



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Finance

EVIDENCE

NUMBER 049

Thursday, May 19, 2022

Chair: Mr. Peter Fonseca



Standing Committee on Finance

Thursday, May 19, 2022

• (1530)

[English]

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

Welcome to meeting number 49 of the House of Commons Standing Committee on Finance. Pursuant to the order of reference of May 10, 2022, the committee is meeting on Bill C-19, an act to implement certain provisions of the budget tabled in Parliament on April 7, 2022, and other measures.

Today's meeting is taking place in a hybrid format pursuant to the House order of November 25, 2021. Members are attending in person in the room and remotely using the Zoom application. As per the directive of the Board of Internal Economy on March 10, 2022, all those attending the meeting in person must wear a mask except for members who are at their place during proceedings.

I'd like to make a few comments for the benefit of the witnesses and members. Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike and please mute yourself when you are not speaking. For interpretation for those on Zoom, you have the choice at the bottom of your screen of floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

This is a reminder that all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as well as we can, and we appreciate your patience and understanding in this regard. I request that members and witnesses treat each other with mutual respect and decorum.

I would now like to welcome today's witnesses.

From the Aerospace Industries Association of Canada, we have with us Mike Mueller, president and chief executive officer. From International Association of Machinists and Aerospace Workers, we have David Chartrand, Canadian general vice-president. We have Steven Tobin, chief executive officer of LabourX, as an individual. From the Business Council of Alberta, Michael Holden is with us. He's the vice-president of policy and also the chief economist. From the C.D. Howe Institute, we have Benjamin Dachis, who's the associate vice-president of public affairs, and William B.P. Robson, chief executive officer, although I am told that William Robson will be with us only until 4:30, members, so be aware of that.

From the Canadian Labour Congress, we have Siobhán Vipond, who's the executive vice-president, and we also have Chris Roberts, director, social and economic policy. From the Federation of Canadian Municipalities, Daniel Rubinstein, who's the senior director of policy and government relations, is with us today.

We'll now begin with Mr. Mueller from the Aerospace Industries Association of Canada, with his opening remarks of up to five minutes.

Go ahead, please.

• (1535)

Mr. Mike Mueller (President and Chief Executive Officer, Aerospace Industries Association of Canada): Thank you, Mr. Chair.

Good afternoon, everyone. It's a real pleasure to be here on behalf of the Aerospace Industries Association of Canada. Our members represent over 95% of aerospace activity in Canada, covering the civil, defence and space sectors.

I'm especially happy to see that David Chartrand is also appearing today. David and I have worked closely on the significant concerns we both have regarding the select luxury items tax act, specifically the negative impact it will have on the industry and the workers.

Despite perhaps being well intentioned, the tax as currently drafted will penalize manufacturers and Canadian workers. To be clear, this is a tax on manufacturing, and forcing manufacturers to pay this substantial tax will render Canadian manufacturers less competitive and directly translate into lost business and lost jobs. In fact, the industry estimates losses of over 1,000 Canadian jobs and potentially up to \$1 billion in lost revenue to companies across the country.

This tax will affect not only large companies. It will have an impact on companies of all sizes in all regions throughout the Canadian supply chain. We are told that some manufacturers are already experiencing order cancellations due to this potential tax. This tax would put our industry at a significant disadvantage compared to international competitors, and it comes at a time when they're still recovering from the COVID-19 pandemic, during which 30,000 workers lost their jobs.

Lessons can be learned from other countries that introduced such a tax only to ultimately repeal it because of the significant damage it caused to their domestic manufacturing sectors. This was seen in the U.S. in the early nineties, where a similar tax was introduced only to be repealed two years later.

While political marketing of a luxury tax may sound good from a political perspective, the reality for those of us in the industry is the complete opposite. Rather, I would encourage members of this committee to focus on the economics and on how we can protect and grow the jobs here in Canada and support an industry trying to recover. This tax does the opposite.

We have been asking the government to conduct all the necessary economic analysis to ensure that this legislation will not have a detrimental impact on the industry in Canada and our employees from coast to coast. It is our understanding that no review was completed with respect to this tax. Therefore, we're asking that aircraft be removed from this legislation.

If the government is determined to forge ahead despite the negative impacts, it should be open to amendments to soften the impacts on the industry. The Deputy Prime Minister and Minister of Finance has stated that this legislation may need improvement and says she wants to work with industry to resolve the issues. We have recommendations to help mitigate the impacts, which we've shared with the government.

Let's not crush domestic demand in the manufacture and final assembly of business aircraft, helicopters, turboprops and jets, not to mention the associated supply chain for parts, systems and services, as well as maintenance, repair and operation. The real question is, why put this at risk?

I should say it's a real frustration to our members that in budget 2021—the same budget that first introduced this tax—the government recognized that the industry was hit hard by the pandemic and provided significant funding to the industry to help it recover, and then on the other hand talked about implementing this tax.

This tax will damage the national strength of an industry that is still working toward recovery and making tremendous strides when it comes to green innovation. No other jurisdiction is doing this. Our loss will be a gain to U.S. aerospace and other competitor nations that want what we have. All policy levers should be pulled in the same direction to support the recovery of this strategic sector. That's also why our industry has been calling for a national aerospace strategy. Having a coordinated plan for this industry would avoid this kind of situation.

We need to leverage our strengths, not penalize them. If this tax is implemented as it's currently designed, Canadian businesses and workers will pay the price. There is an opportunity in front of us to get it right.

Thank you very much for your time and your support. I look forward to your questions.

• (1540)

The Chair: Thank you, Mr. Mueller.

Now we'll hear from the International Association of Machinists and Aerospace Workers.

Mr. David Chartrand (Canadian General Vice-President, International Association of Machinists and Aerospace Workers): Thank you, Mr. Chair. Good afternoon, everyone.

I want to thank the committee for giving the IAM some time to voice our concerns on behalf of labour within this industry. We represent thousands of members, SMEs and OEMs in this important sector of the Canadian economy, across Canada in multiple provinces. Although, as labour, we do support any government's goal of addressing income inequality, we strongly believe that this tax is misdirected towards manufacturing. We do not believe this was the government's original intent nor that it reflects what was announced during campaigning. The fact is that jobs will inevitably be affected adversely by this tax.

Manufacturing has suffered greatly over the last decade, and the recovery of our sector will further be punished through this tax. The tax will put an added burden on our sector, which has already lost almost 30,000 jobs, just in 2020. We believe the negative impact on jobs and on our industry far outweighs any benefit that would come from this tax.

I, for one, do not understand why, in this sector, our country would do the opposite of all other countries. Protectionism is at an all-time high, and countries are protecting their industries while we're headed in the opposite direction. This tax will make us less competitive globally and will take some of the shine away from our country and our industry. It will tarnish our reputation as a world leader and as a great country to build and service business aircraft. We need to support this industry and limit barriers to our competitiveness.

This tax is contradictory to recent investments that government has made in this industry to strengthen, grow and make it more resilient. It is as if you are giving with one hand and taking away with the other. As Mike mentioned, we should learn a lesson from the concrete examples that exist where this type of tax has failed government, workers and their communities. We're talking about the boating and the business aircraft industries in the United States.

Finally, there's been no study or assessment done on the impact this tax would have on jobs versus the benefits it would bring. We feel this is a necessary step that has been skipped and must be done in order to determine the impact on jobs.

I appeal to this committee and to government to please consider the important impact that this will have on jobs and communities.

We believe there are four questions to ask ourselves. Are we putting Canadian companies at a disadvantage globally versus competitors? To us the answer is clear. It's yes. Will this tax generate a loss in sales? Absolutely. Would this translate into job loss? If you're selling fewer aircraft and manufacturing fewer aircraft, you have fewer jobs. Do other competitor countries have such a tax? They did. They learned from their mistakes, and they repealed these taxes and modified them, so the answer to that is no.

Again, I want to stress that this tax would apply to a limited number of manufacturers whose businesses rely heavily on the production of business jets. Not only would these businesses carry the liability of paying the tax, but if the tax rendered them less competitive, consumers of this type of good would turn to competitors. Business aircraft is a strength for Canada, providing a solid foundation for recovery and jobs, and should not be punished in a misguided effort that will target manufacturers and workers.

If applied in its current form, the tax may be a disincentive for business to continue doing business in Canada or even to consider Canada as an option to establish operations. For decades, Canada's aerospace industry has not only had a competitive advantage due to a number of factors, but also provided incentives to business to continue operating here. Why would we go and do something different in this case?

The federal government has looked to stimulate a recovery in aerospace. This tax could unintentionally affect manufacturing jobs in this subsector across Canada. In effect, the luxury tax is somewhat contradictory to the intent of recent investments in aerospace.

For these reasons, I thank you for this opportunity. I'd be glad to answer any questions.

I would like to also let you know that we'll be sending a detailed brief to the committee. Thank you very much.

The Chair: Thank you, Mr. Chartrand.

Now we'll hear from Steven Tobin, as an individual, who's with us here in the room.

Mr. Steven Tobin (Chief Executive Officer of LabourX, As an Individual): Thank you, Chair.

[Translation]

I thank the other members of the committee.

[English]

Today I want to focus my remarks a little bit on the job market, so cutting across a number of themes. I want to pay particular attention to the issues of persistent labour and skill shortages. In thinking about the bill, initiatives like the labour mobility deduction program and others like it are important steps in a welcome recognition for employers who are having difficulties finding talent, especially in the trades sector. Despite some of the headline stories with respect to labour and skill shortages and low unemployment that we're seeing in Canada, I nevertheless still want to emphasize the point that many Canadians still struggle to find quality jobs today.

To harness and leverage the ongoing and planned initiatives and to create quality jobs for Canadians and to spur investment among

businesses, I would offer up to the committee the following two considerations.

The first is that we need a comprehensive labour market strategy that supports and aligns with other economic, environmental and social outcomes. A well-functioning labour market is a cross-cutting issue. We may hear it throughout the other interventions today. It is needed in other areas to support these objectives. Simply put, our goals to improve competitiveness, address housing affordability and transition to a lower-carbon economy will not succeed if businesses and government cannot find the people and the talent to make those investments and transitions a reality.

A comprehensive strategy can bring together in a coherent and mutually reinforcing way the various pieces that augment each of the individual actions that are planned. A strategy of this nature is also a great and tremendous opportunity to bring together governments, employers, labour, educators, training providers and others to think collaboratively and cohesively about how to discuss these opportunities and challenges. A strategy is thus not about new measures or new spending, but it's about making the most of the investments that are planned.

