products.

•(1345)

As we see the national trends towards individual provincial accessibility laws and the current effort towards creating a national accessibility act, one rightly asks what appropriate role the federal government can have.

That role could be to not only harmonize provincial accessibility laws but to develop standards and measures of accessibility through the federal sphere of influence that you already have: procurement. Many of Canada's trading partners already successfully use procurement policy to advance inclusion. The United States, the European Union, Australia, Israel, and New Zealand are just a few examples of where procurement policy that demands accessibility is being used not only to advance inclusion for people with disabilities and seniors but also to help stimulate greater product innovation and employment.

We acknowledge that the Government of Canada has hosted some preliminary round tables on accessible and social procurement, and these were great first steps, but we strongly recommend the creation of an expert working group to develop doable steps and measures that essentially capture this principle. If you want to sell to the Government of Canada, you must ensure accessibility. We think this is an idea whose time is long overdue.

Let's at least get some people together to find out what works, what could work better, and how to put these ideas into action without delay. Buy accessible. We at March of Dimes Canada are always available to help and contribute our expertise towards such an initiative.

Thank you very much.

The Chair: Thank you very much, Steven.

We'll turn now to No Fly List Kids, with Mr. Ahmed and Ms. Cajee.

Ms. Khadija Cajee (No Fly List Kids): Thank you for having us here today.

We are a part of the organization called the No Fly List Kids. We're a group of Canadians whose names are flagged on Canada's no-fly list, otherwise known as the passenger protect program.

The attention that this antiquated system has received is international to the point where it was even mentioned by Conan O'Brien on the late show back in February of 2016. This list includes people of all ages and from a variety of diverse backgrounds. In fact, Senator David Smith and former defence minister Bill Graham were both falsely flagged on the no-fly list at one point.

My own son Adam who is now eight and who's here with us, has been flagged on this list since he was a newborn. We first flew with him when he was six weeks old. He must be visually identified each time we travel by air. Once we were delayed in Mexico coming back into Canada on a Canadian airline when our passports were confiscated for an hour with no explanation.

Having a child falsely flagged routinely results in travel delays, inability to check in online, increased scrutiny by airline and security personnel, and stigmatization and marginalization, queuing up the next constitutional crisis. False positives of the no-fly also raise

serious privacy implications as well as potentially affecting the charter-protected mobility rights of Canadians under section 6.

Some of our children have been denied initial boarding and delayed to the point that they have missed flights internationally. All the no-fly list kids avoid travel due to the potential for stigmatization. We have some teenagers on the list. They're with us here today as well. All families find that the security screenings become increasingly invasive as the children get older.

Additionally, though this list contains names of people from all backgrounds, it does skew toward Muslim- or Arab-sounding names, thus questioning the violation of their rights under section 15 of the charter, which protects and promotes equality under the law.

False positives also hurt business travel. Stephen Evans, who is also with us here today, was the chief technology officer of Kijiji, and he has also held senior positions at MSN, Canoe, and the *Toronto Star*. He has written a piece in *The Globe and Mail* about his experiences being on the no-fly list. He is one of several executives who have shared their stories with us.

With bad data like this being shared with foreign nations, and due to the nature of bilateral information-sharing programs, Canadians also run the risk of being falsely flagged in foreign jurisdictions and by agencies that may not uphold similar values of human rights and life as we do here in Canada. Innocent people risk being associated with acts they did not commit, resulting in possible detention, false imprisonment, and torture, as happened in the past with Maher Arar. His case is a classic example of bad data being shared with, and abused by, a foreign country. Mr. Arar will have the stigma and trauma of this experience with him for the rest of his life, and this gross oversight cost the Canadian taxpayer \$10 million. We cannot risk having this happen again to one of our children as they grow up.

Since 2008, Canadian domestic carriers are not required to screen passengers against the U.S. no-fly list on domestic flights, even if they enter U.S. airspace, yet Air Canada in particular is known to continually ignore this directive. Authority needs to be removed from the hands of the airlines to make decisions and screen at their discretion.

My eight-year-old son has been designated high profile since infancy. I do not want him living with this cloud of suspicion lingering over him for the rest of his life. He is a child now. I will be around to protect and advocate for him, but this won't always be the case as he grows older.

In 2009 the United States shifted this responsibility from airline operators to the TSA and has since seen a significant decrease in the number of redress requests. This is important because approximately 98% of the applications to the Department of Homeland Security's traveller redress inquiry program are deemed to be false positives. Most of the children and adults we're speaking on behalf of here today have applied to the DHS TRIP in the United States, and they have been cleared. Yet they continue to face issues while travelling domestically in Canada or internationally on Canadian airlines.

The passenger protect program is airline-designed and contains names only. It does not contain any other identifiable data to distinguish between two people with the same name.

In Canada currently, if a person finds themselves falsely flagged on this list, no mechanism is available to them to get themselves removed and separately identified. These systems exist to law enforcement agencies country-wide: police forces, CBSA, and CSIS. They even exist in school boards.

● (1350)

In November 2016, in *The Globe and Mail*, Mr. Robert Fife reported that the federal government had approved a redress system in the amount of \$78 million annually until 2022, and \$12 million every year thereafter to manage the data system changes. However, for reasons unknown to us, this wasn't actually approved in the 2017 budget.

In conversations with senior leadership at major tech companies, we have been told that the daily consulting rate at Accenture, for example, is \$1,800 a day. At 200 working days per year, that would mean the \$78 million cost would take 194 man-years to build this redress system. The cost estimates are curiously high, and there has been no transparent process used through an independent RFP to get independent estimates on the cost. Even conservative estimates find this number very hard to understand.

Consequently, in the 2018 federal budget, we must have full funding for the build and implementation of a redress system for the passenger protect program. A program like this will result in fewer false flags, and improvements in the efficiency and security of our human rights system, as well as air travel, and our entire national security regime.

