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Chair: Mr. Peter Fonseca



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• (1640)

[English]

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

Welcome to meeting number 88 of the House of Commons Standing Committee on Finance.

Pursuant to Standing order 108(2) and the motion adopted by the committee on Thursday, April 20, 2023, the committee is meeting to discuss the subject matter of Bill C-47, an act to implement certain provisions of the budget tabled in Parliament on March 28, 2023, divisions 1 to 9, 32 to 34 and 37. I remind members that the other divisions of part 4 will be studied at a subsequent meeting.

Pursuant to the order of reference on Tuesday, May 2, 2023, and the motion adopted on May 16, 2023, the committee is meeting to discuss Bill C-47, an act to implement certain provisions of the budget tabled in Parliament on March 28, 2023.

Today's meeting is taking place in a hybrid format pursuant to the House order of June 23, 2022. Members are attending in person in the room and remotely using the Zoom application. I'd like to make a few comments for the benefit of the witnesses and the members.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike and please mute yourself when you're not speaking. For interpretation, for those on Zoom, you have the choice at the bottom of your screen of floor, English or French. For those in the room with us, you can use the earpiece and select the desired channel. I remind everyone that all comments should be addressed through the chair.

For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as best we can, and we appreciate your patience and understanding in this regard.

Members, the witnesses we have with us today on this first panel include the Canada's Building Trades Unions. We're trying to get them set up here, because they are virtual. They are Rita Rahmati, government relations specialist, as well as Kate Walsh, the director of communications. Also coming to us virtually, and we're trying to get them hooked up, is the Canadian Health Coalition and Steven Staples, the national director of policy and advocacy.

We have Dr. Alika Lafontaine with us here in person. He is the president of the Canadian Medical Association. We also have the Comité Chômage de Montréal and Mr. Pierre Céré, who is with us. He is the spokesperson for the organization. From the Daily Bread Food Bank, with us here in the room, we have Neil Hetherington, the chief executive officer. Welcome.

I'll show a little bit of my bias here. From Mississauga and the Mississauga Food Bank—thank you for all of your hard work—we have Ms. Meghan Nicholls, who is the chief executive officer.

Meghan, I just want to congratulate you. I know you have a new facility that you have moved into or are moving into as we speak in Mississauga. I look forward to visiting as soon as you are set up and have the doors open.

I see a hand up.

Go ahead, Mr. Ste-Marie.

[Translation]

Mr. Gabriel Ste-Marie (Joliette, BQ): I have a point of order, Mr. Chair.

I'd like to clarify something. If I'm not mistaken, Mr. Céré is here as a representative of the Comité national des chômeurs et chômeuses.

Thank you.

[English]

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

I apologize for mangling up the French.

On that, because we're getting some set up, we are going to start with the Canadian Medical Association.

Dr. Lafontaine, if you could start for us with your opening statement, I'd appreciate that.

Dr. Alika Lafontaine (President, Canadian Medical Association): *Tanshi, boozhoo* and good evening, Chair and committee members.

I am pleased to join you here in Ottawa on the unceded, surrendered territory of the Anishinabe Algonquin nation.

I'm Dr. Alika Lafontaine, a Métis anaesthesiologist working in Grande Prairie, Alberta, in northern rural Alberta. I appear before you as president of the Canadian Medical Association, representing the convictions of more than 92,000 physicians practising across the country, those learning and those wanting to fill the posts to make sure that our health system continues operating effectively.

I can also speak to the heroic efforts of other members of the health care team, specifically nurses, dentists, pharmacists, as well as other allied health care providers.

Health providers remain on the front lines of the pandemic. Their passionate tenacity has been on constant display, and this discussion comes at a historic time, a critical moment that can redefine Canada's health care system.

Ultimately our actions must increase Canadians' access to the care they need. That comes with a price tag and greater accountability, but we all appreciate that the health security of Canadians underscores the nation's financial security. The time is right for increased outcome-based federal funding in health care, and accountability for spending by provinces and territories that administer our health care systems.

The proposed budget carries significant Canada health transfer and bilateral funding commitments. It contains crucial steps to continue cleaning up past pandemic waves and fixing the structures that were barely staying together before their arrival.

Allow me to focus on three critical areas where investments and attention are urgently needed.

The first is pan-Canadian licensure. We were pleased to see front-end commitments to the recognition of credentials of health providers in this year's health transfers. As provinces and territories respond to this commitment, the CMA looks forward to a continued focus on the implementation of pan-Canadian licensure for physicians and other providers. Ninety-five per cent of physicians and medical learners are in favour of pan-Canadian licensure.

Pan-Canadian licensure will improve access in rural, remote and northern communities. It will improve access to specialist care, especially those specialists who are in extremely limited numbers; provide much needed relief in rural settings where solo practitioners have little options for support; and will make Canada more attractive to internationally trained medical graduates.

Earlier this month the Atlantic physician register went into effect in our Atlantic provinces, enabling the mobility of physicians among the four Atlantic provinces. This is historic, and the first time in the history of Canada that this has occurred.

Second, we need these investments to trickle down to frontline providers and improve their working conditions. Ten per cent of the Canadian workforce are health care providers. We know that burn-out rates among physicians and residents increased by 22% in the last four years. Last year, 49% of physicians polled indicated to the CMA that they would be reducing their clinical hours in the next 24 months. We are seeing this play out now.

Further contributing to the exodus of doctors is the administrative burden they face every day. If you add up that burden, you find that 18.5 million hours are spent each year on unnecessary adminis-

trative tasks, time that could equate to more meaningful time with patients and greater bandwidth to respond to urgent calls for help. To keep and attract the best health care professionals and to increase Canadians' access to care, we need to listen and respond to what the workforce needs.

Lastly, we need to double down on the relationship between better data and health care. No business the size and scope of health care in our country would question the need for comprehensive data to drive decision-making. Without changes to our medical data collection, Canada cannot plan for our workforce supply or distribution needs. Mechanisms to build a national infrastructure to improve integration, interoperability and ensuring of data are key to rebuilding the country's health workforce.

We also need to get serious about federal-provincial-territorial regulations around emerging technologies like virtual care and artificial intelligence.

Mr. Chair, health care workers and their patients have felt the impact of a broken health care system. This budget gives us an opportunity to stabilize and rebuild. The Canada health transfer and bilateral funding commitments announced in budgets 2023 and 2024 are a great impetus for change.

Marsi. Thank you. I look forward to the conversation.

● (1645)

The Chair: Thank you, Dr. Lafontaine.

Now we will go to the Comité Chômage de Montréal and Monsieur Pierre Céré.

[*Translation*]

Mr. Pierre Céré (Spokesperson, Conseil national des chômeurs et chômeuses): Ladies and gentlemen members of the committee, thank you very much for this invitation, which arrived somewhat at the last minute. I was invited earlier today at around 2 p.m.

I have prepared some notes to make a presentation on the relationship between the employment insurance program, the required changes we're hoping for, and the gaping void in the budget and in this budget implementation act.

I'd like to point out one thing: The employment insurance program is the only social program that falls exclusively under federal jurisdiction. Back in the day, to create the unemployment insurance program, they even had to amend the Canadian Constitution, because social programs fall under provincial jurisdiction. So an unemployment insurance program was created in 1940, but the federal government has been doing a poor job administering it for quite some time. It's the only social program for which it is exclusively responsible.

Why is it doing a poor job? Significant cuts were made in the 1990s. We know the story. That made it possible to downgrade the unemployment insurance program, which became the employment insurance program in 1990, and subject it to a kind of straitjacket of cuts so that the program no longer met needs or expectations.

I don't feel I need to remind you of the state the employment insurance program was in at the beginning of the health crisis in March 2020, when it literally collapsed the week of March 16.

That's the reality: Our social safety net, the employment insurance system, is broken. That's why the federal government made a clear, specific commitment during the health crisis to improve, to make changes, to impose changes to the employment insurance program or to proceed with reform. The idea was to modernize it and make it a 21st-century program. That's how the government, ministers and Prime Minister put it.

For example, I would like to remind members of the Liberal Party of Canada's commitment during the 2021 election:

Move forward with a stronger and more inclusive EI system that addresses gaps made obvious during COVID-19...[W]e will bring forward a vision for a new and modern EI system that covers all workers...

I have the minister's mandate letter from December 2021. We see a mandate letter as a contract. The contract stated:

...by Summer 2022, bring forward and begin implementing a plan to modernize the EI system for the 21st century, building a stronger and more inclusive system...including workers in seasonal employment and...ensuring the system is simpler and more responsive for workers and employers.

The government undertook very lengthy consultations in 2021 and 2022. We took part in each of those consultations because we believed in them. We met with the most senior representatives of the Canadian government, who all told us changes would be made as planned by summer 2022.

No changes were made. It was postponed until fall 2022, from September to December, and then from December to February 2023. What did we see in the budget? Nothing. There's a void. There's absolutely nothing in the budget.

A few weeks before the budget, government representatives met with us. They told us that the changes announced would be included in this budget plan. Were we lied to? I ask the members, were we lied to? I believe we were. Were government representatives also lied to? I can't answer that.

Something didn't get done. In the meantime, the employment insurance program remains dysfunctional, doesn't do the job and does not adequately cover workers when they need to use the program.

We do not wish unemployment on anyone. Right now, the employment situation is going very well, but some people still end up in a precarious employment situation and sometimes have to rely on EI between jobs. This program, which is mainly aimed at the part of the labour force that works in precarious conditions, no longer does the job.

● (1650)

Who came out the winner here? What were those promises made again and again for years to us, our representatives and the people? There's nothing in the budget, except an announcement that the pi-

lot project for seasonal workers will be extended. Why the void? However, in 2019, we were told that this pilot project would be improved and included in the legislation—

The Chair: Thank you, Mr. Céré.

[English]

I'll just ask you to wrap up, please.

Thank you.

[Translation]

Mr. Pierre Céré: I will answer questions later. Thank you.

The Chair: Thank you, Mr. Céré.

[English]

On behalf, of course, of the committee and the hard-working clerk and the staff, let me thank all our witnesses for, in short order, taking up our invitation to be with us today and for being prepared to answer questions from members. I know that you did not have much time, so thank you for that.

We're now going to hear from Mr. Neil Hetherington from the Daily Bread Food Bank, please. He is the chief executive officer.

● (1655)

Mr. Neil Hetherington (Chief Executive Officer, Daily Bread Food Bank): Thank you for having me here today.

My name is Neil Hetherington, and I have the awesome privilege of representing the Daily Bread Food Bank—Canada's largest food bank. We are based in Toronto and have a mission to ensure that everyone's right to food is realized.

I'm here today to speak about the grocery rebate included in the 2023-24 budget. I'm grateful to have the opportunity to share what we are seeing on the ground at our food banks across the city and why you, our elected representatives, should be gravely concerned about the state of food insecurity in Canada right now.

Before the pandemic, we used to see about 60,000 client visits every single month. During the pandemic, that doubled to 120,000 client visits per month. This past March, we were horrified that there were 270,000 client visits recorded. We can do better.

Where we used to see some 2,000 individuals make use of the food bank for the very first time, we are now seeing some 12,000, every single month, come to the Daily Bread Food Bank. The underlying reasons for this are complex, but I can summarize them in one sentence: People do not have enough income to afford the rapidly rising cost of living.

With unemployment being at record lows, it begs the question. Why are we seeing such historic increases in food bank usage? Food bank usage has always had a correlation between its use and unemployment. As a result, I have sleepless nights—and a few newly found grey hairs—thinking about what will happen if unemployment begins to rise.

Many of the people who are coming to our food banks in Toronto are relying on fixed incomes, particularly social assistance. I worry very much about those receiving income from disability. Those funds in Ontario total about \$1,200 per month for an individual to survive on. It is a full \$900 below the poverty line. In the past year, we have seen the proportion of people with income derived from employment as the primary source double from 15% to 33%. No longer is there a promise that, if you get an education and you work hard, you will not need food charity.

Seventy per cent of our clients at food banks are paying more than half of their incomes on housing, which is putting them at a high risk of homelessness. Almost one in five food bank clients is putting 100% of their income toward housing, leaving nothing for food and for other expenses. They are totally relying on charity, friends and family.

Every household in Canada feels the impact of food inflation, which remains at 9.6%. However, for those accessing food banks, this is simply the tip of the iceberg. These households were already living with precarity before skyrocketing inflation.

Let's turn to the question at hand: Will the grocery rebate make a difference?

Any money in the pockets of low-income Canadians is generally a good thing. Using the GST credit as a vehicle makes sense since this is an income-tested benefit that will target low-income Canadians. It does not require somebody to be working to receive it, which means that people living with disabilities, who are unable to work, will still receive the benefit. We also appreciate this approach, which is grounded in dignity and in low-barrier access. Rather than having to apply for the benefit, Canadians who have filed their income tax will automatically receive the benefit.

However, none of this answers the question of whether it will make a difference. Ultimately, while the benefit is helpful, our analysis is that the temporary grocery rebate will not shorten the lineups outside of food banks across Canada. The good news is that we know exactly what will.

Our colleagues at PROOF, a research institute housed at the University of Toronto, have published extensively on this matter. They found that the Canada child benefit and the guaranteed income supplement have both had significant impacts on reducing the severity of food insecurity, and these programs should be celebrated and replicated.

I've had the opportunity to testify at the Senate about Bill C-22, and I expressed my strong support for the Canada disability benefit. Depending on its design, this benefit has the potential to reduce and even to eliminate poverty and food insecurity among Canadians with disabilities. We hope this bill will continue to receive all-party support.

Despite these important steps forward, significant gaps in our social safety net remain. In particular, single working-age individuals represent close to half of the food bank clients across the country and also make up half of those living in deep poverty in Canada. Another gap is around those who have recently become unemployed. The government announced a process to reform EI, but we have not yet seen the outcomes. As a result, thousands of Canadi-

ans continue not to qualify because the program does not reflect modern realities such as gig work and self-employment.

• (1700)

Poverty reduction requires long-term sustained investment. We are grateful that the government has signalled a strong commitment to supporting low-income Canadians through the grocery rebate and through the Canada disability benefit, EI reform and ongoing investments in the Canada child benefit and guaranteed income supplement.

We have the tools to tackle food insecurity. We at the Daily Bread are here to push you and to support you as we work collectively to reduce poverty nationally.

Thank you.

The Chair: Thank you, Mr. Hetherington.

Now we're going to hear from the Mississauga Food Bank and its CEO, Meghan Nicholls.

Go ahead, Meghan, please.

Ms. Meghan Nicholls (Chief Executive Officer, Mississauga Food Bank): Thank you, Mr. Chair.

I'm here today as CEO of the Mississauga Food Bank, the leader of a network of 55 food banks and food programs in the city of Mississauga.

Our vision is a Mississauga where no one goes hungry, and we work to achieve that by providing and promoting access to healthy and appropriate food.

For over 40 years now, food banks have been around to provide emergency food support to those facing financial poverty. You have relied on us to provide for the food needs of those who are living in financial poverty in our communities, but we, like all food banks, are charitable organizations fuelled by community donations. We receive just 2% of our funding from the regional government, with the special COVID funding ending this year and the COVID relief funding from the federal government being spent long ago.

It now costs far more to operate the food bank than it did a few years ago. Because of the price of food, the price of real estate, living wages to ensure that our staff aren't living in poverty and the increased number of people using the food bank, what used to cost about \$3 million a year to operate to provide for our neighbours now costs \$8 million a year.

I'm here today to speak about the grocery rebate that was a part of the budget and intended to give targeted relief for low- and mod-est-income Canadians. I want to share a little bit with you about the families this targets, those we're seeing at the Mississauga Food Bank agency network. We're serving an increasing number of households. Almost 5% of the entire city of Mississauga now uses the food bank. That's 73% more than before the pandemic. What's worse, with the rates of increase we're seeing, it will be one in 13 people by 2027.

Mississauga being the location of Pearson airport, many asylum seekers and other newcomers land here, including many Ukrainian temporary residents, and we are now setting up programs to meet their specific needs, including setting up temporary food banks in the hotels where they are housed by IRCC to ensure that they have food in their first weeks in Canada. For many of those folks and their families, the food bank is their only access to food.

Whether newcomers in a hotel or low-wage workers living in basement apartments, it's not structured government support that's ensuring their basic needs are met right now. It's charitable organizations and community donations.

People often ask me what it will take to reduce food bank use, and the answer is twofold and very straightforward. People need more income to afford their basic needs. The other major one is housing that's treated as a human right and not as something that builds investments.

This brings me to the grocery rebate. Any money that goes into the wallets and pockets of those living in poverty is a good thing, especially when it comes to them in this format, automatically and in cash, so that they can spend on what they need most, but this rebate will not make a significant difference beyond the week or month when it's received. An extra \$234 or \$467 provides relief but not a solution.

The average monthly income of food bank users in Mississauga is \$1,531. Rent for a one-bedroom apartment in Mississauga is now \$2,300, 20% more than this time last year, so an individual is already \$800 short before even paying any bills, let alone purchasing food. That's why they come to us probably, on average, eight times throughout the year.

What they need is significant, sustained support as they struggle to afford all of those necessities. Without this, they'll continue to make those impossible choices and sacrifices, even with the charitable support they receive. For those suffering from poverty, there is so much more to manage than just finances and balancing expenses, food, rent and medication. We can't underestimate the toll it takes on someone's mental, emotional and physical health when they live with constant worry, fear and stress.

Most recently, we've noticed an alarming topic come up with some of our clients who have shared suicidal ideation with our team, including that they are considering medical assistance in death because they feel they cannot continue to grind away living in abject poverty. No one should feel that death is the only way out.

We strongly support investment in programs that create an income floor for all Canadians. Whether they are disability benefits, reforms to EI, investments in the Canada child benefit or the expan-

sion of the Canada workers benefit, programs like these ensure that no one can fall through the cracks to the point where life doesn't seem possible.

I join with my colleague today in asking you to prioritize these types of assistance so that they can be expanded towards real poverty reduction and elimination.

• (1705)

I offer the partnership and support of community-facing organizations, like the Mississauga Food Bank, to join with you in making that happen.

Thank you.

The Chair: Thank you, Ms. Nicholls.

Members, now we're going to go to the Canadian Health Coalition. It's Mr. Steven Staples, and he is online with us here.

Mr. Staples, you can give your opening remarks to the members.

Mr. Steven Staples (National Director of Policy and Advocacy, Canadian Health Coalition): Thank you very much.

Thank you, Chairperson and members of the Standing Committee on Finance.

I also want to extend a thank you to everybody who met with our volunteers in March. I know that many of you spent very valuable minutes of your day with our volunteers. It's very much appreciated.

My name's Steve Staples. I'm the national director of policy and advocacy for the Canadian Health Coalition. We were founded in 1979 to defend and expand public medicare in Canada. We're comprised of frontline health care workers, community groups and experts.

I'm delighted to speak to you on the topic of Bill C-47. I last met you in October during pre-budget consultations.

We would like to address "Chapter 2: Investing in Public Health Care and Affordable Dental Care".

Today, I'd like to focus on three aspects. Number one is the enforcement of the Canada Health Act and conditions for federal funding to provinces and territories. This includes reining in private, for-profit delivery of publicly insured services. Number two is the importance of universality, given the means-tested approach to the dental care program that leaves untold numbers of families behind because of their incomes. Number three is the need to extend the goal of providing public coverage of medically necessary services to include prescription medicine through public, universal pharmacare.

In October, the Canadian Health Coalition recommended that the government work with provinces and territories to increase federal funding through a Canada health transfer that's accountable, while improving outcomes for people in Canada through new public health care programs, such as dental care and also pharmacare. There's more work to do. We applaud the additional funding provided by the federal government to the tune of \$198 billion over 10 years, including \$46 billion in new CHT funding and \$25 billion over 10 years through bilateral agreements with the provinces and territories.

Concern remains that this money could yield limited results in improved health care without conditions and accountability. It's a dirty little secret that the Canada health transfer, the money that goes from the federal government to the provinces, doesn't actually have to be spent on health care. The money flows from Ottawa into the general revenues of the provinces and territories, and they can spend the money as they like. It's a sad day when the federal budget that just came out promises to—and I'm quoting here—“Ensure that new federal investments are used in addition to provincial spending, and that provinces and territories do not divert away health care funding of their own”. How can the federal government ensure transparency that the money is actually going to be used for health care and not be diverted away, as the budget says?

