



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Finance

FINA • NUMBER 210 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Wednesday, May 8, 2019

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Chair

The Honourable Wayne Easter

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• (1610)

[English]

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

I apologize to the witnesses for the confusion. It looks like there will be more votes today, but we are where we are.

For the purposes of the record, we are dealing with the order of reference of April 30, 2019 for Bill C-97, an act to implement certain provisions of the budget tabled in Parliament on March 19, 2019 and other measures.

We'll start with the witnesses, and please keep your remarks as close to five minutes as possible, beginning with the Canadian Alliance to End Homelessness and Mr. Richter, the president.

Go ahead.

Mr. Tim Richter (President, Canadian Alliance to End Homelessness): Good afternoon. Thank you for the opportunity to speak on Bill C-97.

This afternoon I'd like to speak briefly about the national housing strategy act contained within Bill C-97 and the right to housing.

For most Canadians, a home is something we take for granted. Unfortunately, for far too many Canadians, the lack of housing is a matter of life and death. Homelessness is experienced by 235,000 different Canadians every year, at an estimated cost of over \$7 billion annually. Homelessness in Canada is on the same scale as our worst natural disasters, but unlike those disasters, homelessness is man-made.

Homelessness as we see it today has not always existed. Modern mass homelessness in Canada is a result of policy choices made largely by the federal government in the late 1980s and 1990s, specifically, decisions to eliminate affordable housing programs.

The national housing strategy begins to reverse those choices. Embedding the right to housing in the national housing strategy act as federal policy will ensure not only that Canada places in law important protections for vulnerable Canadians, but also that we can hardwire into the national housing strategy measures that will make it more effective.

The national housing strategy act makes a policy commitment to the progressive realization of the right to housing, consistent with the International Covenant on Economic, Social and Cultural Rights; creates an independent housing advocate supported by the Canadian

Human Rights Commission; establishes a national housing council with explicit inclusion of people with lived experience of homelessness and inadequate housing; and commits to ensuring the participation of affected communities.

However, as it's written, the national housing strategy act lacks essential elements of a workable human rights accountability framework. Some additional elements need to be added for the legislation to implement an effective, rights-based approach, as promised when the national housing strategy was introduced in November 2017 and as required to bring Canada in line with international human rights standards.

We've been in ongoing conversations with the government and parliamentarians on a few simple amendments so that the national housing strategy act would establish a monitoring role for the housing council that does not simply provide advice, but tracks progress on implementing the progressive realization of the right to housing; that mandates the housing advocate to receive and investigate petitions identifying systemic housing rights issues and assess progress on the progressive implementation on the right to housing; that makes specific recommendations to the minister that the minister must respond to; and that establishes a procedure for the housing advocate to refer important systemic housing rights issues to public hearings before a three-person panel drawn from the housing council, ensuring that affected groups have a voice and that the panel's recommendations will be considered by the minister.

Legislation implementing a rights-based national housing strategy provides a historic opportunity for the federal government to address as a priority critical human rights issues at home and, at the same time, to provide leadership on human rights internationally.

This is the first time in Canada's history that legislation recognizing the right to housing has been introduced, and it's critical that we take the time to do it right. In the national housing strategy act, the government provides an historic policy commitment to the right to housing, but that commitment must include mechanisms to ensure that this historic policy commitment is meaningfully implemented.

Thank you very much.

• (1615)

The Chair: Thank you very much, Tim.

Turning to the Canadian Art Museum Directors Organization, we have Ms. McCaffrey, executive director, and Mr. Le Moine, legal counsel.

Go ahead.

Ms. Moira McCaffrey (Executive Director, Canadian Art Museum Directors Organization): Thank you very much.

Mr. Chair and members of the Standing Committee on Finance, the Canadian Art Museum Directors Organization-Organisation des directeurs des musées d'art canadiens, or CAMDO-ODMAC, represents close to 85 art museum directors who lead a diversity of visual arts institutions situated across Canada. Our mission statement asserts that "CAMDO-ODMAC strengthens the ability of Canadian art museum and public art gallery directors to champion art and its significance in society." It's in this spirit that we address the committee today.

CAMDO-ODMAC is a lean organization, with a volunteer board and one employee; that would be me. Today I'm joined by François Le Moine, a lawyer specializing in art law with the firm Sarrazin Plourde, who was mandated by our board to prepare the museum's intervention in the appeal case.

Last June a Federal Court decision by Justice Manson regarding the application of the Cultural Property Export and Import Act had a significant impact on art museums and galleries in Canada that have an international collecting mandate. The following discussion provides an overview of that discussion and its impact. That includes CAMDO-ODMAC's decision to coordinate an intervention in the appeal of the Manson decision and the April 16 decision of the Federal Court of Appeal in which the Manson decision was set aside.

The Canadian Cultural Property Export Review Board, known as CCPERB, is an independent administrative tribunal constituted by 10 cultural property experts. Under the act, CCPERB is mainly responsible for granting export licences and certifying cultural property for tax purposes. On July 13, 2017, CCPERB rendered a decision on an export licence for *Iris bleus, jardin du Petit Gennevilliers*, painted in 1892 by French Impressionist painter Gustave Caillebotte. The request for the permit was filed by Heffel Gallery Limited in order to export the work to the United Kingdom after it was acquired by a British commercial gallery during a public auction in Canada. CCPERB decided that the painting met the two criteria of "outstanding significance" and "national importance", commonly referred to as the "OS/NI" framework, and thereby delayed the granting of the export licence by six months, a period during which a Canadian institution could offer to buy the artwork.

Heffel applied for judicial review of CCPERB's decision by the Federal Court. On June 12, 2018, Justice Manson of the Federal Court found that CCPERB's decision was not "reasonable". In particular, Justice Manson wrote that the board had misinterpreted the second criteria of "national importance", and preferred a much narrower definition requiring:

...a direct connection to Canada, such as having been recovered in Canada, made in Canada, made by a person who once resided in Canada, or otherwise having some relation to Canadian history or a Canadian theme or subject.

As a result, the Federal Court quashed CCPERB's decision and referred it back to the board for reconsideration.

Regarding the impact on cultural institutions, the Federal Court ruling placed serious restrictions on the ability of Canada's art museums and galleries, as well as libraries and archives, to have non-Canadian works of art certified by CCPERB as cultural property. Given the structure of the act, the OS/NI criteria are not merely used for export permits. They are also the criteria that govern the granting of tax benefits to those who give works deemed cultural property to a Canadian institution. In other words, following the Manson ruling, a Canadian museum, art gallery, library or archive was far less likely to be able to offer tax benefits to potential donors who wished to donate non-Canadian works. As a result, there was considerable risk that owners of such works would prefer to sell their property on the international market, which would trigger a decrease in gifts of such works to Canadian institutions.

For more than 40 years, and given the very restricted acquisition budgets of many museums, this system has been the main method by which Canadian institutions have acquired works of art. This is demonstrated by the number of major international art donations currently in public collections that have been certified for tax purposes under the act. In addition, donations made under the act contribute to creating educational programs aimed at all audiences; to advancing knowledge, including university research; and to facilitating the negotiation of loans for temporary exhibitions. The tax incentive system thus contributes to Parliament's objectives of preserving and enhancing cultural heritage in the interest of the Canadian public.

• (1620)

On July 11, 2018, the Attorney General of Canada filed an appeal before the Federal Court of Appeal. Responding to members' concerns, CAMDO-ODMAC coordinated the preparation of a motion for leave to intervene in the appeal.

On March 19, 2019, the Minister of Finance announced amendments in the 2019 budget to the Cultural Property Export and Import Act and corresponding provisions in the Income Tax Act. Overall, this is very good news for Canadian cultural institutions, as it would no longer be necessary to demonstrate that cultural property donations meet the criterion of national importance, specifically "such a degree of national importance that its loss to Canada would significantly diminish the national heritage", in order to qualify for tax incentives.

On April 16, 2019, art museums and galleries received excellent news. The Federal Court of Appeal rendered its decision in *Canada v. Heffel Gallery*. The judgment set aside the Federal Court ruling and reinstated CCPERB's decision from July 13, 2017. This was the outcome we were hoping for, and it stands as a major victory for art museums and galleries across Canada.

In closing, Canadian art museums and galleries are mandated to collect work of national significance. Many are also mandated to collect and showcase global art and heritage for the Canadian public and for future generations. The Cultural Property Export and Import Act has made it possible, over the course of its 40 years of application, to acquire major artworks, artifacts, archives, books, etc., many of which are acknowledged masterpieces that would have been sold or otherwise given to non-Canadian institutions. We are both reassured and extremely pleased that the ability of art institutions to continue fulfilling their mandates is now protected by the amendment in the budget bill and the recent ruling of the Federal Court of Appeal, which reverses the Manson decision.

Thank you.

The Chair: Thank you, Ms. McCaffrey.

Next we have Ms. Stephens, assistant general counsel at the Canadian Bankers Association.

Welcome. The floor is yours.

Ms. Sandy Stephens (Assistant General Counsel, Canadian Bankers Association): Thank you for the opportunity to speak with the committee today as part of your study of Bill C-97, specifically on the changes in division 2, part 4 of the legislation, which deal with anti-money laundering and anti-terrorist financing.

My name is Sandy Stephens and I'm an assistant general counsel with the Canadian Bankers Association. The CBA is the voice of more than 60 domestic and foreign banks that help drive Canada's economic growth and prosperity. The CBA advocates for public policies that contribute to a sound, thriving banking system to ensure Canadians can succeed in their financial goals.

