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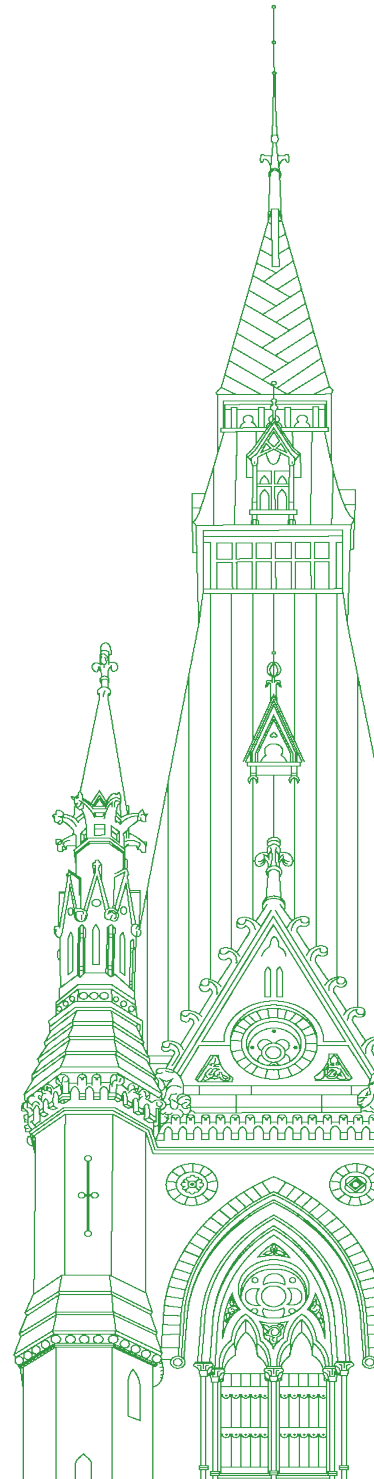
Standing Committee on Finance

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Chair: Karina Gould



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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 47 of the House of Commons Standing Committee on Finance.

I would like to remind participants of the following points.

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

I will 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 the Assembly of First Nations, we have National Chief Cindy Woodhouse Nepinak. From News Media Canada, we have Paul Deegan, president and chief executive officer. From Riipen Networks Inc., we have Dana Stephenson, chief executive officer and co-founder. From Talking. Advocating. Living in Québec., we have Sylvia Martin-Laforge, director general, and Stephen Thompson, senior policy adviser.

You will each have five minutes for your opening remarks.

Chief Woodhouse Nepinak, we will begin with you.

National Chief Cindy Woodhouse Nepinak (Assembly of First Nations): *Chi-meegwetch.*

[Witness spoke in Ojibwa]

[English]

Good morning. My name is Cindy Woodhouse Nepinak. I'm national chief with the Assembly of First Nations.

I want to acknowledge that we are on the traditional territory of the Algonquin people.

Thank you to the chair and all committee members for your public service and for the invitation to appear today regarding the 2026 budget.

The Assembly of First Nations submitted a full brief to the committee with budget recommendations that respond to policy resolutions approved by chiefs from coast to coast to coast at our regular chiefs' assemblies. These reflect the Truth and Reconciliation Commission's calls to action, and the calls for justice from the National Inquiry into Missing and Murdered Indigenous Women and Girls.

More than words, the 2026 budget will be an important opportunity to honour the Crown through deeds, because budgets are not just accounting exercises. They are instruments for governments to deliver on their obligation to the rights of all citizens.

While we have made some progress together over the past decade, discriminatory gaps continue to prevent first nations and Canada from meeting our full potential. The primary focus of our budget submission is to close these gaps so that future generations can thrive in ways that we never thought possible.

We have spoken to Parliament in the past about the social and economic benefits of closing Canada's \$360-billion first nations infrastructure gap. With the Conference Board of Canada, the AFN described how these generational investments will create hundreds of thousands of jobs and return \$1.82 for every dollar that's invested. The Prime Minister acknowledged that closing this gap will more than offset Trump's tariffs.

Last week, a new report from Deloitte highlighted sovereign first nation economic partnerships as Canada's most under-leveraged growth opportunity. The report said that closing these gaps in rural and remote first nations could double the scale of Canada's first nations economies.

Six years ago, Canada committed to closing the gap by 2030. Sadly, the lack of any nation-building investments has made this gap wider and more costly. Safe drinking water is one example. Today, despite promises from Canada, 38 active long-term drinking advisories remain on public systems on reserves in 36 first nation communities across the country. As we await new water legislation in Parliament next week, we invite the committee to support our water infrastructure recommendations so that future generations of first nations children don't live in fear of their local water supply.

When we talk about the first nations infrastructure gap, we also refer to basics like community health and safety. For example, policing is an essential service in all Canadian jurisdictions—towns, cities and communities in between—except first nations. For us, it is considered just another government program, and that's not acceptable, my friends.

Discriminatory health gaps are also well documented through many reports. Our submission includes recommendations for new treatment capacity to offer some hope for first nations seeking assistance with substance abuse, mental health challenges and addiction. Too often this includes many first nations men and boys facing systemic barriers to accessing health supports. That is why a common theme of our plan is to mandate distinctions-based program design, because when Canada transfers funding to the provinces for housing, health, education, justice and social services, it does not trickle down to first nations.

The last budget increased provincial transfers for health, education and social services by 5%, while many first nations programs and services were cut or expired. Instead of closing the gaps, last year's federal budget made things more difficult. This is one reason we understand that the budget is not the only path to prosperity, so we call on Canada to work with first nations on a benefit-sharing framework to guarantee participation and revenue with infrastructure and natural resource development. We also invite Canada to engage with first nations on the proposed Canada strong sovereign wealth fund before project investments are made. We need our voices to be included in the decision-making under this new initiative, and first nations must have a clear path to economic benefits through any funded project.

We look forward to your questions. I will close on education and the systemic underfunding of first nations school infrastructure.

● (0825)

With the end of the school year approaching for all of our kids and our grandkids, the Assembly of First Nations will release a report this month confirming that almost half of the 500 first nations schools in our country are overcrowded and need additions. Approximately one in every nine requires immediate replacement. I believe we need 77 schools.

The schools being replaced don't guarantee air conditioning. There is a community right now, Lake Manitoba First Nation Chief Cornell McLean's community, that only has half days because the air is sweltering in the school. That's unacceptable. It's 2026. All of our kids need access to good facilities. Are these schools in Toronto, Montreal, metro Vancouver or anywhere else from coast to coast being built without air conditioning? As we sit here in this beautiful place, there are kids out there who don't have that.

In 2026, this circumstance should no longer be acceptable, because first nations are one of the youngest demographics across our country. Key sectors within Canada's digital economy face demand for thousands of additional tech jobs, including in clean energy, information technology, cybersecurity and digital media.

This is why we recommend a first nations-led vision for adult learning and for upskilling youth in high-demand roles for Canada's innovation economy. As Canada invests in skills training and certification through team Canada strong, first nations must be part of these national priorities. Unfortunately, as it stands now, first nations have not been guaranteed any dedicated benefit from this \$6-billion investment.

These lifelong education investments are particularly important because Canada's education system was used as a tool to try to break our spirit and erase our culture and language. In the future, with your support, budget 2026 will ensure that education is a tool to empower first nations, uplift our children and ensure that Canada's economy meets its full potential.

Chi-meegwetch. Thank you so very much.

The Chair: Thank you very much, Chief Woodhouse Nepinak.

We'll continue now with Mr. Deegan for five minutes, please.

Paul Deegan (President and Chief Executive Officer, News Media Canada): Thank you very much.

It's a great pleasure to be with you. It's a particular pleasure to be seated next to the national chief.

News Media Canada represents about 550 news titles across Canada, from independent weekly community newspapers to large urban and national dailies. Allow me to begin by providing a high-level overview of the state of the Canadian news media publishing business.

On the negative side, the advertising market in Canada has continued to remain very challenging. Simply put, too many ad dollars are being scooped up by Google and Meta thanks to their duopoly over online advertising and Google's monopolies throughout the supply chain.

We also continue to see the brazen theft of our intellectual property on an industrial scale by AI companies. These companies aren't just providing snippets; they're providing very detailed summaries and passing them off as their own creation. They're depriving news publishers of audience, subscriptions and advertising, and are thus capturing the value that journalism depends on for its survival.

Big tech is extending its dominance over news distribution and monetization—first established over search, digital ads, social media and app stores—into the new world of generative AI. To defend the free press, Canada must act.

On the positive side, while the economics of the business are far from great, we're seeing a level of relative stability in newsrooms after years of job cuts. Federal policies and supports are working as intended. The Canadian journalism labour tax credit is rewarding news businesses that maintain and grow their newsrooms. The On-line News Act is seeing \$100 million flowing annually to news businesses, large and small, in lieu of content licensing agreements. Aid to publishers, special measures for journalism and the local journalism initiative are all important and are making a meaningful difference to many publishers.

What are we asking you to do? First, ensure that the Canadian journalism labour tax credit is maintained at 35%. Currently, it is scheduled to revert to 25% on January 1, 2027. The credit is highly efficient in that it rewards those who maintain and grow newsroom employment.

Let me be clear that recommending to maintain it at 35% is the most important thing you can do to maintain newsroom jobs across Canada. On a related note, the qualification criteria for the credit currently excludes many smaller family-owned publishers. That can be remedied by changing the eligibility requirement for two newsroom employees to allow the owner-operator and family members working in the newsroom to count towards eligibility.

Second, renew the local journalism initiative.

Recognizing that we live in challenging fiscal times, let me give you four ideas that won't cost the federal purse one dime.

First, follow Ontario's lead and set aside 25% of the federal news spend for news media. The Ontario policy is making a meaningful difference to many publishers, large and small. It's a policy that the federal government should adopt.

Second, close the loophole in the Income Tax Act that is providing a \$2.2-billion taxpayer-funded subsidy for digital advertising on foreign big-tech platforms.

Third, the government should declare unequivocally that there will be no exception made to the Copyright Act with regard to text and data mining. We cannot allow foreign AI giants to go on strip-mining Canadian news.

News media are aligned with creative industries. AI companies must seek our consent, provide credit and compensation, and be transparent about their use of our works. By respecting these principles, news media can help to build a trustworthy, reliable and sovereign AI sector in Canada, one that grows with us, not at our expense.

Finally, the government should stop doing business with AI companies that steal from news publishers and other creators. This can be accomplished through supplier agreements in the federal government's procurement policy.

Before I conclude my opening remarks, let me leave you with this recent statement from A.G. Sulzberger, chairman and publisher of The New York Times:

...I fear we are careening toward a future with fewer and fewer journalists to do the expensive, difficult work of original reporting—going to places, talking to people, digging up information, covering important issues and events, providing context and analysis, investigating the powerful. A future where a crucial well-spring of a healthy society and a stable democracy—the truth, understanding and accountability provided by original journalism—continues to dry up.

The members of this committee and the Minister of Finance can help ensure that this doesn't happen.

Thank you very much. I look forward to our discussion.

● (0830)

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

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

Dana Stephenson (Chief Executive Officer and Co-Founder, Riipen Networks Inc.): Thank you, Chair and members of the committee, for the invitation to appear today as part of your pre-budget consultations for budget 2026.

[Translation]

Good morning. I'm very pleased to be here today to discuss budget 2026 with the committee.

[English]

My name is Dana Stephenson. I'm the co-founder and CEO of Riipen, a Canadian company founded in Vancouver that now operates globally. Riipen connects businesses with Canadian learners and emerging talent to complete real projects that build skills, create experience and address practical productivity challenges.

Since 2017, we have facilitated more than 361 learner experiences, worked with almost 50,000 employers and engaged over 900 post-secondary institutions and training organizations. Since 2021, Riipen's programs, including Level UP and FuturePath—which are supported through the federal government's innovative work-integrated learning investments—have helped turn this infrastructure into almost 45,000 paid work placements.

The businesses we work with are overwhelmingly small or micro-businesses, the backbone of Canada's economy. They want to modernize and adopt new technologies but often lack the talent, tools and implementation support to do it. That matters, because Canada is facing three challenges that are too often discussed separately. First, Canada has a serious productivity challenge. Second, many small and medium-sized businesses know they need to adopt AI and digital tools but lack the time, capacity or resources to move from interest to implementation. Third, too many Canadians are struggling to get the experience they need to launch or advance their careers.

Our experience suggests that these are not separate challenges. They are one connected economic problem. The missing piece is the implementation layer that connects talent to the businesses that need capacity, digital skills and practical support.

Canadian learners are eager to contribute. They include students, recent graduates and adults building new skills, but too often they face the familiar barrier of needing experience to get a job and needing a job to get experience. Work-integrated learning works best when it is designed as a pathway that creates value for both learners and employers. Learners need repeated and real work experiences that build capability over time. Employers need low-friction ways to engage talent first, and then deepen participation as business value and hiring potential grow.

When structured properly, emerging talent can help small businesses complete projects that otherwise would not happen, from market research and administrative automation to AI-enabled workflows. When structured properly, work-integrated learning becomes productivity infrastructure for the AI economy. It gives businesses practical capacity while giving Canadians the experience and proof they need to move forward.

Our program data shows that 85% of participating employers report increased productivity, and 76% of participants report receiving one or more job offers after completing their experience. That is the pathway we are asking the federal government to build through budget 2026.

Specifically, we recommend a five-year national applied AI and SME productivity work-integrated learning pathway. The objective is simple: help SMEs adopt practical AI and digital tools while creating paid, work-integrated learning opportunities for Canadian learners and emerging talent.

Canada does not need to build a new system from scratch. The opportunity is to create a strategic applied AI and SME productivity stream through proven federal infrastructure that already exists within programs like I-WIL and the student work placement program. This pathway would help employers define real AI and digital adoption projects, connect with emerging Canadian talent, and

measure the business, learner and employment outcomes that matter most. Over time, it could support greater employer and partner co-investment, helping public dollars go further while maintaining access for learners and small businesses.

Canada has invested in physical infrastructure, research infrastructure and industrial capacity. Budget 2026 should also invest in the human infrastructure that helps ordinary businesses put technology to work for their day-to-day operations.

Canadians need opportunities to apply future skills in real business settings, build confidence, build networks and contribute to business productivity. By helping small businesses become more productive and Canadian learners gain meaningful experience, budget 2026 could strengthen competitiveness, build homegrown talent and generate stronger long-term economic growth. Work-integrated learning infrastructure should be central to Canada's AI and productivity agenda.

Thank you for the opportunity to appear today. I look forward to your questions.

● (0835)

The Chair: Thank you, Mr. Stephenson.

We're continuing now with Madame Martin-Laforge for five minutes.

Sylvia Martin-Laforge (Director General, TALQ): Madam Chair and members of the committee, thank you for the opportunity to appear before you today on behalf of TALQ. I'm Sylvia Martin-Laforge, the director general. With me today is our senior policy adviser, Stephen Thompson.

TALQ is a public policy and advocacy organization representing Canada's English linguistic minority community: the English-speaking community of Quebec. Our work focuses on research, policy analysis and sustained engagement with governments so that public policy reflects the needs, realities and vitality of our community.

Our message today is straightforward and was developed in discussion with key community organizers: the Quebec English School Boards Association, the Provincial Employment Roundtable, Youth4Youth, the Community Health and Social Services Network and CEDEC, all of which have submitted briefs for this consultation.

Budget 2026 will be a test of whether the federal government's modernized official languages commitments are going to be implemented in a concrete and measurable way.

Parliament has strengthened part VII of the Official Languages Act. Federal institutions now have clearer objectives to take positive measures to enhance the vitality of official language minority communities, but those obligations will not implement themselves. They require funding, program design, accountability and delivery mechanisms that actually reach the communities they are meant to support.

For our communities, this is especially important. We operate within a distinct provincial linguistic framework. Federal support is often mediated through intergovernmental agreements, provincial delivery structures or program rules that do not always reflect the realities of English-speaking Quebec.

TALQ's written submission makes six recommendations.

First, the Government of Canada should commit now to the renewal and expansion of the action plan for official languages beyond 2028, with increased and indexed funding aligned with section 41 of the Official Languages Act. The action plan remains the main federal instrument through which many official language commitments are translated into community-facing programs. Retrenchment in this area would have direct consequences for community development, education, health and social services, and other sectors central to vitality.

Second, the Government of Canada should establish dedicated and protected funding envelopes for the English-speaking community of Quebec within relevant federal programs. Without protected envelopes, the needs of our community can be obscured into broader program categories or diluted through delivery mechanisms that do not provide clear accountability.

Third, federal-provincial agreements involving official language funding must include binding provisions on transparency, accountability and measurable outcomes. Federal transfers to Quebec intended to benefit English-speaking Quebec remain difficult to trace.

Fourth, the proposed part VII regulation should be implemented in a way that connects investments to known outcomes. TALQ has recognized the importance of requirements for analysis, consultation and documentation, but procedure alone is not enough. There is a real risk of compliance without impact. Budget decisions should reinforce part VII by requiring federal institutions to explain what positive measures were adopted, what outcomes are expected and why measures proposed by communities were not pursued.

