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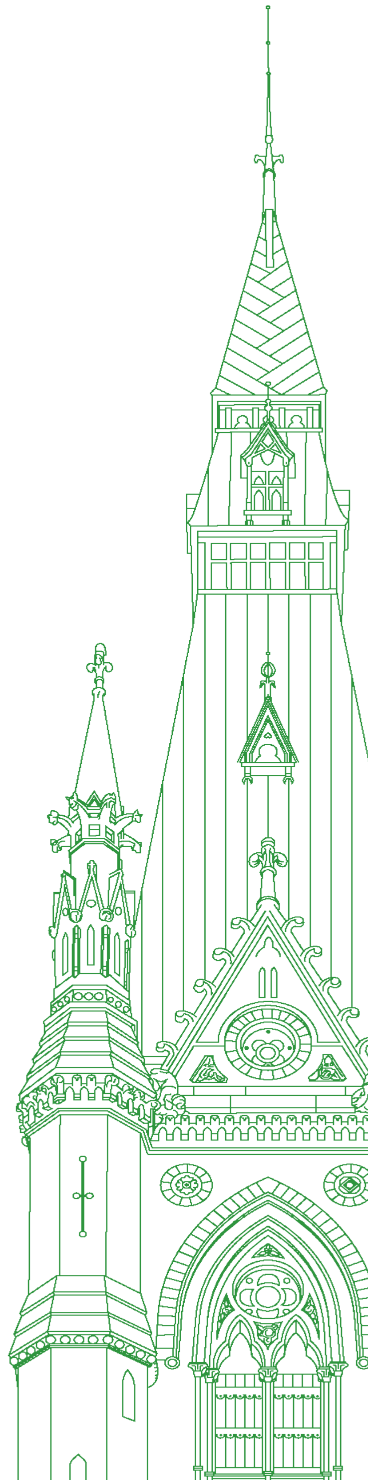

Chair: Mr. Peter Fonseca

Standing Committee on Finance

Monday, October 24, 2022

● (1540)

[*English*]

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

Welcome to meeting number 63 of the House of Commons Standing Committee on Finance. Pursuant to Standing Order 83.1 and the motion adopted on Wednesday, September 28, 2022, the committee is meeting to discuss pre-budget consultations in advance of the 2023 budget.

Today's meeting is taking place in a hybrid format, pursuant to the House order of June 23, 2022. Members are attending in person in the room and remotely using the Zoom application.

I would 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. Please mute yourself when you are not speaking. For interpretation, those on Zoom have the choice at the bottom of their screen of floor, English or French. Those in the room can use the earpiece and select the desired channel. I would remind you that all comments should be addressed through the chair.

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

Members, before we get to our witnesses, you have received the budget for the PBC from the clerk. We're just looking to adopt it.

Are we good?

Some hon. members: Agreed.

The Chair: Thank you, members. It has been adopted.

Also, for Bill C-228 the clerk has requested that our independent member is to submit any amendments in both official languages no later than 6 p.m. on Thursday, October 27, 2022. If everyone is okay with that, we will follow the same deadline, so get any amendments in by this Thursday at 6 p.m., please.

Is everybody okay with that? Terrific.

I would now like to welcome our witnesses.

From the Canadian Centre for Policy Alternatives, we have David Macdonald, senior economist. He is coming to us via video conference.

From the Canadian Chamber of Commerce, we have Alla Drigola Birk, senior director of parliamentary affairs and small and medium enterprises policy, and Alex Gray, senior director of fiscal and financial services policy.

From the Canadian Federation of Agriculture, we have Keith Currie, first vice-president, and Scott Ross, executive director.

From the Canadian Federation of Independent Business, we have Daniel Kelly, president and chief executive officer.

From Équiterre, we have Marc-André Viau, director of government relations.

Finally, from S.U.C.C.E.S.S., we have Queenie Choo, chief executive officer, who is with us via video conference.

With that, witnesses will have up to five minutes for opening remarks. We will start from the top with the Canadian Centre for Policy Alternatives.

You have five minutes.

Mr. David Macdonald (Senior Economist, Canadian Centre for Policy Alternatives): Thank you, Mr. Chair.

I'd like to thank the committee for their invitation to speak today concerning the 2023 federal budget. My presentation today will review only two of the 24 chapters in our own “Alternative Federal Budget 2023”, which we released about a month ago. I'll focus my comments today on some proposed measures on income security and taxation from this year's alternative budget.

First of all, it is worth reflecting on the incredible poverty impacts of federal supports during the pandemic. The federal poverty reduction strategy plan targeted reductions in poverty of 50% between 2015 and 2030. Poverty rates stood at 14.5% in 2015, but they actually fell to 6.4% in 2020, a reduction of 56%, besting the long-term target of the PRSP a decade early. What this points to is that the federal poverty reduction goals are not overly ambitious but were, in fact, already achieved two years ago. Unfortunately, the 2020 poverty data will be a blip, as rates will rise again in 2021 due to the expiry of the Canada emergency response benefit and enhanced employment insurance, among other one-time supports.

We need to build on these lessons of pandemic supports to create sustainable reductions in poverty in Canada. Our alternative budget envisages these supports across what we're calling four pillars of income security in Canada.

The first pillar is for families with children. The Canada child benefit already creates much of this pillar, but it can be improved. This year, we propose a supplement to the CCB called the end poverty supplement. It provides additional supports for families with children in particularly deep poverty, which will amount to up to $8,500 more for the first child.

The second pillar is for seniors. It is already in place via the old age security, the guaranteed income supplement and the Canada pension plan. Although we propose lowering the age of eligibility for the GIS to 60, poverty rates remain particularly high for Canadians ages 60 to 64 before they gain access to seniors programs at age 65.

The third pillar is a new program that we're calling the Canada livable income. It would be a universal benefit for Canadians of working age without children, and it fills an important gap in our present system for working-age Canadians. The Canada workers benefit is meant to fill this gap to some degree, but it does so poorly, as it requires employment income and even then remains inadequate. One of the primary reasons Canadians live in poverty is that they don't have employment income, so the CWB design is a flawed one. Our proposed Canada livable income would provide $5,000 for individuals or $7,000 for couples who live in particularly deep poverty.

The fourth pillar would be the creation of a Canada disability benefit. While this would be a new pillar of income security, it certainly is already under consideration by the federal government. Our alternative budget lays out specific levels and phase-out criteria for such a benefit, and it proposes implementation criteria over a three-year time frame.

Speaking of income security, we would also propose a rapid support guarantee. The goal here would be for the CRA to provide income supports within a month of Canadians' becoming eligible. This would be instead of the present situation where Canadians have to wait until tax time or up to a year later to receive important income supports when their circumstances change. The CERB illustrated that supporting Canadians could happen much faster than we've been traditionally used to.

Our alternative budget does not shy away from the revenue side. We do propose higher corporate income taxes in Canada, but not just on the banking sector, which was achieved in budget 2022. Corporate Canada has been capturing record amounts of our economy as profits during this inflationary period. Plenty of focus recently has been on grocery store profits, but this is actually a small part of a much larger picture. The excess profits we've seen since the end of 2020 have really been driven by oil and gas extraction and refining, the mining sector, real estate industries and banking. Our alternative budget examines the revenue from higher general corporate income tax rates. However, we also examine the revenue from changes like a minimum tax on book profits, capping the deductibility of executive pay, limiting the dividend tax credit to actual taxes paid and many other suggestions.

What I have discussed here today only briefly outlines the contents of two chapters. I encourage members to examine those chapters and the 22 other chapters in our alternative budget, which include detailed policy proposals for child care, long-term care, climate change, infrastructure and more.

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

● (1545)

The Chair: Thank you, Mr. Macdonald. You're right on time.

Now we will move to the witnesses from the Canadian Chamber of Commerce, who are in the committee room today.

We'll hear you for five minutes, please.

Ms. Alla Drigola Birk (Senior Director, Parliamentary Affairs and Small and Medium Enterprises Policy, Canadian Chamber of Commerce): Thank you, Mr. Chair and fellow committee members, for having us here today.

My name is Alla Drigola Birk and I am with the Canadian Chamber. My colleague Alex and I are pleased to be here to speak on behalf of the 200,000 businesses that the Canadian Chamber represents through our chamber network, industry association and corporate members.

It is no secret that right now is a critical time for the Canadian economy. Canada faces strong headwinds as our economy comes off the postpandemic bounce and heads towards challenges that originate both at home and abroad. Just as businesses have begun to recover from the pandemic, they are facing the spectre of supply chain bottlenecks, a tight labour market, rising inflation and significant debt loads.