The second point I want to make is that I believe we need to get serious about addressing labour and skill shortages. This should be a key pillar of any broad labour market strategy, and it requires our collective attention. I have a few points for consideration on where to start with respect to persistent labour and skill shortages. The first is that we need to recognize the difference between a labour shortage on one hand and a skill shortage on the other. These are not the same issue, and they require very different policy interventions. We need to diagnose the problem first before we design a solution. The extent of labour versus skill shortages is different across the country. It's not the same in my rural Cape Breton hometown as it is in Toronto. We need an action plan that properly diagnoses the problem across the country before we think properly about the solution.

To do that, a few suggestions, again very cost-effective, would be to streamline and promote more open access to existing sources of information, such as job vacancies and EI recipients. All of this must be done, of course, while we are mindful of privacy considerations, quality of information and data quality, but I assure you it can be done.

The third point under this strategy would be a cohesive and integrated approach to skills development. Here, too, I want to emphasize that skills are not the same as qualifications or credentials, and for far too long we have equated the two. Much of our programming and even the way in which we collect information and data is rooted in the old way of thinking that is based on qualifications and credentials and not skills. The good news here is that there have been significant investments in the past few years in the skills space. However, a comprehensive labour market strategy that includes testing and evaluating innovative approaches in partnerships in skills development would help make the most of those investments.

Finally, I would offer the following comment for the committee, which is that I believe we need to strengthen our culture of evaluation. No matter what new measure or policy we implement or attempt, we should make every effort, to the extent possible, as part of that framework to include an evaluation, one that goes beyond just monitoring and that is more about whether the program worked or didn't work.

Finally, from my international experience, I would say that, in Canada, I think we need to be more open in terms of accepting when something doesn't work. We can learn a lot from what doesn't work, but we need to think more strategically about how we integrate evaluation into all of the various initiatives.

• (1545)

Thank you.

The Chair: Thank you, Mr. Tobin.

From Cape Breton, we're going over to Alberta.

Many of us were watching the game last night. It was very exciting, and maybe we stayed up a little too late.

However, we have the Business Council of Alberta and Michael Holden with us for five minutes, please.

• (1550)

Mr. Michael Holden (Vice-President, Policy and Chief Economist, Business Council of Alberta): Thank you, Mr. Chair. The game was exciting, although I contend that we didn't get my desired result.

I'm pleased to be here this afternoon on behalf of the Business Council of Alberta. We are a non-partisan, for-purpose organization, comprised of the province's largest-enterprise chief executives and leading entrepreneurs. Our members represent the majority of Alberta's private sector investment, job creation, exports and research and development. We are dedicated to building a better and more prosperous Alberta within a strong Canada.

My comments this afternoon will focus on selected components of the 2022 budget, organized across three key themes.

The first theme is decarbonization and a clean energy future. With the right policies in place, Alberta businesses can and want to play an essential leadership role in reducing emissions domestically and globally. What is needed is clear, long-term, market-based policy certainty to accelerate the pace and scale of major investments,

as well as policy that reflects important regional differences across Canada.

To these ends, we were happy to see a number of supporting initiatives in the budget. The introduction of the refundable carbon capture investment tax credit, the proposed \$15-billion Canada growth fund and the broadening of the Canada Infrastructure Bank's mandate to include support of private sector investment into hydrogen and carbon capture infrastructure are all important steps forward. However, a few pieces were missing.

First, decarbonizing Alberta's economy in time to meet Paris targets will require a massive acceleration of project approval and regulatory timelines, yet the current regulatory process is slow and inefficient and reforming it was not a priority item in this budget.

One option that could help would be to create a regulatory NEXUS card to fast-track approvals for trusted project proponents and for major decarbonization projects. Second, the budget missed an important opportunity to support emissions-displacing exports of liquefied natural gas. The global need for LNG has been highlighted by Russia's invasion of Ukraine and how the resulting high costs and limited energy access have forced countries to revert to higher-emitting alternatives like coal.

Beyond this, the budget overlooked some other opportunities to support the low-carbon energies and solutions of tomorrow. One is immediately expanding capital cost deduction allowances for a wider range of opportunities, like geothermal power and bitumen beyond combustion. Another is establishing Alberta as the world's "living lab" for industrial clean-tech solutions. With concerted, long-term federal investments, Alberta has the existing asset base and skills to create and export valuable global solutions.

Theme two is a long-term growth strategy built on innovation and productivity. Productivity is a key determinant of long-term economic growth, and the business council has long been concerned about Canada's lagging productivity levels relative to its OECD peers. With that in mind, we were looking for the budget to include a long-term growth strategy built on innovation and an improved policy environment that encourages business investment and scaling.

We were happy to see several such initiatives in the budget, in particular, the progress on establishing a council of economic advisers, the Canadian innovation and investment agency modelled after DARPA, the announcement of reviews on modernizing and simplifying tax support for R and D, intellectual property and the SR and ED program and, finally, the proposal to more gradually phase out access to the small business tax rate.

That said, details on many of these initiatives are lacking, making it difficult to comment on them, beyond stating that the ideas, at least, are welcome. We look forward to working with the government as it fleshes out these proposals.

My final theme is developing the workforce needed for the economy of tomorrow. Automation, technology development, the energy transition and the pandemic have converged to create stubbornly high long-term unemployment levels in Alberta. We were looking for the budget to provide a direct federal contribution to employment insurance to incentivize skills upgrades and an annual top-up to the Canada-Alberta Workforce Development Agreement.

We were happy to see the budget include plans to consult on modernizing EI to support workforce retraining programs, even if details were light. The emphasis on under-represented workers in the labour force and the focus on supporting innovative partnerships are critical to shaping a productive and relevant workforce.

We were also pleased to see labour supply and mobility measures proposed for trusted employers to access temporary foreign workers, a new tax deduction for relocation and travel expenses for tradespeople, and increased recognition of foreign health care worker credentials. However, the budget did not clarify the government's just transition policy priorities. Likewise, the proposed futures fund for regional economic diversification and the emissions reduction plan's promise of a clean jobs training centre were notably missing.

In summary, we believe this budget represents a step forward in several areas important to Alberta's long-term economic prosperity. There is still much work to be done, however, and we look forward to continuing that process.

Thank you for your time. I would be happy to answer any questions when the time comes.

• (1555)

The Chair: Thank you, Mr. Holden.

Now we'll go to the C.D. Howe Institute for five minutes.

Go ahead, please.

Mr. William Robson (Chief Executive Officer, C.D. Howe Institute): Thank you very much.

I'll start off, and then I'll turn it over to my colleague Ben Dachis. We appreciate your inviting Ben and me to join you here today, and we hope our contributions will help you and your work on the 2022 federal budget and Bill C-19.

By way of background, federal fiscal policy is a long-standing area of focus for the C.D. Howe Institute. Our work covers accountability and transparency, macro questions of debt and sustainability, detailed work on taxes and an annual shadow federal budget.

Our opening remarks will necessarily touch on only a few topics, mainly the elements of Bill C-19 dealing with competition issues. We would be glad to answer questions on a wider range of topics if that would be helpful to members of the committee.

Although it's applicable to much more than Bill C-19, I hope members will excuse my starting with a high-level comment about budgets and budget implementation bills, which is that there is too much in them.

A budget should be a fiscal document first and foremost. The key financial information—the pre-budget track for revenue, expense, the surplus or deficit, and the change in the accumulated surplus or deficit, plus what the budget projects are on those things—should be in the first 10 pages. Changes in taxes belong in budgets, as do changes in programs that affect expenses. Other program changes and commentary likely often belong in separate documents.

I have a comment about implementation bills. Even though Bill C-19 deals with only some elements of the 2022 budget, it is a daunting document. Omnibus bills have a bad reputation for good reason, and I mean no disrespect to MPs but rather the opposite. I mean great respect to Parliament when I say that it ought not to be challenging for elected representatives to get on top of the text of a bill, let alone to anticipate the regulations and the contingencies and all the consequences.

Among the specific items that are covered in Bill C-19 that Ben and I would answer questions on if there's interest would be the luxury tax. I did not know that Messieurs Mueller and Chartrand would be appearing on this issue. I think many economists would share the view that specific taxes of this kind are not good taxes. They distort purchases and production, as we've just heard from Mike and David. What they said about aircraft applies equally to motor vehicles and boats.

I'm not very enthusiastic about this but I'll say it anyway. If you think that it's really a good idea to single out specific products and services, use the GST. It's not as good as a low uniform rate on everything consumed, but it has some advantages compared to this.

Because Mr. Tobin...and we just heard also from Michael Holden on labour markets, I'll just quickly mention that a key test of any labour market policy—notably EI—is whether it impedes or promotes the matching of talent with opportunity. As everyone knows, the unemployment rate is at a record low. This is a good time to unwind provisions that encourage people in places or with employers that do not offer opportunities for stable jobs that pay well and offer advancement. We also would be happy, if people are interested, to answer questions with regard to vaping and the prohibition on foreign buyers of residential properties, among other things.

Let me just say that competition policy is a major focus of the provisions of Bill C-19. It's also a major focus for the C.D. Howe Institute, particularly of my colleague Ben Dachis, who has been introduced already. He's our internal lead on the institute's competition policy council, and I turn my remaining time over to Ben.

Mr. Benjamin Dachis (Associate Vice-President, Public Affairs, C.D. Howe Institute): Thank you very much, Bill.

The C.D. Howe Institute's competition policy council, which is comprised of top-ranked competition law academics and practitioners, noted support for the government's intention articulated in budget 2022 to consult broadly on the role and functioning of the Competition Act and its enforcement regime. However, the scope of changes to the Competition Act in the BIA does not fulfill that commitment. The BIA contains major changes that, even if in the right direction, consultation might have improved the outcome. Many more changes, especially on increasing administrative monetary penalties, will be harmful to the Canadian economy and may even be unconstitutional.

The government missed key opportunities to consult with the various constituencies affected by the legislation. The government and this committee should reconsider the BIA's approach on Competition Act amendments. Now, if carving division 15 isn't feasible, which is my recommendation, the committee should call for, at a minimum, setting the proclamation date for all provisions, not just some, for a year from passage.

We also need to hear more from government on their plans for further consultation, as they had promised, so that these proposed changes could then be seen in concert with other proposed changes that would come as part of a prompt second stage of the Competition Act amendments.