Fifth, the federal government should create a targeted investment stream to strengthen and connect policy, research and advocacy capability within the English-speaking community of Quebec. The modernized act assumes that communities can participate meaningfully in consultations, respond to complex federal initiatives, analyze data, engage with institutions and help shape public policy.

Sixth, federal program design must take into account structural barriers in Quebec, including provincial authorization requirements and other impediments that can affect whether community organizations are able to access or implement federal support. Federal in-

stitutions should not assume that a program designed for national delivery will work in Quebec without adaptation. In some cases, federal objectives can be delayed, weakened or redirected through the very mechanisms used to deliver them.

The broader point is this: Parliament has created a stronger statutory framework around its official languages through the modernization of the Official Languages Act, and budget 2026 must align spending with that framework. For TALQ, the central question is whether federal official language investments will be made in ways that produce measurable, durable outcomes for the communities they are intended to serve.

● (0840)

We therefore ask this committee to recommend that budget 2026 protect and expand official languages investments, strengthen accountability in the federal-provincial agreements, ensure dedicated support for English-speaking Quebec and fund the community capacity needed to make part VII meaningful in practice.

Thank you. We're pleased to answer your questions.

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

[Translation]

We're going to start with Mr. Lefebvre for six minutes.

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

Good morning to all my colleagues, and thank you to the witnesses for being with us today.

I will follow the order in which the witnesses were introduced and begin with the National Chief of the Assembly of First Nations.

National Chief, you talked about the need for \$360 billion in infrastructure. What particularly matters to me is access to safe drinking water. How many communities currently lack access to safe drinking water?

[English]

Cindy Woodhouse Nepinak: Absolutely. Thank you for that question.

We have 36. I know there were over 100 a few years back, but we still have 36, and we've made some progress. We need to continue to make progress, and we need to continue to close those gaps sooner rather than later.

[Translation]

Eric Lefebvre: You're telling us that we've gone from 100 communities to 36.

How many years did it take to reduce the number of communities affected?

[English]

Cindy Woodhouse Nepinak: It took us about a decade to get it down to 36, but we have to push a bit more and make sure that we close those gaps this year. Those communities are waiting.

[Translation]

Eric Lefebvre: You're telling us that the government hasn't kept its promises.

Can you tell us about the promises and commitments the government has made but not kept?

[English]

Cindy Woodhouse Nepinak: Absolutely. Canada had committed to closing the first nations infrastructure gap by 2030. As it stands right now, it's widening a bit. I am asking Canada to work with us to make sure that we're on a path to closing those gaps by the year 2030.

[Translation]

Eric Lefebvre: You also said that the funds aren't reaching first nations.

How can you say that the funds aren't reaching first nations, and why aren't they reaching them?

[English]

Cindy Woodhouse Nepinak: This is particularly for first nations, but I think there may be other groups. Every other Canadian benefits when there are provincial transfers, but because we're in first nations communities, the provinces and the feds like to foot-bill us back and forth and say, "That's your jurisdiction. That's yours."

At the same time as all these federal transfers come to the provinces when it comes to health care, education and all the investments the federal government makes in this country, they never come to first nations communities. We never get new roads from provinces, we never get new hospitals from provinces and we never get new schools from provinces.

It's a bigger discussion than that, but certainly one part of it is that we have a relationship with this country, and we have to change the way we work together. We're not a lower-level government; we're foundational partners in this country.

I know they are uncomfortable conversations we have with the provinces, but they do take up all our numbers on-reserve and off-reserve and claim they're going to work for us on health, for instance, or education. None of those investments ever come to first nations communities. We always end up having to go strictly to Indian Affairs, and that system—

● (0845)

[Translation]

Eric Lefebvre: Thank you very much, National Chief.

I still have a few questions, and I only have two minutes left.

Mr. Deegan, you mentioned artificial intelligence appropriating copyrighted content. I think you can see that we can't avoid this, that it's going to become more and more widespread and that we need to work together.

How can we ensure that we protect content and copyright in relation to artificial intelligence?

Paul Deegan: I think the government could argue that there are no exceptions to the Copyright Act when it comes to text and data mining. That's important.

In addition, the Competition Bureau could look into the possibility of splitting Google's web crawlers into two separate systems: one for artificial intelligence and the other for searching.

Eric Lefebvre: Thank you.

Mr. Stephenson, you talked about various challenges. The first was productivity. I agree with you: Canada is more than a decade behind when it comes to productivity. This is a major issue.

You talked about the implementation of artificial intelligence. This issue is very close to my heart. I always say there's a positive side and a negative side to AI. We're going to try to focus on the positive side and see how we can integrate it, with the establishment of a national pathway.

I'd like you to tell me a bit about that journey.

[English]

Dana Stephenson: The pathway is to create opportunities, with employer incentives, to encourage employers to launch projects where they get to work with emerging talent coming out of the post-secondary system or with workers who are re-skilling and up-skilling to work on scoped projects that will help businesses adopt AI—specifically small, medium and micro-businesses—so they can become more productive, make Canada more competitive and create more jobs. When small businesses adopt AI, they actually create more jobs rather than cut them.

[Translation]

The Chair: Thank you, Mr. Lefebvre.

Mr. Lavoie, the floor is yours for six minutes.

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

Ladies and gentlemen, thank you for joining us. Your presence here this morning is very important.

Mr. Stephenson, I really admire the work you do. You're in Vancouver.

I'd like to pick up on some of what you said. You mentioned time, capacity, and resources for small and medium-sized businesses. Université du Québec à Trois-Rivières professor of economics Frédéric Laurin was here with us on June 2, and he said essentially the same thing. I reminded Mr. Laurin that I used to work at the Chamber of Commerce in Quebec City, which conducted a survey and identified the same factors he did. What you said this morning shows us that there is continuity. What stood out for us was time, money, and knowledge. Success required all three at the same time.

We talked a lot about implementation because, as you said, that's the missing piece when it comes to making things happen. I'd like you to tell me about implementation. This seems to be a problem whether in Vancouver, Trois-Rivières or Quebec City. Even when there are programs and funding, implementation remains a challenge. Tell me about your vision for implementation.

[English]

Dana Stephenson: The innovative work-integrated learning program was created as part of the student work placement program back in budget 2019. The student work placement program is an employer incentive to encourage more employers to hire students for traditional internships and co-op opportunities.

We found that while those programs are incredibly valuable, many of the smallest businesses and micro-businesses found that they had too much paperwork. There was too much paperwork and too much friction. The infrastructure wasn't there. They couldn't get access to the right talent.

We proposed a model that would create more flexible opportunities. Rather than hiring learners or emerging talent for a full-time position, you would make it more flexible. These could be scoped into 10-hour, 20-hour, 40-hour, 60-hour, 120-hour or 240-hour projects that have a specific goal in mind. In this case, the proposal for this stream would be digital adoption and AI adoption.

What's really important, when you come to the small and micro-businesses, is that they need infrastructure. They need to be able to connect to the right talent and trust that the talent has the right skills based on their portfolio of previous work that's been vetted by previous employers. They need payments to be facilitated through this infrastructure.

We act as an intermediary, as the employer of record, with an independent contractor relationship with every learner. The learners technically work with us. We T4A them. We report to CRA. We remove all of that friction and all of that red tape for the small businesses. Now they can participate in a very frictionless way and get all of these projects done without having to deal with paperwork.

That implementation layer—which helps them scope the projects, helps manage the learners through the projects, helps with reflection and feedback, and helps create a project portfolio of real evidence for the learner to show off to other employers—helps the businesses become more productive and create new jobs. It also makes sure the learners have a portfolio that can help them with their future careers.

• (0850)

[Translation]

Steeve Lavoie: What you're doing with micro-businesses is really interesting. As I was listening to you, I was wondering if we could replicate this elsewhere, since we're seeing the same phenomenon elsewhere in Canada.

You work with micro-businesses. Do you have plans to start working with medium-sized businesses? How many employees would you say a micro-business has? What's the next level? I know you've already received multi-year funding from the Government of Canada. Do you think additional funding would allow you to take things a step further and even expand this approach to other provinces?

[English]

Dana Stephenson: First of all, we work with businesses and learners all across Canada, in every region across Canada. We've also, in case you're wondering, exported this to the U.K., to the U.S. and all around the world. We're probably the category leader with this particular model, and we're signing contracts with states in the U.S. at this point. This model is being recognized around the world.

In terms of small businesses, 85% of the micro-businesses—when we say “micro-businesses”, we mean under 10 employees—we focus on are under 10 employees. They're the backbone of the economy. A really important stat here is that those businesses report growing on average by 2.63 FTE after working with us. That doesn't sound like a lot, but when you're under 10 employees—the average is five or six employees—2.63 FTE is a huge contribution to the economy, so that's where we focus.

We work with medium-sized businesses. We work with large companies. We have large companies like IBM that co-invest alongside the government so that public dollars can go further. There's a whole flywheel effect that can happen, and micro-businesses are where the foundation starts that really moves the needle for the economy.

[Translation]

Steeve Lavoie: Thank you.

I see my time is running out.

Mr. Deegan, I listened to what you said earlier about print media. What is your vision for print media in terms of competition, given the rise of artificial intelligence? What is your vision for the next 10 years? How do you see it evolving?

[English]

Paul Deegan: I think businesses will continue to be very challenged. The advertising market is essentially broken, largely due to Google's illegal behaviour. Unless that's remedied—the Competition Bureau is trying to deal with this, and so are other regulators around the world—it's going to be very challenging. We have to do something to stop AI companies from stealing copyright-protected content.

[Translation]

The Chair: Thank you Mr. Lavoie.

We'll go to Mr. Garon for six minutes.

Jean-Denis Garon (Mirabel, BQ): Good morning, Chair and colleagues.

I would like to thank all the witnesses for being here today.

Ms. Martin-Laforge, let me start by saying that the committee is taking a close look at your proposals. You're advocating for Quebec's historic English-speaking communities. Believe it or not, we are looking at this with great interest.

You talked about groups advocating for the English-speaking community in Quebec. These groups—school boards and community groups like the one you belong to—submitted briefs to the committee. Part of that certainly has merit.

I'd like to know if you can guarantee that none of the funds from federal public sources will ever be used to challenge laws passed by Quebec—such as Bill 96 or Bill 21—all the way to the Supreme Court. Can you guarantee that?

• (0855)

Sylvia Martin-Laforge: It's not up to me to guarantee what you're proposing.

Jean-Denis Garon: Who is it up to?

Sylvia Martin-Laforge: You're aware that the Quebec government's constitutional bill is now under consideration and will pass—or not—this week.

Jean-Denis Garon: I understand, but I asked you a more specific question than that, and I believe you understood what I was asking.

Do you think public funds should be used by anglophone groups to challenge Bill 96? Should public money be used to pay for that?

Sylvia Martin-Laforge: The anglophone community retains the obligation and the right to challenge—

Jean-Denis Garon: Ms. Martin-Laforge, I would like you to answer the question. No one has ever said, anywhere, that we are no longer under the rule of law, or that people no longer have the right to challenge decisions. As you know, you have the right to challenge this in court, and that is as it should be.

I'm asking you about public funds: do you believe that federal public funds should, in whole or in part, be used to pay for these legal challenges?

[English]

Sylvia Martin-Laforge: Public funds should be used to challenge the government where other funds are not used. The Government of Quebec right now—

[Translation]

Jean-Denis Garon: Thank you. That answers my question. You believe that federal public funds can be used by Quebec's anglophone community to challenge laws that were democratically passed by the Quebec National Assembly.

I'll move on to Chief Woodhouse Nepinak, if I may.

Chief Woodhouse Nepinak, recently my Bloc Québécois colleagues Marilène Gill and Gabriel Ste-Marie made a joint statement alongside Sipi Flamand, Chief of the Manawan Atikamekw Council, regarding a damning report by Amnesty International on housing conditions among Indigenous peoples.

This case study revealed that many families in Manawan are forced to live in substandard housing that is plagued by mould and in dire need of repair, among other issues.

What can be done to permanently resolve the housing crisis facing Indigenous peoples?

[English]

Josh Gladstone (Acting Director, Housing and Infrastructure, Assembly of First Nations): This strikes me as a question about housing and the Amnesty report on housing.

There are some immediate things that need to be done to address the first nations housing gap. We're approaching a fiscal cliff right now on first nations housing. Funding through Indigenous Services Canada is slated to sunset this year. This was the budget 2022 announcement target. Without additional funding to sustain that investment, we're looking at a significant drop in funding, one that's hundreds of millions of dollars per year.

[Translation]

Jean-Denis Garon: You're referring to fluctuating funding. More specifically, about 10 years ago, the Viens commission stated that housing was the underlying cause of first nations' problems.

In your opinion, should this have been a priority, and why did the federal government neglect housing in this way?

[English]

Josh Gladstone: That's a very good question.

In her 2024 report, the Auditor General of Canada made some interesting observations about this. A number of Auditor General's reports have come to the same conclusion that the government is not doing enough to close the housing gap. The Government of Canada does not have a strategy to close that gap, and that's a significant problem that the Auditor General reported on.

[Translation]

Jean-Denis Garon: If I may, I'd like to add a comment.

We asked the minister some questions during question period, and she told us that her government is a new government and that it is moving forward now. However, what you're telling us is that the government is moving forward without a strategy.

● (0900)

[English]

Josh Gladstone: We are certainly going ahead without a strategy now. With regard to the announcement of an indigenous housing strategy, at this point we do not have a commitment to a distinctions-based component for first nations, nor has there been any sort of announcement around the co-development or co-drafting of that strategy. Meanwhile, first nations are moving ahead with a first nations housing strategy, and our expectation is that the Government of Canada will do its work to ensure that first nations' rights and interests are reflected in the work that we do.

[Translation]

Jean-Denis Garon: We all hope so, and please know that we in the Bloc Québécois will continue to do everything we can to make your voices heard in the House of Commons. Thank you for being here.

I'll give the floor back to you, Chair.

The Chair: Thank you, Mr. Garon.

[English]

Ms. Cobena, you have the floor for five minutes.

Sandra Cobena (Newmarket—Aurora, CPC): Chief Woodhouse Nepinak, I'd love to start with you.

I had a sweet young lady named Fatima email me from Orde Street Public School. She was inquiring about the status of water infrastructure in first nations territories. In her letter, she was quite concerned. Of course, from your earlier exchange, we know that 36 communities still do not have access to clean water, and you mentioned budgets as a mechanism for government to deliver on these obligations.

The government promised to introduce water legislation that would meet the need for clean water in first nations. So far, about three deadlines have been missed for this legislation. How much of Indigenous Services Canada's \$24-billion budget would it cost to address the water infrastructure issues that these first nations communities are facing?

Josh Gladstone: We have estimated that the gap to address first nations' water and waste water is \$44.2 billion. The amount to address just the 38 drinking water advisories is about \$778 million.

Sandra Cobena: What is holding up the closure of this gap?

Josh Gladstone: We need programs that are designed to address first nations' needs—long-term sustained funding, not annual funding amounts to first nations. We need first nations jurisdiction over water and waste water. We anticipate and hope that the legislation we expect to be tabled will address these needs. We need national standards that will ensure that the Government of Canada is held accountable to deliver safe and clean drinking water in a way that meets indigenous needs and respects inherent rights and treaty rights.

Sandra Cobena: Your housing gap report estimates that about 157,000-plus new homes are needed to address the first nations housing crisis. Given that the Build Canada Homes project will only build approximately 5,000 non-market homes per year, when do

you project that the government will meet the demand for first nations' needs?

Josh Gladstone: Our data shows that the government is not on track at all to meeting those needs. Build Canada Homes and the build communities strong fund are not going to make any meaningful difference in closing the gap, and right now the Government of Canada does not have a strategy to do so.

Sandra Cobena: That's quite concerning.

In the opening statement, it was also mentioned that during the past six years, first nations have not seen any nation-building investment that could facilitate infrastructure development in first nations territory. From your position, what has been holding up this investment?

Josh Gladstone: I apologize. Did you ask what has been holding up the investment?

Sandra Cobena: This issue is not new, so my question is, what is holding up the investment, the progress? Could I have your thoughts on that?

Cindy Woodhouse Nepinak: Absolutely.

Look, I think that we have a lot of work to continue to do. We talked about provincial transfers. I know that those are uncomfortable conversations, but a lot of those investments are not trickling down to first nations communities. As for Indian Affairs—I'll never call it Indigenous Services because it is Indian Affairs, and that's what it was supposed to be created to do—I think too much of what little we get to try to fix things on-reserve ends up going elsewhere. We need to make sure that when there is targeted funding, it gets to first nations.

One other issue is that any time government—as of late and maybe in years past—makes investments, there aren't carve-outs for first nations on-reserve, and we always end up getting left out. That needs to change. It's because of the Indian Act. It's because we're first nations communities and nobody wants to.... It's everybody else's jurisdiction when it comes to money, and that's one of the major problems.

