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• (0820)
[English]

The Chair (Hon. Karina Gould (Burlington, Lib.)): Good morning, everyone.

I call this meeting to order.

Welcome to meeting number 41 of the House of Commons Standing Committee on Finance.

I would like to remind participants of the following points as we get started.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mic, and please mute yourself when you are not speaking.

For those on Zoom, at the bottom of your screen, you can select the appropriate channel for interpretation: floor audio, English or French. For those in the room, you can use the earpiece and select the desired channel.

I would like to remind witnesses that committee members may ask questions in either French or English. If you will need interpretation, please take a moment now to prepare your earpiece and select the listening channel you need in advance in order to take full advantage of the time allotted for questions and answers.

I remind you that all comments should be addressed through the chair.

Pursuant to Standing Order 83(1), the committee resumes its pre-budget consultations in advance of the 2026 budget.

I would now like to take a moment to welcome our witnesses.

From GIV3, we have John Hallward, chairman of the Hallmont Foundation.

From Imagine Canada, we have Bruce MacDonald, president and chief executive officer.

From the YMCA Canada, we have Kevin Muir, chief operating officer.

From the YWCA Canada, we have Aline Nizigama, national chief executive officer.

We will now begin with opening statements. You will each have five minutes.

Mr. Hallward, we will begin with you.

John Hallward (Chairman, Hallmont Foundation, GIV3): Good morning.

Thank you for the opportunity.

My name is John Hallward, and I am the president of GIV3, a registered Canadian charity.

I'm here to recommend the creation of a new national social sector fund to help invest in the greater capacity of the charity sector, which would have no cost to the federal budget. It would not require taxpayer money, and it would directly address the growing charity crisis affecting tens of million of Canadians every day.

As we all can appreciate, Canada's charitable sector plays a significant role in every community across the country. It represents over 8% of our GDP, employs well over 2.8 million people and serves tens of millions of Canadians.

Few know that our charity sector is struggling on many levels. Statistics Canada reports that both financial donations and volunteered hours continue to decline in Canada, threatening the future of the sector. Other surveys indicate that charities are experiencing increased burnout, with a significant portion of charities reporting that they cannot keep up with demand for their services. The recent rise in costs is just exacerbating the problem. Statistics Canada summarizes this as a widening charity gap. Such structural problems require systemic solutions as a public good.

Key stakeholders support the idea of a social sector fund, including the majority of operating charities in Canada and 80% of Canadian taxpayers, as measured by an Ipsos poll. What is so attractive to all is that our recommendation does not require taxpayer money. Instead, we're proposing a self-financing social sector fund created through a modest amendment to the Income Tax Act. The fund would be financed by redirecting a portion of charitable granting from philanthropic foundations. These are funds that foundations are already obliged to grant under their current disbursement quota. Let me explain how this works.

Canadian philanthropic foundations are required by law to spend a minimum percentage of their assets annually on charitable activities. This is called their disbursement quota. We're proposing that a very small fraction of this quota be directed to the funding of the new national social sector fund for the strengthening of the whole sector. This is why there would be no incremental cost to the federal budget.

One approach is to mandate a very small multiple of foundation investment assets. An alternate approach is to follow what has been done in the United States, which is to levy a 1% income tax on foundations' investment income. Either option would equate to a rounding error in size to any one foundation but would add up to between \$50 million and \$150 million annually for the sector fund based on the small rate you choose to establish. There would be no new tax and no incremental financial burden on the foundations; this would be money they must grant anyway.

To be clear, there is no shortage of money in the charity sector. There is close to \$200 billion in foundation investment accounts today in Canada. We just need a reallocation of a minor fraction of these funds in smarter ways.

To operationalize this fund, we're proposing the creation of an independent, fit-for-purpose fund agency to receive the funds and allocate them according to a strategic plan. This agency would be composed of the many peak organizations already in existence in Canada. In turn, this would not be a threat to the current establishment but would bring funding to invest in their stronger performance.

The intention of the fund is to build sector capacity and efficiency. It would work on the idea that a rising tide lifts all boats. I can share examples of a few possibilities for this fund.

One would be a coordinated campaign to strengthen generosity as a public good. This would be akin to Participaction as a social campaign and would work to support greater generosity as a social norm.

The fund could create a purchasing co-op, an organized effort to build greater buying power on behalf of the tens of thousands of small, fragmented charities. This would help to reduce costs for software licences, technology, insurance, professional services and so on, and this alone could save the sector tens of millions of dollars annually.

The fund could support coordinated training and best practices. The fund could invest in a best practices hub, similar to the What Works Network in the United Kingdom. This could help harmonize learning and train charities on best practices to boost their efficiencies and effectiveness.

Why does this require the federal government? It's because such a new sector fund would solve problems that are not getting funded independently in our current ecosystem, and also because it offers sustained, long-term and reliable funding to invest in building sector capacity just when Canada needs it most.

The sector fund is a structural solution. If you were to give more money to charities today, they would still be fragmented, lacking

shared infrastructure and duplicating costs. We would still be failing to address the decline in generosity in Canada.

It's a strategic idea, it's sector-led, it's transparent, it doesn't create new bureaucracy within government and it adds no cost to the federal budget.

• (0825)

The Chair: Thank you, Mr. Hallward. Can you wrap up very briefly?

John Hallward: Let me summarize.

The sector is too important to be ignored. The status quo is failing us. We need your leadership to amend the Income Tax Act and implement systemic changes to make the charitable sector stronger.

Thank you.

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

We will now continue with Mr. MacDonald from Imagine Canada for five minutes, please.

Bruce MacDonald (President and Chief Executive Officer, Imagine Canada): Thank you, Madam Chair and members of the committee for the opportunity to appear here today.

It's nice to see sector colleagues.

[*Translation*]

I want to begin by making a simple but important point: The non-profit sector is not peripheral to Canada's economy or its resilience. It is core national infrastructure. Non-profits contribute roughly \$244 billion annually—approximately 8.4%—to the gross domestic product, or GDP. They employ nearly three million Canadians, more than several of our major industries.

Non-profits help government deliver on its priorities in efficient and locally responsive ways, by leveraging volunteerism, philanthropy, community expertise and trusted relationships.

[*English*]

At the same time, organizations across the sector are under real and growing pressure from rising demand, workforce challenges, increasing costs and administrative burden. That context matters as we consider what practical reforms could look like.

This morning I'm going to speak to a number of recommendations that, when adopted, would dramatically improve the operating environment in which charities and non-profits deliver their services.

The federal government's engagement with the non-profit sector remains fragmented and inconsistent. There's currently no coordinated mechanism to assess how legislation, regulation, reporting requirements and funding practices collectively affect charities and non-profits. As a result, issues are often identified only after policies are already in place, creating inefficiencies and avoidable burdens for both government and the sector.

Our pre-budget submission recommends the non-profit sector be meaningfully represented on federal advisory bodies related to economic growth, innovation, workforce development, digital transformation and regulatory modernization. We also call for the government to engage the sector in its planned modernization of the charitable framework and to renew the advisory committee on the charitable sector, which has been dormant since 2025.

We support efforts to strengthen transparency, accountability and public trust. We also see this as a genuine opportunity to modernize how charities, regulators, donors and government interact with one another. However, it's important to recognize that the overwhelming majority of charities and non-profits are doing their best to comply with increasingly complex requirements while operating under significant resource pressures.

We would encourage the government to resource the CRA not only as an enforcement body but as a modern regulator that also supports education, accessibility, consistency and successful compliance. In practice, this means clearer and more accessible guidance, improved digital filing systems, greater consistency and transparency in regulatory processes, and improving the ability of organizations to access timely support when questions arise.

Non-profits are one of the government's most important delivery partners, yet the current funding environment remains unnecessarily burdensome. Significant organizational capacity is spent navigating duplicative reports, rigid structures and excessively short funding terms, rather than delivering programs and services. For example, organizations that receive late notification of renewals continually lose qualified staff, which negatively affects program quality and leaves organizations in a perpetual state of start-up.

Our recommendations are practical and achievable.

Reform reporting requirements to focus on outcomes and meaningful accountability.

Adopt a one-partner, one-profile approach, so that organizations funded by multiple federal departments aren't repeatedly submitting the same administrative information.

Allow greater flexibility between budget lines as community needs evolve.

Move toward longer funding terms with reduced approval delays.

If the government is serious about cutting red tape and improving efficiency, the grants and contributions system is one of the clearest opportunities to do so.

[*Translation*]

In closing, I will say that the non-profit sector is essential to Canada's economic resilience, workforce participation, social cohesion and community well-being.

The reforms we are recommending are not large in cost, but they are significant in impact. Better coordination, reduced administrative inefficiency and a stronger operating environment for charities and non-profits will improve public trust, support more effective service delivery and help government achieve better outcomes for communities across Canada.

● (0830)

[*English*]

We welcome continued engagement with this work as it moves forward.

I would be happy to take any questions.

The Chair: Great. Thank you so much, Mr. MacDonald.

We will continue now with you, Mr. Muir, for five minutes, please.

Kevin Muir (Chief Operating Officer, YMCA Canada): Good morning. Thank you for the opportunity to speak today. My name is Kevin Muir. I'm the chief operating officer of YMCA Canada.

The YMCA in Canada is a federation of 37 associations serving over two million people across the country. Today I will focus on key recommendations for budget 2026 in three areas to support strong, resilient communities and strengthen local economies.

The first area is child care. The YMCA is Canada's largest not-for-profit provider, bringing high-quality child care to over 60,000 children. The Canada-wide early learning and child care system has already reduced child care fees across the country. It's also increased labour force participation, particularly for working moms. At the YMCA, we see first-hand the impact this program has had on children and families.

The system's working, but it's at risk without sustained long-term investment. We're starting to see cracks forming. Child care operators are facing workforce shortages, a direct result of low wages and retention challenges. They're seeing rising operating costs. In many provinces, they're faced with a funding formula that doesn't account for the true cost of operating child care. YMCA Canada recommends investing \$20 billion over five years to cover the true cost of delivering child care and to expand the system to reduce wait-lists. This includes a \$1.2-billion upfront investment to support a 25% wage increase for early childhood educators, reducing workforce challenges. An investment in child care is not just social policy; it's economic policy. Evidence demonstrates that child care investment can generate large economic returns through higher employment, higher incomes and increased tax revenues.

The second area is community infrastructure. YMCA centres of community represent approximately \$2 billion in infrastructure in cities and towns all over Canada. Investments in this essential community infrastructure create complete communities, bringing positive social and economic outcomes. At the YMCA, demand for our community services continues to grow at a pace that exceeds our current infrastructure capacity. Many of our facilities are aging and require significant repairs. Others lack the space needed to respond to community growth. That's why we welcome the announcement of the build communities strong fund. So far, 11 YMCAs across the country have shovel-ready projects they intend to put forward.

Given the tremendous need and the associated benefit, YMCA Canada recommends doubling the current investment in the direct delivery stream of the building communities strong fund. In doing so, we further recommend two additional steps to support and accelerate readiness for not-for-profits. One, introduce targeted seed funding to support early-stage project development, including feasibility studies, design and pre-construction work. These start-up funds can be a significant barrier. Two, incorporate a simplified and more streamlined application process. At YMCA Canada, we believe this funding will not only support infrastructure but also create jobs, expand access to community services and build strong communities.

The third area is youth employment. The YMCA serves over 90,000 jobseekers annually through our employment programs. We support approximately 600,000 youth. Young Canadians are entering the most challenging labour market we've seen in over a decade. Youth unemployment is hovering at around 14%, more than double the national average. At the same time, Canada faces persistent labour shortages in key sectors, particularly skilled trades, construction and the community services sector, which includes early childhood educators and personal support workers.

This disconnect underscores a structural challenge. While many young people are struggling to find work, employers are struggling to find workers with the right skills. To address this, YMCA Canada recommends doubling the annual investments in the youth employment and skills strategy. This would mean an additional \$400 million annually for five years for Canada summer jobs and \$300 million annually for five years for the youth employment and skills strategy program. We further recommend committing to a minimum five-year funding cycle. That would improve program

stability, reduce administrative inefficiencies and enable stronger outcomes through long-term planning and partnerships.

In summary, investments in these three key areas—child care expansion, community infrastructure and youth employment programs—will help build thriving communities and a strong economy while ensuring that Canadians have the supports they need to keep up with the cost of living.

● (0835)

Thank you. I look forward to your questions.

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

We're going to continue now with Ms. Nizigama from the YWCA, please, for five minutes.

[*Translation*]

Aline Nizigama (National Chief Executive Officer, YWCA Canada): Thank you, Madam Chair.

Thank you for inviting me to appear before the committee today.

My name is Aline Nizigama. I am the national president and CEO of YWCA Canada.

[*English*]

I'll continue in English and would be pleased to answer questions in either language.

YWCA Canada is the country's oldest and largest gender-equity-advancing organization. Through 29 local member YWCAs from across the country, we are reaching over a million people. We operate the largest network of shelters and housing for women and children fleeing violence; the largest network of employment counselling, upskilling and re-skilling for women; and the second-largest non-profit child care system, after the YMCA, in Canada.

What I'm bringing today is an impact and efficiency argument. I'll start with the number that this committee should care about most.

According to a recent report from the Ending Sexual Violence Association of Canada, sexual violence alone costs Canada close to \$15 billion every year in health, justice and lost productivity costs that sit on federal and provincial balance sheets. That is just one form of gender-based violence in a country where one in five people reported sexual assault since age 15. Nine out of 10 times, that person is a woman, with indigenous, Black and racialized women, those with disabilities and those living in poverty or in remote areas being the most affected. Justice Canada's own estimates aren't too far from these numbers, so the status quo is not free.

Budget 2026 can change that math. The fastest and most affordable way to grow Canada's labour force, productivity and tax base is to invest in keeping women safe and to remove the structural barriers holding them back. Housing, safety, child care and access to good jobs are not social spending in a soft sense. They are economic infrastructure with a measurable rate of return.

Our recommendations are connected, because the barriers are also connected. I have summarized them in four points.

One, fund housing and women's safety together. In YWCA services alone, more than 9,000 women and children are waiting for safe housing today. To help fix this, we ask that Build Canada Homes allocate at least 40% of affordable units to women and gender-diverse people and their families.

In addition, the next phase of the national action plan to end gender-based violence must be fully funded and an independent commissioner established to oversee its implementation. The epidemic of gender-based violence is just too pervasive and cannot be addressed without significant supports, both in prevention and in intervention.

The federal government must also commit \$360 million over three years through Women and Gender Equality Canada to stabilize shelters and transitional houses, because without that frontline capacity, neither the housing investments nor the national action plan can deliver strong outcomes.

Two, sustain and extend the Canada-wide early learning and child care system. Child care, as Kevin said, is essential economic and social infrastructure. It enables women to participate in the labour force, supports family stability and strengthens the broader economy. The system has delivered real progress, but those gains are at risk without renewed operational and capital funding. Economic estimates of the program place its GDP contribution between roughly 1% and 4% annually.

Three, make investments in trades and skills into outcomes for women. The federal government, we know, has committed \$6 billion to recruit up to 100,000 new skilled trades workers. Women are only 7.3% of the trades today. That's up from 5.9% in 1987. That's a gain of just over one percentage point in nearly four decades. A general investment will not change that, because the data shows that it has barely moved in 40 years. We are asking that 2.5% of that \$6 billion—that is \$150 million over five years—be targeted specifically to support women into trades through organizations known to deliver results, like the YWCA.

Four, fund the national coordination capacity that pulls all that together. Federal departments fund stable, criteria-based, opera-

tional support for national sports associations and other sectors, and that's good. Organizations doing the policy, research, legal systems, change work and frontline coordination to advance and preserve gender equity deserve the same stability. Our ask is that \$10 million annually over five years, beginning next year, be allocated to national women's rights and gender equity organizations to support their sustainability.

I will end with this. For women most in need and their families, safe housing makes escape possible. Child care makes work possible. Skills training makes long-term security possible. Strong community organizations make systemic change attainable. Budget 2026 can make that possible.

● (0840)

Thank you.

The Chair: Thank you, Ms. Nizigama.

We will now begin with questioning, starting with Ms. Cobena for six minutes.

Sandra Cobena (Newmarket—Aurora, CPC): Thank you, Madam Chair.

First of all, thank you, everybody, for your remarks. There is definitely a call to action in line with the feedback I get from a lot of the charities I have visited in my riding. They say that the need is great. The generosity of the community is also great, but it's not enough.

With that in mind, if I may, I would like to ask Mr. MacDonald a few questions.

I did some research. In its mission statement, your organization says, "We can't keep asking nonprofits to do more with less." We've seen the cost of living crisis worsen.

Can you speak to Canadians' ability to financially support the charities you represent?

Bruce MacDonald: First of all, thank you for the question. It's an important one, because what we often witness during times of economic stress is an inverse relationship between the economy and our sector.

Often, when the economy is facing challenges, for charities and non-profits, supply—as defined by money—goes down. When Canadian families are under more stress, they don't have as much to give. At the same time, on the other side of the equation, demand for services rises. For many organizations, both the demand for services and the cost to deliver those services grow at a time when the supply of revenues is going down.

You're hearing from colleagues on this panel that this is what many organizations are facing every day as they try to fulfill their missions. It's a bad math equation, and we have to try to address both sides of it.

Sandra Cobena: Thank you for that.

Yes, we hear the stories, of course, but you see it at a broader level.

Would you say, because of these two dynamics you mentioned, that the charity sector is getting squeezed?

Bruce MacDonald: Absolutely. There is no question. They have no manoeuvring room in a situation where they don't have as many resources but where more people in their communities need services.

Sandra Cobena: The research component of your website says:

Federal funding is powerful, but when it doesn't work well, the smallest non-profits often carry the heaviest burden—and it costs communities.

Could you kindly elaborate on this?

Bruce MacDonald: Yes. This is at the heart of the recommendations. The grants and contributions programs offered by the federal government have become, over the course of the last two and a half decades, increasingly burdensome. For example, I was recently talking to an organization that has a \$2.5-million grant relationship. They're having to spend inordinate amounts of time working with civil servants and their own staff to change a \$100 train ticket. That's not the kind of reporting that we think the sector should be doing.

These recommendations are not about decreased accountability. They're about reasonable, appropriate and impactful accountability. For small organizations, it's even harder. Keep in mind, please, that about 40% of this sector's organizations are volunteer-run. For them, having to navigate a complex reporting and application process is extremely difficult.

Sandra Cobena: Thank you for that.

I noticed, too, that organizations affiliated with your network include food banks.

Can you speak to their experience in meeting demand in the midst of this cost of living crisis we have in Canada right now?