The Canadian Health Coalition is very concerned that billions will be spent on publicly insured services in private, for-profit clinics—putting Canadians at risk of user fees and extra billing—and be wasted on profit-taking by inefficient private providers. Health Minister Duclos' own annual report on the Canada Health Act cited eight provinces violating the act. They withheld \$82 million with respect to patient charges levied during 2020 and 2021 for medically necessary services that should be accessible to patients at no cost. We know that's probably just the tip of the iceberg.

Furthermore, data uncovered by the public interest group in Quebec called IRIS revealed that the cost of a carpal tunnel surgery averaged \$908 in the private sector compared to \$495 in the public sector. The list goes on. A short colonoscopy costs \$739 in the private sector compared to \$290 in a public institution. This is our health care money, yet the federal government has been silent on this matter. In fact, remarks by the Prime Minister about Ontario's privatization plans reported widely in the media were very worrisome.

One of the principles of the Canada Health Act is universality. The budget says, “Canadians are proud of our universal publicly funded health care system. No matter how much money you make, or where you were born, or what your parents do, you will receive the care you need.” Well, we can all agree on that.

Why does this principle of universality not apply to dental care?

• (1710)

The Canadian Health Coalition applauds the \$13 billion committed to this program, a result of unprecedented collaboration among political parties. However, there's unfinished business. What about the self-employed or the gig workers who have no benefits but might have a family income of just over \$90,000? We asked the Parliamentary Budget Officer how many families would be left behind. They know the number, but they won't share it with us.

Finally, we look forward to Canada's pharmacare act being passed this year, but we were disappointed to not have it acknowledged in the budget. In October, we requested \$3.5 billion for essential medicines, as recommended by the 2019 government-appointed advisory council on the implementation of national pharmacare and the Hoskins report, led by Dr. Eric Hoskins.

When the pharmacare act is brought forward this year, we expect it to reflect—

The Chair: Mr. Staples, could you wrap up in the next 15 seconds? We'll then get to questions. You'll have a lot more time to elaborate.

Thank you.

Mr. Steven Staples: Thank you, sir.

We expect it to reflect a commitment to public universal coverage.

I'll leave it there. I look forward to your questions.

The Chair: Thank you, Mr. Staples. Again, you'll have an opportunity during questions from members.

We're going to get into questions, but I want members to know that we have Canada's Building Trades Unions on our list here. We are trying to get them on, but we're having some technical challenges. Hopefully, we can get them on shortly. If they do come on, we may have to interrupt so they can make an opening statement, and then we'll get right back to where we were with questions.

Going to the first round of question, to witnesses and members, each party will have up to six minutes for questions.

We're starting with the Conservatives. I have MP Lawrence up for the first six minutes.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Thank you very much.

Thank you to the clerk for arranging these witnesses at the last minute.

We appreciate you guys coming here at the last minute.

I'll be honest. I have a sheet full of statistics about food bank usage that I was going to ask you about, but I have to say that your statistics are much more critical, important and damning than any statistics I have here.

I'll focus my comments on Ms. Nicholls and Mr. Hetherington. Either one of you is welcome to comment.

How would you characterize the usage of food banks—your food banks and those in your catchment areas—now, as opposed to three years ago or five years ago, whichever number you wish to use?

Ms. Meghan Nicholls: We certainly see a lot more working folks than we did a number of years ago—folks working one, two or three jobs who still can't make ends meet. We have anecdotal evidence of folks saying, "I used to donate. I used to send cans of food with my kids to their school food drive and I can't believe I'm here." Those are the kinds of stories, I think, that are coming in more and more often and that characterize the difference, perhaps, from the kinds of folks we would have seen before the pandemic.

• (1715)

Mr. Philip Lawrence: Okay.

Mr. Neil Hetherington: I mentioned earlier that it's 60,000 to 120,000 to 270,000.

Here's the point I want to impress upon you: This is while unemployment is so low. I am gravely concerned about food bank usage as soon as things turn difficult and unemployment starts to rise.

Mr. Philip Lawrence: I want to jump on that.

The Minister of Finance's budget forecasted an increase in unemployment of 1.5%, or 300,000 Canadians losing their jobs.

What type of impact do you believe that will have on food banks?

Mr. Neil Hetherington: If possible, we would like to be able to submit that, because we have a correlation between the percentage of unemployment rise and food bank usage. I just don't have it with me.

Mr. Philip Lawrence: That's more than acceptable. Thank you very much for that.

I want to get to a couple of the causes, because both of you addressed this. Then, I want to talk a bit about people in mental health crisis as well.

Both of you cited—I just want to make sure it's on the record—how inflation in the cost of food and the cost of housing is a critical factor in driving people to the food banks.

Ms. Meghan Nicholls: Yes, that's correct.

Mr. Philip Lawrence: I also want to confirm this with you, Ms. Nicholls. You talked about individuals in mental health crisis coming to the food bank and looking to access medical assistance in dying.

Conservatives have been accused of gaslighting or even making these stories up, but you can confirm today that people are indeed coming to food banks to end their lives.

Ms. Meghan Nicholls: We operate a home delivery program for people who are truly homebound and can't go to their food bank. Many of them have disabilities or are seniors. As we have built relationships with those folks, providing service to them month over month, some of them have chatted with us when we have called to see how they are doing and to talk about their order. They have said that they can't go on like this and have expressed that they are looking into those options. It has happened a number of times over the

past year. We've invested in more mental health supports for our staff because of the impact it has on them when they engage in those conversations.

No, it's not a made-up story. That is something we are encountering.

Mr. Philip Lawrence: Thank you.

In talking to the food banks, which are doing a marvellous job in my riding as well, some of the great folks who work there have said, and I believe you said the same on the record, that one of the differences now as opposed to before is how many individuals are employed and are working. Obviously, inflation has to be a driver there. The inflation that we've seen over the last couple of years is driving that.

The other issue I would put before you for your consideration, which wasn't mentioned but I believe is important, is that we look at the effect of clawbacks and taxation.

Imagine this. This is an actual case scenario. There's a couple and each of them earns \$30,000 a year, so there's a total family income of \$60,000. You mentioned the rent costs and food costs. You know what those are. They're paying in taxes close to \$10,000. Let's say that mom or dad is offered an overtime shift. They'll get a total of \$500. Between clawbacks and taxation, they will pay \$249 of that back to the government.

Could you see the fact that low-income Canadians are often paying back half the dollars they earn...? These are folks earning \$30,000 a year who are paying a 50% marginal effective tax rate. Could you also see that impacting their ability and effecting their food security?

Let me make it simple. If you're giving up 50% of your dollars, don't you have fewer dollars for food?

Mr. Neil Hetherington: Yes. Let me be clear.

Taking your example of \$60,000, and maybe they have a couple of kids. The average two-bedroom apartment costs \$3,063 in the city of Toronto. That's about \$36,000, so you have \$14,000 left over, because \$10,000 of it went here. That is why we are seeing so many new people coming to the food bank who have income driven from employment primarily. In Toronto, that went from 15% to just under 35%. In the course of 18 months, it made that rise. These are individuals primarily with precarious employment, so part-time jobs.

Mr. Philip Lawrence: Thank you very much for your testimony.

I believe it's clear on the face of it that this Liberal record of increased inflation and the cost of housing is driving people to the food banks. I have seen the lineups outside the food banks in my own riding. This is confirmed here. It's shameful, this Liberal record. It is hurting the most vulnerable people. We need to get back. We need a Pierre Poilievre government to drive down the cost of living to stretch out paycheques.

• (1720)

The Chair: Members and witnesses, we now have Kate Walsh from Canada's Building Trades Unions with us. We are going to allow Kate to make her opening remarks, and then we'll get back to the questions.

Ms. Walsh, go ahead, please.

Ms. Kate Walsh (Director of Communications, Canada's Building Trades Unions): Thank you, Chair. It's good to be here.

Thanks for the opportunity to address the committee on the recent federal budget and Bill C-47.

My name is Kate Walsh, and I'm the director of communications with Canada's Building Trades Unions. I may or may not be joined by my colleague, Rita Rahmati, who is the government relations manager for CBTU.

CBTU represents 14 international construction unions, with over 600,000 skilled trades workers from coast to coast.

Budget 2023 provided some significant support for middle-class workers, and I appreciate the opportunity to highlight some of these policies here today.

Last year's budget included the labour mobility tax deduction for tradespeople, which has helped tradespeople this tax season, allowing them to travel to where the work is and to deduct those related travel expenses from their income. It's a policy that was welcomed by our industry and something that makes a meaningful difference to Canada's skilled tradespeople.

Included in this year's budget, and the subsequent implementation act, is the doubling of the tradespeople tool deduction, from \$500 to \$1,000. Again, that's putting money right back into the pockets of the skilled tradespeople who build our country. We support this measure and hope that all parties will vote in favour of this component of the budget.

Also committed to in budget 2023 are five investment tax credits to support the economy's transition to net zero, which are linked to one of the strongest definitions of "prevailing wage" in Canadian history. In order to receive the highest level of these investment tax credits, employers will need to provide good labour conditions for workers, which includes paying the prevailing wage and meeting apprenticeship requirements.

The definition of "prevailing wage" will be based on union compensation, including benefits and pension contributions from the most recent and most widely applicable employer collective bargaining agreements in that region or corresponding project labour agreements. Additionally, 10% of the tradesperson hours worked must be performed by registered apprentices in Red Seal trades in order to receive the maximum credits. Tying these incentives to a prevailing wage that includes union compensation will raise the standard of living for all workers, maximize benefits for the entire economy and create a legacy of good-paying, middle-class jobs throughout this transition.

When the United States passed the Inflation Reduction Act, which includes over \$300 billion in clean energy tax incentives for energy infrastructure projects and increased tax credits of up to five

times more where certain labour conditions are met, we knew that Canada needed to respond with strong investments of its own. With commitments first announced in the fall economic statement and expanded on in budget 2023, Canada is now on a similar path.

The building trades look forward to continuing to work with the federal government to operationalize the prevailing wage and apprenticeship requirements tied to these monumental credits. We'll also continue to advocate for these credits to further incentivize good jobs by increasing the delta when good job requirements are met and decreasing them when these workforce requirements are not met, so that the public dollars spent on these credits go back into good jobs and supporting working families.

As Canada transitions to net zero and we move away from our reliance on fossil fuels, Canada's energy demands could double by 2050. We need to build clean energy infrastructure in Canada that grows our manufacturing base and creates opportunities to grow our middle class, all while meeting our net-zero goals. Many of the commitments in budget 2023 will help us do this, but there's more to be done.

We need just transition legislation tabled and the launch of the sustainable job secretariat to map out our energy needs and the needs of the workforce so that no worker is left behind. We need to ensure we have appropriate labour market information data to plan the transition. We need to continue to address labour availability through investments in training—for instance, through the union training and innovation program and programs to recruit and retain equity-deserving groups—and make changes to our immigration system to bring in more skilled trades workers.

Budget 2023 includes significant policies that support our economic transition and building trades workers across Canada.

On behalf of our 14 affiliated international unions, thanks for the opportunity to present. We look forward to any questions you may have.

• (1725)

The Chair: Thank you, Ms. Walsh.

We're glad you were able to get on. We're looking to see if we can get your colleague, Ms. Rahmati, on.

Members, we'll go back to questions now.

We're going to the Liberals and MP Chatel, please, for six minutes.

[Translation]

Mrs. Sophie Chatel: Thank you, Mr. Chair.

Thank you to the witnesses for being here today.

I'd like to talk about health. I'm a member for the Outaouais region, where we have the longest waiting lists for surgery and the lowest nurse to population ratio. Our emergency rooms are overflowing. We have one of the longest waiting lists for a family doctor. Wait times at the emergency room are also the worst in Quebec. We have a shortage of doctors and specialists, and when we have them, they can't do their work because they are short-staffed.

That's why I was very pleased that the budget included nearly \$200 billion for the provinces. Of course, we were talking about the Conservatives' solutions, which involve cutting spending. That would be extremely irresponsible and damaging. I believe it would lead to the death of many people in my riding and across Canada. Why would they cut spending? To provide tax relief to corporate polluters in Canada. Well done, what a great policy.

I want to go back to the budget and additional investments. How can they help the provinces meet their urgent health care needs?

I would ask Dr. Lafontaine to answer first, followed by Mr. Staples.

[English]

Dr. Alika Lafontaine: I might begin and I'll answer in English.

I think it's interesting this juxtaposition that we have in the social determinants of health. You have food banks and you talk about health care. I hope members appreciate that the driving factors for unemployability are deeply tied to medical access, and the ability to have food security is deeply tied to the demands that happen on health care.

I believe these investments take us back to 2003 where, around that time, there was a health care shortage that was happening across the country. If you look at the analysis the Canadian Medical Association recently performed on the amounts of health transfers—which we'd love to submit—this is the largest nominal increase in supplementary investment since 2002-03. Those investments triggered refocus by federal, provincial and territorial bodies to make interventions in health care that changed the trajectory of things like primary care.

The wait time alliance came out in 2007. We had folks sitting around tables talking about how we actually improve primary care, how we improve access to patients' working environments for providers, and, as a result, things actually did get better. I was in the middle of residency training in 2008 as an anesthesiologist and I remember things actually getting a lot better as far as the accessibility of patients to surgical services is concerned. Why are we here now? It's because in 2014, the wait time alliance was quietly wound down and all the partners got up and started working in their silos again.

I think your question speaks to the requirement in this funding cycle to really focus on making sure that people around the table.... We have to have discussions that we're unwilling to have. We have to be very blunt about the crisis that's happening in our communities across the country. Patients in Quebec and other places in Canada, they deserve action. I do think that this can be a triggering event that leads to the same type of transformation. It looks and feels very similar to the last cycle that we just came out of.

Mr. Steven Staples: Thank you.

I would like to just add to the comments of my colleague that we hear this all the time from doctors, and particularly nurses. One of the major concerns of our members is the agencies that nurses are moving towards. Quite understandably, they have better working conditions. They have better pay in some cases, yet our public dollars are going to agency nurses and it drains.... Where do these nurses come from? There is no magical machine to find nurses and doctors and people. They're coming from the public hospitals. That's where they're coming from.

This question was debated vigorously through the Cambie case in British Columbia. All the evidence was weighed and Justice Steeves clearly said that increased use of private for-profit facilities increases wait times, increases disparities and poaches health care professionals from our public system, whether it be family doctors and specialists or otherwise.

This is why we focus so much on the privatization of this and the increased reliance upon agencies and private for-profit clinics. It's a major problem. We need to improve working conditions. As my colleague, Pat Armstrong, always says, "the conditions of work are the conditions of care". If we have good working conditions, we will get the good care. If not, we will see an exodus of people and it will make the problems worse.

• (1730)

[Translation]

Mrs. Sophie Chatel: With respect to the federal government's additional investments in health care, in your opinion, to ensure that the additional funds are used as effectively as possible, should the provinces be required to meet certain conditions or expectations, Dr. Lafontaine?

[English]

Dr. Alika Lafontaine: Yes, absolutely. I think the budget includes some of those front-end conditions. With the bilateral funding, there is the requirement for recognition of credentials. That takes us a step closer to pan-Canadian licensure, which is a necessary step to starting to resolve some of these problems.

To sign on to the Canadian health transfer, there was the requirement to participate in data sharing that was depersonalized and to possibly move toward persistent patient IDs, which are a necessity to start tracking patient utilization across the country.

You then have discussions surrounding benchmarks and other things. I think the benchmarks really have to be focused on two things. The first is access to care. If that is not achieved, we are focused on the wrong thing. The second is improving work environments, which is tightly linked to access.

[Translation]

Mrs. Sophie Chatel: Thank you.

[English]

The Chair: Thank you, MP Chatel.

Now we're going to the Bloc and MP Ste-Marie.

For everybody's knowledge, we have Ms. Rahmati on.

Welcome to our committee.

It's over to MP Ste-Marie please, for six minutes.

[*Translation*]

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

I would first like to remind my esteemed colleagues that the historic compromise of the federation was to establish a federation, not a legislative union. It was decided that the provinces would manage certain powers, and the delivery of health care is one of them. I want us to have better health care in Quebec. When I vote in National Assembly elections, I make sure that I vote for a party that will work towards that.

According to the Constitution, the federal government's role here when it comes to health care, the historic compromise, is to properly fund it. That's not happening right now; it's a matter of fiscal imbalance. That's why my party is fighting tooth and nail to resolve this issue. Thank you, Mr. Chair.

Having said that, I want to thank my colleagues for letting us have a few meetings like this to hear from witnesses, who are raising very important issues. At the end of parliamentary sessions, I always get the impression that the government is in a bit of an ivory tower. It's good to face reality and the heart-wrenching testimony we're hearing today. I'd like to thank the witnesses for accepting our invitation on such short notice. I also tip my hat to the clerk, who organized all of this. It's a remarkable job done in an incredibly short amount of time. I'd also like to thank the whips of the various parties for clearing up the schedule so that we could hear from the witnesses, as we are doing this afternoon.

My questions will be for Mr. Céré.

Thank you for accepting our invitation on short notice, for running to get a headset and for being here with us. Your testimony was very much appreciated.

I'd like to discuss four topics with you. I'm going to have more than one round; I don't think we're going to get to all four in one round.

First, I'd like to come back to the long-awaited and much-promised reform that's not happening. That was the purpose of your testimony.

Second, there were significant deficits during the pandemic. The government was there and paid down the deficits, except for the deficits in the EI fund. Because the law requires that the EI fund be balanced every seven years, the workers who pay into it are being forced to eliminate the deficit. The government is taking \$17 billion out of their pockets. In my opinion, if that doesn't change, it will be impossible to reform the system. Something should have been included in Bill C-47 to deal with that. However, there's nothing there.

So I'd like to hear your comments on those two things, but I want you to know that I'll be asking you later about two things in Bill C-47. First of all, it's just an extension of the EI spring gap pi-

lot project, which you talked about. That's in part 4, division 35. Next is part 4, division 38. I don't know if you've had time to look at the reform of the Social Security Tribunal, but it's essentially what had already been proposed and what's being repeated here.

However, first, let's talk first about the obligation to balance the EI fund and the government's refusal to pay down the deficit resulting from the pandemic, and then about the long-awaited reform that's not happening.

I'm listening.

• (1735)

Mr. Pierre Céré: Thank you, honourable member.

You're right, there is a deficit in the employment insurance fund, a crisis deficit. This isn't the first time in its history that the unemployment insurance or employment insurance fund has run a deficit following a crisis. The premiums paid by workers and employers fund the EI program and will therefore reduce the deficit.

According to last fall's economic statement and the Parliamentary Budget Officer, the deficit could be eliminated by 2026-27, through a minimum increase of 5 cents a year to the premium rate, which would bring it to \$1.83. That way, the deficit would be eliminated in a few years.

Instead, in this budget, we see what appears to be a gift to employers. Even though that was not what was announced last year, the decision was made to freeze the premium rate at \$1.63. As a result, the government is depriving itself of revenue that should be paid into the EI fund and, in this case, that would be used to pay down the deficit. The government is also depriving itself of revenue going into the EI fund because there are maximum insurable earnings. In other words, that's the maximum salary at which people pay into employment insurance, which is indexed every year by a few thousand dollars. The last time, from 2022 to 2023, it was increased by only \$1,200.

This isn't a gift to workers, because we have just limited, frozen, their benefit rate. It's a gift to employers because they also have to pay into employment insurance. They lobbied hard against the reform, changes and increasing the premium rate. By the way, we currently have the lowest contribution rate since 1982, so in 40 years. In other words, we're depriving ourselves of revenue when we could resolve this with some new revenue and a little imagination. A number of solutions were brought up during the consultations. We could improve this program, get it back on track and fix the social safety net.

I'd like to conclude by saying that we believe the Liberal government has given in to the Conservative rhetoric with respect to improving this program that plays a key role in workers' lives.

Mr. Gabriel Ste-Marie: I have a number of other questions, but I will wait until the next round to ask them.

Thank you very much.

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

[English]

The Chair: We'll now go to MP Blaikie in the NDP for six minutes.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Thank you.

I want to start by saying a big thank you to all of our witnesses. There's no shortage of wisdom around the table. It's very much appreciated. The fact that it's coming later in the process than it should have is the fault of folks around this table and not the fault of our witnesses.

I take the point about the correlation between employment levels and food bank use as well as social determinants of health. Some of our witnesses earlier talked about the various income support programs that exist right now in Canada, whether it's the Canada workers benefit, the guaranteed income supplement, the Canada child benefit or, potentially, the Canada disability benefit, although I think the government seems to be taking a very long time and hasn't really announced any of the details.