We need to come to the table with each other, come up with a proper financial plan with each other and close the gaps by 2030. That was committed to.

● (0905)

Sandra Cobena: Thank you.

The Chair: Thank you, Ms. Cobena. That is right on time—great job.

Go ahead, Mr. MacDonald, for five minutes.

Kent MacDonald (Cardigan, Lib.): Thank you, Madam Chair.

Thank you to the witnesses.

Chief Woodhouse Nepinak, I'm not rebutting what's been said, but in budget 2025, the federal government outlined \$2.8 billion for indigenous housing, and we are committed to working with all partners on that. We know housing has to develop more rapidly and that we need a more effective delivery process.

You commented twice that there's no strategy. We are working on the strategy with the indigenous community. I don't think it's fair to say there's no carve-out for the indigenous community. A \$2.8-billion commitment for housing was carved out in budget 2025.

Further to that, last week there was a rural development conference in Prince Edward Island. That's the province I represent in the federal government. Secretary of State Buckley Belanger was in the province, and we had a tour of the Abegweit First Nation. There are a lot of good things happening at the Abegweit First Nation. Chief Gould and his team are creating commercial enterprises in the community. There are tourism opportunities. There are renewable energy opportunities.

We did a tour, and we saw solar fields and future windmill projects. A new health centre is going to get built there, and it will be used by the first nation and the surrounding communities in that area. Health care is a big challenge in P.E.I., as it is in a lot of small jurisdictions.

The other interesting fact we learned is that the median age of those in Abegweit First Nation is 27 years old, so there are lots of youth who need jobs, and they're building homes in the community. They're starting to fill the infrastructure gap you spoke about. It was a very positive meeting.

I know things aren't great everywhere, but Secretary Belanger was impressed with the progress that was being made at Abegweit First Nation. Are there lessons we can learn from those successful indigenous communities to make things better for other indigenous communities across the country?

Cindy Woodhouse Nepinak: Absolutely. You see different cities that thrive more than others, so it's the same way. We are so proud of some of our communities that are thriving and moving, but the unfortunate issue is that there are many that are not.

We hear of programs—you said there was a carve-out of \$2.8 billion—but there are always other programs announced, and first nations are not part of the carve-out. We have some communities that are thriving and doing really well. We lift them up and look to them for their best lessons learned, just as any city or town would when it's comparing itself with others.

You always want to do better, but the reality is that in first nations communities, particularly in the west, there's no air conditioning right now. It worries me that this afternoon, there are many kids in many communities going home because it's so hot there. At the same time, you're right that we have a lot of work to do on housing.

I don't know if my colleagues have anything further to add to that. Go ahead.

Josh Gladstone: I'd just clarify that I believe the \$2.8 billion from budget 2025 was a reannouncement of the urban, rural and northern indigenous housing funding, and that's for first nations off-reserve.

Kent MacDonald: There was a particular source of funds carved out for indigenous in budget 2025 as well.

Chief Woodhouse Nepinak, we see project-based funding, and I see the Abegweit First Nation moving more towards long-term, own-sourced generation of revenue in their community. Is that model getting carried out across the country? You need long-term funding sources. One project at a time is not going to fix problems and create enough employment. It's a boom-and-bust cycle that we don't want to get into.

• (0910)

Cindy Woodhouse Nepinak: This takes me back to what I have to do as a first nations person on-reserve if I want to build a Rexall, a McDonald's or a Petro-Canada in my community. If I go to the bank—any Canadian bank—and say, “I want to build all of this”, a lot of Canadians don't realize that because of the Indian Act, I have to go to the minister of Indian Affairs and get a ministerial loan guarantee. There are all of these extra issues put onto us as first nations that other Canadians don't have to face. It's systemic. It's since the creation of this country, and it shouldn't be like that.

I was with the King last week, and I said, “We signed treaties together to make this place the best that it can be.” I think we have to remember that so that we fix some of these issues together.

I am glad that the Prime Minister called a first ministers' meeting to deal with first nations issues specifically. I appreciate him for that—

The Chair: I apologize, Chief Woodhouse Nepinak, but I have to end it there.

[Translation]

Now we'll go to Mr. Garon for two and a half minutes.

Jean-Denis Garon: Thank you, Madam Chair.

I'm going to continue with Mr. Deegan, from News Media Canada.

The Bloc Québécois is very concerned about the crisis in the media sector and the disappearance of independent local media outlets that provide local news. There seems to be a consensus across the country that we need to vastly expand the journalism labour tax credit so that we can have more journalists.

We also need to restore funding to the independent local news fund. The Bloc Québécois is asking for \$37 million. However, in the last budget, despite this consensus, the Minister of Finance told us, in a very strange sentence, that he is considering maybe holding consultations to eventually arrive at something with the sector.

Can you confirm that there is a consensus in favour of these measures? Given that there was money for just about everyone in the budget, with an \$80-million deficit, can you tell me why you think local and independent media are still being ignored by the government this year?

[English]

Paul Deegan: Just to be clear, we represent news publishers, not broadcasters.

I would say, first of all, that I very much appreciate the work of your colleague Martin Champoux. He's been terrific to work with. He's a great member of the heritage committee, and he has made many contributions about the Online News Act and other policies that are seeing monies flowing.

The Government of Canada has been terrific over the last number of years with policies supporting the news publishing sector. I think they recognize the value of community newspapers and weeklies across Canada. The major ask that we have is to maintain the Canadian journalism labour tax credit at 35%. It is, I would say, the most important thing that you can do to maintain newsroom jobs across Canada.

[Translation]

Jean-Denis Garon: Generally speaking, even though you represent print media, are you concerned about the state of all media, particularly audiovisual media and radio? Does that worry you?

[English]

Paul Deegan: Definitely. The written word—text-based journalism—tends to be foundational, as it is often what is used in radio and television. If you're watching CBC/Radio-Canada at night, often the lead story on *The National* is something that Bob Fife and Steve Chase broke in *The Globe and Mail* that morning. It's foundational. We certainly work very closely with our partners, with the broadcasters, and we're concerned.

Another thing I would say is—

The Chair: I apologize, Mr. Deegan. That concludes the time we have.

On behalf of the committee, I would like to thank all of our witnesses.

We're going to have a brief suspension while we turn over for the next panel.

Thank you very much.

• (0910) _____ (Pause) _____

• (0920)

The Chair: Colleagues, we will resume the meeting. Welcome back.

I would like to take a moment to recognize our witnesses.

Appearing as an individual, we have Firdaus Kharas. From Co-operation Canada, we have Kate Higgins, chief executive officer. From Food Secure Canada, we have Aaron Vansintjan, policy researcher. From Frontier Duty Free Association, we have Barbara Barrett, executive director.

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 require interpretation, please make sure that you have your earpiece in so that we can use the time we have effectively. I remind you that all comments should be addressed through the chair.

You will each have five minutes for your opening remarks, and then we will move to questions from members.

We will begin with you, Mr. Kharas.

Firdaus Kharas (As an Individual): Thank you very much.

Good morning, honourable members of the committee, and thank you for the opportunity for me to speak to you today.

My name is Firdaus Kharas. I'm a social entrepreneur, humanitarian media producer, mass communicator and the founder of Chocolate Moose Media here in Ottawa.

For 30 years, from Ottawa, I have created media to improve the human condition. Most Canadians do not know my work because most of it has been used outside of Canada. My work has addressed more than 20 diseases, domestic and sexual violence, refugee protection, anti-racism, children's rights, human rights, violence reduction and many other urgent social issues. I have created or co-created 5,200 media productions on 110 topics in hundreds of language versions, which have been used, as far as I know, in 198 countries and territories. My media carries no copyright. It is free to view, download, broadcast, share, translate and use. From my home in Ottawa, I have reached hundreds of millions of people.

Right now, my four Ebola-related videos on containment, prevention, stigma and safe funerals are being used in the Democratic Republic of the Congo and Uganda. They exist in over 20 African languages. That is not theory. That is using communication tools locally to do a critical job.

Today, I want to make three concrete recommendations about communication and public money.

First, communication is not a soft expense. It is not an afterthought. It is infrastructure. In health, we fund vaccines, doctors, nurses, medicines, hospitals, emergency supplies, protective gear and logistics. All of those things matter, but every one of those investments depends on one prior fact: People must know what to do.

Since this is the finance committee, let me put it in budgetary terms. Prevention communication is cost avoidance. It prevents the much larger costs that arrive after failure. It is far cheaper to prevent a disease than to treat people.

Ebola is the clearest example. A few days ago, the WHO and Africa CDC requested \$518 million U.S. to respond to the current Ebola outbreak. That does not include other organizations' asks, like the Red Cross's 29 million Swiss francs. Canada has already announced \$8 million and may be asked to contribute more.

Nearly all of that \$518 million and more will be spent on doctors, nurses, isolation, medicines, protective equipment, transport, supplies and logistics. All of those things become necessary only after the virus has entered a body. That is too late. Cost per case prevented is a few cents, but cost per case after infection ranges from several thousand to over \$1 million, yet very little public money is spent to stop people from becoming infected in the first place. Thousands might die unnecessarily. That is morally reprehensible and financially irrational.

It is much cheaper to prevent HIV than it is to treat it for a lifetime. It is much cheaper to prevent malaria than to hospitalize a child. It is vastly cheaper to have Ebola prevention adopted by at-risk people than to trace infections, isolate patients, transport and employ medical teams, treat the sick and safely bury the dead. We can be leaders in having a prevention focus.

Here's my first concrete recommendation: Canada should not fund any major disease response unless at least 25% of Canada's contribution is dedicated to prevention, public education and behaviour change communications.

Second, communication is not only needed in public health. This is exactly the wrong time for us as a country to weaken diplomacy. Diplomats are not ceremonial figures. They are Canada's negotiators, listeners, relationship builders and early warning systems overseas. They are Canada's communicators.

I have travelled to 146 countries. I have frequently interacted with Global Affairs Canada and our missions overseas. I have seen the value of Canada's voice overseas. I have also seen what happens when that voice is too small, too thinly staffed or totally absent. Canada cannot project its values, defend its interests, build alliances, help citizens respond to crises or compete with authoritarian narratives if it fires the very people and weakens the very institution responsible for doing that work.

• (0925)

Here's my second concrete recommendation: This committee should stop the cutbacks to GAC and recommend an increase in GAC's allocation in the next federal budget.

Third, Canada's spending on creative industries and culture is not keeping up with reality. We spend hundreds of millions of dollars of public money on feature films and television series. I support Canadian films. I support Canadian television. Canadian culture matters—

The Chair: Mr. Kharas, could you wrap up in about 10 seconds?

Firdaus Kharas: Yes, certainly.

My third recommendation is simple. We need to move where the audience is, so my third recommendation is that Canada should initially redirect 25%—

The Chair: I apologize, Mr. Kharas, but we'll have to end it there. We've gone over time.

Firdaus Kharas: Okay.

The Chair: Thank you.

We're going to continue now with Ms. Higgins for five minutes.

[Translation]

Kate Higgins (Chief Executive Officer, Cooperation Canada): Good morning, Madam Chair.

Members of the committee, thank you for the opportunity to appear this morning. My name is Kate Higgins, and I am the CEO of Cooperation Canada, a coalition of more than 100 Canadian organizations working in international development and humanitarian action around the world.

[English]

I'm here this morning with one simple message: International co-operation is one of the smartest investments Canada can make in its future. At a time when we see that as a country we're having to make really tough decisions and really tough fiscal choices, international co-operation helps Canada build stronger economic partnerships, prevent more costly crises in the future and advance the values that make Canada a trusted partner in the world. Canada does not have to choose between values and interests. International co-operation advances them both.

The world is becoming more unstable and more fragmented. Conflict, climate shocks, displacement, health emergencies, food insecurity and economic disruption do not stay within borders. They affect supply chains, trade relationships, migration pressures, public health and security.

As Canada works to diversify its trade and strengthen partnerships beyond the United States, the countries that Canada partners with, including through international co-operation in Africa, Asia and Latin America, are shaping the global economy of tomorrow. Investing in market development, human capital and stability in low- and middle-income countries around the world is a smart economic strategy for us. It helps build the trust, stability and capacity that make future economic partnerships possible, including future trade and investment opportunities.

It's also a matter of fiscal responsibility, something important to this committee. In an era of fiscal constraint, prevention does matter. The world is spending far more on responding to crises than on actually preventing them. The costs of responding to conflict, displacement, humanitarian emergencies and disease outbreaks are almost always higher than the costs of preventing them.

Investing early saves lives, reduces suffering and lowers future costs. The choice is not between values and pragmatism, and neither is it between solidarity and fiscal responsibility. With international co-operation, it's both. International co-operation reflects who we are as Canadians—a country that believes in human rights, in human dignity, in democracy, in gender equality and in shared responsibility in the face of global challenges.

At a time when global development assistance is declining, Canada's choices in budget 2026 matter. To put these principles into practice, I want to focus on two of Cooperation Canada's budget recommendations.

First, establish a protected core minimum of \$5.5 billion annually for poverty-focused overseas development assistance. In a constrained fiscal environment, Canada should use its precious international assistance dollars where they are most needed and where they are most effective. This would protect support for the world's poorest and most fragile communities and ensure that poverty reduction remains a core purpose of Canadian ODA.

Second, protect humanitarian funding at a minimum floor of \$962.7 million annually. Humanitarian needs are growing rapidly. Predictable funding flows allow Canadian partners to respond quickly, to save lives and to operate more efficiently. Unpredictable funding flows increase costs and reduce impact.

In this moment of geopolitical turbulence when Canada needs strong and diverse global partnerships, retreating on international co-operation has a cost. If Canada steps back, others will step in, and they may not share our priorities or our values. Canadians understand this. In 2023, Canadians contributed approximately \$1.4 billion to international development and humanitarian efforts through their own charitable giving. They did this because they're generous and they want Canada to stand up for its values. They want to contribute to a safer and more stable world.

To conclude, members of the committee, international co-operation reflects Canadian values and advances our interests. It helps build a world that is more peaceful, prosperous and just, while making Canada safer, stronger and more resilient. It should not be viewed as a discretionary expense but as a strategic investment in Canada's future.

• (0930)

Thank you.

The Chair: Thank you, Ms. Higgins.

We will continue now with Mr. Vansintjan from Food Secure Canada.

Aaron Vansintjan (Policy Researcher, Food Secure Canada): Good morning, Madam Chair and members of the committee. My name is Aaron Vansintjan, and I am the policy lead at Food Secure Canada.

I'm here to tell you that food infrastructure is not boring. In fact, it is a matter of national priority. We need a serious countrywide build-out.

Here is a real-life story. Samuel Richard is a young farmer in Quebec. He loves growing organic vegetables, but access to the market has a steep price. Companies like Sobeys and Metro charge up to \$12,000 just to be a vendor. Then there are the costs that go into storage, distribution and transport, so Samuel burned out a few years ago. Now he is back to growing only corn and soybeans for export. That's not just his loss but ours too.

Why is this happening? For decades, we have underinvested in local food infrastructure. It is emaciated. As a result, the middlemen and distributors have become too powerful. They dictate prices. Farmers like Samuel sell at a loss. As for consumers, I'll just say that according to a recent poll, grocery prices are now the number one economic concern to Canadians.

Even our schools can't afford this. We got \$200 million per year for the school food program, but that investment is not even keeping up with food inflation. Many schools can't afford more than a single banana per kid. That is dire, and it is also a missed opportunity.

We can actually get affordable, delicious, healthy whole fruits and vegetables in our schools and in our grocery aisles. How? We can turn this crisis into a success story.

First, we need a buy Canadian food procurement strategy. In economics, demand drives supply. Let us say that you set local and regional procurement targets in federally funded schools, hospitals and prisons at 30% per year. By creating a new demand, you'll dramatically transform the supply chain within a few years, providing stable income for farmers and investing directly in rural communities, without the middlemen. A gap is turned into an opportunity.

The second step is to invest in the infrastructure to make sure farmers like Samuel don't have to quit. To do that, you fix what we at Food Secure Canada call the "missing middle". We've heard so many stories where, for example, a school wants to buy local, but the farmer doesn't have a truck and the school doesn't have cold storage, so they're forced to buy from Sobeys.

The independent middle is missing in this country. To build it back up, we need you to expand the local food infrastructure fund from \$20 million per year to—watch out—\$500 million per year. I thought I saw someone fall out of their chair. Seriously, though, this is what it will take to rebuild the missing middle.

We have one last problem. We seriously lack competition, as you know, up and down the food chain. If it's profitable, it will get gobbed up. If it's not, it will get throttled. To make this work, we need to put up firewalls. That's why we need to invest in a co-operative and non-profit food system. Yes, we should be looking into public grocery stores. I'm sorry—did I say that?