Given my limited time for opening remarks, I'll stop there and leave further discussion of specific problems for the questions.

• (1600)

The Chair: Thank you, Mr. Dachis.

Mr. Robson, I understand you're only here until 4:30. Is that correct?

Mr. William Robson: That's correct.

The Chair: Now we'll hear from the Canadian Labour Congress, please.

Ms. Siobhan Vipond (Executive Vice-President, Canadian Labour Congress): Good afternoon, Chair and honourable members.

My name is Siobhán Vipond. I am the executive vice-president of the Canadian Labour Congress. I am honoured to be joining you today from the traditional unceded territories of the Anishinabe and Algonquin peoples.

We at the CLC speak on behalf of working people in Canada in every industry, occupation and region of the country. The congress welcomes many aspects of the budget implementation bill. The introduction of a labour mobility tax deduction, improvements to Canada's trade remedy legislation and restoring the prohibition on wage-fixing in the Competition Act are all steps that Canada's unions have been urging the government to take.

However, there is a great deal that is missing from this bill. Budget 2022 provides an additional \$2 billion one-time top-up to provinces and territories for health services, yet health workers are facing dire staffing shortages and growing burnout. The bill fails to take urgent action to improve the retention and recruitment needed to address this crisis.

Also missing is action to help Canada's care workers, including in early learning and child care and in long-term care. To appreciate the scale of this problem, in March, Statistics Canada estimated the value of unpaid care at between \$515 billion and \$680 billion.

The budget takes steps on housing affordability and transit shortfalls, but it falls short of addressing the affordability crisis facing working people. The cost of food, fuel and shelter has shot up while wages lag far behind. Workers' spending power is falling. Living standards are declining for workers whose real wages are dropping at the fastest rate in memory. Pensioners who lost inflation-protected pensions are seeing their fixed incomes quickly eroded by soaring inflation.

The government should be urgently responding to this crisis by taxing corporate superprofits, housing speculators and the concentrated wealth of the richest Canadians; allowing wages to rise by strengthening labour standards and removing barriers to unionization; and strengthening social programs by implementing national pharmacare and dental care, quickly getting child care fees down and expanding free high-quality public transit.

Instead, the government is ramping up employers' access to vulnerable migrant workers, while the Bank of Canada is preparing to hike interest rates in the hopes that it will cool inflation. These measures are going to hurt working-class households and worsen inequality while doing nothing to tackle the entrenched power and corporate greed responsible for price-gouging and pandemic profiteering.

Let me end with some specific recommendations for amending Bill C-19, starting with the EI board of appeal.

For many years, labour and community organizations have struggled to restore important elements of the EI boards of referees that were scrapped by Stephen Harper's government in 2012. EI appeals should be heard by worker and employer representatives: people who understand their communities and the realities of workplace life.

Instead of the board of appeal reporting only to the government, we, Canada's unions, urge the committee to make the board of appeal answerable to the entire Canada EI Commission, including both worker and employer representatives.

We also urge the parties to restore the commission's lead role in selecting labour and employer members of the board. Historically, this was done in consultation with the commission's social partners, which included local labour councils. Workers have a right to regional representation and the option of an in-person hearing, another key recommendation of the 2018 tripartite review.

Establishing accessible, accountable social safety nets like our proposed changes to EI ensures workers have the support they need during turbulent economic periods. In our current climate of economic insecurity, workers must have confidence in the services they receive and the future of their employment. The proposed strategic policy review must not be a Harper-style attack on public service workers that opens the door to cuts and the privatization of services that workers and families rely on.

Thank you. I look forward to answering any questions you may have.

• (1605)

The Chair: Thank you, Ms. Vipond.

Now we'll hear from the Federation of Canadian Municipalities before we move to members' questions.

We have Mr. Rubinstein with us here today.

You have five minutes, please.

Mr. Daniel Rubinstein (Senior Director, Policy and Government Relations, Federation of Canadian Municipalities): Thank you very much.

I'm Daniel Rubinstein. I'm the senior director of policy and government relations at the Federation of Canadian Municipalities. We're the national voice of Canada's local governments, representing 90% of Canada's population, coast to coast to coast.

[*Translation*]

We are grateful for every opportunity to discuss how our two levels of government can work together and improve the quality of life for people.

[*English*]

I'm pleased to be here today to speak to budget 2022 and relevant provisions in Bill C-19.

Budget 2022 equips local leaders with tools that deliver concrete results in our communities—the places where people live, work and raise their families. First, it recognizes that municipalities are essential partners in solving our greatest national challenges, including housing affordability. We know that tackling our housing crisis means getting all orders of government working together better and faster. The federal budget makes major investments to tackle common goals, from growing housing supply to taking important steps to end chronic homelessness.

Municipalities, which best understand local supply needs, welcome the housing accelerator fund. It has transformative potential to help get housing built faster, through direct and flexible investments, if we work together to design it with speed and results in mind. The fund can help communities regardless of size. From cities to fast-growing rural towns, the potential is there for sure.

We were also glad to see the budget commit to improving the rental construction financing initiative and the national housing co-investment fund. The changes could mean more affordable rental supply for more Canadians. That's a direct call from local leaders and FCM and really is a critical component to expanding housing supply options for all. Municipalities have significant ambitions to tackle the housing crisis, and these investments—especially the accelerator fund—give municipalities the ability to take action and grow the right kind of affordable housing supply for Canadians.

The budget scales up the rapid housing initiative and extends the Reaching Home program. Both are critical to support the shared goal of ending chronic homelessness in Canada. The rapid housing initiative has been a genuine success story. It's working, and FCM will continue to advocate for growing the rapid housing initiative into a long-term tool to eradicate homelessness.

One critical outstanding need is for a robust urban, rural and northern indigenous housing strategy. We look forward to discussing this further.

[*Translation*]

Let me now turn to a second important issue for the public, namely climate action.

With the support of the federal government, municipalities are ready to take action on climate change.

[*English*]

Municipalities are on the front lines of new climate extremes. The new investments in this budget, from broadening electrical vehicle charging infrastructure to building retrofits and nature-based solutions, provide municipalities with the tools they need to take local action on climate change.

We welcome the federal government's recognition, in the emissions reduction plan, that municipalities are critical to achieving Canada's 2030 emission goals. We look forward to working with this Parliament on the implementation of that critical plan to ensure that municipalities have the direct funding tools they need.

That brings me to a third focus area for the budget, which is strong communities of all sizes. We know that Canada's recovery needs to take root in our rural communities, which represent one-third of the economy. In particular, we welcome new investments in natural climate solutions and wildfire prevention and also the commitment to ensure that growing rural and smaller communities can access the housing accelerator fund.

When we look at the scale of need for rural climate adaptation and disaster mitigation, it's clear there's more to do through the disaster mitigation and adaptation fund. The need for this is urgent, as we saw last year in B.C. and Atlantic Canada, and as we're seeing right now with the flooding in Manitoba and the Northwest Territories.

Finally, many communities across the country are grappling with retroactive contract policing costs resulting from the new federally negotiated RCMP labour agreement, and rural communities will be particularly hard hit. This situation requires urgent federal attention and collaboration with FCM and affected municipalities.

The relationship between the federal and municipal governments is essential for the recovery Canadians deserve. Like never before, the past two years have exposed our most pressing national challenges. They have taught us that, when we work together across orders of government, we can face these challenges in a way that supports the economy, builds strong communities and ensures Canadians' quality of life.

● (1610)

Local governments are ready to continue this vital work with Parliament, and the budget will help keep us moving in the right direction. That certainly includes the \$750 million in emergency operating funding for transit that is included in Bill C-19.

Thank you.

[*Translation*]

I will be happy to answer any questions you may have.

[*English*]

The Chair: Thank you, Mr. Rubinstein and all our witnesses, for your opening remarks.

We are now moving to our rounds of questions. In our first round, each party will have up to six minutes to ask witnesses questions. We'll commence with the Conservative party and have MP Chambers up first for six minutes.

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

It's wonderful to see everybody. We have quite a rich panel. Thank you for taking time out of your day to spend it with us.

I know that we have Mr. Robson only until 4:30, so I will direct my initial questions to Mr. Robson and the C.D. Howe Institute.

Mr. Robson, when the budget came out, a number of articles suggested that it was potentially a prudent budget. In fact, the government referred to it as a prudent fiscal budget. I did some quick math, and in terms of projected spending this year coming up ver-

sus prepandemic levels, it looks like spending will be up about 25% versus the year just before COVID.

What was your immediate reaction to the budget?

Mr. William Robson: Thank you for the question.

Like you, I suppose, Mr. Chambers, I am struck by the degree to which baseline spending, if we can refer to it that way, has been escalating with every budget and fiscal update, such that when the COVID-related measures recede, we are looking at a federal government that is considerably larger than it used to be. I understand that there are a lot of unmet needs the federal government is particularly well placed to satisfy, but the increase in operating costs alone is quite startling. The federal government has a big wage bill. It has a big pension liability, which inflation is going to make worse.

What I was hoping to see and didn't see in budget 2022 was a fiscal track that really gave us the room to rebuild the federal government's fiscal capacity for the next thing that comes along. We have a bit of a practice, it seems, of treating everything we encounter—the financial crisis of 2008-09, COVID just now and maybe Russia attacking Ukraine is in this category—as though they're all once-in-a-century events. I think a prudent fiscal track would restore fiscal capacity quickly in order for us to be ready for whatever comes along next.

Already in the presentations today we've heard about, for example, adaptation to climate change. That's very expensive. The federal government talks a lot about it, but I don't see the provision for that, which will surely be very expensive.

Mr. Adam Chambers: Thank you very much.

You mentioned the times and the events that have happened over the last decade. At the beginning of COVID, a number of articles talked about how most governments have found Keynesian economics and everybody is a Keynesian now. Would you say that the budget or this government's fiscal plan reflects that methodology?

Mr. William Robson: The initial response to the pandemic seems to have been reasonably well calibrated to the crisis. In retrospect, we might have overdone it a little in those early months, but everybody clearly remembers how frightening it was and what it was like to be confronting the virus for the first time, not knowing how contagious it was, how lethal it would be and so on.

What is susceptible to some criticism is the degree to which both the fiscal and the monetary stimulus continued at the scale that it did. The evidence for this is that we have very high inflation. We have it in Canada. It's also evident in the United States, the U.K., Europe and many other places. A lot of jurisdictions made the same mistake. It's done now.