Thank you.

● (1355)

The Chair: Thank you, Ms. Cajee, and also thank you to those who have found themselves on the no-fly list for coming here today.

From ParticipAction, Mr. Antunes and Ms. Knox.

Mr. Elio Antunes (President and Chief Executive Officer, ParticipACTION): Thank you.

People are often shocked to learn that only 18% of adults and 8% of children and youth get enough physical activity to be healthy. Unfortunately, we pay a hefty price tag for our sedentary population. The estimated health care costs of physical inactivity in Canada total \$6.8 billion per year. Caring for people with chronic diseases like diabetes and heart disease costs \$2.4 billion, while the remaining \$4.5 billion is due to the loss of productivity from poor health,

resulting in the huge cost of staff turnover, short-term disability costs, and absenteeism.

Unfortunately, getting the population to move more is not as easy as just telling people to do it. What most decision-makers don't truly understand is that physical inactivity is a very difficult thing to fix. Getting active is something not everyone has time to do, can afford, or is even comfortable doing, even if they want to. It is simple in theory, but in reality it's very difficult to get people to change their behaviour. To better understand what's required, it helps to examine the smoking cessation situation.

Few countries have been as successful as Canada in lowering smoking rates and shifting public attitudes about tobacco. To make this happen, governments have invested over \$2 billion in a variety of coordinated efforts from smoking bans to tax policies and public education. Over time, multiple efforts have created supportive environments that help people quit, and even made it socially unacceptable to smoke. This is the kind of large scale, multi-faceted, long-term approach we need to shift Canadians' behaviours to be more active and less sedentary, and government has a critical role to play.

We can't just build new recreation centres, or tell people to simply walk their kids to school. We do need to build new recreation centres, make sidewalks safer to walk and bike on, improve the duration and quality of physical education in schools, have active workplace policies, and create public education campaigns to motivate people to make the active healthy choice.

Being active is not a pastime, a frill, or a nice-to-have we will get to when the economy gets better. Regular physical activity is a fundamental aspect of a productive and high-quality life. Physical activity improves mental health by reducing anxiety, depression, and isolation. Physical activity improves test scores in math and reading. It promotes concentration and keeps your thinking sharp as you age. Physical activity lowers the risk of hip fractures in older adults. Physical activity also improves sleep, which is especially important for children's developing brains.

This is not about creating the next Olympians, but about being competitive in a global market, producing leaders who can stay on task and be innovative, and raising children who are less anxious and more resilient.

We already do many great things in Canada. Permanent bike lanes across a major city artery was just approved in Toronto, for example, but all told, the efforts across Canada are fragmented and inconsistent.

We need an approach that is comprehensive, coordinated, systematic, and ties all the efforts together. ParticipAction is a prominent Canadian organization that ties cross-sectoral physical activity efforts together in a responsible, measurable way.

Even in light of our stellar reputation and long-standing leadership in Canada, ParticipAction is still faced with federal funding that is short-term, unpredictable, and unfortunately rarely guaranteed. Over the last five years, our federal funding has ranged from \$2.9 million to \$7.8 million per year. For 2018, our confirmed funding is just \$305,000.

ParticipAction is only one piece of the solution. Physical activity needs the same kind of commitment as the \$1 billion-plus spent on smoking, to support many partners working together on many approaches at every level to be successful. The first step, however, is to provide ParticipAction with guaranteed long-term funding of \$10 million per year for five years, to align, support, and lead efforts in a coordinated, persistent way.

ParticipAction's mighty collective effort to create behaviour change, which we're calling a movement, will include a variety of components that reinforce each other to: digitally track and reward physical activity at group and individual levels; educate the public about the latest exercise science; shift attitudes and perceptions; mobilize communities; and ultimately influence behaviour.

With this five-year movement, ParticipAction will connect its 5,000 local partner organizations, the provinces and territories, national, regional, and local NGOs, to get us all working together. This investment won't solve the inactivity crisis alone, but it is a key part of a large-scale successful effort.

There is a reason that Mark Zuckerberg, Elon Musk, Julie Payette, and even our Prime Minister, some of the busiest, most accomplished people in the world, make time for regular physical activity. They are not just staying in shape; they're staying sharp. They know it keeps them competitive and productive.

● (1400)

The nine in 10 kids and eight in 10 adults in Canada who are not active enough also deserve the same. All Canadians deserve to have the opportunity, the skills, and the motivation to be active every day, and an investment in ParticipAction is an investment in them. An active Canada is truly a stronger, more productive Canada.

Thank you.

The Chair: Thank you, Elio.

We will have to go to five-minute rounds, and Mr. Sorbara, you're the first up.

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

Thank you for all your presentations today. This is the last panel of the two weeks of travel we've been doing.

I need to get right down to it with No Fly List Kids.

Sulemaan, we've had a number of conversations over the last few months. I appreciate you folks coming here, and I really wish you didn't have to come here. I usually like to meet my stakeholders, and I'm happy to see them, but I think that in this instance it's disappointing to have folks having to come to the finance committee to let us know what's going on, especially with regard to your eight-year-old son, Adam.

I do know from conversations that there are many of us in support of fixing the system. I also know that in Bill C-59, our national security legislation, there have been steps put in place to get us on that journey. This is a system that was created and has been a long time coming. It has created some issues.

How disruptive has this been to your family? I want you to know that there are many MPs and other people working to help fix the situation. I do believe that Bill C-59 is one step towards that.

Mr. Sulemaan Ahmed (No Fly List Kids): We thank you for the opportunity to be here today, Mr. Sorbara. I would like to thank a few members of the committee including the Honourable Wayne Easter, Kamal Khera, yourself, and others who have already written letters of support. As of today, we have 168 MPs in the House of Commons from all political parties—the Greens, the NDP, the Conservatives, the Bloc Québécois, and the Liberals—who have supported this in writing

Our view is that Bill C-59 is legislation. What we require is funding immediately, and we require it for a technical solution. The United States has had the solution for a decade. As a nation, we do not need to wait another two years for funding or legislation to pass in the House, then another two years for a budget, and yet another two years, because as David Herle, the senior adviser to Minister Goodale has told us, once the funding is provided, it will require two years at least to make a build. That's six years, sir.