The most recent Canadian survey on business conditions, conducted by the Canadian Chamber and Statistics Canada, identified three key areas that will be the biggest challenges for businesses over the next three months. Of the three, rising costs was by far the top challenge. This includes rising inflation—a concern for 60% of all businesses—rising input costs, rising transportation costs, rising interest rates, rising debt costs and more. I would like to highlight that the majority of businesses reported that they are unable to take on more debt or do not know if they can take on more debt, with 52% of all businesses falling into this category. This is especially true for small businesses with fewer than 20 employees.

The second biggest obstacle will be labour challenges, including recruiting and retaining employees, as well as an overall shortage in the labour force. Finally, the third most pressing obstacle is the ongoing supply chain issues.

We draw these points to your attention today because they underscore the issue at the heart of our key ask, which is that the government support businesses via measures that support economic growth. The opportunity before the government for budget 2023 is to support Canada's businesses, the workers they employ and, in turn, the economy as a whole.

To assist in identifying some key items to grow the economy, the Canadian Chamber has brought forward 22 distinct recommendations under six themes in our pre-budget submission. Due to time constraints, we will not go into each recommendation in detail today, but I want to highlight two recommendations in particular, and introduce a new one.

The first is to ensure that businesses have the right people in place. This needs to include working with the provinces and territories to establish more supports to upskill and retrain workers, to reduce the barriers to hiring highly skilled foreign talent and to enhance the systems and processes for foreign credential recognition. Many of these are issues that span both provincial and federal jurisdictions, so constructive, effective collaboration is critical.

Second, we recommend that Canada modernize its regulatory regime by committing to evidence-based, data-driven regulation and applying an economic lens to all regulatory mandates. This is critical for ensuring that new programs and regulations take into consideration the economic impacts they have, similar to how the government has implemented a gender lens for new initiatives.

Third, we need to ensure that the small businesses that took on a significant amount of pandemic debt are not being unfairly penalized. This speaks to recent reports of CEBA loans being recalled for businesses that applied in good faith, were approved based on the criteria and are now at a loss as to why they can suddenly no longer receive the forgivable portion. The CRA must explain why these small businesses no longer qualify for the forgivable portion, and must ensure that non-fraudulent cases are being handled appropriately and fairly based on the terms of their original CEBA agreement.

I will now pass it over to Alex to speak to some of the key tax measures in our submission.

● (1550)

Mr. Alex Gray (Senior Director, Fiscal and Financial Services Policy, Canadian Chamber of Commerce): Thanks, Alla.

In the interest of time, I'll focus on two measures that would improve Canada's position in a rapidly changing international tax environment.

First, the chamber believes the government should stand still on the digital services tax act, drop its retroactive application and fully support the implementation of the OECD two-pillar plan that has been agreed to by over 130 countries. Despite signing a multilateral agreement to standstill DST-like measures, concerns remain about the government's intent to move forward with legislation on a DST with retroactive enforcement to January 2022. Such action would invite economic retaliation, impose potential double taxation scenarios, complicate tax planning and undermine efforts to secure support for the OECD agreement. Given the possibility that a DST would flow through to Canadian SMEs, most of which have increased their use of digital services offered by multinationals since the pandemic, this tax would also impose a significant economic burden on said companies.

Second, we call on the government to implement a three-year extension of the accelerated investment incentive at the current rate, with an expanded scope to include mining and metal manufacturing activities, while delaying the phase-out period to fiscal year 2027. Maintaining this deduction for the first year of acquiring eligible depreciable assets would encourage businesses to invest in capital assets while ensuring competitiveness for Canadian businesses vis-à-vis the United States given related U.S. federal tax changes.

Ultimately, we believe a competitive tax system should provide businesses with the crystal clarity and capital needed to invest in the technologies and tools to thrive.

Thank you. We look forward to your questions.

The Chair: Thank you, Ms. Drigola Birk and Mr. Gray. It's good to see you back before the finance committee.

Now we're going to hear from the Canadian Federation of Agriculture for up to five minutes. Keith Currie and Scott Ross are in the room.

● (1555)

Mr. Keith Currie (First Vice-President, Canadian Federation of Agriculture): Good afternoon and thank you, Mr. Chair.

As you heard in the introductions, my name is Keith Currie. I am the first vice-president of the Canadian Federation of Agriculture. Along with my colleague Scott Ross, our executive director, we represent 190,000 farm families from coast to coast to coast across Canada. I'm also an eighth-generation farmer in the Collingwood, Ontario area.

CFA's pre-budget recommendations focus on how we can harness the agriculture sector's immense potential in the fight against climate change while continuing to produce food for Canada and the world. I'll touch on a few key priorities from our submission, but we'll be pleased to speak further to any recommendations that CFA has put forward.

The first priority I would raise relates to the tremendous financial pressure farmers have faced as a result of skyrocketing fertilizer prices over this past year, which has been exacerbated by the 35% tariff eastern Canadian farmers endured on Russian fertilizer imports. Average prices for urea fertilizer have increased from under $600 a tonne in January of this year to over $1,200 by spring planting.

That is why our top priority is to see the revenue from these tariffs reinvested into financial relief for farmers so they can invest in infrastructure and other tools to help them become more resilient to supply chain disruptions through, for example, investments in on-farm fertilizer storage and precision agricultural technologies. Most importantly, financial relief ensures Canadian producers maintain the financial health necessary to continue putting food on the table for Canadians and consumers around the world.

For our second priority, I would highlight the environmental targets the Government of Canada has set for our country: a reduction in 30% of fertilizer emissions and a commitment for the country to be net zero by 2050. Agriculture is obviously central for the first, but also can be incredibly impactful for the second. However, one of the biggest hurdles to achieving these goals will be adoption of further best practices at the farm level. I say it that way because farmers are already widely adopting practices to reduce GHG emissions, such as seeking agronomic advice from certified crop advisers, or CCAs, and adopting 4R nutrient stewardship practices.

For those in the room who haven't heard of it, 4R nutrient stewardship is a program with a framework oriented around the right fertilizer source, at the right rate, at the right time and in the right place. Recent industry analysis has found that our industry can achieve a 14% reduction in fertilizer emissions from 4R practices alone.

While many of our farmers already have a long-standing commitment to 4R practices, there is a need to expand and advance adoption of 4R certification across Canada to meet the government's emission targets. That is why our second priority is to invest in knowledge transfer by promoting 4R and other best practices and by supporting 4R training opportunities for agrologists that tailor these plans to farming operations across Canada.

To achieve the government's proposed goals while meeting increased food demand, farmers need guidance from experts and support to adopt the practices they suggest. To truly harness their potential in fighting climate change, farmers need assistance in managing climate change itself. Canada's business risk management programs must be improved to consider climate risk management and climate readiness. Participation remains low in AgriStability, a program that assists farmers facing severe income losses.

Despite recent enhancements that we applaud, farmers continue to note difficulty accessing AgriStability support. That is why our third priority is to increase the coverage level for AgriStability for each successive year without payment, up to 85% of the historic reference margin. Similar to things like car and house insurance where your rates reflect your risk profile, we would propose the same: increasing the payment trigger for every year a producer goes without making a claim and reducing it when payment is made. This would encourage participation and investments in on-farm climate risk management.

For the AgriRecovery program, which helps farmers recover from natural disasters, a collective review must be conducted after any program response. This review would assess and report on measures that could prevent similar risks in the future, and improve future responses. For this to truly drive change, it must bring federal, provincial and territorial governments and farmers together in a shared assessment.

Finally, our last priority speaks to the chronic labour shortages that cost farmers over $1.9 billion each year in lost sales. CFA and our partners are developing a national agriculture, food and beverage manufacturing workforce strategy that will be finalized in 2023, but support is needed for its implementation, first, through new funding to develop an industry-led secretariat to oversee and implement this ambitious plan and, second, to build upon the “step up to the plate” initiative and establish a public awareness campaign highlighting the important role of the sector and the career pathways it provides to encourage Canadians of all ages to consider a career in agriculture.

● (1600)

At CFA we believe that agriculture is one of the most important tools that Canada has for meeting its environmental and economic goals. We hope you agree.

Thank you.

The Chair: Thank you, Mr. Currie, for your opening remarks.

Now we'll hear from the Canadian Federation of Independent Business. We have Daniel Kelly, who is the president and chief executive officer, via video conference.

Mr. Daniel Kelly (President and Chief Executive Officer, Canadian Federation of Independent Business): Thank you so much, Chair. It's nice to see all the committee members on the screen today. I'm sorry that I'm not there with you in Ottawa, but I'm happy to be in Toronto today.