Bruce MacDonald: You certainly see the reports coming from Food Banks Canada and others. The surge in demand is far outstripping organizations' ability to meet it.

It's funny. I was saying to Aline from YWCA earlier that I was visiting a local YWCA last week. Their ability to meet even the need for basic meals and overnight accommodation that includes a meal.... People are lined up around the block to access those services. I think this speaks to the state of Canadian communities.

Food insecurity organizations are on the front line of trying to provide these services.

• (0845)

Sandra Cobena: It's a sad situation, of course. Food banks do an incredible amount of work, but the need is great, and it's long-term. That's why there is a need for long-term solutions to help with food insecurity, which I know is a big topic even in my riding.

Broadly speaking, Mr. MacDonald, is there anything in the spring economic statement that you think is missing and that you would like to have seen?

Bruce MacDonald: Well, always.

Voices: Oh, oh!

Bruce MacDonald: I think that's important to say.

First of all, it was great to see the sector acknowledged for its economic contribution, because that's often overlooked. It's not just doing good work. It's actually employing Canadians.

I would say that the significant interest that we believe both parliamentarians from all parties and our sector have around reducing the red tape and awkwardness between the sector and government—making sure renewals happen so that staff don't have to quit their jobs to look for others because they haven't gotten renewals on programs; allowing the sector to be able to have more flexibility, as they're learning about the delivery of programs, to move budget lines without having to get approval on every single item; and being trusted partners to deliver that—

The Chair: I'm sorry, Mr. MacDonald. I will have to cut you off there. We've run out of time.

Thank you, Ms. Cobena.

We'll continue now with Mr. Leitão for six minutes.

[*Translation*]

Carlos Leitão (Marc-Aurèle-Fortin, Lib.): Thank you, Madam Chair.

Good morning, everyone.

I hope to have time to ask questions of all four witnesses. I will try to be disciplined. I'll start with that, at least.

Thank you all for being here. This is an extremely important sector.

[*English*]

Mr. Hallward, I find your social sector fund rather interesting. Did you have any discussions, consultations or exchanges of ideas with philanthropic foundations or that world?

John Hallward: There have been many discussions and conversations over the past several years. I'm a researcher by background, so we did polling. We did polling among the operating charities in Canada, the 75,000-plus charities, to give them a voice as well. The majority of them are in support.

From talking with the peak organizations and foundations, I think there's general support for the concept. There are a few foundations that don't particularly like to be told what to do by Ottawa. Other than that, I think they like the concept. On the amount to each of them, they refer to it as a rounding error. It's not a significant cost. There's no extra burden to them if it's in their granting budget.

Carlos Leitão: Basically, you were describing two ways in which this fund could be fed. I find your idea of taxing their investment income rather intriguing.

John Hallward: In the United States, they already do this. Private foundations have a little over 1%—1.1% or 1.2%—on their income, so that, in a sense, they don't touch the capital. If a donor donates money and has agreements as to how the capital is to be used, this allows a workaround. By taxing the income from that capital, that provides the same amount of funding, if you will, without touching the capital.

Carlos Leitão: Right. I think that's probably a better idea.

Who would manage this fund?

John Hallward: The vision, at this point in the discussion, is to have maybe 40 or 50 different members, with each peak organization and each provincial non-profit network having a vote and a membership in this agency. There would be communities from the north. There would be peak organizations, if you will, such as Volunteer Canada and the chamber of commerce. Business needs to be at the table as well.

These people would vote for the board. The board would choose an executive director, and they would get on with administering the fund.

• (0850)

Carlos Leitão: All right. Thank you.

Mr. MacDonald, I really liked your statement that the sector is in a “perpetual state of start-up”. I don't like that—I'm not saying I like that—but I think it's a good description of the world in which you operate. You have to start everything all over again, and yes, that's a perpetual state of start-up.

Now, you mentioned that one way to perhaps address that is to have the CRA act as a regulator. I wonder if you could expand on that a little bit. I know that the CRA plays a big role, but how do we go from there to a regulator?

Bruce MacDonald: Well, the CRA is our regulator. I think there are a couple of ideas in here. One is that we seek to have more organizations file their T3010s, their annual tax forms, online. Only about 30% of charities do that digitally. They're still doing it by fax or paper. We want to take that up to close to 100%. The technology system that is used by the CRA and the government doesn't work well for the sector. Improvements need to be made there.

As it relates to the perpetual state of start-up, the biggest thing that could happen there is that in the reform of grants and contributions, approvals for renewals could be given earlier. What happens is that staff who are on contract are asking their employer, the charity, if their contract will be renewed. When there are delays in renewals, sometimes long past the renewal date, those staff quit to go and find jobs elsewhere. When the renewal finally comes in, they have to go and find new staff. They never really maximize the potential of the program. They're perpetually starting the programs over again.

Carlos Leitão: In our riding offices, when we talk with folks from the non-profit sector, it is that perpetual state of start-ups. It is also the same thing at the provincial and even municipal levels.

Perhaps I could move on now to YMCA Canada. You focused quite a bit on child care. That's more than fine. That's very useful.

I also find your approach interesting—that you have targeted seed funding. Could you elaborate a little on that?

Kevin Muir: Yes, absolutely.

When we're thinking about our centres of community, there is often federal government funding available, but not at the early stage, not for the seed funding. This can be the hardest funding to raise for us, because it is speculative, and I understand that's similarly why the federal government may be reluctant to make that funding available. It's so important for us, though, and if it were made available, we would be able to make lots more projects happen a lot faster.

The Chair: That's great. Thank you very much.

Yes, you've run out of time. Thank you, Monsieur Leitão.

[*Translation*]

Mr. Garon, you have the floor for six minutes.

Jean-Denis Garon (Mirabel, BQ): Thank you very much, Madam Chair.

Good morning to all the witnesses. I thank them for being with us today.

I'll start with you, Mr. Hallward.

First of all, I commend the work of the foundations. I am very sensitive to the fact that this sector is experiencing difficulties, somewhat like the community sector. However, we must remember that foundations are funded in part by public money, tax expenditures and tax credits granted by both the federal and provincial governments. There are tax expenditures in there.

You're proposing to tax a very small portion of the return on foundation investments to fund a national social sector fund.

Are you not concerned that, by doing that, you are going to allow the government to perhaps directly interfere in the way the investments in this fund will be made?

Furthermore, I note that most foundations act in provincial areas of jurisdiction, particularly in the health care sector, the children's health care sector and the education sector. In Ottawa, there's already a problem with spending power, because the government imposes conditions on the provinces in exchange for transfers.

Again, wouldn't your proposal create new interference between the federal government and the provincial governments, which have well-defined constitutional jurisdictions in certain areas?

• (0855)

[English]

John Hallward: Yes, they're all good questions, for sure.

When it comes to the charity sector, it's empowered by the Income Tax Act, and it really is a use of taxpayer money by way of charity tax credits given to donors. These are funds that could be used in other ways, if not given as tax credits to the foundations.

The Income Tax Act already dictates how charities are to operate, what they can do, what they cannot do, who they can give money to, who's a qualified donee, who is a registered charity, etc. I don't think we are really imposing any new requirements with this new sector fund.

[Translation]

Jean-Denis Garon: If I may, I will refine the question so that it can be clearly understood.

How will you ensure the independence of the social sector fund you are proposing if the fund must meet the objectives included in a national strategic plan?

How are you going to ensure its independence from the federal government?

[English]

John Hallward: Okay. That's a fair question as well.

The idea is to have the fund administered by sector players that already exist today. It would be an independent agency outside the political ecosystem, if I can call it that. The current organizations, such as Community Foundations of Canada, Imagine Canada, Volunteer Canada, etc., would be the responsible members of this agency. They would be acting on behalf of the benefit and interests of the sector, for themselves, and then include each of the provinces' nonprofit networks.

Really, it's a representation of the sector today. They would be empowered to elect the board of this new agency, which would hire the executive director. It would have full independence, if you will.

[Translation]

Jean-Denis Garon: So you would still need to work on a structure for managing the fund.

My next question is related to taxing return on investment. From what I understand, this is a challenge for some foundations. For example, Brigitte Alepin, who is a tax expert, has been very critical of certain foundations that were not giving back enough.

Large foundations, such as the Chagnon Foundation, have invested capital totalling over \$2 billion, while very small foundations have invested capital of \$800,000, \$1 million or \$2 million.

Isn't it unfair to have a fixed rate on the return on foundations' financial assets and to apply the same rate to both large and small foundations?

As part of your proposal, should you consider differentiated tax treatment based on the foundation's size and age, as well as its asset growth trajectory?

[English]

John Hallward: Currently, right now, foundations have a required disbursement quota, and it is somewhat scaled. The first \$1 million that foundations have, there's an obligation to disburse 3.5%. Above \$1 million of their endowment, they are obliged to give 5%. There are rules within the disbursement quota administration as to who qualifies, based on how much revenue they have and how much—

[Translation]

Jean-Denis Garon: How would the tax you're proposing apply based on a foundation's degree of capitalization?

[English]

John Hallward: The tax I imagine is possible with this sector fund, and is separate from the disbursement quota. The disbursement quota already exists. Foundations must already disburse 3.5% or 5%. The income tax—

[Translation]

Jean-Denis Garon: How would the tax work?

Based on the degree of capitalization of the various foundations, how would the tax be differentiated?

[English]

John Hallward: The vision for the sector fund is to have it on the income. If there's \$100 million in a foundation and it earns 8% return, generating \$8 million, 1% of that \$8 million, just 1%, would be required as a grant—

[Translation]

Jean-Denis Garon: Therefore, it would be 1%, regardless of the foundation's size.

Is that correct?

John Hallward: Yes, that's correct.

Jean-Denis Garon: Thank you, Madam Chair.

The Chair: Thank you, Mr. Garon.

We'll now continue with Mr. Lefebvre for five minutes.

Eric Lefebvre (Richmond—Arthabaska, CPC): Thank you very much, Madam Chair.

Thank you to the witnesses for being with us today.

I'll start with a brief introduction. I have 39 municipalities in my riding, including several small ones. I always say that, in municipalities, volunteers are one of our greatest assets. Our volunteers bring our municipalities to life and make them vibrant.

I'd like to take advantage of your presence here today to thank them for what they do across the country, but particularly in my riding, Richmond—Arthabaska.

Mr. Muir, you said that the current unemployment rate for young Canadians stands at 14%. That's a concern, and we're aware of it. On the other hand, some businesses are having trouble recruiting skilled workers.

How could you work to bridge the gap between the two?

• (0900)

[English]

Kevin Muir: The good news is that the programs that are in place are really working. They're working well. We're talking about making some improvements to the program in three ways.

One is more funding, because the need exceeds what we're able to deliver on. By programs, I'm talking about two programs. There's the Canada summer jobs and the.... I'm sorry, I've lost my notes now. I'll come back to that in just a second. The two programs are working well. We need more funding.

Second, we need to be committed for a longer period. These programs often have an 18-month to two-year turnaround time. Just when we get a program running, we find that we're into a renegotiation. We have to tell our staff, and they don't know how long they're going to be able to stay on before the new contract is in place. Therefore, we're talking about extending it to five years, so that we can really start to make an impact. We really see that being a win-win. It would be a win on our end, but it would also be less administratively burdensome for the government.

Third would be making the budgets more flexible. Right now, budgets can sometimes be inflexible. We'll run out of the capacity to spend money in one area, and we're not able to move it to another area without going through a burdensome process.

The two programs are the youth employment and skills strategy program and the Canada summer jobs program. They're working well. We're talking about making some improvements to them.

[Translation]

Eric Lefebvre: We're talking about bureaucracy. Almost everyone has mentioned it. You just gave an example yourself.

In terms of programs, would we gain in efficiency if we increased the number of years? I'm thinking here of your employees who have to work each time to renew these programs.

Would there be a significant impact within your organization if programs were offered over a longer period, for example on a three- or five-year basis, as you're suggesting?

[English]

Kevin Muir: We really would see efficiencies on our end, and we would hope that there would seem to be efficiencies on the government's end as well. If we had a five-year program, we could ask,

“What is the impact we're trying to make? Let's hire our staff. Let's get the program set up.” Sometimes we have to lease space. We need that longer timeline to be able to make the impact that we want to make.

The good news is that the programs are working. We're just talking about making some improvements to them.

[Translation]

Eric Lefebvre: Mr. Hallward, you talked about a purchasing co-operative.

Could co-operatives be established within your organizations themselves to achieve greater efficiency in purchasing?

[English]

John Hallward: In theory, yes. In practice, it's not happening. Collaboration is a very difficult thing, as you can appreciate, with each organization having its own independent board and purpose for existing.

There are little pockets of co-operation. There is an insurance company providing small charity insurance policies. The precedents are there, but we need co-operation at scale, and scaling it takes resources. That's what this fund could invest in, for example, without coming to the Treasury Board and asking for money.

[Translation]

Eric Lefebvre: Do you think we could create this type of co-operative on a provincial basis, if we could do it on a slightly smaller scale? I think that doing it by province would already be a significant improvement.

[English]

The Chair: Please give a very brief response.

John Hallward: Yes. Provinces have responsibility for charities, but a lot of them defer it to the federal government. The—

The Chair: Thank you, Mr. Hallward. I'm sorry; we're going to have to conclude there.

[Translation]

Thank you, Mr. Lefebvre.

We'll now go to Ms. Martin.

• (0905)

Danielle Martin (University—Rosedale, Lib.): Thank you, Madam Chair.

Thank you to all the witnesses for being here today.

[English]

I want to begin by particularly thanking the YMCA, which is where I worked after school and on the weekends all through high school and every summer through my high school life. I want to salute the youth employment work of the YMCA. It got me to where I am today.

I'd like to begin by asking Mr. Hallward and Mr. MacDonald together to comment on the ways in which your proposals interact. It seems to me that what I hear you saying is that we need the not-for-profit sector to have the capacity to function as a sector together vis-à-vis government and civil society, whether it's through this fund you're proposing or some other means. You are also asking government to pull together and interact with the sector in ways that make more sense in terms of simplifying reporting, application processes, etc.

I'm wondering whether your organizations are talking to one another and whether you feel that the ensemble of your proposals today would achieve that goal in totality. Of course, nothing in life is perfect.

What is the interaction between your two proposals?

John Hallward: I believe we're in violent agreement. We have our different projects. What we're starved of is resources to invest in them, to be frank. In talking with Bruce and others, their agendas are full. They're working on their programs.

Unfortunately, what we lack in Canada is a strategic plan. We do not have a strategic, holistic vision for how the sector should be done, with priorities. The Senate report in 2019 contained 41 recommendations. It's hard to have a priority when you have 41 of them. We need to get coordinated, create a strategic plan and then invest in that plan. That investment takes resources.

Danielle Martin: Yes, please go ahead.

Bruce MacDonald: I was just going to maybe pick up on that to say yes, we absolutely have complementary ideas here because, to John's point, we need the capacity to ensure that the sector can be at the tables around innovation, AI and cybersecurity. Without the ability to do that, we're going to get left behind. That's going to be a problem for Canadian communities.

Danielle Martin: It would be interesting in the ongoing work to understand whether these two sets of proposals and these two organizations might be able to jointly make recommendations on that front. I see, as you say, complementarity between them.

I'm moving to the YMCA and YWCA.

Thank you to you both for your excellent proposals.

It seems to me, at least in my community of University—Rosedale but, largely speaking, across the country, that we're moving towards more multi-use community hub types of spaces in which child care, recreation, below-market housing programs, seniors programs and health clinics are co-located in many environments. We can all appreciate the potential benefits of that.

I'm wondering whether either or both of you could comment on whether we have the necessary enabling funding and partnership infrastructure at the federal level to support these kinds of multi-use projects.

Kevin Muir: I can start.

We call them centres of community. No two really look exactly the same, and that's really the cool thing about them. We're able to look at what the community needs and what partners are available to come to the table, and then we look at how we can work together

to create something that is really going to help the community. We've had a lot of success. We've built a lot of new YMCAs.

As I mentioned in the proposal, we believe that the funding needs to be expanded and made a bit easier at the early stages. With that support, we're able to continue to build these centres and respond to community need.

On the other end, we have a lot of infrastructure across the country where the capital is starting to fall behind, so we'd really love to be able to access some of this funding to support that as well.

Danielle Martin: Ms. Nizigama, please go ahead.

Aline Nizigama: I echo what Kevin is saying.

Our secret sauce at the YWCA and across our federation has been to have that co-location model. It's something we want to highlight in all the new projects we have under way. We have 18 projects that we are hoping to build in terms of transitional and affordable housing. Those models will have co-location with child care, employment, counselling for gender-based violence and for youth, and other recreation services. It's been our secret sauce since our inception.

We see the funding sometimes as a challenge, because it comes in fragmented ways, so we do have to do a lot of thinking in making that vision come to life. What we are proposing to this government more and more is to really capitalize on that co-location.

● (0910)

The Chair: Great. Thank you very much.

[*Translation*]

We'll conclude this hour with Mr. Garon.

Mr. Garon, you have the floor for two and a half minutes.

Jean-Denis Garon: Thank you very much, Madam Chair.

Mr. MacDonald, you state in your brief that there needs to be better communication between the federal government and the charitable sector to avoid unnecessary delays and excessive red tape.

We hear a lot about red tape in the federal government. Can you give us some concrete examples of situations that illustrate this reality?

That would help us better understand what you are going through and better grasp the issue of cumbersome administrative procedures and red tape.

[*English*]

Bruce MacDonald: Thank you so much. It's a great question.

As we think about the way the grants and contributions programs work within the government, we see that they create challenges on both the government side and the charity and non-profit side. For example, an organization that may be applying to Heritage, Environment, Health and IRCC is required to fill out almost the same form four times, and civil servants are required to review the same information four times. Having a one-partner, one-profile system whereby the government would be able to tell its entire relationship with an organization, would—

[*Translation*]

Jean-Denis Garon: I will interrupt you, if I may. At the federal level, we've experienced procurement issues. Four ministers were responsible for this area. It was complex. Businesses had to deal with multiple agencies. Today, the federal government understands that we need a one-stop shop when it comes to procurement.

When you talk about a single partner, a single profile, it's the same kind of philosophy that you're proposing to apply.

Is that correct?

[*English*]

Bruce MacDonald: It's the same concept.

[*Translation*]

Jean-Denis Garon: However, this would apply to the charitable sector.

Is that correct?

[*English*]

Bruce MacDonald: Yes, it's absolutely the same concept.

[*Translation*]

Jean-Denis Garon: Can you give us more details on how the system using a single partner with a single profile would work, from a technical standpoint?