If we get an adequate Canada disability benefit now, we're going to cover a lot of pockets of a demographic that requires different kinds of financial assistance, but we're doing it in a lot of disparate ways with different outcomes. It seems to me that a guaranteed livable basic income would be a more efficient way of delivering the kind of income support we need to have. Of course, we'd like to see people employed, but we know that people living with disabilities can't always get the kind of employment they want or that will sustain their families. We know that, for many seniors, employment isn't an option, or certainly not full employment. It can be difficult to get work post-retirement.

I wonder if folks from the food bank, Ms. Nicholls and Mr. Hetherington, want to comment a little bit on how Canada should treat the question of income support in order to ensure that folks do have enough income to be able to afford the necessities of life, whether that means food or housing.

• (1740)

Mr. Neil Hetherington: We support at a very minimum the continuation of the study on a guaranteed income. We are an evidence-based organization. Let's follow the evidence.

In the absence of that now, we are fully supportive of the Canada disability benefit and cannot urge the government enough to continue the journey that you collectively are on with all parties, to get that passed with regulations that are meaningful and to provide for those who find themselves in that situation.

Mr. Daniel Blaikie: Thank you.

Ms. Nicholls, would you like to comment?

Ms. Meghan Nicholls: There were early reports on the guaranteed basic income pilot in Ontario of the difference it was making to food bank users in the community, and we were disappointed to see that cancelled.

I would join my colleague to say that, yes, we would be interested in seeing the different models of that kind of program and how they could apply in the different circumstances people face across our country.

Mr. Daniel Blaikie: I want to compare that approach of the guaranteed livable basic income with the idea of broad-based tax relief.

New Democrats proposed the doubling of the GST rebate, because that was something we thought we could get this government to agree to, which was an important component of any proposal we would make. However, we recognize, first of all, that it's temporary. It's ultimately inadequate. It's not a permanent fix by any means.

When we compare that with a proposal for broad-based tax relief, our challenge is that it means.... If you raise the basic exemption or you cut taxes at a lower bracket or you cut the sales tax, that will mean that the highest income earners actually realize the most benefit.

When we're talking about the need to invest in health care, when we're talking about proposals for a guaranteed livable basic income as opposed to broad-based tax relief.... When you do the broad-based tax relief, what you actually end up doing is delivering more money into the hands of the people who are able to do discretionary spending, which raises demand in the economy and drives inflation, and you don't deliver the same amount of help to people at the lower income spectrum.

I wonder if your organizations have done some thinking about comparing the approach of a guaranteed livable basic income, as one example, with the model of providing general tax cuts, which tend to disproportionately benefit the wealthy.

Ms. Meghan Nicholls: While we haven't done studies extensively on that work, and we look to our colleagues at our provincial and federal food bank associations to do that kind of work, what I can say is that food banks are the starting place for many people experiencing the social safety net for the first time. When they come to us, they have no idea about any of the programs, and there are a lot of them to try to get people acclimatized to in order to figure out which ones meet their needs.

Purely from a logistical standpoint, enabling people to access a more single source of support would eliminate the amount of time and effort people already dealing with challenges would spend trying to piece all of those piecemeal things together to make a livable income.

Mr. Daniel Blaikie: Thank you.

Mr. Neil Hetherington: We do wholeheartedly support an income-based income supplement versus a credit approach in those scenarios. You know that those funds are going to be spent and stimulate the economy, particularly when they're directed to low-income Canadians.

We fully support the continuation and the expansion of the File my Return program so that we reduce barriers as much as possible for low-income Canadians, who would then be able to achieve that benefit.

Those are the types of things that if you really want.... They have the wonderful advantage of being targeted. You can target it. You know where the funds are going to be spent. You know that you're stimulating the economy in the lowest income bracket, and it makes radical common sense.

• (1745)

Mr. Daniel Blaikie: Right on.

Thank you very much for that. I appreciate it.

Do I have a little more time?

The Chair: No, that's the time.

Mr. Daniel Blaikie: Thank you, Mr. Chair.

The Chair: I'm sure you'll have more time here in the second round—and we are into the second round.

We're starting with MP Hallan for five minutes, please.

Mr. Jasraj Singh Hallan (Calgary Forest Lawn, CPC): Thank you, Chair.

I'll direct my questions to Mr. Hetherington and Ms. Nicholls.

I want to thank you and your organizations for everything that you do.

Contrary to what we hear from the government about everything being just fine here in Canada, it honestly feels as if, in the last eight years, Canada is really broken. I don't think we need to look further than both of your testimonies to feel that there's something wrong in Canada and that something isn't working anymore.

I came to this country as an immigrant. We lived through really harsh poverty, but we were able to succeed by.... We could work an extra job. We could pull things together. Today, I don't know how newcomers can survive.

As you said, Mr. Hetherington, people are working one, two or three jobs, but because of the cost of living and the inflation that we see here in Canada, people aren't able to survive.

We know, through testimony in this committee, that it was the massive spend by the government that made inflation go up. To counter that, the Bank of Canada had to raise its interest rates, and it's still doing that. This is the most inflation we've seen in the last 40 years. These are the most increases in rates from the Bank of Canada we've seen in the last 40 years.

Mr. Hetherington, you talked about unemployment going up. It's a huge concern. It's a concern for a lot of people.

My question to both of you is this: As a long-term solution, would it not make more sense to help more people out by lowering the deficit, lowering people's cost of living and helping to lower the tax burden on people, not increase it? Would that not be a better long-term solution, so that if someone is wanting to pick up another job, they wouldn't be getting hit and slammed by more taxes?

Ms. Meghan Nicholls: I would say that 30% of our clients receive provincial social assistance. I realize that this is not the mandate of this particular body, but it is a significant portion of what makes up our clients. For them, taxation isn't the issue—it's incomes. Their issue is housing.

From my vantage point, investments in making housing affordable would do far more than doing anything that will impact taxation for those folks in the really lowest quintile. We have negative math situations. I don't know how people are paying it when their income is so much lower than their rent truly is.

Mr. Jasraj Singh Hallan: Is not having enough housing supply an issue for them?

Ms. Meghan Nicholls: The issue is not enough supply of actual affordable housing.

Mr. Jasraj Singh Hallan: Mr. Hetherington, do you have anything to add?

Mr. Neil Hetherington: I agree with the comments from Ms. Nicholls. We're not here to provide a commentary on eight years, or a report card. We're trying to give you on-the-ground, real-time information about what is happening in the city of Toronto, in Mississauga and replicated across the country with our colleagues. What's on the ground should be terrifying. I thought about what word to use, and I use that sincerely.

Yes, the availability of affordable housing and making every effort to support the national housing strategy and the poverty reduction strategy will be fundamental to being able to ensure that the lineups outside food banks are reduced.

Mr. Jasraj Singh Hallan: Would you agree that the increased cost of food is a factor for a lot of these people who are using the food banks?

Mr. Neil Hetherington: It is a factor. I think you need to look at both sides of the ledger. What are the costs of affordable housing and the costs of food at the rates they're currently at? I know that the government has gone through committee to dive into food cost escalation, and I think that is an important examination.

Then you have to look on the other side of the ledger in terms of the income side of things. I think it is fundamentally wrong that the promise we used to talk about—that if you get an education, you work hard and you get a job, you'll be fine—is gone. Too many, one in five Canadians according to Stats Canada in 2021, indicated that they would be having to make use of charity to be able to get by. That's wrong in this country.

• (1750)

Mr. Jasraj Singh Hallan: I agree with you. We hear that one in five people are skipping meals. There are 1.5 million people going to a food bank in a single month. There are more and more people borrowing money and going further into debt just to afford food.

I want to get your opinion on this. Does this seem like something that a country that's supposed to be prosperous should be seeing? I don't feel that, coming here as an immigrant.

Mr. Neil Hetherington: There are challenges that we know you have the power to alleviate. We are giving you those opportunities so that collectively we can walk back from the limb we're all on.

It's all levels of government. It's not just the federal government. It's the province and our city.

The Chair: Thank you, MP Hallan.

Now we're moving to MP Dzerowicz for five minutes.

Ms. Julie Dzerowicz (Davenport, Lib.): Hello and thank you, Mr. Chair.

I want to thank all the presenters today for their outstanding presentations. I'm really grateful that we have an opportunity to hear from you. I don't have as much time as I'd like to have in order to ask every single one of your questions, so I'm going to focus on two. Unfortunately, I don't have any time to respond to the ridiculous statements my Conservative colleague is making. I'm going to focus on trying to get to some answers.

Mr. Lafontaine, I have two quick questions for you. I'm a big fan of yours. I think you're a very thoughtful leader who has proposed some excellent solutions to us. I really appreciate your leadership.

In my riding of Davenport, they're absolutely worried about any type of step that looks like private delivery of health care services. In your opinion, what would be the rule of thumb around private delivery of services while ensuring that it continues to be maintained as part of our health care system? For example, my mother goes to an eye clinic here in Toronto, but it's very much integrated into the local hospital. I find it's a very efficient and effective treatment system for her.

Do you have a rule of thumb that you might be able to share with us?

Dr. Alika Lafontaine: That's an excellent question. The way that I answer it is twofold.

First, if we truly want equity in health care, we have to have public financing at its core. Studies have been done across the world: If you do not have significant public financing, even in hybrid systems, equity of access to care suffers. That's one rule of thumb that I think is easy to kind of lean on.

The second rule of thumb is to remember that the largest market mover in any economy is usually the federal, provincial or territorial government. They're the largest purchasers of goods. They're the ones who define legislation. Any single action can transform the way we practise within the health care system in the sandboxes that we live in. Having federal, provincial and territorial governments at the table as you create these rules is central in making sure the rules work properly.

Now, as far as private care goes, we are launching a national conversation around public and private care that's going to be led by the Canadian Medical Association, so that we can help folks actually realize what we're talking about. I think there's a difference between private provision of publicly funded care and pay-out-of-pocket care. Paying out of pocket in the form of copays, added fees and other barriers to access does have a negative effect on patients' utilization of services. It often makes it quite a bit more acute when they actually do apply.

Private provision of care can have a mixed track record depending on how intervention goes, but once again, the data we use to guide whether or not our assumptions are correct is going to be very important as we create these rules.

Ms. Julie Dzerowicz: Thank you.

I'm now going to shift over to Canada's Building Trades Unions.

Thank you so much, Ms. Walsh, for your excellent presentation.

Thank you, Ms. Rahmati, for joining us.

You talked about just transition legislation and moving as quickly as possible on that, and you said there's a need for labour market data. How can we at the federal level help with that?

Ms. Rita Rahmati (Government Relations Specialist, Canada's Building Trades Unions): Thank you for the question.

We think the federal government could do a better job through mechanisms that already exist—like Statistics Canada—in gathering data not only on employment currently but where we forecast employment to be in five years and 10 years, particularly when it comes to the energy sector.

We know that the government has made a lot of investments and commitments in transitioning away from the traditional oil and gas, which is primarily more active in certain parts of the country like Alberta or Newfoundland. In order to be able to accurately know how we need to retrain workers and where they'll be able to move, we need the government to work alongside us in tracking where we think energy needs will come from in the future and where those workers will need to move.

I think we can use programs like Statistics Canada, but there may also need to be external resources used as well, and that might be something we might be able to work on together through the new sustainable jobs secretariat.

• (1755)

Ms. Julie Dzerowicz: Thank you.

The other thing that was mentioned is that there's a need for more skilled trades workers. Do you have an idea about the different types of skilled workers that are needed, both now and moving forward, and what parts of the country might actually have a need for those workers?

Ms. Rita Rahmati: Yes. That's something we've been working at gathering more information on, and we should have more information to share with you and the committee in the coming weeks. What we have gathered from speaking with our board members, who represent 14 different international affiliated unions and over 60 different trades, is that there are certain parts of the country—such as Ontario and British Columbia—that are most in need of workers and, in particular, trades workers.

One organization we know of that requires a lot more workers right now is LiUNA, the Labourers' International Union. They have stated that they could use over 20,000 workers, starting immediately and mainly in Ontario. That includes bricklayers, demolition workers, restoration workers, the heavy civil sewer and water main sectors, high-rise residential and railroads. That's information that we've been collecting. I'd be happy to share that in more depth with you following this.

Ms. Julie Dzerowicz: If you could just formally submit it to this committee, that would be really appreciated.

Do I have any more time, Mr. Chair?

The Chair: Thank you. That's the time, MP Dzerowicz.

Thank you, Ms. Rahmati.

Now we're going to the Bloc for two and a half minutes, please, with MP Ste-Marie.

[Translation]

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

Mr. Céré, basically, part 4, division 35 extends the pilot project for one year in the 13 targeted regions, in terms of seasonal claimants. The date has been pushed back from October 28, 2023, to October 26, 2024. If I understood your opening remarks correctly, you believe that simply offering an extension is woefully inadequate.

Would you like to add anything to that?

Mr. Pierre Céré: Thank you very much for the questions, Mr. Ste-Marie. Indeed, I have the impression that, otherwise, we wouldn't be talking much about employment insurance.

At the same time, I can understand the shame of the Liberal government for not taking action. I can understand the shame of the Conservatives for imposing these budget cuts in the 1990s, which explains why we're stuck with such a botched system. Social legislation is the way to help people.

To answer your question specifically about administrative tribunals, there were serious problems with one of the Conservative reforms in 2012, which abolished former administrative tribunals and replaced them with the Social Security Tribunal. In particular, there were problems with appointments, as cronies were being appointed. There were also delays, when it took months and months to get a hearing, and then it took months and months to get a decision. What's more, these decisions were made by arbitrators who thought they were Supreme Court justices.

So there were real problems, and they had to be solved. Will the EI appeal board, the new administrative tribunal that will be set up, be able to compensate for these problems? If so, all the better, but at the same time, one tribunal can be replaced with another, but that's not the real problem. What we really need to do is reform the employment insurance program. This is social legislation that will repair the social safety net and better protect people in precarious employment situations.

This has been raised several times, but 35% of the labour force works in precarious conditions; 20% of the labour force, or about four million people, two thirds of whom are women, work part time; 15% of the labour force works seasonally or temporarily, on call or on a split schedule. All these people need a social safety net to support them when they find themselves unemployed.

As for seasonal workers, let me remind you of the Liberal government's promise, which was not to perpetuate a pilot project, but to make it an improved program and to enshrine it in the legislation.

Once again, we're postponing all this and not really solving the problems, and that's really very unfortunate.

Mr. Gabriel Ste-Marie: That's very clear. Thank you very much. Let's hope that this changes quickly.

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

[English]

Now we go to MP Blaikie for two and a half minutes.

Mr. Daniel Blaikie: Thank you very much, Mr. Chair.

Dr. Lafontaine, I think around the time you were doing your residency, I was working in the health minister's office in Manitoba, under the government of Gary Doer. We were very focused on the five priority areas that had come out of the Canada health accord in 2004. I would say that really shaped a lot of the work we were doing at that time, and there were a lot of benefits, not just in terms of the funding but in terms of data collection and accountability.

Sometimes, frankly, there can be challenges with various health professionals in the system and some of the interests within the system. Having that understanding and everyone knowing that was an interprovincial understanding was also helpful when the government needed to implement certain kinds of changes.

That's why I was pleased in 2015 to hear the Liberals commit to a new Canada health accord and disappointed when they went with the bilateral model. However, I'm an optimist and I think it's still possible to do better. I'm wondering how you think we can.

Given that these bilateral deals are in place, what are the next steps to try to create that culture of accountability, but also co-operation, with respect to data and metrics on top of the bilateral deals, until we can get to a point when we can do a proper Canada health accord again?

• (1800)

Dr. Alika Lafontaine: That's an excellent question.

I personally feel that our biggest danger with this largest nominal investment since 2003-04 is going back to solving the problems that were there yesterday when, in reality, they're very different today.

What's the number one problem in the health care system? It's the lack of interoperability. We don't know where our health assets are across the country. There isn't a map of where hospitals, clinics and other health access locations are. We don't know with any type of nuance what people do.

I've worked in Grande Prairie for 12 years. I would say the majority of HR in AHS has no idea what type of anaesthetics I provide, whether or not I can do small children or whether I can do adults with certain subspecialty areas.

The data that's going to drive it has to be more detailed and it has to be more focused on matching supply and demand. We also need to shift beyond these silo jurisdictions. When a person only accessed health care in the place where they lived, the jurisdictional approach worked fine, but now that patients are hypermobile across provinces and now that a lot of our care ends up happening in border towns.... Grande Prairie is only an hour and a half to two hours away from Fort St. John. We receive lots of patients there. There are examples of this across the country in every province and territory.

We have to evolve our way of looking at things beyond just jurisdiction. I will say that, for patients and providers, increasingly, the jurisdictional argument of why things are the way they are doesn't really hold any water, because we see the system burning down. Patients care less about whether or not the decisions are made in their province, and more about whether or not the decisions are effective.

Does that mean that we eliminate the role of provinces and territories? Absolutely not, but we need to be aware of the new climate that we're in and that we're solving the problems that are there right now.

The Chair: Thank you.

Thank you, MP Blaikie. That's the time.

Now we'll go to MP Morantz, please.

Mr. Marty Morantz (Charleswood—St. James—Assiniboia—Headingley, CPC): Thank you, Mr. Chair.

I've been sitting here listening very carefully. I wish I could say I was surprised. I'm just aghast at how dire the situation is out there.

Mr. Hetherington, I have an article here that you were quoted in on April 4. You said, "Let me be very clear: we are in a crisis."

Do you stand by that statement?

Mr. Neil Hetherington: Yes.

Mr. Marty Morantz: You said, "The Daily Bread Food Bank and food banks all across [Toronto] are at a breaking point".

Do you still feel that way?

Mr. Neil Hetherington: Yes.

Mr. Marty Morantz: Thank you.

What I find interesting about some of your statements in this article is that, I've learned, it's not only the people who are visiting food banks who are financially stressed, but it's actually the food banks themselves.

In fact, this article says, "Daily Bread is also in a precarious financial position. The charity put aside \$33 million to get through the pandemic and that money will run out in 18 to 24 months".

Is that still the situation?

Mr. Neil Hetherington: It is. That's why we hosted the press conference. It was to let people know that we have 270,000 client visits in a single month. If we maintain the same level of service, which every Torontonians deserves.... Well, they deserve the right to food and not to have to rely on a food bank, to be clear.

For us to maintain that level of service, the funds that our board appropriately set aside for when we knew the real crisis of the pandemic would happen, which was three years following, we would draw down in 18 to 24 months.

Mr. Marty Morantz: Assuming the course of events plays out the way you described, in 24 months from now, your \$33 million will be depleted.

Barring any intervention, by either government or some major benefactor coming forward and giving you millions of dollars, what will happen to the Daily Bread facility?

• (1805)

Mr. Neil Hetherington: One thing that I am deeply proud of is that, with every crisis the Daily Bread Food Bank and food banks across the city have had, they have risen to that occasion. I have no doubt that we will continue to rise to the occasion. That's where we turn to you and we ask how we can go upstream in poverty to decrease the lineup so that we can continue to meet the need.

In terms of outcome, specifically to your question, it would mean that instead of providing three days' worth of food every seven days to an individual who is food insecure, that number might be 2.9 days or 2.8 days.

Mr. Marty Morantz: I appreciate that you said we have the power to do something about this and that you're turning to us. In fact, I tried.

You may be aware, or not, of my private member's bill, which I introduced after the 2021 election, or reintroduced. It would have waived the capital gains tax for the sale proceeds on the donation of private company shares and real estate to charities across the country, including food banks.

Don Johnson, by the way, who is a major Toronto philanthropist that you may know of, was the inspiration for this idea. I certainly worked with him to try to get it across the finish line. It would have raised about \$200 million a year or a billion dollars for charities across the country, had it passed Parliament.

I have to thank my colleagues in the Bloc, and of course, my caucus colleagues in the Conservative Party. Unfortunately, the NDP and the Liberals voted against it and defeated my bill, so you can see my frustration. I think that would have helped a lot.

Those are my questions, Mr. Chair.

The Chair: Thank you, MP Morantz.

Now we'll go to the Liberals and MP MacDonald for five minutes.

Mr. Heath MacDonald (Malpeque, Lib.): Thank you, Chair.

Thank you to the witnesses for coming in on such short notice.

It's a very interesting conversation. Mr. Lafontaine is being flanked by those two, and I think the connection is very strong.

You look at budget 2023 and what transpired over the past three years with a global pandemic. I know there was a 64% increase in working-class people taking up food banks during that time.