There is a reason everyone is talking about them. Canadians want you to fight the rising cost of living and corporate concentration. To do that, you need to seriously look into a countrywide, non-profit distributor for small businesses, co-operatives, northern and remote communities, schools, prisons and hospitals. That may be what it will take to give small players like Samuel a chance to thrive.

Picture this. Within a few years, a 30% local food target in all federally funded schools would give farmers like Samuel a steady income. The LFIF would fund a cold storage warehouse where he and several other farmers could store their produce. A new non-profit wholesaler would buy his produce at a reasonable price and would distribute it to independent grocery stores, saving consumers a lot of money, and Samuel could grow food that's good for the land and good for its people.

You can make this happen. Start a buy Canadian food procurement strategy, massively invest in the LFIF and expand non-profit distribution, wholesale and retail.

• (0935)

I hope I have convinced you that food infrastructure is not boring. It is exciting. It is also existential.

Thank you.

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

I will turn now to Ms. Barrett from Frontier Duty Free Association.

You have five minutes.

Barbara Barrett (Executive Director, Frontier Duty Free Association): Thank you, Madam Chair and members of the committee. I appreciate the opportunity to be here today to speak to a specific issue within the excise framework that is having a direct impact on a federally regulated export sector.

I want to start by setting out how our stores operate, because that context matters. Land border duty-free stores are not domestic retailers. We are federally regulated and licensed under the Customs Act and operate under CBSA control.

Our stores are located at border crossings, and we sell exclusively to travellers leaving Canada. We do not have access to the Canadian domestic market. Every transaction is tied to a traveller exiting the country, and every sale is verified as an export through a CBSA-controlled system. That means our only market is outbound travellers and our only competition is the United States.

In many cases, our stores are located just minutes or even metres from U.S. outlets selling the same products to the same travellers. We represent 31 land border duty-free stores. These are long-standing, family-run businesses that have been operated successfully for more than 40 years and are part of the economic and tourism fabric of border communities. The purpose of the stores is to capture spending at the point of exit and keep those dollars in Canada rather than seeing them immediately flow into the United States.

Currently, we are seeing a sharp and sustained decline in cross-border travel by Canadians, with some estimates pointing to declines of more than 40% year over year. The decline in travel is real, but it is not permanent. The issue before you is what is happening alongside it. Our businesses are facing a structural imbalance that makes it harder to compete, particularly in an environment where purchase decisions matter more.

At its core, it's about fair treatment. We compete directly and only with U.S. retailers, but we are not operating under the same conditions. The source of that imbalance is how excise is applied. Excise is intended for domestic consumption. Across Canada's export framework, where goods are destined for export, it is not applied at source. It is applied if and when those goods re-enter Canada. That principle is well established, but land border duty-free is treated differently.

Excise duty is applied at the manufacturer level before export is verified, embedding the cost directly into the retail price. U.S. competitors do not carry that cost. Canadian businesses, operating under full federal oversight, are competing directly with U.S. retailers under a different tax treatment and unlike any other export channel. That is the issue.

Parliament has already established that where products are clearly destined for export, excise should not be applied at source. Our channel meets that test. Every sale is verified through CBSA controls, and last week CBSA confirmed that our program achieves one of the highest compliance rates in the system, at 97%. Despite that, we continue to be treated as though we are part of the domestic market.

The correction required is narrow. We are not asking to remove the tax. We are asking to apply it in the right place—specifically, amending the Excise Act, 2001, to shift the point of excise duty collection from the manufacturer to the border so it applies only where goods re-enter Canada beyond personal exemptions. This aligns duty-free with other export channels, maintains tax integrity, removes the cost currently pushing purchases out of Canada and aligns our export channel with every other export channel in the country.

This is about applying Canada's tax framework consistently, ensuring federally regulated export businesses are not disadvantaged against their only competitors. It is also about sustaining tourism, supporting jobs in very small communities across Canada and maintaining economic activity in border communities.

The path forward is straightforward. What is required is a targeted technical amendment to align treatment as an export channel.

Thank you very much. I look forward to any questions.

● (0940)

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

[Translation]

We'll start now with Mr. Lefebvre for six minutes.

Eric Lefebvre: Thank you very much, Madam Chair.

Thank you to all the witnesses who are here.

First of all, Mr. Kharas, you mentioned that there is no copyright protection in your work, which is widely disseminated. How could we protect people like you when it comes to the examples you're giving us?

[English]

Firdaus Kharas: It's a difficult question, because the world's media companies are now hypervigilant about intellectual property. My work, because it is on the issues that I've described, is exactly the opposite. I give it away for free. I make sure that people know there's no copyright, and therefore I can reach hundreds of millions of people.

For example, anything the Government of Canada produces in media is always copyrighted to the Government of Canada. That should not always be the case. You will reach many more people if you don't have a copyright and we don't have to ask the viewer anything, or the user does not have to ask for permission. Out of my 5,200 videos, 95% don't have a copyright notice.

[Translation]

Eric Lefebvre: Thank you very much.

Ms. Higgins, you talked about the importance of international co-operation, of having strong partners and of diversifying economic partners. You know that the United States is our main partner.

How do you currently view the fact that negotiations with the United States are practically at a standstill? Is that something you're concerned about?

[English]

Kate Higgins: As a Canadian, yes, it is something that concerns me. Our message is that in this very changing, turbulent geopolitical reality, we as Canada need to be diversifying our partnerships. International co-operation and the long-term partnerships in Africa, Latin America and across Asia are strategically smart for us.

One of the things I didn't get to talk about but would like to emphasize is that we see international development as a very important—but not the only—pillar of Canadian foreign policy. Yes, it is important to invest in our diplomatic corps and foreign policy work. Yes, it is important to invest in trade. Yes, it is important, absolutely, to invest in defence and security in this moment.

Our message is that international co-operation is a very powerful foreign policy tool for us to be thinking about in a context of deep geopolitical change, including with our neighbour to the south.

● (0945)

[Translation]

Eric Lefebvre: Thank you very much.

Mr. Vansintjan, your example of Samuel Richard, from Quebec, strikes a chord with me. You're saying that there isn't enough competition in the food supply chain. How can we help?

You talked about a 30% target for schools, hospitals and prisons. I think there's a potential solution there. I know that Quebec has already been doing this for some years. Can you give us a little more detail on that?

[English]

Aaron Vansintjan: In Canada, as you know, five companies control 80% of the food retail market. The public has focused largely on the retail market, but concentration actually stretches all throughout the supply chain. When you talk to any organization, like a food bank or a school, or to anyone in civil society or even to independent grocery stores, their issue is often the concentration in distribution.

For farmers, a lot of their issue is in the concentration of, for example, anything from seed companies and fertilizer to machinery, but it's also about the distributors they use to try to get their food to the masses—like Samuel. For Samuel, it's been really hard, because he has to pay a premium just to get into the distribution market.

The issue there is that we don't have any small players in distribution. Also, it's highly dominated by a few corporations. We need to provide alternatives, and we need to provide incentives for small businesses to grow in that space.

[Translation]

Eric Lefebvre: You mentioned a premium to get into the distribution market. Who did Mr. Richard have to pay that premium to?

[English]

Aaron Vansintjan: It goes to distributors like Sobeys or Sysco. You have to pay to become a vendor.

[Translation]

Eric Lefebvre: I see that I have only a few seconds left.

Ms. Barrett, if you had a few seconds to make one recommendation on what to do next, what would it be?

[English]

Barbara Barrett: Our recommendation is clear and simple: The excise tax we incur as an export market needs to be moved to—

The Chair: I apologize, Ms. Barrett. We have to end it there. Thank you.

We're now going to continue with Dr. Martin for six minutes.

[Translation]

Danielle Martin (University—Rosedale, Lib.): Thank you to all the witnesses for being with us today.

[English]

I'd like to start with some questions for Mr. Vansintjan at Food Secure Canada, because we've heard a lot in our pre-budget consultations about food security. Certainly, in my own community, and I know in communities across the country, access to affordable food is a pressing issue for Canadians in this moment.

I was interested to see that a lot of your recommendations functionally focus on the supply side, particularly the recommendations related to community-owned grocery stores and addressing monopolies and interprovincial trade barriers. All of this is important, of course, but what we have been hearing from many groups at consultations is that food security is an issue of low income and that as a government, we need to look at addressing low income if we want to get at the issue of food security for Canadians.

We've heard from groups that talk about making the disability tax credit refundable. We've heard from groups that talk about increases to the Canada child benefit. We've heard from groups that want to see a focus on capping rents and investing in deeply affordable housing so that low-income people have money left over at the end of the month to purchase food.

I'm curious as to why your recommendations are so different. Perhaps you could speak to that. Of course, it would be great to do

all those things, but why is that the case? What is your view on supply-side versus demand-side investments to address food insecurity?

• (0950)

Aaron Vansintjan: Thank you so much, Madame Martin, for the great question.

In our work on food affordability, we have three main pillars.

The first pillar is income. Absolutely, to be able to afford food, people need sufficient incomes. That's why we're fully behind our partner organizations' demands for increasing income supports for working people, people with disabilities, seniors, children and so on.

However, what we're dealing with nationally is not just a household food insecurity crisis but also a national food security crisis. Food security extends beyond just people's incomes. It's also about how our economy is structured. As you know, we're having big problems with trade. We need to encourage and strengthen our own economy. Canadians are asking for buy Canadian products.

The number one economic concern of Canadians is grocery prices, and we have to do something about that. Our second and third pillars are addressing corporate concentration and supporting alternatives, like shortening supply chains.

Danielle Martin: That's helpful. Thank you.

I'm sorry to cut you off, but my time is limited and I want to ask some questions of Ms. Higgins.

You made a compelling case around global development assistance. I'm curious. With respect to sustainable development goals, I think it's fair to say that we are seeing a retrenchment of and a disinvestment in global assistance among high-income countries in general in this moment. Your observation that our values and interests are often aligned is a really important one for us to reflect on.

What do you think the role of Canada is vis-à-vis multilateral organizations—which have often been the focus of our international global development investments—versus what we might call project-based, bilateral or country-to-country investments in terms of the kinds of priorities you spoke about?

Kate Higgins: It is really important to take a few seconds to reflect on the extent of the decreases in global resources for international assistance and humanitarian action. Over the last 12 months, the OECD has reported a 25% drop. Over the last three years, there's been a 35% drop. Over the last one year, the humanitarian context has had a 35% drop. This is really significant.

At the same time, we are in a moment when the international multilateral system is under a huge amount of strain and a huge amount of pressure, and frankly needs to change. That's okay. As in any system, modernization is good and change is good.

When you look at what role Canada can play in the reform of the multilateral system, I think the world is looking to Canada to step up, step in and take a leadership role in being very propositional about not only how we streamline and how we make the global multilateral system more efficient and more effective, but also how we still defend it. Multilateralism has been incredibly important in tackling some of the most critical challenges we have faced in the world. When we look at the challenges we're facing, they are global and transborder in nature, and we require global co-operation to be able to tackle them. I really hope that is an area where Canada can show leadership. It is certainly an area where the world is looking to us to be leaders.

To be very quick on your second question about modalities, our position is that Canada should be using the most effective modality for the right context. Sometimes that might be multilateral action, sometimes that might be investing in long-term government-to-government partnerships and sometimes that might be supporting local civil society organizations at the front lines of this work. It's up to us to look at what is the most effective tool in the place and space that need it.

● (0955)

The Chair: Thank you, Dr. Martin.

[Translation]

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

Jean-Denis Garon: Thank you, Madam Chair.

Good morning to the witnesses.

I find the conversation very interesting. I'll continue with you, Ms. Higgins.

We know that the American administration has significantly reduced its spending on international aid. We know that it's Donald Trump's vision to reduce the spending on international aid. We thought that other countries should have probably made up for those funding cuts. However, in the 2025 budget from Prime Minister Mark Carney's government, there is a \$2.7-billion reduction in international aid over four years, which represents a decrease of 10% to 12%.

You're talking about Canadian leadership and what is expected of Canada around the world. How is it that there's such a big gap between Prime Minister Carney's rhetoric and his actions? In terms of international aid, I will say that a reduction of this magnitude is similar to what the American administration is doing. How do you explain that discrepancy?

Kate Higgins: Thank you very much for your question.

[English]

As I mentioned in my previous response and as you alluded to, there has been a significant decrease in global resources for overseas development assistance. As you rightly noted, in the last budget, we saw a \$2.7-billion reduction.

There are a few points I'd like to make. First, as I said, the world is looking to Canada to step up, but I sometimes feel and think there is a misalignment between how we see ourselves acting in the world and the reality. For example, in the most recent OECD data on overseas development assistance, Canada is ranked 14th when we look at the resources we are giving to international development assistance. This is based on the amount of ODA we give relative to our gross national income.

There is work we can do to move up that ladder, and the world is looking to us to do that.

[Translation]

Jean-Denis Garon: Ms. Higgins, I understand that, sometimes, we aren't as big a player as we think we are. Canadians still think that they're a bigger country than they actually are. That may be due to the geographic reality, but there are still direct repercussions on Canadians' living conditions, public health and the protection of sexual minorities. Canadian policy has consequences.

I would like us to take a broader look at public opinion on international aid.

Let us remember that there were major controversies during the Harper government, including when the government interfered in the decisions of the Canadian International Development Agency and there were impacts on funding. The Harper government did essentially what the Carney government is doing now. At the time, that was talked about a great deal. Public opinion was sensitive to it. People reacted strongly to it.

How is it that, today, we're having trouble getting the message through to the public that not only is international aid important and a vector for equality and equity, but also that public health everywhere on the planet affects us directly as Quebeckers and Canadians? We have gotten rid of many infectious diseases, but some may come back. We have an interest in this issue as well.

How do we go about convincing the public of the importance of international aid? Why has the public changed its level of awareness regarding matters of international co-operation?

[English]

Kate Higgins: I represent an organization that is a coalition of more than 100 Canadian international development and humanitarian organizations that have millions of Canadians supporting them every day.

As I said in my testimony, Canadians gave \$1.4 billion of their hard-earned money to these issues in 2023. I think that demonstrates that there is absolutely interest, pride and care there, and an appreciation, as I said, that it is the right thing to do. It is the right thing to step up and support those on the front lines of very challenging climate, conflict and humanitarian crises.

It's also strategic. As you mentioned, from a public health perspective, pandemics, security.... We are a globally integrated country, and what happens outside our borders has direct impacts and effects on us.

[Translation]

Jean-Denis Garon: You're talking about donors, very generous people for whom it's important to give to organizations on the ground, most of which, if not all, have extraordinary missions. However, in your press release, these people reacted to the economic update, and you raised the importance of modernizing the tax rules for non-governmental organizations, such as the ones you represent. In the last minute left, could you speak to that?

• (1000)

Kate Higgins: Are you talking about the organizations I represent?

Jean-Denis Garon: In response to the economic update, you talked about modernizing the tax rules for the non-governmental organizations you represent. In the remaining minute, could you please tell us about your proposals?

[English]

Kate Higgins: I will be very quick.

The charity and regulatory environment for Canadian organizations is very important. It's something we work on very closely with domestic charities. We are highly regulated and highly effective, and we seek to be very efficient.

In our budget brief and submission, we outline ways we can modernize and look at increasing efficiencies—not only as organizations, but also in our relationships with Global Affairs Canada—around transparency, flexibility, cutting red tape and ensuring that we are doing a better job collectively of explaining to Canadians why this is strategically important for our country.

[Translation]

Jean-Denis Garon: We hope that your requests will be read and heard by the government.

With that, I'll turn it over to Madam Chair.

The Chair: Thank you, Mr. Garon.

[English]

Ms. Cobena, you have the floor for five minutes.

Sandra Cobena: Thank you, Madam Chair.

I'd like to direct my questions to Ms. Barrett.

Thank you for your opening remarks. I could feel the pain in your opening statement.

It is no secret that the administration south of the border has been less than collaborative. To compound the issue and make it worse,

we haven't yet seen a resolution, or even the urgency to come to a resolution, on the tariff dispute on this side of the border, with several deadlines that came and went over a year ago now. I can feel the pain, because I also have tool and die manufacturers in my riding that are particularly concerned about their future, the jobs they're providing their employees and the livelihoods of their families.

More broadly speaking, could you speak about how the businesses or stores you represent feel about this lack of urgency?

The Chair: Colleagues, noting that the bells have begun, do we have UC to continue for another 15 minutes? They're 30-minute bells.

Some hon. members: Agreed.

The Chair: That's great. We'll continue.

[Translation]

Jean-Denis Garon: Madam Chair, I have a point of order.

The Chair: Mr. Garon, you have the floor.

Jean-Denis Garon: I would be very much in favour of unanimous consent to continue the meeting. I understand that we're at the beginning of the witnesses' opening remarks. This would lead us to extend the meeting by around 15 minutes.

Would we then end the meeting without having a turn to speak?

The Chair: No.

You have just asked your question.

That means we have completed the first round of questions.

Jean-Denis Garon: This is all because of the filibuster. Excuse me.

The Chair: Ms. Cobena, you have the floor.

