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Chair: Mr. Peter Fonseca



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• (0900)

[English]

The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)): Welcome, everybody. I call this meeting to order.

Welcome to meeting number 107 of the House of Commons Standing Committee on Finance. Pursuant to Standing Order 83.1 and the motion adopted by the committee on Thursday, June 8, 2023, the committee is meeting to discuss the pre-budget consultations in advance of the 2024 budget.

The finance committee is honoured to be starting its cross-country tour for the pre-budget consultations in advance of the 2024 budget right here in Atlantic Canada. We've been to P.E.I., New Brunswick and Nova Scotia, and here we are today in Newfoundland and Labrador, in beautiful St. John's. We had a chance to get up to Signal Hill and see that. It's where Marconi sent the first transatlantic signal. Now we're all the way to smart phones these days. This is just to learn a bit about your history and your culture. It's really a terrific place. We didn't get a lot of time to be able to see all the sights, but the most impactful thing has been the people. The people here are just so down-to-earth. They're the salt of the earth, and we're delighted to be here.

Our finance committee members are members of Parliament. They come from all across Canada, but we have three members with us today who are local to Newfoundland and Labrador.

One member from here is one of our standing committee members. That is MP Joanne Thompson. Welcome, Joanne. You have all of your friends out to be able to share their thoughts on our budget.

We have with us MP Churence Rogers, who is also from Newfoundland. I don't know the exact riding, but you'll be able to share that with all of the members and everybody. Clifford was telling me that you're about an hour's drive from here. We also have MP Clifford Small. Clifford is about three hours from here, so you're the closest, as far as driving distance is concerned.

It's great to have all of this local talent with us here today to ask questions.

Also from our standing committee, we have MP Gabriel Ste-Marie from Joliette, Quebec, and MP Eric Duncan from Stormont—Dundas—South Glengary in Ontario.

All the way from the west coast, we have Richard Cannings, who is from the Okanagan in B.C., but Richard lived in St. John's in the

1970s, I understand, for a number of years. Maybe you will be able to share some of that, Richard, as we get into questions.

I am from Mississauga, Ontario. If you have ever flown into Pearson International, forget the Toronto part because it's actually in Mississauga. My riding is just above the airport.

One thing we do in our committee is that we have what's called an open mike. You'll see a mike behind you.

Today, we have Mr. O'Shea, who is going to have an opportunity to make a statement to our committee before we get to our witnesses and into the panel.

Please, Mr. O'Shea, the mike is yours.

Mr. Kevin O'Shea (Executive Director, Public Legal Information Association of Newfoundland and Labrador): Thank you very much, Mr. Chair.

My name is Kevin O'Shea. I am the executive director of the Public Legal Information Association of Newfoundland and Labrador and the manager of the Journey Project, which provides supports for survivors of gender-based violence in the legal system.

Since 2019, the Journey Project has operated a Justice Canada-funded initiative focused on workplace sexual harassment. This includes the provision of free legal advice to workers who have experienced sexual harassment in their workplace. To date, the Journey Project has supported over 740 survivors of gender-based violence, including over 100 who have experienced sexual harassment. We've also delivered training on workplace sexual harassment to over 200 employers and employees from a wide range of businesses.

Funding for this initiative ends in March 2024. Unfortunately, so far there has not been a commitment from the government to continue supporting this important work past this date. I urge the government to continue supporting the good work that is happening to address all forms of gender-based violence, and I respectfully ask this committee to prioritize the continuation of our funding in budget 2024 to prevent and address workplace sexual harassment.

Thank you very much for your time.

• (0905)

The Chair: Thank you, Mr. O'Shea.

Thank you for your statement and for your advocacy for our most vulnerable citizens. We thank you for that, and we appreciate it.

Members and witnesses, I will just let everybody know who our witnesses are today. Then the witnesses will have an opportunity to make a five-minute opening statement for the members.

With us here today, we have, from the Canadian Association of University Teachers, Dr. Robin Whitaker, vice-president; from Fish, Food and Allied Workers-Unifor, Courtney Glode, director of public affairs; from Municipalities Newfoundland and Labrador, Deatra Walsh, director of advocacy and communications; from the Newfoundland and Labrador Public Sector Pensioners' Association, Sharron Callahan, executive director; from Dooley's Trucking, Barry Warren, president, Canadian Courier Ltd.

We are going to start with the Canadian Association of University Teachers and Dr. Robin Whitaker for five minutes, please.

Dr. Robin Whitaker (Vice-President, Canadian Association of University Teachers): Thank you, Mr. Chair.

I would like to welcome the members of the finance committee to St. John's on the island portion of Newfoundland and Labrador, which I acknowledge as the unceded homeland of the Beothuk and Mi'kmaq peoples.

• (0910)

[Translation]

Welcome to Newfoundland and Labrador.

[English]

I am vice-president of the Canadian Association of University Teachers, CAUT, which represents over 72,000 teachers, researchers, librarians and general staff at universities, colleges and polytechnics across the country. I'm also a professor here at Memorial University in the department of anthropology.

I want to thank the committee for the opportunity to speak about CAUT's submission to the pre-budget consultations.

Canada is facing significant challenges—economic, social and environmental. To meet these challenges, we need to strengthen our public post-secondary education system, which is the foundation of our knowledge economy. It is also the foundation of our strong democracy and our robust society.

Today, I will highlight two areas that require immediate attention—science and research, and public funding for post-secondary education—and I will offer six recommendations.

The first area is science and research. While countries like the United Kingdom, Japan, the United States and the Netherlands are all increasing their investments in research, in innovation and in fostering talent, Canada has fallen behind its peers. From the discovery of X-rays and nylon to superconductivity, medical imaging, computers and mRNA vaccines, major scientific progress is driven by basic research, i.e., research without specific commercial outcomes or applications in mind at the outset. The Canadian government needs to boost its support for fundamental research to encourage real scientific progress that will produce long-term benefits. The report of the government's advisory panel on the federal research support system, often referred to as the Bouchard report, rightly notes, "Societies that invest in their research enterprise thrive while those that do not falter."

These are our two recommendations on science and research: one, an increase of at least 10% annually for five years to the federal research councils' total base budget for core grant programming, and two, an increase in both the number and value of graduate student scholarships and post-doctoral fellowships by \$200 million over two years. The value of graduate scholarship awards in Canada has remained unchanged for nearly 20 years, and post-doctoral fellowships have seen only a small increase over the same period. That means that the value of these scholarships and fellowships has declined quite substantially.

The second main area relates to partnering with the provinces to improve the affordability, access and quality of education. In February of this year, MUNFA, the Memorial University of Newfoundland Faculty Association, my own union, was on strike for two weeks over issues related to precarity, equity and affordability, joining colleagues in almost every province who are concerned about the future of public post-secondary education in Canada.

In this area, we have four recommendations. The first is to permanently double the value of the Canada student grant, bringing it to \$6,000, and to establish a more equitable fifty-fifty funding model for grants and loans, moving away from the current 2:1 model of repayable loans versus grants.

With regard to our second recommendation, increasing student financial assistance on its own will not address affordability. Tuition alone increased by 3% last year for domestic students. The federal government needs to work with the provinces to restore public funding, which is now below 50% of revenue for Canadian universities, resulting in the exploitation of international students, the loss of research talent, and more. Here it's worth remembering that funding for education is both a powerful economic multiplier and a critical equalizer.

The third recommendation is to improve data on post-secondary education in Canada. There is currently no data available on national tuition for college education, international student fees, student housing, education and workforce equality, the size of our scientific community, and other key issues.

Finally, we need to protect the mission of public post-secondary education by amending the Companies' Creditors Arrangement Act, CCAA, and the Bankruptcy and Insolvency Act to exclude public post-secondary education institutions. The unprecedented use of federal insolvency legislation at Laurentian University in 2021, as we all know, was inappropriate and set a dangerous precedent.

I hope to elaborate on these points further during the question and answer period.

Thank you very much.

The Chair: Thank you, Dr. Whitaker.

Now we'll hear from Dooley's Trucking and Mr. Warren, please.

Mr. Barry Warren (President, Canadian Courier Ltd., Dooley's Trucking): Good morning, ladies and gentlemen.

Mine is a small to mid-sized Newfoundland company that has expanded over the past 25-plus years to include five terminals across our province, 100-plus full-time employees and 150-plus pieces of equipment, from tractor-trailers to cars. Three years ago, we started doing speciality services throughout all four Atlantic provinces. By industry standards, we are one of the largest privately owned companies in Newfoundland. I would add to this that our footprint does expand throughout Canada.

What I wanted to talk to you briefly about this morning is the availability of full-time employees wanting to work full time and their expectations from employers. We ourselves have found in the past 10 years—and more so in the past couple of years—that you have to be a psychiatrist and a psychologist, and you have to be a banker. This past winter, because of the price of fuel, we had to advance money to our employees to fill up their fuel tanks. People would say, “Will you pay more money?” There's a little bit more to it. Our average pay per hour is a little over \$23. We're not paying minimum wage or that type of thing.

On the cost of operations as it relates to a freight carrier such as Dooley's, statistically, trucking companies run at an operating ratio of 90% to 94%, with big volumes but low margins, yet COVID-19 affirmed how much of an essential service it is. When it's coming to Newfoundland, it moves on a truck or it doesn't move at all. The costs of operations in Atlantic Canada are significantly higher and the margins are thinner.

On threats to profitability and sustainability, there is the cost of equipment. Four years ago, we paid \$130,000 to \$140,000 for a long-haul tractor. Today, that's a purchase of \$246,000 to \$295,000. That's in four years, I would add. I just found out from my insurance company yesterday—I didn't read the clause because no equipment was \$200,000 or more—that my deductible if we had an accident, which was \$5,000, has now gone to \$10,000, not talking about the interest rates on financing, which are through the roof.

On parts availability, you could expect inventory in stock or overnight service. Today, you can expect upwards of one or two weeks. The cost of parts has increased significantly. There's downtime, with wheels not turning, and therefore no revenue is being generated.

On government legislation mandated without an understanding of the cost of downloading to the trucking industry, I could speak volumes on that. I know that we've heard so much about the EI insurance. We've heard talk about mandatory paid sick days. That's a discussion that's gone on in the past. I have no problem with that. The problem I have is with somebody who turns around and doesn't understand what's happening in a business like ours or in any other business and says, “You have to pay in 10 days.” That's without an

understanding of, number one, where that money is going to come from, and also, if a driver is parked for 10 days, that tractor is generating no revenue, and there are costs associated with that.

You can look at our case, and this case can go right across the country. We have contracts with pharmaceutical companies. We're hauling narcotics and drugs. I can't call up the pharmaceutical company and say, “Look, my driver is sick today. I'm sorry, but we can't make it tonight.” It just doesn't happen. That's reality for us day in, day out.

More important to me right now, and what has had the biggest effect on me in the past 12 months, are the fuel taxes in general and now the carbon tax that's continuing to grow and is added. Basically, it's killing our bottom line. I just did some analysis. In the month of September, I paid out \$16,302 in carbon tax. Do the math on that. September is one of our slower months, so when you get into the busier months, that figure is going to go up to \$25,000 or \$30,000. Just take a 12-month period. My bottom line last year was smaller than that.

• (0915)

Going the route that we're going right now, I'm going to lose money. You turn around and say, “Well, increase prices.” Yes, we're working on that. But some of these contracts were put in place three years ago. They're negotiated every three to five years. You have to work through them and then negotiate them when they come up for renewal.

To bring this closer to home, and I'm going to finish up with this, I don't know if people realize it, but this applies to Newfoundland. If you're bringing a 53-foot trailer load of food into Newfoundland and crossing on the ferry, you're looking at a bill of about \$10,000 to \$14,000 for that trailer load. That's one way. The reason for that is that there's very little backhaul. In the fishery season there is, but throughout the others there's very little. So you have the Marine Atlantic fees and the fuel surcharges. Now they're going to add on an 80% fuel surcharge on top of that \$10,000 bill. When you turn around and have 10,000 dollars' worth of groceries coming in that now costs you \$18,000, you have the effect of a ball rolling down the road. It's a snowball that keeps growing.

When I look at this and—

The Chair: Thank you, Mr. Warren.

You'll have an opportunity to expand on that, I'm sure, with the questions that you'll get from the members. We are way, way over time, but you'll have a lot of opportunity.

Now we'll hear from Fish, Food and Allied Workers-Unifor and the director of public affairs, Courtney Glode.

Ms. Courtney Glode (Director, Public Affairs, Fish, Food and Allied Workers - Unifor): Thank you.

Thank you to the committee members for taking the time to hear from the Fish, Food and Allied Workers union today as we ask you to make the owner-operator fishery a priority in the 2024 federal budget.

As you may or may not already know, our union is the largest private sector trade union in the province, representing over 14,000 working people here in Newfoundland and Labrador. Over 10,000 of those members are professional fish harvesters, while around 3,000 others are processing plant workers. The long-term sustainability of the fishing industry is therefore of paramount importance to our members' livelihoods, both now and into the future.

● (0920)

The Chair: Ms. Glode, can I ask you to slow down? You'll have a lot of time to get there.

Ms. Courtney Glode: I'm sorry. I know I talk really fast.

The Chair: The reason I ask this is so that our interpreters can do their outstanding but difficult job. It would be great if you could just slow it down.

Thanks.

Ms. Courtney Glode: Yes. I'm sorry.

First, it's important to explain what the fishery means to our province and to our coastal communities. Outside the Avalon region, the fishery is what fuels this province. When people think about Newfoundland and Labrador or consider visiting our province as a world-renowned tourist destination, what is it that comes to mind? They picture a rugged expanse of coastline dotted with vibrant coastal communities, inshore fishing vessels, bustling wharves, children running about and nan out hanging her quilt on the line—but soon, without the proper vision and investment in our fishery, only nan will be left.

The fishery is not just any occupation choice for the people of our province. It's ingrained into our culture. It's a way of life inherited by our children from Conception Bay to Fortune Bay to Green Bay and the Gulf of St. Lawrence. Only by recognizing its value and its significance can we secure a future for our next generations that want to maintain this way of life.

The fishery of today is not the fishery of the past. An enormous amount of work and sacrifice has been undertaken over the last 30 years to modernize the commercial fishery. The objective of this industry is to provide good, meaningful work to the people of our province—jobs in inshore fish harvesting as either owner-operators or crew members, working in processing plants, or contributing to one of the related industries that support the commercial fishery.

Professionalization, diversification, science, safety and quality have all become cornerstones of our world-renowned fishery. Our province was once the king of cod, but in 2023 we have a plethora of high-value seafood exports that all contribute to our reputation as having some of the best seafood in the world. These are species like snow crab, lobster, halibut, tuna, herring, shrimp, capelin, sea cucumber, whelk and, yes, cod.

Over 17,000 people rely directly on the fishery. As an industry valued at over \$1.4 billion each year for our province, its economic

and social worth cannot be discounted. Protecting the owner-operator fishery goes hand in hand with long-term coastal sustainability. The owner-operator fishery contributes meaningful jobs to our province, and the federal government must enhance its dedication to enforcing fleet separation policies. The new Fisheries Act and federal regulations around the subject acknowledge that the owner-operator fishery brings substantially more value to our economy than corporate-owned fisheries. However, our industry continues to suffer the ill effects of corporate control. It is therefore essential that the federal government ensure that these regulations are vigorously enforced to bring consequences to delinquents and protect the future of our communities.