My comment now will be very much along the lines of what I said earlier, that it's time to restore our fiscal capacity. The worst of COVID appears to be behind us. We have to bring the economy's productive capacity up and restrain spending to bring them into line. I think the initial response was perhaps a little too big, but I think we can give people a pass on that. The difficulty is that it's gone on too long.

● (1615)

Mr. Adam Chambers: Thank you very much for that.

I remember that, before we had the budget and you were in front of the committee, one of your recommendations was to look at that top-line spending number versus the deficit or the debt number. Obviously, government spending does lead to inflation, as you warn and some other comments have warned, so it's important to look at that top line.

In my remaining minute, I would love to get your comments on the process. You mentioned the large omnibus budget bills and maybe making them smaller. Do you have a second preference?

We're in this era where it looks like these omnibus budget bills are here to stay, with two successive administrations using them. Do you think we need to set budget dates and a longer period of time to be working through some of these bills? Would that be a second order or a fallback position for you, or do you really think we need to try to get back to tens of pages of budgets versus hundreds?

Mr. William Robson: I think a shorter budget does make sense.

If you look at the provincial budgets, you'll see documents that are much closer to what I described. They're businesslike documents. The key numbers are up front. There is not a lot of commentary—an uncharitable person would say “political spin”—and an MP, somebody who is not a financial expert, can readily find key numbers and make sense of them.

Federal budgets are uniquely bad. This goes back a number of years. It's not a partisan comment. We now, though, have this situation where the actual summary statement of transactions, which is the key fiscal statement in the budget, is not even in the main document. It's in an annex.

I think that simply reorganizing budgets and committing to putting the fiscal information front and centre would be a good start.

Omnibus bills are frequently decried, and we have seen election platform commitments not to do them. I think those impulses are well founded. It's tempting to resort to them once in power, but there are too many examples of legislation passed in haste where elected representatives simply did not have the bandwidth to examine them properly. There is no reason why individual pieces of legislation that deal with different things could not be sliced up.

Bill C-19 is not uniquely bad in this regard, but if you look at the range of topics covered in it, there is no way that even as committed and as able a committee as this one can really be expert on everything that is in front of you.

The Chair: Thank you, Mr. Robson.

Thank you, MP Chambers.

We are moving to the Liberals for questions. We have MP Baker up for six minutes.

Mr. Yvan Baker (Etobicoke Centre, Lib.): Thanks very much, Chair.

Thanks to all our witnesses for being here today.

Chair and colleagues, I'm having some Internet connectivity issues, so please let me know if it gets patchy.

I'd like to start my questions with the Aerospace Industries Association of Canada.

We've just been talking in a different context about the spending in the budget, but one of the areas where there was a great increase in spending, and one that I strongly agree is necessary, is defence. I'm wondering if you could speak to the importance of the new investments in the budget in defence and what impact you think that will have on our national security but also on your industry.

Mr. Mike Mueller: Excellent. Thanks for the question, MP Baker.

I must say that we really appreciate the support you've given us specifically. We had companies trying to respond to the needs in Ukraine, and I know that you were instrumental in helping connect some dots for us. It was all hands on deck and still continues to be, so I want to thank you for that. Also, then, I'll thank you for the support for our industry.

You're right. We have seen a significant increase in the funds in the last budget with respect to defence and NATO and NORAD modernization, which we were supportive of. There doesn't seem to be a lot of information coming from the government as to where that funding is going to go, so we're eager to work together with the government on that.

As I said in my opening remarks, budget 2021 also included some funding for the aerospace sector, with the direct rationale being because the industry had been hit harder. That's why I was trying to draw that distinction between the investments—which are good, which are needed and which will benefit the industry—and having a tax of up to 20% on the same industry on what has been a bright spot with respect to business aviation. We have a lot of concerns in this particular piece of legislation.

● (1620)

Mr. Yvan Baker: Okay. I appreciate that.

Thank you for the kind words. I'll return the favour and thank you and your members for all that you have done and are doing to support the people of Ukraine in this important fight. It's not just a fight for them; it's a fight for all of us. I think you used the expression, "it's all hands on deck", and I think that means all hands on deck here in government but all hands on deck internationally as well. Thank you for being part of that fight.

If I may, I'll continue with you, Mike. What I want to hear your thoughts on is this: What types of investments? You talked about how the specifics aren't there yet on the spending, so let's talk about those specifics. What specifically would you like to see? What kinds of investments should the government be making, specifically, to drive growth in the aerospace sector?

Mr. Mike Mueller: That's a great question, MP Baker. Thanks for that.

With respect to investment, we're definitely looking at innovation across the board. We've seen phenomenal increases with our industry with respect to green aviation. That's a big focus. With respect to defence particularly, there are huge opportunities with respect to NORAD modernization and with our NATO contributions.

One of the things we've really been talking to the government and Minister Tassi about is that, as part of those investments, we want to see where the government would want to go with that. There are huge opportunities in surveillance and autonomous... There's a whole host of things that Canada can be a world leader in. How do we leverage those procurements to make sure that we're building the industry here in Canada and that we are contributing to innovation for the next 20 or 30 years down the line, so that we can be successful as an industry?

We're concerned about the timeliness of a lot of these projects. The concern is about the government being able to spend that money in a timely manner. That's something we're really looking towards. We're also looking towards this defence policy review that's coming. We haven't heard anything about that. We'd like to be involved. We'd like to contribute to that. Part of our overall message to the government and parliamentarians is on the need for a national aerospace strategy that takes into account the defence spending. I think if we had a significant road map and strategic strategy for the sector as a whole, that would also solve some of the problems we're seeing on this luxury tax piece.

Mr. Yvan Baker: I appreciate that. I think I have only about 25 seconds left, so I won't ask another question. I will thank you and your members again for all that you're doing for the people of Ukraine and the people of Canada. Thanks very much for your input today.

Mr. Mike Mueller: Thank you.

The Chair: Thank you, MP Baker.

Now we'll move to the Bloc and Mr. Ste-Marie for six minutes.

Go ahead, please.

[*Translation*]

Mr. Gabriel Ste-Marie (Joliette, BQ): Thank you, Mr. Chair.

I welcome all the witnesses and thank them for their presentations and attendance.

My questions are for Mr. Mueller, from the Aerospace Industries Association of Canada, and Mr. Chartrand, from the International Association of Machinists and Aerospace Workers.

Bill C-19 calls for a tax on personal luxury goods. Unfortunately, this tax will also apply to aircraft for corporate use.

The tax appears to be ill-conceived. It is rare that both business and labour agree that there is a problem and that it will impact the manufacturing sector. We cannot afford to weaken the aerospace cluster, which is very important in terms of expertise and jobs.

Mr. Mueller and Mr. Chartrand, your presentations could not have been more compelling. I hope the government will take note and act quickly.

Mr. Mueller, in your presentation, you said that this tax was problematic, and that if the government still wanted to keep it, the aerospace sector would have to be exempted. You went on to say that you had tabled recommendations to better support that industry, should the government want it to apply to that sector as well.

What are those recommendations?

Mr. Chartrand may then comment.

Mr. Mike Mueller: Thank you very much for the question.

[*English*]

I really appreciate your support for the industry and your interest in it.

We're going to provide a written submission to the committee, but maybe just at a high level, these are some concerns that we've seen with the bill as it is.

Our first point would be let's remove aircraft from it. There is a reputational issue at stake here. We've talked about the good-paying jobs. I took note here of Mr. Tobin's comment on the quality jobs, which is exactly what we have in the aerospace sector. I believe wages are about 30% higher overall, so that's really something we want to protect.

Just quickly on high-level concerns, we have concerns about the rebate provisions of the legislation surrounding the tax and the exports that will have dramatic impacts on cash flow. The threshold currently in place in the bill to determine what is business use—90%—is extremely high. We're suggesting something more practical. The reporting mechanisms are onerous and burdensome on industry, so we're suggesting a daily analysis of flights to determine that threshold, which I talked about previously.

There's also the provision for liability on the manufacturer in case of a false statement, and there's a potential that the manufacturer could pay down the line if the plane's use changes over time. There's a huge liability over the long term, which we're very concerned about. Just on the daily reporting, that kind of liability makes no common sense to my mind.

Also, on the financial threshold, we have \$100,000 for luxury cars. It's the same for planes. That doesn't make any sense, especially when boats are \$250,000, so there needs to be a re-evaluation of that.

Last is the exemption of charter operations. We're seeing companies across the country that run charter operations domestically. This is going to impact their business models and impact jobs there also.

Maybe I'll just leave it there and make sure that David has time to speak also.

• (1625)

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you.

Mr. Chartrand, what do you think?

Mr. David Chartrand: Thank you for your questions, Mr. Ste-Marie.

[*English*]

What I want to say is that, of course, we can't not agree with what Mike has said industry is saying. As stakeholders in this, as the members who are working in this industry—and I said this in my opening statement—we've lost 30,000 jobs in the last two years. Mike has stated it, and others have talked about the quality of these jobs. These are great manufacturing jobs that we have in this country. We pay a high level of taxes because of the average wage in this industry, which is money going back into government to pay for social programs and other programs.

As I said, if there is one suggestion we want to make it's that we recommended that there be a study undertaken on the impacts of this tax on aerospace. There appear to be oversights in its design. Its potential implications for jobs in the industry are dangerous, so we strongly recommend that the federal government take a closer look at the impacts of this tax.

As part of the undertaking, we recommend that the government include an analysis of similar taxation frameworks in other countries, as we have said, including the lessons learned, namely with respect to those who are part of Canada's supply chain—we can look at those—and those we compete with, so that we can fully understand the impacts on this industry and the employment.

In essence, we completely agree with the industry, Mike and all the stakeholders that there needs to be more extensive work done on this.

Before there was a discussion on omnibus bills. I fully agree that omnibus bills are usually used to try to rush something through, to not do something properly, to not necessarily take a good look at the impacts that some of these things are going to have on Canadians. I strongly agree that omnibus bills are not necessarily in the

best interests of our country. I think things should be looked at a little more closely to ensure that we don't lose any more jobs than we already have.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you very much.

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

[*English*]

Now we go to the NDP and MP Blaikie for six minutes of questions.

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

I want to start my round with Ms. Vipond and Mr. Roberts from the Canadian Labour Congress to talk a little bit about some of the reforms for the EI appeal board that are in Bill C-19.

I know the CLC and others have expressed concern about the reforms that are there. I wonder if you want to highlight some of the ways you believe Bill C-19 could be amended in order to address the concerns that are coming out of the labour community.