[English]

Sandra Cobena: Can you speak about how the businesses you represent feel about this lack of urgency toward having a resolution on this tariff issue?

Barbara Barrett: I would like to first point out that our stores got through a 20-month border closure during the pandemic. We can get through this decline in traffic going over the border again if we have the correct support and if we have the playing field levelled so we can compete with our only competitor, which is the United States. If we get this tax issue cleared up, which we think is a very straightforward issue, we'll be able to get through this decline in traffic over the border despite the lack of urgency to get things cleared up.

We are viable businesses. We operate in small communities across Canada that really depend on these businesses as pillars of the community. We're seeing a loss of employment as stores are closing. We had one close in New Brunswick, and four or five more are on the brink out west. We feel that urgency. Just having a level playing field with our only competitor, the United States, with this very small tax issue would really go a long way toward seeing us through this difficult time.

● (1005)

Sandra Cobena: Thank you for that.

We know that businesses are resilient. They adapt very quickly, most definitely quicker than the government. Of course, when the issue is prolonged, it's difficult for them to adapt or even stay open, as you mentioned, but we also see that when there's a shift in priority, it seems, for the government. As we saw, first there was a rupture with the U.S., and now Canada strong...will make America great again.

I'm sure that flip-flop also impacts businesses. They don't know the priority, so they can't plan for it. Can you speak to that?

Barbara Barrett: I can speak to the fact that as soon as the tariff threats occurred last year, and as soon as the 51st state rhetoric occurred, we felt the impact immediately. The longer this goes on and the longer we see that decline in traffic, the more difficult things become and the more urgent things are. Time really is of the essence for us. We see more stores on the brink of closing the longer it goes on.

Sandra Cobena: I'm glad you mentioned that, because of course it's businesses that are caught in the crossfire. What does a business mean? It means jobs. It means people's livelihoods.

In your opening statement, you mentioned the structural differences between an American business and a Canadian business and how we are at a disadvantage. Could you expand on that?

Barbara Barrett: Absolutely. We have an excise tax put on the products in our businesses that the U.S., our only competitor, does not incur in their stores. As I said, they're often just metres down the road. Instead of that money being spent here in Canada, which is the purpose of our stores—it's the last opportunity to keep money in Canada that will otherwise be spent in the U.S.—our prices are so much higher that people aren't spending in Canada. They're just waiting and spending their money in the United States.

Not only are we not getting the tax dollars from those sales anyway; we're also not getting those sales and other sales that might come from people stopping at our stores.

The Chair: That concludes the time. Thank you very much.

Mr. Turnbull, you have five minutes.

Ryan Turnbull (Whitby, Lib.): Thanks, Chair.

Thanks to all the witnesses.

Mr. Vansintjan, thank you for being here. Thank you for the work that Food Secure Canada does, by the way. I've been following the organization for years. They wrote "A People's Food Policy for Canada" years ago. They worked on getting Canada's first national food policy since World War II. They were instrumental in advocat-

ing for the local food infrastructure fund. You made a recommendation about expanding that considerably.

My colleague Ms. Martin asked some really good questions about income security being part of food security. Notwithstanding those comments—I think they were really good—your focus today was on the structural elements within the economy. I think that's really important. Essentially, I take what you've said here today to mean that we need to rebuild the regional food systems that once were thriving in Canada, the local-based food systems.

Can you speak to how those shorter supply chains add to resilience in our food system at a time when it's vulnerable to a lot of the shocks that Ms. Higgins was talking about, the shocks that are international and global in nature?

Aaron Vansintjan: Yes, absolutely. Thank you, Mr. Turnbull.

Our regional food systems and our farmers, like Mr. Samuel Richard, are trying to grow food that is organic, that is safe and that is healthy for our children and for Canadians. They want to get it to Canadian markets.

Small farms and middle-sized farms are also far more resilient to extreme weather. Relying on them and building up infrastructure for them help us by avoiding having an agricultural system that primarily depends on export. More than half of our food is exported, and more than half of our food is imported. There's something wrong there.

Another example is a farmer I spoke to just the other day, Mr. Gabriel. He also had the same problems. He has a bigger farm, but he exports 45% of his vegetables to far-off places like Kentucky. They're delicious vegetables, but he can't get them into the super-market because it would bring a loss.

We need to strengthen the position of these farmers. We need to deliver food to Canadians, who want Canadian food. This will help our national security by strengthening our economy and will also help the environment.

● (1010)

Ryan Turnbull: Let me just ask you a more pointed question about disrupting the current consolidation in the food system. I think that's what Canadians want when they're talking about prices at the grocery store. The Competition Bureau has done an analysis and said that we need more independent grocery stores, and you said that those grocery stores don't actually have the supply chains that support them.

Essentially, the way I take the points you've made today is that rebuilding the shorter, smaller, regional supply chains is going to support more competition at the retail end of the supply chain, which is where consumers interact. What effect is that going to have, essentially, on prices? It undercuts a lot of the major corporations out there that are driving up prices, does it not?

Aaron Vansintjan: That's right. Since 2020, the major food retailers have profited by over 120% and have doubled their profit margins. We hear talk that this is a small-margin industry, but they're the middlemen and they're extracting profit wherever they can.

Look at, say, a family-run, independent grocery store in a small town. It is forced to buy from its own competitor, like Loblaw's or Sobeys, because it's often the only truck that comes into town. If we get different companies, different small businesses, non-profit distribution centres and food hubs and strengthen them, then those small businesses and community food spaces will have an alternative.

Ryan Turnbull: I want to jump in with one more question.

Am I out of time?

The Chair: You have 10 seconds.

Ryan Turnbull: Why non-profit? Why is that important? You mentioned that a number of times. Does that help take some of the profits out of the supply chain as well?

Aaron Vansintjan: It's to protect against profiteering.

The Chair: Thank you very much.

[Translation]

We're going to conclude with Mr. Garon.

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

Jean-Denis Garon: Thank you, Madam Chair. This is a turn to speak that, in the end, was never in any danger.

I'll continue with the Frontier Duty Free Association.

As we know, because of the trade dispute with the United States, sales at all duty-free stores have significantly dropped. In any case, what I understand is that these sales have been particularly affected in duty-free stores along the Canada-U.S. highway border. According to the Journal de Montréal, we're talking about decreases up to 80%. How long should the targeted measures you propose in your brief apply? That's my first question.

Second, do you expect sales to return to normal in the near future? I imagine that you're keeping a very close eye on the data, the statistics on road tourism. How do you see all that?

[English]

Barbara Barrett: I'll answer the second part of your question first, if you don't mind.

Do we foresee it going back? We operate in small border communities across Canada, and we count on cross-border travel going into the United States. We understand that there's a decline right now, but we also think that it's a moment in time and it will go back to its previous levels at some point. Border communities across Canada depend on that.

The second part of your question is on targeted supports and how long they will support us. In our submission, we asked for a loan program to help some of the stores that need it the most, allowing them to stay open until things return. The bigger part of our request is the permanent solution, the levelling of the playing field, to allow us to compete properly with the United States, as it should be. It would align us with other export channels in Canada and exempt us from that. I'm sorry; I shouldn't say exempt. Manufacturers are exempt. It would remove the tax from the source and have it collected at the border, where it should be, as all other export channels in Canada have. We're the only export channel that has it applied at source. We're asking to have it aligned with the other export channels and have it collected at re-entry into Canada, as it should be.

• (1015)

The Chair: That's great.

[Translation]

Thank you very much, Mr. Garon.

[English]

On behalf of the committee, I would like to thank our witnesses for their time, suggestions and recommendations today.

We will now suspend until after the vote.

• (1015)

(Pause)

• (1055)

The Chair: I'm calling the meeting back to order, colleagues.

As a result of the vote, I'm going to truncate the next two panels. Instead of having an hour for each, we'll have 45 minutes for each. That way, we'll still be able to hear from all the witnesses, and we'll be able to get one round of questioning in for sure. You may want to govern yourselves accordingly.

With that, I would like to welcome our next panel of witnesses.

From the Canadian Media Producers Association, we have Alain Strati, senior vice-president, industry and policy, and Kyle Irving, O.M., chair of the board of directors. From Inuit Tapiriit Kanatami, we have Natan Obed, president. From the Métis National Council, we have Victoria Pruden, president, who is joining us by video conference, and Alyssa Doner, manager of legislative affairs, who is here in the room. From the Ontario Federation of Indigenous Friendship Centres, we have Sean Longboat, chief executive officer, and Audrey Davis.

I would like to remind participants of just a couple of points.

Please wait until I recognize you by name before speaking. For those participating via video conference, click on the microphone icon to activate your microphone, 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, English or French. For those in the room, you can use the ear-piece and select the desired channel.

I will remind you that you may be asked questions in either English or French. If you require interpretation, please have your ear-piece on and ready to go right now so that we can make the best use of the time we have available.

Also, I have a final reminder that all comments should be addressed through the chair.

Each of you, or each of your organizations, will have five minutes for opening remarks. I'd like to keep that as tight as possible so that we can make sure we keep the meeting flowing.

With that, we will begin with the Canadian Media Producers Association.

You have five minutes.

[Translation]

Alain Strati (Senior Vice-President, Industry and Policy, Canadian Media Producers Association): Good morning, Madam Chair and members of the Standing Committee on Finance.

[English]

Thank you for inviting us to appear before you today.

My name is Alain Strati. I'm the senior vice-president of industry and policy at the Canadian Media Producers Association, the CMPA.

I'm joined by Kyle Irving, the co-owner and executive producer of Eagle Vision and chair of the CMPA board of directors. Based in Winnipeg, Eagle Vision is the most prolific production company with indigenous ownership in Canadian history.

The CMPA represents more than 650 independent production companies working in film, television and digital media. As leaders of small and medium-sized businesses, independent producers help fuel local economies, creating over 180,000 jobs across the country, contributing \$11.7 billion to the national GDP and attracting \$6.2 billion in foreign investment.

Canadian independent producers are creative entrepreneurs and bold risk-takers. They are the driving force behind the creative, fi-

nancial and strategic decisions that turn a simple idea into a successful film or television show. They tell the stories that reflect who we are as Canadians: stories that showcase our history, amplify under-represented voices and connect audiences at home and around the world.

I'll turn to Kyle.

Kyle Irving (Chair, Board of Directors, Canadian Media Producers Association): We have three proposals, and we'll outline them shortly. However, underpinning all that we have to say today is a deep concern about the future of the Online Streaming Act. This legislation was the result of a decade of public consultations, industry input and dedicated policy work. It has the laudable goal of ensuring that U.S. streamers, who make billions from Canadian audiences, invest a portion of those revenues back into the production of Canadian stories.

Last week, the government pressed pause on the regulatory framework needed to implement these important pieces of legislation. In doing so, it may have inadvertently pulled the rug out from under the future of Canadian content. The government must defend the Online Streaming Act. Abandoning or further weakening it would be a historic mistake.

Since Mark Carney became Prime Minister last year, Canadians have applauded his overt efforts to defend Canadian sovereignty and to strengthen our country's economic self-reliance. In January, at our national industry conference, the Prime Minister loudly proclaimed his support for a domestic broadcasting system that produces Canadian stories like *Heated Rivalry*, the global hit. Where did this Prime Minister go? Canada needs him back. Our cultural sovereignty as a nation is at stake.

● (1100)

Alain Strati: I'll turn to our budget submission. There are three tangible actions we encourage the government to take to strengthen the Canadian production sector.

First, the government must honour its commitment to increasing funding to the CBC, and those contributions should be made permanent. The government committed to fill an investment gap in public broadcasting during the last election campaign, and it should do so in this year's budget. With additional funding, the CBC will be better able to implement a modernized mandate. This renewed mandate should include a formal commitment to Canadian independent production, providing a framework to ensure that Canadian producers retain meaningful rights in the shows they produce so that they can share in the success of their own programs.

The Canadian film or video production tax credit, or CPTC, is one of the most important tools the federal government has to support Canadian content. However, the credit is only paid after production has wrapped. This forces producers to take out loans to finance the interim period, which is often 18 months or more, with interest costs on these loans consuming as much as 5% or 10% of a show's budget. This money should go on screen, not to the banks. Front-loading the CPTC through partial prepayment or accelerated reimbursement will remove this production inefficiency.

We are also asking that the government make a dedicated permanent investment of \$50 million to support the production of Canadian children's programming through existing programs like the Canada Media Fund and Telefilm, as well as the Rocket Fund. The shows we watch as children stay with us forever. When kids see themselves reflected on screen, it builds a sense of belonging that lasts a lifetime.

Thank you.

The Chair: Thank you very much, Mr. Strati and Mr. Irving.

We will now turn to President Obed from ITK.

You have five minutes.

Natan Obed (President, Inuit Tapiriit Kanatami): Thank you.

Ulaakut and good morning, everyone. As I've been introduced, I'm Natan Obed. I'm the president of Inuit Tapiriit Kanatami.

I want to start with an overview.

Whenever the federal government spends a dollar, it should understand where that's going, and it should be very clear about who the class of recipients is. We have spent over a decade working with this government as Inuit to clarify the rights-holding space that we share with the federal government in the implementation of programs, services and legislation.

Therefore, we call for the return of an indigenous chapter in the budget with distinctions-based sections so that Inuit can clearly understand exactly what we will be working with this government on, instead of having to go into the 30-plus departments, understanding the terms and conditions and, in many cases, advocating for funds that we have already been told are for Inuit or for indigenous people.

It is often federal government departments themselves that take these funds and imagine that they are the recipients of them through federal budgets. This is the type of practice we can interrupt by being more clear in the text of every federal budget about monies that are spent on rights-holding indigenous peoples.

ITK has seven recommendations that I'd like to share with you today. We will be finalizing our pre-budget submission and submitting it formally to this committee within the coming weeks, but I'm able to share with you the seven general recommendations.

The first is in relation to the introduction of an income-tested \$7,500 refundable tax credit for low-income residents in Inuit Nunangat. We are requesting this credit, because in our 51 communities—82% of the people within those communities are Inuit—Inuit have a median income of \$32,000, compared to \$100,000 for

non-Inuit people within our communities. We would like to ensure that there is equity among all Canadians, and this tax credit would help with the specific Inuit inequity in this country.

The second is to establish and fund a new federal program replacing the Inuit child first initiative. We started the co-development of a sustainable, long-term, shared responsibility model for CFI in 2019. It is now 2026, and we would love to ensure that there is a replacement for the initial program, which was only meant to be a placeholder. We need funding to be able to work with the government on ensuring that Inuit children have equity in this country.

Recommendation three is to pursue federal establishing legislation for the Inuit Nunangat university. In budget 2025, \$50 million was allocated by the government to ensure that the university could be built. We recently identified Arviat, Nunavut, as the main campus. We wish to open the doors by 2030, but federal enabling legislation is necessary. We hope that budget 2026 can commit to that.

Recommendation four is about supporting the development of a national Inuit identity card to improve access to health and social services. ITK is developing a national ID card equivalent to the Indian status card tied to membership in the four Inuit treaty organizations. The card would streamline Inuit access to federal programs and services and prevent those programs and services from being exploited by non-Inuit. We're seeking a policy commitment by the federal government to co-operate with Inuit in developing this card and rolling it out.

Recommendation five is to establish a billed Inuit Nunangat fund of \$1 billion over five years, with a focus on the Arctic, defence and security, and with funding commitments for dual-use through NOSH sites or for the many other considerations in the Arctic.

We would like to be able to work directly with the government in a distinctions-based way and in a rights-based way to ensure that our core infrastructure needs are met and not forgotten within the larger considerations of federal infrastructure, major projects and housing. Working directly and together is something we've done repeatedly, and we continue to work in partnership with the government on the implementation of funds from previous budgets. It only makes sense for us to build on that success.

• (1105)

Recommendation six is that the government provide funding in the amount of \$55 million in capital investments for justice-related infrastructure, including \$4.5 million of O and M annually, to expand Inuit-led justice services and to implement the Inuit chapter of the indigenous justice strategy. This strategy was released in March 2025, and it still requires funding for implementation.

Recommendation seven is that the government invest \$150 million over seven years to eliminate TB in Inuit Nunangat. Our rate of TB is now upwards of 600 times the national rate for all other Canadians born in Canada. We have a commitment by this government to eliminate TB together, but we have not allocated the necessary resources to do so.

In closing, the distinctions-based considerations and the articulation specifically of funds dedicated to Inuit allow us to do work. We are 75 to 80 people. You are thousands of people within the government sector. We need clarity to get to work instead of having to chase funds that are imagined for us but not then delivered to us.

The Chair: Thank you so much, President Obed.

I will now turn it over to President Pruden from the Métis National Council.

Victoria Pruden (President, Métis National Council): Thank you so much to the committee for the invitation to appear today. I'm joining you from Treaty No. 6 territory and the Métis homeland in Edmonton, Alberta.

My name is Victoria Pruden. I serve our nation as the president of the Métis National Council, the recognized Métis-specific national indigenous organization in Canada since 1983. I'm a proud Michif *iskwew*—Métis woman—mother and grandmother with deep ancestral roots in Métis nations spanning the Métis homeland.