Look, I don't need to remind you of the crazy year that Canada's small and medium-sized businesses have been through, and the crazy couple of years over the course of the pandemic. However, I think I need to share with you just how critical things are right now.

Many think the pandemic is very much in the rear-view mirror for small business owners as the economy has bounced back. That's not what we're hearing from our small and medium-sized firms—the 95,000 members that are part of the Canadian Federation of Independent Business. In fact, only 42% of small businesses tell us that their sales are back to normal levels. Under 50% of Canada's small business owners are still under water with respect to their sales levels and they haven't seen those materialize.

Almost two-thirds, 64%, are facing pandemic-related debt. Of our members, 40% haven't repaid any of the debt they have taken on during the course of the pandemic. While pandemic support programs, particularly those from the federal government, were immensely helpful to many small businesses, our data shows that only about a third of the pandemic's negative financial repercussions were covered by support programs. Two-thirds are still on the books of business owners right now.

We have, right now, major labour shortages and cost increases on almost every line of the budget postpandemic. These are really, really challenging times for small and medium-sized firms. Added to that is the risk of a nasty recession in the next few months. All of this is not incenting business owners to expand or to get anywhere close to back to normal.

What should the government do though? How can the finance committee and the federal government help?

For one thing, our main request is not to make it worse. Unfortunately, there are several plans on the part of the federal government to do exactly that—to make a bad problem much, much worse for small and medium-sized companies. We don't have to look that far. In just a couple of months, on January 1, we're going to see a significant increase in Canada pension plan premiums, with hundreds of dollars taken out of every Canadian's paycheque and out of the payroll budgets of every Canadian employer. EI rates are now set to rise again on January 1 after a helpful two-year freeze. Of course, we have a whole host of other issues on the regulatory front that are making challenging times that much worse.

One of the things that may surprise you is that health care has emerged as the number two priority for small and medium-sized firms. It was number 15 only a few short years ago. Health care capacity is a huge priority for small and medium-sized firms across the country. We're just beginning to grapple with what that looks like.

I want to spend a few minutes on some of our key recommendations. I want to talk about the CEBA loan program. This was a program that was immensely helpful. Nearly 900,000 businesses across Canada took out a CEBA loan. You should know that just in the last couple of weeks—and I think the chamber noted this in their testimony a second ago—50,000 small and medium-sized firms have had their CEBA loan recalled by the bank. Basically they are losing the forgivable portion as they've been reconsidered and are now deemed ineligible.

Members of Parliament are going to start, if you haven't started already, to hear from tons of business owners who are losing the CEBA loan and who are now going to be forced to lose the $10,000 forgivable portion, for most who took out the $40,000 flavour. We're urging government to actually consider forgiving a larger chunk of the CEBA loan. We're suggesting that 50% should be forgiven by the federal government at this time. We think that would remove more debt from the backs of small business owners. That certainly would be helpful in ensuring that more of them survive.

On the payroll tax front, we're urging the Deputy Prime Minister to go to the provincial governments and ask if we can pause the CPP increase that is set to go into effect or, at the very least, overturn the recent decision on the part of the feds to increase the EI rate that is set to go up.

● (1605)

If you're not prepared to do any of that, I urge you to consider something that the Tories and the Liberals mutually put in place around the change in government. The Conservatives put forward a small business job credit that effectively lowered the rate of EI for small employers down to 1.2% of that which was paid by employees. That was then delivered by the Liberal government when it first took power, and we're urging you to reconsider the small business job credit as a means of reducing the payroll tax burden on small firms.

We need progress on credit card merchant fees. An outstanding commitment the Liberals promised small business owners in the 2019 campaign was that they would have a further reduction in credit card processing fees. That has not been delivered. The government promised it again in the 2021 budget, but it has not been delivered. In the 2022 budget, it has not been delivered. We're hoping that there may be some signs of that either in the fall economic statement or in the months ahead. We are urging you to make progress on this front.

We also support the chamber's suggestion a moment ago on making more permanent the phase-out of the accelerated capital cost allowance. That measure was very helpful, and I think that sends the right messages.

There are many other ideas on our plate on carbon taxation, small business deductions and thresholds, but I'll keep my testimony to that.

The Chair: Thank you, Mr. Kelly. There will be a lot of time during questions.

Now, via video conference, we'll have Équiterre, with Monsieur Viau, director of government relations.

Go ahead, Monsieur Viau.

[*Translation*]

Mr. Marc-André Viau (Director, Government Relations, Équiterre): Mr. Chair, members of the committee, good afternoon.

My name is Marc-André Viau. I am the director of government relations at Équiterre. I represent a non-governmental organization that has been working in the environmental field for almost 30 years. We are also members of the Green Budget Coalition, which will be presenting recommendations later this week that will complement this testimony.

Our organization works on four core pillars, which are reflected in our brief. The first is food systems—so agriculture and food. The second is sustainable mobility. The third is, of course, climate. The fourth is everything related to consumption and waste management issues.

I should note that our recommendations also take into account the current economic and fiscal context. They are designed to have a positive impact on Canadian families, while helping to lower the cost of living and addressing climate change.

Let's start with the mobility issue. I would like to put three recommendations on your radar screen.

The first is to modernize the incentives for zero-emission vehicles, or iZEV, program to make it more equitable and encourage active mobility.

First, we advocate reforming the structure of the iZEV program to make it a self-funding program and thereby free up fiscal capacity for the government.

Next, we propose making used zero-emission vehicles eligible for the iZEV program. This would enable families who do not have access to new ZEVs, owing to their high cost, to make a greener choice.

We also propose to tailor incentives for ZEV purchases based on household income and to cap eligibility based on income.

Finally, we believe it is necessary to expand the program's scope by making power-assisted bicycles eligible. It has been proven that power-assisted bicycles replace automobile trips, cost less than an automobile, and support greater distances in active transportation.

The second mobility recommendation is to move up permanent support for the operations of transportation companies to fiscal year 2024-25 and increase the amounts provided for operations. This fund would normally start in 2026-27, but we see that transportation companies have not recovered their pre-pandemic ridership, while roads are oversaturated.

The third recommendation is to make electric school buses eligible for the incentives for medium- and heavy-duty zero-emission vehicles program. As we know, the benefits associated with electrifying school buses are many. Eliminating diesel buses improves air quality for our children and reduces greenhouse gases and long-term operating costs.

I would now like to say a word about agriculture. This will echo what the representative from the Canadian Federation of Agriculture mentioned, at least some of his recommendations. As 2023 is the year the new agricultural policy framework will be implemented, it will be important for the strategic directions behind that plan to be reflected in Agriculture and Agri-Food Canada's funding.

We are proposing a series of measures to achieve this.

First, we want programs to make environmental risk management a priority.

We also believe it is important to make funds available to support the training and hiring of new advisory agents. The agronomic advice currently provided is too often tied to the sale of chemical inputs offered by industry and unfortunately is not always the best option for producers.

We also believe it is important to develop a Canada-wide strategy on soil health.

Finally, we recommend enhancing the on-farm climate action fund to include new practices such as agroforestry, soil compaction prevention and buffer zones. This is obviously about increasing the available funding.

In closing, I would like to draw your attention to food issues.

I don't think anyone here is insensitive to the rising cost of groceries. This is a good time to remember that, in Quebec, 15% of children live in food insecure families. For these young people and their families, the current rise in food prices has very significant consequences.

One of the solutions advocated by the Quebec group of the Coalition for Healthy School Food, of which we are a member, is the implementation of a universal school feeding program for all students, so that young people can have access to healthy meals in school. This program, focused on a healthy, local food supply, is a winning recipe for youth across the country.

● (1610)

In the short term, we believe that the government can enhance and expand existing school feeding programs, as well as build the infrastructure and capacity of partner institutions and organizations that provide these programs to schools.

We have additional recommendations in our brief, which I encourage you to read. We may have an opportunity to discuss them later.

Thank you for listening to me. I will be happy to answer any questions you may have.

The Chair: Thank you, Mr. Viau.

[*English*]

Now, via video conference, we're going over to the west coast to hear from S.U.C.C.E.S.S. We have Queenie Choo with us, who is the chief executive officer.

Go ahead, Ms. Choo.

Ms. Queenie Choo (Chief Executive Officer, S.U.C.C.E.S.S.): Thank you so much.

Good afternoon, and thank you for inviting me to present today.

My name is Queenie Choo, as mentioned, and I am speaking to you from Vancouver, the traditional, ancestral and unceded territories of the Coast Salish peoples, specifically the Musqueam, Squamish and Tsleil-Waututh nations.