I'm looking forward to the day that we look back at this day-to-day and say, "What did the Canada workers benefit do for low-income workers?". You talked about it in your preamble and its effects. On property flipping, what's that doing to affordable housing? There's predatory lending, which is what some of the people who are coming through your front door are being affected by.

With the Canada child benefit, I know in my home province of Prince Edward Island there are so many people who don't file their taxes. They just don't see the need. There are millions and millions of dollars sitting on the table, waiting to be picked up by them, and we've heard stories about when they've gone back retroactively. You can imagine some of the people walking through your door going back retroactively and getting cheques for thousands of dollars.

Then there's dental care and the Canada disability benefit, which I am a strong supporter of, and also OAS and GIS. Then we get into the skilled trades workers relative to the Canada workers benefit, and everything that goes with that, which is again the working-class poor, if that's what you want to call them. I'll be looking forward to someday looking back and seeing the success that you guys continue to have, even though you're in troubled waters like the rest of us—and by the rest of us, I mean my province.

I'm interested in hearing whether there is anything else. Mr. Blaikie took some of my question on the basic guaranteed income, which has been very strongly researched on Prince Edward Island. The other part of it, Mr. Lafontaine, is that we're doing actually a pharmacare pilot on the island, and it's working out very well.

I don't know how you take the basic guaranteed income and put all this into that basket. It's way above my capabilities, but it looks like we're going in the right direction, if we can get through what the global pandemic has put on our society, especially the most vulnerable.

I want to hear from each of you very quickly. I don't know how much time I'll have, because I'm doing a lot of talking. Are we going in the right direction with these programs? I know the troubled waters are there, and we've seen them. What is your perception of that?

I'm very interested, Mr. Lafontaine, if we get a chance, to talk about artificial intelligence, which you mentioned.

Ms. Nicholls, perhaps you want to start.

• (1810)

Ms. Meghan Nicholls: I think we have to make a decision as a society, as a country and as communities on what we value. We continue to place value on growth, investment and business success to the detriment of people who are just struggling in unimaginable ways. I think as we look over the coming years, if we are going to see more people lose their jobs and more scenarios where people are lining up outside the food banks, we're not building the kind of communities we want.

I would say, from a foundational perspective, continuing to vilify and almost punish the poor for being poor is the way lots of these systems are created. Coming to all of these interventions from the perspective of people having a right to food, housing and health care would take us down a different road. Rather than trying to

make sure the wrong people don't get service, we're ensuring that all of our communities get what they need.

Dr. Alika Lafontaine: I do believe we're in a place that, in five or 10 years, will be somewhere better. It's the inevitable conclusion that when you have persons around the table, regardless of their ideologies, focused on the same things, problems get solved, especially as the crisis gets worse.

We will not have a population that survives if we don't deal today with health care, food security or any of these other problems. The crisis has completely overwhelmed people across the political ideological spectrum. One of the most important things to focus on, I think, is that we have to start to parse out the things in the market that we leave up to the free market and the things that we manage, and we have to embrace that.

I think in the last 20 years, in health care in particular, we depended on austerity to lead us to sustainability. Intuitively it doesn't make a whole lot of sense that you eventually cut your way to sustainability. You eventually cut your way into being unsustainable.

I think we're seeing a rewiring of where people are prioritizing things. Does this mean we can't have mindful use of different levers of change at the federal, provincial and territorial level? I don't think so, but we are going to have to change what we measure, and we're going to have to change what we embrace as far as being a responsibility of government. That's a really important, critical moment that we're in right now.

The Chair: Thank you.

Let's give Mr. Hetherington a little bit of time to answer. Then we're going to get into our third round.

Go ahead.

Mr. Neil Hetherington: I promise to be brief.

In terms of focus, our focus is decent affordable housing, number one. Second are income supports that are appropriate, and third is the reduction of precarious employment.

I do want to applaud the change to the Criminal Code that brought predatory lending from 47% to 35%. I would love an all-party resolution to dissolve predatory lending across the country and be a nation that is void of any other Money Marts and associated things. They are the only types of funding that we do not get at the Daily Bread Food Bank. We don't take money from tobacco or predatory lending, because there is no good reason for those to exist in our country.

The Chair: That was great. I applaud that, Mr. Hetherington. Thank you.

We are moving, members, into our third round. We're starting with the Conservatives.

MP Chambers, you have five minutes.

Mr. Adam Chambers (Simcoe North, CPC): Thank you, Chair.

Welcome to everyone and also to those of you joining us online.

It's a very sobering discussion here this afternoon. We argue about a lot of things and there are lots of big problems going on, but I think they all pale in comparison to what some of the clients who are visiting you folks on a regular basis are going through.

I want to pick up on and make a comment about predatory lending.

Cardus, which is a think tank based in Ottawa, did a paper a few years ago that showed that, just by walking in the door to one of these facilities, you are 30% to 40% more likely to claim bankruptcy—just by walking in the door. I think there's a long discussion that has to be had about the right way to provide supports to those individuals who need income assistance. I'm always interested in what some potential, unintended consequences are of really over-regulating a space.

There's obviously a need for income assistance. What should that look like? There is no question that support for those individuals... We need to come up with a better way. I would encourage you to take a look at that report. It's very well done.

I think there was a request or maybe an acknowledgement that you were going to send some information to the committee. I'll ask you to include, if you have the data, those individuals who are what we'll call the working poor, those who have T4 income or any income, really, who are also accessing your facility. I think that would help us think about those individuals. Most people believe, I think incorrectly, that if you have a job, you're fine. Obviously, from the testimony I hear today, that is not the case.

I open the questions to both of the food bank representatives.

In addition, I think I heard that housing is a driver and food costs are a driver. Are there other social determinants or other factors that you see that contribute significantly? They could be anything. It could be the breakdown of a household or mental health issues. Are there other ones that you would put on that list in addition to housing and food costs?

• (1815)

Ms. Meghan Nicholls: There would be two other items. There would be continued advances in child care provision to enable adults who want to work to be able to afford to work. Open up enough spaces that meet the needs in each community.

The second would be supports for newcomers to support them to land well in Canada. For whatever reason, through whatever program they come here, how do we equip folks to find the right kind of work, find the right kind housing and be able to have a successful start? Many newcomers start off using the food bank. I think it's understandable. People who come to Canada have saved money for a time. They get here, and it doesn't go as far as they thought it was going to.

How can we consolidate all those newcomer services to really ensure that people are financially starting off on a good foot?

Mr. Adam Chambers: Thank you.

Mr. Hetherington, do you have anything to add?

Mr. Neil Hetherington: Earlier I was asked what the correlation was between unemployment and food bank usage. Roughly, you can say that a 1% increase in unemployment will drive a 10% increase in food bank usage nationally. Those are numbers from the 2008-09 recession.

We're in a new world here, to be very clear. We have never had unemployment low and quadrupled the amount of food bank usage. That's why you all ought to be very concerned.

The other correlation I might add to Ms. Nicholls' testimony is the correlation between those experiencing food insecurity and race. In Toronto, 8% of our population is Black, and 23% of them are food bank users. One per cent are indigenous, and 5% of them are food bank users.

Mr. Adam Chambers: Thank you very much. I have about 20 seconds left.

I have a quick question, Dr. Lafontaine.

What's the CMA's position on, one, using artificial intelligence to drive down the cost of delivery, and two, sending patients to the United States? There's a troubling story out from B.C. this week. Do you have positions on those, quickly?

Dr. Alike Lafontaine: In regard to artificial intelligence, we're developing a position on that. I think there are two parts to AI that will be useful. There's the helpful part where it helps us to categorize and streamline patients' access to care. There's the unhelpful part where you have a deep fake like those Tom Cruise videos that you see, where you have someone telling someone to do something that's unhealthy for themselves. AI is extremely good at being convincing.

With regard to folks going down to the States, it's a reality in this country right now that if people can't get access, they search wherever they can. I think we're seeing that.

The Chair: Thank you MP Chambers.

Now, we're going to MP Sidhu.

Welcome to our committee, MP Sidhu. I know you've done a lot of work on diabetes. I don't know if that's going to be your question, but thank you for that work you've been doing for our country.

Ms. Sonia Sidhu (Brampton South, Lib.): Thank you, Mr. Chair.

Thank you to all the witnesses for being here. Thank you for your testimony.

My question will be directed to Dr. Lafontaine.

Thank you for the tireless work you are doing. We know there are many internationally trained doctors and nurse practitioners in Canada who want to work in their fields. This is why the federal government identified the need to work with the provinces and territories on simplifying the licensing process for IMGs, doctors and other professionals.

We have already seen positive movement in Atlantic Canada with the regional licensing, which we can hope to extend nationally.

I'm wondering if you can expand on how the new federal health care commitment in budget 2023 can support the provinces and territories, so that people who come to Canada can quickly use their talents and expertise to serve Canadians.

● (1820)

Dr. Alika Lafontaine: My impression of the effects on provinces of the federal budget and the commitments is, number one, that people are rethinking the way they currently regulate and license doctors. The Right to Care Act in Ontario, to a great degree, was for compliance with the bilateral agreements that they knew were coming.

There's also recognition of international credentialing for the U.S. in places like B.C. and Nova Scotia. Nova Scotia is obviously going to have effects across the whole Atlantic region because of that licence that's shared across the different regions for locum providers.

I think we are definitely seeing early signs. The CMA has been a part of federal tables, with a lot of other groups across the country. The coalition for health workers is a place that we gather to try to accelerate some of these changes. We've adjusted some of our advocacy to reflect the needs of other members in that coalition so we're all moving in the same direction.

I think you definitely are seeing early signs of what the federal government is supposed to do, which is to bring people to the table and get them to start to hash out exactly how we solve these very complex problems.

Ms. Sonia Sidhu: Thank you, Dr. Lafontaine.

We know the health care funding in the budget also identifies electronic health information that is shared between health professionals as a priority. We know there's a need to adopt digital health into clinical practice while we also address the barriers in a patient-centred approach.

What do you believe are the most significant benefits to digital health technologies? How can we ensure that adoption is done in a way that prioritizes patient care and also addresses the administrative burden?

Dr. Alika Lafontaine: The first part of that is a real focus on patients having access to their own health data. We have custodial data systems where we care more about whether or not the custodian of the data—not the person who actually owns and uses the data—has access to information in the way that they actually utilize care.

The second thing is the secondary effects you're going to see with things like pan-Canadian licensure. In Alberta, a lot of our patients migrate between B.C. and the Yukon. In the Yukon, they love having locums from Alberta because they have access to Connect

Care, which means that all the patients who come through there now can have their information shared with local providers because they now have someone in the group who can actually access this information.

I think focusing on the way that patients migrate between systems and the ways that providers migrate and where they provide care is going to be really important as far as how we track.

Ms. Sonia Sidhu: We also heard about the importance of data and evidence-based decision-making in health care. This is why the data sharing is a key priority.

Can you speak to how this funding can be used to improve data collection and analysis in health care? How can this contribute to better health care outcomes?

Dr. Alika Lafontaine: I think Canadians on average grossly overestimate how much actually gets shared with the federal government and across provinces. Depersonalized data is extremely important to identify where needs are and then to have people migrate toward where those needs are.

One of the things we saw in mid-pandemic waves, when there were huge spikes in acuity early in places like Quebec and Ontario, was the migration of providers who had skill sets that were needed in those communities, because there was good communication and people actually went to places where they were needed.

I believe that, if we start to have a faster cycling of that data, we can have the same sorts of responses for many other things. There is some amazing data being collected right now. Quebec actually has the most advanced patient-reported outcome measures in the country, in my estimation, and their dashboard is incredible for helping people on the ground understand what patients actually need.

How can we take those ways of collecting and scale them across the system but have the federal government fulfill its role as a coordinator and collaborating place for provinces and territories to work together?

The Chair: Thank you, MP Sidhu. That is your time. I know—it goes very quickly.

We are going to the Bloc and MP Ste-Marie for two and a half minutes.

● (1825)

[Translation]

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

Mr. Céré, at the start of the pandemic, Bill Morneau told us that EI wasn't working well enough to support people who were losing their income. The government decided to set aside EI because the system was so broken. It put in place temporary measures, measures that were less targeted and more costly.

The pandemic is now over, and we're back to the employment insurance program. However, this measure still isn't working, despite the government's promise to reform it last summer and then last fall. That's now a thing of the past, and no action has yet been taken.

The current situation is fraught with uncertainty. We're seeing it with inflation, interest rates and hardship. We've heard witnesses talk about that today.

I think now is the ideal time to undertake this reform. It's now or never.

I'd like to hear your comments on this one last time. If you want to add anything related to EI to the committee members, that would be good as well.

Again, thank you for coming on short notice.

Mr. Pierre Céré: For my part, Mr. Ste-Marie, I'd like to thank you for your excellent questions.

It's true that now is the time to solve the EI problem. Now is never the right time for the government. At the height of the crisis, we were told that it couldn't be done because it was a crisis and that it would be done after.

We're now "after". The employment situation is going very well, and money is coming in. When the employment situation is good, the money goes into the EI fund. However, we're still being told that now is not the time to reform it.

It's never the right time.

If we don't fix the social safety net, we'll be condemned as a society to relive the same situation during the next crisis. There will be future crises, whether they be economic, financial, health, environmental or related to climate change. We see what's happening out west. We can see what is happening all over the world. There are going to be future crises. If we don't fix the social safety net, we're condemned to reliving exactly the same problems we experienced a few years ago.

Let's remember that Canada is the only country in the world where the EI system has failed. Everywhere else, in Europe, in the United States and in other countries, it was the EI system that stepped up to help people during the crisis. This program, this dysfunctional social safety net, has collapsed. It needs to be fixed.

Problems aren't solved with charity; they're solved with social legislation. It's by building a strong government with legislation, with a model of social legislation that will help people. That's how we do it.

That's what history tells us. Charity belongs in the 19th century, but social legislation belongs to the 20th and 21st centuries. That's the direction we need to go in. That's why we're still calling on the government to fix the social safety net.

Thank you, Mr. Ste-Marie and members of the committee.

Mr. Gabriel Ste-Marie: Thank you again, from the bottom of my heart.

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

[*English*]

Now we go to MP Blaikie for two and a half minutes.

Mr. Daniel Blaikie: Thank you very much.

Mr. Staples, I certainly share your desire for a proper universal dental care system. I'm proud of the work that we've done to get it under way. Likewise, we're working hard to ensure that we pass a Canada pharmacare act by the end of the year.

I wonder if you could speak a little bit to the human impact of putting those programs in place.

Mr. Steven Staples: It's going to have a huge human impact. I can tell you that we're already getting phone calls at our office from seniors who can't wait for the Canada dental benefit—even the one that was put in place in December—to be applicable to seniors. I just fielded a call today from somebody who was going on the CRA website and trying to get access.

This is a huge demand—a huge demand—and it's going to be very important in terms of providing better health care for people, better health outcomes and helping with affordability issues. There's no doubt that it's going to help millions of people. We do hope it becomes a universal program, but we applaud the excellent work. This is an historic expansion of our health care system.

But we want to keep the ball rolling. Pharmacare is next on the agenda. We are looking forward to a solid pharmacare act being brought forward in the fall. We really hope it takes the universal approach so that it melds very well with our already existing system, is not an add-on and blends right in.

As we know, this is also going to hit an affordability issue. One in five Canadians, almost as many as don't have dental, are having problems with affording their drugs. We don't want them to have that same choice: Do I buy food or do I take my medication? Filled prescriptions mean empty emergency rooms, and we know that—

● (1830)

Mr. Daniel Blaikie: For the studies that have been done on a national pharmacare plan, can you speak to the overall savings that are possible to realize through the implementation of such a program?

Mr. Steven Staples: The savings would be tremendous, mostly from the ability to coordinate the bulk buying of medications and negotiate lower costs.

I know there's been a lot of focus on the PMPRB and the problems with that. However, some experts we've talked to have said, "Look, if we get a good pharmacare program in place, those venues become less important to get the costs down because of our bulk buying."

It could be in terms of \$5 billion a year that governments would be saving on the cost of drugs. That's money that would be used elsewhere within the health care envelope.

Mr. Daniel Blaikie: Thank you very much.

The Chair: Thank you, MP Blaikie.

Now we will go to MP Lawrence, please.

Mr. Philip Lawrence: Thank you.

I want to quickly summarize, and then maybe get a story from one of you with respect to it so that we can humanize some of this.

One thing I would throw out there, before we summarize this quickly, is that in the past the federal government has matched the donations of Canadians. I suspect you would agree with me that this might be something valuable in terms of making these donations go further.

Mr. Neil Hetherington: We would agree with that, but we also agree with Mr. Céré that we need to ultimately have a social system that does not rely on a charity.

Mr. Philip Lawrence: Thank you.

To summarize, food bank usage, for your food banks at least, is at record highs.

Mr. Neil Hetherington: Yes.

Mr. Philip Lawrence: It's also a record number of employed individuals who are going to food banks. Would that be correct?

Mr. Neil Hetherington: That's correct.

Mr. Philip Lawrence: Also, from the North York food bank, they were quoted in an article as saying there's also record numbers of individuals who have post-secondary education who are going to food banks.

Would you also...?

Mr. Neil Hetherington: Yes. Approximately 50% to 52% of food bank clients in the Toronto area have a post-secondary education.

Mr. Philip Lawrence: Wow.

Ms. Nicholls, this is to you.

You mentioned that you had clients coming who are considering accessing MAID.

I'm wondering whether you know the specific facts or story behind that, obviously not giving names, and whether you would be willing to share that or any other particularly poignant story. I think beyond the numbers, it's important to humanize it. These are real human beings who are your clients there.

Ms. Meghan Nicholls: I speak about MAID, not from the perspective of our organization having a position on that, but purely from the place of saying that people are in desperate need. Often it's people who are surviving on a low disability income from a disabili-

ty support program at the provincial level. Those are the folks we have heard that from the most. They are struggling to survive, with all the extra costs you have when you have a disability.

There are stories every day that we could tell you. If you want to hear a story about a family, a working person, a newcomer, there are desperate situations where people are making impossible choices.

Mr. Philip Lawrence: Thank you, and thank you for testimony. It was both poignant and meaningful, and I hope Canadians were listening. I know I was certainly listening

Thank you.

The Chair: Mr. Chambers.

Mr. Adam Chambers: Thank you, Mr. Chair.

Dr. Lafontaine, I want to follow up, but I wanted to mention that I was at the PPF dinner the night that you got the award. Your story is incredibly inspirational for a number of people across the country. Thank you for what you do in the health care system and for being a leader.

You mentioned a couple of times interprovincial licensing and recognition. We hear a lot about the challenges of newcomer Canadians with credentials.

I was in an Uber two weeks ago with an Afghanistan family-trained physician. He said, "Look, technically I'm here. There are some ethics things. They do things a little differently here." He has the skills, but it's going to take him another four years.

What can we do to get these people credentialed quicker in the system?

Dr. Alika Lafontaine: There are two challenges we have to address.

The first is this: We have to change our assessment system. When a newcomer comes to Canada, they have to not only provide credentials but also go through the same assessment system, including...whether or not English is their first language. They may have practised in an English-speaking environment, but they are still required to write that exam in many parts of the country.

The second part is having consistent regulation across the country, whether you go to Saskatchewan or B.C. The regulations have shifted over the years. For example, in Saskatchewan, in a lot of peripheral locations in small rural towns, the medical care provided is done by folks who don't actually have their papers. What that means is they don't have the credentialing required to have migration across the country. That's an effect of different governments deciding, at different times, to change their criteria. We need a convergence across the country of that criteria in order to have free mobility across the country, particularly for immigrants who are health professionals. Two in five, I believe, is the StatsCan number of folks who are meaningfully employed in their area of expertise when they come to Canada. There's an enormous number of people out there who could work in the health care system.

I think the third and final point is this: We have to look at roles like physician assistants. Maybe you've been out of the health care system for a long period of time. You can still participate meaningfully, but not in the same role you had in your country of origin.

• (1835)

Mr. Adam Chambers: Thank you, Mr. Chair.

The Chair: Thank you, Mr. Chambers. Those were excellent questions.

We're now going to MP Chatel for the final five minutes and the end of questions.

Mrs. Sophie Chatel: Thank you, Mr. Chair.

I can't reconcile the seeming empathy you have for food banks in this situation with your policies of cutting taxes for the rich, cutting spending and letting polluters go tax-free. I don't know how this could ever help food banks.