[*English*]

Bruce MacDonald: As it relates to the government's technology, that's probably a question for the government itself. However, we do understand that at least one department is starting to contemplate—even within its own department, where it has multiple granting streams—whether it could move to one, internally. If we have one, then we can expand it beyond departments.

[*Translation*]

Jean-Denis Garon: Thank you very much.

Madam Chair, I'll yield my remaining seven seconds to you, if you have a question for the witnesses.

The Chair: Thank you, Mr. Garon. You're always very generous.

[*English*]

I'm going to just wrap up this part of the meeting.

I'm going to take a moment, on behalf of the committee, to thank our witnesses.

We will take a brief suspension while we change over for the next panel.

Thank you very much.

• (0910)

(Pause)

• (0920)

The Chair: Welcome back, everybody. We are going to continue with our second hour.

I would like to take a moment to welcome our next set of witnesses. From the Canadian Medical Association, we have Margot Burnell, president. From the Canadian Mental Health Association's British Columbia division, we have Jonny Morris, chief executive officer. From the Canadian Mental Health Association National, we have Sarah Kennell, vice-president, policy, advancement and partnerships. From the Canadian Men's Health Foundation, we have Kenton Boston, president and chief executive officer. From the Society of Rural Physicians of Canada, we have Sarah Giles, president.

Just before we begin, I would like to remind participants of the following points.

Please wait until I recognize you by name before speaking.

Those participating by video conference, click on the microphone icon to activate your mic, and please mute yourself when you are not speaking. Those on Zoom, at the bottom of your screen you can select the appropriate channel for interpretation: floor audio, English or French.

Those in the room can use the earpiece and select the desired channel.

I would like to remind witnesses that committee members may ask questions in either French or English. If you will need interpretation, please take a moment now to prepare your earpiece and select the listening channel you need in order to take full advantage of the time allotted for questions and answers.

I will remind you that all comments should be addressed through the chair.

You will each have five minutes for your opening remarks, and we will begin with Dr. Burnell, please.

Margot Burnell (President, Canadian Medical Association): Thank you, Chair. I'm grateful for the opportunity to appear before the finance committee today.

I acknowledge, with gratitude, that we gather here today on the traditional and unceded territory of the Algonquin Anishinabe people. I appreciate their stewardship of the land over generations.

My name is Dr. Margot Burnell. I am president of the Canadian Medical Association. The CMA represents physicians and medical learners across the country and advocates for the patients we serve.

In our 159-year history, we have learned that in times of economic uncertainty, we must never forget to keep our population healthy. No matter the rupture points we face, our health must come first. A healthy economy demands a healthy population.

We also know that our health care sector can help build a stronger country. As a hub of discovery, a proving ground for AI innovation, a repository of data, a source of talent and a base of key infrastructure, our health care sector should be recognized as a driver of growth and prosperity rather than being viewed as an operating cost. Representing nearly \$400 billion annually and 12.5% of GDP, Canada's health care sector remains an important contributor to economic strength.

Allow me to focus on key areas where federal leadership is most needed. As we work together to address our shared challenges, we also see opportunities to connect, innovate, modernize, build and strengthen resilience.

First, let's harness digital health tools and AI to connect patients to the care they need. We support the passage of Bill S-5, the connected care for Canadians act, to enable national health data connectivity. We urge the federal government to work with provinces and territories to help primary care clinics, specialty services and offices in the community transition from siloed electronic medical records to interoperable systems.

Second, the number of people unable to find and secure a family care professional remains disturbingly high. We need to realize a national vision for primary care. The first step is to enact a primary care act. Canada lags behind its peers. Every person deserves access to a health care team.

Third, in the face of climate change, which is increasingly disrupting health care delivery, we look to the government to build resilient health infrastructure. Investments in a health infrastructure fund could help anchor climate resilience and decarbonization standards, enable indigenous governments and rural and remote communities to apply for rapid climate retrofits, and allow for the integration of nature-based solutions and green spaces across health care facilities.

Fourth, we're looking for allies in the fight against the spread of false health information. Nine out of 10 people in Canada have expressed the need for government to act. We look forward to the reintroduction of an online harms act to prioritize online safety, especially for protecting our children. We also recommend an investment in the federal health portfolio to combat false health information and elevate trusted health sources.

Fifth, the federal government is responsible for one of the most burdensome forms: the disability tax credit form. Eighty-five per cent of physicians identify the DTC as a significant administrative burden. We look to the government to finalize, enhance and scale, nationally, the two-page renewal pilot form, to reform and simplify the DTC form so that physicians can spend less time on paperwork that is unnecessary for them to perform and more time caring for patients.

Sixth, as we advance indigenous rights and solutions to health care inequities, we await the reintroduction of a first nations clean water act. We look for the government's support in classifying indigenous-led health and support programs as essential services and in overhauling the non-insured health benefits program under indigenous leadership.

Lastly, because of a shortage of 23,000 family doctors nationwide, we recommend aligning immigration policies with health workforce planning.

Chair, in closing, we know a better future for health care is within reach. By supporting a healthier population and advancing a more modern, equitable and resilient health care system, we can secure a stronger future for our country.

Meegwetch.

● (0925)

The Chair: Thank you, Dr. Burnell.

We will now continue with Dr. Sarah Kennell and Jonny Morris.

I understand you are sharing your time.

[*Translation*]

Sarah Kennell (Vice-President, Policy, Partnerships & Advancement, Canadian Mental Health Association - National): Madam Chair, members of the committee, thank you very much for inviting me to participate in your study.

I'm pleased to be here with you today.

[*English*]

My name is Sarah Kennell. I'm joined online by my colleague, Jonny Morris. We represent the Canadian Mental Health Association, the largest provider of community mental health services in Canada, with a presence in over 330 communities across every province and Yukon.

Thank you for the opportunity to appear today regarding CMHA's recommendation for budget 2026: the renewal of a dedicated 10-year, \$5-billion investment from the federal government in mental health and addictions care.

A decade ago, the federal government recognized that too many Canadians were unable to access timely, affordable mental health care and made critically needed investments through bilateral agreements with provinces and territories that explicitly focused on mental health and addiction services. That funding is scheduled to end on March 31, 2027.

This matters, because most mental health services are not covered under Canada's public universal health care system. Canadians therefore must often pay out of pocket for services such as counselling and other supports, if they can afford them at all. During an ongoing cost of living crisis, access to mental health care has become an affordability challenge no less real than housing or food security.

It also matters because having good mental health is an important part of our economic infrastructure. At least 500,000 Canadians miss work every week due to mental health challenges, and nearly one in three Canadians reports that their work is affected by their mental health.

Mental health is also the leading reason for disability claims and workplace disability costs for issues around depression, anxiety and burnout. The Canadian Standards Association recently estimated that Canadians' poor mental health costs the economy \$180 billion annually across health care, emergency services, the criminal justice system and homelessness supports.

At a moment of economic uncertainty and geopolitical instability, Canada needs a healthy and resilient workforce. Investments in mental health help people remain attached to work, return to work sooner and avoid crises that place greater strain on hospitals, police and other public services.

Committee members, I'm sharing my time today with my colleague Jonny Morris, the CEO of CMHA's B.C. division, who is joining us virtually to share an example of what this dedicated federal funding has made possible for young people and families in British Columbia.

Jonny, it's over to you.

• (0930)

Jonny Morris (Chief Executive Officer, British Columbia Division, Canadian Mental Health Association - British Columbia): Thank you very much, Sarah.

Thank you to the chair and the committee for the opportunity to be here today.

CMHA B.C., through these bilateral health agreements, has received funding that has supported children, youth and families across the province of British Columbia, reducing strain on primary care providers and the hospital system, and thereby reducing health spending.

One example of a program is Confident Parents: Thriving Kids, a free, province-wide coaching service for families supporting children experiencing mild to moderate anxiety and behavioural challenges, which is really important, because untreated childhood mental health concerns often worsen over time, increasing the likelihood of more serious illness later in life.

This service helps families access support early, before problems escalate into a crisis. It also supports pediatricians, family physicians, school counsellors and other frontline providers by offering timely, community-based care at no cost to families. The results have been significant for thousands of people across B.C. Families report reduced anxiety and behavioural challenges, improved mental health functioning and stronger family well-being. We know these kids stay in school.

For many young people and families, there is no comparable alternative waiting in the public system. The federal funding to date has helped to increase access to many other community-delivered programs and service across this country, such as structured psychotherapy and counselling supports in Ontario and Quebec, inten-

sive addiction interventions for at-risk youth in Alberta and 24-7 provincial mobile mental health crisis supports in P.E.I.

These are not nice-to-have ancillary services. They are core to a well-functioning health system.

Without renewed federal investment, these services that are relied upon to keep people well may have to be scaled back or end altogether. This means that kids and parents will sit on wait-lists for longer, get sicker and ultimately end up costing our health systems more, not to mention the significant social impact associated with supporting people experiencing an acute mental health or addictions crisis.

CMHA is recommending that the federal government ensure the continuity of such services by renewing the dedicated 10-year, \$5-billion investment in mental health and addiction care for Canadians.

My last comment, Chair—

The Chair: I apologize, Mr. Morris. We're going to have to end it there. We've gone over the time, but thank you very much.

We're now going to move on to Mr. Boston from the Canadian Men's Health Foundation.

Kenton Boston (President and Chief Executive Officer, Canadian Men's Health Foundation): Good morning. Thank you, Chair. It's great to be with all of you today.

Right now, half of all young men in Canada are at risk of problem anger, and one in two is socially isolated. We need to come together as a country to make sure that all men in every community know they are not alone and that they have the support they need to live healthier lives.

The Canadian Men's Health Foundation is one of the few organizations in this country that are purpose-built to reach men before a crisis. Our focus is primarily on young men under the age of 35. Now we are branding that and moving it to a younger age through partnerships. These boys and men face the highest risks and have access to the fewest supports.

We work with partners across the country, not just to conduct research but to move it into action. Everything we do is about translating what we learn into practice through clinical pathways and community-based programs that meet young men where they are.

Canada is currently developing its first national strategy on the health of men and boys, and I want to thank Minister Michel, her team and the team at Health Canada for their leadership on this file.

I'm going to outline our recommendations for you today, because this is a topic that should concern all parliamentarians.

First, when it comes to young men, the single biggest thing the government can do is focus on early intervention. We aren't reaching men early enough, and many men engage only at the point of crisis. For younger men, distress is driven less by chronic diseases and more by suicidal thoughts, substance use, injury and acute mental health challenges. This is all made worse by delayed help-seeking, social isolation, digital influences and the lack of connection.

Young men and boys need earlier, easier access to support in their schools, workplaces and communities and online. As Canada brings more young people into the skilled trades area to help build the country's future, we need to ensure that those young men have the support they need to succeed on the job and in their lives. They need places to talk, people to turn to and tools that meet them where they are. That includes stronger peer support in real-world settings, a national digital space that helps counter harmful online influences, and a coordinated approach in which we learn what's going on and adapt as we go. As such, our core recommendation is to invest in a national early intervention network that builds this capacity across the system.

Second, we recommend that the government designate fatherhood as a primary early intervention point. Men who become fathers are more open to health engagement than they are at any other stage in their lives. Research consistently shows that engaged fathers produce measurably better outcomes for children in cognitive development, emotional regulation and long-term mental health. This is a critical intervention point that is supported by research.

Third, we recommend that the government address online radicalization as a public health emergency for young men. Our research shows that 67% of men aged 19 to 29 are at risk of social isolation, and screen time is a measurable driver of mental health deterioration in this population. Without credible, engaging alternatives, harmful ideologies and misogynistic online communities fill the void.

Finally, we recommend that the government invest in annual, nationally representative research on men's health. With regular tracking and reporting, we can build a clearer picture of what's working and make smarter decisions that improve outcomes for men and boys. The government's own consultation acknowledges that improved men's health could save \$12.4 billion annually. A fully funded national strategy is an investment not just in men, but in families, communities, the workforce and our economy.

Canada needs to build its future. The evidence is in hand. The programs are proven. The need is urgent. It is up to all of us to come together.

Thank you for your time.

● (0935)

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

We will now continue with Ms. Giles from the Society of Rural Physicians of Canada.

You have five minutes.

Sarah Giles (President, Society of Rural Physicians of Canada): Good morning, Madam Chair and honourable members of the committee. Thank you for the invitation to appear before you today.

My name is Dr. Sarah Giles, and I'm the president of the Society of Rural Physicians of Canada, the SRPC. The SRPC represents 3,000 physicians and medical learners who provide care to the roughly 20% of Canadians living in rural, remote and indigenous communities.

I'm a rural generalist in Kenora, Ontario. On any given day, my colleagues and I might be in primary care clinic in the morning, in an overflowing ER in the afternoon and in the OR at night.

As you know, rural Canada is the literal engine of our national economy. It contributes 27% of Canada's GDP and accounts for 53% of our merchandise exports, but right now, Canada's economic engine is on life support. While roughly 20% of Canadians live rurally, they are served by only 8% of the country's physicians. As a result, rural Canadians face shorter life expectancies, significantly higher rates of chronic disease and lower cancer screening rates.

The federal government has rightly prioritized multi-billion-dollar nation-building initiatives in remote Canada to secure our global competitiveness. The success of these massive public and private investments depends entirely on our ability to attract and retain highly skilled workforce members in rural and remote regions, but few people or businesses want to relocate to a region if there isn't reliable primary and emergency care for their family members. We need to keep rural clinics and hospitals open for current and future community members.

To do this, we need to transition back to a safe and stable workforce of rural generalists and nurses who both live and work in communities. Resuscitating rural health care will also require infrastructure funding, and allow me to pre-empt any thoughts that health is solely a provincial or territorial responsibility. The federal government is responsible for funding and delivering health care services in indigenous communities, and rural hospitals are more likely to serve indigenous patients, as they comprise a large portion of the rural and remote population.

Right now, there are hospitals in rural Canada facing catastrophic infrastructure failures. Hospitals have, for example, flooded and subsequently all but shut down surgical services. Closing essential services forces patients to travel hundreds of kilometres and to wait unacceptable periods of time for care that should be offered close to home.

Though critical infrastructure issues are putting rural indigenous patients' lives at risk, rural hospitals are often jurisdictional hot potatoes when it comes to funding new facilities. The provinces don't want to foot the bill for indigenous patients, and the federal government doesn't see building hospitals as its mandate.

By appealing to the nation-building goals of the federal government, I hope to move you to invest in closing the infrastructure gap faced by rural hospitals primarily serving indigenous people. The federal government can do both what's right and what is necessary.

At SRPC, we believe we know how the Government of Canada can help.

One, invest in skills and training. We request \$25 million over three years to scale up our national advanced skills and training program for rural physicians. Our initial pilot program trained 342 physicians across 187 rural and indigenous communities. We secured essential emergency anaesthesia and obstetrical training for more than double the number of physicians we initially estimated. It is far cheaper to retain our rural doctors than it is to recruit new ones.

Two, establish a pan-Canadian rural and remote health workforce strategy. We urge the federal government to partner with the SRPC to build an interdisciplinary workforce strategy to address critical gaps in the workforce. How can we possibly know how many health professionals to train or recruit through immigration when we have no idea of the current and future need?

Three, secure a rural and indigenous health infrastructure carve-out. We recommend ensuring that the federal health infrastructure fund include dedicated rural and indigenous streams to support the unique needs of these communities. We must stop the jurisdictional finger-pointing and prioritize integrated primary care, mental health services and emergency care, including obstetrics, for rural and indigenous communities.

Finally, mandate a HESA study. We ask that the Standing Committee on Health conduct a comprehensive study on the unique primary and emergency needs of rural Canada, to assess scalable national solutions.

Honourable members, investing in rural communities is not an act of charity; it is a strategic national necessity. By supporting these targeted recommendations, this committee can help stabilize our workforce, protect our supply chain and fulfill the Canada Health Act's promise of health equity for all Canadians.

Thank you.

● (0940)

The Chair: That's great. Thank you very much, Dr. Giles.

We will now begin our round of questions.

[*Translation*]

We're going to start with Mr. Lefebvre.

Mr. Lefebvre, you have the floor for six minutes.

Eric Lefebvre: Thank you, Madam Chair.

Thank you to all the witnesses for being with us today. I want to disclose my conflict of interest right away: My daughter is a family physician. I want to make that clear.

Ms. Kennell, in my opinion, investment in addiction prevention and treatment is essential.

I've had the privilege of being a member of Parliament for 10 years. During that time, I've seen the number of people who came to meet with us to talk about their mental health issues increase. I therefore advocate for the importance of this funding.

I'd like you to tell me about injection sites. Do you think they're a good solution?

Should we instead focus on preventing addiction?

Sarah Kennell: Thank you very much.

I thank your daughter for deciding to dedicate her career to helping others.

[*English*]

I'll respond in English.

With regard to the best intervention when it comes to substance use, health and addiction, we at the Canadian Mental Health Association view the delivery of care across a continuum and a spectrum.

There is incredible work that needs to be done in upstream intervention early on. We've talked about children and youth—behavioural addiction, substance use, and health-related addiction. Investment needs to be made, increasingly so, in evidence-based, proven interventions that help create off-ramps for children and youth before they develop a diagnosable condition.

We also know that harm reduction and the suite of interventions that fall within that bucket of services are evidence-based and have incredible research to demonstrate efficacy. When we invest across the prevention and the harm reduction-related interventions, acute clinical services during periods of severe symptoms, and recovery-oriented supports, let's not forget, in addition to delivering across upstream and an acute presenting of symptoms, what happens once someone is discharged from an inpatient addictions recovery program or a more wraparound service. We need to ensure housing supports and other long-term recovery-oriented supports.

We would strongly recommend a full continuum of care across that spectrum.

● (0945)

[*Translation*]

Eric Lefebvre: I would have liked to hear your opinion on injection sites. Do you think they're part of the solution?

Living with injection sites in our communities is more difficult. Are your analyses of injection sites yielding the desired results? Would they be beneficial?

[*English*]

Sarah Kennell: Again, we have to ensure that investments made in this space are provided comprehensively and in coordination and collaboration with the communities in which they're located.

We have to recognize that there remains a high level of stigma and discrimination against people who use drugs, and that we all want to live in communities that are safe. We all want to ensure that our children can walk to school and play in playgrounds in areas where they're not going to be at risk of experiencing harm, just like people who use drugs need safety, support and care.

It's about coordination and collaboration. We know that harm reduction interventions, including safe consumption sites, are proven to be effective when they are implemented with those wraparound supports and with access to other community-based services, such as housing and justice-oriented supports.