The banking industry is fully committed to the fight against money laundering and terrorist financing. Banks in Canada take their responsibility under Canada's AML/ATF regime very seriously, working co-operatively with the Department of Finance, FINTRAC, law enforcement agencies and provincial regulators.

The banking industry is fully supportive of the government's recent actions and ongoing plans to strengthen Canada's AML/ATF regime. This includes measures announced in budget 2019 to increase funding to police and FINTRAC to expand operational and investigative capacity, to develop the anti-money laundering action, coordination and enforcement team, and to expand public-private partnership projects to improve the overall efficiency and effectiveness of the regime.

With respect to the AML/ATF provisions contained in Bill C-97, we are fully supportive of improving transparency and beneficial ownership, including the amendments to the CBCA that would allow law enforcement access to the beneficial ownership information that corporations will be required to maintain under this act. The banking industry looks forward to the second phase of this work, which will examine registry options. We believe that reporting entities should have access to any registry that is developed.

Also, the banking industry supports the amendments to section 462.31(a) of the Criminal Code to add an alternate requirement of recklessness to the offence of money laundering. Banks devote significant resources to their reporting obligations under the AML/

ATF regime and we support provisions that would allow for more output in the form of investigations and prosecutions of money-laundering offences. This amendment to the Criminal Code will help to prevent professional money launderers, who purposely distance themselves from criminal organizations and their predicate offences, from avoiding prosecution.

Further to recommendations made by this committee, we look forward to working with the government going forward to explore mechanisms and models to enhance public-private information sharing as well as information sharing between private sector stakeholders. It is widely recognized that improved information sharing can facilitate more targeted disruption of illicit activities and improve the effectiveness of the regime.

In this regard, it is worth noting that we also strongly support the recent recommendation of the ETHI committee that PIPEDA be amended to allow for a broader range of instances where financial institutions can share information beyond financial fraud, including money laundering and terrorist financing, in order to strengthen the regime as a whole. At the same time, we recognize that any measures taken to enhance information sharing must be balanced with privacy considerations.

The changes in Bill C-97 are positive steps to improve Canada's AML/ATF regime. The banks' central role in implementing the regime gives them hands-on experience and insight into where the regime can continue to be improved over time to more effectively and efficiently fight against money laundering and terrorist financing. Through the strong dialogue that the industry maintains with government agencies and regulators, we look forward to using that first-hand experience to assist in additional areas to strengthen the regime even further.

For example, adopting a more risk-based approach to the regime to encourage reporting entities to focus on risk typologies and customers who demonstrate significant AML/ATF risk would allow banks and others to effectively dedicate resources where they can achieve the greatest benefit.

● (1625)

To conclude, banks remain committed to the global fight against money laundering and terrorist financing, and we will continue to work collaboratively with the federal government.

Thank you for your time today. I look forward to any questions you may have.

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

The committee thanks the banks that allowed us to tour their facilities when we were doing the money-laundering study, to see first-hand how they handle their obligations under that act.

We now have Mr. Morrison, who has appeared before us a number of times and is now with the Canadian Housing and Renewal Association.

Mr. Morrison, go ahead.

Mr. Jeff Morrison (Executive Director, Canadian Housing and Renewal Association): Thank you, Mr. Chair, for inviting CHRA to appear today.

As you know, CHRA represents the social, non-profit and affordable housing sector in Canada.

[*Translation*]

Budget 2019 is another step in the government's efforts to deal with housing insecurity. The budget includes measures to increase access for first-time home buyers and it follows previous decisions seeking to consolidate and strengthen the community housing sector, decisions which were mainly contained in the National Housing Strategy of Canada of 2017.

Without seeking to minimize the importance of these measures, I would like to use most of my time to talk about two main issues. The first one is the proposed National Housing Strategy Act, contained in Bill C-97, and the second issue is the huge gap between the bill and the government's vision on housing, specifically the absence of a housing strategy for indigenous people living in urban and rural areas, as well as in the North.

•(1630)

[*English*]

The 2017 national housing strategy contained a commitment to “progressively implement the right of every Canadian to access adequate housing.” As discussed by my colleague Tim, this promise is being realized through the national housing strategy act, in clause 313 of C-97.

CHRA has long advocated for such legislation, as it would not only enshrine the progressive rights of people in Canada to housing, as recognized in several United Nations declarations that we've already signed, but would also legislatively require the relevant minister to “develop and maintain a national housing strategy”, which would have as a guiding principle, “(c) focus on improving housing outcomes for persons in greatest need”. Not only do we fully support these goals, but we wish to commend the government for taking what is truly a historic step in social policy development in Canada with this bill.

However, there are ways in which the bill can be improved. My colleague Tim has outlined a few proposals in that regard, and we support what Mr. Richter has said.

I'd like to add three additional proposed amendments. All of those amendments have been summarized in a letter that we've sent to the minister, which we have provided to the committee clerk.

First, we strongly feel that there needs to be explicit recognition of the progressive right to housing for indigenous peoples, including very importantly, indigenous peoples living in urban, rural and northern areas of Canada. An explicit reference to the United Nations Declaration on the Rights of Indigenous Peoples within the legislation would be useful in this regard. Although I recognize that Canada's ratification of UNDRIP is still not entirely complete—I understand we're still waiting for a royal assent—it would absolutely be a disservice not to include an explicit progressive right to housing for indigenous peoples simply based on a technicality.

Secondly, the legislation currently states:

18 (1) The Minister must, before March 31, 2021 and within every three years after that date, cause a report to be made on the effectiveness of the National Housing Strategy, with respect to the achievement of the desired outcomes, and the initiatives related to its implementation.

We'd suggest amending that reporting period to annually rather than every three years. Frankly, it will be very difficult to make changes to the strategy or to identify gaps or shortcomings based on a three-year report. An annual report would be a much more effective accountability period.

Lastly, we recommend that the legislation clearly spell out that the new housing advocate position—again, as Mr. Richter referred to—report directly to Parliament rather than potentially the minister. As it stands, the legislation is somewhat vague on this point. Such an amendment would remove any sort of political considerations and would really strengthen the non-partisan role of that advocate position.

Mr. Chair, there is a final point I wish to raise, and that, frankly, is what is not in Bill C-97.

As the committee knows, housing conditions for indigenous peoples, especially living in rural, urban and northern settings, are considerably worse than for non-indigenous peoples. In the national housing strategy, the Government of Canada committed to developing three distinction-based indigenous strategies, for first nations, Inuit, and Métis. Although this is welcome, these strategies do not directly address the housing inequality faced by indigenous peoples living in urban and rural settings, which is where approximately 87% of indigenous peoples live.

Until that fourth housing stream focusing on urban and rural and northern indigenous peoples is introduced, frankly, the government's overall housing policy will not be complete. In fact, this committee, the finance committee, recognized this inequality when, in your pre-budget report to the Minister of Finance released in December, one of your recommendations was to “Work with Indigenous governments and organizations to develop an urban, rural, and northern indigenous housing strategy.”

We would ask that you continue to advocate for that recommendation. Our own indigenous caucus has developed a proposed strategy for indigenous by indigenous, or FIBI, that provides a road map for how such a strategy could be enacted. It's on our website, and we encourage you all to please download a copy.

[Translation]

Bill C-97, the National Housing Strategy Act, is an important tool in the national strategy toolkit. By bringing a few improvements to the bill and incorporating a strategy based on the needs of indigenous peoples living in urban and rural areas as well as in the North, the federal government will establish a solid housing legacy. Moreover, these measures will help CMHC meet its objectives and enable all Canadians to have a place to live that meets their needs by 2030.

•(1635)

[English]

Thank you, Mr. Chair.

The Chair: Thank you, Jeff.

We'll go to the Ontario Real Estate Association and Ms. Cox, the president, and Mr. Thornton, the vice-president of public affairs and communications.

Go ahead, Ms. Cox.

Ms. Karen Cox (President, Ontario Real Estate Association): Thank you.

Good afternoon, everyone. My name is Karen Cox and I'm the president of the Ontario Real Estate Association. With me today is Matthew Thornton, vice-president of communications and public affairs at OREA.

It is a pleasure to be here today to discuss Bill C-97, an act to implement certain provisions of the budget tabled in Parliament on March 19, 2019 and other measures.

By way of introduction, OREA is the industry association that represents over 78,000 licensed realtors in communities across Ontario. Our members wake up each and every day looking to help our clients achieve the dream of home ownership because we believe that owning a home is something that should be attainable for families not just here in Ontario, but right across Canada as well.

For generations, Ontario has been a place where if you worked hard, got a good education and played by the rules you could own a home. This is increasingly difficult today.

According to the latest census, for the first time since John A. Macdonald, home ownership rates in Ontario are on the decline. One of the reasons for this decline is a lack of supply, which has driven up the price of housing to the point that families are finding it almost impossible to break into the market.

As a working realtor, I see this frustration on faces of Ontarians every day.

And I know this is not limited to Ontario. Families right across this country are finding it increasingly difficult to break into their local housing market.

Just last week, OREA's CEO, Tim Hudak, attended an announcement by the Ontario minister of housing, the honourable Steve Clark, where the province unveiled its housing supply action plan.

We were pleased that many of the province's initiatives were recommendations that OREA had made during the consultation period, including perhaps the boldest change in the plan, which was to fast-track development of new housing near transit stations. This change will result in smarter, more walkable and affordable communities near Ontario's major transit stations.