In addition, we ask you to make important commercial species a priority for science and research. The federal government is responsible for assessing the health of our marine species and determining management plans based on those assessments. When this research is not prioritized and important surveys in science are not undertaken, our coastal communities suffer. Species like mackerel, snow crab, seal, northern shrimp and northern cod are all vital to the economy of our province, and yet the lack of federal prioritization has led to incomplete updates for important species. Fish harvesters and plant workers bear the burden of this failure when quotas are set based on the available science.

Finally, I am here to ask you to make urgent and necessary changes to the federal employment insurance program. Over 30,000 seasonal workers in our province rely on a robust and reliable employment insurance program. These working people are vital to the two important seasonal industries of our province, tourism and the fishing industry, and they must be protected.

These workers are currently living through a financial crisis. An already difficult year has been compounded by inflated employment numbers, leading to a benefit crisis. Many people will now be without income for up to two months before the next fishery begins. Incomes will be reduced by up to \$400 a month. People are already choosing between putting food on the table and paying the heat bill. Thousands will be forced to go on social assistance. Others will be forced to leave their communities.

The result is certainly not something for the quintessential tourism commercial. These people were told that help was coming, but in fact they've been left out in the cold with no assistance from the federal government. Seasonal industries are vital to the economy of Canada and the economy of Newfoundland and Labrador. They deserve respect, they deserve dignity and they deserve help. The EI system must be reformed to be more responsive to the needs of working Canadians. The time for change is long overdue.

● (0925)

In summary, I once again respectfully request that your committee consider the importance and value of our province's owner-operator fishery for all that it contributes to the social and economic fabric of Canada as a whole.

Thank you.

The Chair: Thank you, Ms. Glode.

Now we'll go to Municipalities Newfoundland and Labrador, with director Deatra Walsh.

Go ahead, please.

Dr. Deatra Walsh (Director, Advocacy and Communications, Municipalities Newfoundland and Labrador): Before my clock starts, I'm just going to say that I'll make a few opening remarks in French.

The Chair: Thank you, Ms. Walsh.

Members and witnesses, you do have interpretation devices on your desks. You can adjust them to your needs—English or French—and then we'll get started with Ms. Walsh's opening statement.

[*Translation*]

Dr. Deatra Walsh: Members of the committee, good morning.

Thank you for the opportunity to speak with you today on behalf of Municipalities Newfoundland and Labrador and to share messages from the Federation of Canadian Municipalities, or FCM.

[*English*]

My name is Deatra Walsh. I am the director of advocacy and communications with MNL, the organization representing the 275 municipalities in this province.

I come to you today with a heartfelt and strong message from the leaders and staff in our communities.

[*Translation*]

Municipalities are the country's biggest partners in providing, and supporting the delivery of, programs and services to residents, but they can't do more with less.

[*English*]

My opening statement draws upon the themes from FCM's pre-budget consultation submission, namely municipal fiscal stability, infrastructure, climate resilience, housing, and safe, healthy communities. I'm looking at these things through the lens of Newfoundland and Labrador, and I acknowledge that they align with MNL's six strategic priorities.

Newfoundland and Labrador is an outlier, I would argue, on the national municipal stage. We are unique. We have one municipality with more than 100,000 people; 75% of MNL's members are communities with fewer than 1,000 people. We lack a regional governance system. Our municipal legislation is outdated and there are many spaces in which our members have not been long-term active players—such as transit, climate action and housing, for example—because they have not had to be. They simply lack the capacity to do so in a fulsome way.

This sounds like a story of doom and gloom, but it's not. It's a story of opportunity. Learning from and working with the outlier means making real and meaningful change possible for everyone. Most of our members operate on very lean budgets and with rising debt ratios, and over the course of the pandemic municipalities have had to make budget cuts. While the safe restart funding enabled our members to breathe a sigh of relief, the truth is that our municipal reality remains unsustainable. As one mayor once said, you can't cut basic. Our members are stretching themselves as far as they can, but with the rising cost of inflation and the added pressures to fill in gaps where other service providers simply cannot, it is a losing game. Downloading cannot occur without proper re-sourcing.

I invite the committee to discuss with me the 11 resolutions we are going to put forward at the AGM. They are an interesting comment on the fiscally precarious situations of municipalities here. We echo FCM's call for a new municipal growth framework and a tripartite approach to accessing new revenue tools.

How am I doing on time?

The Chair: You're good.

Dr. Deatra Walsh: Great. Thank you.

Infrastructure is a constant concern for our members—I talk a lot about infrastructure—such as how to maintain what they have and how to build new. Our members struggle to apply for and access the funding they need. They are not in a state of readiness, I would argue, to be successful in any federal funding competition. I use the word “competition” to signal an inherent problem in most infrastructure funding calls. The system as it's constructed now sets them up to fail. They lag in asset management planning because they have not received necessary supports. They struggle to access funding, even through the “ruralest” of streams, because our rural is different. I know it's true across the country, but it is particularly true here.

I would like to speak about and comment on an example from Harbour Main-Chapel's Cove-Lakeview. There's a population of 1,065. They've applied three times for federal and provincial disaster funding to support a breakwater in the community. The breakwater was estimated to cost a million dollars, which is equal to their annual operating budget. They were denied because of restrictive funding parameters and because they lacked the appropriate data to make their case. They were forced to apply through the provincial municipal capital works program, which is usually reserved for essential municipal infrastructure, for a breakwater necessary to mitigate the impacts of climate change.

We have to do better. Funding earmarked for municipalities needs to get directly into their hands without bureaucratic red tape. Our members know what they need. We echo FCM's call for a doubling of the Canada community-building fund with a 3.5% annual indexation. This is the best infrastructure funding tool to ensure that our members can address their priorities directly.

I would be remiss if I didn't talk about waste water. Please give me another minute for that and housing. Here in Newfoundland and Labrador, we're well behind the country in terms of waste-water infrastructure and compliance with the waste-water systems effluent regulations. Our members will need an astronomical funding package to comply, and we really need some dedicated funding for that.

Finally, I want to comment on housing. I'm proud to say that MNL has been leading the charge on municipal housing conversations in this province. We are in a crisis here, not just in St. John's, but in communities everywhere. The housing accelerator fund was a welcome addition to the suite of housing funding possibilities, but for more of our members to be able to access it, these types of applications need to meet them where they are. Capacity support at the local level is required, and it must be a whole-of-province approach, with all partners at the table.

Municipalities can play a role in all of this, and they do, but they need more support—funding, legislative and otherwise—to make this happen. They can't do more with less. Let's do this together. Let's get to work.

Thank you.

● (0930)

The Chair: Thank you, Ms. Walsh.

Now we'll go to the Newfoundland and Labrador Public Sector Pensioners' Association and Sharron Callahan.

Ms. Sharron Callahan (Executive Director, Newfoundland and Labrador Public Sector Pensioners' Association): Good morning. I am Sharron Callahan. I am the executive director of the Newfoundland and Labrador Public Sector Pensioners' Association and the chair of the Newfoundland and Labrador seniors' and pensioners' coalition. Collectively, this coalition represents the membership of 13 affiliated associations to which the NLPSPA provides leadership and infrastructure support, so our outreach is quite large.

I want to thank you for the opportunity to speak to you about the pressing issues impacting older persons in our province and across the country. I'm sure the issues are pretty common everywhere. I'm sure you will acknowledge that none of these issues are new or something that you have not heard before. These issues are focused on health, wellness, financial security and social interaction.

I apologize to the interpreters if I go off script a bit at times.

Seniors' issues are everyone's issues, as the impacts of these are felt within families, their communities and the service systems that are needed. I want to start, however, in somewhat of a positive, solution-focused direction, rather than on a negative note.

I want to begin by talking about ageism. Every time one listens to any news or social media broadcast—and governments are no exception to this rule—it begins with a negative tone on the aging

population. We are seen as a burden. We are seen as the reason for all that ails us in society, and our demands for service are taking away from our younger citizens. Yes, it is true that there are many older persons who require care and support, but there are many others who are still high-functioning and able to continue to contribute to the social betterment and the economy of this country.

My first ask is that we need an older worker strategy that promotes and supports older persons who wish to return to work or to continue to work beyond retirement while at the same time supporting employers to be successful in their line of business. Across Canada, there is a crisis of unavailable employees, for multiple reasons. I'm not going to go into those. Minor changes to tax rules, businesses offering more workplace flexibility and some accommodation for mobility challenges could have a huge positive impact on resourcing the employee crisis that would be productive both for employers and for older persons alike.

Older workers have proven attitudes and attributes of loyalty and reliability, but unfortunately these do not outweigh the negative ageist stereotypical attitudes: that we are resistant to change and that we have decreased capacity to learn and decreased productivity, which attributes employers unfortunately have assigned to younger workers. A cultural shift in thinking and positive promotion could go a long way toward shifting these opinions.

Also, you need to look at some of the internal processes within the federal government. I am 76 years old. I returned to work three years ago, but you have taken away my old age pension because of a limited supply of income. You need to look at that. That's my personal case.

I wanted to speak about matters of health. I'm well aware that health delivery is a provincial/territorial responsibility, but it is critical that health transfer funding allocated for particular programs have an accountability attached to it. Don't let the money go into general revenues, to go for purposes other than what it is intended for. Problems already identified include increasing shortages of health care workers, facilities overload, wait-lists for treatments, emergency room and bed closures, delays in the promise of a national pharmacare program, the quality and safety of long-term care, a lack of available qualified persons for at-home caregiver services, and the list goes on.

● (0935)

Canada needs a health transformation, just as we do in this province, but we cannot wait 10 years for a protracted plan. This needs to be given priority in funding allocations over the next two to three years.

I'll skip through some of it because my time is running out.

I want to refer to the high cost of living and financial security. I certainly see Barry's point about rolling it down to the individual consumer. All past initiatives to put money into the hands of Canadians are great. Notwithstanding these, however, the continuing increases in the cost of living, heating, fuel and social activities are just draining people's pockets. They cannot keep pace anymore and any hope is fast diminishing for most folks.

All I ask of you is to fix it. Do something about it. Stop talking about studies and everything else. Take some action.

Can I offer a bouquet? I want to offer a bouquet for some of the programs that the Government of Canada offers.

The New Horizons for Seniors program is a welcome program. It does a lot. However—and I think Deatra mentioned this—the barriers to getting funding are complicated. The process is a bureaucratic nightmare, and you have to have a degree in computer technology in order to get it. A lot of senior-based organizations that depend on that funding, and could use it, give up in the long run.

Thank you very much for the opportunity to present these few issues. I have a whole lot more, but that's it for now.

• (0940)

The Chair: Thank you, Ms. Callahan.

We want to hear a lot more, and that's the opportunity we're going to have right now, because we're going to get into our questions and answers time. For the first round, each party will have up to six minutes to ask you questions and get answers on your testimony.

We are starting with MP Small for the first six minutes, please.

Mr. Clifford Small (Coast of Bays—Central—Notre Dame, CPC): Thank you, Mr. Chair.

Thank you for bringing this committee to St. John's, Newfoundland and Labrador, to hear concerns of the people in Newfoundland and Labrador regarding the upcoming budget.

I'm going to start off with Ms. Glode.

I heard you mention science. Since 2015, there's been a \$5-billion increase in the DFO science budget, with approximately 5,000 new personnel. In half of these years, since 2019, we haven't had a trawl survey. I heard you mention the hardship in the fishing industry this year and what people are facing this winter. Had we had these trawl surveys since 2019—four of the last eight years—and given the experience on the ocean this year... There's an overwhelming amount of codfish, and who knows what other groundfish species have recovered since 2019? It's a long time. Do you think there's any responsibility in the lack of science? Should there be a lack of science, given how much money and personnel have been allocated under this government?

Would we be facing what we're facing this year if we'd had the proof that's ultimately going to come out of this trawl survey for our coastal communities? How much more employment do you think we'd be able to get if you had your 25,000-tonne increase in cod quota, for example?

Ms. Courtney Glode: You make some really important points.

On the mobile survey, this fall is the first year it's gone ahead in the last several years. For instance, with snow crab, increases to quota were based only on harvester-led science initiatives, because there was no data available from the federal government to make those assessments. In the case of northern cod, as you mentioned, there is a case to potentially double that quota and provide all that extra income.

We have people now who can't make the employment insurance cut-off because they couldn't go fishing this year or they had no buyer, so it is really important. If that science had been done and if that evidence was there.... Harvesters see what's on the water. They see all the mackerel, they see all the seals and they see all the cod, but that's not enough for DFO science. We understand that anecdotal evidence is not sufficient, and that's why we're asking for the comprehensive science.

I believe it's a lack of prioritization on where that money has been put. Research vessels need to be improved. The surveys were cancelled because of poor research vessels, unavailability and old vessels that couldn't work. Increase the collaborative science. With snow crab and other species, we've proven that harvesters can collaborate with DFO to achieve a lot of this needed data. We can work together on these important species to make sure that data is collected.

Mr. Clifford Small: Thank you, Ms. Glode.

The Standing Committee on Fisheries and Oceans, an all-party committee, made an all-party recommendation that the Minister of Fisheries and Oceans match the mackerel quota of the United States of America. Does it make sense to you that we have a federal minister and a department that won't follow basic recommendations that come out of an all-party, non-partisan committee and will deny the economic value that would enter our coastal communities and the spinoffs that would come from it?

Ms. Courtney Glode: Mackerel in particular is a really sore spot for our members. The fishery has been under a moratorium now for two years. DFO science claims that the stock is in trouble, but we have an enormous amount of evidence that shows that the spawning stock biomass has simply migrated. We have an enormous amount of mackerel around our coast. We have reports being submitted every day of massive amounts of mackerel all around our coasts while DFO science says there's no mackerel around.

If the science were to be done, there would be a huge amount of money that could go back into the province for fish harvesters to support the owner-operated fishery and to give plant workers the extra weeks of work they need as well.

• (0945)

Mr. Clifford Small: Would you say there's some kind of force at play inside of DFO that's preventing the proper science and the results that are plainly there in front of the eyes of those who basically live on the water?

Ms. Courtney Glode: Yes. I think there's a disconnect between Ottawa and the reality here in Newfoundland and Labrador. I think the new minister in DFO has shown more of a willingness to work with our members and to recognize the economic benefits that come from important fish like mackerel. We have seen a trend in recent years that environmental dogma is getting priority over true science, true facts and the economic needs of our communities.

Mr. Clifford Small: Does the federal government fund groups like Oceans North and Oceania directly?

Ms. Courtney Glode: I don't know if it funds them directly, but I think they do receive some funding for certain initiatives.

Mr. Clifford Small: Thank you.

The Chair: Thank you, MP Small.

Now we'll hear from MP Thompson.

Ms. Joanne Thompson (St. John's East, Lib.): Thank you.

I'm so pleased to welcome everyone here to St. John's, to this piece of Newfoundland and Labrador in particular. I am really grateful for this opportunity for us to be able to understand in a very specific way the concerns of so many important organizations and certainly municipalities and groups within the province. I'm pleased to have my colleague with me, and we'll split our time as we move through the morning.