As mentioned, I am the CEO of S.U.C.C.E.S.S. Our organization was founded nearly 50 years ago, and today it’s one of the largest social service agencies in Canada. This past year, we served more than 73,000 people and provided 123,000 services. We offer a wide range of integrated programs and services for newcomers, including settlement, English-language training, employment and entrepreneurship, and community, family, youth and seniors programs. We also operate more than 900 affordable housing units across the Lower Mainland and provide assisted living and long-term care to house seniors through our Multi-Level Care Society.

Given our areas of focus, I would like to share my views on the importance of federal investment in settlement services for newcomers as well as funding for affordable housing and seniors care.

We all know that immigrants to Canada are the engine of our economy. They are even more important in a labour shortage, with a record high of more than one million jobs unfilled across the country and an unemployment-to-job vacancy ratio in Canada at a historic low. We need to continue to increase the number of immigrants we welcome in order to reduce labour and skill shortages as our own aging workers retire at an increasing rate postpandemic.

To address that, last year, Immigration, Refugees and Citizenship Canada set a historic record by admitting more than 405,000 new permanent residents to Canada and is on target to welcoming 431,000 by the end of this year. These newcomers need wraparound supports upon arrival to ensure they are able to swiftly settle, find a home and find a job. I would encourage the government to invest in critical services for newcomers, such as language, employment and entrepreneurship training, settlement supports and community programming, to ensure that they can enter the workforce smoothly. Targeted programs to help foreign-trained professionals overcome barriers to practise in Canada are also crucial, as well as work permit and residency pathways for temporary foreign workers and international students.

We all know that one of the biggest barriers to settlement for newcomers is finding an affordable home, especially in our larger cities. In the greater Vancouver area, it is nearly impossible for the average family to buy a home. The current benchmark price to purchase an apartment is more than $725,000, and the average rent for a one-bedroom apartment in greater Vancouver is more than $2,100.

We need a deep federal commitment to build up our affordable housing stock, and we need federal, provincial and municipal business and non-profit partners at the table together to find innovative solutions and to expedite zoning, permitting and development processes. An example on the local level is our operation welcome home pilot project with Rennie & Associates Realty. We are partnering to identify vacant homes pending redevelopment that can be occupied on a short-term basis to help settle Ukrainian arrivals and their families.

As we plan to accommodate workers and families, we need to be looking at the impact of the “grey wave” and planning to better address the coming care needs of Canadian seniors. There are now more than seven million Canadians aged 65 and older, accounting for 19% of our population. Statistics Canada estimates that by 2051, almost one-quarter of our population, or 12 million people, will be seniors. To accommodate this enormous shift, we need to reimagine what quality senior care looks like in the community. That means we need to find more ways to support healthy seniors to age better at home.

● (1615)

For example, we recently launched an integrated community services for seniors pilot project in partnership with Vancouver Coastal Health in B.C., which pairs ethnic seniors who need extra help to live independently with community connectors who refer them to support services, providing them with rapport and mental health support. In long-term care and assisted living facilities, we need to provide culturally appropriate quality services. This requires expert, well-trained and well-compensated staff. Given the severe shortage of health care staff, it is critical that we look at long-term care standards and work towards better wage parity for those roles.

Thank you so much.

The Chair: Thank you, Ms. Choo, for those opening remarks.

We have an excellent group of witnesses here today with us.

We have about an hour and 20 minutes or so for questions, so let's get on with it really quickly. I know that members will have many questions.

For our witnesses, in our first round, each party will have up to six minutes to ask questions. We will be starting with the Conservatives.

We'll have MP Morantz for six minutes, please.

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

Mr. Kelly, I will start with you.

I found your opening remarks quite dire. You talk about the position that small businesses find themselves in, and really, your sad plea to this government is to not make it worse, yet that's exactly what they are doing.

One of the things that jumped out at me when I read your brief was that you said not to make it worse. First, let me backtrack, because I have to get this in. Your brief talks about putting a freeze on the carbon tax, but of course we know that the government plans to triple, triple, triple the carbon tax. This is my first time saying that on the record, so I had to get my shot in.

To be fair, your brief says, on a finer point, that the carbon tax backstop in backstop provinces is unfair to small businesses, as they contribute almost 50% of the carbon backstop revenues but don't qualify for the significant rebate schemes offered to citizens in the provinces that are affected. You go on to recommend that the carbon backstop be overhauled to provide small firms a rebate scheme that reflects their contribution to the carbon tax.

I have to admit that this point about how the carbon tax is structured has troubled me for a long time, in that it seems inequitable that small businesses don't get the rebate. Could you extrapolate on your policy considerations around that?

● (1620)

Mr. Daniel Kelly: Sure.

Look, small firms have mixed views on carbon taxes in general. Some support them in some provinces. In fact, more small businesses support than oppose them.

I would say that on average, though, if we're looking at our membership as a whole, there is opposition to a carbon tax in the way that it's currently structured. Even those who like the concept of a carbon tax, as our surveys show, hate the way it is being administered by Ottawa in the four provinces to which it applies right now, which we're worried may soon become six provinces, if rumours are correct. That is because for the carbon tax revenue, the only reason that some consumers are said to receive more money back than they actually pay in a self-funded program is that there are other consumers who get none or very little back from the carbon taxes they pay, and the largest group within that sector is small and medium-sized businesses.

The government did, to its credit, say that there would be some programs set up to provide some funding back to small firms to offset their costs from carbon taxes. If you can believe it, they allocated.... Even though small and medium-sized firms pay close to 50% of the carbon tax, 7% of the rebates were designed for small and medium-sized firms. Most damning of all, the 7% that was supposed to come back to small and medium-sized businesses never happened. Ottawa could not construct the programs. They fumbled the ball almost entirely, so virtually nothing has come back to small and medium-sized firms over the course of the previous rounds of the carbon tax.

It's one of the reasons why we're so worried about the dramatic increase. We haven't got the revenue shift correct, and that's putting huge pressure on small and medium-sized firms. It's one of the reasons why the tax as it's constructed is so detested.

Mr. Marty Morantz: Along that same line of the “don't make it worse” argument, there are also other tax increases planned, which you pointed out, for EI and CPP and for what we're calling the “paycheque taxes”. There's the excise tax, which is going to make the price of beer, of all things, go up by about 6% next spring. That's sacrilege in Canada.

I wonder if you could comment on these things. Your plea to the government is very simple: Just don't make it worse and leave things as they are. It seems to be falling on deaf ears. I'm wondering if you could elaborate a bit further.

When you also pile onto that the cost of interest rates and inflation, or the inflation tax, all of these things seem to be a perfect storm that can only serve to hurt small businesses. These arguments seem to be falling on deaf ears when it comes to the government today.

Mr. Daniel Kelly: On the Canada pension plan, I will tell you that the previous tax increases have hurt us hard, and there was no stopping that during the pandemic itself. On EI, the federal government, to its credit, froze EI premiums for 2020 and 2021. They've now taken that freeze off, so rates are going up by five cents per $100 for employees and seven cents per $100 for employers.

Get a load of this: On the CPP front, somebody making $65,000 is going to see a $750 increase in their CPP contributions next year on January 1. That's $750 out of their pocket. The employer is going to have to come up with another $750 for an employee making that. When you're dealing with inflation as a business or consumer and taking $750 out of your income, even if you accept that the CPP should go up, could we not...?

The benefits get phased in over the next 40 years. A one-year pause to get inflation under control does not seem like too tall a request for Ottawa at this time.

Mr. Marty Morantz: Thank you, Mr. Kelly. Those were my questions.

The Chair: Thank you, MP Morantz.

We're now moving to the Liberals for six minutes. I have MP Chatel.

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

I will go directly to Mr. Currie and Mr. Ross.

The OECD report “Reforming Agricultural Policies for Climate Change Mitigation” has a series of recommendations about how we should invest more in helping farmers transition towards more sustainable agriculture. They talk about having more direct support for farmers to invest in innovative technology and new fertilizers, and address issues such as climate mitigation. We know water is going to be an issue for agriculture—for vegetables and grains, but also for cattle if they don't have enough water and are experiencing intense heat waves.

Can you talk more precisely about how the new partnership is a move forward in that direction—because we have programs that will provide direct support—and what more we can do within that frame?

● (1625)

Mr. Keith Currie: Thank you very much for the question.

I'll address it from a farmer's perspective, and then I'll turn it over to Scott because he is the brains behind the organization. This is his bailiwick, so to speak.