But it cannot be left to provincial governments to solve what is a national housing crisis. We need bold action from the federal government to help more middle-class Canadian families achieve the dream of ownership.

The government's budget included some very positive proposals to help more Canadian families afford a home. We were pleased to see the introduction of the first-time home buyers' incentive, the proposed increase to the home buyers' plan withdrawal limit, additional funding through the rental construction financing initiative and the housing supply challenge for municipalities.

These are only the first steps. The budget failed to fix the punishing impact on home buyers from the new mortgage stress test, which has reduced buying power by 20 cents on the dollar. Whether you're a millennial looking to buy your first home or a growing family who has saved and wants to upgrade, the stress test rules have compromised what you're able to finance.

In order to qualify for a mortgage, families must now demonstrate that they can afford interest rates of two percentage points higher than what they negotiate with their lender. These restrictive rules even apply to those who do not need mortgage insurance.

The harm caused by the stress test has been vast. Home sales in Canada in 2018 fell by 11% compared to 2017, and 15% compared to 2016.

The federally imposed stress test is a big part of the reason. Moreover, the rationale for the stress test is badly flawed. It protects against a far-fetched scenario by assuming that interest rates will rise 2% by the time a fixed-rate mortgage is due for renewal, but the homeowner's income won't rise at all.

Any party that wants to offer a serious plan for homeowners needs to start by making the stress test much more balanced.

Ontario realtors believe further action is needed beyond addressing the challenges brought about by the stress test. For example, the NDP is proposing a return to 30-year mortgages for those who have mortgage insurance.

This is a great idea. It means millennials and young families who don't yet have a big down payment will still be able to buy a home and begin building home equity earlier in their life. It also means their monthly or bi-weekly payments will be more manageable so that young parents can devote more of their income to their kids' music lessons and hockey equipment.

Poll after poll shows that housing affordability is a huge issue, and while the steps taken in Bill C-97 are a good first step, much more is needed in order to ensure middle-class families from right across Canada are able to achieve the dream of home ownership.

• (1640)

Thank you, and I would be happy to take any questions.

The Chair: Okay, thank you.

The bells are ringing, but I expect we can get unanimous consent to go until a few minutes before the votes. I think we'll try for six questions, four-minute rounds, and hold them to questions and not speeches.

We'll start with Ms. Rudd.

Ms. Kim Rudd (Northumberland—Peterborough South, Lib.): Oh dear, I have four minutes. Okay.

Ms. Stephens, I was reading your submission and I had a couple of questions. I'll give them to you quickly, and maybe you can roll them all into one.

You talk about Bill C-97 allowing for more investigations and prosecutions of laundering offences. And you talk about the professional money launderers being able to distance themselves. Can you maybe explain a little bit about what that means? That's my first question.

The second thing was that you talked about adopting a more risk-based approach to the regime, and reporting entities to focus on risk typologies and customers who demonstrate significant risks. What I think you mean is ability for you as banks to identify, based on risk criteria, who could be at risk.

Could you speak to those two issues?

Ms. Sandy Stephens: Yes, I would be happy to.

First, I think this committee is aware that banks provide millions of reports to FINTRAC every year. We're excited by seeing a provision that would have more output from all that input. I think what this provision is trying to address is the *mens rea* or the mental element to a criminal offence. It's lowering the bar from a knowledge base of the actual predicate offence to a recklessness. There are professional money launderers who try to blind themselves to what's going on underneath this, and this would allow for that mental element to be lowered so that they would still be caught. Again our view is that we're looking for more output from the system, given the amount of input that is put into the system.

The second question, I think, was about a risk-based approach. As I said, banks are fully committed to the MLTFA regime and are key partners, but they want to spend their time and resources for the highest impact for the biggest buck. And that's the highest risk customer.

There are provisions in the PCMLTFA currently that require a lot of administrative work with low-risk customers when it's ongoing monitoring, where you sort of have to refresh the ID of someone who has a term CDIC and is retired. It just feels as if there could be better ways to use that time and resources.

Ms. Kim Rudd: Thank you.

The Chair: Ms. Rudd, you're okay for a very quick one.

Ms. Kim Rudd: Oh, wow. Okay.

Ms. McCaffrey, I wonder if you could maybe explain something to us quickly. I really liked your synopsis of what it would have meant had this not ended up in the way it had. What would be the ramifications to us as a country in terms of our culture, our arts and museums and such?

Ms. Moira McCaffrey: I can say with certitude that what we were seeing was a slowdown and a stopping of donations because the restrictive definition of the OS/NI meant that objects that were not specifically connected to Canadian history could not qualify for tax credits. It was really, I would have to say, quite disastrous, unless you happen to be the director of a museum where your mandate was specifically linked to Canadian history. But as we know, especially our large institutions, many of them have a universal mandate, and within this country we have always seen significant art as being from Canada but from around the world. So yes, the impact would have been very bad. We were very concerned.

• (1645)

The Chair: Thank you both for keeping that tight.

Mr. Kmiec, and then Ms. Duncan.

Mr. Tom Kmiec (Calgary Shepard, CPC): For the Ontario Real Estate Association, thank you for mentioning B-20 and the impact it's had on the market. Obviously, I've tried twice at this committee to get the other side to agree to a study and they said no. They've run away from looking at the issue.

Can you tell me whether any of the budget policies that have been introduced on housing will offset the impact of B-20 in Ontario and Toronto and smaller cities and towns?

Mr. Matthew Thornton (Vice-President, Public Affairs and Communications, Ontario Real Estate Association): The measures introduced in the budget around the home buyers' plan and the first-time home buyer incentive are a good first step, a step in the right direction. Definitely, our industry is in support. However, that doesn't mitigate completely the impact that B-20 is having on the market. We're seeing a lot of folks sitting on the sidelines because they just can't quite afford the type of mortgage they need.

Mr. Tom Kmiec: Are they first-time home buyers, or are they people who are buying their second or third houses?

Mr. Matthew Thornton: I would say that they are both segments. We're seeing move-up buyers, as well as first-time buyers, sitting on the sidelines, yes.

Mr. Tom Kmiec: Okay. So, the changes that they made are not offsetting the impact of the B-20 stress test.

Mr. Matthew Thornton: They are positive programs that are definitely going to help people, particularly first-time buyers, get into the market, but if we look at other segments, we see that there continue to be challenges there for sure.

Mr. Tom Kmiec: One of the proposals is these shared equity mortgages, that the government is going to play the market with people and buy a portion of their homes with them, but it's capped at \$480,000. However, for the greater Toronto area, what's the average price of a home?

Mr. Matthew Thornton: Oh, goodness. Currently, it's over \$800,000 in the city of Toronto.

Yes, there are some challenges there, and there are a lot more details that need to be worked out on that program. We haven't seen full details yet on that CMHC program.

Is a program like that going to work in a market like Toronto? Maybe not quite as well as the government intended. However, with regard to Karen's market, Owen Sound, for example, I think that buyers there are going to benefit from it.

Mr. Tom Kmiec: What has been the impact of B-20 in the smaller regions? I'm talking about the smaller towns and smaller cities outside of the GTA.

Ms. Karen Cox: Outside of the GTA, it has had an impact for sure. First-time home buyers are finding it harder to qualify because of that stress testing on there, so they're not getting into the market. They have to go back and get a larger deposit to put down to buy, so they're not getting into the market.

Mr. Tom Kmiec: What's the hardest thing—you've probably done a lot of survey work and polling—for first-time home buyers, young people or people in their forties and fifties who are looking at buying their first home? What is the hardest thing beyond just the stress test? Is it the down payment that they're having the most difficulty obtaining? Is it proving income? Is that the difficulty? What is the hardest part of getting that first home?

Ms. Karen Cox: I wouldn't say that it's proving the income because they have good jobs—both spouses or both partners have good jobs—and they have some down payment. It's having enough down payment and meeting the stress test for financing.

Mr. Matthew Thornton: I would say that the top two outside of the stress test itself—that is, qualifying for a mortgage—are the

following. Number one is the down payment. Getting 5% or 10% together on homes now, particularly in those urban markets like the GTA, is a real challenge for families, and for young families in particular.

The second is closing costs. In the city of Toronto, for example, you're paying a double land transfer tax. That can amount to \$15,000 or \$20,000 for a young couple. So in addition to what they need to pull together for that down payment, those closing costs can really hurt as well.

The Chair: You have time for a very quick one, Tom.

Mr. Tom Kmiec: A very quick one? Okay.

With regard to the market segments, just in the greater Toronto area, where has B-20 had the biggest impact? Is it on single-family detached houses? Is it on condos, row houses or townhouses? I've seen data showing double-digit increases in that mid-level market and that prices have come down for single family homes. Am I judging this correctly, or has it been the same type of impact from B-20 all across the board?

Mr. Matthew Thornton: It's across the board in terms of what we're seeing. The demand among the millennial generation, which I think is the generation that's been impacted the most by B-20, for single family homes continues to be strong, but a lot of them are moving into condos as well. I think it continues to be across the board in terms of impact.

Karen, I don't know if you have—

Ms. Karen Cox: I would say that it's across the board.

The Chair: Okay. Thank you all.

Ms. Duncan.

Ms. Linda Duncan (Edmonton Strathcona, NDP): Thank you very much, Mr. Chair. It's a pleasure to join you at the finance committee.

I'm particularly interested in the testimony of Mr. Richter and Mr. Morrison, and I want to thank you both for your submissions.