I would like to start with you, Ms. Walsh, with the municipalities. Thank you for your opening statement.

You know we really are in a unique place in this province, certainly from my perspective. Even in this riding, I have municipalities and their needs are very different from what I see in the centre of the city. The reality is that the population is very low and the province is quite large. How do we continue to balance the needs of communities with existing populations? Understanding the demographics of the population as well, how do we continue to encourage development? I think we have tremendous opportunities going forward in terms of economic development in our communities. How do we support the movement, particularly of newcomers, to this place, into rural parts of the province? How do we support housing initiatives so that municipalities are really able to take a lead in terms of housing in response to our housing needs? Then, ultimately, how do we work across all government sectors—obviously the provincial government is a critical part of this conversation—as we continue to move into the realities of the 21st century?

I agree that infrastructure is significant. The climate crisis is real, and we have to prepare for what are now common occurrences of extreme weather events. How do we manage all of these things while at the same time continuing to understand that rural New-

foundland and Labrador is integral to our future as a prosperous province?

Dr. Deatra Walsh: I think I could write a Ph.D. thesis on that. I have—close to that one. Thank you for that. Those are great comments, and that's really complex.

I will answer partially as a sociologist, I guess, but I'll also zero in on the municipal perspective.

I've always said in my Ph.D. work that we have to support people in place, but that's expensive. I don't mean to reduce it to that, but it is difficult in a population with our geography. It is challenging to deliver services across this geography. At the same time, as you say, it's a balance. How do we support rural areas in meaningful ways? We have to do this all together.

You made the point about orders of government collaborating. Now more than ever, that is absolutely essential. We do have some.... I witnessed jurisdictional-type discussions, and that's fair. That happens in politics and in bureaucracies. However, we don't have any more time to waste on some of these key issues, such as climate change and all of these pieces. I'm going to come to housing in just a second.

Of course, as you well know—I know that some of you have been in municipal leadership, such as MP Duncan—as the order of government closest to the people, municipalities lack the resources and the power, in many instances, to make meaningful change for a variety of reasons. They've been said to be creatures of the province. There are funding arrangements coming from various spaces. Obviously, I've talked about how we can improve some of those things, but with respect to the issues of housing, supporting development and ensuring that newcomers can go to rural areas in our province and elsewhere, this is a moment when we definitely have to work together.

I'd like to extrapolate a little bit on the housing issue. We haven't really had to grapple with housing here in Newfoundland and Labrador in the same way as the rest of the country has. We've been embedded in a discourse of decline for so long. We've been worried about people leaving. We haven't been managing, I would say, housing insecurity, so this is a change now. It's a change for all of us to try to grapple with, but again, this offers us an opportunity—it really does—to work together.

The housing accelerator fund.... I want to commend the folks at CMHC for doing some hard work with our municipalities in working together on some of those key items—even though, as I said, the application process totally misses the mark for small communities. However, that funding stream does offer us an opportunity to try to work together to understand what those legislative and policy bumps are. Some of them are at the municipal level. Some of them are at the provincial level. Some of them are at the federal level.

Can we interrogate that funding program in a meaningful way for Newfoundland and Labrador so that we can actually get houses in the municipality of Gander? Right now, Gander is in a crisis situation with regard to housing. It has applied for half; I'm not sure if it has gotten it. It has some tremendous staff working on it. We need to get this happening here. I made the comment that it's not just a crisis in St. John's. St. John's is a holding point, as you well know, for people from all over the province, so we really have to manage that in new ways with wraparound supports, mental health services, etc.

I know, MP Thompson, that you know all about what I'm talking about here.

This is a moment for us to really look at that. I'd like to tip my hat to the work that Municipalities Newfoundland and Labrador is doing with Choices for Youth. We are doing a significant piece of research, so we have to go back to evidence. It's simply important. We have a gap in the research here on housing and homelessness. Hope Jamieson, with Choices for Youth, is the lead on this piece of research that we're doing, which is looking at all of those levers, identifying those problem points and telling us about what we all need to do at which level. As I said, I think we can do it; I'm an optimist.

Thank you. I hope I answered your question.

Ms. Joanne Thompson: You did. Thank you.

• (0950)

The Chair: Thank you, Ms. Walsh.

Thank you, MP Thompson.

Now we'll go to MP Ste-Marie, please.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

Good morning to you all. I'll be speaking French, so please take a moment to get yourselves set up. Meanwhile, I'd like to thank the interpreters, who are doing an excellent job. I also want to say hello to my fellow members who are joining us today.

I want to thank all five witnesses. We don't have time to ask each of you all the questions we'd like, but know that we are taking notes and will bring your concerns to Parliament. You've given us a good overview of the challenges. I'm delighted to be with you today.

My first question is for Ms. Glode.

The government pledged to reform employment insurance, or EI, in 2015, and year after year, the reforms were put off. The government then promised that it would definitely follow through in the

summer of 2022. In the summer of 2022, the government said that it would happen in the fall of 2022. Nothing has happened so far.

Obviously, the system is broken. Only four out of 10 people who lose their jobs qualify for EI. The system is broken, and reforms are needed to fix it. Could you please review the reasons why the reforms are so important for the province and workers here?

Could you also comment on the seasonal gap, if you wouldn't mind? Is the pilot project in place fixing the problem? Where do things stand?

• (0955)

[*English*]

Ms. Courtney Glode: The pilot project would go a long way toward helping people right now, but what we're faced with in the current EI crisis.... A lot of people don't realize that here in Newfoundland and Labrador fish harvesters have a completely separate EI program from other seasonal workers. It is a very convoluted and confusing process for a lot of people. It's also very convoluted and confusing for people who actually work in EI. We experienced that this year when the information we received, even from Service Canada, wasn't accurate and people were not able to apply for benefits.

The biggest problem that happened this year was the change in the unemployment rate. That was unexpected and it came at the end of the fishing season. When fishing seasons were already clewed up, people had the expectation, as they've had in all previous years, that they would need a certain number of weeks and a certain amount of income to qualify for their regular benefits. Since this change came at the end of the season, people had no ability to get those extra weeks. They had no ability to get that extra income.

As MP Small said, we didn't get the increase in cod this year. The cod season was closed in less than one week and a lot of people weren't even able to land any product.

It's a multi-faceted problem. We participated in the EI reform discussions, but I think the biggest thing is making the EI system responsive in a timely manner. It's been over two months since that EI rate changed. The longer we wait for a solution, the more convoluted the problem becomes because people have already applied for EI and people are waiting to apply for EI. How are we going to find a solution that helps these people? We understand it's not as easy as clicking a button and giving these people access to funds. I think the government needs to make it a priority to find out how we can do this in the future so that people are not left with no income in a really difficult time.

I hope that answers the question.

[*Translation*]

Mr. Gabriel Ste-Marie: Yes, absolutely. I really appreciate your answer. Thank you.

My next question is for Ms. Callahan.

Here again, there are a lot of important considerations. The new horizons for seniors program is basically open one week in the summer, when people tend to be on vacation. It involves considerable red tape. That has to change so that seniors can benefit from these initiatives.

I'd like to discuss two things.

The first is reforming the tax rules for seniors who decide to go back to work one or two days a week. We hear a lot from organizations like yours that, because of federal tax rules, seniors' benefits are clawed back when they go back to work. The government gains nothing, and the rules deter seniors who want to from going back to work when they can.

The second thing I'd like you to comment on relates to seniors who can't work. We are glad the government increased old age security benefits, but it did so only for those aged 75 and over. Seniors between the ages of 65 and 74 were left out in the cold.

What do you have to say about that?

[English]

Ms. Sharron Callahan: The organizations I've been involved with have been lobbying to also make sure that this additional cohort of our citizens is included in that increase. That lobbying action will continue. A lot of people retire long before the age of 65 or move into some kind of a lesser work cycle. As a result of that, those who aren't able to or who can't go back to work really need that additional source of income.

The top-up for old age security at age 65 would certainly be a help. I mean, anything is always a help.

• (1000)

[Translation]

Mr. Gabriel Ste-Marie: Thank you.

[English]

The Chair: Thank you, MP Ste-Marie.

Now we will go to MP Cannings for six minutes.

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): Thank you.

Thank you to all the witnesses for being here. It's wonderful to be back in Newfoundland after a bit of an absence.

I'll start with Dr. Whitaker. It's good to have someone from Memorial. I was doing my master's at Memorial when I lived here in the seventies.

You mentioned scholarships and fellowships, and I'll focus on that. When I was here at Memorial in the seventies, I had an NRC scholarship. It was very much enough to live comfortably on. That amount went up until 2003 and then it stopped. It has remained static. We now have the best and brightest of our country living in poverty. They are living below the poverty line. Master's students have to live on \$17,000 a year. They have to pay their tuition out of that, and tuition has gone way up.

I talked to Dr. Bouchard about this. There's been a big campaign around this for the last two years. Nothing has happened. It seemed to be very low-hanging fruit for the government to keep science and research thriving in Canada, and yet we've had no action at all.

I'm wondering if you could really dive into that. I think it's only part of the problem, but it's an easy part to fix, I think.

Dr. Robin Whitaker: Thank you for that question.

I think you're right. We're talking about the foundation there. It's interesting to me that so many of the other speakers identified the need for research and science. That can't happen unless people are trained and educated in public post-secondary education. I'm a Newfoundlander, and I wouldn't be where I am now without Memorial University. I know the same is true for Deatra. These things are crucial.

As you say, the scholarships and fellowships for graduate students have not increased in about two decades. That's roughly the time when I started teaching, actually, as a new professor. My new undergraduates, when I was starting, suddenly had what was quite a lot of money after many years of frozen fellowships. I was on the earlier regime, so I was a little envious of my new students.

It makes a huge difference in all kinds of ways. There are equity issues, as we know. Members of equity-deserving groups are less likely to have other sources of funding. If we want to get them in through the pipeline, we need to provide that support to allow them to focus on their studies while they have those years earmarked for that. My own graduate students find themselves now having to work. It extends the time of their degrees and often results in long-term precarity.

I think this is basic to improving our capacity across the country. We're losing talent as a result of this situation. It's to the benefit of the entire country. It connects to all of the other issues that we've heard about today relating to affordability, housing and so forth. As I mentioned in my remarks, any dollar that goes into education is an enormously powerful economic multiplier. It pays back. It's also a vital equalizer. It helps reduce inequality right at the source and over the long term.

Just to speak to some of Sharron's concerns, of course we need public post-secondary education to train those health care professionals that she was talking about, but education is also a vital social determinant of health. This is low-hanging fruit, as you say, but it is something that will pay dividends if it is addressed in a timely way.

Thank you.

Mr. Richard Cannings: Thank you.

I'd like to quickly turn to you again, Ms. Glode, because your summary stole my question on EI. As a former scientist, a biologist, in my previous life, I basically worked on projects that involved monitoring wildlife populations across the country, so I'm all in favour of that.

I'll instead go into something you didn't mention. You did say you were concerned about the smaller owner-operators. I'm just wondering about the CEBA loan situation here. We've heard a lot about how most of the people who have taken out those CEBA loans can't afford to pay them back. I'm just wondering if you could speak to that request for an extension to 2024.

• (1005)

Ms. Courtney Glode: Thank you.

That's a very good point. A large number of our owner-operator enterprises do have CEBA loans. These individuals were very disappointed with the recent announcement by the federal government, which provided only a few weeks' extension on the loan repayment. These enterprise owners are facing the worst economic year they have experienced, probably, since the cod moratorium, to be frank. Many enterprises haven't made it through this year. Others are hanging on by a thread and may not make it through a few more years.

Giving forgiveness on the CEBA loan or extending the forgiveness period is extremely important to our members, and eliminating the interest on that is also very important to our members.

Thank you.

The Chair: Thank you, MP Cannings.

Members, we're moving into our second round. The timings are a little different on this round.

We are starting with MP Duncan for five minutes.

Mr. Eric Duncan (Stormont—Dundas—South Glengarry, CPC): Thank you, Mr. Chair.

Good morning to everybody. Thank you for being here. In the comments, I think there have been a lot of good feedback and statistics that will be helpful for the finance committee to provide a context for where the country's at.

I want to focus my round on the cost of living, and particularly the carbon tax.

Mr. Warren, my family comes from a trucking background. My father owned a trucking company that was about the same size for 30-some years. He retired just last year.

I want to see if you can help us eliminate this perception that the carbon tax being imposed does not affect grocery prices, that it doesn't add to the cost of groceries. You gave some numbers about the cost of doing a run and the fuel surcharge and what's being added to it. You talked about the tight margins you already had before the carbon tax came in. Can you give us a backgrounder and debunk the myth that whenever a carbon tax is being charged, that is not being passed on to the consumer by adding to the cost of trucking and adding to the price of groceries?

Mr. Barry Warren: That's a fantastic question.

The reality is that any type of tax affects every one of us here today. There are none excepted.

I just gave you an idea, an example. I'm saying \$10,000. I figure from my understanding of a truck load, a freezer load of freight coming out of Ontario into Newfoundland, that it would be somewhere around \$14,000 or \$12,000, so I take the figure of \$10,000. Because of the pricing model, there's a fuel surcharge that's added. With the increase in the price of fuel, that fuel surcharge goes up and down. Right now, today, it's 80.1%. If it's a \$10,000 bill, it's now \$18,100, if my math is correct.

You guys had the wholesalers in, and that's the price they pay. Then they sit down and they do their profit margins, and then the consumers—me and you—come in off the street and that's what we're paying for.

Mr. Eric Duncan: The point is that the worst is yet to come. The carbon tax is just starting now, whereas in the coming years it's going to triple to 61¢ a litre on the price of fuel. Again, it's going to add to it.

Looking at your costs, where you are in the quiet month of September, against the other parts of the year, I'm guessing it would be about a quarter of a million dollars to \$300,000 per year added cost for your trucking business. That can go upwards. If we are talking about it being tripled, it could be nearly three quarters of a million dollars a year being passed on into goods and shipping here for the province. Is that correct?

Mr. Barry Warren: Well, it causes me concern, not only because I'm getting it on the back end from my employees because of the issues they're facing, but also because I'm looking at the contracts and I'm looking at my business and saying, "Where do we go from here?" I feel as though my hands are tied. There are things happening that I have no control over, and more so in operating here in Newfoundland because in the trucking business, if it doesn't move by truck, it just doesn't move. That's the reality.

The reality for everybody is that when they go to the grocery store, the costs have increased and we've just added to the problem with this carbon tax on top of the other taxes that are there.

That's my general point with this.

Mr. Eric Duncan: If I may, in my remaining time.... You mentioned, which is appreciated, the impact on your employees who are asking for payment advances to get enough money to fill their gas tanks to get to work. Can you talk about the struggles of your employees? They are making \$23 an hour—again, as you said, not the minimum wage. Are there examples or stories and that type of thing of just how bad it's gotten and how much worse it would get if the carbon tax increases?

• (1010)

Mr. Barry Warren: Well, I think all of us around the table.... We have a health and benefits packages. We're being told that more people are reaching out for help for maternity leave, for stress, for whatever. Last year, \$48,000 was the amount of money that our company advanced to our employees to help out with various things. My accountant said, "Barry, you can't do that. You can't continue to do that." I said, "Well, they're good workers, and that's what good employers do: They help their people."