• (1630)

Ms. Siobhan Vipond: Thank you for the question.

Yes, we fundamentally believe that it is so important for our EI system to be robust and there for all workers, especially during situations like we've had in the past, where we have these economic crises and it needs to be there for workers to rely on.

Like we mentioned, we are happy that there is an address to move forward some of those elements in there, but I think we want to see that it is representative, because it has to be about workers, employers and the government. It is a tripartite commission that needs to be there. We want to make sure that those representatives are from the communities that they are, as they have a better knowledge of the work and a better knowledge of the experience, so that they'll be able to deal with those appeals that come.

When we talk about the appeals, we also think that workers have a right for the appeals to happen in their communities. They have to be able to be there in person. It is a huge barrier if they're not allowed to participate and have to be here in Ottawa, because they're not in person.... If you're in the EI system and you're working with an appeal, that is not an easy road, so we should be doing whatever we can for workers to be there. The recommendations that came out of 2018, we think, could be included in this. We're also worried about the amount of time it's going to take—2018 is a long time ago—so these changes should be implemented relatively swiftly.

Let me pass it to my colleague Chris.

Mr. Chris Roberts (Director, Social and Economic Policy, Canadian Labour Congress): Thanks.

Just to add to the violent agreement about the shortcomings of omnibus bills, this is another example of where removing division 32 from Bill C-19 for separate study would be a service to parliamentarians and to all stakeholders of the EI system who want to see this fundamental institutional reform happen prudently and with the right amount of accountability, so that we don't repeat the experience of the Social Security Tribunal.

Mr. Daniel Blaikie: Thank you very much.

Mr. Chartrand, on the question of the luxury tax, part of what I'm hearing is that there is a design problem in terms of the way that manufacturers are targeted in the design of the tax. I'm wondering if you have some suggestions for how a luxury tax might be structured in the aerospace industry that would put less of a burden on manufacturers while still honouring the principle behind the luxury tax.

Mr. David Chartrand: There are already existing provisions in the legislation where we can tax people. We can tax on the usage of aircraft like that. One of the things that we also could do is take a look at used business aircraft. Right now, we're taxing the manufacturer in the way that we're doing things, and we're impeding the production of new aircraft and all that, where most of the jobs are.

When you're looking at the resale of used aircraft, usually that's where somebody who is rich, who has a lot of money and is using it for personal use will go and purchase an aircraft. There's nothing being done on that side. When you're looking, through the pandemic and pre-pandemic, at the used business aircraft segment, you see that the percentage of sales went up, contrary to the new manufacturing side, where sales went down by 20%.

What we would be doing, if we're not looking at the used market instead of the brand new market, is hurting the industry where all the workers are and where all the jobs are. That's one of the things that we can do. We also could lower the level. The level of taxation is very high. The obligation at 90% is extremely high, so that's another thing we can look at—lowering the percentage. Of course, we'd rather that business aircraft were removed. If that's impossible, there are other things that we can look at.

Always, of course, we're looking at it with the intent of saving as many jobs as possible. We're talking about a thousand jobs, and those are direct jobs. You also have all the indirect jobs that you're talking about, so it's a huge impact on the communities.

Mr. Daniel Blaikie: Thank you.

Mr. Mueller, is there anything that you would care to add on that topic?

Mr. Mike Mueller: Thank you for the question.

I would just say that part of it is the manufacturing, but one part that's also there is the maintenance, repair and overhaul on those used planes. There's a segment of the supply chain that would be impacted regardless. David is right. There is a personal use benefit taxation already in place, but when you place the tax on manufacturing and then indirectly on the maintenance, repair and overhaul, what we're hearing from companies is that it might be easier just to operate these planes out of the U.S. If you do that, the modifications happen there, the repair happens there, and it's just an absolute devastation to the industry and the workers.

Again, it doesn't make a lot of sense to me, considering the impacts that this will have on the industry, with a thousand jobs lost and a billion dollars in revenue lost. Also, then, once you start taking into account the modifications, the repairs that go along with it and the maintenance, it's quite significant. My concern is that the impacts of this piece of legislation aren't doing what the government would like them to do.

• (1635)

The Chair: Thank you, MP Blaikie.

Mr. Daniel Blaikie: Thank you.

The Chair: Members and witnesses, we're moving into our second round. In this round, the Conservatives are up first.

MP Stewart, you have five minutes.

Mr. Jake Stewart (Miramichi—Grand Lake, CPC): Thank you, Mr. Chair.

My first questions are to the C.D. Howe Institute with regard to your presentation earlier this afternoon. What did you mean by part of Bill C-19 being “unconstitutional”? I did hear that comment, and it really intrigued me. Could you explain what you meant by that comment?

By all means go into detail so that we can really understand what was being projected there.

Mr. Benjamin Dachis: Thank you very much for the question.

The changes proposed in the BIA result in corporations now facing administrative monetary penalties, or AMPs, of up to 3% of annual worldwide gross revenues. Let me talk a little bit about the legal process first. If an AMP is penal in nature rather than just a deterrent, then it's effectively a criminal penalty. The alleged offender must be tried in accordance with due process requirements of section 11 of the Canadian Charter of Rights and Freedoms. Neither the misleading advertising nor the abuse of dominance provisions that attract these new significant penalties are criminal offences. The burden of proof to be convicted in these areas is a lower balance of probability standard of proof. The increase to the fines to be set on global revenues of the firm, where the penalties could easily be in the billions of dollars and—this is the critical part—are not directly related to the harms of the practice, greatly raise the likelihood that the fines could be found as penal and, therefore, unconstitutional.

With these large potential penalties, not only is there a risk of unconstitutionality. There's also a risk of overdeterrence. Firms may shy away from some of the practices that are going to be beneficial for Canadians. These potential fines raise reputational risks for Canada as well of not being supportive of foreign direct investment.

Mr. Jake Stewart: Yes. Thank you for that. I appreciate your going into greater detail on that as well.

With Canada's deficit at a staggering \$148 billion this year, would you agree that this government is not taking the urgent steps needed to protect Canadians from personal and corporate tax increases and service cuts in the near future?

Mr. Benjamin Dachis: I would add that we have to think about this through the lens of provinces as well. If you look at the overall state of Canada's fiscal outlook, we're looking at very large health care expenses in the future and an echo boom of education payments and paying for students in schools. There are some very large looming costs, not to mention things that we've already mentioned in terms of liabilities for dealing with emissions reductions and the consequences of climate change. We have a lot of fiscal pressures coming our way and no clear plan for how to pay for it.

Yes, there are some concerns. In the future, we're going to have to face some pretty large increases at either the federal level or the provincial level. There's one taxpayer. If the federal government is spending that fiscal room, provinces are going to be in real trouble.

Mr. Jake Stewart: Thank you for the answer.

Taking into consideration the current government's costly new programs that have no revenue to cover them in what looks like a stagnating economy, we will most certainly see the next generation of Canadians saddled with massive debt. What does C.D. Howe have to say with respect to the top three failures in the planning surrounding this current budget?

• (1640)

Mr. Benjamin Dachis: I would start from your first point, which is programs that don't have a commensurate revenue plan to pay for them. Programs under new government spending do not pay for themselves. Taxpayers must pay for the programs that we want, whether it's pharmacare, dental care or child care. We have to have revenues, new revenues, that accompany new programs.

Those are the three major new programs that we're looking at. I'd ask what revenue will be accompanying them and have the government say, "We're going to give you this new spending, but we're going to ask you to pay for it with this." That's what I would be asking the government to explain more.

Mr. Jake Stewart: Thank you.

The Chair: Thank you, MP Stewart.

Now we'll hear from the Liberals.

MP Dzerowicz, you have five minutes.

Ms. Julie Dzerowicz (Davenport, Lib.): Thank you so much, Mr. Chair.

I want to say a huge thanks to all of our presenters today. We really have an outstanding group of presenters with some very important information. My initial questions are going to be directed to Mr. Steven Tobin.

Mr. Tobin, you have raised an issue that is literally on the minds of all of us and that comes up in the House of Commons almost every single day, and that is how to address our skills and labour shortage issue. Thanks for reminding us that those are two very different things. I hear you very clearly when you talk about your three-point plan, the comprehensive labour strategy, diagnosing the labour issue first and then the cohesive and integrated skills strategy.

The first thing I would like to ask you to do is something I'm hoping you'll be able to submit. In terms of where we start with the

comprehensive labour strategy, you had indicated that it's important to meet with a series of stakeholders, and I wonder if you wouldn't mind submitting in short order to this committee the list of stakeholders you would propose that we have. If you could do that, I'd be very grateful.

I'm going to move to my next question. I'll also have you respond to that first one, but on your second part, in which you diagnose the labour problem across the country, you talked about streamlining open access or providing open access to existing sources of information and EI. Could you elaborate a little bit more on those existing sources of information and a little bit more on what you mean by EI?

Is there any other data you think we should be collecting that we haven't started collecting yet?

Thank you.

Mr. Steven Tobin: Thank you for the question.

The quick answer to your first question is yes. I would be happy to give some consideration as to the stakeholders that should be consulted as part of the development of a comprehensive labour market strategy so yes, with pleasure.

On the second point, with respect to data, traditionally as a researcher I would always say that more data is always better of course, but when I think about policy, there needs to be some consideration as to the cost and benefits of acquiring new data. This is why in the first instance my proposal on the labour and skill shortages is to leverage and harvest the data that's already there so we can better diagnose the problem.

When I think about that issue, I think about two sources of information. One is about the source of information with respect to people. We have great information on unemployed people across this country. It's very detailed and very granular, and it's from those who are receiving employment insurance. It exists of course. It's individual-level data, so it takes some time to process. We need to be careful with respect to privacy and data quality, but allowing a more streamlined, open access while protecting the privacy of that data will give us great and detailed insights as to the availability of the labour pool across this country.

Right now there is some availability of that data, but it comes with a significant delay. It's very difficult to access but it is there, and I think we should start by leveraging access to that information.

At the same time, we also have very good information on the demand for labour from vacancy surveys through Statistics Canada. Again, there's a wealth of information available on the types of jobs that employers are asking for. Having greater and more open access to that information will give us some insights into the types of jobs that employers are looking for.

I'd start by harnessing and leveraging those two existing datasets.