Mr. Francesco Sorbara: Thank you for that.

My understanding is that with Bill C-59, there is a system for recourse. I just want to make sure that if an application is made, the minister can then respond to that application when a person is placed on a no-fly list, specifically children.

Mr. Sulemaan Ahmed: We were advised that we would be told if our child was on the list or not through Bill C-59, but it does not mean that they will be removed. Therefore, it does not tell us anything that we don't know already.

Mr. Francesco Sorbara: Thank you for that feedback.

Mr. Sulemaan Ahmed: Thank you, sir.

Mr. Francesco Sorbara: Moving on to the other presenters, please don't feel excluded if we don't get to everyone. I might even include myself.

Turning to Food and Consumer Products of Canada, you made a comment about the industries being excluded in the consultations with Health Canada. Can you elaborate further on that? A number of stakeholders have commented on the actual costs of these changes. I would like to get some more colour.

• (1405)

Ms. Michi Furuya Chang: Yes, to your first question about the industry being excluded from very important elements of the healthy eating strategy, the example I can give you is the consultation on the revision of Canada's food guide. Everyone did have the opportunity to provide input via an online survey. It was a very clunky sort of survey that only allowed you to enter text, no visuals or charts. In addition to that, the in-person consultations that Health Canada undertook excluded industry entirely, despite the need and request from farmers, from the entire food industry, for an in-person meeting to have a fulsome dialogue on the policy. We were denied that opportunity and were excluded from those important conversations.

In terms of your question around what I believe is a \$1.8-billion figure, that actually comes from the food processing industry round table that was chaired, I believe, by Agriculture and Agri-Food Canada. I can provide the full report,

Mr. Francesco Sorbara: Thank you.

The Chair: You have 15 seconds.

Mr. Francesco Sorbara: I just would like to say thank you to the March of Dimes. We have a family member that utilizes the services from the March of Dimes, and I know everything you do. Thank you very much.

Mr. Chair, thank you.

The Chair: Right on time, Francesco.

Mr. Albas.

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

Thank you to all of the people here today for your testimony.

I am going start with the FCPC.

You've mentioned that the government is obviously moving forward and that it has not, in your opinion, offered correct venues to be able to address concerns. With both NAFTA, as well as CETA, on the horizon—obviously, one market opening, one market in question—you've said that there are some challenges to moving ahead without industry collaboration in light of these trade agreements.

I think you said that the European Union has some similar legislation or requirements for FOP, front-of-package, labelling. Could you explain that?

Ms. Michi Furuya Chang: Codex has looked at a number of front-of-package schemes that are in place in different markets around the world. Of the 37 that they've looked at—that is currently available in some of the Codex documents—97% of them use symbols and programs that, just as an example, use colour. There is only one jurisdiction out of those 37, and it's Chile, that uses a symbol that would meet the vary narrow criteria that Health Canada has set out. We encourage Health Canada to really look at the other labelling systems that are in place that have consumer data and effectiveness data behind them, and to consider something like that as an option here in Canada, because the criteria that Health Canada has outlined would only be aligned with one country, Chile.

Mr. Dan Albas: In the last Parliament, I would say many MPs from all sides, but particularly from the Conservative Party, expressed displeasure with COOL in the United States because of

how integrated our markets are. Is that an issue, do you think, if we go ahead with a system that is not currently used in the United States? By the sounds of it, only the Chileans use a similar system. Is that going to pose a problem for us when we're marketing to those other countries?

Ms. Michi Furuya Chang: Absolutely, yes. Both the GMA, which represents the American food industry, and ConMéxico, which represents the food industry in Mexico, have supported our position and submitted similar responses to Health Canada on the front-of-package symbols. Their systems are aligned, and we're looking for some additional alignment.

Mr. Dan Albas: It's my understanding that Bill S-228 has already passed the Senate and is at first reading in the House of Commons. That in particular talks about unhealthy foods and is very generic. Do you have concerns about throwing that into the mix? I imagine packaging is a form of advertisement. I'm sure many would say that even where it's placed on a shelf is a form of advertisement.

• (1410)

Ms. Michi Furuya Chang: Yes. With regard to marketing to kids and Bill S-228, you are correct. It's received first reading. Our position on that, and our concern, is this division of unhealthy versus healthy foods. I can tell you as a dietician and as a nutritionist that we believe in overall healthy eating patterns, and on healthy and unhealthy eating patterns and healthy and unhealthy lifestyles, one food in and of itself should not be deemed or categorized as healthy versus unhealthy. That's the foundation of our position on the marketing to kids bill.

Mr. Dan Albas: Are you concerned that the bill gives full authority to Health Canada to come up with its own regulations to enact the law?

Ms. Michi Furuya Chang: Yes.

Mr. Dan Albas: Given your experience on these consultations, do you feel that Parliament would be giving over a lot of power to Health Canada with not enough oversight from parliamentarians?

Ms. Michi Furuya Chang: I can certainly loop back with more information on that, only because I don't want to speak out of turn, but in principle, yes, that would be our concern. It would set the foundation for punitive policies going forward that are not based on science, but on this concept of unhealthy versus healthy.

Mr. Dan Albas: Given that you've already estimated \$1.8 billion in potential costs for your members just to comply with this new set, are you worried about further compliance costs based on Bill S-228?