What frightens me—and I don't want to be political here—is that your own budget officer said that in 2030-31 the cost to Newfoundlanders' median income is going to be an extra \$4,872 a year. That's what I'm told. That's what I read. I'm quoting him. To me, that stress is not going to lessen. I'm not an economics professor, but I do know this: If I spend a dollar and I generate only 90¢ in revenue, I have a problem somewhere down the road coming real fast.

The Chair: Thank you.

Thank you, MP Duncan.

Now we have MP Rogers for five minutes.

Mr. Churence Rogers (Bonavista—Burin—Trinity, Lib.): Thank you, Mr. Chair.

To you and all your colleagues, and to the people visiting today, welcome to our beautiful province of Newfoundland and Labrador.

I have a couple of questions. First of all, I'll start with Barry. I sit on the transport committee in Ottawa, and we talk about supply chain issues. Many of the things you've identified, of course, are things that are brought to our attention by witnesses who come regularly to our transport committee.

Carbon pricing is obviously a contentious issue, but prior to the implementation of carbon pricing on July 1 in Newfoundland and Labrador, we saw periods of extreme prices for gas. What's the most you've ever paid for fuel per litre prior to the carbon tax?

Mr. Barry Warren: I can't give you an exact figure, but I'm going to say \$2.01.

Mr. Churence Rogers: What are you paying today?

Mr. Barry Warren: It's \$2.01, but you have to realize the fluctuation in the price of gas and diesel. I'm burning two fuels there. As that price goes up and down, we get a chart every week that justifies where we need to be with our pricing model and fuel surtax.

Mr. Churence Rogers: I'm just trying to make a point. The carbon price is an issue, yes, but the fluctuation in the world market on fossil fuels at any time is driven by a lot of factors.

We have a carbon rebate program for individuals. Carbon pricing rebates for families of four go up to \$360 per quarter. I understand your challenge as a business person, though, and it's well noted. We've certainly been passing on that message as well in Ottawa.

From your perspective, Barry—I know you've identified a number of challenges—what do you think is your biggest challenge going forward?

Mr. Barry Warren: The biggest challenge for me right now, because I see the direct effect, has been the effect of the carbon tax. The bigger challenge for me is the fact that I see people who are not

listening to what the industry is saying about the cause and effects of all this.

Like I said, I'm not an economics professor, but I do know the reality. I look at what I do. I look at the people I do work for, and they dictate to me what my price will be, what I can charge, and what they're going to pay me. I have a choice to say no or to take that work, but as an individual and as a group of great employees who work very hard.... The middle class is disappearing in going the direction we're going in. That's what's more frightening than anything, because all the other things.... On the cost of parts, a turbo at one time was \$1,800, two years ago, and now it's \$6,800. Those in the trucking industry would understand how important a turbo is to a truck.

• (1015)

Mr. Churence Rogers: Yes. I just wanted to make the point about the fluctuation in the fuels. I understand the concern around carbon pricing, but the reality is that there was an 11¢-a-litre carbon price in place by the province prior to July 1. You were paying that as well, of course, and now we've added 3¢, to 14¢. We're now rebating that money back to individuals, but that's not happening in your situation.

Mr. Barry Warren: But, Churence, what I want you to understand is this. I understand the provincial; yes, they lifted it and so on, dictated by the federal government. I paid \$16,302 in September alone that I didn't budget for. That number is going to go up. When I'm meeting with my people.... What do we have to do to survive this? Do we start laying people off or what do we do?

Mr. Churence Rogers: I have time for one more question.

Courtney, on the EI issue, I've acknowledged that it's a problem. We're working on it. All I can say is that I can't give you any information today, particularly, but I think we're moving forward. We'll hopefully be able to announce some kind of support soon.

This year has been an extremely difficult year, a lot of it brought on by the delayed fishery and the seven weeks we lost, which led to many problems in the production facilities. In my riding, I have lots of fisheries, from Bonavista to New-Wes-Valley to the St. Lawrence to the Grand Banks and so on. This has been a difficult year.

On top of that, the EI regulation changed because we had good news: The unemployment rate dropped. You'd think we'd be happy about that, but unfortunately that doesn't work in a seasonal industry. That's our problem. I agree with you that we need to bring about some reform that says there are exemptions for seasonal industries of some kind. Our seasonal fishing industry is defined by DFO in a lot of ways. They open the fishery in April and they shut it down at a certain time.

Now, I can't go into a lot of the other issues you raised, because I don't have the time. That's just my comment in terms of your commentary.

Thank you.

Ms. Courtney Glode: Thank you. We look forward to an announcement soon.

The Chair: Thank you, MP Rogers.

Now we will go to MP Ste-Marie, please.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

Mr. Rogers, I'm glad to find out that good news is on the way soon when it comes to EI. I, personally, was worried. That wasn't the impression the minister gave the Standing Committee on Finance. I'm very glad to hear that things are moving forward. I'm eager to see the measures.

Ms. Whitaker, I'm not sure I understood an issue you raised at the end of your presentation, so I'd like you to explain. You are calling on the government to exclude institutions like universities from the Bankruptcy and Insolvency Act. Currently, universities can declare bankruptcy. I had no idea.

Please explain the problem to us, if you wouldn't mind.

Dr. Robin Whitaker: Thank you very much.

For the sake of clarity, I'm going to answer in English

[*English*]

You probably remember that Laurentian was brought under the CCAA legislation. There was a report or a research study done on that situation after the fact by the Auditor General of Ontario. Her conclusion was that the legislation is inappropriate for public post-secondary education institutions, that it was unnecessary and that other alternatives that would have led to a much more favourable outcome for the institution, students, faculty, other employees and the community would have been possible.

It's not the right legislation for dealing with financial challenges that post-secondary institutions face. It doesn't serve their public mission. It was designed for a different situation in the private sector. So we think this is important, particularly given the significant public investments that still go into public post-secondary institutions, although they've declined, unfortunately.

In the case of Laurentian, the effect was obviously also on northern, indigenous, and francophone communities, which were very affected. The public mission of the university was damaged by the imposition of inappropriate legislation.

I hope that answers your question.

• (1020)

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you.

That brings me to a follow-up question.

We know the unfortunate situation that befell Laurentian University, in Ontario. Is there a real risk to post-secondary institutions in Newfoundland and Labrador right now? Do you think what happened in Ontario led people to sound the alarm, so there isn't a risk to institutions in this province in the short or medium term?

[*English*]

Dr. Robin Whitaker: I hope there are no issues here in the short or long term.

We want to ensure that it's not possible for this kind of damaging process to happen again. As I said, the public mission of public post-secondary education is vital to all of us and it's vital to our collective future as a country. This is simply not the right framework for dealing with financial challenges, and I think that was made very clear in Bonnie Lysyk's report on Laurentian. I highly recommend reading it, as it is really instructive.

Thank you.

The Chair: Thank you, MP Ste-Marie.

MP Cannings, go ahead, please.

Mr. Richard Cannings: Thank you.

I'm going to turn to Ms. Walsh.

One of the roles I have is to be the NDP critic for emergency preparedness and climate resilience. You touched on that in your presentation, and we all know that the cost of climate change is great right now and it's going to be increasing, with a lot of those costs falling on municipalities and individuals. We know, a year after Fiona, that people in Port aux Basques have nothing because they didn't get anything from insurance.

The question is how municipalities are going to prepare for the future and not just react to these emergencies and catastrophes across the country. You mentioned Harbour Main and what it faces. I have communities in my riding that are facing costs, after fires and floods, that are double or triple their annual budgets. We have to fix that whole funding formula, which asks too much of them in many cases.

Could you spend some time talking about that?

Dr. Deatra Walsh: Sure. Thank you very much.

Indeed, at the municipal level, all these crises intersect, which is part of the complexity; it's troublesome, and unexpectedly so, sometimes.

Here in Newfoundland and Labrador, we are really behind in terms of managing and preparing for climate change. It is about capacity, in many ways, for small communities. If my colleague Dr. Parewick were here with me now, she would talk a lot about asset management. Asset management is critical to any of these response issues, especially as it relates to climate change. I know the national adaptation strategy talks about that as well. I think 60% of our members here in Newfoundland and Labrador do not have an asset management plan. This was part of the Canada community-building fund, formerly the gas tax, that was needed to do that. We have a lot of catching up to do to get to a state of readiness on climate change.

I have to tip my hat to the people in our communities, the municipal counsellors, and the staff who are faced with these challenges and these crises. They are doing a tremendous job. There are first responders with very little in terms of resources. I would like to point out that most of the fire departments that are the first responders to these issues here in Newfoundland and Labrador are made up of volunteers. They're not getting paid extra for these things. The volunteer fire department, which comes under the municipality, is not getting paid extra for all of these elements.

We have to fix the system. We have to meet communities where they are and we have to get working together. I know these sound like lofty goals, but we need regional approaches. Yes, MP Rogers, we need the regional government or at least some form of regional approach or collaboration. We have to get rid of this competitiveness on this. We don't have time to lose or waste. People's lives are at stake here.

I don't have an easy solution. Municipalities in Newfoundland and Labrador are doing tremendous work with fabulous partners in this province, and we are trying our best to get further along. Whatever comes out through new federal funding programs as it relates to the NAS, and as it relates to housing, please keep in mind that we are not where everybody else is. If you want us to access this funding, you need to meet us where we are and get some capacity going here. It's so critical, but we can do it.

Smaller municipalities, perhaps in your riding, can do it, but we have to meet them where they are. We have to get that local capacity going, work together and do the best we can under what I consider to be impossible circumstances.

• (1025)

The Chair: Thank you, MP Cannings.

Now we're going to go to MP Duncan for five minutes, please.

Mr. Eric Duncan: Thanks, Mr. Chair.

Mr. Warren, I want to build on Mr. Rogers' comments here. The frustrating point is.... We talk about the fluctuations. There's no fluctuation with the carbon tax. It is imposed now at 14¢ per litre. The other thing to remember here in the province, as well, is the 17¢-per-litre increase on homeowners who heat their homes with oil, and it's going up.

I just want to get one quick clarification before I go to Ms. Callahan.

When you talk about the fuel surcharge, if that carbon tax was scrapped and taken off the price of fuel, the fuel surcharge amount that you charge would decrease, and that would lower the cost of getting goods and food here to the province. Is that correct?

Mr. Barry Warren: Speaking for my company, I would say yes. Speaking for the industry as a whole, I would say that, yes, it would. However, keep in mind that it's these ongoing.... I won't call them surprises, but what you're reacting to. We talk about CERB; we talk about the mandated sick days and all these things. You're dealing with that, but then, all of sudden.... So the industry is not being heard.

When the trucking association says that the carbon tax is going to cost \$3.2 billion per year.... It's coming to the coffers, so, I mean, it's great for the federal government, but who's paying for that? All of us are taxpayers; we're paying for that. This issue is the biggest challenge for me and, I know, for others in our industry in Newfoundland. It's hitting me directly on the bottom line.

Mr. Eric Duncan: I appreciate that.

Ms. Callahan, in the transition to that, we talk about food prices. The cost of the carbon tax adds to the trucking bill, adds to the grocery bill. When you check out at the grocery store, it has your tax lines on it. It doesn't have a carbon tax line. That is baked into the price of food inflation, which you alluded to among housing and other things.

I would say that we want to try to humanize, as well, particularly with regard to seniors, the impacts that inflated food costs are having. You said in your opening comments that seniors are having to cut back. We heard in Fredericton about seniors cutting their medications in half and stretching them out as an example of how bad it's gotten.

Can you talk a little bit about the carbon tax impact, whenever we have food inflation, and what exactly seniors are having to do to make ends meet?

Ms. Sharron Callahan: I think the best example I can give is this. Walk down the aisles of a supermarket. You see an older couple. We have all seen it. I've seen it, anyway, and I would invite anybody who hasn't seen it to do it. At Walmart, it's the same thing. Walk down the aisles with a couple with their grocery cart. They are looking at the shelves, picking up items, looking at the price and then putting them back.

I think that recently there was a statement—I'm not sure if it was from Health Canada, but it was certainly a health-promoted commentary that was offered—that, because of these high prices for food items, people are now being forced to make other choices and purchase cheaper, unhealthier foods. As a long-term effect, that's going to be a cyclical action that's going to impact our health care system.

It's just not getting any better. People are suffering more.

The Chair: Thank you, MP Duncan.

Now we go to our final questioner for this first panel.

MP Thompson, go ahead, please.

• (1030)

Ms. Joanne Thompson: Thank you. I'll watch my time so that I can leave a question for my colleague as well.

I certainly want to acknowledge the challenges that we're facing. Without a doubt, it affects all of society. The climate crisis is real. It's having a direct impact. Geopolitical realities are having a direct impact. It's incredibly difficult. That having been said, I just want to make a couple of quick points to try to bring in and tie up some of the things I've heard.

Ms. Callahan, we have met before. I just want to briefly touch on the point of ageism. It is very real—I well know. I will tell you that, when I'm meeting with seniors groups and as the Liberal chair of the national seniors caucus, I go in prepared because there isn't a group that comes in more determined in their points and better organized than older persons. I certainly respect what you bring forward.

I want to quickly touch on the point about the role that older persons can play in the labour force as support. This is something that, at a party level, we speak about often. It is one of the priorities that we're bringing forward as well—what we have heard in rural areas of the province and how we're able to continue to support seasonal work or sectors that are absolutely necessary and essential for economic growth.

How important is it that older persons in communities are able to rejoin the workplace to provide that very essential frontline support?

Ms. Sharron Callahan: Well, I would think that if rural communities are struggling, as we have heard this morning, and there is an outmigration of the younger population to more urbanized centres, then the continuation of the community is dependent upon those older persons. Initiatives that support them financially, and socially as well, can have a huge positive impact, I would think, on sustaining that community's life into the longer term—for sure.

Ms. Joanne Thompson: Thank you.

Dr. Whitaker, I have a quick question for you.

One of the things we've certainly been hearing about as part of the tour, and something that I know from my own work experience, is the silos that we see across all sectors becoming increasingly challenging as the challenges to society become more apparent in terms of having to do tremendous amounts of groundbreaking change in short periods of time.

We heard from the Association of Atlantic Universities at yesterday's meeting. How can your association work with that association to create some of the systemic changes that I think are absolutely necessary? They spoke about housing infrastructure changes and those critical links that also support.... Also, I agree with you on research. It's critical.

How can we break down some of those silos and really come together in shared support?

Dr. Robin Whitaker: Do you mean silos between different associations? We would work with the Atlantic association, certainly. I am a member of a faculty association here, and my faculty association is a member of both the Atlantic association and the Canadian Association of University Teachers, so we have....

Or are you talking about universities, as opposed to faculty associations?

Ms. Joanne Thompson: It's more about how we're able to take the combined influence and use that to help lead some of the changes that we know are necessary.

Dr. Robin Whitaker: Right.

Well, I think we share priorities. You mentioned housing. Just days before the start of the semester this year, we got a message from our senior administration asking if professors had a room to spare for students.

Going back to the basic messages, I think that working with the federal government and with the provinces to try to find a way ahead to stabilize funding for post-secondary education is a really vital part of that. We lay out in more detail in our written submission how we could move ahead with that, and we would certainly look forward to having future conversations on it. I'm certain that the Atlantic association supports that idea as well.