Certainly, we agree with that report on the aspect of investing in Canadian farmers and, more specifically, in technology. We feel that's how we're going to see some serious gains in our climate change initiatives. We've been asking for that for some time. A limiting factor for us right now with respect to the hardware type of technology is connectivity in rural Canada. The better we get connectivity moving at a faster pace and can get us all connected, the sooner we can take advantage of the technologies that are not only here now but also, as we know, coming down the pipeline.

This is also for technologies like seed genetics, for example. Better and more research in seed genetics would help us with both drought-tolerant crops and crops that may be under stress from excess rain, because we are seeing severe weather swings.

We can work with the government to tailor those needs towards technological advancements, but we also need to keep in mind that it can't be one size fits all. Canada is a large country with large regional and geographic weather differences. Making sure we make these types of technologies available to everyone to fit their needs is important.

I'll turn it over to Scott to add to that.

Mr. Scott Ross (Executive Director, Canadian Federation of Agriculture): With regard to your question about the sustainable Canadian agricultural partnership, we certainly view it as a step in the right direction. We're still waiting on details of the resilient agricultural landscape program, but it's very much in line, from our understanding to date, with our interest in seeing direct support made available to farmers for adoption of environmental best management practices.

I would say, as Keith alluded to, that one of the critical parts of this entire discussion for us is the engagement with farmers themselves early in the policy development process, and making sure that when we are designing programs and policies, we have a working group that brings farmer voices to the table early in that process so that programming actually meets the practical realities of farmers on the ground.

I would also say—and there were a few references to this already—that additional funding for extension and knowledge transfer would help ensure that the right information is getting to farmers on the ground around emerging technologies, and that they have the support available to adopt them. In many respects, there are programs in place. It's a question of cost-sharing thresholds and how much is required from a capital standpoint. As we heard from many today, SMEs are struggling with pressures around available capital due to the rising cost of production, and that's a real critical concern.

I'll conclude with a point on the importance of direct on-farm measurement of emissions. As a future direction, we would very much like to see further support directed toward that. One of the challenges we see, whether it's in carbon pricing or other emissions reduction measures, is the inability to truly capture what's happening on a farm. Modelling can only go so far, and you're limited by the data you can collect. There are emerging technologies for measuring these things on farm that can be far more accurate and can provide a much more nuanced and, to Keith's point, regionally variable approach to supporting emissions reductions.

● (1630)

Mrs. Sophie Chatel: Thank you very much.

I have a question for Équiterre.

[*Translation*]

I bought myself an electric bike to get to work, which is to say to Parliament. It is true that it works very well, but it is expensive. I have to admit that it's not affordable for all families.

Can you elaborate on your recommendation regarding assistance for the purchase of electric bikes?

Mr. Marc-André Viau: Power-assisted bikes do cost more than regular bikes. However, as I mentioned in my presentation, they cost less than a car, for example, and they enable their owners to make similar trips.

What we are increasingly seeing is that power-assisted bike trips are not only adding to automobile trips, but also replacing them, as these bikes allow for longer distances compared to regular bikes.

Similar programs are in place in a number of places. Nova Scotia, for example, has a credit program for the purchase of a power-assisted bicycle.

As for details on how the program will be adjusted, we will leave it to the Department of Finance to define the percentage of credit or the amount to be given for the purchase of a power-assisted bike. However, we can easily imagine a credit of $500 to $1,000 to help people who want to purchase a power-assisted bike or a cargo bike. We can also think of cargo bikes for transporting goods.

So there is a whole range of possibilities, and we see no reason why assistance for electric vehicle purchases should be limited to automobiles and active transportation should be neglected.

Mrs. Sophie Chatel: Thank you very much.

The Chair: Thank you, Mrs. Chatel.

[*English*]

I look forward to seeing you on an electric bike.

We're now going to hear from the Bloc, with Monsieur Ste-Marie.

[*Translation*]

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

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

Mr. Chair, we could do our pre-budget consultation tour across Canada on an electric bicycle. That could be an interesting experiment.

Jokes aside, my questions will be for Mr. Viau.

In your presentation, you said there were other items on your list of recommendations, so I would like to hear from you about those. If not, I invite you to comment on what you have heard so far in the exchanges.

Mr. Marc-André Viau: First, I would focus on the recommendation in our report that proposes the creation of an appliance repair fund. We are talking about this because last week we revealed the results of a study we had launched to try to determine what was holding back repair of electronics and appliances. Repair does fit into that logic I was talking about, which is to reduce the cost of living for families across the country.

In fact, repair could reduce the costs to families, who must replace their electronics and appliances with increasing frequency. It is becoming less easy to repair these devices as they increasingly rely on technologies that make repair complex and expensive. Too often we hear that it costs more to repair devices than to replace them.

However, we believe that the life cycle of these devices can be extended. The government could intervene through regulations and taxation to help consumers keep their appliances longer and thus reduce their bills. In addition, extending the life cycle of appliances is good for the environment.

This is one of the things I wanted to bring to your attention.

Another thing to mention is fossil fuel subsidies. As we indicated in our brief, these expire in 2023. We expect the upcoming budget to mention the dissolving of fossil fuel subsidies that have been deemed ineffective and to lay out the roadmap to get there.

● (1635)

Mr. Gabriel Ste-Marie: Thank you very much. That's very interesting.

I would like to come back to the circular economy. It's a topic that transcends rich economies, if I can put it that way. I think other countries have started to set up a fund for repair. It could be a payment of $25 to $100 to a citizen who invites a repair person to come and take care of an appliance, for example. Having an appliance repaired would then become more economical than throwing it away and buying a new one.

To your knowledge, are the regulations and laws we have in Canada sufficient to counter the interest of Canadian industries in planned obsolescence?

Mr. Marc-André Viau: No. We see that there are not enough regulatory tools right now. Existing laws and regulations must be addressed to make sure that we have a framework in place to move in that direction.

What we are suggesting and recommending, based on examples seen in other countries, particularly in France, is to get something passed that can cover up to about 30% of the repair cost. If you do a quick rule of three and compare that to what's being announced in France, that's about $115 million for the Canadian economy.

So the whole regulatory aspect is something to look at. Also, that's not up to only the federal government, but also Canadian provinces and territories.

Mr. Gabriel Ste-Marie: Okay, thank you.

My understanding is that electric school buses are not currently included in the subsidies. But as you said, including them as an eligible vehicle would go a long way to reducing emissions and improving air quality for students.

Mr. Marc-André Viau: That's right. We are not sure why subsidies are not available right now for these buses. As with the purchase of any other electric vehicle, the purchase of electric buses is an additional expense for school bus companies.

What we want to do is obviously level the playing field, including for school bus companies, and allow them to make the best choice possible. So we want to ensure that they have access to electric buses, and we think that subsidizing the purchase of electric school buses would help do that.

We also want there to be organizational capacity building. In fact, a decision can't be made overnight to do this. School bus companies also need to be supported through the transition. So investments also must be made to build capacity in these companies, so that they can acquire new fleets of electric buses.

Mr. Gabriel Ste-Marie: I would also like to ask you about the funding of public transit companies, but since my time is up, I'll come back to that later.

Thank you.

[*English*]

The Chair: We still have much more time for that. Thank you, MP Ste-Marie.

For the end of this round, we will now hear from the NDP. We have MP Gazan with us.

Welcome, MP Gazan.

Ms. Leah Gazan (Winnipeg Centre, NDP): Thank you. It's nice to be here in committee with everybody today.

It's nice to see you again, Mr. Macdonald. My first question will be for you.

As we know, an issue the federal government has consistently failed on is addressing the crisis of violence against women and girls in this country, including indigenous women and girls. In your alternative budget, on page 60, the CCPA is recommending a "comprehensive 10-year National Action Plan to prevent and combat all forms of violence against women". It's critical, because we know that since the pandemic, rates of violence have increased 400 times in some areas, with inadequate response from this government. We also know that the movement on addressing the ongoing genocide against indigenous women and girls continues to be a crisis in the country. In fact, the Liberal government has spent only $12.6 million of the amount allotted in 2020 to address the crisis of murdered and missing indigenous women and girls.

In budget 2021, $539.3 million was allocated over five years, even though we know this is a crisis, and budget 2022 was shamefully silent. This is absolutely unacceptable. We know that without money invested, led by women's organizations and organizations of gender-diverse people, we're not going anywhere.

I'm wondering if you could outline and clarify for the committee what a budget would look like if it actually addressed the issue of violence against women and girls, including indigenous women and girls. What would recommendations for funding look like?

● (1640)

Mr. David Macdonald: Sure thing. Thank you very much for the question.