Ms. Michi Furuya Chang: Yes. The \$1.8 billion was for labelling changes alone, to enact the new nutrition-labelling regulations, the nutrition facts table and ingredient line. There are some other labelling changes that are going to be required by the Canadian Food Inspection Agency. The sheer technicality of changing the design of the package and implementing the label change alone would be the \$1.8 billion. That does not include the cost of reformulation that would be necessary under the trans fat prohibition that has just been enacted. We have the next 12 months to eliminate all trans fat from foods. There are further sodium reduction targets, both in the retail and the food service sectors. That's also going to drive more reformulation, all of which is costly and has not been included in the \$1.8 billion.

The Chair: Thank you both.

For the information of members, the “stop sign” labels, at least, are in the package that was given to you in both official languages.

Mr. Boulerice.

[Translation]

Mr. Alexandre Boulerice: Thank you, Mr. Chair.

My first intervention isn't a question, but a simple comment.

Mr. Ahmed and Ms. Cajee, I would like to tell you just how absurd I find the situation you have been fighting for months and years. This discrimination, particularly toward children, is scandalous. I think we've just hit the bottom of bureaucratic idiocy. I'm absolutely sorry that you have to come to the Standing Committee on Finance to assert the rights of your children, your friends, and your family members. It makes us all ashamed, and we have to resolve this issue.

That said, thank you for being here.

I will now come back to a more positive and brighter side. Ms. Scott, you presented some numbers. These numbers are absolutely great. They attest to the fact that when women are supported, they become more autonomous and independent. The results are there for health and education.

You mentioned an increase in international aid of 12% a year, but you didn't mention the goal that is often suggested by some groups, including Engineers Without Borders Canada, which is 0.7% of GDP, the international standard. Could you explain why?

[English]

Ms. Helen Scott: May I answer in English? I would have to stammer through *en français*, and it would not be very successful.

May I say what a pleasure it is to be with all of you. I'm so impressed.

First of all, congratulations to this government on the new feminist international assistance policy. We know that women and children are the foundation to building a healthier world. As I said, and it's worth repeating, in 1990 we were seeing 12 million children die every year. That number is down to under six million. It has been slashed in half, and the progress has accelerated in the last few years. So we absolutely know what is working. We just need to stay the course. It will change the world in our generation. It's such an opportunity.

Canada has been leading on this for a long time, but currently our performance as a donor is at 0.26% of our GDP—that's for this year—and it's among the lowest of the donors that report to the OECD's DAC, development assistance committee. To frame that in a different way, it's among the lowest, if not the lowest—it's right down there—in the G20 countries. I don't feel that this reflects who we are as a nation. We need to get Canada back on track.

The world has set a target of 0.7%. As you mentioned, we're at 0.26%. We are a long way from being able to hold our heads proudly on the international stage. We've recommended a 12% increase as part of a timetable of increases to start to see some movement, because I think if we came here and said let's go from 0.26% to 0.7%

today, you wouldn't listen. We're saying we understand that we can't get there tomorrow, but please stay with us on this. There are thousands and thousands of Canadians who are delivering amazing work, and we can show you the progress. We want to continue it.

• (1415)

[Translation]

Mr. Alexandre Boulerice: Thank you for your answer. Personally I would not be afraid of a goal of 0.7%.

Mr. Christianson, I can't help but put a question to someone who comes to tell us that he doesn't want more money. Ha, ha! It's an interesting approach.

You're talking about federal accessibility standards for people with mobility issues, for example. I'll tell you about a very concrete situation. We talk a lot about social infrastructure and public transit on Montreal Island. Chances are good that some stations will be added to the blue line in Montreal East. However, few stations in Montreal's metro system have elevators.

In your opinion, should the addition of wheelchair elevators to new metro stations be part of the federal standards?

[English]

Mr. Steven Christianson: That's going to depend on whether or not the federal government already plays a role in decision-making. Yes, there is a role in infrastructure funding, but it's my understanding that it's municipal-provincial-federal. In Toronto, for example, there is a body that is set up, much like a tripartite process, to look at issues of accessibility on the TTC as they do with the Metro in Montreal.

There's a long way to go, but there is a plan. In Toronto the decision-making authority rests with the Toronto Transit Commission, and they're ultimately accountable to the City of Toronto, which is then accountable to the Province of Ontario.

With regard to the Government of Canada, I would say there's some influence in terms of whether you can encourage that authority to buy x number of accessible Bombardier trains, for example, but I would say it ultimately depends on where that decision-making rests.

The Chair: Okay.

Mr. Fergus.

[Translation]

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

Mr. Ahmed, Ms. Cajee, I would like to echo Mr. Boulerice's comments. It is shocking that these situations persist.

I have a very specific question for you. The passenger protect program has been around for a year now, and it already includes aviation security lists. Have you used or have you requested access to this program? Does it work?

Could you comment on that?

[English]

Ms. Khadija Cajee: I want to clarify. Do you mean the passenger protect inquiries office, the PPIO?

• (1420)

[Translation]

Mr. Greg Fergus: Yes, I think that's the name of the program in English. I'm not sure.

[English]

Ms. Khadija Cajee: Okay. As far as our understanding goes, the office exists basically in name only. I don't know if it's even staffed, to be honest with you. We have applied. They have some sort of application process online that we have applied to, but the response is always basically the same as the response from before the office was announced. It hasn't changed anything in terms of our experience or the fact that the children are still on the list or any of that. That all still remains the same. There is still no mechanism to get the children off the list.

The only thing that's changed with the incoming Bill C-59 is that now the Minister of Public Safety and Emergency Preparedness is actually sort of legally allowed to say that, yes, your child is on the list, whereas, previously, he wasn't allowed to say that.

That's our understanding, but nothing substantial has changed.

[Translation]

Mr. Greg Fergus: Mr. Ahmed, do you have anything to add?

Mr. Sulemaan Ahmed: Thank you for your question.

I would say that nothing has changed in two years, absolutely nothing.

Mr. Greg Fergus: I would like to ask a second question.