Yes, I think that from our perspective we're always here and ready to talk and have a conversation. We have been researching and, I suppose, living on the front lines of these issues for many years. We do work, as I said, with the Atlantic association. We see distinctive regional challenges, of course. I know that from living here and being from here. The Atlantic region has its own challenges, but equally, so do other parts of the country.

• (1035)

The Chair: Thank you, MP Thompson.

We have just a quick comment from MP Rogers.

Mr. Churence Rogers: Deatra, as a past president of Municipalities Newfoundland and Labrador, of course, I know what you're talking about when you talk about all these municipal issues.

The community-building fund, of course, the federal program, has been one of the best things the federal government has ever done, because the money flows directly to towns. I suggest that we try to increase that fund—I say it all the time to the finance minister—as it's great money that flows directly to towns.

I just have a comment on the recent provincial government decision not to pursue regional government. What are your thoughts on that?

Dr. Deatra Walsh: We've spoken about that publicly. I think what I'll say is that we need some sort of a regional solution. If it isn't going to be a formal governance structure that's supported and legislated through the provincial government, then we definitely need something else, because relying on municipalities, with capacity issues and everything, to informally work together is also not the solution.

I will just leave it there.

The Chair: Thank you, Ms. Walsh.

Thank you, MP Rogers.

Before we suspend to go to our second panel of witnesses, we want to thank our first panel of witnesses.

You've been tremendous. On behalf of the members and the entire committee—the clerk, the analysts, the interpreters who are here with us and the technicians—thank you. As I started, I said that you're the salt of the earth. We felt it here. Really, you're a tight-knit community, and that's what we've experienced.

Thank you for your testimony on this pre-budget consultation study to inform our 2024 budget.

We're suspended, members.

• (1035) _____ (Pause) _____

• (1050)

The Chair: Members and witnesses, we're going to get started.

Welcome back, everybody. We're delighted to be here in Newfoundland and Labrador in St. John's. We've received wonderful hospitality.

We've heard from our first panel of witnesses. Now we have our second panel of witnesses here with us today, and I'm sure they're going to be just as excellent as the first panel.

I will introduce the witnesses.

Witnesses, you'll have an opportunity to make an opening statement to provide testimony, and then we're going to get into questions from the members.

We have with us, from Econext, the chair, Alex Templeton; from Hospitality Newfoundland and Labrador, the chief executive officer, Craig Foley; from Ocean Choice International, Carey Bonnell, the vice-president of sustainability and engagement; and from World Energy GH2, Sean Leet, who is the managing director and chief executive officer of the organization.

We're going to start with Mr. Templeton, please, for five minutes.

Mr. Alex Templeton (Chair, Econext): Thank you, Mr. Chair.

Good morning. My name is Alex Templeton. I'm a partner at the Atlantic Canadian law firm McInnes Cooper, where I maintain a litigation and regulatory practice serving clients in a variety of industry sectors, including offshore oil, renewable energy, aquaculture, traditional harvest fisheries and public administration. I'm not here on behalf of any of my clients today. Rather, I'm appearing in my

volunteer capacity as the chairperson of the board of directors of Econext.

Econext is a not-for-profit association comprising over 200 member businesses collectively focused on accelerating clean growth in Newfoundland and Labrador, which is to say environmentally sustainable economic development in our province. To give you a sense of the breadth, scope and impact of our activities, I'd like to share some specific examples of the work we've been undertaking.

We recently concluded work with six municipalities in the province to help benchmark their environmental performance and develop climate action plans that would see them reach net zero by 2050 through the lens of economic growth and development. In partnership with Energy NL, we're in the midst of our net-zero project, which is particularly focused on providing an analysis of technologies and policies that will enable the reduction of greenhouse gas emissions from our offshore oil and gas sector.

Through our clean energy initiative, we're helping to understand the workforce development requirements of our rapidly emerging renewables and clean fuel industries, while hoping to identify and prioritize supportive research, development and innovation. In September, we held a three-day ideathon that saw undergraduate students at Memorial University competing for the top prize by coming up with the best idea to solve the electricity supply and demand challenges that our province faces.

We've been doing this type of work in Newfoundland and Labrador for the past 30 years. To that end, we're appreciative of the opportunity to appear before the House of Commons Standing Committee on Finance and to inform your deliberations on the 2024 federal budget.

First, we want to reiterate the importance of the tax credits that were introduced in the 2023 budget. Specifically, I'm referring to the clean electricity ITC, the clean technology manufacturing TC, the clean hydrogen ITC and the adjustments made to the clean technology ITC. These will be highly impactful for Newfoundland and Labrador.

What's unfolding in this province at this moment in time is perhaps not well understood across Canada. The fact is that Newfoundland and Labrador is on the cusp of becoming a significant contributor to the energy transition on a global scale. A number of factors are coming together that position the province effectively to provide the world with the clean energy it needs to combat climate change.

Our onshore and offshore wind resources are among the strongest in the world. We have significant Crown land and fresh water available and accessible. We're the closest point in North America to Europe. We're located on major shipping routes, and we have established, industrial deep-sea ports with available capacity. We have an abundance of hydroelectricity—developed and undeveloped, including the largest undeveloped asset in North America, called Gull Island—with an electricity grid that is currently 92% renewable. The list goes on.

While all of these factors individually are not necessarily unique, the fact that they exist in one geographical area at this time makes Newfoundland and Labrador a compelling location for large-scale clean energy investment. The projects being pursued in this province would be among the largest clean energy and clean fuel projects in the world, and would fundamentally change our province's economy. The tax credits introduced in 2023 are, therefore, vital supports for these projects, which are in a global race to confirm financing and secure equipment and supply chains. We're therefore highly supportive of their swift implementation, and would highly encourage budget 2024 to consider how they can be further supported and leveraged.

The second area that we'd like to draw attention to is the electricity sector. Based on our analysis and insights, it's becoming clear that the evolution of Newfoundland and Labrador's electricity grid is going to be of paramount importance with respect to both the province's ability to achieve net-zero GHGs by the year 2050 and its prospects for economic growth and diversification. Decarbonization in our province, whether by the provision of clean energy to heavy industrial operations like those we see in our mining industry or through the electrification of transportation, is all predicated on the expansion of our electricity system. It's believed that we'll need twice as much electricity generation as we have available today by the year 2050 in order to achieve net zero. These projections are based on the current state of activity within the province.

• (1055)

As I mentioned earlier, the prospects of significant clean energy expansion in Newfoundland and Labrador are great. Whether it's the production of hydrogen or other renewable fuels, the extraction of the critical minerals that are needed for batteries and other clean technologies, or the manufacturing of new low-carbon products like green steel, industrial activity in our province is primed for growth.

With that comes population growth, more transportation, more buildings that need to be heated and so on. This is why it's so important to our 200 member businesses. The simple fact is that the rising tide lifts all boats, and this also equates to business opportunities. However, these opportunities are not likely to come to fruition without an electricity grid that can handle these increasing demands. Electricity access can either be an investment-attraction asset or a liability that inhibits progress. Therefore, we'd support federal investment in budget 2024 to directly finance the evolution of Newfoundland and Labrador's electricity grid. Both our path to net zero and our economic growth prospects depend on it.

There are a number of areas where climate action and economic growth are highly linked in Newfoundland and Labrador: supporting our emerging clean energy and hydrogen industry; providing

clean electricity to our large mining operations; growing our electricity grid; and advancing the application of carbon capture, utilization and storage technologies. In practice, there are a small number of very targeted investments that could be made that would be highly impactful from both environmental and economic perspectives.

Therefore, my final point would be that we encourage that major investments into climate action by the federal government be done by direct engagement with stakeholders in Newfoundland and Labrador. The regional energy and resource tables created by Natural Resources Canada are a good example of the effectiveness of this approach, and—

The Chair: Thank you, Mr. Templeton.

Mr. Alex Templeton: Oh, I'm sorry.

• (1100)

The Chair: Thank you.

We have gone well over time, but you will have a lot of opportunities during the questions to expand.

Mr. Alex Templeton: Okay. Thank you very much, Mr. Chair.

The Chair: We thank you for your opening statement and testimony.

We are going to move now to Hospitality Newfoundland and Labrador.

We have felt a lot of that hospitality in our time here since yesterday.

We have Mr. Craig Foley, please, for five minutes.

Mr. Craig Foley (Chief Executive Officer, Hospitality Newfoundland and Labrador): It's great to have you here. Thanks very much for coming.

Good morning. My name is Craig Foley and I'm the CEO of Hospitality Newfoundland and Labrador.

I need to begin by saying that the tourism industry in Canada has not yet recovered. In Canada, total tourism spending was reported to be \$94 billion at the end of 2022. That's 89% of our prepandemic level in 2019. However, this doesn't take into consideration the higher rate of inflation over the last couple of years, so the reality is probably much worse.

Businesses in the industry that were the first hit and the hardest hit by COVID-19 now face significant cost increases to operate, higher interest rates, crippling debt, labour issues and, in Newfoundland and Labrador, access issues. In Newfoundland and Labrador, there are approximately 2,500 small to medium-sized tourism businesses generating more than \$1.1 billion in annual spending and accounting for 9% of all provincial jobs, offering part-time, full-time, seasonal and year-round employment.

In December of 2022, the Department of Tourism, Culture, Arts and Recreation, in partnership with Hospitality Newfoundland and Labrador, released “Transition, Transform, Thrive—A Tourism Vision and Strategy for Newfoundland and Labrador” or “Vision 2026”. Vision 2026 is a five-year strategy to transition the tourism industry through its recovery from the COVID-19 pandemic and transform this into a thriving tourism destination.

Our first priority for tourism in budget 2024 is access. Newfoundland and Labrador, considering we're an island and then there's Labrador, are over 400,000 square kilometres combined. If it were a U.S. state, it would be ranked fourth behind Alaska, Texas and California. When we think about access in Newfoundland and Labrador, we always think about affordable access to, from and around the province. Access isn't just one form of transportation. We depend on a multi-modal system of marine, road and air. Access in the province means more than transportation. It's actually an economic generator for all sectors of the provincial economy. It allows for the import and export of products and people.

Airlines, airports and the complete aviation sector have not recovered from the impacts of the pandemic. Specifically, in Newfoundland and Labrador, we do not have a direct route to Europe or to the eastern U.S., which severely limits our ability to attract visitors from these markets. Inbound non-seat capacity is down 16%, and air visitors are down 20%, year to date, from August 2019. Routes are limited. Plane configurations are changing to wider-body aircraft. Fares and fees are higher. All of these are putting pressures on air access to Newfoundland and Labrador. Investment in route development and infrastructure is required.

Marine Atlantic connects the island of Newfoundland to the rest of Canada. It's a vital link to the province, affecting residents and travellers. As a major piece of national transportation infrastructure, the Marine Atlantic fleet requires an immediate recapitalization and infrastructure. Auto visitors are up 19%, year to date, from 2019. Planning for increased capacity is essential. Furthermore, Marine Atlantic's sole shareholder requires a 65% cost-recovery rate. Hospitality Newfoundland and Labrador feels this cost-recovery rate is too high and that it limits affordable rates.

Our second priority is tourism business debt. For many tourism businesses, government loans provided through CEBA, RRRF and HASCAP were essential lifelines to keeping businesses whole. A recent Nanos survey demonstrated that increased costs, labour shortages, rising interest rates and mounting debt loads have added significant financial pressure to businesses across each of the tourism industries. The alarming results reveal that 45% of Canadian tourism businesses report that they are likely or somewhat likely to close within the next three years without government intervention into their mounting debt.

Furthermore, 55% of tourism sector businesses are somewhat not or not confident that their company will be able to repay debt, including the above-noted loans. Greater flexibility is needed to allow companies to address the massive financial implications of the COVID-19 pandemic.

● (1105)

Priority three is immigration and labour supply. Due to the extent of the labour force impact of the pandemic and tourism's unique workforce needs, tourism employment numbers remain volatile during a crucial time of recovery and regrowth for the sector. While demand may be high, many industries have not returned to full capacity. Significant shortages in key tourism occupations remain and threaten to tarnish Canada's global reputation as a tourism destination.

Hospitality in Newfoundland and Labrador endorses TIAC's recommendations in their pre-budget submission. Hospitality NL members have reported, additionally, that the adjusted unemployment rate has put many seasonal workers in a position to be either short on qualifying weeks or short on qualifying hours. The fear of many is that this will force those in an already small labour pool to move to another sector or a different geographic location.

In closing, the growth of the tourism industry is vital to the economic well-being of Newfoundland and Labrador. The strength of our industry is based on renewable resources: our land, our culture, our heritage and our people. Managed correctly, tourism can flourish, preserve and sustain our culturally rich urban and rural communities throughout the province.

Thank you very much.

The Chair: Thank you, Mr. Foley.

Now we'll go to Ocean Choice International with Mr. Bonnell.

Mr. Carey Bonnell (Vice-President, Sustainability and Engagement, Ocean Choice International): Good morning, Mr. Chair and committee members.

Thank you for the opportunity to appear before the House of Commons Standing Committee on Finance. I'm here today representing Ocean Choice International.

Ocean Choice is a family-owned and -operated Newfoundland and Labrador seafood company that was started over 20 years ago by brothers Martin and Blaine Sullivan. Today, Ocean Choice is a vertically integrated, global seafood company from sea to plate. We operate processing facilities in rural coastal communities, where we process high-quality seafood that we buy from approximately 1,900 independent fishermen. We also own and operate a fleet of offshore vessels that catch and process species harvested through the quotas we have access to.

Headquartered in St. John's, Newfoundland, we have developed a strong global presence by establishing our own international sales network with offices throughout Canada, the United States, Europe, China and Japan. We proudly sell Canada's high-quality seafood to over 30 countries around the world. Through those activities, we employ about 1,700 people from over 300 communities throughout Newfoundland and Labrador.

We are responsible for delivering wild, low-carbon, sustainable protein to the world. It's our responsibility to make sure that it's available for current and future generations. That's why over 90% of the species that we harvest are sustainably sourced through the Marine Stewardship Council's gold standard for certified fisheries or in a robust fishery improvement project.

This leads me to my first point. There is an immediate need for increased funding resources for robust fishery science to support management decision-making. Fishery science is fundamental to the understanding of fish stocks—including their health, their impact on surrounding ecosystems and the disruptions of climate change—while ensuring the sustainable and optimal utilization of Canada's fish stocks.

In recent years, due to a lack of funds, the inability to procure survey vessels and staffing issues resulting from other priorities in the department taking precedence over stock assessments, DFO has unfortunately fallen behind on its core fisheries mandate. When there's a lack of high-quality science available, it leads to overly precautionary decision-making, which undermines the viability of the sector. For the sector and companies such as Ocean Choice, the lack of science also puts third party certifications at risk. These are certifications that provide market access. We need those certifications to access key markets around the world.

As it relates to the availability of research vessels, Ocean Choice strongly believes that a collaborative approach to surveys, where oversight is provided by DFO science but industry platforms are utilized, can be a solution for gathering data. A great example of this is a working, industry-led survey by the Northern Shrimp Research Foundation, which, since 2004, has been operated annually on schedule, without delays or major disruptions, at a cost well below what the government can achieve. We encourage DFO to engage with industry and leverage industry resources promptly to guarantee that assessments can be completed on a timely basis.