We would advocate, again, that full continuum of investment across the spectrum of care.

[*Translation*]

Eric Lefebvre: Dr. Burnell, you talked about implementing a simplified form. Could you expand on that a bit?

Why isn't it simplified?

People often talk about bureaucracy and they ask for additional funding, but I think that if we manage to simplify the bureaucracy, that would be a significant form of assistance.

Can you speak to that?

[*English*]

Margot Burnell: We commend the government for its initial steps, with respect to the disability tax credit, to streamline some patients with given conditions, but currently the form is 16 pages. It takes our members 20 to 30 minutes to complete. It has criteria that are often hard for a given physician to assess: For mobility, you have to take three times longer walking x number of metres than your given age cohort. We are recommending that we work together with the involved departments, with physician and patient input, so that the form more accurately reflects the lived experience. Patients can basically self-attest as to their conditions and their disability. A recognized professional in the health care team and circle of care can sign off on it, saying that what has been presented is factual, so that there are safeguards.

The other way is to ensure that if one is disabled federally, with a disability tax credit, we would hope that provinces and territories would recognize similar disability and that it would be reciprocated. If you're disabled in one part of this country, you would be—

The Chair: I apologize, Dr. Burnell. We have to end it there.

Margot Burnell: Okay.

The Chair: That concludes the time.

Thank you, Mr. Lefebvre.

We'll continue now with six minutes from Mr. Sawatzky, please.

Jake Sawatzky (New Westminster—Burnaby—Maillardville, Lib.): Thank you very much, Chair.

Hello, everyone. I'm excited to see such a great panel focused on mental health. This is an important opportunity to have a conversation about how budget 2026 will better support mental health care and improve access and services.

I have a lot of questions, so I'll try to be very brief here. My first question will be for Ms. Kennell with CMHA national.

Since 2017, \$5 billion in bilateral investments in mental health and addictions care have supported a wide range of community-based services across Canada, including youth, addiction treatment, crisis response services, rural e-mental health supports and many others. As you said, this funding is expiring on March 31, 2027, at a time when demand for mental health services remains very high and affordability pressures continue to impact Canadians.

From your perspective, what impact has this federal funding had on Canadians over the past decade? What lessons should inform future investments in mental health care through budget 2026?

● (0950)

Sarah Kennell: Thank you very much, MP Sawatzky. That's a great question. As my colleague Jonny Morris referred to, the impact in community over the last 10 years has been monumental.

Really, this funding has recognized a glaring gap in our system, whereby folks aren't able to access care until they're in crisis. They have to be sick enough to be admitted to a hospital. Often the emergency department is the only place for them to turn. This is particularly true for children and youth. If we invest in community-delivered services, services that are often out of reach for many because they are behind a paywall, we will be able to prevent the worsening of symptoms, achieve better health outcomes and ensure that folks are able to enter the workforce and be productive citizens over their life course.

That's what we've seen over the past 10 years. We've started to fill the gap and respond to the demand that really escalated exponentially during the COVID-19 pandemic. Demand for care hasn't come down since then. We see heightened levels of stress, anxiety and depression at the population level. That means we need to continue to see this investment if we want to continue to see positive outcomes associated with investment. Failure to renew will mean that folks will sit on wait-lists and get sicker. It will cost the system more. We have evidence to demonstrate that. That's not to mention the cost to the economy.

Jonny, do you have anything to add from your perspective?

Jonny Morris: Sure.

I would just reinforce that at this particular point in time, investing in mental health care as economic infrastructure for this country to deliver on its economic goals is also a very, very important consideration when we come to consider that this federal funding is ending in less than a year.

Jake Sawatzky: Thank you very much. I appreciate those insights.

My next question is for Mr. Boston with the Canadian Men's Health Foundation.

In my riding of New Westminster—Burnaby—Maillardville, I have many unionized trades workers. I often hear about the pressures they face from burnouts and mental health challenges with high-stress work environments. At the same time, the government recently announced the team Canada strong initiative, including a \$6-billion investment to recruit, train and hire up to 100,000 new Red Seal workers. As we make these major investments, it's also important that budget 2026 have some dedicated mental health supports for these workers to ensure that they can remain resilient.

I just wanted to get your insight, Mr. Boston, on the importance of investing in supports through the workforce, so that people can live happy and healthy lives.

Kenton Boston: Thank you very much, MP Sawatzky.

It's nice to see all of you this morning.

Yes, indeed, that is the critical linchpin as we build Canada stronger. We know our challenges for keeping the workforce and the challenges in finding workers, specifically for skilled labour and trades. It's critical for us. We know the impact of the suicide rate on our society.

We're developing programs right now that really support people in the trades. We're working with unions, with companies and with organizations. For us, it's about making sure that we get our services to the people on the front lines and deliver it to them in a way that resonates.

We're looking for funding right now for a peer-to-peer network. That network is going to be built by tradespeople for tradespeople. It's not tied to a health insurance program, to government or even to an organization. It's people that are in the trades supporting each other as they go through life, not only on the job but after the job.

I'm loving the conversation this morning about making sure there's a medical system that supports people, specifically those in

the trades and young people. As it's been articulated this morning, the biggest challenge is getting them into the system. That's where we really feel this idea of a peer network tied to people in the trades that works with them after they're off the job, whether it's at seven o'clock at night or two o'clock in the morning as they're looking to get up in three hours so they can do it all over again....

That's the joy of what we're trying to build. We're asking for the country to come together to make sure we understand people on the front lines.

• (0955)

Jake Sawatzky: Thanks, Kenton.

I have about 20 seconds left.

Could you speak to the return on investment of investing in these upstream supports?

Kenton Boston: Right now we are working with programs that have a 5:1 investment and a 4:1 investment. That means every dollar spent saves four dollars or five dollars. It's an enormous opportunity to spend money, make money and preserve lives in Canada.

Jake Sawatzky: Thank you very much, Chair. Do I have any more time?

The Chair: No, that's all. Thank you very much, Mr. Sawatzky.

[*Translation*]

Mr. Garon, you now have the floor for six minutes.

Jean-Denis Garon: Thank you, Madam Chair.

I'd like to welcome and thank all the witnesses for being with us today.

Dr. Burnell, you state in your brief that last year, your organization, the Canadian Medical Association, stressed the need to eliminate interprovincial barriers to physician mobility by harmonizing professional requirements.

In your opinion, are Quebec's language requirements on knowledge of French and the ability to speak it an interprovincial barrier?

[English]

Margot Burnell: With respect to Quebec, we respect the provincial authority to decide on its own linguistic standards. However, having to be proficient in French.... It may not be the most common second language for many people at this point in the country.

I come from a province that is officially bilingual—New Brunswick—so I understand the complexities of care with respect to that.

[Translation]

Jean-Denis Garon: I'm having a hard time understanding your answer. Could you just give me a yes or no?

According to the Canadian Medical Association, are Quebec's French requirements an interprovincial barrier, yes or no?

[English]

Margot Burnell: We respect the province in making its own decisions in this regard.

[Translation]

Jean-Denis Garon: They're not an interprovincial barrier, by the way, with all due respect to the members of your organization.

Wage negotiations were held recently between doctors and the Government of Quebec. A premier of Ontario got involved in those negotiations. He gave his personal phone number to doctors in Quebec and invited them to leave Quebec and come to Ontario if they were unhappy.

Do you think this type of behaviour on the part of a premier is likely to improve relations between the provinces and encourage them to reduce interprovincial barriers?

[English]

Margot Burnell: I would suggest that the issue arose with respect to lack of communication and discussion at the grassroots level in helping the government to achieve its primary objective, which was increased access to primary care and specialty care.

The response of the organizations was to ask to be at the table, to be heard, to provide solutions and then to move forward. The issue is keeping those physicians who wish to continue to practice in Quebec there to serve your patients and your population. It's getting back to the grassroots and obtaining their suggestions for moving forward.

[Translation]

Jean-Denis Garon: It's not easy to get answers.

Your organization is calling on the federal government to enact primary care legislation.

In your opinion, isn't that all under federal jurisdiction?

[English]

Margot Burnell: We know that there are close to six million people who do not have access to primary care to see a primary care professional. We know—

[Translation]

Jean-Denis Garon: In terms of sections 91 and 92 of the Canadian Constitution, which define the areas in which the federal government has the right to legislate, do you think such legislation would fall under provincial jurisdiction?

You can just be honest and say yes or no.

● (1000)

[English]

Margot Burnell: I think the federal government, in collaboration with the provinces and territories, must undertake this to have shared solutions. That's why we're recommending—

[Translation]

Jean-Denis Garon: So, after reading the Canadian Constitution, the Canadian Medical Association believes that passing a law on primary care respects both the letter and the spirit of the Constitution.

Did I understand correctly?

Forget the idea that we have to work together. I'm asking you a legal question: Is it under federal jurisdiction to do that?

I would like a real answer.

[English]

Margot Burnell: The role of the federal government is to set standards across this country to comply with the principles of the Canada Health Act. Having that sets shared expectations and accountability across this country, so that if you access a primary care physician, whether it be in Quebec, New Brunswick or Vancouver, you can have the same expectation—

[Translation]

Jean-Denis Garon: So, clearly, you are coming here to Ottawa to tell the federal government, which, by the way, intends to increase federal health transfer payments to the provinces to 3% as of the next fiscal year, to impose more conditions on the provinces and impose even more constraints on them under not only the Canada Health Act, but a new act, in an area of jurisdiction in which Ottawa doesn't have the constitutional right to legislate directly.

I guess that's what you call working together. Did I understand your definition correctly?

[English]

Margot Burnell: With respect to the federal transfer dollars and bilateral agreements, which account for 20% of provincial health budgets, what we are looking for is accountability, with respect to the spend of those dollars, to achieve what the province—

[Translation]

Jean-Denis Garon: It's called federal control—

The Chair: Thank you, Mr. Garon. Your time is up.

[English]

We will continue now with Mr. Mazier for five minutes.

Dan Mazier (Riding Mountain, CPC): Thank you, Chair.

Good morning. Thank you for coming to committee.

Dr. Burnell, thank you to you and your team for appearing here today. It's nice to see you out here again.

I know you support Bill S-5, the interoperability bill out of the Senate. I want to know the role the government has advised you of that Canada Health Infoway will have in implementing this legislation if passed.

Margot Burnell: I think the most important point, first of all, is to pass the bill, which is basically enhancing the opportunity to start dealing with the barriers to data interoperability. What the rules and regulations—

Dan Mazier: The question was around whether you are aware of Canada Health Infoway. Have there been discussions around that, of who's going to be implementing the bill?

Margot Burnell: I haven't heard what the final decisions have been with respect to who will implement it and what the rules and regulations will be around that, but that group will probably be involved.

Dan Mazier: Are you aware of Canada Health Infoway?

Margot Burnell: I am.

Dan Mazier: Do you have any concerns with the management of Canada Health Infoway?

Margot Burnell: Every organization has its strengths and weaknesses, and I will leave it to the departments to which they report to answer that.

Dan Mazier: Have you no concerns with it then, in terms of strengths and weaknesses? Can you point to one strength they have? What is one positive product that Canada Health Infoway has performed since you've been president?

Margot Burnell: Canada Health Infoway has gotten together with other key stakeholders to make recommendations about the role of data interoperability—

Dan Mazier: What is one concrete accomplishment Canada Health Infoway has achieved since you've been president? Just give one.

Margot Burnell: I think it is to present a strategy with respect to adopting AI across the country.

Dan Mazier: Is it PrescribeIT?

Margot Burnell: No, not PrescribeIT—

Dan Mazier: Was it a failure, then?

Margot Burnell: What was your question, sir?

Dan Mazier: Was PrescribeIT not a failure, then? Would it be a weakness?

Margot Burnell: The details of PrescribeIT are not known to me. The concept of electronically ordered prescriptions that go directly from a physician's office to the pharmacy for the patient is still a strong recommendation from our organization.

• (1005)

Dan Mazier: For the committee's review, PrescribeIT is a \$300-million boondoggle that we're in the middle of studying in the

health committee. Only 5% of prescriptions have gone through that program since its inception, so I would say it's a failure.

The Canadian Medical Association's website states, "Our health system is under unprecedented pressure." Do you agree with that statement?

Margot Burnell: Yes, I do.

Dan Mazier: The independent Parliamentary Budget Officer just published a report that revealed that nearly 74,000 rejected asylum claimants—these are failed asylum claimants that the government has rejected and ordered to leave—remain eligible to receive both basic and supplemental health benefits in Canada.

Is it fair to say that 74,000 people add pressure to the health care system?

Margot Burnell: We have an obligation to serve those individuals who live in this country and to ensure that people reach their best health possible.

Dan Mazier: Yes, I agree, but would 74,000 people add pressure onto our health care system? Please provide a yes-or-no answer.

Margot Burnell: There are six million people who do not have access, so they are part of that.

Dan Mazier: Yes, that's even worse. There are 74,000 people who have been asked to leave our country, but they're still eligible to get health benefits that are even better than those for the average Canadian.

Margot Burnell: I think it's important that we recognize that we provide the best care to all Canadians. Each individual group and situation will be different, but our aim is to provide the best health care possible to Canadians and to residents in our country who have come looking for that.

Dan Mazier: Are all Canadians entitled to physiotherapy and counselling services under the Health Act, yes or no?

Margot Burnell: Many of those services are provided within the community—

Dan Mazier: No, I asked about two particular services, Dr. Burnell. Are all Canadians entitled to physiotherapy and counselling services under the Canada Health Act, yes or no?

You know the answer.

Margot Burnell: I am not sure that I do know the answer. I am not sure whether the Canada Health Act specifically discusses which allied health professional services would be covered within the hospital. Physiotherapy and the other are covered within communities. It is a common—

Dan Mazier: Well, they are not—

The Chair: Thank you, Dr. Burnell.

Thank you, Mr. Mazier. That concludes your time.

We'll continue now with Dr. Martin for five minutes.

[Translation]

Danielle Martin: Thank you, Madam Chair.

[English]

I would like to begin by making sure that the committee is aware that as a family physician, I have been a member of the Canadian Medical Association for over 25 years, so I do have links to that organization.

Thank you all for being here today.

I'd like to talk a bit about mental health and addictions, and I'll thank the CMHA for being here today and for their submission.

You pointed out that linking access to certain services with employment and private insurance in this country has posed a particular challenge for Canadians who live with mental illness and substance use disorders. I'm wondering if you could tell us a bit about what we know about the changing face of who those are in this country right now in the current economy.

Sarah Kennell: Thank you very much, Dr. Martin.

To add to your point, I'll start by saying that it's eight million Canadians. That's likely an underestimation in terms of those who do not have any form of private insurance, whether privately paid or provided through an employer. This means that for many of those allied health services, folks are looking to access free community services, which are limited, or have to rely on sometimes limited insurance benefits, knowing that the premiums can be high and that often the thresholds aren't sufficient to provide adequate support.

Danielle Martin: I'm sorry to interrupt, but my time is limited.

Can you talk a bit about the interplay between psychological therapy and pharmacotherapy? I'm not under the impression that the fund that you're proposing would address the need for access to prescription medications, either for substance use disorders, where the evidence is strong, or for mental health concerns.

Sarah Kennell: Absolutely. In the absence of a national pharmaceutical strategy or one that's comprehensively available across all jurisdictions, patients who do not have private employer-based insurance are paying out of pocket for those medications or talk therapy, counselling and psychotherapy. There are some free community resources available, but the wait-lists are long and the options are limited.

• (1010)

Danielle Martin: Thank you. I appreciate that. There's always more work to do to improve.

I have a question for Dr. Giles. Thank you for the very important work that rural physicians in Canada do to provide extremely important services across the country.

Could you speak very briefly to the role of virtual care? Specifically, what are the models that are useful in rural communities? What are the models that are not useful in terms of ensuring that Canadians living in rural and remote communities have access to the highest possible quality care, particularly with respect to primary care, but even more generally?

Sarah Giles: The models that work best are when we have physicians dealing with individuals who have an ongoing relationship. One-off consults are not the same as having a family doctor or

nurse practitioner. We know this. When we have people working from a distance, they are often completely unaware of what the situation is on the ground—for instance, how far people might have to travel for a given investigation or blood work.

If it's not okay to do it in the city, it's not okay to do that rurally. Having virtual ER doctors might sound nice, but if they can't put in a chest tube, which you can't over a video conference, that is not an adequate replacement for a service. We need people with life-saving skills in the community.

Danielle Martin: Thank you very much, Dr. Giles.

A final question with my remaining time is for Dr. Burnell. The many ways in which we want to improve health care in Canada for all Canadians also involve changes for physicians in the way that doctors practise in the country. These changes include whether it's reducing wait times by participating in central intake, whether it's actually using electronic health records or electronic medical records that are interoperable, or whether it's participation in team-based care.

Can you speak a bit to what you think the CMA can do to help physicians be ready to participate in the kinds of changes that CMA is advocating for at the policy level?

The Chair: I'm sorry, but please provide a very brief response.

Margot Burnell: We can convene groups to help explore that. Tool kits for AI adoption and tool kits for lessons learned and successes in primary health care teams are two examples.

The Chair: That's great.

Thank you very much, Dr. Martin.

[Translation]

We'll conclude this hour with Mr. Garon.

Mr. Garon, you have the floor for two and a half minutes.

Jean-Denis Garon: Thank you, Madam Chair.

We're talking about health care a great deal. Since I manage my own time, I will take the liberty of making a comment, and it's important that the witnesses hear it.

I served on the Standing Committee on Health for over a year and a half. I just looked through the notices of meeting to see which medical associations and health professionals we had called to appear.

In a matter of seconds, I found emergency physicians, psychiatrists, family doctors, nephrologists, cardiologists, ophthalmologists, surgeons, orthopedists, people advocating for regional and rural interests, gastroenterologists, pulmonologists, dentists, osteopaths, homeopaths—obviously, whatever one may think of them—people who wanted Ottawa to invest in infrastructure, nursing associations that felt they were being treated unfairly by doctors, massage therapists who want to be recognized, psychotherapists who want tax breaks and physiotherapists.

All of this at a time when the provinces are struggling with health care, and the population is aging. These groups—and you are part of them—were all asking for one thing: They were asking the federal government to impose specific conditions on transfers to the provinces so that their priorities and their groups would be given priority.

None of these groups that came to see us realized that, with this approach, they were harming the medical profession as a whole.

Health care is important. I'm the first to admit it. I am a chronically ill patient who needs to see my specialist often and who spends a lot of time in a chair getting injections. I know it's important.