A provision of Bill C-59 indicates that if the minister does not respond to a request to delist a name, the name will be removed from the list by default. Do you think the provision is acceptable? I know we can do better, but is this provision significant?

Mr. Sulemaan Ahmed: That's a very good question, Mr. Fergus.

It may happen that the names of children or adults correspond to names on the list. The response from Public Safety Canada is that, if a person's name does not appear on the list, it cannot be removed.

So the people concerned are left behind. That's why we need a rectification system. Criminals have more rights than our children.

[English]

The Chair: Greg, I won't take your time.

In the original bill, if you were on the list, the minister was not obligated to respond. In the new bill, now the minister is obligated to respond.

Go ahead.

[Translation]

Mr. Greg Fergus: Thank you for your testimony, Mr. Ahmed.

Since I don't have a lot of time, I will simply ask another question, to Mr. Antunes.

You said how important it is to change habits and find ways of encouraging active participation in life.

With regard to the funds we have allocated to infrastructure, we want to see a standard adopted to encourage active participation. For example, when a light rail network will be built, we want there to be bike lanes next to it, or multi-purpose lanes.

During the summer, I had the pleasure of visiting Sweden for the first time. I noticed how extraordinary the infrastructure is and how it encourages people to bring their bikes to bus stops, to walk, to do all these physical activities.

Is that what you are looking for in all the infrastructure, not only at the federal level but also at the provincial and municipal levels?

[English]

Mr. Elio Antunes: I will start, and then Marilyn might want to chime in here.

Infrastructure is very important, but it's not enough. The old saying, "If you build it, they will come", is just not true with respect to physical activity. The behaviour change process is much more complicated. Yes, we do have to have opportunities for people to be physically active, but we also need to ensure that they have the skills to be able to enjoy those facilities and the infrastructure and they need to be motivated to be able to use those things. It's a very complex problem to change behaviours.

If you parallel that to smoking, it's the same thing. We didn't just eliminate smoking places or prevent people from smoking in public places. We did that, but we also had to provide training, tax policies, and public education. It needs a full, comprehensive approach. Building solid infrastructure is absolutely necessary, but it's not enough.

[Translation]

Mr. Greg Fergus: Since you've raised the issue, would you support a tax on sugar?

• (1425)

[English]

Mr. Elio Antunes: It's certainly not within the scope of our mandate to be commenting on taxation policies on health issues. What we're saying is that physical activity and healthy lifestyles are absolutely important.

[Translation]

Mr. Greg Fergus: It's political, isn't it? Ha, ha!

[English]

Ms. Marilyn Knox (Chair, Board of Directors, ParticipACTION): It's a great question and a source of money that you could redirect into physical activity, if that's your question. There are many places to go. The sugar question is a much deeper one.

You can look at sugar and give people information, but will that actually change their health-seeking behaviours? That's the evidence we'd be looking for, but that's really beyond the scope of ParticipAction.

Mr. Elio Antunes: I would say that part of our suggested recommendations is a coordinated effort, not only with organizations in our sector but within federal government departments. Physical activity is often used to help address a number of federal department objectives, whether that's health, which is the most obvious, sport, transportation, environment, veteran affairs, immigration, mental health, and so on. There is a good opportunity for us to look at a way to coordinate efforts of the various departments that can leverage existing investment.

The Chair: Thank you all.

Mr. Kmiec.

Mr. Tom Kmiec: Thank you, Mr. Chair.

I'm going to start with No Fly List Kids, and then I'll move to Mr. Goodis.

Mr. Fergus asked a lot of the questions I was going to ask. I just want to say that I look at your son, and he is about the same age as my oldest. I have three kids, and I can't imagine what you go through. You have my sympathy and support, as well.

I also want to draw a parallel. I used to sit on the foreign affairs committee. We completed a report a few months ago where we offered recommendations to the government on changes to the Special Economic Measures Act. As well, we passed Bill S-226, and it has received royal assent.

In that act, for cases of mistaken identity, we offer foreign nationals an opportunity to get off the sanction list Canada has. In the report the foreign affairs committee put together, we also say that, in cases of international sanctions, people with mistaken identity who wind up on no-fly lists and have their assets frozen should have a legal mechanism to seek redress. I find these two situations completely ridiculous—that we offer foreign nationals a better opportunity than we do for our kids here in Canada.

Mr. Goodis, you have been one of the public advocates against the proposed changes. There are extra proposals now, proposals for the proposal that was put down in July. Obviously, you are a seasoned tax professional. In your professional opinion, how does the series of consultations that the government has put out compare with past consultations on tax policy that Finance Canada has put forward?

Mr. Jay Goodis: That's a good question.

I work closely with CPA Canada. In the last few years, we've seen some change in legislation to the small business deduction, along with rules related to safe income, which is subsection 55(2). What we found in those areas where legislation was brought forward—

The Chair: Can you pull up the mike? This is going through to Ottawa and being recorded.

Mr. Jay Goodis: Sure. Thank you.

There were some great submissions made by CPA Canada, but what we found was that not many of them were taken in. A lot of the unintended consequences predicted then have now come true in practice.

I think the concern.... Again, as we saw with the discussion around proposed sections 246.1 and 84.1, where we saw those unintended

consequences.... I give a lot of credit to the government for understanding that there were consequences there and taking it back.

However, now, with this new \$50,000 cap for passive income, I don't think those unintended consequences have been thought through, in terms of how it affects growth.

Mr. Tom Kmiec: On that \$50,000, hold your thought there.

This committee, in its last pre-budget recommendations, recommendation 76, said that the government should "undertake a comprehensive tax review with the objective of simplifying the *Income Tax Act*." Obviously, the government didn't do that. It didn't listen to the last pre-budget submission.

I am a backbencher on the opposition side, so I'm very much used to not being listened to when it comes to the government. That's okay. It's part of the job.