I have two questions, and I will let each of you respond to them. Of course, our party is deeply disappointed that the government rejected the bill we presented that would have created and enacted a binding right to housing, which would have delivered on our international commitments. Thank you for raising that again.

Mr. Richter, two reports have come out recently. One is by Jan Reimer's organization on shelters in Alberta for women and children. When our housing critic and I met with her, she said very clearly that the crisis they're facing is not only the creation of the shelters and the fact they're having to turn away so many people, but also that the costing and the monies coming over are not sufficient to cover the additional counselling and assistance they need. It isn't just a case of providing housing; there are those additional needs.

Mr. Morrison, thank you very much for your comments on indigenous housing. Frankly, I see no reason why UNDRIP cannot be specifically put into that bill. I have brought forward those amendments to two federal laws and they have been rejected. UNDRIP needs to be made legally binding, not just in the preamble—so thank you for raising that. Nothing is stopping the government from doing that, despite the fact that Romeo Saganash's bill has not gone through yet.

I think they're all really excellent suggestions. Thank you for raising the issue of the need for urban indigenous housing. There has been a consistent attitude of federal governments, both Liberal and Conservative, to deny their obligation to indigenous people living in urban areas, which of course constitutionally.... You don't suddenly not become the responsibility of the federal government because you're living in an urban area.

I would like to hear a response from both of you on what you might have to say about both the Alberta and the national reports that have come out on shelters for women and children, and a little more about the need for greater attention to urban indigenous people. I know that in my city, a huge percentage of the population is urban aboriginal, and there's a great dearth of housing.

• (1650)

The Chair: We can start with Mr. Richter. Please keep your response to about 40 seconds, or Jeff will have no time.

Mr. Tim Richter: Okay. On the urban indigenous housing, to keep it short, I agree with what Mr. Morrison said, and I think that's a big missing piece.

It's interesting, because Alberta is a living case study of the effectiveness of the right to housing. Alberta has seen province-wide reductions in homelessness. The City of Edmonton has reduced homelessness the most of any city in Canada: 43% in nine years. That's by taking a rights-based approach to housing. It treats people as rights holders so they don't need to transition through a bunch of different steps to get into housing. They're given an apartment and provided the important supports they need, so a rights-based approach has been proven to be the most effective approach in reducing homelessness.

When it comes to women fleeing violence, many of the same principles apply. Housing policy is necessarily a partnership between the federal and the provincial governments. In most cases, provincial governments can provide the supports, and Alberta has done that really well. You do need housing specifically targeted to women fleeing violence and people who are experiencing homelessness, and the supports have to be there. In a rights-based approach, you would prioritize those populations for housing, which would free up provincial dollars, frankly, to provide those necessary supports.

Mr. Jeff Morrison: First of all, on the support services that essentially augment what social and supportive housing does, I couldn't agree more. By pure coincidence, earlier today we released our pre-election campaign website called *ahomeforeveryone.ca*. In it, one of our three key asks of all political parties will be to increase social supports so that supportive housing providers such as women's shelters can better deliver those services.

On urban indigenous housing, again, we think that it absolutely needs to be within the national housing strategy act. The fact that UNDRIP has not yet been officially ratified—it's waiting for royal assent—as I said, is probably a technicality. I'll run over to Rideau Hall and ask the Governor General to sign it if that's all it takes to ensure it's put in there. I think that can easily be overcome and a recognition not only of the right of indigenous housing, but the necessity of developing a distinct urban indigenous housing strategy, which of course is what the act does, needs to be an added complement.

• (1655)

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

Mr. Fragiskatos, we'll go with this round of questions.

Then we might have time for one question from you, Blake.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you to the witnesses.

Mr. Richter and Mr. Morrison, I'm quite intrigued by your testimony on the rights aspect of housing. If legislation were to align with Canada's commitments in our international obligations, the international covenants that we're responsible to, would that satisfy you?

Mr. Tim Richter: Yes. I think there have to be three or four really key things included.

It has to be consistent with those international covenants.

You have to have the advocate, and there has to be this independent monitoring and oversight of the implementation. It can't be CMHC watching over CMHC's implementation of the national housing strategy. I think that's a key piece.

The other part is that if you give people rights, there has to be a process for them to claim those rights. There has to be a hearing process, so that if they are somehow excluded from those rights or they are not being met, they have a place to go to have those rights fixed.

There also has to be reporting that's independent and public.

Mr. Peter Fragiskatos: What you're saying, sir, is that there has to be a housing advocate who would be independent of the minister, and certainly of the government, and a reporting mechanism that is predictable all the way through.

Mr. Tim Richter: Right, and that the advocate and the council be charged with monitoring implementation of the right to housing, and also that the minister and the government be required to respond to remedial recommendations from the hearing process and recommendations from the advocate.

Mr. Peter Fragiskatos: Amendments to that effect would satisfy some of the concerns you have.

Mr. Tim Richter: Yes.

Mr. Jeff Morrison: I would add only, as mentioned in my statement, that having that advocate and all the accountability measures contained within the bill reporting directly to Parliament, rather than a political body, eliminates any potential partisanship or political considerations within those positions.

Mr. Peter Fragiskatos: Thank you very much.

Ms. Cox and Mr. Thornton, it's nice to see you again.

Just for context, Mr. Chair, he chaired a discussion between me and my colleagues in the NDP and the Conservatives just recently. It was amicable, so it was fine.

There's a question I have for you. I'm intrigued by what you say about the stress test, but the Bank of Canada, while not dismissing that the stress test has had impact on buying patterns in Canada, has said the following on their website:

...the significant drop in the number of mortgages...indicates that other factors, such as provincial and municipal housing policies, are playing an important part. Most notably, a foreign buyers' tax for Vancouver was announced in July 2016...

In Ontario, a similar policy came about in April 2017. The bank continued:

Other regional policies include an empty house tax, restrictions on short-term rentals and measures to increase affordable housing. These measures helped change market sentiment, which in turn has slowed activity and price growth.

While I acknowledge that you're concerned about the stress test, would you acknowledge that there are other policies that have been introduced by other levels of government that are having an impact on buying patterns? That's the first question.

The second question is, was the Bank of Canada wrong to advise? This wasn't the Government of Canada's policy, this stress test. I think we took our cue as a government to put in place measures that corresponded with a real fear among economists, specifically the Bank of Canada—

The Chair: We're going to need time for an answer here.

Mr. Peter Fragiskatos: —who saw debt levels very, very high, and what that would mean for a housing bubble and consequently the Canadian economy. Do you have any thoughts on that?

Mr. Matthew Thornton: On the levels of government question, I think we would agree that other levels have a very big role to play in making sure there are affordable options for all Ontarians, or all Canadians. That's why we were so happy to see the Ontario government step forward just this past week with a really bold plan to increase housing supply. I think that's a really positive step forward, particularly around transit stations and fast-tracking approvals around transit stations. That's going to lend itself to building a lot more transit-friendly communities in the future.

Do I still have more time?

The Chair: Go ahead.

Mr. Matthew Thornton: Do other levels of government have a role to play there? Yes, absolutely.

On the Bank of Canada question, we're certainly not suggesting that debt levels are not an issue. I think our point is that B-20 has been in place for a little while now. Rates have gone up, I think, 75 basis points since it was introduced. I think it's time to revisit the stress test and whether or not there's a need for balance there.

• (1700)

The Chair: Do you have time for one very quick question?

Go ahead, Pierre.

Hon. Pierre Poilievre (Carleton, CPC): My question is about speed and how long it takes to get a house built in Canada. The Building Industry and Land Development Association in Toronto says that it can take as much as seven years from idea to shovel in the ground. They also say that government costs amount to \$185,000 per unit of housing in Toronto proper.

Municipal leaders keep telling us they need more government money for housing, but the same municipal and provincial leaders have piled on so much regulation and so many inefficiencies and delays that they, in a lot of cases, are the ones driving up the cost of housing in the first place.

Does anyone want to comment on the damage these regulations do, particularly to poor and disadvantaged people who would love to be part of the private housing market but can't afford it because of the cost of government?

The Chair: Mr. Thornton, you're chomping at the bit to answer this one.

Mr. Matthew Thornton: I'd love to comment on that question.

The short answer is yes. The government imposed costs on new housing, in Ontario at least, are substantial. They vary from municipality to municipality. Development charges alone can add over \$100,000 to the end cost of a new home, so those kinds of things need to be addressed.

I think the question should be: What is the federal government's role in increasing housing supply? We would take the view that the federal government is offering a lot of money for transit and infrastructure in particular. Tying some requirements to municipalities to update their zoning to permit intensification along transit lines, as an example, is a great initiative for the federal government to undertake to speed up some of these approvals and reduce that seven-year time frame that you mentioned, Mr. Poilievre, and to get shovels in the ground sooner.

The Chair: With that, thank you all for your presentations. We had a pretty good round of questions, all things considered.

For our second panel, we should be back in about 15 minutes.

The meeting is suspended.

• (1700)

(Pause)

• (1720)

The Chair: Let's reconvene.

We have a number of witnesses for Bill C-97. I believe five organizations are represented here in the second panel.

I will say there will be bells at about 5:52. At that time I expect we'll get unanimous consent to continue for a little while. If you can hold your remarks to five minutes, it will be helpful.

First on deck will be Mr. Baker from CARP.

Go ahead, Mr. Baker.

Mr. Rick Baker (Ottawa Chapter President, CARP): Mr. Chair, members of Parliament, ladies and gentlemen, good afternoon—or almost good evening, now.