What we need to do, as a witness mentioned, is jobs, jobs and jobs. Jobs are important. We need to invest in an economy centred on innovation that creates good jobs for the middle class. We need to provide every Canadian with a fair opportunity to prosper in the clean economy of tomorrow. Prepandemic...compared to the job statement today, we have recuperated 900,000 jobs. This is important. This is because of government spending during times that are hard for Canadians. We have to step in as a government, maintain our economy and continue to grow and plan for the future. That's exactly what this budget is doing.

I want to talk more precisely about programs that would be cut by the Conservatives. It will be a discussion on the surplus food rescue program. Another one is the emergency food security fund. Are these types of programs helpful to your organization and should they be expanded?

Mr. Neil Hetherington: We applaud those programs.

Canada ranks number one out of 120 countries, according to The Economist, in food safety. That's wonderful. We rank 26th in food affordability, and we are dismal when it comes to food wastage. We waste, according to Second Harvest, 50 billion dollars' worth of food per year.

Mrs. Sophie Chatel: Wow.

Mr. Neil Hetherington: It's astonishing.

Promoting programs that will provide for the reclamation of those foods so they can be used.... In Ontario, as an example, in 2013, there was a private member's bill to give a tax credit. I think your colleagues across the aisle might like this tax credit, which allows farmers to benefit from the donation of food. That meant organizations like the Mississauga Food Bank and the Daily Bread Food Bank were able to increase our stock of good, fresh food. I would encourage the federal government to follow suit and match the tax credit that's there.

At the same time, I want to emphasize that we are not suggesting the issue with food security can be solved by the reclamation of food or by charity. It is through decent social policy.

Ms. Meghan Nicholls: I was going to say the same as my colleague here.

Food waste is a problem. Food insecurity is a problem. Right now, there is a way to marry a solution that helps with both of those, but ultimately, a strong social safety net that people won't slip through is what's going to solve this for the long term.

Mrs. Sophie Chatel: I cannot agree more.

We have other programs, as well, for Canadians struggling to put food on the table, for families and for seniors. Could you talk about the various programs you have mentioned that support the people you see on a daily basis knocking on your door?

• (1840)

Ms. Meghan Nicholls: Are you asking about our programs that we operate?

Mrs. Sophie Chatel: I'm asking about the program that the government provides to Canadians and seniors. We were talking about the safety net and what we did during the pandemic to help them. For example, we were talking about housing and the two-time payment to help low-income renters.

Have you seen that those programs helped the people who come to your food bank?

Ms. Meghan Nicholls: Thank you—

The Chair: Give a very short answer, please.

Ms. Meghan Nicholls: They help in the month that they receive them. They ask us, "Why can't we have this every month?"

Mr. Neil Hetherington: The guaranteed seniors income benefit had a major correlated reduction in poverty among seniors. That should be applauded.

Mrs. Sophie Chatel: Thank you.

The Chair: Thank you.

Thank you, MP Chatel.

I think I speak for all committee members, the clerk, the analysts, the staff here, the interpreters and everybody who is watching. We thank you for your tremendous knowledge and the amazing advocacy that all of you have brought to our committee, and for answering many questions. We're so grateful that you accepted our invitation in such short order.

Thank you very much for coming before us and for being part of this study. We really appreciate it.

Members, we're going to suspend for a transition to our second panel, this time for five minutes.

Thank you.

• (1840)

(Pause)

• (1850)

The Chair: We are back with our second panel of witnesses.

In this second panel we have, from the Canadian Federation of Independent Business, the CEO, Dan Kelly. Also with us from Campaign 2000 is the national director, Leila Sarangi. We have the chair of the Coalition of Rail Shippers, John Corey, with us. From H&R Block Canada Inc., we have the associate vice-president, Peter Davis. From Option consommateurs, we have Sylvie De Bellefeuille and Alexandre Plourde. From Pulse Canada, we have the vice-president, Greg Northey, with us.

We are going to start with opening remarks from the Canadian Federation of Independent Business and Mr. Dan Kelly, please.

Mr. Daniel Kelly (President and Chief Executive Officer, Canadian Federation of Independent Business): Thank you so much for the opportunity to be here. I apologize in advance to the committee, last weekend I had a bout of laryngitis—I'm sure many parliamentarians would be happy to hear as I was quieter than normal—so I'm about 50%. I'm happy to be doing this from home.

I wanted to share a few thoughts about the budget and the budget implementation bill. I thought I would start with a bit of an overview of where small businesses are at right now in Canada in their economic recovery, and then go to the specifics of this piece of legislation and perhaps make a couple of broader comments about the budget.

As you know, we have 97,000 small and medium-sized companies as members of the Canadian Federation of Independent Business. When I look at the state of affairs for small businesses, we are still deeply worried about what is happening with the situation facing SMEs across the country. If you can believe it, still, three years in, only half of small businesses in Canada are back to normal levels of sales, pre-pandemic levels of sales—only half.

On top of the fact that only half of them are back to regular sales, two-thirds of them are facing a mountain of pandemic-related debt. This isn't new debt they took on for a plant or equipment or expansion, this is debt they took on to keep their lights on over the course of the past three years. That legacy of debt is significant, an average of \$105,000 per business. About \$60,000 of that typically is in the form of a CEBA loan. A lot of businesses are very worried about how they're going to possibly repay the debt they've taken on.

Of course, there are a whole host of issues. Even those businesses that have sales back to normal or are doing better than normal, they are facing a litany of cost increases. Some of them are natural cost increases due to inflationary pressures from private sector suppliers. Sadly, many cost increases are as a result of government policy. This includes rising EI premiums at the beginning of this year, rising CPP premiums at the beginning of this year, minimum wage increases from provincial governments, and of course the most recent increase in the carbon tax and the smaller but still an increase in the excise tax on alcohol products.

That's the situation facing small and medium-sized firms at the moment.

On the actual bill itself, there are a few pieces that we quite like. The measure that we were very pleased about in this legislation is the doubling of the tradeperson's tool deduction from \$500 to \$1,000. That's really good news. That is super helpful to a whole bunch of tradespeople, an issue that CFIB put forward decades ago.

It's really wise on the part of government to look at that threshold and raise it by \$500, doubling it essentially to \$1,000. That's something we're happy with.

Secondly, I'm also pleased to see there's going to be a single complaint-handling body for the banks. This has been a recommendation of CFIB for several years. There are lots of small business issues related to Canada's financial services sector. This is progress in that respect.

I mentioned a second ago the change on the excise tax, capping that at 2% rather than the full inflationary increase, which I think was going to be between 6% and 7%. This was a huge relief and we were pleased. We would have been further pleased had the budget capped it altogether. However, it is good news that the full hit did not happen to Canadian consumers and all the industries that are affected by that as well, both for producers and restaurateurs and bar owners, who would be forced to pass that on to their customers at a challenging time.

Those are a few of the measures in the specific legislation before you that we like. One that was a smaller one that does worry us is the exclusion from the definition of “financial services” of certain payment card clearing services, now exposing them to GST or HST. I reference this because in the budget there was a big win for small businesses on credit card processing fees. This was the central positive move in the budget for SMEs. We're hoping to learn some more details of what that's going to look like in the days ahead, but I can tell you that adding taxes to certain payment processing fees while you're trying to reduce payment processing fees is not really helping to the degree that it possibly could. We've had some estimates that it could cost as much as two basis points more by this policy change. We're still investigating that one. It's something that we wish to have a further study and a review of.

● (1855)

A couple of other smaller items include the requirement to make electronic remittances or payments to CRA and other departments for any amounts over \$10,000. That is something we have heard from a few small businesses on. When I look at it, on employment insurance—

The Chair: Mr. Kelly, if you could just wrap up. You will have a lot of opportunity during questions.

Mr. Daniel Kelly: In the budget as a whole, I'll just reference that the credit card processing fee reduction was the big win and the thing that we're most pleased about. There is progress on internal trade reduction. That's a huge file for small businesses, so there's some good news there. There's some progress on employee ownership trust, but I will say that we're a little worried about the specific measures. Finally, I'll raise the CEBA loan situation. That hasn't been extended.

The Chair: Thank you, Mr. Kelly.

Now we'll hear from Campaign 2000.

Ms. Sarangi, go ahead, please.

Ms. Leila Sarangi (National Director, Campaign 2000): Thank you, honourable chair and committee members.

Campaign 2000 is a pan-Canadian coalition of organizations working to end child and family poverty. I want to start by thanking you for inviting me to appear again today. I spoke about our priorities for budget 2023 back in February of this year, which I know resonated with the committee because we saw many of them in your report from March. It was really unfortunate that those recommendations didn't make their way into the federal budget.

Earlier this year, Campaign 2000 released its annual report card looking at the situation of poverty in Canada using 2020 data—so the first year of the pandemic, when large swaths of the economy were shutting down. We saw a historic drop in the rates of poverty and child poverty. Our analysis showed that this was almost all attributed to the \$102 billion in new federal transfers that went directly to individuals and families in the form of emergency programs like the CERB and the one-time top-ups to existing programs like the Canada child benefit.

Using the low-income measure, more than 314,000 children were lifted out of poverty that year. Without any of those pandemic transfers, the child poverty rate would have ballooned to nearly 21%. Without any government transfers at all, more than one-third of children would have been in poverty in 2020. We know that income transfers to families and individuals work.

Those temporary measures have all ended. Inflation has raised in ways we didn't anticipate. We have a housing crisis. There are barriers to accessing the new system of child care. Data released last week from Statistics Canada showed, unsurprisingly, that poverty rates have risen and are projected to reach prepandemic levels.

Unfortunately, we're going backwards, and budget 2023 doesn't do much to mitigate this. We have the temporary grocery rebate, which will provide some minimal but temporary relief. There is an expansion of a small automatic tax filing project for vulnerable people, but that's going to take another three years to achieve. There's a commitment to do consultations about vulnerable non-tax filers, but there are no clear timelines around that project. We're really worried that the budget allocates over 53 million new dollars to double down on pandemic benefit repayments. I've been in front of this committee several times talking about the challenges around CERB repayments and low-income individuals and families.

In budget 2023, it says that “ESDC and the CRA have adopted an empathetic, people-first approach to support...people facing is-

sues with repayment. They also have the discretion to negotiate a suitable resolution depending on the factors and conditions of a case to reduce any undue burden.” I have not heard any experience that would be characterized like this, and I'm going to share three quick stories that I've heard just this week.

A gentleman out west who had back surgery was bedridden, and he had repayment letters sent to him that he didn't understand. He called the CRA and was told multiple times to go in for an appointment, which he physically was unable to do. He ended up having his medical EI garnished and his tax rebate held back. He calculates that the federal government has now taken \$800 more than what they said he owed.

There is a mother with two adult sons with disabilities. One was asked to verify his self-employment income. His receipts and invoices were not being accepted by the CRA. His accountant doesn't know why. They can't get any information from the CRA, and his mom is really worried. His mental health has deteriorated so much that he's on a suicide watch. Through our legal clinic partners, we have been hearing this week that they're no longer able to establish repayment plans of five dollars a month for clients who are on social assistance and who clearly can't afford anything more.

We know that there are scores of these cases going through the federal courts, which is a further waste of resources. When you look at those cases, you can see that the judges want to do something to help people, but they're legally tied. There's no wiggle room. They say that they're unable to help. We know that there's a statute of limitations on debt recovery—that was discussed in the AG's report last year—but these efforts are causing a lot of pain and a lot of hardship. They are not only using up federal resources but using up precious community and personal resources. We really think it's time to retire the CERB debt, as any business would, and implement a CERB amnesty.

● (1900)

We need, dare I say, a sustained elimination of poverty through robust income security measures: supplementing the child benefit with a low-income supplement for families, the implementation of the federal disability benefit, the enhancement of the disability benefit for children and a benefit for working-age individuals regardless of their earned income.

Our pre-budget submission to you has many recommendations on our planks of income security, making work decent and a pathway out of poverty around child care, housing and public health. I won't go through those because you have them, but I do look forward to—

The Chair: Ms. Sarangi, could you wrap up really quickly? You'll have an opportunity during questions to elaborate on all of them.

Ms. Leila Sarangi: Yes.

That's it. Thank you.

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

Now we'll hear from the Coalition of Rail Shippers.

We have the chair, John Corey, with us.

Mr. John Corey (Chair, Coalition of Rail Shippers): Good evening, ladies and gentlemen.

Thank you to the committee for allowing me to come here tonight to speak to you.

My name is John Corey. I'm the president of the Freight Management Association of Canada, as well as the chair of the Coalition of Rail Shippers. The Freight Management Association advocates on behalf of freight purchasers: rail, marine, air and trucking. The FMA has been in business since 1916.

The Coalition of Rail Shippers represents various shipping associations that, combined, constitute about 75% of the Canadian revenue of CN and CPKC, with more than 100 member companies from all major industries in Canada, including agriculture, agribusiness, forest products, mining, fertilizer, chemicals, manufacturing and retailing.

As we are all aware, we've just come through a very tough three years, and shippers were very pleased to see that, in January of 2022, Minister Alghabra struck a national supply chain task force. The task force produced a final report in October of 2022. Some of the recommendations in that report actually made it into the recent budget.

There were five main ones, including one to establish a supply chain office to oversee the supply chain and to have better co-operation between Transport Canada and Stats Canada in developing transportation supply chain data. Also, the minister is being provided the authority to compel data sharing by shippers accessing federally regulated transportation services. As well, there's a temporary extension of interswitching on a pilot basis, and there's a review of the Shipping Conferences Exemption Act.

Of the items above, three are of main concern to shippers.

First, the ability of the minister to compel shippers to provide confidential data without any stated parameters is worrisome to shippers. Second, a review of SCEA, the Shipping Conferences Exemption Act, is long overdue, since Canadian shippers currently have no ability to complain about poor service and high rates charged by ocean carriers. Third, the extended interswitching to increase competition in the rail sector is good, but the limited time

frame and the restriction to only part of the country are problematic.

I'll say just a few more words about extended interswitching. This is a mechanism that shippers can use to level the playing field when dealing with the monopoly railroads. The railways obviously have a power imbalance, and they use it extensively to control shippers' choices of transportation. We think that needs to be addressed. Hopefully, the budget will do that when regulations are brought out.

Thank you.

● (1905)

The Chair: Thank you, Mr. Corey.

Now we'll hear from H&R Block Canada and Mr. Peter Davis, please.

Mr. Peter Davis (Associate Vice-President, Government and Stakeholder Relations, H&R Block Canada Inc.): Thank you, Mr. Chair and other committee members, for the opportunity to appear before you this evening on behalf of H&R Block Canada and our broader industry.

I also serve as co-chair of the board of directors for Tax-Filer Empowerment Canada, the national industry association for Canada's tax preparation and software industry, so I am pleased to also provide their perspective along with my company's this evening.

I'll give you a little background on H&R Block Canada. We are the largest assistant tax preparation firm in Canada. During tax season we have nearly 1,000 service locations across the country, with nearly 10,000 associates operating coast to coast to assist Canadians with their filing obligations year-round.

I am going to provide some brief commentary on Bill C-47 specifically and then finish up with some more general remarks on budget 2023.

Bill C-47 contains some very important legislative provisions that will enable our industry to better serve Canadians with their taxes. Specifically, these provisions include amendments to the Income Tax Act and the Tax Rebate Discounting Act. These will permit approximately 60% of tax filers who do work with tax preparers and accountants to use electronic signatures on certain key tax forms. If these changes pass, that will open the door for Canadians to file their taxes virtually with their preparers and also to potentially receive refund advances in a timely manner, all without having to leave their homes.

We believe the innovations through this legislation could incent more Canadians to file their taxes as we make the process easier for them and could also ensure that they are able to receive their benefits as soon as possible. H&R Block Canada and our industry have long advocated for electronic signatures, and we fully support the timely passage of these amendments in their current form within Bill C-47.

I would like to switch gears a little bit and talk about budget 2023 and take this opportunity to raise some significant concerns with the budget's proposals to expand the role of the CRA to include filing taxes on behalf of millions of Canadians.

I'd like to first touch on how taxpayers would be negatively impacted by the prospect of government directly preparing and filing their taxes. In Canada, we have what's called a voluntary tax compliance system. This system ensures a clear separation of roles between the tax collector and the tax preparer, for the benefit of Canadians. This gives Canadians the right to independently prepare their taxes in order to maximize their benefits and reduce their tax liability to government.

How would this work if the CRA were to start filing taxes for some Canadians? For starters, the CRA would find itself in a major conflict of interest on two fronts. How can the CRA successfully balance maximizing government revenue while also ensuring Canadians get the most back from government coffers?

H&R Block Canada's independence from government tax collection allows us to remain impartial and to fully dedicate our efforts to maximizing refunds and benefits for Canadians, even in the many instances when the CRA feels that they are entitled to less. In fact, our tax professionals frequently advocate for our clients by opposing CRA rulings that seek to reduce the benefits claimed on their tax returns. If the CRA were to file our taxes, would any of us feel confident that the agency would ever advocate against itself with determination equal to that of an independent third party to ensure that we receive all of our benefits and deductions?

Second, how can the CRA function as an effective impartial regulator when it introduces government products and services to market that are in direct competition with the industry it regulates?

The Government of Canada's policy decision to directly file Canadians' taxes runs counter to the successful partnership between our industry and the CRA, which has served Canadians well for decades. While we don't believe that government tax filing can best assist Canadians, we are very supportive of ensuring that low-income Canadians file their taxes in order to get their benefits. This is why our industry offers several low- and no-cost options to Canadians who need them most.

One quick example is that at H&R Block Canada we have our annual Returning Hope program, which supports Canadians who live below the poverty line and who may be experiencing homelessness. These individuals tend to miss out on government benefits or tax refunds because they're unable to file and often do not have a fixed address or bank account. We have been able to partner with 15 non-profit organizations across Canada to prepare tax returns for over 800 Canadians in need and found over \$715,000 in missed refunds and credits.

In-depth tax interviews with Canadians in need, conducted by tax professionals at H&R Block Canada, help determine whether these individuals could qualify for the significant disability tax credit and other applicable related benefits. This is something that automated and telephone government tax filing will not be able to achieve and, therefore, a loss of economic benefits to Canadians who need them most would result.

• (1910)

With that, we would conclude by saying that, instead of embarking on more large-scale government IT projects to create automated tax filing and to expand government telephone tax filing, Canadians' needs would be far better served by the CRA meaningfully working with industry to create the conditions needed to support and expand initiatives like H&R Block Canada's Returning Hope program.

Thank you very much. On behalf of H&R Block Canada and our product industry, we're looking forward to questions.

The Chair: Thank you, Mr. Davis.

We're right on time.

Now we're going to Option consommateurs with Ms. De Bellefeuille and Mr. Plourde.

[*Translation*]

Ms. Sylvie De Bellefeuille (Lawyer, Budget and Legal Advisor, Option consommateurs): Good evening, Mr. Chair.

Good evening, committee members.

We thank you for the opportunity to present to you today.

My name is Sylvie De Bellefeuille. I have been a lawyer with Option consommateurs for 13 years. I'm accompanied by my colleague Alexandre Plourde, who is also a lawyer.

Established in 1983, Option consommateurs is a non-profit association whose mission is to help consumers defend their rights. As such, we receive thousands of legal information requests every year from people experiencing difficulties with merchants, including financial services and travel. We also provide budget consultations to people who are struggling with debt and credit.

In our view, Bill C-47 introduces a number of measures that will benefit Canadian consumers. Our remarks today will focus on three themes addressed in this bill: air transportation, the complaint process in the banking sector and usurious credit.

In recent years, there have been countless delays and cancelled flights by airlines, which have led to tens of thousands of consumer complaints. While changes have been made to the air transport regulatory framework to strengthen consumer protection, efforts still need to be made to provide adequate protection for Canadian travellers. We think Bill C-47 responds to several of the requests we have made over the past few years.

First, the bill removes the three categories of flight disturbances so that only exceptional circumstances can justify a lack of compensation for passengers. This will then allow us to amend the air passenger bill of rights so that passengers can benefit from better protection.

Second, it closes certain loopholes in Canadian regulations that benefited airlines. This will put the onus on the carrier to prove that the delay or cancellation of a flight is not attributable to the carrier, rather than putting the burden of proof on the consumer. In addition, the bill requires airlines to compensate consumers for late luggage, not just lost luggage.

Finally, this bill makes it easier for air passengers to have recourse by requiring airlines to provide a decision to the consumer within 30 days and by creating a more effective complaints regime for the Canadian Transportation Agency, as well as requiring airlines to cover the cost of handling complaints filed with the Canadian Transportation Agency.