In this context where everyone is looking out for their own interests, demanding conditions for mental health and the sciences—all of which are important professions—how is it that, in your briefs and opening remarks, no group is asking the federal government to increase its unconditional health transfers so that these transfers keep pace with the costs associated with the system? How is it that this is not mentioned?

It's an open question.

• (1015)

[*English*]

The Chair: Is there anyone who would briefly like to answer that?

Ms. Kennell, go ahead.

Sarah Kennell: Thank you very much, Madam Chair.

From the mental health perspective in community-delivered care, we are not a professional association. We deliver out-of-hospital services that are not delivered by physicians. We know this is a gap. We know that 81% of Canadians—this is recent polling done by our organization—confirm that they want to see a continuation of investment into the mental health system. We know that Quebecers are also part of the people who support that, and we know that Quebec has done an incredible job in this area.

The Chair: Thank you, Ms. Kennell.

[*Translation*]

Jean-Denis Garon: Then, you're asking for conditions.

The Chair: Thank you, Mr. Garon.

That concludes the round of questions for this hour.

[*English*]

On behalf of the committee, I'd like to thank our witnesses for their time and contributions today. We will briefly suspend now, as we prepare for the next panel.

Thank you very much.

• (1015)

(Pause)

• (1025)

The Chair: Colleagues, we're going to get started. Welcome back to this meeting.

I'd like to take a moment to introduce and welcome our witnesses.

As individuals, we have Helen Alexandra Hayes and Céline Bak. From the Council of Canadian Innovators, we have Laurent Carbonneau, vice-president of policy and advocacy; and Daniel Perry, director of federal affairs. From Fintechs Canada, we have Adriana Vega, executive director.

Before we begin, I'd like to remind participants of the following points.

Please wait until I recognize you by name before speaking.

Those participating by video conference, click on the microphone icon to activate your mic, and please mute yourself when you are not speaking.

Those on Zoom, at the bottom of your screen you can select the appropriate channel for interpretation: floor audio, English or French.

Those in the room can use the earpiece and select the desired channel.

I would like to remind witnesses that committee members may ask questions in either French or English. If you will need interpretation, please take a moment now to prepare your earpiece and select the listening channel you need in order to take full advantage of the time allotted for questions and answers.

I will remind you that all comments should be addressed through the chair.

You will have five minutes for your opening remarks.

We will begin with you, Ms. Hayes.

Helen Alexandra Hayes (As an Individual): Thank you, Chair, and thank you to the committee members.

My name is Helen Hayes. I'm appearing today in my capacity as a fellow at Simon Fraser University's Morris J. Wosk Centre for Dialogue. My work at the centre supports the dialogue on technology project, which is the centre's flagship initiative on AI.

Prior to this, I held a series of posts at McGill University's Centre for Media, Technology and Democracy, most recently as its associate director of policy, where I led strategic policy work on AI and online harms. It's the combination of my experience in these roles that grounds my remarks today.

I'd like to begin with a simple proposition: The most important investment this government can make right now is in the conditions that make democratic governance possible. That means investing in the institutions, processes and forms of public engagement that allow Canadians to participate in the decisions that shape their lives. My remarks today are about why that investment matters, what happens when it's absent, and what becomes possible when governments choose to build it seriously.

We're living through a moment in which governments are being asked to make increasingly consequential decisions under conditions of economic, geopolitical and technological instability. AI is reshaping labour markets, education systems and public services faster than governments can adapt. Online environments are saturated with AI-generated content that makes it difficult to determine what information is trustworthy. With the growing concentration of technological power, Canadians have low confidence in the government's ability to regulate digital technologies.

Across almost a decade of my academic and practical work on technological change, I've learned that when people feel excluded from decisions about systems that shape their lives, governance begins to feel imposed rather than democratic, and trust in both the technologies and the institutions meant to govern them declines. This is especially true in decision-making about AI. Canadians have been told it is too technical or specialized to include them, but that logic fundamentally misunderstands what's at stake. These are not merely technical systems producing technical outcomes. They're systems that shape, and are shaped by, the social, economic and democratic conditions of everyone's everyday life.

Questions about AI are increasingly becoming questions about labour, education, privacy and access to information. Those questions can't and shouldn't be governed through technical expertise alone, simply because technology is involved. In my view, it's neither democratically sustainable nor normatively acceptable for technologies with such far-reaching social consequences to be governed without public representation.

Let me provide an example that works. Over the last eight months, I co-designed and led Gen(Z)AI, Canada's first national youth consultation on AI, which brought thousands of young Canadians together, both in person and virtually, to draft policy recommendations for the governance of AI systems.

Last month, after presenting those recommendations to ministers Miller and Solomon, along with a number of senators and MPs gathered there, I left convinced not only of the sophistication of the reasoning produced through the process but also of the appetite within government for democratic processes capable of producing that kind of reasoning consistently. Democratic societies will and should always contain competing values and visions of the future, but some may argue that this makes deliberative policy-making either unworkable or too slow for periods of rapid change.

In my experience, though, while people may not agree on every outcome of a process, they're often capable of accepting its legitimacy when they feel meaningfully included in it. In the long run, governance that's publicly trusted isn't slower governance: It's more durable and stable, and ultimately it's more effective. Applying this logic to the Canadian context requires institutional investment in democratic capacity, particularly for the governance of AI.

Therefore, in its 2026 budget, I urge the government to establish a permanent public deliberation capacity for AI and other emerging technologies, either within the federal government or through trusted arm's-length collaborators, to institutionalize the mechanisms through which Canadians are engaged on major technological and policy transitions. I likewise urge the government to prioritize the funding and institutional support of a standing national youth delib-

eration mechanism on AI and online safety, particularly in light of the government's stated commitments to youth engagement and technology policy.

• (1030)

In my view, by supporting these recommendations, this committee has the opportunity to invest in the health and democratic resilience of the country itself.

Thank you, and I welcome your questions.

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

We will continue now with Ms. Bak for five minutes.

Céline Bak (As an Individual): Members of the committee, thank you very much for this opportunity.

[*Translation*]

I am available to answer your questions about “why now”, and to conclude in French.

[*English*]

Canada's small and medium-sized enterprises are responsible for outsized employment, particularly during periods of disruption such as we are experiencing with AI today, and also for outsized exports, yet Canadian SMEs face a structural credit disadvantage that their advanced-economy G7 peers do not. It is documented and solvable, and the solution is before you today in the documents shared in advance.

What is private credit, and why does Canada need it? Private credit is not exotic or new. It is a necessary part of every mature and advanced financial system. It's a fast and cost-efficient complement to the banking sector. Private credit sits within the alternative assets class, along with infrastructure and private equity, including venture capital and real estate. These four alternative asset classes are the four pillars of institutional investment beyond public stocks and bonds.

Of the four alternative pillars, private credit is the most directly relevant to the main street economy and the one most conspicuously subscale in Canada. Critically, Canada doesn't need to wait for global private credit superscalers like Apollo, Ares and KKR to give itself the capital its main street economy requires to compete. Canadian SMEs are precisely the borrowers that a made-in-Canada private credit system would serve. We have the institutional capital, the financial expertise and the regulatory capacity. What we lack are scaled-up private credit managers.

Canada has built about \$180 billion in private credit allocations through its pension funds and institutional investors, including insurers, but the limited scale of domestic private credit fund managers means that the majority, likely \$90 billion to \$140 billion, or 50% to 70%, is deployed into U.S. private credit markets rather than Canadian companies. Canadian capital is financing the U.S. main street, not our own. Similar capital leakage occurs in the U.K. to U.S.-based private credit fund managers. The combined annual leakage from Canada and Europe into U.S. private credit is between \$190 billion and \$340 billion. Canada's SME private credit gap is \$311 billion below the G7 median, and it is the domestic face of the same structural failure coin.

The same gap that starves Canadian SMEs is the gap that makes Canada an attractive destination for redirected EU capital, if we build the system to receive it. The solution is that, over 10 years, we build a network of 25 federally connected regional private credit fund managers, directly lending to Canadian SMEs in quantities of \$5 million to \$25 million, targeting \$100 billion in new SME credit in aggregate and approximately \$30 billion in trackable EU foreign direct investment. These would be Canadian-owned, regionally anchored funds serving the borrowers that Apollo and KKR will never reach, such as the mid-market company in Saskatoon, the clean-tech manufacturer in Rimouski and the indigenous-owned enterprise in northern Ontario.

We propose two policy levers, both modest in cost. One is a \$10-billion temporary sovereign guarantee covering the principal and interest in case of non-payment. The contingent federal liability for this would be \$700 million, far smaller than the Canada Strong fund's \$25-billion endowment and comparable in logic to CMHC's role in housing. This signals to European and Canadian institutional investors that Canada is a credible destination for redirected mandates. This guarantee would be either priced out or completely phased out after an initial period of three to five years.

Second is a \$12.5-billion revolving liquidity facility, with loans up to \$500 million per fund manager repaid at a 10-year treasury rate over 10 years, requiring a 1:2 private match. The costs would be repaid by participants. Eligibility for these facilities would be capped at fund managers under \$50 billion assets under management, encouraging participation by emerging and indigenous institutions from all parts of Canada.

The Canada Strong fund has established the principle that federal anchor capital crowds in private and international investment for Canadian nation building. This proposal extends that model to main street.

• (1035)

Thank you very much.

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

We will now continue with the Council of Canadian Innovators for five minutes, please.

Daniel Perry (Director, Federal Affairs, Council of Canadian Innovators): Good morning, Madam Chair and committee members. Thank you for the opportunity to appear today.

My name is Daniel Perry. I'm the director of federal affairs at the Council of Canadian Innovators. I'm joined by my colleague, Laurent Carbonneau, our vice-president of policy and advocacy.

The Council of Canadian Innovators is Canada's 21st-century business council. We represent over 175 Canadian-headquartered, high-growth technology firms operating in a number of sectors, including artificial intelligence, digital infrastructure, advanced manufacturing, defence and other dual-use technologies.

Our members are building businesses right here in Canada, selling into global markets and competing every day for customers, capital and talent. They are exactly the types of firms that Canada needs more of if we're looking to grow our economy and have higher wages and an increased tax base.

Canada is operating in a global environment where policy, industrial strategy and national security are becoming increasingly connected. Leading economies are no longer treating innovation policy as a narrow research file. They're using procurement, capital, trade policy, immigration, standards and national security as tools to shape markets and build domestic capacity. We do not have to look far to see this in action.

As outlined most recently in the U.S. national security strategy, America is treating technological leadership, control over critical technologies, and economic strength as core geopolitical powers. At the same time, the global economy is changing. It is becoming increasingly driven by intangible assets. Think data, intellectual property, algorithms and know-how. This is how it is creating value, and those who are capturing it are leading. These assets make up roughly 92% of the S&P 500, and they are approaching \$100 trillion in global value.

Canada needs to respond to this new reality. We have world-class researchers, strong entrepreneurs and companies with global potential. The challenge is that too many of these firms are struggling to scale and grow here in Canada. The barriers are well known: access to customers, access to capital and access to talent. When these barriers are not addressed, Canadian companies are often scaling inside systems defined by others. The result is that intellectual property is leaving Canada. It's the same with our data and decision-making. Long-term economic value has also moved outside the country.

To address this, our pre-budget submission has made four key recommendations.

First, Canada should use public procurement as a strategic economic policy tool. Government is one of the largest buyers in our economy, but we do not use purchasing power effectively to validate Canadian technology, create early customers and help our firms compete globally. Buying Canadian should mean just that. It should mean economically Canadian. Procurement should account for intellectual property, data, domestic economic activity and Canadian control.

Second, Canada should build a sovereign AI and defence industrial base. Compute, cloud, data, software and AI systems are fundamental parts of infrastructure in the modern economy. In defence and other sensitive sectors, Canada cannot afford to be dependent on foreign-controlled systems that it cannot maintain, upgrade or even operate independently.

Third, Canada must strengthen its innovation capital stack. This gap is most acute at the later stage of growth, when Canadian firms are becoming more and more dependent on foreign capital. With foreign capital come the risks of relocation, acquisition and the loss of Canadian IP. Budget 2026 should create and focus government-backed capital on series B and later rounds, and it should introduce a Canadian qualified small business stock-style incentive that will help Canadians stay Canadian as well as raise capital here.

Fourth, Canada should modernize how it is attracting high-potential founders. A more reliable start-up visa that is tied to business performance, job creation and IP retention would help ensure that entrepreneurs have the talent they need in order to build their companies here. We have to be mindful as we move through this, as CUSMA is in the background of this discussion. The upcoming review will help shape rules around data, digital trade, standards and market access. Canada needs to ensure that firms building towards the 21st-century economy are represented in this conversation.

Budget 2026 is an opportunity to move beyond the fragmented measures we have seen to date and to align Canada's economic, industrial, trade and national security tools around one common objective: helping Canadian firms build, scale and, ultimately, stay here in Canada.

With that, thank you very much. I look forward to your questions.

• (1040)

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

We will conclude the opening statements with Ms. Vega from Fintechs Canada.

Adriana Vega (Executive Director, Fintechs Canada): Thank you very much.

Good morning. My name is Adriana. I am the executive director of Fintechs Canada.

Thank you for the invitation to appear today to discuss our industry's recommendations as part of the committee's study on the pre-budget consultations for the 2026 federal budget.

Fintechs Canada is the leading voice for Canada's financial technology sector, including providers of enabling technologies and fintechs in lending, payments, crypto assets and more. Collectively, our more than 50 members serve millions of Canadians from coast to coast.

We commend the government for the important progress introduced in both budget 2025 and the 2026 spring economic update, which included meaningful financial sector reform that will make the financial sector work better and harder for Canadians and our small businesses. Moreover, the ongoing work toward a national anti-fraud strategy is a welcome step toward making our financial sector more secure.

We are at an inflection point in global finance, and more work remains. In view of this, we encourage the government to build on this progress. Fintechs Canada has provided details in our pre-budget submission to the committee, and I will take this opportunity to highlight just a few key measures.

First, on competition, the government should build on this important momentum to increase competition in financial services by focusing on implementation. That means delivering timely and balanced frameworks for consumer-driven banking—or open banking—and stablecoins through regulation that preserves competition and encourages innovation.

We also need to make it easier for Canadians to switch providers, through eliminating fees, which is an ongoing effort, but also by reducing unnecessary friction that limits consumer choice. Greater competition also means a sustained focus on Canada's real-time payments infrastructure, ensuring a balanced access for fintechs, challengers and incumbents alike. For the real-time rail, for example, to deliver on its full potential, broad participation and adoption are essential. Similarly, fair and non-discriminatory access to essential payment technologies, such as near field communication, is essential to promoting consumer choice.

Second, our SME financing market remains highly concentrated. It limits options, and it drives up borrowing costs for small businesses. Government-backed programs, such as the Canada small business financing program, or CSBFP, are designed to share risks with lenders to fill this gap. However, the existing eligibility criteria are primarily designed for prudentially regulated deposit-taking lenders and are not really aligned with new innovative business models that fintechs can bring to the table. Eligibility for this program should therefore be reformed and expanded to allow more capital to flow into small Canadian businesses.

Third and last, Canada has a major opportunity to strengthen both innovation and our monetary sovereignty through a competitive stablecoin framework that supports competition and enables Canadian dollar-backed stablecoins to scale and compete internationally. To do so, these products should be allowed to offer features such as yields or rewards that incentivize consumer adoption and foster viable business models here in Canada. A competitive ecosystem for Canadian stablecoins would support more efficient payments, reduce transaction costs and reinforce the role of the Canadian dollar in emerging digital markets today.

Fintechs Canada will continue to work collaboratively with government to support policies that foster innovation in financial services, enhance competition and deliver better outcomes for Canadians.

I thank you again for your invitation. I look forward to your questions. Thank you.

• (1045)

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

We will begin with Ms. Cobena for six minutes, please.

Sandra Cobena: Thank you, Chair.

Thank you to all the witnesses for your recommendations. I'm a strong believer in the close collaboration between industry and government, and your recommendations are important.

I want to direct my questions to Mr. Perry, if I may.

I loved your opening statement, because you talked about how your members compete on capital, on customers and on talent. Having been in the market sector for close to 15 years, I saw that on a daily basis. I also saw what you mentioned next, which is that we have strong entrepreneurs here in Canada, but they are struggling to scale. Could you expand on that? Why do you think that is?

Daniel Perry: Thank you very much for the question.

One of the biggest challenges we see from our membership is access to customers.

We recently released a survey that we do annually, asking our CEOs what challenges they are facing. About 40% said that the biggest challenge to growing their business here in Canada is access to customers.

When we take a step back and see who the biggest customers are here in Canada, they are the governments, whether that's the federal government, the provincial governments or the municipal governments. They make up roughly 12% to 15% of GDP in spending

each year. When we take a look at that, we're seeing where they're procuring from, and the reality is that a lot of these scaling firms we represent do not have access to that.

The recent buy Canadian legislation that was introduced by the government over the winter was a good step forward, but there is still more that needs to be done, whether that is looking at how we're allowing our companies to compete in these procurement processes or, as well, looking at what is a Canadian company.

Sandra Cobena: What is your customers' experience with this procurement process? Just so Canadians can understand, can you describe what that looks like?

Daniel Perry: It's a challenge. It really depends. Often, what happens is that a problem is identified, and they go through the proper channels. They go through the process, and they are very successful in that. However, once the procurement vehicle ends, there's no opportunity for them to continue working with the government. If other departments are interested in working with them, they often do not have the ability to go through that procurement process. It just stops, fundamentally.

Sandra Cobena: That's interesting.

A question comes up in my discussions with a number of business owners: "Well, you have to be close to the government to actually have a chance. If you're not friends with the government, you essentially have no chance."

Do you see that on your end?

Daniel Perry: There is definitely an incumbent advantage. We see a lot of multinationals, foreign nationals and hyperscalers come to the government because it has a legacy bias. That is a big challenge. We have a lot of really good Canadian talent and great ideas here.

For instance, I like to point to the announcement on the over-the-horizon radar system. The government championed not procuring from the U.S. We found a counterpart in Australia to lead on the defence procurement for that. After the announcement was made, we had four Canada-headquartered companies call us. They weren't members at the time. They said, "We deliver the same technology, have better specs and could likely beat them on price, and DND is currently funding us."

That led to our mapping out the ecosystem for the government. Last summer, our homework was putting out a mapping survey to get a sense of what Canadian companies are doing in the dual-use space. We had over 450 respondents. We went through it, filtered it and provided it to the government so it could understand what Canadian companies are working on, where they are and how they can best support the government in procurement processes. This is especially...as defence becomes a priority. We're seeing a lot of spending there, so we really want to make sure Canadian companies are well positioned to engage with the government.