Métis have long played a critical role in Canada's economic prosperity. We've been partners in building this country and its economy. This context informs the recommendations I'm going to be highlighting today.

Our message to the committee today is simple: The Métis nation can be a full partner in housing, major projects, procurement and workforce development while responding to the pressing needs of Métis governments and our citizens, but budget 2026 must renew distinctions-based capacity investments that make this possible. Canada is entering a period of generational investments in housing, infrastructure, major projects, clean energy, trade diversification, procurement reform and workforce development. We support these priorities and want to ensure that Métis governments are full partners in their design and delivery.

The most successful federal investments in the Métis nation over the last decade have been distinctions-based, co-developed and supported by long-term capacity funding. These investments have produced measurable results in areas such as housing, economic development, education and workforce development, and they are grounded in the recognition that Métis governments are best positioned to design and deliver these programs for their citizens. This approach also improves efficiency and value for money by leveraging existing Métis governance structures and infrastructure within

those governments and by reducing duplication in program delivery. Budget 2026 presents an opportunity to build on these successes and efficiencies.

The recommendations in our submission are interconnected and designed to strengthen and build more resilient Métis communities. At the same time, they're complementary to Canada's broader economic growth and nation-building agenda, while advancing shared outcomes.

Given the committee's focus on economic growth, I'm going to focus my remarks today on two areas where targeted investments can generate immediate and long-term benefits for both the Métis nation and Canada: economic development and housing.

Canada is pursuing an ambitious agenda focused on housing construction, major projects, clean energy, transportation corridors, trade diversification and procurement reform. Métis workers and businesses are already active in many of the sectors driving this growth, including construction, manufacturing, transportation and resource development. In 2020, Métis businesses and enterprises contributed \$25.4 billion to Canada's GDP—not an insignificant contribution.

However, all federal economic development funding that supported the MNC and Métis governments sunsetted at the end of the 2025-26 fiscal year. As Canada advances major economic initiatives, Métis governments currently lack a dedicated source of funding to support continued participation in these opportunities, thus causing a risk of shrinkage and growing gaps in terms of Métis contribution to GDP in the Canadian economy.

The Métis National Council is requesting \$3.8 million over three years to build foundational economic development capacity within the MNC and among our governing members. This investment would support procurement coordination, major project participation, strategic economic planning, business engagement and trade development, including efforts to diversify opportunities both inter-provincially and internationally through initiatives such as IPET-CA, the Indigenous Peoples Economic and Trade Cooperation Arrangement. This modest investment would ensure that Métis governments, businesses and workers are positioned to contribute to Canada's economic future, rather than being left behind by it.

Housing remains one of the most pressing challenges facing Métis citizens across the homeland. At the same time, Métis governments have demonstrated a strong track record in delivery through the Canada-Métis nation housing sub-agreement, underpinned by the Métis nation housing strategy. This strategy supports thousands of households through home ownership programs, housing repairs, rental assistance, and affordable housing initiatives.

• (1110)

The importance of this work is reflected in the fact that as I appear before this committee today, the Métis National Council is convening elected leaders and technical experts from five Métis governments across the homeland in Edmonton for our inaugural Métis policy forum. It's taking place in the next room. Housing is its primary focus. This forum is bringing our nation together to identify shared priorities, advance solutions and help inform the next chapter—

The Chair: I apologize, President Pruden. Could you wrap up in the next 30 seconds, please?

• (1115)

Victoria Pruden: Absolutely.

We're seeking \$5.2 million over five years for capacity work to explore the renewal of the Métis nation housing strategy and support the next phase of federal housing policy development and coordination.

The rest is in our submission, and you also have my notes.

Thank you. *Kinanâskomitin*.

The Chair: Thank you very much, President Pruden.

We'll conclude our opening statements with Mr. Longboat from the Ontario Federation of Indigenous Friendship Centres.

You have five minutes.

Sean Longboat (Chief Executive Officer, Ontario Federation of Indigenous Friendship Centres): Thank you for the opportunity to appear here today.

My name is Sean Longboat. I'm the CEO of the Ontario Federation of Indigenous Friendship Centres. We represent 31 member friendship centres from across Ontario.

I'm joined by Audrey Davis, the treasurer of our board of directors and the executive director of the Hamilton Regional Indian Centre. We both happen to be members of the Six Nations of the Grand River territory and residents of the greater Golden Horseshoe, and I'm here today to comment on our pre-budget submission.

Before I do that, I want to begin by thanking the federal government for restoring friendship centre core funding for five years, including enhancements. Those enhancements were initially time-limited, and this continuation stabilizes the operational backbone of friendship centres for the first time in decades. This has been critical in moving centres away from survival mode and towards thriving.

Ontario is home to the largest urban indigenous population in Canada, with 88% of indigenous people now living off-reserve in cities, towns and rural areas. Friendship centres are significant mul-

tiservice organizations employing more than 930 frontline staff across 31 communities. The recent enhancements announced allow friendship centres to build management capacity and focus on long-term planning and partnerships.

Here are a few examples of what that stability is already making possible.

In Thunder Bay, a 58-bed indigenous youth transitional housing facility is moving forward and is set to open in the coming months. In Hamilton, the friendship centre is achieving strong housing outcomes and has developed a new partnership with child welfare agencies to improve outcomes for indigenous families. Across Ontario, friendship centres now have the capacity to develop long-term strategic plans that create a clear path for lasting success.

Centres are also using the funding to stabilize wages, as program salary caps were causing chronic turnover. Before the enhancements, one-third of friendship centre staff had reported to us that they were using food banks in their communities.

We're also studying the economic impacts of friendship centres. Early analysis shows that for every dollar invested, friendship centres generate approximately \$1.17 in local economic activity, outperforming growth in mainstream and government service delivery.

I'm here today to reflect the priorities in our pre-budget submission, particularly mental health and addictions, housing and homelessness, violence prevention and emergency management.

We also want to be clear about what we're asking for. We recognize that Canada is facing fiscal constraints. We're not asking for increased core funding; that stability is in place, and it's working. I want to draw the distinction between core funding and program funding. Core funding is not program funding, but what we need is a continuation of program funding alongside targeted investments in key priority areas identified within our submission. What we are proposing builds on our results and protects the progress that has already been made.

The first is mental health and addictions. This is a national crisis that disproportionately affects indigenous people, and sustained investment in indigenous-led wraparound services reduces pressures on health care systems and improves community safety.

The second is housing and homelessness. In Ontario, indigenous people represent 20% to 50% of the population experiencing homelessness and account for between 65% and 88% in some communities while only making up 3% of the province's total population. Friendship centres deliver integrated, cost-effective housing programs that outperform fragmented systems and reduce reliance on shelters and emergency services. Our submission calls for renewal and expansion of the Reaching Home program, fulfillment of the urban, rural and northern indigenous housing strategy commitment, and expanded indigenous-led housing solutions.

• (1120)

Our third priority is violence prevention. Programs like kizhaay anishinaabe niin, which translates to "I am a kind man", work with indigenous men and boys to prevent violence and promote healthy relationships alongside other prevention-focused services supporting safer communities. At the same time, the four-year urban indigenous homeward bound program supports single-parent mothers to stabilize, complete post-secondary education, enter the workforce and build long-term independence and intergenerational prosperity. We know this program is working, but it is currently underfunded, and it's at risk. We're asking the federal government to step up and help sustain it.

The Chair: I apologize, Mr. Longboat, but could you wrap up in the next 20 seconds?

Sean Longboat: We also want to address emergency management. Friendship centres play a critical role in evacuation, but the current system lacks coordination and is not consistently culturally safe.

In summary, our budget priorities include mental health and addictions, housing and homelessness, violence prevention and indigenous-led emergency management. Our message is simple: Friendship centres are indigenous-led solutions that improve outcomes and reduce costs for government and communities.

We have presented our submission to you for consideration.

Thank you.

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

We'll begin this round of questioning with Mr. Morin from the Conservative Party.

You have six minutes.

Billy Morin (Edmonton Northwest, CPC): Thank you, Madam Chair.

Thank you to our guests.

It really hits home for me when you talk about distinctions-based funding. You kind of answered my questions on the principles of what you're seeking. Indigenous people are first nations, Métis and Inuit. Getting a look under the hood of government and reading the departmental plans and all the things that they do was something I never got to do as a chief, but now I have to as a member of Parliament and the shadow minister for ISC.

I was surprised to learn that there are 8,000 employees and 22,000 administered programs across 600-plus first nations, Inuit and Métis communities. That is purely a broken system that is inef-

ficient. I hear the communities when they say they want distinctions-based funding, because what I have seen in my first year here is that it's a churning of mishmash and non-statute-based funding, and we're talking about the rights, when it comes to section 35, of these communities.

President Obed, you said you struggled for 10 years when it came to distinctions-based funding. Is that correct? Is that how long you've been in negotiations with the current government?

Natan Obed: We've made gains through the Inuit-Crown partnership committee, through the adoption of the Inuit Nunangat policy and through distinctions-based sections within federal budgets, but those gains have not lasted. We've spent all this time, all this energy and all this money to be more efficient and to get to the outcomes that we're looking for. Unfortunately, over the past three to five years, we have lost some of the gains that we have made, and now we're back in a space where we are asking for the same thing that we thought we fixed in 2016, 2017 and 2018.

Billy Morin: I find that the government is really good at making announcements and putting numbers on the board. Are you aware that even in their own departmental plan for ISC, one of their KPIs noted that the percentage of Inuit adults living within the Inuit homeland who reported being in excellent or very good health was 36.9% in 2023? For 2024, it was also 36.9%, and for 2025, it was 41.6%. When you go to the caveat there, these results are from 2012 to 2017.

Does it say that the government is serious when it comes to doing distinctions-based funding when they're using results from over 10 years ago?

Natan Obed: We are challenged every day by having the same type of conversation. The StatsCan indigenous people survey is being replaced gradually by the Qanuippitaa? national Inuit health survey. We want the best possible policy framework from the statistical information available. Unfortunately, we don't have that at this moment, but it is coming.

Billy Morin: I share your desire for distinctions-based funding, because I think there is a mishmash of non-statute-based funding. In a \$25-billion budget, \$130 million is statute-based funding for rights, and that has nothing to do with rights holders. That has to do with employee salaries. If we're going to honour section 35, which includes all indigenous people, we have to go to statute-based distinctions funding. Thank you for emphasizing that.

This question is for my friends at the Ontario Federation of Indigenous Friendship Centres. You mentioned program funding. You said your core funding was sustainable and was okay, but your program funding and your distinctions-based funding were going down. Is that correct?

• (1125)

Sean Longboat: Yes, the core funding has been stabilized through the urban programming for indigenous peoples program, but that program in particular funds the operations of centres. It keeps the doors open, the lights on and an executive director employed, but there are many gaps related to programs and services today. Many of those programs are at risk of not being in a position to continue, so we're asking the federal government to address those gaps and continue to invest in what's working.

Billy Morin: There's a saying that's kind of a cliché or a cheeky meme in modern times: "Off-reserve lives matter." People from the rez or from indigenous communities like saying that, and you provide a specific service, because as with Jordan's principle...that's what led to the court case where the province said it wasn't their jurisdiction and the federal government said it wasn't their jurisdiction.

Talk about how your centres fill that gap, not just for the Jordan's principle scope but for all other scopes, and how important it is that your program funding be sustained as well as possible.

Sean Longboat: It's so important. You mentioned Jordan River, and in that case, there was a jurisdictional dispute where the young person was not serviced because jurisdictions couldn't agree on who was to serve the individual.

Friendship centres are very much community-focused and human-focused in their service delivery, and oftentimes when individuals come into cities, friendship centres are their first point of contact. We offer a range of programs and services across mental health and addiction supports, housing and employment, and many others, for the vast majority of indigenous people who are living in cities and towns today.

Billy Morin: I want to commend you on the "I am a kind man" program and its work to end violence against women. We just heard the Minister of ISC say that the goal of the department is to lower intimate partner violence from 16.9% across indigenous communities to 16%. We pushed back and said the goal should actually be zero. I commend you for putting in programs and getting results, as opposed to just throwing out KPI numbers that come from we don't know where on such things.

My final question is for the Métis National Council.

You talked about distinctions-based funding, but can you reiterate what you were saying about economic development and housing and about how Métis-distinct housing is working, as opposed to it being thrown in with other programs in the ISC ministry in particular?

Victoria Pruden: Thank you so much. I'm so glad that you brought this up.

For us, [*Technical difficulty—Editor*] pan-indigenous housing application-based rollouts simply do not work. Métis governments know how to respond to communities with housing funding in particular. I'll use as an example the sub-agreement on Métis housing, which allowed section 35 rights-holding Métis governments to receive and administer housing programming and housing development on our own terms tailored to a holistic approach. It is absolutely the best outcome.

The Chair: I apologize, President Pruden, but I'll have to end it there. That concludes the time for this round.

Thank you, Mr. Morin.

We're going to continue now with Dr. Martin for six minutes.

Danielle Martin: Thank you all so much for being here. It's an honour to have such distinguished guests at the committee this morning.

I wanted to begin by asking some questions of President Obed. Thank you for the work of ITK and the inspirational leadership that you provide.

I note that your budget submission from last year, like your budget submission from this year, as I understand, has a focus on, among other things, the elimination of tuberculosis. I think many Canadians still don't know that we have tuberculosis on these lands and specifically the extent to which it is a serious health threat in Inuit communities and in some of our more urban communities. Regarding the conditions under which tuberculosis spreads, it's not just about the infectious agent. It's about the housing and surrounding social environments that allow this lethal disease to spread in communities.

Could you describe for us the conditions that have made tuberculosis so difficult to eliminate among our Inuit neighbours and friends? Also, could you talk to us a bit about how you are able to price a solution so precisely? That speaks to me of a plan that underpins those numbers. Could you tell us what it's going to take to reach the goal of eliminating tuberculosis by 2030?

• (1130)

Natan Obed: We have four jurisdictions across Inuit Nunangat. Each has its own TB elimination plan. We do not have a blanket rate of TB across Inuit Nunangat. We have outbreaks currently in Nunavik and Nunavut that in the last couple of years have been really driving the rate of TB, which now is about 600 times.... In 2018, when we started our TB elimination work, it was only about 300 times.... Unfortunately, COVID interrupted the public health work, the identification of active TB in communities and the treatment.

We understand that TB is a social disease in many cases and that we can eliminate TB through specific targeted actions, such as improving housing, because our housing overcrowding rate is 51%; eliminating poverty, because we have a 41% poverty rate; reducing food insecurity, because we have a 70% food insecurity rate; increasing public health outreach, because we do not have a complete health system across Inuit Nunangat; and increasing primary care—the care and treatment of it.

We have a research component to understand how TB affects our communities specifically. Genomics will help us understand how to treat TB. There was a \$125-million allocation in the spring update for basic capacity for TB work over the next five years. What these additional funds will do is unlock the public health upstream work to further identify TB, to treat active TB and to focus on the specific health components and Inuit societal components of TB elimination.

We still need housing. We still need health care facilities. We still need doctors. Those are parts of the larger whole. We are trying to do our part.

Danielle Martin: That's helpful. Thank you.

I would like to move to our friends from the Ontario Federation of Indigenous Friendship Centres.

I have a wonderful friendship centre in my community, the Native Canadian Centre of Toronto, that does a wide range of inspiring work, so I was really glad to see the announcement of stable and sustained funding that allows it and other friendship centres to plan for the future and properly compensate their staff. I agree with you that it was a really important announcement and commitment by this government.

There's, of course, always more work to be done. You speak in your submission about the importance of indigenous-led mental health and addiction services, particularly in urban communities. While these are resilient communities that have a lot of strengths, I know there are some very significant challenges around mental health and addiction in my own city, in Toronto.

What has been your experience of what works across the many friendship centres that you represent? Given that we live in an interjurisdictional world—that is the case for everyone at this table, for indigenous and non-indigenous people, particularly when it comes to health care services, many of which reside in provincial jurisdiction—what have you seen that works regarding partnerships between federal and provincial governments? What has been your experience with Ontario government policy vis-à-vis addiction services and mental health services? How has that affected indigenous people?

Sean Longboat: What works is simple: indigenous-led approaches to mental health and addiction services. Friendship centres are working.

In terms of Ontario policy, we've been a long-standing partner of the Ontario government in shaping public policy to improve outcomes for indigenous people. However, there's a lot of work to do in terms of funding and supportive policy.

We know that friendship centres, through their range of services, improve outcomes for the people who access services. Over the last two years, 332 individuals have improved life skills through community-based programs. Five hundred seventy-one individuals talked about improved family relationships, and 300 had a stronger cultural connection. Those who maintain stronger cultural connections—they understand who they are, where they come from and what their responsibilities are as indigenous people—show improved health outcomes, broadly speaking.

• (1135)

Danielle Martin: Thank you.