We do have two detailed chapters on these questions. There's a gender equality chapter and a first nations chapter in our alternative budget. Some of the first nations chapter deals with some gender issues, but much of it is in the gender equality chapter.

When it comes to the gender equality chapter, part of it is certainly about adequate support of women and gender equity organizations. We're advocating for $100 million a year, or $300 million over three years. To that end, we need to continue to improve and extend funding for the 2SLGBTQ+ capacity-building fund. It's an existing fund, but we need to continue to support that.

When it comes to more support for first nations generally, this will certainly help women and help first nations communities in general. The dramatic underfunding of communities, from basic infrastructure to education, has just been terrible and requires redress. In terms of what's needed there, we are advocating in the AFB, or alternative budget, for about $5 billion a year on the infrastructure front alone. These are substantial new investments—for first nations communities as well—to help everyone in the community, including women and children.

Ms. Leah Gazan: Thank you. Certainly your recommendations are much different from what we see committed for addressing this crisis.

My next question for you is regarding child care, which we know is a pillar of the Canadian economy.

We often hear that the pandemic primarily affected women. Many people call it the "she-covery" plan. The pandemic highlighted this so thoroughly that the introduction of an early learning and child care act was supposed to be put in place by 2020. We know this is a core piece of the confidence and supply agreement that was put forward, but we also know that the issue surrounding providing a robust early childhood education is complex. We need funding, we need spaces and we need training. With regard to the training piece and ensuring that there are enough early childhood educators trained, that's certainly being put forward by experts in the field.

I'm hoping you can walk the committee through how the CCPA envisions a progressive budget addressing policy change as necessary for a successful program, and how the funding would accompany these changes.

Mr. David Macdonald: One of the major initiatives of the federal government at present is this substantial reduction in child care fees that most Canadians with young children will have already seen and will continue to see over the course of 2023, with the provinces fully implementing their version of these plans by the end of this year. This is the first step, and most Canadians in most cities should see a roughly 50% reduction in fees in most cases. It's not universal, but it will be close. This is step one of the longer-term plan of $10 a day, which is still a couple of years off. That being said, that will be the most obvious implementation of this plan.

What will become clearer in 2023 is that we need a lot more spaces to fulfill this increased demand, and the funding for those spaces is not entirely in place at present. The big issue is not so much capital, which is to say the physical space, but, as you alluded to, the staff—the ability to retain trained staff and train new staff—so we can actually staff these spaces. This was a big issue during the pandemic as staff left the profession, just as we're seeing in other professions, so we advocate in the alternative budget for substantial additional investments on the infrastructure front. This isn't on the fee front. This is building more spaces, and primarily around the training with $2 billion—

● (1645)

Ms. Leah Gazan: Can I—

The Chair: Thank you, Mr. Macdonald and MP Gazan. That's the time. There will be an opportunity in the second and third rounds.

We are going to the second round and we're starting with the Conservatives. We have MP Lawrence for five minutes.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Thank you, Mr. Chair, and thank you to our witnesses for being here.

I'm going to focus my questions—and try to go as quickly as I can—on the Chamber of Commerce, the Canadian Federation of Agriculture and the CFIB.

We are experiencing a cost of living crisis in this country that we haven't seen for decades. Inflation is at record highs. We have inflation at 11.4% on food. This is causing extreme pain for Canadians across the country.

In this very committee, I had the opportunity to ask Tiff Macklem, the Governor of the Bank of Canada, about his thoughts on the carbon tax and inflation, and he wrote to this committee and said that unequivocally it is a driver of inflation.

I want to get some anecdotal evidence from you as well. I'll just go to the Federation of Agriculture, the Chamber of Commerce and the CFIB. Could I hear quickly from each of you as to whether the amount that your members are paying is balanced off by the rebate? Do you believe that your members are actually paying more in carbon tax than they're getting in rebate, in contrast to what the government has said?

I'll start with you, Mr. Kelly, and the CFIB.

Mr. Daniel Kelly: As I said before, there is virtually no money going back to small businesses from the carbon tax. They are just net payers of the tax. Of course, they are not just paying it on a small footprint, but paying it on all of the many ways that small firms might use carbon. None of the money, essentially, is going back to small and medium-sized firms right now .

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

I'll ask the same question of the Canadian Chamber of Commerce.

Mr. Alex Gray: It's a little more difficult for us to answer given that we have about 200,000 businesses. It would be hard to provide a general answer to that question.

Mr. Philip Lawrence: Mr. Currie or Mr. Ross, go ahead.

Mr. Scott Ross: On that front, we have a very diverse membership of roughly 200,000 businesses as well, but what I will say is the parliamentary budget office itself identified that carbon pricing impacts in agriculture are very variable across operations. What we are seeing is that the largest, most efficient operations tend to have dramatically higher carbon pricing impacts and, at the same time, are not seeing that returned through the rebate. It's not a one-size-fits-all answer by any means, but we do see a significant disconnect between what many farms are paying and what they're receiving back in the rebate.

Mr. Philip Lawrence: Thank you.

I'll go back to you, Mr. Kelly, just to make this clear. I know your written submission is fantastic; this is just for the viewers here. Is the carbon tax adding to costs and making life more difficult for your members?

Mr. Daniel Kelly: Yes, 100%. The carbon tax is a profit-insensitive tax. It's put on critical business inputs for small firms.

Again, there are mixed views as to whether there should be a carbon tax or not, but even those who love the idea of carbon taxation are telling us that the way the current government has structured it in the carbon backstop provinces is completely inappropriate in a small firm. The concept of getting money back to incent you to reduce carbon usage in other areas doesn't hold when you get zero of that money back.

The feds did put two streams in place, when they first introduced it, for rebate programs for small firms, targeting those communities. Neither program was developed or administered any money. I think the federal government has admitted that small firms have not received any money back from this, so for them it is just a cost driver that is leading to cost inflation for them as they inevitably pass on these costs to their consumers.

● (1650)

Mr. Philip Lawrence: Thank you very much.

I'm going to go back to the CFIB and agriculture.

One of my understandings is that if a farmer or a business owner has more capital, they will be more likely to invest it in sustainable technology. Currently, Canada is last in the OECD in capital investments. For every dollar that the U.S. invests in capital investments we invest 43¢.

When we take money away from our farmers and our business owners, we limit their ability to invest in more sustainable technologies that can help reduce emissions.

Mr. Kelly, do you think that's a fair statement or would you disagree?

Mr. Daniel Kelly: Yes, it is, but I will add that the federal government has used a variety of things, such as accelerated depreciation and accelerated CCA, and several ways to try to stimulate more business investment. Some of them have worked imperfectly, but there have been attempts made to do that and we give the government credit for those. However, when you add the carbon tax to the mix and some of the other profit-insensitive forms of taxation, like the payroll-based taxes we're seeing increases in right now, it really hurts.

The Chair: Thank you, MP Lawrence. That's your this time.

We're moving to the Liberals. I have MP MacDonald for five minutes.

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

I want to go to the Federation of Agriculture.

We've gone through Fiona on Prince Edward Island as you guys are very well aware. I'm sure Mary keeps you up to date on some of the devastation that we're faced with.

It was interesting to talk to several farmers. You keep hearing a bit of the same message that, yes, they're insured, but they're not insured for the future. I think what they mean by that is that they can build back but they're not going to be able to build back better with the insurance policy they presently have.

Let's say there was a dairy farm with a canopy dairy barn that has been blown down. It's been there for 13 years and has already gone through several storms and a hurricane, but this time it has been destroyed. What's a recommendation from your group in regard to ensuring that these farmers can build back better? I mean not just build what they had and not just deal with the depreciation, but enhance their resiliency and their infrastructure.

Mr. Scott Ross: There are a few different avenues through this.

First and foremost I would highlight the recommendations in our pre-budget submission around AgriRecovery and AgriStability. When we look at the business risk management programs Canada offers to farmers to help them manage severe situations like this, they need to work in an integrated fashion. That starts with having participation in AgriStability, the margin-based insurance program, essentially, that is offered to farmers. We continue to hear from our members that the degree to which a loss must occur before they can trigger a payment is a real concern. It is driving many from participating in the program. I think for us the starting point is ensuring that we are getting people into that program.

Second, with the AgriRecovery framework, which actually helps with those extraordinary recovery costs, let's ensure that when a disaster like hurricane Fiona happens, we get together afterwards to identify prevention and mitigation measures and start taking steps together between producers and governments to make the steps needed to mitigate a similar instance, if one were to occur in the future. We are seeing more extreme weather events more frequently, and we need to take every advantage we possible can to learn from what we've seen in the past and make sure we do better the next time around.