In short, we believe that the proposed amendments to the Canada Transportation Act are positive for consumers and should be adopted.

In the banking sector, we are pleased to see that Bill C-47 finally puts an end to the ability of banks to choose the external body that will deal with complaints made against them by their clients. This is something that consumer associations have been waiting for for a long time.

In the current version of the act, a bank can choose between two external complaints bodies that are currently approved by the government. Needless to say, this situation raises serious questions about the independence of the handling of consumer complaints and, more importantly, about the appearance of bias in the process.

While we welcome the amendment in the bill to create a single external complaints body, we regret that the body's decisions remain non-binding on the banks, which could choose not to abide by them. To ensure full consumer protection, we believe that this bill should make the body's decisions binding on the banks.

Finally, Option consommateurs welcomes the initiative to lower the usury rate set out in the Criminal Code. The current rate, set at 60%, was introduced in the early 1980s, when the economic situation was significantly different and the Bank of Canada rate was around 20%.

That said, we have a number of reservations about the bill.

First, rather than the fixed rate proposed in the bill, we believe that a variable interest rate would make it possible to adapt to the economic situation. In a number of countries, the limit fluctuates based on the rates set by the central bank or the average market rate.

Second, contrary to what the bill proposes, we believe that no regulatory exceptions should be allowed for consumer loans. We therefore believe that exceptions such as the one concerning payday loans should be abolished.

Without this appropriate usury rate framework, lenders can easily take advantage of consumers and make them even more vulnerable.

• (1915)

Thank you.

I look forward to your questions.

The Chair: Thank you, Ms. De Bellefeuille.

[English]

Now we'll go to Pulse Canada and Mr. Greg Northey.

Mr. Greg Northey (Vice-President, Corporate Affairs, Pulse Canada): Thank you, Mr. Chair.

I want to thank the committee for the invitation tonight to speak to you.

My name is Greg Northey, and I'm the vice-president of corporate affairs with Pulse Canada.

Pulse Canada is a national association representing over 25,000 pulse growers, as well as the processors and exporters of Canadian pulse crops, including peas, lentils, chickpeas, dry beans and fava beans. Canadian pulses are among the most sustainable sources of protein in the world. In 2021 alone, Canadian pulses, thanks to their nitrogen-fixing capabilities and the modern agricultural practices of pulse growers, removed 3.6 million tonnes of carbon dioxide from the environment. This is the equivalent of taking 1.1 million cars off the road in a single year.

In addition to our environmental contributions, the pulse industry is a significant economic driver, accounting for roughly 26,000 Canadian jobs and delivering \$6.3 billion in annual economic activity. This is in part thanks to the fact that Canada is the world's largest exporter of pulse crops. We send billions of dollars' worth of pulses to over 120 markets around the world.

To do this economically, Canada's pulse industry and the entirety of Canadian agriculture rely on timely and predictable rail service.

In its final report, the national supply chain task force identified the key persistent issue that consistently threatens the competitiveness, productivity and growth of Canadian agriculture exporters. It says, “Railways are the only source of transport for many shippers, giving rail companies pricing and service discretion that is not balanced by normal market forces.” Simply put, railways are monopolies, and the lack of competition between them results in unreliable and unpredictable service for shippers.

That is why Pulse Canada was pleased to see important transportation measures that explicitly focus on incenting and improving a competitive dynamic within the rail sector included in Bill C-47. Key among these measures is the proposal to implement a pilot on extended, regulated interswitching. It is extremely positive that the government has recognized the pro-competitive value of extended interswitching and the positive economic benefits that competition delivers.

Competition unlocks the full potential of Canadian shippers, improves innovation and collaboration among Canada's class 1 railways and supports Canada's overall economic growth. When extended interswitching was in place from 2014 to 2017, it was the first time that competitive forces were introduced to a monopoly rail market ever. Even in this limited sample, the results were positive as shippers adjusted to the new market dynamic.

How could they not be? It is well known that competitive forces improve economic outcomes and productivity.

The previous extended interswitching period was also beneficial for the overall rail system. Railway operating ratios remained low, system average train speeds, car velocity and yard productivity increased in that time, and dwell times decreased. Importantly, movement of Canadian grain on both CN and CP also increased.

Extended interswitching has proven to be a vital tool for Canadian shippers, and Pulse Canada and our allies urge this committee and all members of Parliament to look to the successes of the last pilot as the foundation on which to build a more permanent extended interswitching program that will benefit Canada for decades to come.

In fact, to further strengthen this pro-competitive policy, the Government of Canada can improve it by setting the extended interswitching distance to 500 kilometres to ensure competitive market forces are available to a large group of captive shippers, which is only fair; ensuring that extended interswitching is available to all North American railways with operations subject to the Canada Transportation Act to further integrate our North American market and shorten the distance goods need to travel; promoting investment in rural rail infrastructure so that interchanges can accommodate larger trains and further unlock productivity and efficiency gains; and assuring that the pilot lasts a minimum of five years to unlock the full potential of competition.

This five-year extension is key, as presently shipments can be booked for up to 12 months in advance, meaning two-thirds of the pilot may expire with the 18-month pilot that's proposed now before a shipper can make use of the new competitive regulations.

To close, extending the interswitching is a policy that works for Canadian shippers, railways and consumers. We urge this commit-

tee to move this proposal through to completion and consider improvements in needed competition for Canadian rail shippers.

Thank you.

• (1920)

The Chair: Thank you, Mr. Northey.

Thank you to all of the witnesses.

Before we go to the members' questions, on behalf of our committee, thank you for graciously accepting our invitation to come and appear before the finance committee. You had to be able to do it with short notice.

Now we're going to the members' questions. We're starting with the first round. Each of the parties will have up to six minutes to ask questions. We're starting with the Conservatives.

We have MP Lawrence for six minutes.

Mr. Philip Lawrence: Thank you, Mr. Chair.

I'll begin my questions with Mr. Kelly.

Thank you for all of the excellent work that you and your organization do.

I'm going to spend some time talking a little bit about the carbon tax. We've heard from the PBO that Canadian individuals and families in general pay more in carbon tax than they receive in rebates. This problem is particularly acute for farmers and, first of all, business owners. They will receive individual rebates, for sure, but they often don't receive any type of rebate for their business use of carbon and the carbon tax it attracts.

Mr. Kelly, would you mind just explaining a little bit about how the carbon tax affects your members?

Mr. Daniel Kelly: It's a really important question. Carbon taxation has mixed views among Canadians, as we all know. That's equally true for Canadian small business owners.

For small firms, it is a really bad deal. The only reason why anyone could suggest that some Canadians are getting more in rebates than they're paying in the carbon tax levy—if that's true for anyone—is that other Canadians are paying but not getting anything back.

When the carbon tax was first created, the plan was that small businesses would be lumped into it. Large emitters, of course, have their own system. Small and medium-sized firms pay the carbon tax. Our estimate is that somewhere between 40% and 50% of the carbon tax revenue comes from small businesses and a few other taxpayers. Originally, only 7% of the rebate programs were targeted to go back to small businesses. It gets worse. Of that 7% that was targeted to go back to small businesses, less than 1% did go back to small firms.

The theory of the carbon tax is that you put a price on the use of carbon, and then you give it back to consumers so that they can use it for lower-carbon options. That's not true if you just pay the tax and you don't get any of the money back. For small businesses and many in the agricultural community, they pay the tax and get none of the benefits of the rebate scheme whatsoever. You can imagine that it leads to hostility towards the whole concept. Even our members who like the concept of the carbon tax really don't like the way that the federal carbon backstop is administered.

• (1925)

Mr. Philip Lawrence: I'm sure, like all of the members in our party, that many if not all of your members see the urgent nature of fighting climate change. Even those who may support carbon pricing of some sort.... To put all of that responsibility on small business owners is, I believe, unfair and inequitable.

I'll go on and ask you another question with respect to the carbon tax. It's also a double-edged sword. Tiff Macklem has written to our committee and told us that, at today's rates, nearly 10% of inflation is a direct result of it. You have both the carbon tax hit and then you have inflation.

Now the Liberal government is looking to triple the cost of the carbon tax and even add a new carbon tax called the clean fuel standard. If we see tripling and then another carbon tax—we'll hear from the PBO exactly what it's going to cost, or an estimate anyways—without any additional rebate, Mr. Kelly, for your members, then it's inequitable and unfair. Would you care to comment on that?

Mr. Daniel Kelly: This becomes even more worrisome as we look ahead to the further rounds of carbon tax increases that we're facing.

Our main piece of advice to governments when businesses—or any Canadian, for that matter—is struggling is not to make the problem worse. Sadly, we've seen it right throughout the pandemic. Canadian pension plan premiums have continued to increase. EI premiums just went up at the beginning of this year. Carbon taxes went up. The liquor tax was, fortunately, kept in a more reasonable fashion.

With these large increases that are coming and none of it coming back in the form of rebates, it's deeply worrisome where small businesses are going to find the money to continue to kick into this. It's essentially a wealth transfer from independent businesses, who have been among the groups hardest hit by pandemic-related restrictions. It's a wealth transfer from them to consumers all through the system of government.

About half of our members oppose the carbon tax, full stop. Even the almost one-third of our members who support carbon taxation do not like the way that the federal carbon backstop is designed. If we're going to keep it, then we have to find a mechanism that's fair to all Canadians who are paying into it.

Mr. Philip Lawrence: Thank you very much.

Thank you to all your members. The small business community and its business owners are the backbone of our communities and a major driver to our economy, so thank you for your advocacy and, more importantly, thank you to your workers.

I have a question for Mr. Davis. I'll make it brief so that he has a little bit of time. The chair's flexible with time, so I'm sure he'll be fine.

Mr. Davis, my constituency staff has done some amazing work in reaching out to people who haven't filed their taxes. One individual who was unhome'd got over \$20,000 back. It changed his life, and it looks like he's back in the game, as it were, and doing well. We make it a practice to try to reach out to folks like him. The problem, though, is never that they had trouble filing or even the cost of the filing. It's people who have lost their way. Maybe they've dealt with significant traumas in their lives or they've had mental health crises, so it's more about the communication.

Wouldn't it be more beneficial to have the CRA reach out to some of these people to encourage them to file their taxes as opposed to having an automated filing system, which will no doubt work as well as Phoenix and some of the other government snafus?

Mr. Peter Davis: Thank you for the question.

We certainly see that in our offices as well throughout the year. Individuals come in, and they haven't filed in several years. Typically, they think they owe money or that they may be in trouble with the government. When we have a chance to work with them, it is not uncommon to see lower-income Canadians walk out of our offices with large five-figure refunds. In fact, we even had an individual, earlier this tax season, who had a \$100,000 accrued refund.

These are life-changing amounts of money that just would not be captured or realized through an automated tax filing system. To answer your specific question, yes, there needs to be more mechanisms in place to ensure that there's outreach to these individuals to help them understand that filing their taxes can be a very significant financial benefit.

I'm not sure if CRA has necessarily—

• (1930)

The Chair: Thank you, Mr. Davis.

We're going to go to the Liberals and MP MacDonald, please, for six minutes.

Mr. Heath MacDonald: I see my colleague started an extension of time. It's all good.

I'm going to go to Mr. Northey of Pulse Canada.

I remember having your team in my office, and I learned quite a bit from Pulse Canada about what they do. I want to give kudos, first of all, because I think, in the agriculture sector, you are leading the way. You gave us some numbers in your reduction of GHG emissions.

On Prince Edward Island, for example, as you're fully aware, we have potato crops. Over the past year, there's been a real uptake in cover crops, and we've started using them more extensively. In the potato fields last year, 50% of the acres that had potatoes in them were actually cover crops. I always look out the window when I'm flying home, and I used to see red clay everywhere. Now I see green cover crops, so kudos to you.

There have been quite a few things in the budget that are relevant to nitrogen management. It's somewhere around \$35 million or \$36 million to support nitrogen management practices by farmers, particularly in eastern Canada. We were hit obviously with the tariffs on Russian fertilizer, but this will assist optimization. I want you to expand on how this will help farmers, especially in eastern Canada, if you could.

Mr. Greg Northey: Thanks for the question.

Throughout COVID, particularly with the amount of fertilizer we import from Russia and Ukraine, there was a large disruption and a lot of worry within the sector around having enough nitrogen to grow a crop. The focus for the sector, at the time, was to try to ensure that the funds—the extra tariffs—would go into supporting farmers in the future, as far as being able to ensure they have the crop nutrients they need. There are obviously a lot of ways for the sector to reduce nitrogen. Pulses are one way, because we fix the nitrogen from the fertilizer, but there are a lot of other beneficial management practices that can be focused on.

I'd say the big concern for us around that was more in the phrasing of it. We always like to think about not just reducing fertilizer but the efficient use of fertilizer. The one thing that gave us pause in there.... Certainly, supporting the ability to reduce nitrogen or at least increase the efficiency of nitrogen use is very important, but any kind of target or perspective that says, "Thou shalt reduce the amount of fertilizer or nitrogen you use to a certain level" is very concerning for the sector. I think you would have seen that with certain fertilizer targets the government was proposing a few years ago as well. It's highly sensitive because we are looking to maximize our yields. We are exporting to the world, ultimately.

While it is important to recognize that, it is also important that we do it in a right way, one that recognizes we still need these inputs. We are just looking for ways to maximize their efficiency.

Mr. Heath MacDonald: I know that, at the time, when we started talking about 30%, there was a narrative around that we had to reduce our nitrogen by 30%, but it wasn't that at all. I'm glad you clarified that.

The other thing is that the budget has \$13 million to increase the interest-free limits for loans under the advance payments program from \$250,000 to \$350,000, in order to offset the impact of Russia's illegal invasion and the global supply chains, obviously.

How will this benefit the farmers you represent?

● (1935)

Mr. Greg Northey: These are very important loans for the sector.

We have providers throughout western and eastern Canada, obviously, who use those advance payment programs. When you're

managing the risk that is agriculture and the biological system that.... We look at Alberta right now, where there's a moisture deficit in some areas. Irrigation districts are really suffering. There's always risk in getting a crop in. Producers often need upfront cash to pay for inputs—your seed, fertilizer and everything else.

All improvements to those kinds of programs are always very important, especially for advance payment.

Mr. Heath MacDonald: I think I read somewhere that we're losing, in Prince Edward Island, about one inch of soil a year. If we don't plant cover crops, we're basically losing two inches of soil, because of the crop going back in—if it is potatoes—to some extent. It's very interesting.

We had the Federation of Agriculture here before this committee. At that time, we asked them specifically what they wanted to do with the funding relevant to the Russian issue. They came back and said the same as what you're saying.

To me, sometimes farmers get a bad rap for what they do, in relation to carbon emissions and so on and so forth. I'm going to ask you to repeat what you said in your preamble, because I think it's important that people at home—anybody listening to us tonight—hear exactly what Pulse Canada and your farmers are doing to reduce carbon emissions.

Mr. Greg Northey: Thank you. That's quite the platform. I appreciate that.

Pulses have a built-in advantage in that we don't have to use nitrogen fertilizer. The pulse crop pulls the nitrogen from the soil, so we don't have to use nitrogen fertilizer. There's a massive.... The numbers I cited are literally because we are not applying nitrogen fertilizer. We're reducing it. Our goal, as a sector, is to increase the number of pulses on acres. The beneficial aspect of pulses is that they need to be used in rotation. You use a pulse, and the next year you use canola. That canola gets a beneficial nitrogen bump, as well, because we're fixing that nitrogen in the soil. We have a great advantage.

Obviously, pulses are huge elements of food security, globally. We're seeing a burgeoning processing side. We're seeing lentil flour, pea flour and pea protein going into a variety of different food products. We see it as a win-win for climate change, the entire farm rotation and the farmer, as well as for health, nutrition and everything else.

We're quite lucky with the intrinsic value of pulses, for sure.

The Chair: That's the time. Thank you, MP MacDonald and Mr. Northey.

Whoever ate today, let's thank a farmer for that.

We're going to the Bloc and MP Ste-Marie.

[*Translation*]

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

Like you, I would like to thank all the witnesses for accepting our invitation on such short notice and with so little time to prepare. It's very much appreciated, and I thank you for it.

I would like to say hello to Mr. Kelly and tell him that an all-party caucus is currently working on entrepreneurship with his organization and a number of his colleagues. For my party, Sébastien Lemire is co-hosting the event with several of my colleagues at the moment.

My questions will be for the representatives from Option consommateurs. I would like to thank Ms. De Bellefeuille for her presentation and Mr. Plourde for being here.

Ms. De Bellefeuille, you raised three very important topics that are addressed in Bill C-47: air transportation, banks and usurious credit. I will have a few brief turns to speak and I will try to come back to these three elements.

I'll start with the banks. There will be changes, and you told us that Bill C-47 will put an end to banks' ability to choose the external body that will handle complaints against them.

Can you give us an example of what that means and what it changes? Could you then explain to us why that organization's recommendations will remain non-binding?

• (1940)

Mr. Alexandre Plourde (Lawyer and Analyst, Option consommateurs): If I may, I will answer your question.

We raised two main problems with the external handling of complaints in the banking sector. The first problem is essentially solved by Bill C-47. It is the ability of banks to choose which external body will handle consumer complaints. Up until now, banks have had the option of choosing between two bodies to deal with complaints they received from their clients. Clearly, this is a very specific situation that, from consumers' point of view, raises a number of questions about the independence and impartiality of the body that will make decisions concerning banks. It also adds complexity to the system. Creating a system where a single body handles external complaints is a good part of this bill.

However, the problem that will remain and that will not be solved by Bill C-47 is that this body's decisions will not be binding, as you mentioned. The decisions made will only be recommendations to the banks and, theoretically, they will not be required to follow them.

So we can imagine a scenario where a consumer files a complaint against their bank, wins a case in a decision by the ultimate decision-making body, but the bank simply refuses to implement the recommendation. The consumer then ends up having to turn to the courts and fight in court, which can be quite difficult, considering the means at banks' disposal.

We see this as an unacceptable risk to consumers. If a system is created that is supposed to be impartial and fair, there is no reason for the decisions made by the external body not to be binding.

Mr. Gabriel Ste-Marie: Thank you. That is very clear.

In committee, we can look at whether the bill should be amended to make the body's recommendations more binding. We can discuss it among colleagues.

Ms. De Bellefeuille, I like the idea of aligning the usurious rate set out in the Criminal Code with the Bank of Canada's key interest rate or economic conditions. You referred to the fact that regulatory exceptions to the usurious rate would be maintained. You said that this would enable payday lenders to offer loans.

Can you comment on that and tell us why it should be considered usurious credit?

Ms. Sylvie De Bellefeuille: Thank you very much for the question.

It is important to know that payday loans really tend to go after extremely vulnerable clients. Currently, the Criminal Code provides for an exception—that is to say that payday lenders can charge interest fees of well over 60%. That can amount to interest costs in the order of 300% for some loans, for example. This is sometimes justified in the community by saying that these are small, risky loans. When we talk about small loans, this exception applies only to loans under \$1,500.

The problem is that this really targets extremely vulnerable clientele. These are situations where people will sometimes have to use these types of loans for basic needs. The costs are so high that, ultimately, because of the additional fees, these people will still need additional loans to be able to cover their needs. So it makes no sense.

Moreover, in Quebec, in principle, this type of loan is not possible. There are other problems with some of the other types of loans, though. I know that this exception applies in other Canadian provinces. In our opinion, since this is aimed at extremely vulnerable clientele, it is not justified.

Mr. Gabriel Ste-Marie: Okay.

Thank you very much.

We can also look at whether the bill needs to be amended.

Based on your presentation and your comments, it is clear that this should not exist and that it should be abolished.

I have a few seconds left, and I would like to talk to you about the fixed rate of 35%. You say that it's better than nothing, but why do you prefer a variable rate aligned with the key interest rate?

• (1945)

Ms. Sylvie De Bellefeuille: Simply because it would make the situation much more flexible. The current rate has been in place for many years. The economic context has changed, and it took 30 years before we decided to ask the question again.

Similarly, in the Consumer Protection Act, new rules were introduced in 2018 that provide for high-cost loans. Again, this high rate is calculated based on the key rate. That allows for some flexibility and helps avoid having to go through a legislative process again to change the rules along the way.

Mr. Gabriel Ste-Marie: Thank you very much, Ms. De Bellefeuille.

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

[*English*]

We'll now go to MP Blaikie.

Mr. Daniel Blaikie: Thank you very much, Mr. Chair.