My name's Rick Baker and I'm the president of the Ottawa chapter of CARP, which stands for the Canadian Association of Retired Persons. It's certainly my privilege to speak on behalf of CARP national and our chief policy officer, Ms. Laura Tamblyn Watts. CARP is a non-partisan, membership-based advocacy organization of more than 320,000 older Canadians in Canada. We have 30 local chapters that engage in their communities as well, and our mission is to advance the rights and well-being of Canadians as we age.

We thank the committee for this opportunity to present to you, and wish to acknowledge the traditional owners of the land and offer our respects to their elders past and present.

It is an important year with the recent budget and the impending federal election. We have a platform that represents comments on the recent budget, but also going forward a platform for all parties to consider. Our goal is to make sure that the federal government commits to specific, measurable improvements in five key areas which matter most to seniors. Most of you may know in this room that seniors now constitute way over 20% of the Canadian population, and we statistically know that over 98% of seniors get out and vote, so they do make a difference.

Our program is called The Faces of Canada's Seniors, which I have a copy of here. If you'd like to get a copy later on, I have some extras for you.

"F" stands for financial security, and a lot of discussions certainly around this table right now are on that aspect. We're extremely supportive of the GIS and we see this as a key win for low-income seniors, particularly older women, who are especially subject to poverty. We are supportive of the changes to the Bankruptcy and Insolvency Act, which provide greater transparency for government over companies that are in dangerous decline into insolvency, including provisions which will inhibit CEOs and other executives from divesting their assets. We believe that these preliminary steps, while important, are not enough to ensure pension security for pensioners. To that end, we adopt the submissions by our colleagues from the Canadian pensioners federation, as submitted by Mike Powell.

The deferred annuities announced in the budget are a positive, and we are supportive of them, but we do not think that allowing a person at 71 years of age to take some 25% of their RRIFs and put that into deferred annuities until 85 is the right answer. It is beneficial to some people, but not to all. What CARP really wants—and what we were very disappointed not to see in the budget—is the elimination of the ageist requirement to withdraw RRIFs at the age of 71. We were also very disappointed to see that the government did not close the loophole and ensure that the ombudsman for banking services and Investments—the public, non-partisan and independent ombudsman—is reinstated as the only ombudsman for Canadian consumers.

"A" stands for abuse prevention. We welcome the increase in the new horizons for seniors program by \$100 million over five years. This is an important and needed funding increase for a program that is essentially the backbone of senior service delivery in Canada. We encourage the government to use these funds to be allocated to raising awareness of elder abuse and abuse prevention mechanisms. The new horizons for seniors program has specific calls each year, and we hope that elder abuse will be included in the upcoming 2020 call.

"C" stands for caregiving and housing supports. While we are strongly supportive of the funding for the national dementia strategy, and was pleased to see that caregivers are mentioned in it, we were deeply disappointed that this budget did little for caregivers. Additionally, we would encourage this government—and we support the work of the United Way also being presented here—to invest in a much more modern health and housing continuum, embedding supported housing into the national housing strategy.

"E" stands for exceptional health care. We applaud the government for its steps towards pharmacare in the hope of seeing NACI-recommended adult vaccinations being included in the formula, as opposed to just prescriptions. We are hopeful that funding of a national seniors strategy will be included as well, but cannot locate where any specific funding has been allocated for it.

And "S" stands for social inclusion. We welcome the funding for digital improvements, especially in rural areas, which are critically important to social connections. We also urge this government to fund projects that support intergenerationalism, workplace inclusion and entrepreneurship. Too often, entrepreneur programs are only targeted at younger people, but the majority of investment in Canada in new start-ups come from the 50-plus cohort.

• (1725)

We hope that you join us on October 1 for National Seniors Day in Canada.

Thank you very much.

The Chair: Thank you very much, Rick.

Turning to Collectif pour un Québec sans pauvreté, we have Mr. Petitclerc and Mr. Ducharme.

[Translation]

Mr. Serge Petitclerc (Coordinator, Collectif pour un Québec sans pauvreté): Thank you very much.

Ladies and gentlemen, good day to you.

Thank you for inviting the Collectif pour un Québec sans pauvreté. This is our first time as witnesses before a standing committee of the House of Commons.

My name is Serge Petitclerc, and I am the coordinator and spokesperson of the Collectif pour un Québec sans pauvreté. Beside me is Olivier Ducharme, our researcher.

I am basically going to tell you three things today.

First of all, the Collectif would like to thank the federal government for this initiative. Just like the Quebec anti-poverty law, the federal Parliament has finally presented a bill that will bring about a national strategy on poverty reduction and establish the National Advisory Council on Poverty, as well as giving itself a general goal of eliminating poverty in the country. The Collectif welcomes the bill and its main goal of establishing the first official poverty line as well as poverty reduction targets. This is music to our ears.

Secondly, despite these positive remarks, the Collectif would like to stress that it is an error to use the MBM, the Market Basket Measure, as the main poverty indicator. The MBM as an indicator is not a bad tool, but it wasn't designed to be used this way. The MBM is to be used solely to measure the income necessary to meet the basic needs of a person or a family in terms of food, shelter, clothing, transport and other basic goods and services. Barely getting by, however, does not mean you can get out of poverty.

In our brief, you will read France's story, which serves as a perfect example. France is a retiree whose income is equal to the MBM. Before retiring, she had to live on an income that was much less because she lived on social assistance. When she retired, this was seen as an important step, because she would now be able to better meet her basic needs thanks to an improved income. For all that, she does not have the impression that she has escaped poverty. Her income does not allow her to cover any unexpected expenses. Despite being on a lower income when she was on social assistance, she could for example count on a partial reimbursement of her dental and denture expenses, as well as what she spent on eye exams and glasses. Since retiring, she has had to pay for most of her healthcare expenses, which has considerably increased her expenditures. After a fall, which left her with broken teeth and a broken arm, she fell into debt because of unexpected expenses.

That's the problem with MBM: it is too low. Getting out of poverty means you have a certain financial security, you are free to make choices and you have stability. That's the reason the Collectif's main recommendation is to raise the poverty line in order to make it more than simply meeting basic needs. For lack of anything better,

the Collectif recommends using the low-income measure which is 60% of the median income as an official poverty line. This is the same tool that is used by member countries of the European Union and it does have the advantage of giving a view of poverty which is not limited to meeting basic needs.

Thirdly, the Collectif would like to stress that many improvements could be made to the bill in order to make the Canadian government's fight against poverty more effective. I won't go into details, but I will briefly mention the five suggestions that are contained in our brief.

The first suggestion is that it would be logical to include a definition of poverty in the definitions section of the bill.

The second recommendation is that this definition should be the same as the one contained in the Quebec statute, which reads as follows, "[...] the condition of a human being who is deprived of the resources, means, choices and power necessary to acquire and to maintain economic self-sufficiency or to facilitate integration and participation in society."

Our third recommendation, if indeed the MBM is used as an indicator despite our opposition, would be to provide a definition in the act such as the list of goods that would be included in the market basket as well as the sources used to establish the price of each of these goods.

The fourth recommendation would be to change the subject in the title of the act that states "the reduction of poverty" and use instead "the elimination of poverty", given the preamble which states, "Whereas Canada aspires to be a world leader in the eradication of poverty [...]"

• (1730)

Our fifth recommendation would be to increase the number of members on the National Advisory Council of Poverty. We think that 8 to 10 people representing all the regional and socio-economic realities in Canada is spreading it a bit thin. By way of comparison, the advisory council of Quebec is composed of 15 members. That would be a good model.

Essentially, the bill is good news for us. It is good news for people living in poverty as well as the organizations that work with them. The bill should, however, contain a more ambitious target and be improved in many ways as per the recommendations contained in the Collectif's brief.

Thank you again for inviting us and listening to us today.

[English]

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

We will now turn to Ms. McIsaac, president of the Maytree organization.

• (1735)

Ms. Elizabeth McIsaac (President, Maytree): Thank you, and good evening.

My name is Elizabeth McIsaac. I'm the president of Maytree, a private charitable foundation in Toronto focused on human rights and poverty.

I want to thank you for the opportunity to appear before this committee to provide recommendations for amendments to Bill C-97, the budget implementation act

My written submission includes recommended amendments to the national housing strategy act and the poverty reduction act. For this presentation, however, my comments are focused on recommended amendments to the national housing strategy act.

I'll begin by saying that you've probably heard a bit of what I'm going to say from the earlier panel, but I think it bears repeating.

Canadians believe that equality, non-discrimination and freedom from fear and want, among other protections and freedoms, are fundamental to a free and democratic society. These values are reflected in our Charter of Rights and Freedoms, and form guiding principles for how we govern, legislate and develop public policy.

While Canadians may believe that we have a strong tradition of upholding human rights, we have in fact been selective about which rights we recognize and protect. To date, our successes have been largely focused on civil and political rights. Civil and political rights, like freedom of religion and the right to vote, are critical and reflect specific movements and political moments in our national and international history. We should be proud of that. However, economic and social rights are just as fundamental. In fact, both are needed and make each other whole as human rights.

While there has been reticence on the part of past Canadian legislatures to recognize and uphold economic and social rights, this is, I believe, the moment to do so. As you heard earlier from Tim, there are currently over 235,000 Canadians who are homeless, and over 1.7 million households in Canada live in unsuitable, inadequate or unaffordable housing. Canadians understand that safe, affordable and secure housing is critical to living life with dignity. Housing is a human right.