You said that the government was creating a two-tier system by grandfathering previous investments versus new ones. Can you explain that a bit more? What will actually be happening? How would one keep track of grandfathered investments?

• (1430)

Mr. Jay Goodis: That's another good question.

Granted, this is in a proposal stage, so we haven't seen everything. I can comment based only on what I have been able to read, and the announcements by the government.

The way they have explained it, everything that has been earned to date, in terms of investment income or capital, is protected, and it will be under a new system. Let's just pretend that all of that income went to a special corporation where they can do whatever they like forever. This means that people who have generated significant wealth, or businesses that have that capital on hand, have more opportunity than do newer businesses, such as mine. I can't get to that position if I am going to have only \$50,000 per year.

As a company, we have no passive income. I am not looking at today. I am looking at where I want to be in the future, and I'm looking at my competitors.

Mr. Tom Kmiec: You talked about the compliance nightmare involved with CRA. I have many constituents who have issues with CRA. We had the folks from the Juvenile Diabetes Research Foundation in. The CRA has made a seemingly random decision to start denying the disability tax credit. We saw this folio come out over taxing employee benefits, the health and dental. It goes on and on.

On compliance, you deal with CRA. What's your expectation in terms of their ability and capacity to police this new proposed system?

Mr. Jay Goodis: What our company does is build software to solve some of the hardest compliance in the country. I look at the effect this would have in all the different pools that have to be tracked. You'd have pools from before legislation, or before the day they implement the legislation. Then you'd have pools from potentially small business income. Then you'd have high-rate income. I could share some of them, but there is just not enough time. There are too many.

If you want one very simple example, let's just take a company, such as mine, that's building up IP. That's an active asset I have, but one day, if that gets sold, it would be considered a passive asset. One day, when I have that capital gain, if I decide to sell the asset inside my company, would the first \$50,000 be subject to the current rules, and then, for everything above that, could I be looking at those really high rates of 60% or 70%?

There are a lot of concerns, and there are a lot of transition issues that I don't think have been thought through. I do agree with CPA Canada about a comprehensive study and an economic study to see the impacts, because this passive income proposal is more about business than about tax.

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

We will have time for one question from each of the parties following Ms. O'Connell. Go ahead, Jen.

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

Thank you all for coming.

I'm going to also start with No Fly List Kids. A lot of the questions have been answered, and I also agree with Mr. Boulter's comments. But I am somewhat glad you're here in the sense that if funding is an issue, then it's important for this committee to know as part of our pre-budget deliberations, because if we don't know and we don't hear it, frankly, then we can't actually make a recommendation. So I am glad you're here, despite the fact that it sounds like an awful situation to be in, and I am sorry that has happened.

In response to my colleague Mr. Fergus's question about Bill C-59, my understanding is that if the request to come off the list is made and the minister doesn't respond, then they can default off. I think, Mr. Ahmed, you said something to the effect that the name would be on the list and you are just told that it is not on the list. I'm sorry if I misheard, but could you explain why you think that the change in Bill C-59 in terms of the minister's non-response would be a default removal and why that wouldn't actually change anything?

Ms. Khadija Cajee: The reason for that is that our children's names are not actually on the list. Our children are name matched to somebody on the list. So whoever it is whose name is on the list has a legal recourse for redress. Our children are not the actual people whose names are on the list, so these kids are caught in a grey zone where, because they're not the names on the list, they don't have access to that recourse.

Ms. Jennifer O'Connell: I totally get it. Thank you for that clarification. That was confusing on the answer, but I completely understand now.

So to your presentation in terms of that additional information to confirm identity, whatever that may be...

Mr. Sulemaan Ahmed: MP O'Connell, when our son was born in 2009, a gentleman in the United States was convicted of terrorism. That person is still in jail, and our son's name matches part of his name.

• (1435)

Ms. Jennifer O'Connell: I get it, the clarification.... Thank you. I appreciate that.

Mr. Goodis, I just want to clarify some of the things you said in terms of that \$50,000 investment limit. I'm not sure if you're aware, but it's not a \$50,000 limit of your investment. That's the limit on the income from your passive investment, which would mean you'd have to have \$1 million per year at a 5% rate of return to reach that \$50,000 income limit. When you make statements to this committee saying that you can only invest \$50,000, no, you would have up to \$1 million a year if you're getting a 5% rate of return.

In your testimony, you talked about RRSPs and TFSAs being dead money, but even you can acknowledge that those have limits on them before they're taxed at a different rate. In your scenario, you say you have no passive investment now. You have to reach approximately \$1 million to get to that \$50,000 limit. You don't think that's fair in terms of everybody else has limits on RRSPs and TFSAs, and yours would be up to \$1 million. As you said, you don't have passive investment right now, so you don't think that will give you a lot of room to grow over time?

Mr. Jay Goodis: I think you're looking at this more as a strictly retirement issue as opposed to a business issue. Let's take a tech company as an example. A tech company starts small, and it looks to grow very big. As the owners are looking to grow, a lot of times they're looking at an acquisition strategy. To acquire other tech companies is expensive. If we limit the capital available for these growing companies to what you say is \$1 million, then what are they going to do? They want to have more money. They need to get sometimes \$2 million, \$3 million, \$4 million, \$5 million, \$10 million in order to buy others.

Ms. Jennifer O'Connell: Sorry, just to clarify, these changes only impact when the money is pulled out for personal use. If it's about acquisition and growing the company, then there actually are no changes, so there are no limits. It is a question of retirement essentially because that's the consultations we heard, that it's putting the money aside and taking it out at a lower rate for personal use, not for business or investing in the business or investing in acquisition or establishing more capital.

I'll move on to my next question because I know I'm going to get cut off. I think you said that two or three doctors already left your firm. I'm just curious. Where did they go, and when did they leave?

Mr. Jay Goodis: That was provided to me by experts within my network. I asked people what had happened to the doctors.