I'd also like to thank our witnesses for having been able to appear on short notice.

Ms. Sarangi, I want to start by asking you a two-part question.

In the budget implementation act that we're studying, there are provisions to allow for the Canada workers benefit to be paid out in four installments over the course of the year. What I find interesting—I don't oppose it, but I find it interesting for reasons that I'll elaborate on soon—is that the government has said that, if the eligibility criteria change during the end of the year, it will adjust the final payment but it's not going to go after amounts that were paid out based on the previous year's income.

To me, what that says is that there's been an acceptance by the government, with respect to this program, that a certain amount of bad debt on a public program is acceptable. We haven't seen anything like that when it comes to CERB repayment, and you mentioned that in your opening remarks. We know there are a lot of low-income Canadians, who in good faith, sometimes at the behest of provincial governments, applied for the CERB during the pandemic when they were desperate. They haven't been able to get the compassionate, case-by-case approach that they've been promised by the government.

When it comes to the CWB, we have the acceptance of a bad-debt principle, but there is no acceptance of such a principle when it comes to the CERB. In fact, the government's going to throw a lot of good money after bad trying to get blood from a stone, from people who don't have the money to pay it back anyway.

The second part of this question is to notice that, with regard to the emergency wage subsidy program, there was well over \$15 billion paid out that shouldn't have gone out the door to companies that were either making record profits, paying dividends, paying scab labour during the pandemic or repaved their parking lots three years earlier—for a golf club here in Ottawa, for instance. There's not even an effort to recover any of that money.

Could you take a moment to speak about the difference in approach across these three programs? How do you think Canadians would benefit, from a public finance point of view, if the government were willing to accept the principle of bad debt when it comes to low-income Canadians on the CERB program, as it has done for the CWB to some extent and as it has done completely when it comes to the emergency wage subsidy program?

Ms. Leila Sarangi: Thank you for that question.

The differential treatment between the three programs doesn't make any sense at all. This government said at the beginning of pandemic that they were not going to leave anybody behind. The dominant narrative was “just apply for CERB and we won't leave anybody behind”. Everybody was in crisis, and we know that benefit really helped people.

There have been some groups of people whose CERB debt has been written off, such as low-income seniors, the self-employed to an extent and students to an extent.

For those low-income individuals and families who still have this repayment, it doesn't make any sense why they're being targeted. That's how they feel. They feel like they are being targeted by the government. When they explain to me how it feels, it feels like the letters are harassment letters because they're getting them over and over again. They don't understand. There's not clear communication. It's really inconsistent, and they don't know where to turn for help.

That the strategy is to keep increasing how much money the CRA gets to pursue for those individuals and families makes no sense whatsoever. Particularly, as you've mentioned, in the wage subsidy, a lot of money was given there. The Attorney General report that I mentioned earlier even talks about how the government didn't collect enough data to be able to make an assessment as to whether the integrity of that program was met. We don't even have the data to say whether it worked well or not, or whether it kept people on the payroll or not.

That's where we should be really focusing our efforts. We should be focusing on recovering large amounts of debt—not five dollars or \$10 for the next 15 or 20 years from individuals who are already really struggling.

• (1950)

Mr. Daniel Blaikie: Thank you very much for that.

You talked a little bit about the initiative for an auto tax filing in your opening remarks as well.

I wonder if you could speak to the value of not only having an auto-filing system, but also automatic registration of Canadians for income support benefits like the guaranteed income supplement as part of that process.

Ms. Leila Sarangi: From our perspective, automatic tax filing and automatic benefit registrations are low-barrier ways to reduce poverty for low-income individuals, seniors and families. Putting the onus on individuals who may be dealing with a whole lot of other things in their lives to find a clinic, pay for services, gather all of their papers and things like that, when CRA has most of their information anyway, doesn't make a lot of sense.

For us, an automatic tax filing program and automatic benefit registration would go a long way to keeping people updated and getting their benefits annually. We do think that it should go hand in hand with a parallel income benefit cash distribution system that works in partnership with charities for those who don't file taxes, who may not ever engage or who are not comfortable engaging right now with the federal government around taxes. There are different reasons why people do that. Oftentimes it's mental health, houselessness, fleeing violence or not having the right kind of documentation.

Charities are already fundraising and giving money to those folks. We want the federal government to invest and formalize those programs in partnership with those charities that are connected to communities. While we're expanding the personal income tax system through automatic tax filing and benefit registration, we're developing a parallel process that reaches those who are even further away from getting into the system, so they also get access to the benefits they're entitled to.

The Chair: Thank you, MP Blaikie.

I'm sure you'll have much more time for more questions in the next round.

We are going to the second round.

MP Morantz, you're up for five minutes.

Mr. Marty Morantz: Thank you, Mr. Chair.

Mr. Kelly, I'm sorry you're not feeling well. I hope to hear that you're on the mend.

I don't know if you were watching the meeting before this. We had representatives here from food banks, and we got some very disturbing testimony. Mr. Hetherington from Daily Bread said that we are in a crisis. We heard statistics that first-time users of food banks are at an all-time high. Before the pandemic, there would be about 65,000 food bank customers a month. Now it's 270,000 people a month in Toronto alone. They said many of their clients pay 100% of their income for housing. One of the witnesses said that 5% of Mississauga uses food banks. Both representatives from each of the food banks said that the grocery rebate will not help. Mr. Hetherington from Daily Bread said, "What's on the ground should be terrifying." Another thing that they said was not before the pandemic was that 30% of food bank users are employed workers.

The reason I'm going through this with you is that I noted under "Tax and Regulatory Costs" in your 2023 submission, you said the following: "Based on a recent survey of our members, savings generated from a reduction in tax burden would benefit employees", in that 59% of businesses would increase wages and benefits, and 32% said that they would "mitigate the need to increase prices".

Many members of this committee, not in our party, have made the argument as recently as today that they can't see why tax reductions would help workers. Can you explain it to them?

• (1955)

Mr. Daniel Kelly: Sure. Thank you for the question.

Look, there are lots of pressures on lots of Canadians from different walks of life, including small business owners. Related to some of the previous questions, one of the big worries on my plate right now is the deadline for the Canada emergency business account loans, the 900,000 loans given to small and medium-sized firms during the pandemic. Many business owners are calling us every day asking how on earth they are going to repay this loan in order to keep the benefits by the end of this year. There are big worries from small business owners on that front too.

With respect to your specific questions, small business owners are really struggling themselves and are dealing with giant expectations for wage increases at all levels among their employees. Wages have gone up dramatically among SMEs this year, and expectations are for that to even.... We've seen record-level increases from our members at a time when they just can't afford it.

More money left in the pockets of the business owner does allow them to reinvest that in terms of higher wages, investing and growing their business and putting more shifts on the floor. Tax reductions really can help. Sadly, we've moved in the opposite direction. Rather than keeping taxes low, we've raised so many taxes, including profit insensitive taxes like EI and CPP. Every Canadian at the beginning of this year saw a drop in their take-home income because EI went up and CPP went up, at a time when many Canadians couldn't afford it. The business owner had to dig deeper to pay their share of the EI and CPP premiums at that moment.

This means the business owner has fewer resources to pay better wages to their employees, which could help, of course, on a virtuous circle of reinvesting those dollars into their workers for them to pay their bills.

Mr. Marty Morantz: Thank you, Mr. Kelly.

I have a question for you, Mr. Davis, on the issue of the CRA preparing tax returns. I think you were essentially saying that there's a massive conflict of interest here. In a way, as a lawyer, I couldn't help thinking that it's like having the prosecutor also act as defence counsel when you're asking CRA to prepare people's tax returns for them. Would you agree?

Mr. Peter Davis: Absolutely. It is a troubling prospect that I don't think has gotten enough attention in the public policy discussions we've had with government stakeholders on how best to support low-income people and non-filers. The CRA, I don't think, has recognized how significant this conflict is in fact.

It just feels nonsensical using the scenario of automated tax filing, where the CRA has, on its own, determined what the individual should receive, what their potential tax liability is and what they owe the government. At the same time, it has made that determination, so who, then, does the taxpayer get to appeal to? Is it the same person who prepared their taxes in the first place?

There is a very important principle that there does need to be separation between the tax collector and the tax preparer, and it is for the benefit of Canadians. They have the right to prepare and to file their taxes in a way that best suits their individual circumstances and that limits their liability to the government. For the government to push that aside and to directly file taxes is not a good thing or a beneficial move for Canadians.

The Chair: Thank you, Mr. Davis.

Now we're going to the Liberals for five minutes.

MP Chatel.

[*Translation*]

Mrs. Sophie Chatel: Thank you very much, Mr. Chair.

I would like to thank the witnesses for being here; they had very little time to prepare.

I want to go back to agriculture. What we are seeing is that climate change is causing soil degradation and water shortages, especially in the southwestern United States. The drought level is a major concern there.

It is said that, in Canada, agriculture is a pillar of the economy. In fact, not only is it a pillar of the Canadian economy, but it is also fundamental to food security for Canadians and the world.

Mr. Northey, you talked a lot about grain exports. I would like to come back to a measure in the pilot project and your comments on it. I was very moved when you said that it is essential that Canada have the infrastructure it needs to export its grain as efficiently as possible and that there is no better way than by rail.

Can you tell us more about your position on this measure?

• (2000)

[*English*]

Mr. Greg Northey: For grain crops particularly, we have a whole system built that's based on elevators and on using the rail system to move the grain to ports. Compared to other countries, we have some of the longest hauls moving that grain in the world. Our competitiveness, the predictability and the efficiency that we can

achieve on the rail system, particularly in making sure we can make that haul and make it effective, is really important. We need the infrastructure to do that. Transportation, ultimately, is one of the largest costs we face as far as our exports go.

With interswitching in particular, as I mentioned, we did have extended interswitching for three years. One of the things we did realize at the time was that, when we needed to make an interchange between railways, we needed those interchanges to have the infrastructure and the facilities to make sure it could be done efficiently and effectively. With increasingly longer trains, those interchanges need to be increasingly bigger.

In western Canada at the time, there were only five interchanges that could accommodate a large unit train, but there are much more interchanges that can't. It's in the bill now, and certainly there is a requirement that we need to see some investment into the interchanges that we do have in order to unlock the potential of this interswitching.

As I said, with the competitive forces we want to see, we want to see them not only for small shipments but also for large shipments. If you only have five interchanges that can handle a unit train, you're really limiting the effectiveness of a provision like that. We need to see investment in those rural areas so that we can have those larger interchanges.

[*Translation*]

Mrs. Sophie Chatel: I would like to know what Mr. Corey thinks about this pilot project.

[*English*]

Mr. John Corey: As Greg says, we currently have regulated interswitching at a very small distance, 30 kilometres. Greg's suggestion of 500 kilometres or what the government is proposing, 160 kilometres, would allow regulated interswitching to be more available to shippers. Also, it gives the opportunity for a shipper to use interswitching as leverage to get a better price with a competing...with this host railway. I don't think that's well understood.

The railways are pushing back very hard on extended interswitching in the media in the last few weeks. They are putting out, I call it, alternative facts that there are going to be job losses and that American carriers are going to eat Canadian carriers' lunch. Those things are scare tactics by the railways.

The biggest cutter of jobs in the rail industry is the railways themselves. CP cut 6,000 jobs when Keith Creel got there. CN cut 1,800 jobs at the beginning of the pandemic. They complain that there are not enough workers to fill the jobs currently because a lot of the service issues are lacking crews to man locomotives. It's ironic that extended interswitching is going to create job losses when they can't fill the positions they currently have.

As far as competition goes and the U.S. carriers taking away Canadian traffic, if the railways say that Canadian railways have the lowest rates in the world, how is it that a foreign carrier is going to take away traffic when Canadian carriers have the lowest rates? Even if someone takes away that traffic through interswitching, all the host carrier has to do is offer the same rate and they keep the traffic.

A lot of the rhetoric we're hearing from the rail industry, frankly, doesn't make any sense.

• (2005)

The Chair: Madam Chatel, that is the time.

We are going to the Bloc and MP Ste-Marie.

[*Translation*]

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

My question is about air transportation and is for Ms. De Bellefeuille or Mr. Plourde.

As for consumer protection in the airline industry, we have such a long way to go that it is important to applaud what Bill C-47 proposes, as you have done.

In your opinion, could the government have gone even further, for example by comparing Canadian standards to those in effect in the European Union? Do you believe that amendments to the bill should or could be proposed?

Ms. Sylvie De Bellefeuille: At the moment, a certain amount of information is missing from the bill.

The details related to changing the various types of flight disruptions will have to be assessed in the regulations. The bill provides that the government, or more specifically the Canadian Transportation Agency, will have the opportunity to establish the various reasons that carriers can use to reduce their liability. As the saying goes, the devil is in the details. I think we will first have to see what will be in the proposed regulations and see if any additional amendments should be made.

As I mentioned in my opening remarks, most of the recommendations have to do with a number of situations. What is not in the bill is the issue of overbooking. Overbooking is the ability of airlines to sell more tickets than there are seats. In our opinion, this is a practice that goes against good faith and contract rules. Airlines should not be able to do that.

We feel that this practice should be abolished. We would have liked that to be part of the bill, but that is not the case.

Mr. Gabriel Ste-Marie: Thank you. We'll be considering that.

In terms of the saying you mentioned, I would change it a bit. I would actually say that, in Ottawa, everything is in the regulations.

Of course, it is the ministers who have the power to amend the regulations.

Thank you very much for your answer. I will have another turn to speak in about 20 minutes and I will be able to put other questions to you.

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

[*English*]

Now we'll go to MP Blaikie.

Mr. Daniel Blaikie: Thank you very much, Mr. Chair.

I have just a point of clarification because I worry that an earlier statement might have been confusing.

The bill proposes to introduce auto tax filing, but unfortunately, it does not propose to introduce automatic registration for income benefits. I take from Ms. Sarangi's testimony that she is interested in seeing the government go further than the bill does, which is to have automatic enrolment in income support benefits.

A previous comment I made that I don't think was confusing was about the nature of broad-based tax relief versus income support. In that case, I think my Conservative colleague is simply confused.

Mr. Kelly, I want to follow up on the question of the CEBA loan extension. The New Democrats were very vocal in arguing for the CEBA program. We have argued consistently for CEBA loan extensions. We appreciate the work that small and medium-sized businesses do, and we understand the predicament they're in, particularly those businesses that have been struggling to make those loan repayments.

We've heard already quite a bit about the carbon tax at this table. Where time is the currency, on Parliament Hill, we hear a lot of advocacy around the carbon tax reduction from the Conservatives. Do you think it would be helpful if they took more of their time to talk about the CEBA loan extension, something we, as New Democrats on the Hill, would gladly do if we had more time?

Mr. Philip Lawrence: You need more seats, then.

Mr. Daniel Blaikie: We're working on that.

Mr. Daniel Kelly: As a non-partisan association, I encourage all parties to talk about CEBA loans often, until such time as businesses are able to repay them. This is a big deal. These are not small loans for a lot of small businesses: \$40,000 or \$60,000.

When the CEBA loans were first issued, it was a very helpful program. However, we thought that the pandemic would last a couple months and that we'd get back to normal. As the pandemic restrictions stretched on for two years, business owners were running out of time. To be fair to the federal government, we were delighted when Deputy Prime Minister Chrystia Freeland, extended the deadline to repay the CEBA loans by a year, from the end of 2022 to the end of 2023. Sadly, though, many of our members right now feel like the recovery phase from COVID started at the beginning of this year. Now they have very little time to repay these loans. Most have not paid a nickel back.

We'd love to see some additional forgiveness. We're suggesting raising that to 50% of the loan. More than anything, we need more time for businesses to repay these loans in order to keep the benefit of the forgivable portion and the interest-free protection.

● (2010)

Mr. Daniel Blaikie: Thank you.

The Chair: Thank you, MP Blaikie.

Now we go to the Conservatives.

MP Kurek.

Mr. Damien Kurek (Battle River—Crowfoot, CPC): Thank you very much, Mr. Chair.

It's good to be back at the finance committee.

Mr. Northey, it's good to have the perspective of an ag organization, one of those that are doing good work across the country. I hope my father is in the tractor right now. He was when I talked to him earlier. He's probably wishing that I was there helping him.

There has been a ton of supply chain uncertainty. I know you've talked about some of the rail issues. Can you share some of the aspects of the supply chain that you're hearing about from pulse growers across Canada, specifically the costs that are being incurred?

I'm going to try to get a few questions in here, so answer quickly if you can.

Mr. Greg Northey: During the pandemic, we saw prices increase for inputs, as far as getting them into Canada went, due to supply chains. Anything from tractor tires to fertilizer.... Anything that required an integrated supply chain coming from overseas had a massive supply chain issue. From our perspective, container traffic and anything to do with shipping was also a major issue for us, such as getting shipping containers, because we ship a lot of our product in containers.

The government did respond with a national supply chain task force and, certainly, there are elements in it. However, supply chains are always a number one issue for our members, particularly around rail. It's always the biggest because it's the ultimate limiter for us as far as growth goes and as far as exporting our product goes.

Mr. Damien Kurek: Thanks for that. I'm going to change subjects a little bit.

I'm glad you previously mentioned nitrogen fixing. It seems like our Minister of Agriculture has learned recently about that innovation, which is as old as pulses have been around—and encouraging....

It's unfortunate that sometimes the advance payments program seems to be this government's solution to everything. Although I certainly know many farmers who appreciate that program, simply loaning more money is not the solution to all the challenges faced by farmers.

I hear from many producers that they are facing a competitive disadvantage with regard to aspects of our supply chain because of some of the regulatory uncertainty, because of the increased costs associated with the carbon tax and because of the musings of a nitrogen reduction that would impact—although not specifically pulses—the broader spectrum of agriculture. Have you heard that uncertainty from the members that you speak with?

Mr. Greg Northey: Yes, absolutely.

Our organization has two streams of work. One is creating efficiencies, which really comes down to cost. It comes down to how we make sure that our producers can produce at the lowest cost possible and have as many export markets as possible as well, and have the supply chain there to do it.

It's consistently the number one issue. Any kind of increased cost or regulatory uncertainty is always a big problem for the sector because we face inflation just as everybody else does, and ultimately farmers, as you would know, are cost-takers in many cases, so cost is an essential part of our work.

Mr. Damien Kurek: They're cost-takers on both ends, so there are slim margins.

Mr. Kelly, I have about a minute and a half left.

I've heard from many small businesses—and farmers are small business owners as well—across the spectrum with respect to concerns about the GST being charged on carbon tax, the increases associated with the carbon tax and how those impact the entire Canadian economy, quite frankly, at every stage of the supply chain.

Could you comment briefly on what you're hearing from your members? I hope to get one more quick question in, so can you answer quickly?

Mr. Daniel Kelly: Sure.

Really quickly, our members do see the tax on tax on tax as one of the many implications of this. The lack of any kind of rebate coming their way is another of the issues. This is going to hit them at escalating rates and they're not able to pass those on. Some will and, of course, any business will ultimately need to—

● (2015)

Mr. Damien Kurek: Thanks, Mr. Kelly. I hope to get in a quick question here.

I was at the opening of the Happy Belly Restaurant in Drumheller, Alberta, here on the weekend. It's a really exciting small business. An immigrant family is investing, taking the risk to open a small business, but the owner shared some of the uncertainty in relation to immigration delays.

I'm wondering if you've heard from your members about how other aspects not directly related to the business community are creating uncertainty that is harming the ability of small businesses to take risks in Canada.

Mr. Daniel Kelly: Immigration challenges are a big part of some of the labour shortages they face. It is good that we have been increasing the numbers of immigrants and there has been more flexibility on the temporary foreign worker program but—

The Chair: Ms. Sidhu, you have your mike on. Can you mute it? Thank you.

If you can just conclude, Mr. Kelly, that would be great.

Mr. Daniel Kelly: —delays in processing applications continue to plague business owners. They need workers for a job at a particular point in time. When that doesn't happen, it puts huge pressure on the business owners to try to fill the gaps themselves.

The Chair: Thank you, MP Kurek.

Now we are off to MP Dzerowicz for the next five minutes.

Ms. Julie Dzerowicz: Thank you so much, Mr. Chair.

My Internet has been a little unstable, so I just want to warn everybody in case I disappear for some reason.

I want to thank everybody for being here this evening. I know it was on very short notice, so I really appreciate your being here. I also want to thank our clerk, who did a lot of very fast work to get you here. Thank you, thank you and thank you.

The conversation has been super interesting.