The second point I would like to raise is the July 1 implementation of the clean fuel regulations tax and the cost implication on fuel prices for the business community, particularly the fishery. In the case of Ocean Choice, as a direct result of the regulation, we are now burdened with an additional 10¢ to 14¢ per litre being added to the fuel cost for our offshore fishing fleets. That equates to an ap-

proximate \$1 million in additional fuel costs over a full fishing year within our fleet alone.

The compounding issue we are faced with is that there are currently no alternatives to the use of diesel fuel available for fishing vessels, and with the commercialization of hybrid and/or electrification of fishing vessels being years or potentially decades away, we have no way to limit our exposure to fuel cost hikes due to this tax.

Ocean Choice is committed to reducing its impact on the environment and to making investments in innovation and technology to lower its greenhouse gas emissions. A great example of that is the company's multi-million dollar investment in the MV *Calvert*. With a green class designation, the *Calvert* features a broad suite of green harvesting and processing technologies and energy efficiency features. Despite making these types of investments in green technologies, we remain subject to a tax that we have no capacity to control.

In our view, actions need to be taken to rectify the situation so that companies and independent fishermen who operate fishing vessels do not continue to be unjustly penalized by higher fuel costs.

My final point today relates to the need to renew the expiring Atlantic fisheries fund and, for the longer term, to support innovation, infrastructure and science partnerships. Launched in 2017, the AFF has been a critical program to support the modernization of the Atlantic Canadian seafood sector. The continuation of this program is essential to investing in technology and innovation to modernize and transform the industry to be more competitive globally and to address emerging labour challenges.

Given the current high-interest, inflationary environment in which we find ourselves, the continuation of this program is more critical than ever to help share in the business investment risks associated with innovation.

As the committee continues to hear from stakeholders, I ask you to consider the following four brief recommendations: Make the necessary investments in critical fisheries science; immediately address the ongoing issue with research vessel surveys by expanding the use of industry vessels as a more reliable and consistent means of gathering data; implement measures to mitigate the high cost of fuel due to the clean fuel regulations for sectors with no ability to control the cost; and continue to provide funding to the Atlantic fisheries fund to facilitate strategic and transformative investments for the region.

• (1110)

Thank you for the opportunity, and I welcome your questions and comments.

The Chair: Thank you, Mr. Bonnell.

Now we'll go to World Energy GH2.

Mr. Leet, go ahead, please.

Mr. Sean Leet (Managing Director and Chief Executive Officer, World Energy GH2): Mr. Chair, [*Technical difficulty—Editor*] CEO and one of the partners in project Nujio'qonik.

We're developing Project Nujio'qonik—

The Chair: The interpretation is not working. Wait just a moment, please.

Mr. Leet, we'll start the time from the top.

Go ahead.

Mr. Sean Leet: Mr. Chair and committee members, thank you for the opportunity to present to you today.

My name is Sean Leet. I'm managing director and CEO, and a partner in project Nujio'qonik.

We're developing project Nujio'qonik on the west coast of Newfoundland. The first phase of the project is a \$6.5-billion development of a one-gigawatt wind farm powering a hydrogen plant in Stephenville. This initial phase will be followed by multiple additional phases resulting in production of over 220,000 tonnes of hydrogen by 2030. This is a massive amount of hydrogen, and alongside our friends at EverWind and projects such as Bear Head, we can position Atlantic Canada as the global leader for green hydrogen production. If you think about that, it could be massive for us.

Our project is based at the same location where Prime Minister Justin Trudeau and German Chancellor Olaf Scholz met just over a year ago and where the Canada-Germany hydrogen alliance was signed. In many ways, Stephenville and Newfoundland are the birthplace of Canada's nascent renewable-hydrogen industry.

Our project has key strengths: a valued partnership with the Qalipu First Nation, Canada's second-largest indigenous community; strong community support throughout the project and in our project region; a world-class onshore wind resource; a deep-water port, which we have acquired; an abundant industrial freshwater source, which was originally used for a pulp-and-paper facility at our location; existing transmission corridors, including a 230-kilovolt grid connection; and manufacturing slots with key OEMs who

recognize that project Nujio'qonik is amongst the three most advanced green hydrogen projects in the world.

We've continued to build momentum in recent months, including through receiving provincial approval for our bid on Crown lands; by completing a comprehensive environmental impact statement totalling over 3,700 pages, which we believe is the first of its kind for a green hydrogen project; and through investing in education and training with \$180,000 in scholarships to 24 students to learn right here in Newfoundland how to become wind turbine technicians or hydrogen technicians.

We're pushing forward one of Canada's most advanced renewable hydrogen projects of commercial scale. There are four other proposed projects being planned in Newfoundland alone. Together, the green hydrogen industry could bring over 11,500 new jobs to the province, according to Minister Andrew Parsons.

However, these investments are not a done deal. They're contingent upon the Government of Canada getting policy right.

Here are our recommendations to ensure that Canada can compete for these multi-billion dollar clean hydrogen investments.

First, finalize investment tax credits for clean technologies and clean hydrogen. For clean hydrogen projects to succeed in Canada, these ITCs are a necessary condition for success, but they represent less than half of the support that we would receive in the United States under the U.S. Inflation Reduction Act, which includes subsidies of up to three dollars per kilogram of clean hydrogen. More U.S. subsidies are coming. Earlier this week, President Biden announced an additional \$7 billion U.S. in hydrogen investment to support regional hydrogen hubs. ITCs need to be comprehensive in coverage and supplemented with added measures. Clarity on the breadth of ITC coverage cannot come soon enough.

Second, ensure availability of de-risking measures such as contracts for difference. This will allow projects to secure off-take agreements, make their final investment decisions and start building. CFDs are cost-effective since they call on the government to support clean hydrogen prices only below a strike price. Once the price of the clean hydrogen, together with the value of its carbon savings, goes above the strike price, government will share in the profits with project proponents. CFDs were important in standing up the offshore wind industry in Europe, so there's a clear example of success and a path to implement CFD mechanisms quickly. We ask Canada to act on this immediately and to implement a market-friendly mechanism that will assist with level setting Canada with United States' subsidies.

Third, secure partnerships with other countries that are purchasing green energy. Doing this was suggested in the Canada-Germany hydrogen alliance, which committed the two countries to exploring cofinancing for green hydrogen. For example, the German government could provide price support through a contract for difference available for product produced in Canada and shipped to Germany.

Fourth, our final recommendation is to ensure availability of other government programming, such as the strategic innovation fund, the Canada Infrastructure Bank and the Canada growth fund. Each of these programs has a potential role to play in meeting the competitive gap that is partially closed by the proposed ITCs.

• (1115)

In closing, these steps are critical for Canada to attract and support clean energy investments, like project Nujio'qonik, and to secure the jobs of the future. Canada needs to move quickly to close the gap with the U.S. and other nations. Now is the time for Canada to take action.

Thank you.

The Chair: Thank you, Mr. Leet.

Before we get into questions from members, the witnesses may not have been here at the start of our meeting today, so we can introduce ourselves as we go through. You can do that when you get into your questions.

We do have three members here from Newfoundland and Labrador, and they'll be able to let you know where they're from through their questions. I'm the chair of the committee, and I'm also from Mississauga, Ontario.

With that, we are going to get into questions.

Members, perhaps you could introduce yourselves when you have the opportunity to ask questions.

Each party has up to six minutes to ask questions. We are starting with MP Small.

Go ahead, please.

Mr. Clifford Small: Thank you, Mr. Chair. Thank you for taking your show on the road and bringing our finance committee to Newfoundland and Labrador to get input from our guests.

I thank our guests for appearing today.

I'm the MP for Coast of Bays—Central—Notre Dame and the shadow minister for fisheries, oceans and the Canadian Coast Guard. I chatted with MP Fonseca earlier, and he told me that one of his favourite foods used to be harvested a lot here.

The Chair: It's bacalao.

• (1120)

Mr. Clifford Small: Yes, bacalao—it's Portuguese. Let's start off with a little talk on bacalao.

Mr. Bonnell, do you recall a year before 2015 in which the annual trawl survey was not conducted?

Mr. Carey Bonnell: No. I don't recall a time period before 2019 or 2020 in which a survey was not conducted. In the last four years, in particular, we've had [*Technical difficulty—Editor*] issues.

Mr. Clifford Small: Mr. Bonnell, again since 2015, are you aware of an increase in DFO's budget, both in personnel and financially?

Mr. Carey Bonnell: Yes, I'm generally aware. I wouldn't know exact numbers, but certainly there have been budget increases, absolutely.

Mr. Clifford Small: Basically, there's been a 50% increase in funding and a 50% increase in their personnel, but we're missing this data piece.

What do you think is the impact on an operation like your own? In the Newfoundland and Labrador blue economy, what's the impact of that lost science data?

Mr. Carey Bonnell: In terms of core multispecies science surveys...and for those of you who don't understand it, every year the federal Department of Fisheries and Oceans does a spring and fall survey, which they call a multispecies survey. They'll go out, all the way from the coast of Labrador to the southern Grand Banks, and do a multispecies survey over a period of two to three months.

For the past four years, starting with COVID in 2020, with aging vessel issues, labour issues, new vessel issues and calibration issues, there have been gaps during which complete surveys were missed, at times partial surveys were completed, and at times surveys were completed but data was not admissible because [*Technical difficulty—Editor*] if you wish.

That has a major impact, because these surveys lead into the assessments and lead into the science recommendations. From those, managers will make recommendations to the minister for decisions. That's the foundation for the \$1.4-billion seafood industry we have in Newfoundland and the \$8.8-billion industry we have across the country. When there are gaps, an ultraprecautionary approach is often applied and the outcome of that is usually quota reductions. That's our concern. This is well known, and I've spoken about this at FOPO on several occasions. I just had a call with Fisheries and Oceans, before I came here, on this very topic, and it's an area of concern, no doubt.

Mr. Clifford Small: We know that fishery science is used for conservation and whatnot, but with this fumble, could we be missing a great opportunity for economic growth if there's recovery in stocks?

Do you have specific examples of how you've been penalized because the science wasn't done?

Mr. Carey Bonnell: I think it works both ways.

There are examples of how we've been penalized for lack of data and lack of information and ultra-conservative decisions have been made. The situation with Greenland halibut is a very good recent example of that.

There are also examples of how we just don't know. We're the company that fishes most of the yellowtail flounder in the southern Grand Banks. We've actually seen a decline in catch rates in that case, yet we don't know what's going on with the resource because no survey has been completed in the last three years. My understanding is that we will have one completed this year and it will feed into the decision-making efforts. It works both ways. There's an opportunity cost, no doubt, but if stocks are declining we'd like to know that as well so we can make responsible decisions based on that.

Mr. Clifford Small: Thank you, Mr. Bonnell.

On yellowtail flounder, your operation consumes a lot of fuel. What has the cost been, or what is your projected annual cost—I don't know if you know that figure or not—of the clean fuel standard, or carbon tax number two, on your operation at OCI?

Mr. Carey Bonnell: The clean fuel regulation was implemented in July this year. We can only project what the cost might be, but what I can tell you is that, as of July 3, which was the first day things were open after Canada Day... We have two oil companies that we source oil from in this province. On July 3, one of the two companies—I won't get into naming names—increased the price by 12.5¢ a litre. The other company did not, but within a period of about a week to 10 days, the other company followed suit. There was no change in the spot price and no change in the market price. It was just implemented as a result of that.

Basically, the refineries and the oil companies are passing the clean fuel costs onto us, and we can't pass those costs along. We operate in a global seafood industry and a global seafood market where the price is the price. We compete with other countries. We export primarily, so we're squeezed on that cost.

We estimate it's about a million dollars a year potentially, as it stands right now.

• (1125)

Mr. Clifford Small: Mr. Bonnell, you're expecting the clean fuel standard to cost your operation a million dollars per year. Is there an alternative to burning diesel fuel in the world that you could switch to right now?

Is there something you could switch to? Because of your penalty, is there somewhere you could go?

Mr. Carey Bonnell: There's nothing that we are aware of right now. There's research and there's activity around biofuel. That's not our space. That's for others to develop. We encourage the development of it, but there are issues around that. There's carbon-capture technology that people are pursuing, but there are issues around that in Atlantic Canada as well.

We have a green ship. Our new vessel, the green ship, has all kinds of energy efficiencies on it, but that happens during fleet renewal. That doesn't happen every other day, so you have the fleet that you have. It's very difficult to make those kinds of adjustments. A lot of the new technologies are years, if not decades or more, away for the seafood industry. We're seeing it in the automotive industry, of course, but not so much in the seafood industry. It's going to take a lot more time.

The Chair: Thank you.

Thank you, MP Small.

We'll go to MP Thompson now.

Ms. Joanne Thompson: I'm Joanne Thompson. We've met, but for the record, I'm the member of Parliament for St. John's East. I'm a Liberal.

I want to ask questions of all of the witnesses. Thank you so much for coming.

I want to make the opening comment that, for me, there is no doubt we're in a climate crisis. I don't know that any of us could ever have predicted how severe it is and how urgent the action required is. Also, we have evergrowing geopolitical crises that I think are making this even more difficult. Apart from the human scale, there's the need for us to move forward with the clean fuel shift in every aspect of society to meet the realities of the targets we need to make to reach net zero.

I'm going to start with you, Mr. Leet, and then I'll go to Mr. Templeton.

In the next six minutes, could you speak about what it is that makes Newfoundland and Labrador quite unique in how we're able to lead the 21st century in a movement to clean technology? We're part of the Atlantic, and I think that the opportunities within the Atlantic provinces are significant, but Newfoundland and Labrador has a very unique position here.

Mr. Leet, if you could, speak to the opportunities. You listed some of the challenges, but tell us if there's something else you would like us to know.

Mr. Sean Leet: Thank you for the question, MP Thompson.

The province, particularly the island of Newfoundland, is blessed with an extremely strong wind resource. We've had many experts looking at our project, from offtakers to OEMs, and they all remark at the speed of the onshore wind and the capacity factor as well. That's huge. It all starts with the resource.

Unique to our site—to some other sites in the province as well, but I can speak to ours in detail—is that we have existing transmission corridors and a low-density population. A massive freshwater supply served a former paper mill, as I mentioned in my comments. That is key. We don't have to encroach on any municipal or other provincial water sources, and it's fresh water. The other leading project in the world is in Saudi Arabia in Neom. A company called Air Products is moving that project along. They have to desalinate all their water. In order to have a carbon score to allow that product to be considered green by the EU, which are the standards that are setting the pace right now, they have to use renewable energy to do the desalination of the water. If you think about how that works economically, it's a huge advantage for us to have the freshwater supplies that we have here.

In terms of stakeholder support and first nations support, I know that it's not just with Qalipu First Nation, which is key to where our project is located. Miawpukek First Nation is extremely supportive as well. Unanimous support from the first nations on the island is huge. They recognize the fact that we're in a climate emergency; that we need to take leadership action; that we have the opportunity to do this right here, very quickly, because of the uniqueness of our site; and that we're in close proximity to the initial markets.