If asked and pushed with respect to what further data we need, I would again start by seeing what that information would tell us, but to my point about the difference between skills and credentials, right now we continue to lack good information on the types of skills that employers are looking for, which puts us in a difficult place with respect to how we can develop and design training programs that will give individuals those skills. Even the way we collect information today is very much about, I would say, skill level, but in essence we're talking about qualifications and credentials. This is the one area in which we need to be considering where and in what manner we should be collecting better information.

• (1645)

Ms. Julie Dzerowicz: Thank you so much.

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

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

[Translation]

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

I would like to ask Mr. Mueller and Mr. Chartrand one more question.

Mr. Chartrand, it is indeed deplorable that the government has not commissioned a study on the economic impact of this ill-conceived tax, which will hurt the aerospace industry.

In your opinion, how much concern do you see in the industry regarding the impact of this legislation? Is it going to damage the reputation that we have on the international stage?

I would ask you to each take a minute to answer the question, if you could.

Mr. David Chartrand: This will certainly damage our reputation.

Would you like me to speak in French or English?

Mr. Gabriel Ste-Marie: It's up to you.

Mr. David Chartrand: When principals decide to locate in Canada to work in aircraft or parts manufacturing, for example, they evaluate three aspects: labour availability, supply chain and government support.

Of course, it's like a three-legged stool, and if you take one of those legs away, the stool falls over. This is obviously how it works. When principals assess government support, they look at the programs that the government is implementing to help them. They also look at what the government is doing in the context of a crisis or an issue to encourage companies to locate here, and what the government is doing to support the industry in terms of the workforce, the training programs and the assistance that can be provided. When you create taxes that put up barriers and cause more hardship, it doesn't help the industry at all.

I will turn the floor over to Mr. Mueller.

Mr. Gabriel Ste-Marie: Thank you.

Mr. Mueller, you have the floor.

Mr. Mike Mueller: Thank you for your question.

[English]

Absolutely. I think you mentioned the economic impact assessment. We're very concerned with the understanding that it hadn't been done, again just by the results we've seen by going out and surveying our members. It's 1,000 jobs and a billion dollars lost in revenue.

However, the uncertainty that this brings, and we've talked a lot about the international reputation piece.... I'll just give a little example that has come up in consultations on potential free trade agreements. There's a lot of discussions about how you lower tariffs to make sure we can sell our aircraft internationally, and we have a whole department of international trade focused on that specifically. Then, isn't it contradictory that we have another government department, in Finance Canada, putting a 20% tax on that same plane if it's bought domestically? There's absolutely international reputational damage being done here.

We've talked a lot in the past, and still do, about the need for a national aerospace strategy. Again, it goes to that support from the government for what is a strategic sector.

All of our competitor nations have aerospace strategies. We do not. All of our competitor nations do not have a tax of this nature, and we're contemplating putting one in place. It makes no sense. We need that predictability. We need that certainty. The legislation is flawed.

The Chair: Thank you, Mr. Mueller.

[Translation]

Mr. Gabriel Ste-Marie: Thank you.

[English]

Mr. Mike Mueller: Thank you.

[Translation]

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

[English]

Now, for two and a half minutes, MP Blaikie, please.

Mr. Daniel Blaikie: Thank you very much.

Mr. Rubinstein, Bill C-19 incorporates another government bill, Bill C-17, which has among other things, some money for housing and transit. I understand the need for ongoing operating support for public transit and certainly understand the need for public investment in housing.

I'm still trying to get a better sense of how the government intends to mix those two in this funding pot. I'm wondering if you're aware of any work or consultation that's gone on to better define for provinces and municipalities how those two important policy areas are meant to interact within this funding envelope.

• (1650)

Mr. Daniel Rubinstein: Chair, thanks very much. I appreciate the question.

You're right. This subsumes a piece that was in Bill C-17—a really critical piece of funding for our members' transit systems that continue to face shortfalls due to the pandemic. It's taking much longer than I think we'd all hoped to get back to the ridership levels we had ahead of the pandemic.

On this question of integrating transit and housing, we're seeing it across different types of interventions and programs. It's really critical that we do that right, that we think about how to develop our cities and transit-oriented development as a strategy, for example, linking housing and transit.

As it relates to this funding, the core intention here is to support transit systems and municipalities with those pandemic shortfalls. The way I read the intention from Finance Canada is to make sure that, as this funding is delivered, provinces and territories are working with their municipalities to talk about housing supply and about having an integrated vision to tackle that challenge. We welcome that.

As I said, it's work that we're doing with Infrastructure Canada on programs, with CMHC for sure, across both transit and housing, in an integrated fashion. We look forward to that work continuing.

Mr. Daniel Blaikie: It seems to me that, with \$750 million, by the time you address the transit operating shortfalls there's probably not a lot left for housing. Is it your understanding that it's meant to be more of a kind of notional planning type of direction inside that funding envelope and that it's not actually meant to build any housing, but it's meant to try to incorporate housing into transit design?

Mr. Daniel Rubinstein: Certainly, the way we approached this question earlier in the year, ahead of the budget and when this was first announced early in the spring, was to talk about these transit pandemic shortfalls, these operating shortfalls. That is the need, for sure.

I mentioned in my opening remarks that we have this suite of measures in the budget that tackle housing supply. They're all connected to each other. There is the accelerator fund and there are changes to the national housing strategy that are really welcome, as is the rapid housing initiative. We need all of that. The challenge is huge.

Unfortunately, on the transit shortfalls, our members are really constrained. We don't have the fiscal tools and the fiscal flexibility of higher orders of government to tackle some of those shortfalls, so this support is critical, as is the support from the provinces to tackle those shortfalls.

The Chair: Thank you to the two Daniels.

Mr. Daniel Blaikie: Thank you.

The Chair: Now we'll move to the Conservatives.

We welcome back MP McLean for five minutes.

Mr. Greg McLean (Calgary Centre, CPC): Thank you very much, Mr. Chair. It's good to see everybody again. It's a committee I miss.

I am going to get right into the questioning.

Welcome, everybody, in person and on screen.

I have the honour today of asking questions of the Business Council of Alberta and Mr. Michael Holden.

Mr. Holden, I heard your comments. Thank you for what I think are very informative and future-thinking alternatives on where we have to move in going forward here.

You talked in your comments about the investment tax credit for CCUS. Would it surprise you if I told you that we're dealing with Bill C-19, the budget implementation act, and there actually is no provision in this act for the investment tax credit?

Mr. Michael Holden: Thank you for the question.

I confess that I was not aware of that. In the time we had to prepare our comments, we focused on the issues that we were paying most attention to in the budget itself, rather than what was contained in Bill C-19 specifically.

Mr. Greg McLean: It surprised me, too, I should confess, when I first took a look at the bill, because it does seem like there's a climate emergency out there. The government keeps shouting that at the walls, yet they haven't moved forward on a carbon tax credit in over a year since I first put it on the docket as a bill in Parliament.

Now it's in the budget after more than a year of consultation, and it's not in the budget implementation act, so we're still waiting. I know that industry is still waiting to see what that looks like before they commit to actually moving forward with many projects.

You're in Alberta. You know how many projects are sitting there waiting for what happens here as we go forward. Would it also surprise you that the Canada growth fund, which you referred to, is not part of the budget implementation act?

• (1655)

Mr. Michael Holden: Thank you for the question.

My understanding with those was that each of those cases required additional consultation with industry in order to help shape the design of those programs. To answer your question, I did not know that it was not in there, but it does not overly surprise me, for the simple reason that these were programs that needed consultations with industry before the design for a specific program would be implemented.

Mr. Greg McLean: Thank you.

How do you foresee the Canada growth fund being different from the unspent money in the Canada Infrastructure Bank?

Mr. Michael Holden: That's a question that I would have to get back to you on. I don't specifically have an answer to it.

I think from our perspective what we were looking for in this budget was that, being from Alberta, the largest source of Canada's emissions and a large contributor to the economy because of our energy sector, we needed to see action from the federal government in order to help leverage the private sector investment needed to actually meet these emissions targets that the federal government has set.

Putting this kind of action on the table is an important step in the right direction. It may not be the only step that is needed, but what we do need is the investment tax credit. We do need all hands on deck. Most importantly, we need governments and the industry working together. That's the only way we're going to address the issues.

Mr. Greg McLean: Thank you.

One of the other witnesses talked about waiting a year before we actually implement some of the approvals we're talking about here. You mentioned the massive approval process of getting regulations through and getting projects built, which are exactly the hurdles that businesses in Alberta and across the country are facing, as the regulatory process is onerous and effectively has a lack of foresight on what the outcome will be.

Have you had any consultations with government about reforming this process, much as Germany has done in the face of the onslaught from Russia into Ukraine. They have lessened their regulatory process by 90% to get gasification facilities built in Germany. Is that something you'd like to see similarly in Canada?

Mr. Michael Holden: I believe we need to work as quickly as possible on this. The regulatory reforms and speeding up these approval processes are critical to meeting the ERP targets, which are only seven and a half years away.

To answer your question, we have spoken to ministers Bibeau and Wilkinson, as well as members of the PCO at the bureaucratic level in the Prime Minister's Office, about this. We have expressed those concerns and feel like we have been heard.

It's a question of whether or not the government would be able to deploy its resources towards addressing reforms of these systems in the same way that climate change itself is being viewed as an emergency. It would be very difficult for Canada to meet its 2030 targets, which are seven and a half years away, if it takes five or six years to approve a project to even start putting a dent into them.

Mr. Greg McLean: Thank you for speaking up so loudly for the benefits that LNG Canada would provide to the world's environmental footprint. I really appreciate that. I'm going to turn—

The Chair: That's it for your time, MP McLean. It goes fast.

We do thank our witnesses. We know we asked you to appear in very short order.

We have the Liberals up next, with MP MacDonald for five minutes, please.

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

I'll go back to Mr. Holden and try to tag on to the low-carbon economy, and possibly reference Alberta too. I'm glad to hear you

say that you recognize the fact that there will be consultations relevant to the Canada growth fund.

Are we doing enough to help carbon-intensive industries and other stakeholders with investments like the carbon growth fund? Are we on the appropriate trajectory, in your mind or your organization's mind?

Mr. Michael Holden: This is a challenge for which we are in danger of underestimating the amount of investment that is required. I believe there's a line in budget 2022 that states that the level of investment needed to achieve Canada's climate targets is in the range of \$125 billion to \$140 billion a year, which is both public and private, and that current investments are about one-tenth that level.