• (1050)

Sandra Cobena: Thank you for that.

There was a recent report from the CFIB talking about the “entrepreneurial drought” in Canada. We've seen six consecutive quarters with more businesses shutting down than opening up.

In your line of work, I'm sure you have entrepreneurs as well as bigger companies. I'm thinking about the entrepreneurs, specifically. Could you speak to this trend?

Daniel Perry: Among our membership, what we find more often is this: As they're scaling, they're looking for capital. When they look for capital, they look outside Canada, because the reality is that it's easier to get a deal done in San Francisco than it is here. Then, as they are getting their deals and funding, their funders—which are mostly from outside Canada—ask them to relocate and move out. That's how we lose a lot of our talent and great companies. Think of Ozempic, for instance. It was a U of T idea that now funds the Danish economy.

We see that leakage quite often. It is one of the biggest challenges. That's why one of our recommendations is to focus on series B and above funding when it comes to venture capital, because that is where we are seeing the biggest opportunity. Canada's biggest weakness is in losing a lot of really good companies because they're finding capital elsewhere. They're being pulled out of Canada.

Sandra Cobena: Thank you for that.

We also hear a lot about the government's failure to properly protect intellectual property from predators in capital-rich and investment-friendly environments, mostly down south.

Are you seeing a lot of Canadian innovators fleeing to the U.S.?

Daniel Perry: We see the U.S. as an attractive market for that reason. It's because we're seeing the capital there.

You are very right to address the IP challenge. That is something we struggle to capture here in Canada. Again, we're really good at coming up with ideas, but when it comes to patenting and protecting them, with the regimes we currently have in place.... There is room for improvement on that. We are very eager to work with you and others inside the government to better ensure that our innovators have the opportunity and the right tools at their disposal to continue to build here in Canada.

Sandra Cobena: That's great.

My last question—

The Chair: I'm sorry, Ms. Cobena. That concludes your time. Thank you very much.

[Translation]

Mr. Lavoie, you now have the floor for six minutes.

Steve Lavoie (Beauport—Limoilou, Lib.): Thank you, Madam Chair.

Thank you to the witnesses for being with us today. Their testimony and briefs are very important and really very interesting.

Ms. Hayes, everything related to artificial intelligence is very interesting, particularly the integration of artificial intelligence in small and medium-sized businesses, or SMEs. I'm just about finished reading a book called *Nexus*, which is about that. I find it intriguing at times, and sometimes even frightening when it comes to certain passages on artificial intelligence.

When I was president of the Chambre de commerce et d'industrie de Québec, we conducted a survey on the integration of artificial intelligence in SMEs. My interpretation was that those who use artificial intelligence in businesses and SMEs are using it more and faster, even exponentially faster. Conversely, some don't use it at all. We said that, in the coming years, there would be major gaps between those who use it and those who don't.

First of all, do you somewhat agree with that statement?

Second, how can the government encourage this digital transition?

[English]

Helen Alexandra Hayes: I think this really boils down to a question about trust and engagement in conversations about AI. We're seeing right now a widening, to your point, of people who champion AI systems, who are eager to see their rollout across sectors, and then others who are frightened by them, who don't understand them, and who might be concerned about their effects on major parts of their lives, like their job, like their education, like their social relations.

Part of my advocacy work over the last few years has been to try to narrow that gap between the champions and those who are more skeptical through policies and processes like citizens' deliberations. I started with this idea of trust, because I don't think that the Canadian populace can actually gain trust in AI systems if they're not being included in conversations about their rollout. I don't think that adoption across sectors will actually work in the way that the government hopes it will if we don't have wide-scale engagement about what it means for AI systems to be integrated across those sectors.

To answer your question, I think there is that binary, but that it can, in part, be addressed by engaging people on the question of AI in their work, in their social life and in their education, through citizens' assembly processes.

• (1055)

[Translation]

Steeve Lavoie: Thank you for that.

Ms. Bak, when I was at the Chambre de commerce et d'industrie de Québec, we did a lot of surveys. All my life, I have believed not only in economic development, but also in the environment. I've always defended those two points, and people who know me are a little tired of hearing about it. I've always preferred "and" over "or". I also say that here in Ottawa, in Parliament. We can have economic development and take care of the environment. We can integrate that into our policies and our economic development. I've seen so many companies do it.

My question is quite simple.

Do you have a hard time getting that vision across when you talk about it? The vision is that Canada is capable of doing both and talking about both at the same time in the same sentence.

Céline Bak: That's a very good question. Thank you for that.

As you may know, for over 10 years, I was involved in the annual release of a report on Canada's clean-tech companies. It was a report on innovation for the environment. While we were doing the annual research, the credit issue was ubiquitous.

I'm going to build on the comments that were made by the other witnesses.

One of the reasons that private lending is important is that it will allow businesses and entrepreneurs to retain ownership of their company and make decisions about how to engage with their capacity, their priorities and their values as business owners.

Credit is a way of ensuring the sustainability of businesses. It's a way of ensuring economic sovereignty for our businesses. With sovereignty comes the ability to make the necessary choices about our capacity or the demands we make on the planet, as well as about what we are going to leave to our grandchildren.

Steeve Lavoie: The clock is ticking.

Ms. Vega, I read your general message about the financial system being too complicated, too concentrated, too slow and too competitive. Despite all that, our financial system is recognized as one of the best in the world. As we can see, when there are economic crises, it supports businesses.

How do you see the balance between accelerating change and keeping that structure strong in Canada?

[English]

The Chair: You have 20 seconds, please.

Adriana Vega: There's no question that Canada is known globally as one of the safest and most robust markets, but our sector believes that we have had a tendency or a bias for, perhaps, overcorrection, an incentive to eliminate all risk from the equation. I think over time—

The Chair: I'm sorry, but I'm going to have to cut you off there. Maybe someone else will ask you a follow-up question.

Adriana Vega: I will try again.

[Translation]

The Chair: Mr. Barsalou-Duval, you have the floor for six minutes.

Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ): Thank you, Madam Chair.

Good morning to all the witnesses.

Thank you for being with us today.

Ms. Bak, in the documents you sent to the committee, there is a slide that I found very interesting. In it, you mention that, over the past 10 years, from 2011 to 2022, Canadian SMEs have exported more than Canadian coal, oil and gas producers combined.

I found that very interesting, because sometimes we get the feeling that the government is constantly focused on oil, when the facts show that SMEs are much more significant in terms of exports, and probably also in terms of jobs and economic potential.

Do you think prioritizing SMEs over the oil sector would produce better results?

Céline Bak: Thank you for the question, because it's very near and dear to my heart. I think it's really at the core of how we see ourselves.

As it happens, SMEs employ nearly two-thirds of Canadians. At the same time, they are up to the job when it comes to exports, and they have the potential to do more. Overall, these companies continue to increase exports without the obvious volatility of the oil sector and elsewhere.

It's not one or the other; it's both. In Brussels, where I am right now, my conversations with people from the European Commission are about a harmonized vision and priority given to SMEs as a fabric of resilience in the economy.

• (1100)

Xavier Barsalou-Duval: In your remarks, you also talked about the capital of major Canadian institutions, particularly pension funds, capital that flows mainly to the U.S. Without suggesting that should change, because we need to diversify our investments and investing in U.S. markets is almost inevitable, how can we attract more institutional investors here?

A number of people have mentioned a problem related to access to capital for SMEs. Is there potential there?

Céline Bak: I described the four asset classes that are alternatives. One of the asset classes is infrastructure. The government put up its hand and said that this asset class was important to it.

I propose that we do the same thing with the private lending asset class. Private lending is an asset class that, by its nature, is geared toward Main Street.

We are talking about a potential ranging from \$100 billion to \$200 billion. We are also talking about attracting investment to Canada by institutional investors, who would have a Canadian alternative for their private lending mandates, as well as European investors with whom I spoke last fall. They're looking for markets to fulfill private lending mandates that are North American but not American. That means Canada.

Xavier Barsalou-Duval: Thank you again.

I'm going to continue in the same vein with the representatives of the Council of Canadian Innovators.

You raised the issue of access to capital a little earlier, and there's a growing trend there. More and more, we are seeing a number of small investors, individuals, wanting to manage their portfolios themselves. However, they don't necessarily have an easy way or opportunity to invest in companies like SMEs, because they're not publicly traded and it's not open to the general public. It's really a niche market, and it's not very well known. However, I'm sure there would be an appetite for that.

Have you thought of solutions that would make it possible to be more open or accessible to people who want to invest in these innovative companies? They have a bright future, but are often not well known.

Laurent Carbonneau (Vice-President, Policy and Advocacy, Council of Canadian Innovators): Absolutely.

That's a very good question. I might switch to English when I use technical vocabulary.

One of the things we've proposed is a tax credit modelled on the Qualified Small Business Stock in the U.S. It focuses on what you just talked about. Investors are encouraged to invest in small companies, which can involve high risks, but the tax rates on their assets and returns are lower. Basically, it's an exemption on the return on the assets.

[English]

All of this is to say that the goal of this policy would be to incentivize investment into riskier assets for investors who, obviously, are sophisticated, and to expose them to, potentially, the upside they're looking for in riskier asset classes such as investments in intangibles, heavy enterprises.

As well, this would be of benefit to founders. Presently, in Canada, we have the lifetime capital gains exemption, which is not as generous as the U.S. equivalent, so that is something we're looking to harmonize.

Thank you.

• (1105)

The Chair: Thank you, Mr. Carbonneau. We're going to have to conclude it there.

We're going to continue now with Mr. Williamson for five minutes.

John Williamson (Saint John—St. Croix, CPC): Thank you very much, Madam Chair.

Ms. Vega, I have a couple of what I'll call "lightning questions" to set the table, so pretend that you have 10 to 15 seconds per question, like your last question. Who benefits from the slow rollout of open banking, consumers or the big banks?

Adriana Vega: Who benefits...?

John Williamson: Who benefits from the slow rollout?

Adriana Vega: The likely conclusion is that the incumbents do, but there is a big element of, just, inertia. Our market really needs to activate and pursue this change for the benefit of consumers.

John Williamson: To cut through it, large banks...to the detriment of consumers, in your opinion.

Adriana Vega: That's correct.

John Williamson: Has the failure to act quickly on fintech competition cost Canadians money, do you think?

Adriana Vega: It costs Canadians a lot of money. The Competition Bureau did a study on the savings that Canadians would derive, just from open data and insurance alone, and we're talking in the billions of dollars. Yes, this is a real cost that Canadians bear every day.

John Williamson: All right, so it's working against us by protecting our large banks.

Are federal rules protecting incumbent banks from competition done at the expense of consumers?

Adriana Vega: Can you repeat your question?

John Williamson: Sure. Are the federal rules—the guidelines, the oversight, the red tape—that protect the incumbent banks and their privileged position from competition being done...? Are consumers, families and businesses paying the tab for this, do you think?

Adriana Vega: I think everybody pays the tab for this failure to act, but I wouldn't say that it is necessarily a strategic ploy to achieve this goal. There's also, as I mentioned, a lot of inertia.

To my earlier point, the bias for overcorrection to eliminate risk has meant that we have moved very slowly, to the detriment of competition.

John Williamson: We can deduce from that, then, that it is... When you say inertia, you're talking about policy-makers, who aren't moving to update and modernize regulation so that there's a more level playing field. It's not like the weather. It's not just happening. There's no action to correct it.

Adriana Vega: I think we need to look at it from where we came from. We came from a decade when there was, perhaps, not a lot of movement in this industry, for multiple reasons. I can't necessarily point to one specific reason that this happened.

Again, I think we came from a financial crisis from which Canada emerged very solid, and there was no real sense of urgency, as in, “Why do we need to fix it if it ain't broken?” However, we have realized that our failure to act has really been to the detriment of consumers but also to innovation. It's made us less competitive. We're now at a point when reforms are happening, and they're happening quickly, so, really, the focus should really be on implementation to get out of that period we're emerging from.

John Williamson: There's no time to wait. Thank you.

Would you say that the current government has made it easier or harder for fintech companies to compete with the big banks?

Adriana Vega: It is a much better environment today than it was, even just a few years ago. Again, to go back to my comments and to the points that our industry has made, it's all about implementation. Right now, we're right in the thick of regulatory development, which will define how open banking and all of these reforms actually take effect.

John Williamson: All right. Is Canada the last country in the G7 to really implement robust open banking?

Adriana Vega: It is, yes.

John Williamson: It is, and in your view, there's no reason to wait. There's no reason to drag our feet. We should join our near competitors if we want to be in a position to help consumers and attract greater capital.

Adriana Vega: That is correct.

I will just say, that is happening today. As I mentioned, the regulatory development is happening right now. The timelines are very ambitious. We have been very engaged with officials, because now that the legislation has passed, it is really in the hands of officials. The Bank of Canada has been very engaged with us, as well, to promote rollout.

John Williamson: Would you say you're satisfied with the pace? I'm a bit unclear with that last answer. You would say we've been kind of dragging our feet and there's inertia, but now you sound like you're satisfied.

Adriana Vega: We're at an inflection point right now. We really do see movement on this file. It is an ambitious timeline from this point forward.

I think our focus right now is going to be on not adding constraints as we roll this out, which could happen. We're observing that very closely. Don't try to add locks and constrain the rollout of open banking.

• (1110)

John Williamson: I have a quick question for Ms. Bak, who's online.

You remarked—I think I heard you correctly—that Canadian capital is financing U.S. growth. Is this a new phenomenon? Is it something that has developed in the last decade or so, or is this normal?

The Chair: Give a very brief response, please.

Céline Bak: Private credit has existed for 40 years in the U.S. We haven't developed it in this country. As a result, asset allocations for private credit go to the U.S.

The Chair: Great. Thank you very much, Mr. Williamson.

We will continue now with Mr. MacDonald for five minutes.

Kent MacDonald (Cardigan, Lib.): Thank you to the witnesses.

My first question is for Ms. Hayes.

You mentioned in your opening statement that you did some work on the online harms act. I'm particularly interested in sextortion. Since being elected, I've been working to push forward legislation that will address that crime. We've presented Bill C-16, which deals with some of the components of the ability to regulate.

Can you speak to what government's role should be in dealing with the online harm that's coming to our children?

Helen Alexandra Hayes: Certainly. Thank you for your question.

I worked very closely on Bill C-63, the last online harms act, which was tabled in 2024. As part of my engagement on that file and my engagement right now on the impending online harms act, I have consistently advocated for what's called systems design change.

A major role that the government needs to play in regulating for online safety is to ensure that the architecture of digital platforms is addressed directly in regulation, to ensure that age-appropriate design is directed for major platforms and, to your point about sextortion, to scope in Snapchat as one of the regulated services. That was not the case in the prior legislation, and sextortion is largely carried out on Snap. In order to actually address that particular issue, we need to expand the definition of a “regulated service” under the new online harms act and ensure that Snap is covered.

Kent MacDonald: Thank you very much.

Further along that topic, Australia recently passed a bill that has an age restriction for the use of digital platforms. It's 16, I think. What's your viewpoint on that for Canada? Is that something we should be looking into?

Helen Alexandra Hayes: I disagree with a social media ban. I think it could be used as a temporary moratorium in order to compel platforms to basically create better systems design directly and then allow younger users back on platforms, but I think it's a temporary, band-aid solution.

What happens with a ban is that we end up basically regulating the user rather than the systems that are actually causing the harm. I would suggest, as I just mentioned, regulating instead the systems design to address the core issues like attention maximization and the spread of harmful content, instead of just regulating young users, which also, of course, raises a host of privacy concerns as well.

In the project that I mentioned in my opening remarks, Gen(Z)AI, we did this major consultation with thousands of young people across Canada. None of them suggested that a social media ban would be a good policy option for this. These were young people who wouldn't actually be subject to a ban. These were young people aged 17 to 23. The argument that they didn't want a ban just because they would be subject to it doesn't actually hold in this case.

I think it shows that young people realize that platforms have been left to make their own decisions, and now the government needs to act in a way that actually addresses the harm that's being caused by them.

Kent MacDonald: Thanks very much. That's very informative.

For my second question, I'll go to the Council of Canadian Innovators.

Mr. Perry, I come from Atlantic Canada. We have a lot of small innovation companies. To Ms. Cobena's points, they struggle to scale, get capital and retain talent.

Could you summarize what the federal government can do? You had some recommendations, including on public procurement. Can you speak more on that or elaborate on how that would work? What do you envision?

Daniel Perry: That's a very timely question. Earlier this month, a number of our Atlantic members came to Ottawa for Atlantic day on the Hill, when we released our recent report focused on Atlantic Canadian members and what they need.

To your question, the procurement side is exactly what they need support with. The government, as an early adopter, can be an early validator for companies. A question that is often asked when a company goes to sell abroad or to another country is, "Are you currently selling to your home country's government?" When the answer is no, that raises some questions that are sometimes awkward and uncomfortable for our members to navigate. For better or for worse, Canada is starting to develop a reputation, and that question is not even asked, because other governments are aware that our government isn't buying from our most budding technology firms.

When we talk about buying Canadian, we really want to see the Canadian government lean into that and buy from companies that are truly Canadian. We have a lot of very talented companies in Atlantic Canada—I'm thinking about natural resources in particular—and we really need to tap into our homegrown talent. When we're asking for the government to buy Canadian, that is what we're looking to do. It's making sure our innovators are competitive in the process and that they get their opportunity.

• (1115)

The Chair: Thank you, Mr. Perry.

Thank you, Mr. MacDonald. That concludes your time.

[*Translation*]

We will wrap up the first hour of the meeting with Mr. Barsalou-Duval.

Mr. Barsalou-Duval, you have the floor for two and a half minutes.

Xavier Barsalou-Duval: Thank you, Madam Chair.

Ms. Vega, you made a good point earlier. You said that we had to be more open to new technologies and new businesses in the financial sector.

One of my colleagues also raised the fact that the financial sector is one of the most stable and sound in the world. It has survived crises more easily than other sectors. Despite all that, we constantly hear complaints about the extremely high fees charged by banking companies. That's a known fact. It's most likely due to a lack of competition. We get the feeling that the banks are constantly ripping us off.

How can we ensure that people trust these new financial sector businesses, given that they don't have physical offices and don't have as much accrued capital?

It can be hard to trust this kind of company and to put our financial assets or holdings in a company where you can't meet human beings, where there are no physical offices and whose name is barely known.

Are there ways to ensure that we can rely on these businesses, that we can be sure that they won't disappear overnight and that there won't be fraud?

Adriana Vega: Thank you for your question.