We're anxious to find ways to add value to the product here at home locally. We have some conversations on that started. The steel industry is a massive emitter of carbon, and there are huge movements to convert the steel plants in the world to green. Labrador, as you're probably well aware, has a very high-quality ore that holds a huge opportunity for advancing this industry more quickly.

I could go on and on about the advantages and how well we're positioned. As mentioned in my comments, I don't think we can understate the fact that we really do have the opportunity to lead the world here. It's extremely unique, at this moment in time, for the reasons you've pointed out. The OEMs that we're working with are amongst the leading companies in the world for the manufacturing of turbines, electrolyzers and all the long lead components.

We've had to sell ourselves to them. They're looking at the U.S. and the IRA subsidies and saying, "Well, once these come on, these projects are going to be well funded." We've had to take risks,

much like everyone at Bear Head, and spend our own capital to move forward and convince these OEMs that they should reserve manufacturing slots for our project. We've been successful at doing that, because they've recognized the value in the location, the support from the province and the support from the federal government, but they're still waiting to see what these subsidies are going to look like: Are your financial models going to be able to deliver on the indications you have from both the federal government and the province when it comes to the royalty regime?

As stated, that information can't come quickly enough. We need the ITC coverage to be clarified. Hopefully, it's extremely broad to give us that partial "level set" with the U.S. IRA. Then we need the contracts for different arrangements to be implemented and for Canada to send a message to the world that we're serious and we're here. These projects will start to move forward even quicker once those clarifications are made.

• (1130)

Ms. Joanne Thompson: Thank you.

Mr. Templeton, with the time remaining, I'd like to hear your comments.

Mr. Alex Templeton: I would simply reiterate what Mr. Leet has said. It is a confluence of very unique factors that are enabling the prospects in the province.

I would just highlight that it really is also the added benefit of people like—

The Chair: Excuse me, Mr. Templeton. Could you move the microphone over so that our interpreters can capture your voice?

Mr. Alex Templeton: I'm sorry.

I would just add to that list that people like Mr. Leet are business people who are prepared to take these risks. These are highly complex financial models, as you would expect, and there are lots of pressures on them. I would just reiterate the need for the federal government to come to the table with its piece of that complex puzzle, which is very much these ITCs and leveraging that opportunity.

The Chair: Thank you.

Thank you, MP Thompson. There will be another round, so you will have an opportunity.

We'll go to MP Ste-Marie, please.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

Thank you to our four witnesses, who have given us a lot of information. This is a very informative meeting. I have a slew of questions, but first, I want to say a few words about the committee's work.

We've spent the week visiting the Atlantic provinces. It's been very insightful. We are learning a lot. I think it's very helpful to meet with people in their community or province to gain a better grasp of their situation. It's a bit gruelling, because we spend mornings meeting with people and afternoons on the road or in this case, in the air—we flew here, of course. The reason we are able to do our job properly is the incredible support team we have with us. The days are long for everyone.

I want to take a few moments to thank everyone on the team—our fabulous committee clerk, Mr. Roger, and our seasoned analysts, Mr. Capwell and Mr. Lambert-Racine, who provide us with documentation, summaries and analyses.

As a francophone, I depend on the interpreters. They do a tremendous job, and I cannot thank them enough. Ms. Forbes-Smith, who is interpreting my remarks as we speak, Ms. Célestin and Ms. Desnoyers, thank you ever so much.

I want to thank the proceedings and verification officers, who are also great, even though they're all the way over there. Thank you, Mr. Campbell and Ms. Senior. Lastly, I mustn't forget Ms. Fahey, who isn't in the room right now. She's the terrific logistics officer who organizes everything for us. I want to say a heartfelt thanks to everyone on the team. We're getting to know each other better over these weeks, and they are all amazing people.

I see the chair's reaction, so I should add that I speak on behalf of all the committee members.

Now that that's been said, I have quite a few questions for the witnesses.

Mr. Bonnell, I want to ask you about your employees.

Do you hire them for the season or the year? How does EI work for them?

We've heard a lot about the labour shortage. Is that a challenge your company is dealing with?

• (1135)

[English]

Mr. Carey Bonnell: There's a lot to cover there, but I'll try to do it very succinctly.

Our labour force is divided basically into land-based processing facilities and offshore vessels. We have four active offshore vessels right now, where we would employ maybe 500 people, give or take, 400 to 500 people in total. That's year-round employment. They go trip on, trip off throughout the year. They're full-time employees, basically, within our company.

Then, currently, we have four land-based processing facilities. That's seasonal work. That would be snow crab, sea cucumber, groundfish—a whole variety of different species. Those plants operate seasonally. Some are multispecies plants that may operate up to six, seven or eight months a year. Some are highly seasonal, like the plants that are largely snow crab only. In MP Rogers' district, they have one. They would be highly seasonal operations. It's an intensive 12-, 14- or 16-week period, depending.... In those operations, we would have people who would rely on EI and EI programming to support them.

I don't know if that answers your question fully or not.

[Translation]

Mr. Gabriel Ste-Marie: Yes. Thank you very much for your answer.

Does the current EI program provide your seasonal workers with good coverage, or are changes needed to better address their situation? That's my first question.

Second, is your sector affected by the labour shortage?

[English]

Mr. Carey Bonnell: I missed your question on the labour shortage. Absolutely—we're all facing a labour shortage. Given the wind energy developments that are about to occur around the province, I fear that we're going to have further labour shortages that we're going to have to face. Our company introduced temporary foreign workers last year for the first time in our history. We were probably one of the last to adopt temporary foreign workers.

We still have operations in Bonavista, where we have 400 employees in our snow crab business, where we have zero temporary foreign workers. We have a waiting list for workers. There are regional examples where we still have a really good core workforce, but increasingly, with the aging workforce, we're moving toward temporary foreign workers. It's more so on our land-based processing than on our vessels. If you can offer year-round employment and good-paying jobs on a year-round basis, with no reliance on EI, it's more attractive. You can generally attract people into that lifestyle. It's not as much of an issue there.

In terms of the EI program, it's a bit of a loaded question. I'm not sure how to answer it. What I will say about the EI program is that the changes, obviously, that occurred here this past year will impact us, particularly given the shortened duration of coverage. It's not so much the hours of qualification, because I think virtually all our workers will qualify as seasonal workers. It's the fact that the changes that occurred because of the decline, I guess, in the unemployment rate will result in people running out of EI in mid-February, probably, or late February or early March. Our seasonal operations in snow crab don't start until April.

There's no way to bridge that gap, as it stands. That's going to be impactful. That's punitive, and it's going to be challenging. I think everyone is well aware of that. I know there's a lot of dialogue on that topic right now to try to find some solutions, hopefully.

[Translation]

Mr. Gabriel Ste-Marie: Thank you.

I have another question for you.

You mentioned the aging workforce in relation to the labour shortage. Do you think the government should introduce incentives for young retirees who want to keep working part time, say, so their retirement income isn't clawed back? Could that make a difference in your industry?

• (1140)

[English]

Mr. Carey Bonnell: It's hard to answer that question, really, because I don't know the specifics around what an incentive program might look like.

We have retirees who come and work for us seasonally. We have people, unfortunately for Mr. Foley, who came out of the hospitality sector in Bonavista with the massive challenges in hospitality in 2020 and 2021 during COVID. A lot of them came into the seafood processing sector in Bonavista. Some of them may not have gone back because they liked that seasonal lifestyle and seasonal work, where they qualified for EI and could maybe still do part-time work in hospitality. You can't really do that, though, because the seasons generally align. It's kind of hard to do.

I don't know the answer, but we are looking for all kinds of creative ways. We work with the Association for New Canadians to try to attract workers. We were very actively involved during the Ukrainian crisis with Ukrainians coming into the province. We're including temporary foreign workers. I don't think that's a long-term solution, but I think it's a necessary solution today.

We need longer operating seasons in our business to make it more attractive for people who want to work in our operations and to move from temporary foreign workers to an immigration strategy. That's what we need, but that takes time.

I'm not fully answering your question, but those are my views on that.

The Chair: That's time. Thank you.

You're a very humble and gracious MP, Gabriel Ste-Marie. You didn't introduce yourself or your riding.

[Translation]

Mr. Gabriel Ste-Marie: I represent the riding of Joliette, near Montreal.

The Chair: Thank you.

[English]

We'll now hear from MP Cannings, please.

Mr. Richard Cannings: Thank you.

Thank you to all the witnesses here today.

My name is Richard Cannings. I'm the MP for South Okanagan—West Kootenay in southern British Columbia.

As I've been saying here today, I have lived in Newfoundland. I was here in St. John's for three years in the middle of the seventies—back in the late Pleistocene—when I was doing my master's degree at Memorial. For one of those years, I lived in the lighthouse at Cape St. Mary's before it became a real tourist place.

We've heard a lot about wind energy. I served for six years on the House of Commons natural resources committee, and we talked about energy a lot. I was always thinking, "Why isn't Newfoundland developing this wind energy?" The comment we hear about wind energy is that it only works when the wind is blowing. Well, I can assure you that at Cape St. Mary's, the wind is always blowing. The year I was there, I think one day the wind stopped. I was like, "What's happening? The world is coming to an end."

I'll start with Mr. Templeton on that theme, and I'll move to Mr. Leet later.

There are ways of exploiting the wind energy here in Newfoundland. One is through hydrogen and [Technical difficulty—Editor]. That sort of thing is a storage mechanism, but it's the direct wind energy, putting it into a grid, that can help Newfoundland and Labrador and the rest of Atlantic Canada benefit. You know, let's get our whole energy system into the green economy.

Can you comment on that? Maybe you can touch on the Atlantic loop or something like that. How can people here in Newfoundland and Labrador really contribute directly to the energy we use in Canada?

Mr. Alex Templeton: I can speak briefly to that.

What we see in the sector right now is, at times, there are a number of competing aspirations in what ultimately needs to be done.

The Atlantic loop is a proposal concept that makes a lot of sense from our perspective and our members' perspectives. It is something that has been intuitive to the organization for quite some time, but we know that our utilities, like Newfoundland Labrador Hydro, are facing circumstances, when they are looking at the projections, whereby there will be increased demand on generation. They are looking at significantly having to build out on the existing grid to account for all the electrification that we have proposed.

In light of that, while the idea of exporting energy directly out of the province is certainly a viable concept, frankly, there's a limit on our capacity to focus on all of these great prospects all at once. That capacity is very much under strain right now, and it's something that should be properly supported.

• (1145)

Mr. Richard Cannings: Mr. Leet, both you and Mr. Templeton mentioned the ITCs and things that are helping drive these changes forward, and both of you mentioned the comparison with the Inflation Reduction Act in the States, which is so much more generous to these prospects. I've heard from many Canadian companies that are under real pressure to move to the United States to take advantage of those.

Mr. Leet, could you talk about the difference between what is being offered in the IRA versus the ITCs that we have here in Canada, and why it's critical that we try to bridge that difference?

Mr. Sean Leet: Thank you for the question, MP Cannings.

In the U.S., the Inflation Reduction Act includes subsidies for the production of green hydrogen. There's a production tax credit. Our response to that has been an investment tax credit, which gets us about 50% of the way there, based on the understanding we have now of what the ITC will include. It gets us to about 50% of the value of the U.S. subsidies—again, the production tax credit—which is why we require additional mechanisms to help support it to level set us with the U.S.

Contracts for differences would be a key to unlocking some of these offtake contracts, but some of the other supports from the Canada Infrastructure Bank and the other organizations mentioned in my comments will be important to get us as close as possible to that lucrative U.S. subsidy.

Mr. Richard Cannings: Mr. Templeton, do you want to add anything to that on how we could better support Canadian companies to do this work so that they won't go to the United States?

Mr. Alex Templeton: I don't have much more to add on that. I know it's something about which our members share the impression that, obviously, the Canadian response has not been as competitive as it could have been with respect to what the U.S. is offering.

Again, to reiterate, that's one part of the puzzle. I know it serves the focus that we have here. It is a very critical component when you consider all of the complexities of the business model that people like Mr. Leet and his colleagues are trying to unlock for us.

Mr. Richard Cannings: Thank you.

The Chair: Thank you, MP Cannings.

Members and witnesses, we're moving into our second round of questions. In this round, timings will be a bit different, but we are starting with five minutes for MP Small.

Mr. Clifford Small: Thank you, Mr. Chair.

My question this time will be for Mr. Foley.

Mr. Foley, the CFIB and the Canadian restaurants association are saying that 50% of restaurants right now are at break-even or less.

What are the impacts to restaurants in your organization of the rising cost of food?

Mr. Craig Foley: Thank you very much for the question.

We joined CFIB, Restaurants Canada, TIAC and 250 other organizations, basically, to try to move the repayment time on these loans.

The food and beverage industry I think is perhaps the hardest hit of the hardest hit. What I'm actually hearing from many of our operators is that they're going to have to stop operating in order to stay whole. In other words, when the revenue shuts off, there are no margins now to stay open and hope they pick up a little business. It's better to close and then reopen. You're going to create more seasonal businesses. The real impact of it, and not only in rural Newfoundland and Labrador—it's happening in this city—is that it's going to be hard to get a place to eat. It's going to be hard for people to enjoy half the reason they come.

It's really having an impact. It's causing people to really consider their business opportunities and their business models.

Mr. Clifford Small: Mr. Foley, we know that everything has to be shipped here except oxygen and—

Mr. Craig Foley: And wind—

Voices: Oh, oh!

Mr. Clifford Small: Yes, and the wind brings the oxygen.

We had a witness previously who talked about the high cost of shipping goods here and the ultimate impact to the consumer. What do you think the effect of the carbon tax is to the end-user, to your members?

• (1150)

Mr. Craig Foley: From the members I've heard from, it's primarily been around transportation: airlines, bus companies and boat tours. Certainly, everything that's served, if we're staying with the F and B example, every input, for the most part, because food security is an issue in Newfoundland and Labrador, has to be shipped in. Every time there's an extra cost put on the cost of goods shipped in, that has to get passed on to the consumer. At a certain point, consumers are going to say, "This is too much. I can't do that."

There's a constant battle of trying to figure out the correct price point against the cost of doing business. That's causing a tremendous impact on the operators. It's ultimately going to change the face of the product available on the ground.

Mr. Clifford Small: As well, Mr. Foley, I guess a lot of your members burn a lot of propane. How do you think the carbon tax is impacting the cost of the energy used in their daily operations?

Mr. Craig Foley: I guess any increase in cost right now, at such a critical time, would be detrimental, I would say, to any business that's on the edge.

Mr. Clifford Small: Do you think your members in the hospitality industry have much of an alternative to using fossil fuels right now? Do you think there are other readily-available sources of fuel that could replace fossil fuels right now, or do you think the carbon tax is just a tax?

Mr. Craig Foley: To steal from Mr. Bonnell, I think there's constant innovation trying to be made, but for right now, it would be very difficult to implement an alternative.

Mr. Clifford Small: Thank you.

On immigration, Mr. Foley, your industry relies heavily on new Canadians. How are you finding the impacts of the housing crisis on your industry?

Mr. Craig Foley: Housing is definitely a big challenge when it comes to labour. Even between communities, we're seeing people paying incentives with gas cards and trying to get people to move to the next community, and we're only stealing from one community to the next in doing that.