On top of that, it's really about ensuring that there is continued investment in ecological goods and services programming. Farmers provide such a host of co-benefits environmentally. Ensuring that there is a return on the public good that's being offered there as a more resilient revenue source for this sector is really critical.

Mr. Heath MacDonald: I know you touched on this a bit—and I see it in my riding; I'm from Prince Edward Island—but farmers are good stewards of the land. We know that GHG emissions are 1.6% globally, and in Canada we're at less than 8% of that, I believe. You can correct me if I'm wrong.

You talked about the measurement of climate change. That's extremely important and I think sometimes it gets overlooked.

How do we go forward and ensure that we are measuring crop rotation and measuring everything farmers are doing to eliminate GHG emissions?

Mr. Keith Currie: I'll start, and then I'll let Scott jump in.

With any kind of initiative that the government embarks upon implementing, we on the ground want to make sure it's practically implementable. Governments around the world have set targets for climate change initiatives without talking to people on the ground to see whether they can implement those practices to reach the goals. The first step is to have a conversation with us about what that's going to look like.

As Scott mentioned about environmental co-benefits, we don't do environmental programs or environmental stewardship in isolation. If we're doing something to reduce nutrient runoff, it's also going to improve the soil structure and sequester carbon. It's going to have multiple benefits.

Take a look at the big picture, but also recognize that there needs to be a plan almost regionally. What happens in Prince Edward Island, on the island, doesn't necessarily happen next door in New Brunswick. We need to make sure that we keep that bigger focus in mind.

I'll turn it over to Scott to get into some details.

● (1655)

Mr. Heath MacDonald: Mr. Ross, I have another quick question. I know I'm going to run out of time, and I may not get another chance.

Where I come from aquaculture is obviously huge. The farming entity is too. One of your recommendations, which I'm very interested in, is to “Formalize an aquaculture sector development mandate at Agriculture and Agri-food Canada”.

Is that something you're pursuing along with that group?

Mr. Scott Ross: Yes—

The Chair: I need a 10-second answer.

Thank you, MP MacDonald.

Mr. Scott Ross: We are supporting the Canadian Aquaculture Industry Alliance in their work in that regard, and we very much view it as an important measure for us.

The Chair: Thank you. That is the time. I know it goes quickly.

We'll now hear questions from the Bloc.

MP Ste-Marie, you have two and a half minutes.

[*Translation*]

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

I have two quick questions for Mr. Viau.

According to Electric Mobility Canada, the lack of zero-emission vehicles is attributable to the lack of binding legislation. Should we move in that direction?

My other question is about funding for public transit companies.

As you said, people are driving on the roads in cars and not using public transportation as much as they did before the pandemic, as if they have lost the habit.

As I understand it, public transit companies receive less funding because there are fewer riders. So they need to be supported while people get used to taking public transit again. Is that correct?

Mr. Marc-André Viau: With respect to the question about zero-emission vehicle regulations, we note that provinces and territories with stringent regulations, such as Quebec, a forerunner in this area, and British Columbia, are the most successful in terms of sales. These regulatory mechanisms create obligations for zero-emission vehicle sales. As a result, vehicle producers, dealers and manufacturers are obligated to make such vehicles available.

The reason countries like Norway manage to have electric vehicles account for 80% to 90% of sales is because they have obligations to do so. If you don't force the car industry to do this, they will just take the subsidies that are given to them and not respond to the request. So it is necessary to impose such constraints. We strongly encourage the completion of the ongoing process of establishing zero-emission vehicle regulations for all of Canada.

With respect to public transit, we note that it is more popular in Montreal, where it is at 70% of pre-pandemic ridership. On the other hand, the utilization rate of bridges and roads is at 115% to 120%, compared with before. So we're seeing that a lot of people who were using public transit before the pandemic have not returned to their pre-pandemic habits. That affects public transit companies' revenues, of course, but it also affects congestion and pollution. Congestion also affects the economy. If we want to make long-term gains, we need to support public transit not just in the short term, but also in the long term.

● (1700)

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

[*English*]

We'll now go to the NDP for two and a half minutes.

Go ahead, MP Gazan.

Ms. Leah Gazan: Thank you.

My question is for Mr. Macdonald.

This past summer there was a report that the government recorded a surplus of $6.33 billion in the first four months 2022-23. This was reported in Reuters. I have the article right here. It claims that the surplus was directly correlated to higher tax revenues.

I also have a report from Canadians for Tax Fairness, which indicates that the government lost $30 billion in revenue in 2021 and that corporate tax avoidance doubled. The $30 billion is a huge number, especially since we know that people across Canada are struggling right now. I know 30 billion things I could have spent it on in the riding of Winnipeg Centre, which competes for the third-poorest riding in the country at any given moment.

I'm hoping you can help me bridge the gap between these reports—for people listening at home—and explain why. It is absolutely offensive to hear the Minister of Finance signalling that things are about to get harder for people. All the while, the government is leaving billions of dollars on the table in tax loopholes for corporations, something that we're calling greedflation.

Mr. David Macdonald: Certainly, one of the things that both provincial and federal books have experienced in 2022-23 is huge increases in revenue that were completely unexpected at the start of the year. They were even completely unexpected in the spring. This is certainly happening provincially, and we will see an update of that in the federal books in the coming months when we get the fall fiscal update. It is being driven primarily by much higher than expected corporate income tax revenues, which itself is being driven by a record high corporate income tax portion of GDP, as well as record high corporate margins.

Over the course of the entirety of 2022-23, it's unlikely that this will turn the currently projected deficit into a surplus, but it is almost certainly clear the deficit will be much smaller than initially anticipated in the spring budget of 2022.

To your second point on corporate income tax avoidance, what's being measured there is the difference between the statutory rate, which is the 15% that corporations technically owe, and what they owe after a variety of tax loopholes and so on that they're taking advantage of.

One of the biggest factors in 2022-23 is going to be the carry-forward. If companies lost money in the past, they can claim that against profits in the future. If they lost money during the pandemic, in some cases they won't have to pay corporate income taxes for years, even if they are making plenty of money. This, among a variety of other corporate tax loopholes, means that companies are paying far less than the statutory rate of 15%. There's just a lot more leeway, frankly, in corporate accounting than there is on the personal side to avoid taxation.

The Chair: Thank you, Mr. Macdonald and MP Gazan.

We'll now go to the Conservatives, with MP Morantz for five minutes.

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

I want to start with the Chamber of Commerce.

One thing I'm curious about—and I think you've done some research on this—has to do with the interest deductibility rules. The idea, basically, is to combat what is called base erosion and offshoring profits.

In your analysis, are you concerned that the definition of excluded entities might be too narrow and that some Canadian corporations that aren't engaged in this practice and aren't really multinational corporations, which is what this intends to deal with, could be caught by these regulations and inhibited from deducting their true, legitimate business interest costs?

Mr. Alex Gray: That's a fair statement. Understanding the extent to which these are effectively anti-avoidance measures, the chamber does have concerns about taxpayers whose dealings are not motivated by tax avoidance.

Mr. Marty Morantz: I'm sorry, but could you say that again?

Mr. Alex Gray: The chamber does share those concerns; we agree. Mainly, they centre on the fact that these are designed to combat tax avoidance. Ultimately, there are many Canadian companies that are not obviously motivated by such intents.

● (1705)

Mr. Marty Morantz: If you had the chance to suggest changes to the definition of excluded entities, where would you go with that?

Mr. Alex Gray: That's a good question. We'd have to get back to you in writing for a more fulsome definition.

Mr. Marty Morantz: That's fair enough.

Mr. Kelly, I'll come back to you.

You have a number of interesting recommendations in your submission that I want to canvass with you. I'll just go over them. You suggested changing the sixty-forty split on EI premiums to fifty-fifty. You talked about increasing the small business tax reduction from $500,000 to $600,000. You also talked about stopping the phase-out of the accelerated CCA.

I wonder if you can comment on that suite of recommendations and what impact you're hoping to achieve if they were all to be implemented.

Mr. Daniel Kelly: Sure.

I think at this point we really need to put some incentives on the table for businesses to grow and expand once again. The small business threshold of $500,000 has been in place now for many years. Of course, it's not indexed to inflation. Raising that would be of some help.

We've also recommended lowering the small business corporate tax rate to allow businesses that are earning some form of corporate income to plow that back into their business for growth, which is what our members tell us they would do, particularly to deal with some of the gaps they're experiencing on a labour front, like to shore up wages or enhance benefits.

The one that I will pause on just for a second, though, is with respect to equalizing the EI treatment. That's been a long-standing recommendation of CFIB.