With the introduction of the national housing strategy act, we have an opportunity to recognize one of the basic and fundamental rights that we think all Canadians must be afforded. The proposed legislation undertakes a rights-based approach to housing, and provides an opportunity to reset the framework within which we conceptualize, develop and implement housing policy in Canada. We need to get this right. The proposed national housing strategy act needs to be strengthened, so that it clearly recognizes that housing is a human right and includes an effective accountability framework and mechanism for affected groups to claim their rights.

We urge the members of the standing committee to support our proposed amendments, which are outlined in more detail in our submission. Particular emphasis should be placed, first, on unequivocally recognizing that housing is a fundamental human right, as per our international commitments and international law; second, on mandating that the housing advocate receive and investigate petitions identifying systemic housing rights issues; and third, on establishing a process for a review panel to hear and make recommendations on these issues.

Being able to claim your right is essential in a rights-based approach. Without this, it is empty. The housing advocate must also be independent. This accountability and transparency is an essential element of a human-rights approach.

Finally, we feel that it is essential to establish a monitoring role for the housing council. Currently, it is mandated to give advice to the minister. We believe that, in addition to giving advice to the minister, it should monitor how effective the strategy has been. The progressive realization of the right to housing is, again, an essential element in a rights-based approach. Without this, the approach is empty.

We believe these proposed amendments will commit Canada to the progressive realization of the right to housing and set out the framework for an accountability mechanism that meets our obligations under international law, while reflecting a unique made in Canada approach. Importantly, affected groups will have access to public hearings on key systemic issues before an expert panel with at least one representative of affected communities.

All of these elements are critical to the development and implementation of an effective rights-based framework. The proposed amendments to the national housing strategy act will help ensure that Canada gets it right. This is a unique opportunity, and we must get it right.

● (1740)

It has taken several decades for economic and social rights to be at the forefront of the Canadian imagination. The federal government's leadership in this regard is appreciated. Continued momentum towards ensuring that Canadians are protected by economic and social rights is critical.

I'd like to leave you with a quote from our former Supreme Court of Canada Justice Louise Arbour, because I think she puts it best:

The values of freedom, equality and tolerance reflect a very large consensus in Canada. They are values which have been...embodied in our international commitments under the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the Convention on the Elimination of All Forms of Discrimination against Women, amongst [other conventions]. I want to ask you today, however—perhaps somewhat provocatively—if we have done everything within our power to give those values, and those legal commitments, effect in our day-to-day life as a nation.

My response to the challenge from Justice Arbour would be this: With the national housing strategy act, if passed with the right amendments, which we are proposing, we would finally begin to get there.

Thank you.

The Chair: Thank you very much, Elizabeth.

Next we have the St. John's Board of Trade.

Mr. Ellis.

Mr. Brandon Ellis (Policy and Advocacy Specialist, St. John's Board of Trade): Honourable Chair, I thank both you and the honourable committee members for giving me the opportunity to present to you today as a witness. My name is Brandon Ellis, and I am a policy and advocacy specialist with the St. John's Board of Trade.

St. John's Board of Trade is a business association. We represent about 800 businesses in the St. John's and surrounding area. We're also members of the Atlantic Chamber of Commerce and the Canadian Chamber of Commerce.

The St. John's Board of Trade is here today to express our grave concern with a number of different issues—deficits, taxes and issues of competitiveness. In the 2015 election it was promised by the current government that modest deficits would be run for the first three years, and then the budget would be balanced in 2019. Not only has the budget not been balanced; it has also since been revealed that the budget will not be balanced until 2040-41. In the 2019 budget as well, a total of over \$40 billion in new spending measures was introduced.

A study by the Fraser Institute has concluded that as a result of spending over the past four years, this government has accumulated more debt than any other government in the history of our country—

Hon. Pierre Poilievre: On a point of order, Mr. Chair, the members are carrying on a very loud conversation. It's hard to follow what the witness is saying. If they have a conversation, I would suggest they take it outside.

The Chair: That is a valid point of order.

Go ahead, Mr. Ellis.

Mr. Brandon Ellis: Thank you, Mr. Chair.

As noted, a study by the Fraser Institute has stated that this government has accumulated more debt over the past four years than any other government not in a period of recession or wartime in the history of this country.

The heavy reliance of the government on the federal debt-to-GDP ratio has our membership concerned as well. It is also misleading in the sense that it does not capture the true ratio of a jurisdiction because it does not take into account the debts of the provinces. If it did, the number would be significantly higher. Canada's total debt-to-GDP ratio is roughly around 65% to 67%. My province of Newfoundland and Labrador, for instance, would be around 85% to 90% with combined ratios.

The current pathway to a balanced budget that is projected by the Department of Finance also does not take into account harsh economic times, nor what a recession may look like. Like the Chrétien and Martin governments of the 1990s and early 2000s and the early Harper years, we must have the foresight to pay down the debt and lower our deficit. If we do not have the foresight to save during the good times, we will come to regret it in hindsight if we ever enter the bad times.

What is the outcome of our high debt? We either have to increase revenues or reduce expenditures to pay for it. Reducing expenditures in our belief as a business organization is a logical option. If government decides not to go the route of expenditure reduction,

who shoulders the burden of increased revenues? It's people like our members, their customers and their employees, through higher taxes.

Can Canadians pay for this debt? A poll completed in January by MNP Ltd. showed that the number of Canadians who are \$200 or less away from financial insolvency at the end of the month has jumped to 46% from 40% the previous quarter. Those Canadians are the customers of our members and of other chambers and boards of trade across the country. The answer is "No, they cannot." Taking money out of the pockets of the taxpayers, in turn, hurts our members. Canadians will have less disposable income to shop in local stores or to see the attractions of our great province of Newfoundland and Labrador, or in turn, our great country.

Canadians and businesses are on the brink of just being able to pay what they owe and each day we seem to lose our ability to be competitive with the United States. We cannot see more red tape in this country for business. We cannot see more burdensome taxes, as implied by the tax changes suggested on page 207 of the budget.

The last time the government tried to change tax loopholes, they got it wrong. Business pays more than its fair share in taxes. With any further tax changes concerning business, we request that this committee asks the Minister of Finance if he consulted with small business and with tax professionals, and if so, what those individuals told him. The last time there were consultations, our membership—all of our accountants—told the minister that he got it wrong.

This budget and this bill are disappointing for our organization on a number of fronts. The budget itself has little to nothing, in our analysis, for business. On top of that, we see all of this new spending. Our members know that someone will have to pay for all of these deficits and all of this new spending. That will almost certainly be them and their customers.

To be clear, to give an outlook to this committee of what the majority of our members look like, they are small businesses. Roughly 90% of them are small businesses with fewer than 10 employees working for them. They are entrepreneurial businesses and innovators looking to grow, but they are becoming increasingly stifled by the taxation and red tape. As the debt grows, taxation will likely grow with it.

We respectfully request that the government move forward with the recommendations of the Senate Committee on Banking, Trade and Commerce, which are supported by chambers of commerce across the country, and implement a royal commission on taxation. As well, we request that government implement the recommendations of the internal tax committee of the St. John's Board of Trade, which are outlined in your brief, and demonstrate a short-term pathway to a balanced budget, ideally within the next two years. Not addressing our growing debt and weakening position on the world stage will ultimately hurt the best interests of Canadians.

Thank you, Mr. Chair.

● (1745)

The Chair: Thank you, Mr. Ellis.

We will now turn to the United Way Centraide Canada, Ms. Khanna.

Ms. Anita Khanna (National Director, Public Policy and Government Relations, United Way Centraide Canada): Thank you for the opportunity to comment on Bill C-97 tonight.

My name is Anita Khanna and I'm the national director of public policy and government relations for United Way Centraide Canada. We are a federated network of member offices serving more than 5,000 communities across Canada. In 2019, our movement is marking our 100th year. Across Canada, United Ways and Centraides engage Canadians through a network of individual donors, service agencies and labour and business partners to make poverty and exclusion unignorable.

Today, United Way is an essential part of Canada's social fabric. We inject half a billion dollars into important social programs annually, making strategic investments that are based on local evidence to support the most vulnerable.

My remarks today will focus on divisions 19 and 20 in clause 313 of Bill C-97, the national housing strategy act and the poverty reduction act. Each proposed act is an important social policy milestone for Canada. They represent history in the making and we must get them right, for this generation and for future ones.

Strong evidence shows that federal leadership on housing and poverty is essential to building strong communities. This is why we actively drew on our national network of local experts to ground our policy recommendations for the poverty and the national housing strategies. We are very pleased to see that both acts include many of United Way Centraide Canada's recommendations.

United Way Centraide local members are leaders in evidence-based community investment for lasting social change and impact. As such, we have proposed changes to strengthen the housing and the poverty strategies over the last years. Most recently, we sent a letter to the Hon. Bill Morneau calling for amendments to clarify and strengthen the human rights elements of division 19, the housing legislation.

These included clear recognition of housing as a human right, consistent with international law; outlining a clear monitoring role for the housing council; ensuring the independence of the advocate outside of the national housing strategy; and including through reporting as well as mandating the housing advocate to receive and investigate petitions identifying systemic housing rights issues.

We believe these and other amendments outlined in the letter I distributed, which was sent to the Hon. Bill Morneau, will strengthen the human rights accountability of the national housing strategy act. These are necessary to align with Canada's human rights commitments and also to begin to truly establish Canada as a world leader in legislating the progressive realization of the right to housing.