We put in a tremendous amount of effort last year with refugees and new Canadians. It worked somewhat in the bigger areas, but when we got into the rural areas, there was nowhere for people to live. It was put back onto the employers to try to provide that housing. Of course, the available housing now in many of the areas is just not there, because that is gobbled up for short-term rentals. A number of different factors are adding to the lack of housing, but the lack of housing is certainly preventing some of these immigration policies from working.

The Chair: Thank you.

Thank you, MP Small.

Now we'll go to MP Rogers.

Mr. Churence Rogers: Thank you, Mr. Chair.

I'm Churence Rogers, member of Parliament for Bonavista—Burin—Trinity.

First of all, Alex and Sean, I'd like to thank you for your endorsement of the tax incentives that were included in budget 2023 and, of course, the way they are going to be impacting our province with some great projects. I'm excited about the fact that rural energy projects are moving forward, but also that we have identified others like EverWind in Marystown and the one at Come By Chance, for example, or another one for Argentia. These are going to be major projects moving forward, and they're going to be tremendously beneficial to the province as a whole.

Alex and Sean, from your endorsement, I guess you would agree that the federal government is on the right track in terms of clean energy projects, trying to reduce fossil fuel emissions and investing in a new clean economy. Would that be fair to say?

• (1155)

Mr. Alex Templeton: I would agree with that.

Mr. Churence Rogers: Sean, go ahead.

Mr. Sean Leet: Absolutely.

The ITC was a huge step forward. The support we're receiving from the federal government as well as the provincial government to advance the industry is monumental.

We do need clarification on the breadth of the ITC coverage and to understand what the CFD will look like—that's also very important—but we understand that this stuff takes time. We're doing our part and just carrying forward the message as much as we can that there is some urgency to getting clarifications on the announcements that have already been made in the 2023 budget.

Mr. Churence Rogers: Without these kinds of incentives in budget 2023, we probably would have missed the boat on some of these major projects that are about to be developed, considering what you talked about in terms of U.S. subsidies and how aggressive they've been.

Mr. Sean Leet: Absolutely.

If we had not had a response to the U.S. IRA subsidies, we would have missed the boat. We're at a point now where, if we don't get clarification on the full range of our subsidies and how we're going to level set with the IRA, then we could miss it. That's not just with respect to securing the offtake agreements. These manufacturing slots that I referred to before are critical, because once there's clarity around the U.S. IRA rules—which are coming any day now—there will be a massive rush to secure those wind turbine manufacturing spots and the electrolyzer spots.

Although we've done a great job positioning ourselves with these OEMs, that could change quite quickly if we don't have some clarification in short order.

Mr. Churence Rogers: Thank you.

Craig, on the tourism industry, it's pretty big in Bonavista—Burin—Trinity, for instance in the Bonavista Peninsula. I know the challenges—I've talked to some of the operators—around the industry from the impact of the pandemic.

Last year they seemed to bounce back. The year 2022 seemed to be a good summer, a good year. This year wasn't quite as positive as last year.

What do you think led to some decrease in the tourism industry this year, around my riding and right around the province? What are some of the contributing factors, to your mind?

Mr. Craig Foley: Thanks very much for the question.

I think there was a pent-up demand for everybody to come home last year. I think that really drove some visiting.

We're still waiting for some analysis of the research for that answer. Marine Atlantic is at capacity right now, so even if we wanted more people to come, they couldn't come by car. We know we have challenges in the airline industry, and we do not get accidental tourists in Newfoundland and Labrador.

Mr. Churence Rogers: The new ferry that will be going on the Argentia run in 2024 should be a good boost for your industry. What do you think?

Mr. Craig Foley: I think it's all going to help, but we're seeing changing consumer choices as well. People travelling on ferries now want their own cabin. This is all part of what came from the pandemic.

Marine Atlantic is challenged with trying to build that capacity, and I think they are trying to build that capacity.

The Chair: You have time for one quick question. Be really quick.

Mr. Churence Rogers: The EI regulation changes.... I know that Carey's told me about his.

What about your membership in terms of the impact?

Mr. Craig Foley: Yes, the impact for our membership... Of course, we're concerned about the employees. We have a very challenged labour pool right now. Some industries are the beneficiaries of some of our challenges. What we're concerned with, I guess, as an overall industry, is that we're going to lose more. If we don't have the people to work, we're not able to open and we're not able to offer the experiences. There is a requirement, I think, to be able to keep those people who are seasonal workers at least in their communities. It's because of the....

If I could offer one quick thing, with regard to the regions that are broken down for EI, it is very hard to compare Trinity to Grand Falls-Windsor. The opportunities are not the same. That's going to take some longer-term planning or changes, but there need to be immediate responses as well.

• (1200)

The Chair: Thank you.

Thank you, MP Rogers.

Now we'll go to MP Ste-Marie.

[Translation]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

My question is for Mr. Foley. It's about a concern he raised in his presentation, the repayment deadline for loans provided through the Canada emergency business account, or CEBA.

You were clear that things still hadn't returned to normal for the industry and members of your association. Tourism declined because of the pandemic, and the impact is still being felt. Now, on top of inflation, interest rates are higher. As is the case throughout the economy, members of your association are dealing with not just higher costs, but also lower revenue given that things haven't returned to prepandemic levels. The government is saying now is the time to repay the loans. It pushed the deadline by a few weeks, but that was more symbolic than anything else.

On behalf of the members you represent, could you tell us how this repayment deadline is affecting businesses? Will some businesses that would have otherwise been able to stay afloat have to close their doors?

[English]

Mr. Craig Foley: Yes, I think the research we cited, indeed, says that—that some of these businesses are not going to survive. Many indicated that they couldn't repay it within that period of time. That's if we take an individual operator perspective. These people were fighting for breath immediately. As soon as the pandemic came in, they were the first ones shut down, and they were shut down immediately. When you have no oxygen, you're trying to take every available breath that you can get. To be fair, these programs were needed and appreciated when they came in. They were lifelines that kept many people whole.

What that has done, though, is that it has compounded. We called it a bit of a snowplow effect. It just piled up, piled up and piled up. Now it's all become due. It's not structured in a way where it can help their cash flow. It's not that the businesses can't pay back that

amount of money. It's just that it's very difficult to pay it back when it's not structured in a proper way.

Therefore, getting some relief on the timeline would be important. For some, if that debt could be stretched out over a longer period of time, it would help the individual operator. My concern with that is that, if operators are only just able to make their minimum commitments, we're going to see a decrease in quality because they're not reinvesting in their businesses. They're not able to hire more people. They're not able to make those [*Technical difficulty—Editor*] changes. They're not able to stay open those extra few weeks to stretch the season because the money is just not there.

[Translation]

Mr. Gabriel Ste-Marie: Thank you.

The Chair: Thank you, Mr. Ste-Marie.

[English]

Now we'll go to MP Cannings.

Mr. Richard Cannings: Thank you.

I'm going to continue on that line with Mr. Foley.

I come from a riding that depends heavily on tourism. I'm the NDP tourism and small business critic. As you say, it was the first and hardest-hit sector in the pandemic, and for various reasons it has not fully recovered. Some of those reasons run on from the pandemic and others are totally separate.

In my area, for instance, I had a whole bunch of businesses that were going to be able to pay back their CEBA loans, and then we were burning all summer in the Okanagan Valley. We had travel shutdowns, where the government basically shut down the tourism industry to keep people out. That affected the whole business of labour, which has been a big issue, and housing is a huge part of that. I have hotels that are buying motels to house their employees. It's just a whole pile of run-on things.

I've been working with the Canadian Federation of Independent Business and TIAC to try to get the government to extend that because, like you say, it's not that they can't pay them back. It's that they were forced to pay them back over a relatively short period of time. I'll give you a few extra seconds to expand on that and why the government.... This would keep businesses alive so that they could pay back the loans. This would keep businesses alive so that they could keep the people who work there and provide an opportunity for visitors across the country to enjoy this place.

• (1205)

Mr. Craig Foley: Thank you for the opportunity.

In our industry, I think every single system was broken when COVID came. I remember people calling me—hotel owners—and saying, "I have to find the keys to the front door—we've never locked it." They had to figure out how to shut down. What do you do with your cable and those types of things?

The impact of the pandemic, although most of us are trying to think beyond that, is still having a real impact on our industry. When every single system in that ecosystem is broken—air travel and access—and then you throw in some other things, as you say, a natural disaster, all of this has a direct impact on these operators who are trying to get ahead. It's one step forward and two steps back most of the time.

It's about being able to get the time to get ahead, to restructure and to make a plan with a bit of a longer horizon, because these are all unintended consequences, I guess, that are affecting the businesses' ability to operate and to respond in the way they want to. I talk to operators who feel a sense of shame because they had to even ask about that. That's not the position they want to be in. They think, "I'm going to get ahead", and then something new comes in.

It's a very unfortunate situation. Based on our research and the conversations I have, many businesses are in peril.

Mr. Richard Cannings: Thank you.

The Chair: Thank you, Mr. Cannings.

We'll have MP Small, please.

Mr. Clifford Small: Thank you, Mr. Chair.

My question will be for Mr. Foley.

The hospitality industry is built around travel. Right now, we're looking at the impact of the carbon tax, and we're somewhere around 20¢ per litre on gasoline in carbon tax and HST combined. What do you think the impact will be on your industry as that triples? This applies to airline tickets, prices on gasoline and what-not. Do you think it will have a negative impact on your industry, which is already struggling?

Mr. Craig Foley: Without question, any increased cost has to be passed on to the consumer and, at a certain point, the consumer is going to say, "This surpasses my appetite."

In our industry, most of the revenue we get, outside of business travel...and again, thank you very much for coming. It's great to have all of you here. This actually affects our industry when we have people travelling.

If you're looking at families travelling, it's coming out of discretionary funds, and at a certain point those funds run out. Any increase to the cost of getting here, particularly to Newfoundland and Labrador, where we do not get the accidental tourists, or in the provision of the experiences is going to drive the cost higher, and it may out-price the product for the market.

Mr. Clifford Small: It's becoming more and more evident and it's being pronounced by governments of the world that our transition to electric vehicles is basically a pipe dream. It can't happen for one reason or another, mostly because we don't have the resources to be able to do it as quickly as everyone wants. We all want cleaner air and lower emissions, of course, but with all the costs to get here to Newfoundland and Labrador—and you indicated that the automobile traffic is up—at what point do you think people will just simply stop coming because it will get too expensive?

Mr. Craig Foley: It's a very subjective question you ask, but I think that has probably impacted some of the residential travel this year. I didn't see as many people moving around the province. You

can see that fairly quickly. This summer, when you looked around, there just wasn't that much automobile traffic happening.

I do think it's a delicate balance, because we're also very committed to the environment. We're committed to preserving our culture. We only get what we've got, and one of our greatest selling propositions here in Newfoundland and Labrador is our natural environment. I think we have to find and strike that balance and continue to work toward that, but for the very immediate future, any increase in cost is going to affect visits.

• (1210)

Mr. Clifford Small: Thank you.

The Chair: Thank you, MP Small.

MP Thompson, you will be our last questioner of the witnesses.

Ms. Joanne Thompson: Okay. I'll try to get in as many questions as I can.

I am going to start with you, Mr. Foley. You referenced changing consumer choice. I'm thinking of Iceland now and the choice they made in a time of struggle to really become the destination for people who want the experience of the climate, the outdoors.

Do you see Newfoundland and Labrador moving in that direction, particularly as we become much more aware of our climate crisis, as we understand it, and as the attention of the world is on what's happening here in terms of renewable resources? Do you think we'll see a change in the type of tourist experiences people will expect going forward?

Mr. Craig Foley: I think that's fair, and what Iceland has also done really well is to say that there is no such thing as bad weather; there's just bad clothing.

We are kind of preprogrammed here to talk about weather all the time. They've managed to break through that perception.

I think many of our operators also hold Iceland as the aspirational goal because we are so similar. Again, our biggest challenge on that will be access—getting people here who want to come and spend the money. We know there is pent-up demand for that right now, so access remains that challenge.

Ms. Joanne Thompson: Thank you.

Mr. Bonnell, again, I appreciate how you answered, and I'm trying to get in as many questions as I can.

Quickly, you commented on the rising temperatures this summer in the Flemish Pass and how the highest temperatures ever were recorded. What were the impacts of that on your industry?

Mr. Carey Bonnell: That had a huge impact. Last year we had hurricane Fiona, which was obviously devastating to the southwest coast of Newfoundland, but that system pushed it onto the Grand Banks. We fish yellowtail flounder in a very shallow water environment. We had temperature spikes—I forget the exact temperatures—up around six, seven and eight degrees on the sea floor, where the normal temperature would be three degrees perhaps. That is outside the comfort zone for yellowtail flounder.

We encountered major issues around bycatch species we wouldn't normally see. We have strict rules in the offshore. It impacted our business severely, so we understand the changes that are occurring, and we are fully supportive. As Mr. Foley said, at the end of the day it's about finding some balance in this.

Ms. Joanne Thompson: Thank you.

I'll wrap around to you, Mr. Templeton. Could you speak quickly on the very real clean-energy advantage that we have in this province, because we're backed up by an electric grid?

Mr. Alex Templeton: That's another aspect of our unique opportunity. We have the existing renewable generation and ultimately this opportunity to feed into it, and, as I said in my comments earlier, there continue to be hydro assets that are yet to be developed in this province, major assets.

Those prospects are very good. The wind resource in this province is second to none.

Ms. Joanne Thompson: Thank you.

Finally, Mr. Leet, could you comment on how, going forward, we manage supply and demand?

Mr. Sean Leet: Supply and demand with respect to renewable energy...? I would start with supply-and-demand imbalances being recognized.

On green hydrogen, there will not be enough of it, whether it's green hydrogen or converted green ammonia for shipping, to meet the demand in Europe or globally. We're starting to talk to offtakers now.

I just came from Germany. One significant German utility said this to us two or three times in the meeting: "We recognize that the supply is going to be very limited. We just need to understand how we can afford to buy the premium green product." Of course, that's going to take governments working together to stand up the subsidies. That situation is likely going to persist for many years. Nobody has a crystal ball to understand what that might look like. Conceivably, it could be 10 to 15 years of having that supply-demand imbalance.

It's going to be very interesting to see how it develops. Again, taking a first-mover position in Atlantic Canada is going to allow us to prosper from that supply-demand imbalance while being a leader in the fight against climate change.

● (1215)

Ms. Joanne Thompson: Thank you.

I think that's my time.

The Chair: Thank you.

That's great. Everybody got an opportunity.

Thank you, MP Thompson.

This is our final meeting of our Atlantic tour. We started in P.E.I. We went to New Brunswick and Nova Scotia. We're here now in Newfoundland and Labrador, and it's really been a crescendo to our tour.

We thank you. We've said it all along: It's really about the people we've met—the hospitality industry, the entrepreneurs, the leaders, those in energy—and it has been a really great experience for all of us. I won't name again everybody who is part of our committee, because I think Gabriel Ste-Marie has done a great job of that, but we want to thank you for your testimony and for helping to inform our study as we look in advance to the 2024 budget.

Thank you so much. This concludes our meeting.

We're adjourned, members.

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