The Chair: You have about 15 seconds left.

Danielle Martin: I'll cede my 15 seconds. Thank you.

The Chair: Thank you very much, Dr. Martin.

[Translation]

Mr. Garon, you have the floor.

Jean-Denis Garon: Thank you, Madam Chair.

Thank you again to all the guests and witnesses for being here today and for submitting briefs.

I'll start with you, Mr. Longboat. In Quebec, we have had great success with the Native Friendship Centre. The case we're familiar with is the one in Val-d'Or. The work of Édith Cloutier and her team has made this a pillar of reconciliation, as well as a flagship institution among the associations that provide services to first nations. This is work that the general public often knows little about, and I'd like to give you the opportunity to make it known and tell us about it. I'd also like to know whether you think the current federal funding really makes it possible to meet the growing needs in urban areas, particularly in Quebec.

[English]

Sean Longboat: I would concur with your assessment that a lot of community members across the province ask all the time what a friendship centre is. I have to explain to them the history of the friendship centre movement. It goes back many decades, back to the late 1950s, in fact. We have a long history within this country. I believe friendship centres are an institution in this country.

In terms of the opportunity to grow, we have raised with the federal government that there needs to be a distinct set-aside for new and developing friendship centres. The funding we receive today allows us to maintain the 31 friendship centres we have in Ontario, but it doesn't allow growth.

We receive queries from time to time from community members who are interested in developing a friendship centre in their cities and towns. Unfortunately, as it stands, we're not in a position today to grow the movement.

[Translation]

Jean-Denis Garon: Thank you, Mr. Longboat. I don't necessarily have the statistics in front of me, but there have been new trends in urban areas for the past 10 to 15 years. According to the statistics, the indigenous population is growing in urban areas. However, most of the time, indigenous people are living in conditions that are not, to put it politely, ideal. For example, there's an increase in homelessness among indigenous people.

I would like you to tell us about these problems and the role that your centres or other stakeholders can play. Among other things, what are the causes of homelessness among first nations? Is it the lack of health services in communities or on reserves that leads people to move to urban areas, where they get less support? Can you explain to me how the problems faced by first nations people in urban areas have evolved and what the causes are? What role can you play to ensure that, in many cases, there's less human suffering among first nations?

[English]

Sean Longboat: There's a lot of work to do. You're right in your assessment regarding homelessness that indigenous people are disproportionately represented among those experiencing homelessness. We're seeing many issues around addictions and mental health, but there are also successes that we're seeing, such as improved educational attainment and increased levels of employment among people. It's not all dire in the situation today; however, your point is well taken, and friendship centres exist to address the very issues you're raising.

There's a lot of work to do. The population is growing, as you mentioned. In Ontario, 88% of indigenous people live in cities and towns. Many of those communities are underserved, and programs like friendship centres can lead to better outcomes for indigenous people, for families, for elders, for seniors, for children and for babies.

Friendship centres offer wraparound supports to people at all stages of the life cycle. By investing in friendship centres, we can get in front of some of these challenges before they reach a crisis. That's why many of our priorities are prevention-based, making sure that we're taking care of the problem before it becomes a crisis.

● (1140)

[Translation]

Jean-Denis Garon: I'd like to let this go on, but time is a scarce commodity here.

I would now like to continue with you, President Obed. You recently took a public stance in favour of abolishing the nutrition north Canada program. I'm interested in the issue, and I would like you to explain to me why that program isn't working.

[English]

Natan Obed: To be clear, we have asked for an overhaul of the program. We recognize that the Government of Canada spending upwards of \$200 million for increased food security for nutrition north-eligible communities in the north and the Arctic is generally a good thing. It does not function as a social program. That is our biggest critique of the nutrition north program.

As I stated in my stats, our Inuit population is at a food insecurity rate of 70%. A rebate-at-till model—basically, you go to the store, and the retailer tells you how much you're saving—is a blanket subsidy for all those who use it. It could be individuals in communities, businesses or governments that go to the store. We need a more targeted social program that gets food to the people who need it most in our communities.

[Translation]

Jean-Denis Garon: Please answer very quickly, President Obed. We have just a few seconds left.

The issue of food inflation is in all the media. It's a source of concern for all Quebecers and Canadians. Can you tell us the scale of this in the communities you represent?

[English]

Natan Obed: We just created a poverty reduction strategy, and the Inuit Nunangat food market basket is one of the key inputs. We are seeing two to five times the cost of goods, services and food in the south in our Inuit Nunangat communities.

[Translation]

The Chair: Thank you, Mr. Garon.

[English]

On behalf of the committee, I would like to thank all of our witnesses for their time today. I apologize for the shortened meeting; however, we can't control when votes happen. We really appreciate your time and your recommendations.

We're going to have a brief suspension while we turn over for our final panel this morning.

● (1140)

(Pause)

● (1145)

The Chair: Colleagues, we're going to get started, if you can make your way to the table.

Just before we begin, Mr. Appleton is here, but his connection is not sufficient for interpretation. I just want to see if there is UC from the committee to allow him to make his opening remarks. There will not be interpretation.

Do we have UC for him to make his opening remarks?

Some hon. members: Agreed.

The Chair: We will do that. Members will be allowed to ask questions; there just won't be any interpretation provided for Mr. Appleton. If that becomes an issue, we can discuss it later on in the meeting.

With that, I would like to welcome our final panel of witnesses for the pre-budget consultations for 2026 of the finance committee.

First, we have Monsieur Renaud Gignac, senior adviser from the Investors for Paris Compliance. We have Mr. Barry Appleton, the interim director of the Balsillie Legal Advisory Centre. We have Stephen Beatty, industry consultant. From Hitachi Energy Canada, we have Carla Vicente, the Canada managing director.

Just before I turn to you, I'd like to remind you of the following points.

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 while you are not speaking. For those on Zoom, at the bottom of your screen you can select the appropriate channel for interpretation. For those in the room, you can use the earpiece and select the desired channel.

I would like to remind everyone that you can be asked questions in either English or French, so if you require interpretation, please put your earpiece in now so that we can ensure we use the time available to us.

Each of you will have five minutes for your opening remarks.

We are going to begin with Monsieur Gignac.

• (1150)

[Translation]

Mr. Gignac, you have the floor for five minutes.

Renaud Gignac (Senior Adviser, Investors for Paris Compliance): Good morning, Madam Chair and members of the committee.

Thank you for the opportunity to speak with you today. My name is Renaud Gignac. I'm a lawyer and economist at Investors for Paris Compliance, an organization that monitors the climate commitments of big companies.

I'm here to propose two budget measures: first, a tax on the windfall profits of oil and gas companies, and second, an act on climate damages recovery.

Before I go into detail on these measures, I submit to you that the Canadian economy is currently suffering from a major inequity. On the one hand, taxpayers have already begun subsidizing the astronomical and rising costs associated with climate change. Average home insurance premiums, which reflect the increase in damages, have increased by 45% in the past six years, with increases of up to 300% in regions such as northern Calgary. At the same time, insurers have increased deductible amounts and are restricting coverage for certain risks.

Households are also paying more in taxes, including to fund the disaster financial assistance arrangements program, whose costs are rising year after year.

Going forward, the Federation of Canadian Municipalities has established a need to invest \$5.3 billion per year, starting now, to upgrade our sewers, roads and dikes. Those findings are shared by the Union des municipalités du Québec.

On the other hand, Canada's oil and gas sector has raked in net profits of \$1.5 billion per week since the Strait of Hormuz closed in February: that is, three times more than before the crisis.

These two parallel trends—rising costs for everyone, on the one hand, and record profits for the industry, on the other—highlight how deeply unfair the current situation is.

What can we do?

First, economists have estimated that a tax on the windfall profits of oil and gas companies could raise between \$9 billion and \$46 billion this year, while still leaving the industry entirely reasonable profits: between \$44 billion and \$81 billion. Other countries, such as the United Kingdom, have successfully implemented such a contribution.

However, a windfall profits tax is temporary, by definition, since it only applies when oil prices are high. However, the damages caused by climate change will still be there, and it will continue to get worse over the coming decades.

That's why we're proposing a second mechanism, a climate damages recovery act, which targets historical emissions and builds on the architecture of recent tobacco compensation agreements, in which large manufacturers have been held responsible for public health costs to the tune of \$33 billion.

Vermont passed its Climate Superfund Act in 2024, and it was followed shortly thereafter by a similar act in New York. New York's legislation requires the major emitters of greenhouse gas, or GHG, to pay \$75 billion over 25 years—that is, \$3 billion a year—to adapt municipal infrastructure.

How does that work? Companies are billed a proportionate fraction of the adaptation costs, which is calculated based on their share of global historical emissions over a reference period, for example, from 2000 to 2025.

We estimate that a Canadian climate superfund could generate between \$3 billion and \$6 billion per year over the next 25 years. These funds could serve to compensate victims of climate damage, stabilize the home insurance system and fund the adaptation of our communities.

These two measures could help correct the inequity that's making low- and middle-income households not only pay more for their energy bills, but also pay out of pocket for the costs of climate damages.

It's time to align our budget rules with basic principles of fairness. Let us put the costs on those responsible for them, that is, mainly, the companies that are raking in windfall profits and that have generated the GHG emissions, not the households that are suffering the consequences.

Thank you.

• (1155)

The Chair: Thank you, Mr. Gignac.

[English]

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

[Translation]

Jean-Denis Garon: Madam Chair, I have a point of order.

The Chair: Yes, Mr. Garon, go ahead.

Jean-Denis Garon: I apologize. I had a technical issue at the start of the meeting because of the connection. I seem to have missed the unanimous consent regarding interpretation. This is because I'm participating remotely. I know it's a delicate issue, but could you explain why there's no interpretation?

The Chair: My apologies, Mr. Garon. What happened is that Mr. Appleton's Internet connection isn't sufficient to support interpretation. That's why I asked for the committee's unanimous consent to allow him to use his time.

Jean-Denis Garon: I understand, Madam Chair, but I really did have a technical issue here. I don't want this to be detrimental to the witnesses either, but I won't be able to do my parliamentary work.

The Chair: No, that's fine. If that's not acceptable, Mr. Garon, that's fine.

Jean-Denis Garon: Unfortunately. I apologize for that.

The Chair: That's fine. That's why I asked for the committee's consent.

[English]

I apologize, Mr. Appleton, but we need to be able to interpret. If you would like to send your opening remarks via text, we will circulate them to the committee. It is important for us to do that. Thank you for—

Barry Appleton (Interim Director, Balsillie Legal Advisory Centre, As an Individual): Madam Chair, is it possible to try the interpretation on my current connection?

The Chair: It has already been decided by the House of Commons that the current connection is insufficient for interpretation. It's unfortunate. I thank you for your time. Please submit your written remarks. You're obviously welcome to stay for the duration of the meeting, but we won't be able to hear you if we don't have UC from members.

We're going to move on now to Mr. Beatty for five minutes.

Stephen Beatty (Industry Consultant, As an Individual): Thank you, Madam Chair.

Honourable members of the Standing Committee on Finance, thank you for the opportunity to appear before you during your pre-budget consultations.

This is an important time for Canada and one that requires a great deal of thought as we move forward. Of course, every budget has to be evaluated in the context of its times. This year's budget comes against the backdrop of the CUSMA review at a pivotal moment for the auto industry.

Canada's auto sector, our second-largest export industry, faces an urgent decision. The CUSMA review will determine whether Canadian vehicle assembly remains viable or declines rapidly. If tariffs persist, Canadian plants, 85% of whose production serves U.S. customers, cannot absorb the extra costs of those tariffs. It would result in plant closures, lost jobs and severe economic impacts, especially in smaller communities that support our supply chain.

However, listening very carefully to the concerns and negotiating objectives of all three CUSMA partners, I believe there is a path to renewal. A restructured fortress North America agreement based on strong regional rules of origin, harmonized regulations and fair treatment of North American content is possible. The detailed elements of what I believe should be in that policy are in my written submission to the committee.

Even a renewed CUSMA requires new national priorities. Strategic funding set aside for industrial transition must be deployed to retool plants and drive innovation in critical areas like powertrain, Internet-connected technology and services, and advanced manufacturing. However, the protection of a revised trade deal must not become a crutch for industry. We have to accelerate rapidly to regain global competitiveness and leadership.

Canada must act decisively, regardless of the outcome. To advance, we need to replace the current policy dissonance in Ottawa. We need a national automotive strategy treated as a strategic project, guided by clear goals, coordinated across government and integrated with trade, industrial, and environmental policies. This strategy should also address the growing threat of transshipment from non-regional players, particularly China, and protect our connected vehicle data and infrastructure.

On the other hand, if we abandon auto manufacturing in favour of expanded trade liberalization, much as Australia has done, a national strategy to transition manufacturers and workers out of the sector is going to be required. To answer the question that I'm sure is on everyone's mind, Canada has the financial resources to underwrite the shift either way. There are ample funds remaining in the strategic response fund and billions of dollars committed but unspent under the previous EV supply chain strategy. Additional funds could be recovered by terminating the federal iZEV program that currently subsidizes imported vehicles.

To me, the choice is clear. It's a choice of growth or decline. By moving quickly to secure a modernized trade framework and investing in innovation and transition, Canada can ensure that our auto industry remains a pillar of our economy, supporting prosperity, jobs and strategic capability for decades to come, but we have a very narrow window for those decisions to be made.

Thank you, Madam Chair. I look forward to any questions the committee may have.

• (1200)

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

I will continue now with Ms. Vicente from Hitachi Energy Canada.

Carla Vicente (Canada Managing Director, Hitachi Energy Canada): Madam Chair and honourable members, thank you for the invitation.

[Translation]

It's an honour to be with you all today.

[English]

Hitachi Energy is a global leader in power grid technology. In Canada, we design, engineer, manufacture and deliver the critical systems that enable electricity to move safely, reliably and efficiently, from high-voltage equipment and transformers to grid automation and system integration.

[Translation]

For generations, Hitachi Energy has helped build Canada's electricity grid. Today, we are strengthening Canadian transformer manufacturing to power the country's next chapter.

[English]

We operate across the full electricity value chain, supporting transmission systems, interprovincial grids, industrial electrification and the integration of new power generation.

For over 100 years, we have been part of the industrial backbone that enables Canada's electricity system to function and continue to grow. As the federal national electricity strategy points out, Canada is entering a decisive decade. Electricity demand is expected to at least double by 2050, driven by electrification, AI and industrial growth. Meeting this demand will require over \$1 trillion in electricity infrastructure investments. That is not only an energy challenge but a nation-building opportunity that is aligned with the government's priorities of economic growth, productivity and Canadian competitiveness.

At Hitachi Energy, we are investing directly in Canada's energy future. In Varennes, we announced in 2025 an additional \$270-million investment to expand our large power manufacturing facility for transformers, building on a prior \$140-million investment in 2024. This project will nearly triple production capacity and create approximately 500 high-quality jobs, strengthening both regional economic development and Canada's position as a global clean energy manufacturing hub.

With the right policy conditions in place, there is a clear pathway for additional investments to be made in Canada, and we continue

to expand grid infrastructure and manufacturing capacity. More broadly, projects like these, alongside other clean industrial initiatives, represent billions of dollars in investment, but their success ultimately depends on one thing: access to reliable, scalable and modern grid infrastructure.

Therefore, I'm offering four recommendations for budget 2026.

First, prioritize a made-in-Canada grid supply chain. Global demand for grid components is surging, leading to longer lead times and increased costs. Transforming Canada into a competitive manufacturing hub for critical grid technologies will strengthen supply chain security, create jobs locally and support regional economic development.

Second, strengthen grid planning capabilities to support future system needs. Leveraging global expertise and Canadian experience, Hitachi Energy stands ready to support utilities and governments alike in assessing options, de-risking investments and designing solutions that are aligned with priorities. Our recent investment in an HVDC simulation centre right here in Canada—one of only three globally—will provide a unique platform for customers to test and simulate system scenarios.

Third, pair investment with regulatory certainty and workforce development. Faster and more predictable permitting processes are essential to ensuring that projects are delivered on time and on budget. At the same time, targeted investments in skills and workforce capacity will ensure that Canada can execute at the scale required.

Finally, expand clean economy investment tax credits. Critical grid technologies and equipment manufacturing are excluded from ITC eligibility, creating a gap as Canada must expand its grid rapidly. This misaligns the ITC framework. For example, transformers qualify under the clean electricity ITC when deployed by utilities, but their manufacturing does not qualify under the clean technology manufacturing ITC. We incentivize use but not domestic production. Including transformer manufacturing would restore alignment, support developers and manufacturers and strengthen Canada's supply chain. Without this change we risk relying further on imports, undermining our competitiveness and energy security.

• (1205)

[Translation]

In conclusion, the path forward is clear: invest in the network, build it here and do it faster. Hitachi Energy Canada is ready to contribute to these objectives given our long-standing presence in the country, as well as our domestic processing capacity and our global expertise in network technology.

[English]

Thank you.