Within the proposed poverty reduction act, in division 20, we welcome the elements specified: Targets, timelines, robust measurement and the advisory council. In the spirit of continuous improvement, United Way Centraide Canada recommends the following amendments:

Strengthening the overarching target of the poverty reduction strategy outlined in 6(b) so that the stated goal of the legislation is to achieve the end of poverty in

Canada. The current 50% reduction aligns with the minimum standard of the UN's sustainable development goals. Given Canada has met its 20% reduction target ahead of schedule, we urge the government to adopt a more ambitious approach to poverty reduction.

Further, in section 11, the poverty reduction act currently calls for the dissolution of the national advisory council on poverty once the, "Minister is of the opinion that the level of poverty in Canada has been reduced by 50% below the level of poverty in 2015." Given the ultimate goal we have outlined for the elimination of poverty, we call for the removal of this clause so that the council can continue its work until poverty is eliminated.

Our final recommendation also relates to the national advisory council on poverty. We are extremely pleased to see the council positioned as an independent body with a membership reflecting the diversity of Canadians, including those with lived experience of poverty and indigenous communities.

We believe that the council's resourcing will ultimately be what determines its independence. Looking back at the experience of the National Welfare Council, we note that that council was eliminated by the stroke of a budgetary pen. For this council to avoid that same fate, we must have an independent source of income sufficient to meet its mandate on an ongoing basis.

• (1750)

In a paper by Michael Mendelson for United Way Centraide Canada, we have identified that this could be done, for example, through the creation of a dedicated endowment fund. This would guarantee public accountability and efficient management of those funds. We further propose that the council be subject to the financial oversight of the Auditor General.

I want to thank you for the opportunity to contribute to this important process. United Way is ever committed to working with all parties and our business, labour and community partners to build stronger, more prosperous communities for all.

Thank you.

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

Thank you to you all.

The bells have started to ring, so we will have about 24 minutes or thereabouts. Do we have consent to continue?

Some hon. members: Agreed.

The Chair: We will try to go with four-minute rounds, and maybe we can get five and a half questioners in.

Mr. Sorbara, you're first up, then Mr. Richards, and Mr. Dusseault.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): First of all, there were a couple of things said that in my view need to be corrected.

Mr. Ellis of the St. John's Board of Trade, I worked in the global financial markets for about 23 years before I came to Ottawa. I have read probably every budget for a long, long time.

If I look at our fall economic statement where we introduced the accelerated investment incentive, which brought down the marginal tax rate on investing in Canada on a dollar basis to lower than the United States, I would be remiss if I wouldn't say that I totally disagree with your statement earlier on the competitiveness of the Canadian economy.

If you look at the FDI numbers here in Canada and the flow and the stock level, they are both exceptionally strong. If you look at recent announcements, be they in the Alberta industrial heartland or on the technology side in downtown Toronto or Waterloo, or the area I represent, it's very strong.

There were 548,000 job vacancies at the end of the year, a 40-year low in the unemployment rate. Our debt-to-GDP ratio continues to decline. The servicing costs of the debt continue to decline. We've lifted 825,000 Canadians out of poverty. We've created over 900,000 new jobs, the majority full-time, private sector. We have an immigration system where now, if a high-tech firm needs someone, they can bring him or her in within two weeks.

I'm not going to allow you to respond, because I'm going to move on in a second.

If I look during the Harper years, they took a surplus into a deficit before the global financial crisis hit. On that front, I was sort of shocked. We led the G7 in growth in 2017. I can continue and go on and on.

• (1755)

The Chair: Maybe you should go to a question.

Mr. Francesco Sorbara: I'll go to a question for CARP, actually.

Hon. Pierre Poilievre: Let him respond.

Mr. Francesco Sorbara: I'll go to a question for CARP.

We introduced a tax cut of nearly \$1.8 billion that will benefit over 330,000 seniors. CARP wrote, on the budget, that they were very pleased with the actions that were represented in the budget.

I read your report. I've been to the head office in downtown Toronto.

If you had to list your top two agenda items for this year, can you please do so, Rick?

Mr. Rick Baker: We actually have five, but certainly I—

Mr. Francesco Sorbara: Go with the top two or three.

Mr. Rick Baker: Certainly it's financial security, as I alluded to earlier. We're very concerned about the lack of interest in rolling back the RRIF, and also in the protection of pensions. I think they're a very big issue.

We've had a number of sessions here at Parliament with a number of our colleagues and have received some very good support to move forward. It is a work in progress, and we thoroughly understand that.

Certainly for one who lives on a pension, it would be very difficult if it were rolled back. We've seen some examples across Canada where that has happened.

However, we do see some progress and we applaud the government for that.

Mr. Francesco Sorbara: Do I have time remaining, Mr. Chair?

The Chair: You don't have time to even start.

I'll go to Mr. Poilievre and then Mr. Dusseault.

Hon. Pierre Poilievre: I thought it was very wise of Mr. Sorbara not to allow Mr. Ellis to respond, because I think, Mr. Ellis, based on your very informed testimony, you would have demolished that lengthy speech you heard. My friend Mr. Sorbara could make a lot of money in the fruit business because he's good at cherry picking.

If we look at the real facts of this economy right now, we are now in a no-growth economy. In the most recent quarter, the economy actually shrunk. In the last year, wages did not keep up with inflation. There's been effectively no middle class income growth in Canada since this government took office. That comes after a record increase in median income during the Harper years. In fact, since we've been recording median income, the only prime minister that saw growth in that was Harper.

On the issue of the debt, the Harper government paid off \$40 billion in debt before the recession struck. We were the last country to go into deficit and the first to come out with a balanced budget. We left that balanced budget to this government, which squandered it despite the fact that revenues have exceeded all expectations and despite some very large tax increases.

Our friend omits the fact that he's specifically targeted your members. His government has brought in penalties for businesses that save within the company, for those small family businesses that share income and work with family members. It increased payroll taxes. The new carbon tax, of course, will cost your members money, but they will not get a rebate. That's just a short list, but unlike Mr. Sorbara, I'm actually going to let you respond to my intervention.

The Liberals keep saying that small businesses can just pass the higher cost of the carbon tax on to their customers. Do you agree with that characterization?

Mr. Brandon Ellis: No, I do not. I don't think that small businesses are able to. Small businesses pass along the cost of carbon tax to the taxpayer—to their customer. The customer will then have less money and will be able to spend less money in the economy. To further build upon your point of the carbon tax and to respond with respect to that, our province is one, if not the only province, in the entire country that is not seeing a rebate on the carbon tax or any tax breaks on the carbon tax.

The Government of Newfoundland and Labrador is pocketing an estimated \$66 million on the carbon tax at the expense of our members and the taxpayers.

•(1800)

Hon. Pierre Poilievre: That has been the story in every single jurisdiction where carbon taxes have been instituted. The government wins; the taxpayer loses. The Liberal government has been saying that the model for us all to follow is British Columbia. Well now, in British Columbia, it's a buck eighty for a litre of gasoline—the highest in the history of any jurisdiction at any time in the history of gas prices in North America.

Could Newfoundland and Labrador support \$1.80 a litre gas prices?

The Chair: We will end it with your answer.

Mr. Brandon Ellis: I don't think so.

The Chair: All right.

Mr. Dusseault.

We've had an interesting exchange on the numbers, so all parties cherry pick.

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): Thank you, Mr. Chair. I'll get back to the bill before us, Bill C-97.

[Translation]

Thank you all for coming here today.

My first question is on how to measure poverty. Your presentation was excellent and convincing. You said that we shouldn't be using the Market Basket Measure, the MBM. You would use another tool which is the 60% low-income measure, if I understood you correctly. I'm not quite sure what we would be replacing the MBM with to truly target poverty. Could you explain it to me?

Mr. Serge Pettitlerc: Without going over what I said previously, I would add that the MBM was created to meet people's basic needs. If you want to eliminate or reduce poverty, you need to define that better. We think that measuring low income after taxation and transferring 60% of the median income in Canada is a better indicator than the MBM.

I will give you a very concrete example from Quebec, because I am more familiar with the statistics from that province.

In Quebec, using the MBM, a person living on his or her own would need about \$18,000 per year to be considered below the poverty line. If we use the 60% low-income measure, the line would be set at \$24,000 or \$25,000. That's not the same amount of money and it certainly makes a difference in people's lives.

That's the reason we propose this indicator, which is more generous. Moreover, it is used in Europe and other places to make international comparisons between member states of the OECD, the Organization for Economic Co-operation and Development. We think that this measure should be used to establish the official poverty line in Canada.

This does not preclude us from setting targets with other indicators. We have low-income indicators, but there are all sorts of tools that can be used to fight against poverty and socio-economic inequality.

Mr. Pierre-Luc Dusseault: Thank you.

The committee will have to take this into consideration when it looks at possible amendments on the measure.

Ms. McIsaac, Ms. Khanna, if we adopted a national strategy on housing without adding the right to housing in the act, will the act actually be useful? Without making this addition, is it just a useless enterprise?

[English]

Ms. Elizabeth McIsaac: I feel that it would be a missed opportunity. There was a tremendous amount of work done over the last two years in bringing forward and creating a model that is uniquely Canadian. We don't see this model exactly in other countries. We have taken care to work with government to create something that has some core elements. Many of these elements would be reflected in good policy work as well.