In my riding of Davenport, I'll tell you that one of the things they complain about a lot is airlines. They often tell me that they're not hearing back from the airlines when they put in their complaints.

I'm going to ask a question to Option consommateurs. Our legislation proposes that the airlines pay for the cost of the complaints process at the Canadian Transportation Agency. Do you feel that is appropriate? Can you comment on that?

[*Translation*]

Ms. Sylvie De Bellefeuille: I think that's a very good idea.

The problem is that a number of complaints could be handled internally by the airlines. Currently, the processing time for complaints filed with the Canadian Transportation Agency is so long that it almost becomes an incentive to refuse certain complaints that are justified, since it is known that people will not have quick access to another system.

The bill proposes a simplified system and imposes an obligation on airlines to respond quickly to complaints. The idea is that, if consumers are not satisfied, airlines will have to pay the expenses related to the complaint process before the Canadian Transportation Agency. In my opinion, this is a good incentive for airlines to treat their customers properly.

In the case of a refused complaint, for example, instead of an outright refusal, they could provide reasonable explanations. Often, people file complaints because they feel that they have not been

treated fairly. In my opinion, what is proposed in the bill is a good incentive for airlines to treat consumers more appropriately.

[*English*]

Ms. Julie Dzerowicz: Thank you for that.

I'd also say, and please tell me if you disagree, that the legislation proposes to shift the burden of proof from the travellers over to the airlines. I'd love for you to comment on that in a minute, but I have one more question.

I think you've given a thoughtful response. I think it's always hard to create a perfect system, but I'd love to know whether overall you would say that the measures in the legislation that's before us will significantly improve the system in Canada.

[*Translation*]

Ms. Sylvie De Bellefeuille: I think that, yes, it will improve things.

Concerning the change in terms of the burden of proof, I would remind you that, under the current system, when a consumer files a complaint, it is up to them to prove that the airline did not apply the regulations properly. The problem is that all the implications of the flight disruption are in the airline's hands. So it's a very difficult situation for consumers, who find themselves in the David and Goliath situation. Not only do they have to fight a giant, but they do not have the tools for the fight.

Reversal of the burden of proof helps rebalance things a little and lighten the burden on consumers.

• (2020)

[*English*]

Ms. Julie Dzerowicz: Sometimes I prefer radical change in government as well, but sometimes I'll take some of the smaller steps, as long as they're moving in the right direction.

Thank you so much for your advocacy.

My last question is for the Coalition of Rail Shippers.

I would just like to ask you quickly if you're supportive of the extended interswitching pilot program that's proposed in the budget implementation act.

Mr. John Corey: Thank you for the question.

We are absolutely supportive of extended interswitching in the act. In fact, we would like it to go further, as Greg pointed out. Perhaps that's a longer distance, but certainly for a longer period of time because 18 months is not enough time to actually gauge if the program is going to be successful. Also, there is no measure of success. How do we determine if there has been success during those 18 months?

We're in favour of it, but we think there could be more positive changes.

The Chair: Thank you, MP Dzerowicz.

We're going to try to squeeze out a final third round. We're going to have to be pretty strict on the time now to get that done.

We're starting with the Conservatives and MP Chambers for five minutes.

Mr. Adam Chambers: Thank you, Mr. Chair.

Mr. Davis, you mentioned the program that H&R Block does. I assume this is consistent across the industry.

Do you or your peers provide free filing services to low-income Canadians?

Mr. Peter Davis: Thank you for the question.

Yes, there are a number of free filing options that are operated by industry that are currently available to Canadians. A key one is through free, DIY tax software that Canadians can access just by going on the Internet. There are several options that they can choose for that. Then there are industry tax clinics that are held throughout tax season and other parts of the year that also connect those Canadians in need to tax filing services to help them get the benefits they require.

In addition to industry efforts, there is also the community volunteer income tax program, which also serves hundreds of thousands of Canadians. There is no shortage of free tax filing options to Canadians who need them.

Mr. Adam Chambers: As I understand it, helping individuals file and providing some of these services for free doesn't represent a significant loss of revenue for you. Do these people have opportunities to file through you, for which you don't actually receive much revenue at all, if any? Is that correct?

Mr. Peter Davis: Yes, that's correct.

Mr. Adam Chambers: I have a follow-up question. Without providing confidential information, how much does your organization—or say, the sector—spend on technology each year? That's R and D or development on tech.

Mr. Peter Davis: I think the best answer I can give on that is that it's millions of dollars annually in tech investment.

Mr. Adam Chambers: Okay, so you invest millions of dollars a year in technology. The government is interested in developing its own technology. You actually give that technology away for free to people.

Really, this is about how we access and connect with the people who need to avail themselves of your services, as opposed to trying to build something in-house that you already basically give away for free. Is that a fair representation, as I understand it?

Mr. Peter Davis: Yes, generally speaking, our industry has the software and we have the ability to deploy that software to individuals who need to file their taxes.

Where the government could be very helpful is if they would agree to publish the aggregate statistical data that they may have on Canadians who don't file and in which parts of the country they are more concentrated. If our industry knew things like that, we would then be able to target more of our efforts to incentivize those individuals to file their taxes and get their benefits.

This is a low-cost option the government could avail itself of at no taxpayer expense. We are more than willing to help and participate in it. That is just one example of many other things that we could potentially do working with government to assist these individuals to get them to file their taxes at no cost to taxpayers.

• (2025)

Mr. Adam Chambers: Thank you very much.

Ms. Sarangi, you've been at the committee. This may be your third time at least in a year. I always find your testimony very good in that it highlights some of the on-the-ground issues you are seeing.

One of the challenges we've had is getting the government to provide some statistics about how many low-income individuals could be affected by an amnesty. I support, frankly, exploring what that would cost government. I agree with my NDP colleague that we spent a lot of money and will spend a lot of money trying to recover this from individuals who, frankly, don't have the funds to pay it back.

It's also frustrating, and I'll just ask if you agree and if you can elaborate. Some of the support that we provided to large companies...and I don't want to name them all, but I will. I will get some emails in the morning, I'm sure, from lobbyists, but Air Canada and the telecoms all got money and we're not asking them to recover it, but we're going to try to squeeze people who might be able to pay barely five dollars a month.

That must frustrate you.

Ms. Leila Sarangi: “Frustrating” is putting it so very lightly. When my cellphone is ringing off the hook with people—and they call me when they're desperate and have called everywhere else they can find—it's awful because there is nowhere for me to tell them to turn except that I will bring their stories here. That's the best that I can really give them, and it is not enough. It doesn't help them get through their day or deal with the crisis they are actually in, or advocate for themselves at the CRA or at Service Canada.

It's hypocritical really, the way the differential treatment is happening between big business and these individuals and families.

Mr. Adam Chambers: Thank you for appearing.

The Chair: Thank you, members, and thank you, Ms. Sarangi, for almost always accepting our invitations.

We are now going to MP MacDonald for five minutes.

Mr. Heath MacDonald: Thank you, Chair.

I cede my time to MP Chatel.

The Chair: Ms. Chatel.

[*Translation*]

Mrs. Sophie Chatel: Thank you, Mr. Chair.

I would like to continue on a topic we discussed earlier. Recently, a report indicated that 10% to 12% of Canadians were currently not filing their tax returns. Obviously, these are often low-income people who could claim benefits and do not receive them as a result. As Mr. Lawrence said earlier, there are benefits that are due to them and are not being claimed.

Mr. Davis, I'm really in favour of your company. I think it provides an excellent service to many Canadians. However, the proposed service is truly for those people who are currently not filing their tax returns.

I have a quick anecdote. I lived in France for four years for work. I was really surprised to receive my tax return in which the French authorities asked me whether the return was accurate. I had to answer yes or no. In the case of a negative answer, the changes had to be explained. So I never thought of a conflict of interest in all of this. I think I'll reassure you, Mr. Davis, that a lot of tax jurisdictions around the world are doing automated returns.

I have a question for Mr. Kelly. The budget announced that Visa and Mastercard had committed to reducing credit card interchange fees for small businesses. Over 90% of businesses that accept credit cards will see their interchange fees reduced by up to 27% from the current average weighted rate.

What is the impact of these charges on your members? What does that mean to them?

● (2030)

[English]

Mr. Daniel Kelly: This was one of the best parts of the 2023 budget. It's a major victory for small business owners, who have been calling for reductions on credit card processing fees for some time. We have had a couple of reductions. One was under the Conservative government and one was under the Liberals. This will be the third round of reductions.

The challenge with the previous rounds is that a lot of that money didn't end up going to small and medium-sized firms, and payment costs are significant. It can range from 1.5% to 2% of the sale when a credit card is used. That, of course, is used to fund the reward schemes.

It was terrific news when we heard from the Deputy Prime Minister that there was a deal reached with Visa and Mastercard to lower these fees. Details have not yet been out, and we're urging the government to share how this is going to work with small business owners across the country.

Any reduction in the costs businesses pay will be of enormous help to small firms at a very difficult time.

[Translation]

Mrs. Sophie Chatel: Thank you, Mr. Kelly. I fully share your enthusiasm over this measure.

I would like to address Ms. De Bellefeuille and Mr. Plourde.

In your pre-budget consultations, you wrote that the government should improve the consumer complaints process in the banking sector by delivering on the commitment made in budget 2022 to establish a single external not-for-profit complaints body.

Can you tell us more about the importance of that measure?

Mr. Alexandre Plourde: Of course.

Consumer associations in Canada have been waiting for this measure for a long time. For a long time now, we have been calling for a single body to handle complaints in the banking sector. In our view, it is essential to have an effective complaints mechanism that is impartial for consumers and inexpensive for them when they have a dispute with a bank.

It is important to remember that banks are among the most profitable businesses in Canada. They have a great deal of ability to advance their interests. Obviously, when a consumer is alone in asserting their rights against these companies, it can be very difficult. It can be a lengthy court process. So we think it's important that the process be absolutely impartial and that there be no doubt about the independence and integrity of the body.

The fact that banks can choose from a number of organizations creates all kinds of potential conflicts of interest and biases. Bill C-47 closes a loophole in the complaints system.

However, we still have a request, and that is that the decisions made by this single body be binding.

The Chair: Thank you, Mr. Plourde and Mrs. Chatel.

[English]

It's over to MP Ste-Marie.

[Translation]

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

My question is for Ms. De Bellefeuille or Mr. Plourde.

First of all, I would like to remind my colleagues that we are still waiting for the government to increase the annual funding level for the contributions program for not-for-profit consumer and voluntary organizations, which has not changed in 20 years. Inflation is a big topic these days. With the funding level frozen for 20 years, consumer organizations are getting less and less funding over time as a result of inflation.

I would remind my colleagues that those organizations are seeking an increase of \$5 million or \$10 million in multi-year funding over five years for consumer associations in order to better defend consumers. That is very significant.

Ms. De Bellefeuille and Mr. Plourde, I don't know if you had anything to add on the three points you raised.

If not, I would like to talk about the right to repair to counter planned obsolescence. A private member's bill was introduced to this effect by a Conservative MP, and his study is moving along well. That right is also mentioned in the budget. I would like to hear your thoughts on that.

Thank you.

• (2035)

Mr. Alexandre Plourde: We are of course very much in favour of establishing a right to repair in Canada. On a practical level, we have a legal information service. Many consumers are contacting us right now regarding a device that has become defective prematurely, either a home appliance or an electronic device. Consumers often tell us it is difficult to obtain repair services and replacement parts, at an affordable price, in any case.

We would like the government to move forward as quickly as possible, take action on its announcements, and adopt a framework that is broad enough to make a difference for consumers. To our minds, the right to repair includes access to replacement parts, repair manuals and repair tools. It would also include a ban on anything that hinders repair, whether in the physical design of devices, in their electronics, and even in the restrictions that may be part of the manufacturer's contractual guarantee, for instance.

The last thing we would like to see in a future right to repair relates to all aspects of consumer information. A reparability indicator could be provided for certain consumer products so that consumers could consider the reparability of the product at the time of purchase.

With these announcements, we hope the government will move forward and establish a strong right to repair in Canada.

Mr. Gabriel Ste-Marie: Once again, thank you very much.

[English]

The Chair: Thank you, MP Ste-Marie.

MP Blaikie, the floor is yours.

Mr. Daniel Blaikie: Thank you very much, Mr. Chair.

My question is for Mr. Corey and Mr. Northey. I'm curious to know, for the folks you represent at the table, how much product was lost last year due to not being able to access rail delivery.

Mr. John Corey: That's almost impossible to quantify, but currently there are many issues with container delivery or lack of delivery to be more precise. As Greg pointed out, the problem with the supply chain in Canada with rail is that the railway dictates when they deliver and when they pick up. Essentially they are dictating what businesses can do as far growing, delivering their product and selling it around the world is concerned.

Section 5 of the Canada Transportation Act says that we should have an efficient and effective transportation system for all, not just for the railways. The railways practice precision-scheduled railroading, which is essentially a business model that maximizes their use of their assets, reduces their costs and has no consideration whatsoever for its customers.

Mr. Daniel Blaikie: Are you able to quantify your numbers?

Mr. Greg Northey: The grain sector has a program called the ag transport coalition. It's been running for close to 10 years now.

Within the grain sector, how this system works is that we order railcars each week for the amount of grain we need to move each week. Grain companies will set a sales program for the entire year based on what they expect the rail capacity to be. We're capped. At the beginning of each grain year, CN and CP actually say, "This is what we're going to give you, grain sector, each month as we go forward."

First of all, that's not enough. Our grain programs could absolutely be larger. That's always the consistent issue we have as far as the overall capacity goes that's given to the grain sector.

Each week we track. Ultimately, it's the timeliness of those railcar deliveries that we need to see because we time the movement of our grain for the vessel at port. Consistently, at a very base level, we would like to see 80% of our orders each week be supplied.

Mr. Daniel Blaikie: Do the grain companies say how many cars they're going to move in a week?

Mr. Greg Northey: Yes, they'll put in an order each week for the number of cars that they want to see delivered to them each week.

Mr. Daniel Blaikie: That's week by week, but they don't file that at the beginning of the year.

Mr. Greg Northey: The railway companies and the grain companies have communicated very early in the year to say, "This is what our sales program will be." We are able to predict what the crop size could be, obviously with variation.

Mr. Daniel Blaikie: Railways have said that they have capacity in a week. Their understanding was that the capacity would be used and that grain companies don't use the capacity that they've committed to use in a given week. That was certainly a message. I know you were talking earlier about some of the messages of the railways, but they've said very clearly that they have capacity. Their understanding was that capacity would be used, and it's not being used. Do you know why your members would not use available rail capacity in the weeks that were agreed upon at the beginning of the year?

• (2040)

Mr. Greg Northey: We sell into an open market, so when you see grain movement each year, it's very cyclical. You have a program, but each week, depending on the crop and when the crop comes off, you may have different variations in what you need. Then you absolutely need some flexibility in the week to say that you're not going to put this much pressure on the system, but you are going to need it in the future.

The railways obviously—

Mr. Daniel Blaikie: That's dictated by world prices. If the price is relatively lower, folks want to hold back selling their product, and then they want to move more product in a period when there's a higher price.

Mr. Greg Northey: That's true to some extent, but a lot of it is based on the contracting arrangement and on what certain other countries are doing.

When a railway says things like that, what they would like to see is for grain movement each week to be even all the way through, but the reality is that customers should dictate. In pretty much any other sector, you're dictating to your service supplier what you need each week and what you want to see. When you have a railway, they want to maximize their assets and sweat them week to week to week. They want a nice even grain flow, and that's just not the way the grain sector works.

Mr. Daniel Blaikie: They also say that your members want to maximize the value of their own assets.

Mr. Greg Northey: Absolutely, because ultimately you're targeting your vessel, so it's going to be peaky. When you have a vessel and you're not getting the rail service you need, you're paying to merge on that vessel. Ultimately, it's the farmer who bears that cost, so that's ultimately our main issue. This is why, as John mentioned, precision-scheduled railroads and this idea that they can just schedule each thing each week and it could be a perfect, controlled environment can only be done when you're in a monopoly situation and you can control the market. No other service provider can really do that.

Mr. Daniel Blaikie: Is it fair to say that railways are a high barrier-to-entry business?

Mr. Greg Northey: Yes, it's very fair to say. That's why extended interswitching in particular is a very easy way to drive competitive prices.

Mr. Daniel Blaikie: I'm sorry, but we hear around the table that entrepreneurs take risks. They invest, and they expect to get rewarded for the risks they take.

When a railway makes a major capital investment, they expect to see a return on that. Is that something that is outside of regular market expectations, that a company that is putting up a massive amount of capital in order to play in an industry that's difficult to play in would want to see a reasonable return on the investment?

Mr. John Corey: I would say that it is reasonable in a free market, but the railways have a franchise where, as you said, there are incredible barriers to entry. In fact, you could not make a railway today as you did. Most of the rail that is used today was put down in the 1920s, so there hasn't been a massive increase in the amount of track. Maintenance, obviously, is extremely high.

You look at railways, and they have operating ratios pushing 0.6. That means they have a lot of excess cash that's not going into—

The Chair: Thank you, MP Blaikie.

Mr. Daniel Blaikie: It is part of the problem.

Mr. John Corey: Exactly. They get a freebie up front.

The Chair: Mr. Corey and MP Blaikie, that's great. We got a lot of information there.

We are going to our final questioner, MP Chatel, and that will close it off for us.

Go ahead, MP Chatel.

[*Translation*]

Mrs. Sophie Chatel: Thank you very much, Mr. Chair.

One of the things that all committee members from all parties agree on is agriculture.

Mr. Northey, I would like to talk to you about a resolution that was debated at the Liberal national convention.

[*English*]

The resolution was about food security and agriculture support. They really were concerned about food security, as I explained a little bit earlier, and the climate crisis, the water shortage and land degradation around the world. They see an opportunity, but we also need to step up.

They welcome the sustainable Canadian agriculture partnership and its new resilient agriculture landscape program. They thought it was a really good move towards a positive policy for agriculture to support farmers and sustainable agriculture.

It was debated and adopted at the Liberal convention, and they made two recommendations. The first one was to increase direct payments to farmers, including fisheries—Mr. Perkins would be happy with that—that provide ecological goods and services as an ecosystem service or carbon sequestration in agriculture to incentivize them to adopt less resource-intensive practices.

The second recommendation was to orient such direct payments towards initiatives that will boost agriculture investment and innovation and enable the transfer of knowledge, technology and skills.

May I have your feedback on this resolution?

• (2045)

Mr. Greg Northey: We are very familiar with the Canadian agriculture policy that's being developed right now.

One of our main focuses with a program like that... Canadian agriculture is some of the most sustainable agriculture in the world. It's very important for us, when we talk about Canadian agriculture, to continually focus on the concept of needing to increase our productivity because the world needs Canadian products. We need to frame Canadian agriculture in that lens of productivity and innovation.

I'm not super familiar with the resolution, but it's important to have that frame. We can't look at agriculture and farmers as essentially farming to try to produce carbon reductions or require them to meet certain goals, because their job is to produce food as efficiently and productively as possible. Certainly you can look at incentives and any kind of market-based approach where you're providing a fair market value for a farmer who is, in the course of their production, protecting an area of biodiversity or wetlands, or reducing carbon emissions from the way they're producing that food. It's certainly something we'd like to see. Any kind of market-based incentive is good.

We always need to maintain the frame that their job is to produce food. It's to produce what they're producing. It's not to necessarily provide the sort of general goods and services that people would like to see from that landscape. That landscape is for food.

Mrs. Sophie Chatel: It says, "orient...direct payment towards initiatives that will boost agricultural investment and innovation and enable the transfer of knowledge, technology, and skills."

In your industry, what would these payments look like?

Mr. Greg Northey: It's tough, as I'm not sure whether that means direct payment to a producer.

Ultimately, a lot of our members are not interested in just getting a cheque in the mail for the production. They want to see investments into innovation, into crop varieties and into the things that can deliver those results, as opposed to getting a cheque in the mail to do that kind of thing. Innovation, for sure, is really key. For in-

vestment in that, we need new crop varieties to deal with disease resistance to get more pulses in more acres.

Generally, it feels like it's going in the right direction. We're not looking to have a subsidized agriculture sector in Canada. We want to receive income from the market.

The Chair: We're out of time. We can't thank our witnesses enough for their expertise, the knowledge they've brought to us and their time.

We're here late on a Wednesday evening. We thank you for coming before our committee and for answering so many questions from the members in helping inform our study.

Thank you to our witnesses.

Members, we are adjourned.

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