[Translation]

The Chair: Thank you, Ms. Vicente.

[English]

I will now turn it over to Mr. Kelly. We're going to have time for one round of votes—

Pat Kelly (Calgary Crowfoot, CPC): It's one round of questions.

The Chair: Yes, questions. Thank you.

Voices: Oh, oh!

The Chair: Do you see how much I want to get to votes on clause-by-clause eventually? It's been four days.

Each designated party will get seven minutes.

Mr. Kelly, please go ahead.

Pat Kelly: Thank you.

I'll begin with Mr. Beatty.

You talked about the need for a more productive economy and better productivity. We had the senior deputy governor of the Bank of Canada, Carolyn Rogers, speak of the “break the glass” emergency, and that speech was more than two years ago now. Do you think the glass has been broken?

Stephen Beatty: I think the glass is getting awfully close to being broken, one way or another. We should have been working on this before now, but in the absence of a true decision around some of the trade issues that are confronting us, it's very difficult to make a final decision about the direction of investment.

That said, we're coming up to July 1. We're going to know very rapidly whether or not Canada remains part of a North American automobile manufacturing structure. If not, then, yes, this is a “break the glass” emergency.

There will have to be enormous effort put into making the transition to ensure that strategic industries are allowed to continue into the future. In this case, it may mean that auto parts suppliers will have to be transitioned to supplying the energy sector, to national defence or to any number of other critical national projects, but it would be a shame and a failure on Canada's part to let those capabilities go.

Pat Kelly: So you get a sense that we've just been stumbling our way to this point.

The alarms have been sounded. There is a well-known problem with productivity. We know that the growth in labour productivity in Canada is at the bottom of the OECD, and it's been there for a decade. Under this government, we've seen no improvement in this important area.

What else can you say to the urgency of the problem? We had testimony at this committee that the productivity crisis in Canada and the affordability crisis are the same thing. We don't have wages and employment income keeping pace with costs.

Is there anything you can add to the urgency on this?

Stephen Beatty: I would say two things.

One, you're absolutely right that the type of employment we're talking about in the manufacturing sector is high-wage. It has benefits that are often not available to people in other parts of the economy. It's a knowledge-based piece of the economy that is very important for us to leverage. If you don't have those jobs, then Canadians will not be able to afford the lifestyle we all want for each other.

Above and beyond that, the whole issue of productivity is something we need to really keep in mind. The most unproductive plants are the ones that sit idle waiting for a decision about where to head next.

In the auto sector, we've had plants closing. We've had plants put on hiatus for up to two years at a time. We're taking people out of the workforce at their most productive period and putting them on the shelf.

Pat Kelly: That's very important testimony for us. Thank you.

In your opening statement, you talked about supports for industry in times of disruption becoming a crutch for industry. What are the dangers there?

• (1210)

Stephen Beatty: If we look back on tariff strategies in particular, there's often this desire on the part of industry to say, “Protect us. Give us a barrier, and we'll do the right thing.” Often what happens is that the barrier goes up, and it becomes a period of profit-taking as opposed to a time of reinvestment into the sector.

Even when it comes to the deployment of funds existing under federal programs, it's extraordinarily important that they're not only for retooling for this model, but in fact there's a requirement for reinvesting into new technologies or the further development of industrial processes. We've failed to do that in most of the programs we've established in Canada, either provincially or federally.

Pat Kelly: Thank you.

Madam Chair, I see that Mr. Mantle has joined us at finance. Since we only have one round, I'd like to cede the rest of my time to him.

The Chair: Sure.

You have just over two minutes left.

Jacob Mantle (York—Durham, CPC): Thank you, Madam Chair, for allowing me to join you here at finance.

I believe I'm subbed in for Mr. Hallan. Is that correct?

The Chair: Sure.

Jacob Mantle: Given that I am, I'd like to move a motion that he put on notice in his name on Friday, June 5.

I'll read the motion. He put several on notice, so I'll just read the one.

The Chair: Wait one second, Mr. Mantle.

Because it's not in your name, you need UC to move the motion. Are you going to ask for UC to do that?

Jacob Mantle: Madam Chair, respectfully, I don't believe that's correct. I am subbed in as the member and can move the motion.

The Chair: Okay, please go ahead.

Jacob Mantle: Just to confirm, as a member subbed in for another member, I am permitted to move the motion in his name.

The Chair: That's correct, because you are subbed in for him specifically.

Jacob Mantle: Very good. Thank you.

I know Mr. Hallan put several motions on notice, including this one on Friday, June 5. I'll read the motion that I'm moving for the committee's benefit. It is as follows:

That, given that the Privacy Commissioner of Canada is a trusted and respected defender of the privacy rights of Canadians, and that Liberal members of the Standing Committee on Public Safety and National Security denied the commissioner an opportunity to protect those rights by appearing as a witness during clause-by-clause consideration of the Prime Minister's overreaching surveillance law, Bill C-22, an act respecting lawful access:

a. it be ordered that the Standing Committee on Finance stand in solidarity with Canadians who are concerned about threats to their privacy, and immediately suspend clause-by-clause consideration of Bill C-30, an act to implement certain provisions—

Ryan Turnbull: I have a point of order, Madam Chair.

The Chair: Go ahead, Mr. Turnbull.

Ryan Turnbull: This is clearly out of order with the committee's mandate. The motion doesn't even relate to the mandate of the finance committee.

The Chair: Thank you, Mr. Turnbull.

Let me consult with the clerk.

Jacob Mantle: I'd like to speak to the same point of order, Madam Chair.

The Chair: Thank you, Mr. Turnbull. You're correct. This motion is inadmissible because it deals with the business—

Jacob Mantle: I'd like to speak to the same point of order. I believe it's my right to speak to the point of order as the mover of the motion.

The Chair: No. I've already ruled that it's inadmissible, so you're welcome to challenge the chair if you like. Other than that, it's been ruled inadmissible.

Jacob Mantle: Just to clarify, are you saying that the clerks were incorrect to put it on notice as an acceptable motion?

The Chair: No. I am deeming it inadmissible because it deals with the business of another committee, and that is not the business of this committee.

Jacob Mantle: I believe it deals with Bill C-30.

The Chair: Mr. Mantle, I'm sorry; I've already made a ruling. If you would like, you can challenge the chair, but otherwise we're going to move back to business.

Jacob Mantle: Could you just put your reasons on the record for us, please?

The Chair: I have already.

Jacob Mantle: I don't think they're cogent or persuasive. Could you just restate them?

The Chair: Excuse me, Mr. Mantle. I'm going to conclude this part, so you can either continue with.... No. Actually, you don't have any more time left. You have four seconds.

[Translation]

Jean-Denis Garon: I have a point of order, Madam Chair.

[English]

The Chair: Go ahead, Monsieur Garon.

[Translation]

Jean-Denis Garon: I would just like to ask a question about procedure.

I fully understand the point made by my colleague Mr. Turnbull, who says that the motion is not in order because it refers to Bill C-22.

If my other colleague had moved a motion stating strictly that he wishes to suspend Bill C-30, without referring to Bill C-22, would the motion have been deemed in order in that context?

• (1215)

The Chair: Mr. Garon, I'm not going to answer that question. I would have to see a motion in writing. I've already made my decision and we're going to continue the meeting.

Mr. Leitão, you have the floor.

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

[English]

Jacob Mantle: I'd like to challenge the chair.

The Chair: You don't have the floor.

Jacob Mantle: You interrupted me, so in theory I still have floor.

The Chair: Excuse me, but I did not interrupt you. I had already made the decision. If you want, you can challenge the chair.

Jacob Mantle: I challenge the chair's ruling.

The Clerk of the Committee (Vicky Sedhya Maurice-Sevigny): We're voting on challenging the chair's decision. If you vote yea, it is to sustain the decision of the chair. If you vote nay, it is to overturn the decision of the chair.

(Ruling of the chair sustained: yeas 6; nays 5)

The Chair: Mr. Leitão, you have the floor.

Jacob Mantle: I believe you said I had four seconds left, Madam Chair.

The Chair: The four seconds are up now.

Go ahead, Mr. Leitão.

[Translation]

Carlos Leitão: Thank you, Madam Chair.

We're going to continue with the agenda item: pre-budget consultations.

Good morning, Ms. Vicente. Thank you for being here.

We're discussing pre-budget consultations and the role that Hitachi Energy Canada already plays in the Canadian economy. As you mentioned, your company has been here for about a hundred years. I had the opportunity to visit your plant in Varennes. Indeed, your company's commitment to providing a reliable electricity grid is crucial and will contribute to Canada's economic development.

Let's go back to your recommendations. You mentioned the importance of the local, made-in-Canada supply chain. Indeed, one of the key objectives of our industrial policy is to ensure, as much as possible, that large companies, whether public or private entities, that are awarded contracts incorporate local small- and medium-sized enterprises into the supply chain.

Could you tell us how you ensure that as many local SMEs as possible participate in your supply chain?

Carla Vicente: Thank you for your question.

In Varennes, approximately 50% of the components used in transformers are manufactured in Canada or even in Quebec. We are therefore very committed to continuing to improve this figure and increase it. That's why, despite all the investments we're making globally, we believe it's important to represent Canada well and to continue investing in Canada, which is what we intend to do.

As for our supply chain, however, we also believe it's important to support our suppliers and perhaps create forums for them, since they don't all have the same financial resources, for example, or the same opportunities.

We therefore believe it's important to create opportunities for our suppliers to access certain existing programs, or, potentially, to create opportunities for them to submit claims or requests to either the federal or provincial governments.

So, we support them in this regard. In fact, I had the privilege of attending an event last year organized by Sous-traitance industrielle Québec, during which we had the opportunity to encourage suppliers to take these initiatives and also to come see us, because we are there to support them as well. Of course, I need my supply chain to succeed and optimize my own investments.

• (1220)

Carlos Leitão: Thank you very much.

Indeed, it's extremely important, because we're going to have major investments, not only in electrification, but also in defence and the automotive industry, for example. There are significant changes coming. It has to benefit the entire chain.

So this ability to have discussion forums allows SMEs to participate as well. The big questions we hear all the time from SMEs who say they want to be involved are: Who can they call? Where

should they go? How can they do this? The government has a role to play, but I think it's very important that the major sources of business also participate. Your model works well, and we'll certainly draw inspiration from it.

Another challenge you mentioned that's also extremely important is the workforce; its availability, first of all, and then, of course, training.

Could you tell us how you handle that? I still remember when I visited your plant in Varennes and got a glimpse of the workers there. Let's just say there were people from multiple generations, multiple age groups. I assume, then, that you also have continuing education programs.

Carla Vicente: Yes.

The reality is as you just said, of course. Not only is the population aging, but there's also the fact that, in our industry, we are all competing to attract the same talent, the same expertise, whether it's my clients, my competitors or others.

For us, it was important to start exploring ways to address this issue and identify potential solutions. We began seeking to diversify our workforce and determine where to get it. We're looking for talent that may be younger. We're collaborating with several universities and even high schools, for instance, where we can establish a presence. We can give them a glimpse of what Hitachi Energy Canada does and the industry we're in, to spark interest in a younger demographic and develop that talent.

We also want to recruit people from other industries. It's a matter of figuring out how we can bring them into our industry and diversify our workforce. Their learning curve may be a little longer because they're not in the energy industry, but we need to start thinking outside the box, because, as I said earlier, we all depend on the same resources. So we need to start considering that diversification, and it's working well.

For example, at our Varennes plant, which you may remember, we discussed precisely this training that we were doing to recruit people from elsewhere, from other industries, and bring them into our industry and train them. That's what we're doing as well. We've set up various training centres. We have a training centre in Varennes as well as in Stoney Creek, Ontario.

In fact, we're laying the groundwork for the future for our internal resources. I think it's important to raise one point: Any program that can support this kind of workforce diversification is important.

The Chair: Thank you, Ms. Vicente. You're out of time.

Yes, Mr. Leitão, your time is already up.

Carla Vicente: Thank you.

The Chair: Thank you, Mr. Leitão.

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

Jean-Denis Garon: Thank you, Madam Chair.

Once again, I would like to extend my greetings to the witnesses, who are taking the time to be with us today.

I'll begin with Mr. Gignac. He and I interacted in the past when we were in other phases of our careers. We've crossed paths on several occasions. I'd like to extend my very special greetings to him.

Mr. Gignac, when we look at Canadian stock indexes, we know that the energy sector is heavily represented. That's putting it nicely, because it's actually the oil sector. We have a banking sector that makes huge loans to oil companies. For example, we know that at RBC, it's huge. We know it's grown over the years.

Do you think the Canadian banking sector is too exposed to the non-renewable natural resources and oil sector? It would be appreciated if you could provide some comparisons to illustrate the extent to which this is the case, if at all.

• (1225)

Renaud Gignac: Good afternoon, Mr. Garon. Thank you for the question.

When we look at the exposure of major Canadian banks compared to international banks, Canadian banks are much more exposed when it comes to loans to the industry, and they also hold industry assets in their asset management portfolios.

The oil sector in particular is very volatile right now, as is the gas sector. Since the conflict in Iran began in February, these companies have been raking in record profits. We're talking about three times their normal net profits. If the price per barrel were to remain at the current level, which is around \$100, throughout the year, Canadian oil and gas companies could see record profits of \$90 billion, but—

Jean-Denis Garon: I would like to add a comment, if I may.

You touched on the issue of risk. From what I've observed, the resource sector is a very risky sector. There are the oil sands in Alberta. Obviously, new deposits are very expensive to develop. There is some uncertainty surrounding that.

I've noticed that the government has just subsidized the entire risky portion. They're subsidizing the Trans Mountain pipeline. It's possible that more public money will be invested in a new pipeline.

When it comes to large-scale carbon capture, every expert I've consulted has told me that this technology cannot be deployed on a large scale, at least not for the foreseeable future.

When we look at the entire risky portion, the federal government is using taxpayer money in the form of tax expenditures or subsidies to support it. Doesn't this actually encourage banks and other financial institutions to walk away with the windfall, while taxpayers end up bearing the brunt of the risk?

Renaud Gignac: That's right. What's also important to note is that the demand for oil in China has fallen by 9% since the crisis in Iran.

We met at an economics department. In other energy crises, demand was inelastic, so taxes could be raised without causing any real reduction in demand. However, what we're seeing with this cri-

sis is that demand for oil is becoming increasingly elastic because there are technologies available to replace it.

It's unclear whether the demand that fell following the crisis in Iran will rebound. There is therefore a real risk for investors, including pension funds that have investments in these sectors, in this highly volatile context.

Jean-Denis Garon: A few years ago, I heard some colleagues—I won't say which party; anyway, no one knows who the Conservative Party is here anymore—say that there was no point in making efforts toward transition in Canada, since China wasn't doing its part. China continues to build coal-fired power plants, but we realize that China is experiencing tremendous economic growth. It's a developing country.

So, you're saying that the structure of demand in China is changing. That's because it has a lot of new facilities, and it seems to me that new energy in China is proportionally even more renewable than what we're doing here in Canada.

Could you tell us about this argument that others aren't doing their part and that we should therefore abandon our transition efforts?

Renaud Gignac: Absolutely.

In fact, China is where the most investment is for the technologies of tomorrow, namely, solar, batteries, electric vehicles and heavy-duty electric vehicles as well.

There's an opportunity to capture a portion of our companies' exceptional profits, perhaps not all of them, but just a fraction, to support the sectors of tomorrow here. Indeed, if we stay in the same niche and continue to strengthen high-emission sectors, it's quite possible, as we can see in the demand projections, that we'll be lagging behind in a few years compared to other countries that are taking the lead in low-emission technologies.

• (1230)

Jean-Denis Garon: Recently, another witness came to speak with us about the taxation of oil companies' windfall profits. It's a very interesting aspect. There are also issues of provincial and federal jurisdiction, because although corporate income tax is also a federal matter, this portion specifically comes from resource revenues in a particular sector. There are complications associated with this, but regarding the source of these profits, we in the Bloc Québécois have always maintained that we must stop subsidizing oil companies, stop subsidizing their technologies, stop giving them tax credits, stop paying for their pipelines, and so on.

Don't you think that, in a way, the starting point should also be to say that it is not the Canadian government's role to subsidize oil companies and make some of their projects profitable for the private sector when they would not be otherwise? Doesn't that also have a role to play?

Renaud Gignac: There is no doubt that if public funds are committed to fossil fuel-related infrastructure projects, that poses a risk to Canada. These are very high-risk projects. If there are no private developers for these projects, we have to wonder why taxpayers should ultimately fork out—

Jean-Denis Garon: The Conservatives will tell you that it's the federal government's fault, because it is pushing back investors. What do you say about that?

Renaud Gignac: I think we need to look at market conditions. If there were a market for that infrastructure, I think investors would be there.

Jean-Denis Garon: Thank you very much, Mr. Gignac.

The Chair: Thank you, Mr. Garon.

[*English*]

On behalf of the committee, I would like to thank the witnesses.

The committee is adjourned.

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