Some of the initiatives in this budget represent a step in the right direction, but they are a fraction of what is needed. We need to have a frank conversation and an honest discussion of the cost and the trade-offs and put everything on the table to make sure that we understand, as I said, the magnitude of the challenge and what is actually needed to get there.

• (1700)

Mr. Heath MacDonald: That's interesting. You read sometimes about shareholders even stepping out of oil companies now if they're not moving quickly enough. It's going to be a very interesting time for the oil and gas industry. You also see companies re-branding, and they talk about lowering their emissions.

Are companies moving fast enough? We know that there was \$174 billion in revenue last year in the oil and gas sector. Are they actually moving quickly enough, in your mind, being from Alberta, or is there a lot of smoke and mirrors?

Mr. Michael Holden: We speak to these companies on a fairly regular basis, and there is a deep commitment, especially among the oils sands operators, to achieve net zero by 2050 and to work with the federal government on that path. We're seeing a number of significant investments in the province, many of which are related to hydrogen development and clean hydrogen in particular, and there's the possibility of investments in carbon capture once that tax credit is put in place.

The companies are doing a lot. They've done a lot to reduce their emissions intensity, which is not the same as absolute emissions reductions, I fully admit. If we look internationally at countries that have been successful at reducing emissions from heavy industry and the energy sectors they have, the most successful ones have done it when industry and governments are working together. In our case, the federal and provincial governments as well as industry all need to be involved at the table consulting with one another and rowing the boat in the same direction.

Mr. Heath MacDonald: Yes, that's extremely important.

That leads me into my next question. At one point in time, in a previous life, I was part of the Canadian Free Trade Agreement. I can tell you that going from province to province to province, co-operation...and the impediment of regulatory barriers shouldn't happen, but it's there, obviously. It becomes a political impediment, to some extent. I'll leave it that. Thank you.

If I have a couple of minutes left, Mr. Chair, I want to move to Mr. Dachis just quickly.

I know we talk about deficits, and I want to clarify that the year-end deficit on March 31 was \$113 billion. I'm not sure if the number was correctly mentioned previously.

Further to that, I want to quote Stephen Poloz here. He said:

Of the fiscal room that was on the table, only about half of it was deployed in new programs. The rest was geared towards reducing the debt-to-GDP ratio through time a little faster than it otherwise would, which I think is a bit of a success given the political situation in which we find ourselves in.

When we look at budgets, we always tend to look at expenditures very quickly and make assumptions, but we never tend to look at the revenues. We've seen growth here in the last eight months through omicron.

Mr. Dachis, is that a fair assessment that Mr. Poloz gave us as a government?

Mr. Benjamin Dachis: For sure. One of the things that I think about goes back to the words of Don Drummond, one of our fellows at the C.D. Howe and a former official in the government. A common reaction to the 2022 federal budget is that it's "not as bad as expected", but what kind of an evaluation is that? We have the fear stoked by the government's own statements leading into it. You get credit for setting a low bar and then hopping over it.

When it comes to the fiscal situation, we're coming from a very bad situation where the deficits we had as our baseline were eye-popping. They're still quite large. We have to deal with these deficits now, but not just at the federal level. We have to recognize where the provincial level is going. We have provincial budgets, for example in Ontario.... This is a non-partisan comment, given the government there, but you have a government there with assumptions on health expenditures that are fanciful. We have long-term health expenses in the provinces that are going to eat Canadian taxpayers alive. We have to be thinking of this at both levels of government.

The Chair: Thank you, MP MacDonald.

Mr. Heath MacDonald: Thank you.

The Chair: We are now moving into our third round.

Welcome to our committee, MP Muys. The floor is yours for five minutes of questions.

Mr. Dan Muys (Flamborough—Glanbrook, CPC): Thank you very much. It's a pleasure to be here today.

Mr. Mueller and Mr. Chartrand, you talked a bit about the job and competitiveness impacts of this proposed tax. You touched briefly in your introductory remarks on the supply chain impacts. I want to give you an opportunity to speak a bit more about that.

Normally I'm on the transport committee, and we've spent a bit of time talking about supply chains. It's having a huge impact on our economy right now, given a lot of the supply chain challenges. Maybe you can talk a bit more about how this is going to impact the supply chain downstream.

• (1705)

Mr. David Chartrand: Evidently, it's going to impact the supply chain. This tax is clearly going to affect direct manufacturers but also businesses in the supply chain. In Ontario alone, two of the largest companies in the aerospace supply chain, Safran Landing Systems and Aerotek, are also going to be impacted by regulatory changes. In eastern Canada, Stelia Aerospace, the Airbus group and Avcorp Industries; Field Aviation in the west; and smaller SMEs rely on OEMs for continuity of contracts and business. Any disruption is going to have a ripple effect, impacting jobs across the country. It's clear that the passing of this proposed tax in its current form is only going to be an obstacle to recovery in the subsector of manufacturing of parts. There will definitely be an impact.

As to how to quantify it, that's why we're asking for a study of the impact on jobs. That's why we're saying we should go more in depth on this. There's definitely going to be an impact on OEMs and the supply chain.

Mr. Mike Mueller: Maybe I can just chime in on that.

It's absolutely right, what David said. It is in every region of the country that we're going to see the impacts. You often think of the larger OEMs, but you have the engine makers who put their engines on those planes. You have the landing systems that David talked about. You have the repair. You have the small SMEs that are part of that supply chain.

Then you have rural British Columbia, you have Ontario and you have Quebec, obviously. Some people wouldn't think of Prince Edward Island, but Prince Edward Island has a burgeoning aerospace sector also. This is going to impact right across the country and right across the supply chain.

Again, these are good-paying jobs. There's a real opportunity here for this sector to contribute to the economic recovery of the country coming out of COVID-19. This tax needs to be rethought and relooked at, because it's going to do some real damage to the supply chain. It's going to do damage to jobs. It's going to do damage to revenue. It's going to do reputational damage internationally. There are a lot of concerns.

Mr. Dan Muys: Thank you for that.

I know that the other witness from the C.D. Howe Institute has departed, but if I can ask you this, because I know there's a shadow budget that's prepared, I'm wondering if any consideration is given to measuring results and whether we're getting good value for money spent.

In this budget, we saw \$50 billion more in uncontrolled spending. That's going to have an impact on our competitiveness as an economy. It's driving up inflation, as has been noted. Is there enough in the budget to measure and/or what considerations should be given to measuring value for dollar?

Mr. Benjamin Dachis: This is a perennial problem in any kind of government service, where you're asking yourself, "What does this bureaucrat do in terms of taking an idea and turning it into output?" but that's true of everyone. How do you measure this in the health sector, for example? It's very difficult to measure outcomes in government services, and rightly so in some cases.

Where I would go in terms of value for money is in the budget process—for example, there are ways of asking yourself when you have a clear fiscal anchor of a return to balanced budget in, say, a few years. Rather than a much more high-level question of an anchor that's based on debt to GDP, which depends on multiple factors, including the economy, when you have a balanced budget requirement in a few years, you have a very clear set of metrics that say, “This spending is not going to fit within our set criteria.” If we have that kind of outlook of when we're trying to return to a balanced budget, it will help government really focus its mind on what kind of spending makes the most sense.

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

We're moving to the Liberals.

We have MP Chatel for five minutes, please.

[*Translation*]

Mrs. Sophie Chatel (Pontiac, Lib.): Thank you very much, Mr. Chair.

I thank all the witnesses for being with us today, especially the witness from the Federation of Canadian Municipalities.

I represent a riding of 41 municipalities and I hear great things about the services your organization provides. Bravo!

Earlier, you raised the issue of rurality. I would like you to tell us about the particular issues you see yourself with housing in small municipalities.

What my colleagues and I hear about rural Canada is that it is increasingly difficult to buy land in rural areas. There are also very few highly organized developers. So it's a difficult situation.

Can you tell us how the programs that we have now and that were announced in the budget could be well suited to the rural environment?

• (1710)

Mr. Daniel Rubinstein: Thank you for your question.

[*English*]

We support applying a rigorous rural lens to how programs are designed and implemented, for all the reasons you mentioned. For sure, in the housing accelerator fund, the budget talks about ensuring that smaller and fast-growing rural communities can access that. I was at the HUMA committee last week on the program. I made the suggestion that it would be possible to have a carve-out for rural and smaller communities within that program, so that they're not applying in the same bucket as larger communities. We've seen that work in other models.

I mentioned the disaster mitigation and adaptation fund ahead of the budget. In our pre-budget submissions, we talked about the need for water and waste-water infrastructure, particularly for smaller communities, and for broadband as well. That of course has received a lot of attention and remains a real focus.

On housing, what I can share is that we know the housing crisis is felt everywhere now. Our board, which represents large cities, medium-sized, rural, northern...everyone is seized with this. On something like homelessness and the Reaching Home program,

we've talked before about the need for a larger carve-out for rural communities within that program and hope that's how it's implemented going forward. We appreciate all the efforts across departments to apply that rural lens. It's something that we work quite closely on with Minister Hutchings, Infrastructure Canada and other departments across Canada to get right.

[*Translation*]

Mrs. Sophie Chatel: In the absence of a tailor-made agreement for small or rural municipalities, how can programs be better adapted to rural areas?

What we're hearing is that the major programs of Canada Mortgage and Housing Corporation are very cumbersome to administer for small organizations trying to create affordable housing. The Rapid Housing Initiative, or RHI, is much more accessible for rural areas.

Do you think this initiative is worthwhile?

Is this a good way to help small municipalities?

[*English*]

Mr. Daniel Rubinstein: I think our members see the rapid housing initiative as being a best practice in how to deliver funding. The biggest challenge with RHI is not having enough access to funding, so we appreciate another round in the budget.

As it relates to other NSH programs, I mentioned in my remarks the national housing co-investment fund. This is the primary delivery mechanism for social and affordable housing. We took great pains ahead of the budget to say, as you launch the accelerator fund, at the same time let's speed up the approvals and increase the amount that's available for contribution—so, higher grants—to make the economics work a bit better and move dollars faster within the co-investment fund and in the rental construction program. The budget signals that. That's really important work, and we want to see it happen fast and in a way that's sensitive to communities of all sizes.

I appreciate the question.

[*Translation*]

Mrs. Sophie Chatel: We will obviously be following this closely.

Do I have any speaking time left, Mr. Chair?

[*English*]

The Chair: You have 30 seconds.

[*Translation*]

Mrs. Sophie Chatel: Thank you.