Specifically and explicitly recognizing our commitments in the international context is very important in driving home what that framework is and what that accountability needs to be. Quite frankly, we've made these commitments over a number of years, and we haven't delivered on them. I think we are compelled to do so and there's an opportunity to do it with our national housing strategy. Not doing so would be a missed opportunity.

•(1805)

The Chair: Blake, we'll come back to you.

Mr. McLeod.

Mr. Michael McLeod (Northwest Territories, Lib.): I have a question on the comments by my colleague, Mr. Poilievre. I just finished reading a couple of articles on the price of gasoline in B.C. There didn't seem to be any mention of this being connected to the carbon pricing. I guess I'll have to go back and do more research on that.

I do know, however, that there's an issue in my riding—I represent the Northwest Territories. I heard some of you talk about the issue of housing. In the presentations in the first round, we had the Canadian Housing and Renewal Association talk about indigenous housing.

In the Northwest Territories and in our indigenous communities, we got hit double by the cuts of the previous government, the Conservative government. We got our housing money cut and we got our indigenous money cut, and it left us in a real crisis for housing. We are trying to make a comeback. We're trying to deal with the deficit in housing.

I don't think we can deal with it unless we start looking seriously at an indigenous housing strategy. Could I ask the people from Maytree and the United Way to give us an opinion on how that would influence the outcome of our housing crisis?

The Chair: Do you want to start, Ms. Khanna?

Ms. Anita Khanna: Indigenous communities are clearly within the federal jurisdiction. I know from my own research that child poverty is an especially serious issue among indigenous people and that we need to study this question and provide housing solutions for families living on reserve. We need to have solutions for indigenous families also living off reserve, especially in urban indigenous communities, and we need to move this forward quickly.

This has been an internationally recognized crisis by the UN bodies. We've heard this time and time again in international settings, and we need to take action on it quickly. These are essential components having three distinct strategies and then a fourth one, as Jeff Morrison mentioned in the previous panel, that addresses the urban indigenous housing crisis and homelessness.

The Chair: Mrs. McIsaac.

Ms. Elizabeth McIsaac: I would just add that this is exactly the kind of systemic claim that the proposed process would allow in an investigation by the housing advocate.

What we haven't talked about is what kinds of claims would be heard. The model that's been developed is not intended for individual claims but rather to bring forward systemic claims, recognizing that so many housing issues are complex and cross horizontally and vertically into different policy files. The point of this is to be able to look at the systemic issues and make recommendations on how to do that deep dive. That's exactly the kind of claim that would be of interest to the advocate.

Mr. Michael McLeod: I'll ask one last question of CARP. There's a number of things I wanted to talk about, including abuse and these types of situations for seniors. We've put a lot of money into seniors. I think we put twice as much money in seniors as in our youth. But it still seems that there are so many things we haven't done yet.

With all the pieces out there, all the investments are there. I think we have just about 80% of the senior strategy. We just need an actual strategy. Would you agree that we're pretty close, that we should actually get one done?

Mr. Rick Baker: I couldn't agree with you more. We definitely need a national seniors strategy that encompasses a lot of different issues that are out there. Certainly it's very gracious that we've been receiving more funding to support our seniors, but it's still not enough.

As I alluded to, we are now starting to constitute way over 20% of the population and a huge, significant number of those people are very needy, so we need to continue addressing all of those particular issues. You'll certainly see that in this particular report as well. It highlights different areas and gives you complete statistical analysis in terms of where some of the key areas are.

The Chair: We will turn to Mr. Richards, then back to Ms. Rudd, and we'll let her close it off there.

Mr. Richards.

Mr. Blake Richards (Banff—Airdrie, CPC): Mr. Ellis, in response to the federal budget, the president of your organization, Nancy Healey, put up a blog post saying:

The budget failed to provide any meaningful solutions to the greatest concerns of business owners, including:

A commitment to a comprehensive review of the taxation system to make it fair and less cumbersome for businesses.

A broad-based commitment to reduce the regulatory burden on businesses.

A renewed commitment to eliminating interprovincial trade barriers....

A clear strategy to move the Trans Mountain pipeline forward, given the significant investment made by Canadian taxpayers.

Hopefully, I will have a chance to return to the first three points, but I will specifically ask you about the last point, if you want to

elaborate a bit on that. I'm from Alberta, and obviously it's a project that is very important to my province, but I believe it's an important project in the complete national interests.

As you are from Newfoundland, I want to get your perspective on that, why you believe that project is in the national interest and why it's so important to this country.

• (1810)

Mr. Brandon Ellis: Just to clarify, the fourth point was about the Trans Mountain pipeline, correct?

Mr. Blake Richards: Correct.

Mr. Brandon Ellis: We are big supporters of oil and gas in Newfoundland and Labrador. We've seen the economic benefits of being able to get our product to market, being right on the coastline there. There are significant exports, and there is domestic distribution of oil as well.

We see great value, as do our counterparts across the country as well, with being able to get oil to market. That is why we believe it's in the national interest.

Mr. Blake Richards: Let's return now to a couple of the other points. You obviously have already had a lot of opportunity, in your opening remarks and otherwise, to talk about your concerns around deficits and debt being piled on by this government. I certainly agree with your sentiments, but let's look at some of the other issues that were raised.

You raised the taxation issue but didn't have a chance to talk about it much in your opening remarks. Do you have any comments in regard to specific suggestions you want to see there in terms of the taxation in this country, and about the regulatory burden as well?

Do you have a comment on that vis-à-vis the idea of competitiveness, particularly in relation to our neighbours to the south who seem to be thinking, well, regulation and taxes seem to be going up in this country and they seem to be going down in that country? What does that mean for businesses and for our ability to attract new businesses and to keep the ones that we currently have?

Mr. Brandon Ellis: Just to touch on that, I believe I read a study recently that stated—I can't cite it correctly—that there was significant increase in investment in United States coming from Canada, but not vice versa.

If I can touch on the competitiveness and taxation piece, the carbon tax is a significant portion of that. I cannot find too many people who believe this carbon tax will have a significant impact on greenhouse gas emissions on a global stage. We emit only 1.6% of total greenhouse gas emissions on the world stage. The United States and China emit over 40% of total greenhouse gas emissions.

When I speak with environmental groups and speak with other business groups, they don't believe this small carbon tax is going to have any significant impact. As an organization, we're in favour of scrapping the carbon tax or providing significant tax decreases to offset it because it's a very insidious tax and we don't know the true outcomes that it will have on the economy.

Even environmentalists say that this carbon tax is no good, that you have to have it up extraordinarily high or it's not going to work. All it does at this—

The Chair: We're going to end it there, Brandon. We're well overtime, and we want one more round.

Ms. Rudd.

Ms. Kim Rudd: I honestly don't know where to begin, Mr. Ellis. First of all, I'm a former president of a chamber of commerce. I've been an entrepreneur and a small business owner for over 35 years. I do know where I'm coming from. I didn't hear you mention our commitment to reducing the small business tax from 11% to 9%. A number of the policies that we have put in place that allow us... There were at one time members who were called Progressive Conservatives. Those are the ones who felt it was responsible to support businesses, but our social responsibility to support housing and those supports that support Canadians in general...

Just for your own education, it may be helpful for you to read the reports that came from the Bank of Canada governor Stephen Poloz and from the Parliamentary Budget Officer who presented here last week. Read those reports, because I think they might help to inform some of your opinions.

I will just add that, on the price on pollution, we don't believe it should be free to pollute. There are Nobel prize-winning economists who have said that it is the right move, and I firmly believe that's true.

I'll move to CARP just quickly. Forty percent of the people in my riding of Northumberland—Peterborough South are over the age of 55. It's a rural riding, and the increase in the guaranteed income supplement helps a lot of single seniors, predominantly women who worked in the home, not outside the home, and who are often are still living on their family farm, because that's their only asset. That \$1,000 a year was significant to them. The other thing is the reduction, of course, in retirement age from 67 back to 65, which is another opportunity to provide them money earlier than under the previous government.

Last, I have a question for you. As you look at the demographic of seniors... I've actually gotten a good response on the annuity in my riding, and it's because, I assume, that the age that they're living to is

so much older. I agree with you that the requirement to take out a certain amount every year was causing angst for seniors about whether they would outlive their money. This is one element to address that. I guess I would say it's a place to start, and I'd like to hear your thoughts on some other measures that might be appropriate.

● (1815)

Mr. Rick Baker: Certainly we've identified that over the last couple of years, and we've seen some improvement by the government to at least address the issue. When people earn their money over their lifetime and then all of a sudden they have to claw back some of it, it just doesn't seem appropriate. We would like people to have the luxury of utilizing the monies they've developed and earned over the years.

We're looking at some measures to help minimize the grief that some of them would certainly face. We continue to work with the government. In this position, I'm a volunteer, and we have many volunteers across the country with lots of experience who work very closely with our professional staff. Even though we represent over 350,000 people, we have three full-time staff. We have to depend a lot on our volunteers, our presidents and what have you, across the country to develop those relationships with levels of government to make sure that we can serve our seniors properly.

Ms. Kim Rudd: We certainly appreciate the contribution.

The Chair: We are going to have to end it there. We're down to five minutes and the bells are starting to ring three times.

I want to thank all of the witnesses for coming here and for your presentations. I think all panellists got some questions, which is a good thing.

Mr. Ellis, you provoked a debate across the aisle, and that's a good thing too. I think it shows the passion on all sides of the House on where we should be going in fiscal and financial matters.

Tomorrow we meet from 11 until 1.

This meeting is adjourned.

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