[*English*]

Confidence and trust in our ecosystem, and in the financial services space in general, are the baseline for folks to trust. It's our money, and there's a big attachment to it. In the fintech sector, we take that very seriously.

To give you an example of things that boost trust, our sector was a strong advocate for the Retail Payment Activities Act. It's probably a bit odd for a sector to come up to the government and say, "Regulate me. Give me a guideline, so that I'm regulated and I come under some sort of regulatory guidance and supervision." I think the driver for that is very strongly because it helps incentivize trust—certainly with consumers. The consumer finds reassurance in seeing that you're regulated by this entity, but it also helps even business-to-business relationships.

Fintechs continue to this day to struggle to secure access to banking services. Oftentimes, their accounts will be closed, and there's really no recourse for fintechs—

The Chair: Thank you, Ms. Vega. We're going to have to end it there. That concludes the time.

Adriana Vega: I'm sorry. Thank you.

The Chair: On behalf of the committee, I would really like to thank all of our witnesses today for sharing their thoughts and their time with us.

We are going to have a brief suspension as we turn over for the final panel this morning.

Thank you very much.

• (1115) _____ (Pause) _____

• (1125)

The Chair: I call the meeting back to order.

I would like to begin by welcoming our next panel of witnesses.

From the Breakfast Club of Canada, we have Judith Barry, co-founder and director of government relations. From Celiac Canada, there's Melissa Secord, national executive director. From the Daily Bread Food Bank, we have Neil Hetherington, chief executive officer. From Right To Food, we have Jasmine Ramze Rezaee, director of policy and community action.

Before we begin, I would like to remind participants of the following points.

Please wait until I recognize you by name before speaking.

I would like to remind witnesses that committee members may ask questions in either English or French. If you will need interpretation, please take a moment now to prepare your earpiece and select the listening channel you need in advance, in order to take full advantage of the time allotted for questions and answers.

This is a reminder that all comments should be addressed through the chair.

You will each have five minutes for your opening remarks, after which we will open the floor to questions.

We will begin with Judith Barry, from the Breakfast Club of Canada.

Judith Barry (Co-Founder, Director for Governmental Relations, Breakfast Club of Canada): Thank you so very much, Chair Gould, vice-chairs and members of the FINA committee.

[*Translation*]

On behalf of the Breakfast Club, which I represent as co-founder, I am extremely pleased to be able to present the recommendations that were submitted in February in the brief for the adoption of Bill C-15, as well as the recommendations of the Breakfast Club's most recent pre-budget 2026 brief.

The club's first recommendation is that the Government of Canada build on the recent adoption of the National School Food Program Act and recognize the program as a budget priority and a strategic investment for today's families and for future generations.

[*English*]

Despite the impressive milestones achieved since the implementation of the national school food program in 2024, the current federal investment of \$200 million per year impacts approximately 10% of the total school population in Canada and represents about

22¢ per student, per day, if universal participation is considered. Recent public statements have underscored that school food is a core value of the Government of Canada and a national priority, yet the above allocation per child, per day doesn't reflect this ambition. We believe the government can strengthen its position so that every school is equitably served by public funding in the years to come.

As shared in the recent BCC, Breakfast Club of Canada, briefs, a new independent cost-benefit analysis conducted by economists at AppEco confirms that for every dollar invested in school breakfast programs, society receives close to two dollars in return. The data clearly indicates that when children start their day nourished, the benefits extend far beyond the classroom and deliver lasting value for society. These returns are driven by three concrete, quantifiable impacts: increased disposable income for families, higher lifetime earnings linked to improved educational attainment, and reduced health care costs due to lower obesity rates. This study confirms that school food is not an expense but a fiscally responsible, socially impactful investment that delivers long-term returns that far outweigh the initial cost.

Across Canada, provinces, territories and municipalities are currently investing close to \$400 million annually in school food programs to ensure the long-term sustainability and equitable expansion of these programs. It is essential that the federal government match this level of investment. Such a budget commitment would not only stabilize the school food program's ecosystem, which struggles to meet growing needs, but also maximize the national school food program's reach and impact while supporting families amid growing food affordability pressures.

• (1130)

[*Translation*]

The Breakfast Club's second recommendation is that the government make the school food infrastructure fund, established in 2024 with a \$20-million investment, permanent. The initial investment really accelerated the impact and the implementation of sustainable distribution systems, which allowed the school nutrition ecosystem to access affordable food.

We believe that maintaining the fund and making it permanent will enable the ecosystem to meet the growing demand, while adapting to the challenges related to providing healthy local food at low cost.

The Breakfast Club's third recommendation is that the Government of Canada move forward with its commitment to invest in Canadian-made food in the school food program, prioritizing sustainable and locally sourced food systems that support Canadian producers.

[English]

In 2025, the Liberal Party of Canada committed \$20 million to ensure that Canadian-made food is systematically offered within school food programs. We believe this investment should be reflected in budget 2026 to act as an intentional lever to connect school food programs with local producers, while promoting fresh, nutritious food in schools across Canada.

In this context, we believe the Breakfast Club of Canada and other operational catalysts can really contribute to helping the federal government achieve its mandate, because there are great partnerships with food industry partners, current influence on the transformation of recipes, and great operating group purchasing models that have been enabled through the years and experience.

Thank you.

The Chair: Thank you. We're going to stop there. That concludes your time.

We are going to continue now with Ms. Secord from Celiac Canada for five minutes.

Melissa Secord (National Executive Director, Celiac Canada): Thank you, Chair and members of the committee, for the opportunity to appear today.

My name is Melissa Secord. I'm the national executive director for Celiac Canada. We're the only national charity serving Canadians living with celiac disease.

Celiac disease is a genetic autoimmune disease that affects 1% of Canadians. When an individual with celiac disease consumes gluten, which is a group of proteins found in wheat, rye and barley, it triggers an immune response that causes severe damage to the small intestinal tract. This damage impedes the body's ability to absorb nutrients and can lead to a wide range of acute symptoms, including, but not limited to, severe gastrointestinal issues, extreme fatigue, migraines and joint pain. When it is left untreated, osteoporosis, anemia, neurological damage and certain cancers can occur.

Avoiding gluten for these individuals is not a dietary preference or a lifestyle trend, but a necessity to live healthily and symptom-free. At present, there is no pharmaceutical treatment, and the only accepted treatment is strict adherence to a medical nutrition therapy consisting of a gluten-free diet. Gluten-free food is our medicine, and it's extremely necessary to avoid frequent medical and hospital visits, and impacts on quality of life and work and school productivity.

As a national charity, Celiac Canada provides education, support, services, advocacy and research funding to improve diagnosis rates and health outcomes. By and large, the biggest challenge individuals face after diagnosis is the costs incurred through following the medical nutrition therapy. Statistics Canada reported that in April, the cost of food purchased from grocery stores rose 4.4% on a yearly basis in March 2026. On top of this, gluten-free staples, such as bread, cereals, pastas and soups, cost three to four times more than their regular counterparts, despite the growing demand for gluten-free options.

To provide credit where credit is due, Celiac Canada is very supportive of the federal government's Canada groceries and essentials benefit to help improve affordability. However, we feel the government still has work to do to support the rising food and medical treatment costs that are incurred by individuals with celiac disease.

Celiac disease is an eligible condition under the non-refundable medical expense tax credit. While well intentioned, the current process is extremely cumbersome. People diagnosed with celiac disease must keep hundreds of grocery receipts each year, complete complicated calculations comparing the cost and weight of gluten-free foods to regular products, and then determine how much is eaten by others in order to make the claim. The lengthy time this process takes for the average Canadian, paired with the level of math involved, poses a significant challenge to Canadians in poor health who have low literacy rates or little to no access to technology. Let's not forget that because this tax credit is non-refundable, the Canadians who need it the most, unfortunately, are unable to benefit. They receive no medical cost relief for the medical condition after being diagnosed, and they still have to incur the additional living expenses celiac disease incurs.

While the format of the tax credit might work for other health issues that have clear and sometimes one-time medical expenses that can be easily summarized annually, such as medical devices or prescription drugs, our illness does not have one clear annual medical cost that can be easily reported. For this reason, to reduce the red tape and to improve equity, we are recommending that the fall budget commit to replacing the current tax system with a simple, fully refundable annual medical tax credit benefit of approximately \$1,000 per adult and \$600 per child diagnosed with celiac disease.

Furthermore, as the government advances its new agriculture framework, there's an important opportunity to strengthen support for the gluten-free food sector. Supply chain disruptions and processing limitations have put pressures on farmers and food production, contributing to higher prices. What is needed are strategic educational investments, targeted incentives and capital equipment grants that can help improve food security, expand economic opportunities through exports and strengthen Canada's reputation as a trusted global supplier of safe gluten-free food. Together, these measures would provide meaningful support to Canadians while helping build a stronger and more resilient gluten-free food industry.

Thanks for the opportunity to present before this committee.

• (1135)

The Chair: Great. Thank you, Ms. Secord.

We will now continue, with Mr. Hetherington from the Daily Bread Food Bank.

Neil Hetherington (Chief Executive Officer, Daily Bread Food Bank): Good morning. My name is Neil Hetherington. I have the awesome privilege of being the CEO of the Daily Bread Food Bank. The Daily Bread is Canada's largest food bank, providing more than 90% of emergency food support across the city of Toronto through a network of 214 food banks and food programs.

Last year, visits to food banks in Toronto reached a record of 4.1 million visits. For context, it took us 28 years to get to one million visits, two years to get to two million visits, one year to get to three million visits, and here we are at now 4.1 million visits. We now feed one in 10 Torontonians. We will continue to feed that need and use those staggering statistics and the stories and people behind them in order to advocate at all three levels of government to be able to change the situation that we're in.

Each of the individuals who comes to the food bank has their own story, but there are three areas where we advocate the most. One is affordable housing, the second is income supports and the third is the decrease of precarious employment.

We want to thank the government for its work in bringing about the Canada disability benefit. This, we believe, will bring a marked improvement to the lives of the people we serve on a regular basis. We are also deeply encouraged to see the groceries and essentials benefit come into force, as well as funding for the permanent national school food program. However, as we celebrate these important measures, each of us in this room knows that there is still more to do.

Over one in four Canadians now is experiencing food insecurity, and we are seeing this on the front lines every single day. While there are several factors driving it, the lack of affordable housing is key. When budgets are tight, rent eats first. Both nationally and in Toronto, over 90% of food bank clients are renters. One in five—this is a staggering statistic—food bank users spend 100% of their income on rent and utilities, relying completely on friends, family and charity in order to pay for food and transportation and all of the basics.

We applaud the government for the deep investment through Build Canada Homes to increase the supply of deeply affordable and social housing. This is critically important, but investing in housing supply is not going to help people who are struggling right now. The federal Canada housing benefit, launched in 2020 and administered through the bilateral agreements with the provinces and territories, is set to end in March 2028 and has reached only about 6% of renter households living in unaffordable housing.

In our submission, I am recommending something that is far-reaching and has the possibility to bring significant hope and change to Canadians. We are proposing a federal tax credit on rent paid by low-income households. Provinces such as Manitoba already have a renter affordable tax credit, but the lack of a Canada-wide, immediate and income-based approach to housing affordability is leaving many low-income renters without any support.

Housing is a human right. No individuals should be forced to choose between paying rent or putting food on the table. A simple, income-tested tax credit against rent paid could help millions of Canadian renters live with dignity. It's simple and targeted, with maximum allowable deductions set by the government based on the fiscal realities that we all face.

Second, another important measure that will unlock millions of dollars for people living in deep poverty is improving access to the disability tax credit, popularly known as the DTC. The DTC is no longer just a tax credit. It is a key gateway for people to access several federal disability supports, including the Canada disability benefit, but many barriers are preventing the majority of people with disabilities from accessing these supports. As a result, people with disabilities make up one in four food bank clients as they struggle to get by.

We're glad to see the changes introduced in the spring economic update that will make the DTC more accessible, and let's build on that progress by broadening the DTC's definition of disability, so that individuals receiving disability support through social assistance in any province or territory can also qualify for the federal disability benefit. Let's also pair that with targeted improvements to the DTC's application process and navigation supports that are required.

Right now, the federal government is putting together the national food security strategy to tackle the root causes of food insecurity. Ensuring that people have adequate incomes through supports like the Canada disability benefit and a rental tax credit will be essential to that success. When people can afford housing and their basic needs, they can raise healthy families and they can thrive in community, and I know that collectively that's what we all want to have happen.

Thank you for the opportunity to testify today.

• (1140)

The Chair: That's great, Mr. Hetherington.

This is just a quick reminder to witnesses on behalf of the interpreters: Please do not touch the mic or shuffle papers too closely to the mic when it is on, as it hurts their ears.

Now we'll hear from our final witness this morning, Ms. Ramze Rezaee from Right to Food.

Jasmine Ramze Rezaee (Director, Policy and Community Action, Right To Food): Thank you.

Good morning, and thank you for having me, Chair. It's great to see some familiar faces in the room and to be among such wonderful presenters.

My name is Jasmine Ramze Rezaee. I'm the director of policy and community action at Right to Food. We are a national food security organization here in Canada. We're leading the community food centre movement and we're connected to more than 400 partners across the country.

Today, May 28, is actually World Hunger Day, and hunger, as you can appreciate, is a growing concern around the world, including here in Canada.

We are a talented, resourceful and abundant nation, but we continue to grapple with an uncomfortable reality: Nearly a quarter of our population, as Neil mentioned, is food insecure. That's almost 10 million Canadians, including 2.4 million children. In a country as wealthy as ours, many people can't afford to eat.

Hunger in Canada is not primarily about food scarcity in the way it may be in other parts of the world. Our grocery aisles are well stocked. We talk about food insecurity because, for millions of Canadians, there simply isn't enough money to afford food, especially healthy food.

Food insecurity tracks income insecurity far more closely than it tracks food availability in our country, which means one of the key solutions to food insecurity is improving people's incomes directly. Our pre-budget submission was co-created with partners across our network, and I'm very pleased to share that it was endorsed by 180 Canadian organizations.

It outlines four recommendations, but I won't go into detail.

One is to set a national target to cut household food insecurity in half and eliminate severe food insecurity.

The second is around—as other speakers have mentioned—improving the Canada groceries and essentials benefit. That benefit is a great step in the right direction, but right now the amount is not adequate to make an actual, tangible difference in reducing food insecurity at the household level.

We're also calling for improvements to the Canada disability benefit, very much in a similar vein to what Neil has shared, and we're calling for greater investment in indigenous food sovereignty, particularly in the north, where food insecurity is not just a reflection of inadequate incomes but is also about indigenous relations to the land, access to land and removing barriers to traditional foods.

For all of the reasons I've just mentioned, we believe the federal government's recently announced national food security strategy needs a strong income security lens. We penned a sector-wide letter to several ministers a couple of months ago, calling for income security to be a key pillar of that strategy, but we're concerned that it might be glossed over. We're certain that if we don't address inadequate

incomes, food insecurity will continue to proliferate in our country, regardless of broader food systems discussions.

Perhaps the most important point I want to impart to the committee today is this: Canada's food insecurity crisis is entirely solvable. We already know the policies that reduce poverty and hunger. What is required from the government and from all parties is the political courage to act.

Municipalities across the country are declaring food insecurity emergencies, but the issue isn't receiving comparable federal attention. When 10 million people are struggling to afford enough food, it's not a marginal issue. It's not a reflection of individual failures or poor decision-making. It's a structural economic issue tied to rising housing costs, labour market precarity and a social safety net that hasn't kept pace with the cost of living. The rising cost of food has only made things worse.

One in three workers in Canada is now precariously employed, and many of those folks are food insecure. What's festering in communities across the country is profound stress and anxiety about the future. We're hearing from people from all walks of life who are really struggling to make ends meet: people working full-time jobs who can't buy fresh produce, parents skipping meals to feed their kids, and people taking on more and more personal debt. All of this has devastating economic, health, education and social costs for our society.

Community organizations are doing everything to respond to rising needs, but their rapid expansion is itself evidence that governments have off-loaded the responsibility of upholding the right to food onto an underfunded and overstretched sector. We're asking you to treat food insecurity with the same urgency being applied to other major national challenges.

Again, we're a resourceful and abundant nation, but how we share our collective wealth matters deeply, and right now, too many households are being told to hold on a little while longer while their quality of life steadily erodes. At Right to Food, we're ready to work with you to make hunger a thing of the past.

Thank you so much for your time, and I welcome any questions you may have.

• (1145)

The Chair: Great. Thank you very much for that.

We will now begin with Ms. Cody for six minutes, please.

Connie Cody (Cambridge, CPC): Thank you, and through you, Chair, thank you to the witnesses for coming today. I think it's a really important topic here with the rise in unaffordability.

I'd like to direct my questions, if I might, to Neil Hetherington.

You mentioned a very high increase in the number of those who have accessed the food bank in the past year. How much has that demand for food bank services increased from five or 10 years ago?

Neil Hetherington: It has increased by about 350% to 400%.

Connie Cody: Wow. Okay.

Have you seen any change in the demographics, like more families, younger or older Canadians or new Canadians, or is there a surge in all groups seeking your organization's services?

Neil Hetherington: There are some patterns in the demographics. The one that I think is most alarming is that the highest growth rate right now is among individuals aged 19 to 44, because 60% of them have a post-secondary education, and 50% of them have full-time employment. They've done everything right. They went to school, they got a job and they're working hard, yet that social contract we used to have that said, "You'll be fine," has been broken.

Connie Cody: As a mother and a grandmother, I'm deeply concerned about the younger mothers being able to feed their children. I hear a lot of stories about how not only does the increase in the cost of formula make it difficult for mothers to obtain, even if they can find it on the shelf, but they are now watering it down to feed the children so it lasts longer.

Are you seeing an increase in the number of mothers seeking assistance for items like diapers and formula, and are those items readily available at food banks when needed?

Neil Hetherington: You're reminding me of a mother whom I talked with just this past week. That was the struggle that she was going through: She was watering down the food for her child.

When you hear those stories, you say, "We can do better as a country."

Are we seeing more? The answer is yes, but we also saw historically positive benefits from the Canada child benefit. We did see marginal changes that happened.

We know that when there are interventions and when there are smart policy alternatives brought forward that are targeted to those types of groups, we can make a difference.

Connie Cody: Just this week alone, the Prime Minister racked up a nearly \$200,000 fine-dining bill on his flights. How many meals could you serve Canadians with \$200,000?

Neil Hetherington: I understand that was the case. I understand that there were multiple flights, and it worked out to \$150 per person. The way that we look at those types of numbers is the way that we look at every single dollar at the Daily Bread Food Bank: One dollar equals one meal.