The Chair: Thank you, Ms. Chatel.

[English]

Now we'll hear from the Bloc and MP Ste-Marie for two and a half minutes, please.

[Translation]

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

My questions are again for Mr. Chartrand and Mr. Mueller.

Gentlemen, I ask each of you to answer them in one minute or less, if possible.

On the subject of the aircraft that are going to be exported, we have been told by the Department of Finance that the design of the tax means that tax is still collected on exported aircraft. The Department will try to find something, but, according to them, it is not urgent, because it will only be put in place on January 1. So it seems that they don't want to make any changes in the short term.

With regard to the threshold for business use, which is set at 90%, it appears that there is no willingness on the part of the department or the government to change anything.

What message would you like to convey to the department and the government on these matters?

• (1715)

Mr. David Chartrand: The message I would like to send to them is clear: all the time we waste before acting on this does not reduce the concerns.

As you know, companies have already cancelled orders for business aircraft. In addition, some orders are currently on hold.

The longer we wait, the more likely potential customers will shop elsewhere. This will have an impact on our supply chain, on the manufacturing sector and on jobs in Canada. That's what I wanted to tell you.

I will leave the rest of the time to Mr. Mueller.

Mr. Gabriel Ste-Marie: You have the floor, Mr. Mueller.

Mr. Mike Mueller: Thank you for your question.

[English]

Again, as I said before, the industry needs predictably and certainty. While we were encouraged by the minister's comment, we haven't seen anything concrete, so we're really looking toward some concrete measures on this. As I said, the legislation is flawed. The economic impact is quite severe. Especially for an industry that lost 30,000 jobs through the pandemic, to now put them through this just doesn't make a lot of sense at all.

You're absolutely right. There's the threshold piece, which I talked about—the 90%—and the unfair burden on the manufacturers, absolutely. Then also the export tax piece and huge considerations on cash flow as things move back and forth.

There is a lot of concern. We need to see some changes. Ultimately my recommendation would be to remove the aircraft piece from this. It's not doing what the government wants it to do.

[Translation]

Mr. Gabriel Ste-Marie: I wish to thank both witnesses.

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

[English]

Now to the NDP and MP Blaikie for two and a half minutes, please.

Mr. Daniel Blaikie: Mr. Tobin, currently we have a lot of employers who are saying they can't find people to work. We have a lot of people who say they want to work and they can't find the right job. Obviously, at the very least, there is a bit of a mismatch going on.

I think we missed an opportunity when people were coming off pandemic benefits to try to train people into positions that were available. We continue to miss opportunities, I think, through the employment insurance system, to try to connect individual workers who are looking for the right job with employers who have real positions available and training people into jobs.

Then, beyond that, there are questions of public investment. If we're talking about climate change, whether it's in construction, manufacturing or other sectors, it's developing a work forecast so that employers can train people with confidence and onboard them for the work not just that they have right now but that they'll be planning to do.

I wonder if you could speak a little bit to how government might try to have a policy approach that is more particular than just asking people to train for an industry in which they hope to find a job, instead of trying to connect them directly with employers who could have a job waiting for them at the end of training.

Mr. Steven Tobin: Thank you.

The point of the question is that, on the one hand, many employers are saying they can't find people or can't find people with the right skills, but then we know and understand that many Canadians are having difficulty finding a job. I think this is happening for at least three or four different reasons.

In some cases, there really aren't any people who are available. In other cases, there's a mismatch of what I would say are expectations. We saw a considerable change in expectations, notably in the hospitality and accommodation industry during the pandemic. We also have a mismatch of skills, so in some instances employers are looking for something that might not exist in the market. Then, of course, we have geographic barriers. In some instances, the availability of labour is not in a place where the demand for labour is.

In my mind, what the government can and should be doing, first and foremost, is playing that convener role. It's understanding what exactly employers are looking for and the types of talent and skills that are needed in order for businesses and investments to thrive.

Then, of course, it's addressing it through appropriate training and education policies, so working with colleges, universities and other training providers to make sure that the right skills training is being provided that's going to be demanded in the market today and tomorrow.

● (1720)

The Chair: Thank you, Mr. Tobin and MP Blaikie.

Now we're going to the Conservatives and MP Chambers for five minutes, please.

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

It's a great conversation today with all of our witnesses. I appreciate all of the perspectives.

I'll go back to Mr. Dachis, on process with respect to some of the competition changes we've seen in the bill.

Some stakeholders mentioned that they didn't feel they were consulted. There was, of course, the consultation done by Senator Weston, but all of a sudden we found some language and proposed changes in the budget bill with little consultation on the drafting. Is that a fair perception?

Mr. Benjamin Dachis: Absolutely.

The problems with the BIA are reminiscent of a very similar process concern that accompanied the legislative changes to the Competition Act the last time we did this, in 2009, which was again via the budget process.

For example, some of the things we're seeing now in terms of changes on wage-fixing are unintended consequences from some of the rushed 2009 amendments. Some of these proposed amendments in the BIA reflect fixes to that process, and they're an overcorrection. What we're going to see very soon after this is the need for legislative changes again in the future. More importantly, because we didn't consult on some really key things, which I can get into more detail on, about problems on the wage-fixing provision, the government is not going to achieve its fundamental goal of improving the operation of the Competition Act.

Mr. Adam Chambers: Just at a high level, might you perhaps talk about one or two of those challenges that you foresee in the future?

Mr. Benjamin Dachis: For sure.

Let's talk about wage-fixing. There are very sound legal and economic reasons to forbid wage-fixing and no-poach agreements. Price-fixing, which has a criminal penalty with it, and wage-fixing, are very economically similar, but the language of the new amendment is overly broad and creates a lot of uncertainty.

For example, there is great uncertainty about whether the term "employee" captures all categories of workers. There is no definition of "employer" and "employee" in the Competition Act, so have they consulted with employment lawyers about the enactment of this? This is something that all parties that concern themselves about the state of employees should be really concerned about. That this is going to have an uncertain application, with the other end being going to jail for over 10 years, is a pretty serious concern.

Mr. Adam Chambers: We are where we are right now.

If you could say what you would be comfortable with, could you leave a recommendation for this committee and for members of Parliament to consider?

Mr. Benjamin Dachis: I would leave you with a suggestion for one of two paths for the committee.

One is carving division 15 out of the legislation. I recognize that, in a budget bill, those kinds of asks are pretty big. However, we've heard a number of people talk about that need for other provisions.

The other approach is delaying the proclamation of these provisions going into force until a later date, such as a year from now. With the way the wage-fixing provisions are written in the legislation, they do not come into force until a year after the legislation is passed. That could easily be expanded to the other provisions of these amendments.

That has a number of benefits. It's going to allow for consultation, proper consultation, proper public debate, about what these provisions are going to do. It also creates a very good set timeline for what the government committed to doing in terms of a second round of consultation. Give the competition law and other stakeholders a year or so to really dig into these amendments. Frankly, this is the only forum—this and tomorrow at the industry committee are pretty much the only forums—that we're having to debate these bills. That is not enough time, so more time, such as through delayed proclamation, can really help.

Mr. Adam Chambers: Thank you very much.

We also have a second budget bill coming in the fall, so we could separate these measures, and consult on them over the summer to at least give us some additional time to hear from stakeholders.

Mr. Chair, you indulged me in the first round. I'll return my remaining time to you.

The Chair: Thank you, MP Chambers.

Those were great questions. We have many witnesses here today.

Our final questioner is from the Liberals.

I have MP Baker, for five minutes, please.

Mr. Yvan Baker: Thanks, Mr. Chair.

I would love to ask this of our representative from C.D. Howe. Do you support the government's strategic policy review to ensure that spending matches government priorities?

● (1725)

Mr. Benjamin Dachis: Very much so, and this actually goes, again, to the question on processes, and what we're looking for in terms of outcomes. The spending review has to be very clear about the outcome that you're looking for, and this is going to be an issue in a number of different areas.

Let me give you an example that abuts this, which is on the commitment in the budget bill regarding the review of the SR and ED credit. This is the most fundamental piece of taxation, or subsidy, for SR and ED in Canada. If the outcome is about improving it and being clear about how we're looking for growth, we can make recommendations for that. A program review of looking at what the outcomes are and how we improve the process, or other things like bringing in an IP box, are the key things we should be looking at.

That should be the primary goal, not, for example, like the SR and ED review, reducing the amount that we're spending but focusing on getting the best outcomes that we can get.

Mr. Yvan Baker: Yes, that really makes a lot of sense. It's really about making sure that we're getting best value for our dollars. When we're putting money through a budget, we want the spending to deliver on the outcomes we want to see.

Thank you for that.

I would love to switch over to our representatives from the International Association of Machinists and Aerospace Workers. I want to ask you about the Canada recovery dividend, which would introduce a 15% tax on the 2021 taxable income of large banks.

Do you support this, and why?

Mr. David Chartrand: Yes, I would actually support that. I don't think it's something that will create an impact on jobs. When we're talking about income inequality, that's a perfect example of where we can get some money for our social programs and where we can fairly tax people who are, I would say, less in need than the middle-class citizens of our country. Yes, I would support that.

Mr. Yvan Baker: Great. Thank you for that.

Chair, how much time do I have left?

The Chair: You have about a minute and a half.

Mr. Yvan Baker: Mr. Chartrand, maybe I will continue with you.

One of the things that many folks have been advocating for is dental care. It's something we've made a commitment to. Could you speak a bit more about the impact that would have on your members?

Mr. David Chartrand: Regarding the impact that it would have on our members, many of our members are already covered by dental plans in many of the collective agreements. For the ones who aren't, for the ones who don't have that coverage, it would mean less out-of-pocket money. It would mean, for them, that they would have coverage, and they would be able to have their teeth repaired.

It's a positive thing. Our members have the benefit of having that in their collective agreements. Many people in Canada don't, so I am all for a program that covers everybody in Canada who would benefit from such a provision, or such care, and not just the workers who are unionized.

Mr. Yvan Baker: I appreciate that. Thank you very much.

Thank you very much, Mr. Chair.

The Chair: Thank you, MP Baker.

I want to thank our excellent witnesses. I can't say it enough. We really appreciate that you accommodated us in very short order, as I said earlier, to come before our committee for this session.

On behalf of the members here at the committee, to the clerk, who I know has worked very hard to get you all here and answered many question, to the analyst and the interpreters, we really appreciate it.

We wish you all an excellent evening. The meeting is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>