If I can respond to your point about them keeping the money and reinvesting, you just have to compare it to, say, a public corporation, which is not subject to those same rules, and the shareholders of those public corporations aren't facing the same rules. I think it's important, and this is where I go back to—

Ms. Jennifer O'Connell: Sorry, but I have to ask. Where did the doctors go? You stated that in your opening testimony.

Mr. Jay Goodis: I don't know. I asked the experts, and they said they've already had two or three doctors leave.

Ms. Jennifer O'Connell: Thank you.

The Chair: We will have to cut it there.

Before I go to Mr. Kmiec, Ms. Ballantyne, I don't believe you have had a question. Do you have anything you want to add to bolster the arguments in your paper?

Ms. Morna Ballantyne: Let's wait for the round, and then I can make a final comment.

The Chair: Okay, that's what we'll go with.

Mr. Kmiec, you can have one question.

Mr. Tom Kmiec: Mr. Chair, I think I'm going to hand my time—

The Chair: Oh, sorry. It's Mr. Albas now.

Mr. Dan Albas: I just want to make sure Mr. Goodis's point is counted there.

You are saying that if a business purchases and acquires a competitor and then continues to run that as a parent company, when it looks to draw dividends in from that, because it's a passive business, those profits or retained earnings into the parent corporation would be taxed differently. Is that correct? Is that what you're trying to say?

Mr. Jay Goodis: That gets very challenging, but yes. In short, if we have a company that acquires another company, it's going to be using its assets, and that could be deemed to be a passive investment. So now, if one company buys another company and it now owns it, how is that going to be treated?

Mr. Dan Albas: I'm worried, because you will have someone who, let's say, creates a master franchise, a management system, and then basically has people buy franchises whereby they are paying into it. Again, it's a passive investment because it's intellectual property, so it will be taxed at a much higher level than if it had been an international company coming in with the same strategy. This is where I think the differences are, and I don't think the government is giving a lot of clarity on that.

• (1440)

Mr. Jay Goodis: People think of passive assets as just investments in the stock market, but that's not true. There are a lot of passive assets that create jobs that really add a lot of value to the economy. Again, I think we really need to think this through and do a comprehensive study to make sure that we're achieving the goals of the government and we're not impacting what's happening to the business world.

The Chair: Mr. Boulerice.

[*Translation*]

Mr. Alexandre Boulerice: Thank you, Mr. Chair.

I have a question for you, Ms. Ballantyne. Obviously, you can imagine that I really liked your presentation and your proposals.

In Quebec, we have experienced the arrival of early childhood centres, low-cost public day care centres. According to a study by economist Pierre Fortin, this has enabled 70,000 women to return to the workforce. So it's a very significant increase in collective productivity.

Conversely, not having affordable public day care can prevent women from entering the workforce or remove them from the workforce. This morning, when we heard the audience's comments, a grandpa spoke. He was very happy that his daughter had twins.

However, it has also caused some difficulties. They realized that the only day care centre that could offer a place for the twins was a 45-minute drive from home and that the cost of day care for these two babies was the same as their mother's income. She wondered if she would be better off leaving work to stay home, because it was too complicated and too expensive to send her children to day care.

Isn't this a good example of the risks to our economy that this lack of programs poses?

Ms. Morna Ballantyne: Yes, exactly. The International Monetary Fund's new research speaks exactly to these risks.

I apologize, Mr. Boulerice, but I'm going to switch to English.

[*English*]

You asked for comments. I started advocating for child care when I was pregnant with my first son. He and his partner just had a child, who is now seven months old, and the only real change.... In fact, the situation is much worse, but the only good thing is that between my son and his partner they have 12 months of parental leave and, fortunately, they have access to parental EI benefits. Unfortunately, that's true for only a minority of parents who have access to that. They have been on a waiting list for a child care space in Ottawa. Again, his partner did exactly what I did: I got my name on a waiting list as soon as I was pregnant. They are now number 8,212, I think, on the waiting list.

There's not enough space. It's unaffordable. It's particularly unavailable for infant children. I was really glad to hear the presentation from the March of Dimes. Children with disabilities are almost completely excluded. Parents who have disabilities have trouble affording and accessing it. It's so frustrating. You talk about being on the backbenches and not being listened to by government. Well, we have been advocating for this for decades.

Fifty years ago the Royal Commission on the Status of Women said that you have to build a child care system that's affordable and accessible if you want women in the workforce and you want women to enjoy economic security. We have a Liberal government that has put the issue on the agenda, but not enough. I'm really afraid that what they've done is to say they've checked the box, because they gave essentially \$500 million in funding for 13 jurisdictions for one year, and that's not going to increase very much for 11 more years.

Let me remind you that in 2005, the last time we had a Liberal government, they promised \$1 billion in current dollars in 2005, annually, so we're really moving backward, not forward. It's a detriment to women's participation in the workforce, and it's a real detriment to the economy.

If the IMF researchers, the IMF of all institutions, are saying that if Canada wants to grow its economy, get women to participate in the labour force in equal numbers, provide the child care and other support... What's interesting in the IMF report... We hear a lot about the investment in the child tax benefit, and we congratulate the government for that investment. It's hugely important in addressing poverty among families and children. But what's happening is that because the cost of child care has increased, the child care benefit is even becoming a disincentive. What parents have to calculate is exactly what you said. What am I going to earn? What's the cost of child care? One of the things that gets taken away, if you have access to child care tax benefits, is potentially your access to a subsidy.

You have to do the whole thing. If you want increased participation, you have to do it. We've asked for this. Listen to us, please. You haven't done enough. You're on the right track. Engage the child care sector in the consultations. We have been completely excluded in the development of a multilateral framework agreement. We think that's one of the reasons that it's not meeting the objectives it should.

•(1445)

The Chair: Thank you, Ms. Ballantyne.