There's an opportunity for us to look at the incomes that people have across the country and an opportunity for us to invest in deeply affordable housing and say that for every dollar that we invest, there is a tremendous benefit for people who can now thrive in the community.

• (1150)

Connie Cody: Thank you.

I'd like to move on to Judith Barry.

Thank you for coming today.

We have seen the government roll out a series of programs that are highly questionable in terms of their efficacy. How many kids does your program feed each year?

Judith Barry: Breakfast Club of Canada, with multiple community partners, is feeding close to 900,000 children each day.

Connie Cody: What is your budget?

Judith Barry: It's many millions. It's close to \$50 million.

Connie Cody: It's about \$50 million. Okay.

You're saying that the government's long-touted school food program has cost the taxpayer four times as much, at \$260 million, yet it only feeds half as many kids as your organization.

How many kids do you think you could feed on the same costing basis?

Judith Barry: Just to be clear, Breakfast Club of Canada is collaborating to build a sustainable cost-sharing model. We're not the only ones supporting that number of breakfasts. That's one thing that needs to be said.

We celebrated and acknowledged the implementation of the national school food program, because all levels of government, the community and the private sector have been involved for decades. We finally welcomed the federal program as part of the solution.

We think of it as a first foundation that has been implemented through the National School Food Program Act, and now we need to build on that.

Connie Cody: Have you seen food insecurity increasing over these past few years?

Judith Barry: Absolutely. As with everyone else, we've seen household food insecurity rising, and we've seen the number of students attending breakfast programs increasing as well.

Connie Cody: Even though these programs are already in place, insecurity is increasing.

My concern is for the many seniors, who don't attend school, who reach out to me saying that they're struggling with higher costs for food. Some seniors are saying they're \$100 short each month, requiring them to go to the food bank, and a lot more are falling through the cracks. They have a lot of pride and don't want to go to the food banks.

What would your approach do differently, especially for seniors, and how would you measure whether it's actually working?

Judith Barry: For seniors, that is a very good question. For the past 30 years, I've been dedicating my time to supporting students and vulnerable children. Having said that, we know that seniors are vulnerable as well. We need Canada to be a country where everyone can access nutritious food whenever they need or want it, and where everyone has sufficient income to meet their needs.

My colleagues have submitted great recommendations to support seniors, families and community members in this country. We need to team up and ensure that there are complementary policies—

Connie Cody: You would agree that we're failing—

The Chair: Thank you, Ms. Cody. That concludes your time.

We'll continue now. I believe Ms. Sidhu and Dr. Martin are sharing their time.

Ms. Sidhu is next, please.

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

Thank you to all of the witnesses for being here today.

My question is for Celiac Canada and Melissa Secord.

Melissa Secord, thank you for your advocacy for the 400,000 Canadians living with celiac disease. I chair the all-party Celiac Caucus, and we heard at the breakfast we did a few months ago on the Hill that celiac disease requires a strict, lifelong, gluten-free diet that often comes with a significant cost. Could you explain what challenges individuals with celiac disease face, especially when they're filing their tax returns?

Melissa Secord: We're not asking for a new medical expense. The recognition globally is that celiac disease is an autoimmune condition. The struggle that people have in claiming the benefit is that you're eligible for help, but you have to track hundreds of grocery receipts, you have to specifically identify if they're gluten-free, and you have to search online or in grocery stores for comparable, regular products, to compare the increased costs between gluten-free and a regular product. You have to calculate the per gram weight cost difference of these products and deduct if anyone else in the household might be eating that food, and then you upload hundreds of receipts to your CRA account, which can take only a few at a time, so sometimes it takes people an entire day. If they're audited, we've been told they have to send them twice, which means half a day of work uploading receipts.

Savings can be incurred through just a one-time calculation, \$1,000 for adults and \$600 for children. Similar to what everyone is talking about, we're hearing in the community that one in two families with a child with celiac disease is food insecure, that people are skipping meals, that they're choosing to maybe feed their child instead of themselves, and obviously seniors are at risk. We're hoping with just a refundable tax credit...because, obviously, if you don't have enough income to secure a rebate, you're not getting anything back in your pocket. If it's refundable, it's cash back in your pocket so you can actually afford your groceries and stay out of the food banks.

• (1155)

Sonia Sidhu: Do you think this dedicated tax credit will help ease the financial burden and improve affordability for individuals who are living with celiac disease?

Melissa Secord: It's definitely a start. Obviously, gluten-free food is more expensive, but it costs a lot more to produce that product. They have to do extra testing and extra validation, and they're unique, specialty ingredients, but this could go a long way in supporting people. Right now, only 30% of the people eligible actually make the tax credit, because it's just so difficult.

Sonia Sidhu: Madam Chair, do I have more time?

The Chair: You have three minutes left in this round. It's up to you two to decide.

Sonia Sidhu: I'll pass it to Dr. Martin.

Thank you.

Danielle Martin: Thank you to my colleague for sharing her time.

I wanted to pick up on the submissions from Daily Bread and Right to Food.

Thank you for the very thoughtful recommendations, which I find actually quite complementary and mutually reinforcing. The focus on the link between food insecurity and poverty bears repeating. I think it's something we all understand needs to be part of how we think about food insecurity.

You talk about both the disability tax credit and the Canada groceries and essentials benefit as things on which we could build, as a government, but I wanted to come back... I'm curious to know, actually, about the relative merits of each, so if there was more time or maybe in further written submissions you could help us to better understand.

On the proposed refundable income tax credit for low-income renters, what's interesting to me about that is that it's less population-focused and would potentially impact a larger number of people. Could you talk to us a bit about why you chose low-income renters as your proposed population and how that interfaces with the food-insecure population?

Neil Hetherington: It's easily implemented by the government. You can say to a group that you want to target individuals with a certain income, and whether it's seniors or whether it's the working poor, they're immediately targeted. We know that they are most likely renting. We know that they have a right to housing and that this right is not being realized. Then you are able to have that targeted group and ask what fiscal constraints the government has: Can we allow them to have a \$500 deduction per year, or \$1,000 or \$5,000 or whatever that deduction is per year?

Down south, there is mortgage interest deductibility. Here in Canada, we have the opportunity to bring in a deductibility associated with a specific amount of rental payments made by individuals who we know are a targeted group and who are food-insecure. It's something that the government has the capacity and the ability to do and can implement readily.

Danielle Martin: As a quick follow-up, do you see that as preferable to a further strengthening of the groceries and essentials benefit, and if so, why?

Neil Hetherington: It's not an either-or. We have the opportunity to do both.

The Chair: Thank you very much.

[*Translation*]

Mr. Barsalou-Duval, you have the floor for six minutes.

Xavier Barsalou-Duval: Thank you, Madam Chair.

I'd like to thank the witnesses for being with us today.

I'll start with the representative from the Quebec Breakfast Club.

Good morning, Ms. Barry. Welcome.

I'm proud to see you here and proud of your organization's track record. I'm not that old, but I grew up hearing a lot about the Quebec Breakfast Club on television in the morning when we got up. I think your organization has received good support in Quebec. I imagine that, as a co-founder, you've come a long way. I am also proud because your organization's head office is based in my riding, in Boucherville. I have never had the opportunity to visit you, but time will tell.

According to the Observatoire des tout-petits, around 20% of households in Quebec with children five and under were food insecure in 2022. That's quite a lot. It means that we don't really know whether one in five children is able to eat properly.

Do you have more recent data?

How have things evolved since then?

We all know that there is significant food inflation and that households are having to tighten their belts more and more right now.

• (1200)

Judith Barry: Thank you so much for your question.

In fact, household food insecurity is recorded in censuses. In Quebec, it is still one in five children, while in Canada, one in four children lives in a household that is food insecure. That is extremely concerning.

At the Breakfast Club, we did go from a provincial organization to a national organization. We now support 5,000 programs in every province and territory, working with community partners. Together, we manage to provide a certain level of quality.

We would really like to support the programs ideally and optimally. With more funding, we can do better. Our country has a lot of resources, and we think that Canada's national school food program should not be considered a social measure, but rather an investment in education, health and the economic resilience of communities. By building bridges with local agriculture, we can truly generate socio-economic benefits.

Xavier Barsalou-Duval: Thank you for that.

You're saying that you need stable, recurring funding and probably more than what is currently provided.

Right now, the government has made commitments. However, I wonder about that.

In your opinion, is that enough to keep services sustainable and meet needs?

Are the current commitments made on an ad hoc rather than permanent basis?

What will the consequences be for you if the current commitments are not renewed once they are fulfilled?

Judith Barry: Thank you for your question.

It is important to note that the federal government was not part of the solution in the past, and that an initial commitment of \$200 million per year was truly essential, welcome and necessary.

That said, Canada's national school food program has been made permanent through the National School Food Program Act.

We truly want to build on this solid foundation. We want to ensure that the federal government can also inject more funds into it. Without additional funding from the federal government and all stakeholders—including all levels of government, the private sector and school communities—it will not be possible to achieve universality and provide a nutritious meal to every child in the country.

The goal is to provide them with access to food so that, when they need it for whatever reason, it is available. Above all, this allows young people to learn effectively and develop healthily, learn new eating habits and participate in the implementation of these programs.

Xavier Barsalou-Duval: Thank you.

Madam Chair, how much time do I have left?

The Chair: You have one minute left.

Xavier Barsalou-Duval: Perfect.

You're talking about the need for significant investment. We need to view this precisely as an investment in the future. Currently, the federal government's investment is \$1 billion over five years. That was in the 2021 Liberal platform. The Bloc Québécois fought in 2023 to ensure the government's commitment was honoured. We're glad to see that's the case today.

Let's examine the government's priorities. For example, according to the organization Environmental Defence, \$10 billion a year is sent in subsidies to the oil and gas industries.

Furthermore, the federal deficit exceeds \$60 billion. One billion dollars out of the entire federal budget doesn't seem that high to me compared to existing needs.

Do you think the government really makes this a priority?

• (1205)

Judith Barry: Clearly, I think more can be done. The Prime Minister rightly mentioned that Canada's national school food program is a priority.

We are asking the committee to review the funding allocated to the program so that it becomes a budget priority. We must not forget that this is a lever for investment. For every dollar invested, we get two dollars in return.

The Chair: Thank you, Ms. Barry.

[English]

We're going to continue now with Ms. Kronis for five minutes, please.

Tamara Kronis (Nanaimo—Ladysmith, CPC): Madam Chair, thank you so much.

Thanks to each of you for being here, particularly given that it's World Hunger Day, and for your thoughtful testimonies.

I want to start with Mr. Hetherington.

You mentioned that it took you 20 years to get to one million visits, and then over the past three or four years you've seen an increase of 300% or 400% to over four million visits. You also mentioned a huge increase in people with full-time employment.

I'm wondering if you're also seeing a shift between what I would think of as occasional to regular use.

Neil Hetherington: That's a great question.

If I said 20 years, I'm sorry, but I misspoke; it took 38 years to get to one million visits and then just two years to get to two million.

In terms of the shift that we're seeing, the one that is the most concerning, obviously, is with the individuals who have done everything right, who have gone through a post-secondary education and who still need the food bank. That's most concerning.

When it comes to the usage, you can segment it in terms of the group that will arrive just for that emergency: They've lost their job, and they need a break and some assistance. That represents about a third. Then you have more than a third of usage now that is chronic. For example, in Ontario, disability income is about \$1,400 a month. Those users have to go to the food bank every single month, and that doesn't change.

Tamara Kronis: We're seeing the same thing in B.C. It's really not an Ontario problem; it's a problem across the country.

Because I have a limited amount of time, I'll move to Ms. Ramze Rezaee.

You represent 400 food security organizations across the country. Are you seeing or are you hearing from your partners that people are accessing these programs who have never been seen before?

Jasmine Ramze Rezaee: It's not quite how you're describing it. I think the severity of the food insecurity crisis continues on. We look at local data from different communities and different organi-

zations, but we also compare that to the national statistics, because Statistics Canada collects national data on food insecurity. We're seeing on the front lines that the severity of the crisis is not abating. It is starting to affect and has affected folks who were traditionally thought of as being safe from food insecurity, and it reflects the general economic precarity that's proliferating in society. This has been going on for at least the past 26 years. It's a non-partisan issue. Food insecurity has accelerated over the course of a generation, and it's going to really take a non-partisan approach and a whole-of-government approach to try to address it across the country.

Tamara Kronis: This is actually a question that I'd like each of you to answer with a yes or a no.

We hear consistently that this is a problem that is growing, that it is accelerating. Do you think we've hit bottom, or do you think the trend is going to continue to get worse? I'd just like a yes or a no from each of you.

Jasmine Ramze Rezaee: Most food-insecure individuals don't access food banks, so the answer is this: No, we're going to see it continue.

Tamara Kronis: Mr. Hetherington.

Neil Hetherington: You're going to see the severity increase and the population maintain.

Tamara Kronis: Ms. Secord.

Melissa Secord: I would say the same. Celiac disease is growing, so we will see more pressures.

Tamara Kronis: Ms. Barry.

Judith Barry: No, it's not going to stop, because we are two or three years behind the statistics.

• (1210)

Tamara Kronis: Ms. Secord, when you have a dietary disability or a disability that is affected by diet, how much worse is it, and how much harder is it in terms of variety, access and location?

Melissa Secord: It is tough.

I will clarify that it doesn't qualify for the new disability program. We were actually removed from that program, so we have this terrible medical expense tax claim. I'll just make that caveat.

For people with celiac disease, it has improved over the years because of the fad diet. There is more choice out there, but it's more expensive. A lot of the products do have a lot of sugars and extra fat to make them taste really good. A lot of families with kids just want their children to have access to breads and cereals like everybody else, just to feel regular, but when it's \$10 per loaf and the loaf is half as large, or cereals—

The Chair: Thank you, Ms. Secord. We're going to have to end it there.

Thank you, Ms. Kronis.

Tamara Kronis: They're truly half a loaf each.

The Chair: We're going to continue with Mr. MacDonald for five minutes.

Kent MacDonald: Thank you, Madam Chair.

Thanks to the witnesses.

I want to start by talking about the national school food program. In March 2026, the government enshrined it in a law, so it's a guaranteed support going forward. We did that because of people like you, who have been advocating to get away from the budgetary cycles of government and put a firm commitment in place.

Ms. Barry, I read your recommendations. We can do more. We obviously have to do that responsibly. I like the idea that there is a connection—and you spoke to it—between healthy children and healthy outcomes in their future. You also spoke about the investment, that it's a very small investment to have those good outcomes in the future.

I recently toured a school in my riding, grades 1 to 12, with Secretary Gainey. The biggest lesson I learned that day was about the autonomy within the school to run its own program. It was community-driven, with two local employees running the cafeteria at Souris Regional School. I was really impressed that they had a pay-what-you-can model there. I'm not saying that works for every school. However, in their situation and their community, it worked well, because nobody knew who was getting help or who wasn't getting help. It was just rolled out, and the students got their meals.

In P.E.I., there are 5,000 meal orders per day, on average, through the school food program. It includes about 30 staff across the island. It includes chefs and dietitians. Some of the food is prepared in the schools; some more of the food is outsourced to local restaurants and food hubs. It involves the agricultural community in always sourcing food locally. I think those are all goals that you laid out.

Can you speak to those partnerships that the Breakfast Club of Canada has established with Canadian food companies? I'm from the dairy sector, so I know that you have a partnership with Danone. Can you speak to how the partnerships work?

Judith Barry: Visiting a school breakfast program is essential to witness the great work of communities. For one dollar invested, two dollars are returned in society, and that is not taking into account those outcomes that can't be measured, so to speak, such as the integration of local food, such as the creation of a caring, inclusive and safe environment within the schools.

What you've just mentioned is really important. We believe that some student nutrition practitioners, like Breakfast Club of Canada and many others in eastern Canada and elsewhere in Canada, have built strong connections with the agri-food sector. They've had some great influence with these partners, because these collaborations have been really respectful of the ecosystem.

The objective is not to offer prepackaged food or to label any of those products. The objective is to nourish students with local, nutritious food that is not only meeting the Canadian food guide but also meeting provincial nutrition standards. We're really picky in how we're selecting that food and how we're trying to influence the food industry partners in creating new recipes to ensure, first of all, that the students will appreciate the food and will want to eat it, and, second, that the students will be well fed, well nourished and will have their energy sustained during the day.

This is really how we're trying to influence while creating food hubs and group purchasing models to optimize the dollar and en-

sure that we can make some economy of scale, which is absolutely necessary because funding is insufficient. These are the clear collaborations that are going on, and we welcome any other partners, communities and farmers to be part of that solution.

• (1215)

The Chair: Thank you, Mr. MacDonald. That concludes your time.

Five minutes fly by.

[*Translation*]

We will now conclude with Mr. Barsalou-Duval of the Bloc Québécois.

Mr. Barsalou-Duval, you have the floor for two and a half minutes.

Xavier Barsalou-Duval: Thank you, Madam Chair.

Ms. Barry, I haven't had the opportunity to ask you certain questions. I'll ask them all at once, given the time remaining.

I believe I understood that you were advocating for a universal school meal model. You have the opportunity to clarify this.

First of all, are you more in favour of a universal model, specifically? Or do you prefer a targeted model, for example, one that prioritizes disadvantaged communities?

Next, we are obviously in favour of school food programs. It is important that no children go hungry in the morning if we want to ensure their future development.

How can we ensure, for example, that federal programs and the funding the federal government provides are not designed in a way that interferes with the jurisdictions of the Government of Quebec and other provinces? The goal is to avoid adding administrative burdens or red tape. None of that is necessary.

Judith Barry: Thank you very much for your questions.

I can answer these questions by telling you about our fourth recommendation. I didn't have time to discuss it with you earlier. We believe it is important, within the framework of the national school food program, to establish multidimensional coordination mechanisms involving all levels of government, various sectors of society and certain departments in order to create a foundation and a clear vision of the system's universality.

For now, we can only prioritize disadvantaged communities or schools that have organized themselves to meet their students' needs on their own. We support this ecosystem. We believe that in Canada, just as international models and best practices demonstrate, it is important to eventually aim for universality.

That said, funding is insufficient, and we must indeed start by prioritizing communities and needs.

We really need to create a form of sustainable funding. It is truly important to establish a clear vision, supported by governance structures that will engage all sectors and enable interconnections and monitoring of results.

The Chair: Thank you, Ms. Barry.

Thank you, Mr. Barsalou-Duval.

[*English*]

On behalf of the committee, I would like to thank our witnesses for their time and for appearing today.

The committee is adjourned. Thank you.

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