Mr. Sorbara, you get the last question, and that will be all for this panel.

Mr. Francesco Sorbara: Thank you, Chair.

Mr. Goodis, it's a very simple question. Yes or no, do you agree with extending the tax on split income rules as they exist now, from income to dividends, as suggested in our proposal, commonly known as income sprinkling?

Mr. Jay Goodis: Sorry, I can't say yes or no. That's because I understand that the proposals, the legislation, is coming out on Tuesday and the devil will be in the details.

Mr. Francesco Sorbara: Stepping back again, I'll ask one more time. Tax on split income; if you believe in tax fairness, 50,000 families having a preferential advantage when, on income sprinkling, someone is allowed to dividend the income to a family member who does not work in the firm, even in the 18-year-old to 24-year-old category, do you agree that is fair?

Mr. Jay Goodis: I can't give you a yes or no answer to that, because I don't think you're looking at the full—

Mr. Francesco Sorbara: I would answer—

The Chair: Francesco, Mr. Goodis is not obligated to answer yes or no. Give your answer, Mr. Goodis, and we'll move from there.

Mr. Jay Goodis: Right, I appreciate your looking for a direct answer, but it all depends on the circumstance. I'll just give you a situation about a spouse.

Let's say you have [*Technical difficulty—Editor*]

The Chair: Go ahead, sir.

Mr. Jay Goodis: Let's just say we have a spouse, and while someone is starting a business, the other spouse is now bringing in all the funds to help support the family. You could go through the mechanical exercise of taking all the money the spouse brings in, dollar-for-dollar, back to the corporation, and pay a dividend to the other spouse, even though they are not involved in the business. You

could say they are helping the family unit, just like we see under family law but, that being said, I do see situations where I'm glad the government is looking at this issue. There are people who are abusing the system such as having 10 different people all over the country, cousins, aunts, or uncles, who have no involvement in the business, who have no reason, in my opinion, to be taking advantage of those marginal rates, but I don't think you can look at it simply at a spouse or the kids, what their involvements are, and then everybody else.

Yes, there's a targeting measure, and we need to do something. I just don't think we have it right, based on what I've seen.

The Chair: Okay, with that I'll thank all the witnesses for their responses to questions.

For the committee, we will suspend for five minutes and go to the open-mike session.

Thank you all. It is much appreciated.

•(1445)

(Pause)

•(1455)

The Chair: We'll reconvene for the open-mike session.

Where I believe we had 10 witnesses this morning, we have one this afternoon, which is appropriate, because our witness here is from ONE.

Ms. Selma Sahin, the floor is yours.

•(1500)

Ms. Selma Sahin (As an Individual): *Bonjour.* My name is Selma Sahin, and I am a volunteer with the ONE organization.

I know you all have heard this from various volunteers around the country. I have a little apology up front that hopefully it will put a bit of a smile on your face.

I came this morning to register, per the instructions I was given, and had my wonderful statement that I had written out last night on my iPad. Guess what I forgot to bring with me when I came back this afternoon. I was furiously writing down what I could remember. It's not nearly as concise or as beautifully constructed as it was last night. I'm just going to have to free-form today with my brief notes, so I apologize up front, which is a very Canadian thing to do.

As you all know, ONE was co-founded by Bono. It's a global organization with over 8.6 million members worldwide. We advocate in particular to reduce extreme poverty globally and deadly infectious diseases around the world, especially in Africa.

I know this committee has already heard from volunteers about how poverty is sexist; hence, globally 130 million girls, four times Canada's population or greater, can't go to school, not because they don't want to but because they're not allowed to or able to.

We also know that Canada can do its part, to be part of the solution, for just two cents a day per citizen. I believe this would support the Canadian government's emphasis on women's issues worldwide, as Prime Minister Trudeau and our other ministers have spoken about.

I understand there are obviously so many valid, competing priorities for the Canadian federal budget. No question, there are things that must be done, but I also realize that we, as a country, represent compassion in doing our part to make things better around the world.

On a personal note, I'm retired from a global corporation that gives to charities and supports causes to improve lives around the world and encourages its staff to do so. That is why I have contributed for decades to United Way and other Canadian charities, and for nine years to personally sponsor a girl's education in Kenya.

As someone who is retired and living on a pension, I continue to make my contributions because I believe it's the right thing to do. I believe that by helping others we're actually helping all of us by globally improving the standards of living and increasing life expectancy. For example, in Africa, if girls could all complete high school, there would be 1.8 million lives saved per year, so it's not just a question of earning more income but that there are actually lives being saved. Of course, we all recognize that women make up approximately half the global population, so if they cannot contribute to the well-being of their communities to make the world better, that's a loss.

I do believe a tiny fraction of the Canadian budget can definitely be leveraged to support causes where a dollar overseas goes so much farther and can have such a greater impact than just what we do here.

That's it, unless there are any questions. Thank you so much for your time and attention.

The Chair: Thank you very much, Selma. You're the last witness for pre-budget consultations 2018.

Before we adjourn, I just want to, as chair, certainly thank all the members. It was a fairly extensive meeting tour across the country and there was a lot of endurance on the members' part. We heard most interesting presentations, and we certainly thank everyone for that.

I want to thank, as well, on behalf of the committee, the people in the booth who do the simultaneous translation. There are times when it's a little speedy, and I certainly thank them for their efforts. As well, I want to thank the people at the front desk who do the registration, the folks back here who make sure the mikes are on, and all the work that they do. Thanks to all the people who have helped the committee. There's our analyst Brett, whose real, intensive work is just starting—Brett, you have our sympathy—and certainly the clerk. As committee members know, I got a picture of her in St. John's airport. She was on her knees and had a file on her briefcase as she tried to get one of the witnesses on that we had this morning. There was a lot of effort by all, so, on behalf of the committee, to all of those who helped in the organization, thank you very much.

With that, we will adjourn.

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