Right now, an employer pays 1.4 times the rate of employees. Of course, we are on the eve of another series of potential expansions regarding the purposes of the EI fund and the things that qualify for EI benefits. If that's the case, more and more of the EI-related funding will not be given as a result of insurance for job losses, and will basically be for achieving other social policy objectives. They are meaningful ones, of course, like compassionate care leave and the enhanced maternity or parental leave benefits, but if we're moving EI closer to being a social program and away from being job-loss insurance, then it doesn't seem to make much sense that we would have this primarily loaded on the backs of employers, especially small employers. We have suggested that the premium be changed to essentially effect a fifty-fifty split in premiums.

It surprises some MPs to know that years ago EI was essentially 40% employer, 40% employee and 20% government, through general revenues. That's no longer the case. The 20% that the government used to kick in is now on the backs of employers. One way to address that would be to have a lower rate of EI, perhaps on the first $500,000 or $1 million in payroll. That would lower it to a fifty-fifty split for, perhaps, those who are small employers or not-for-profit associations.

The Chair: Thank you, MP Morantz. That's your five minutes.

We're going to the Liberals now, with MP Dzerowicz for five minutes. That's so we will have a full third round.

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

I want to thank everyone for being here. I will not have time to ask you all questions, but I want to say that your testimony is important and it's important for us to hear you.

I am going to start off with Ms. Choo. I'll ask you a couple of questions, although I won't have as much time to hear all of your answers as I'd like. If we don't get through all the answers, please make sure that you respond by following up by email.

First, thank you for your extraordinary work. You do an amazing job in Vancouver in helping settle newcomers to Canada. You're absolutely right that immigration is a key economic advantage for Canada. We are in competition for the best and brightest in the world. We need to make sure we have the right things in place to support them.

I have two questions for you.

Firstly, you talked about how we need more settlement dollars. I wouldn't mind you talking a bit more about that. We're already providing quite a bit of money right now for settlement. Is it just a matter of more or is it different? Could you respond to that?

Secondly, when I was last in Vancouver, a number of innovative housing models were being looked at by organizations such as yours. Is there something more the federal government can do to step up on that front to help with affordable housing for newcomers? I'd be grateful to hear about it.

I have about 30 to 45 seconds for you and then I have to move to the next group.

● (1710)

Ms. Queenie Choo: Thank you so much for the questions.

It's amazing that we are able to serve the vulnerable people who come to Canada. Certainly, many of them come with not one but multiple issues for which we need to provide wraparound services. Whether they are Syrian refugees, Afghan refugees or newcomers from Ukraine, we want to make sure there are enough resources to provide settlement and resettlement services for them so they can get on their feet, have employment and feel welcome in Canada.

To your second question about some of the innovative programs, I mentioned in my presentation that we have a pilot project, operation welcome home, for Ukrainian arrivals. As you know, housing is expensive in the Lower Mainland, Vancouver, Toronto and even Montreal, so we need to ensure that these folks have a place to stay to—

Ms. Julie Dzerowicz: I'm so sorry to interrupt, but I will have to ask you to make that submission to our committee. We will absolutely look at those recommendations, because it's important for us to do so.

My next two questions are for the Canadian Chamber of Commerce on another very big issue that I'm very worried about.

A new report came out from the C.D. Howe Institute that says business investment in Canada is about half of what it is in the United States and lower than in other OECD nations. It says, “Business investment...is so weak that capital per member of the labour force is falling, and the implications for incomes and competitiveness are ominous.”

What recommendations do you have to improve business investment for companies in Canada?

Mr. Alex Gray: Increasing the capital cost allowance is one of the recommendations I made earlier. It essentially allows companies to invest in capital assets and, for reporting purposes on their taxable income, to claim the amortization more readily. It's a clear incentive to get capital assets or make additions to existing capital assets more quickly, especially in comparison with recent federal tax changes in the U.S. with the Tax Cuts and Jobs Act, which increases the similar amortization to 100%.

Ms. Julie Dzerowicz: That will not close the gap, though. Do you have any other recommendations? We are at 50%, half of what the United States is at. You might not have them here today, but if you have any other recommendations, I'd be grateful.

Ms. Alla Drigola Birk: Absolutely. One of those areas is aimed at reducing emissions and making sure that we are competitive internationally, not just domestically.

We did release a report earlier this month that goes in depth into what Canada could do to increase competitiveness. It goes beyond just carbon pricing. I would be happy to share that with you, because I know we have limited time today.

Ms. Julie Dzerowicz: That would be great.

I have one more quick question. One of the key things that have been recommended by a number of economists who have come before us is to eliminate the trade barriers and regulations across our provinces and territories. They said it would increase our GDP by four points.

Do you agree with that, and do you think that should be a top priority for our government?

The Chair: That is a great question, but I do need a short answer.

Ms. Alla Drigola Birk: Absolutely. It has been something we've been pushing for a very long time. We are a very large country and there is a lot on the table. Our most recent data report shows that provinces primarily trade with just Ontario. There's lots of opportunity with all the other provinces and territories that we can look at.

We can share that with you as well.

Ms. Julie Dzerowicz: Thank you so much.

The Chair: Thank you for being very concise on that. I know it was difficult.

Members, we have 26 minutes. A full round takes 25 minutes if we're strict to the time. We will now start the third round, and we will stay strict to the time.

The Conservatives are up first.

MP Hallan, you have five minutes.

Mr. Jasraj Singh Hallan (Calgary Forest Lawn, CPC): Mr. Chair, I'm going to defer to MP Lawrence.

The Chair: MP Lawrence, you have five minutes.

Mr. Philip Lawrence: Thank you very much. My apologies for not updating the chair.

I want to talk a bit about the payroll tax increase.

Mr. Kelly, your testimony was quite compelling. You said that someone earning $65,000 will pay $750 extra. The employer, of course, kicks in $750 as well. Perhaps you could take 30 seconds to describe the impact that will have on your members.

● (1715)

Mr. Daniel Kelly: Pardon me. I should note that the $750 is a cumulative increase over the rounds of the CPP enhancements, the CPP premium increases, that we've seen over the last number of years. Taking that amount of money is an annual withdrawal from someone's take-home income and now is fully implemented. We have one more round of increases for all employees before the maximum pensionable earnings go up. Then we have two more years when maximum pensionable earnings limits will rise. That means that middle-income Canadians—those earning around $75,000—will see giant increases in their CPP premiums, now over a seven-year time frame.

Payroll taxes are profit-insensitive. We all know the impact as an employee, but from an employer perspective, that is money that they now have to ante up in their half of the premiums for every employee, making it more costly for them to create jobs or enhance wages.

Of course, for the self-employed—business owners being self-employed—you have to pay double that rate, because you pay both the employer and the employee share. In some cases we're seeing $1,500 increases for owners of businesses or self-employed Canadians. That's a very big bite out of your take-home income at a time when we're struggling to make ends meet in many instances, for employers after the course of the pandemic and for employees under the inflation they're experiencing.

Mr. Philip Lawrence: Thank you. I couldn't agree with you more, Mr. Kelly.

We are seeing input prices increasing dramatically, of course, and for our workers, we're seeing food costs go up by $1,000, so we're losing $750 here and $1,000 there, and already we're heavily taxed as Canadians.

Maybe the Canadian Chamber of Commerce would also like to comment on the impact it would have on your members who are employers.

Mr. Alex Gray: As you mentioned before, it is an issue of significance to employers, absolutely. I think all sorts of.... I know there's been debate on whether it's a tax or not. It's a cost on business at the end of the day, and that needs to be balanced with the need for economic growth and the need for revenue.

Mr. Philip Lawrence: Thank you.

I'll go to the Federation of Agriculture as well.

Of course you know, Mr. Currie, as you're in my riding, that I have a large agriculture community there. In talking to my friends there, I know that the margins are very thin, and labour costs often are a big portion of that for them.

When you increase payroll costs and increase the carbon tax in an industry where people are already working 15, 16 and 18 hours a day, which is not unusual during harvest time, and they already have very thin margins, I have to think that this would be an additional challenge for your members, who are already working very hard.

Mr. Keith Currie: Absolutely, and like any increase in costs, what becomes problematic for the farmers and ranchers I represent is that we are price-takers, so we cannot pass those costs on. We have to absorb them. That makes it even more problematic as costs continue to mount.

We certainly aren't opposed to employees making what they need to make, but we need to find a way to balance that with the fact that we can't add on that cost and add a nickel on every product going out the door. We have to absorb it, so it is concerning.

Mr. Philip Lawrence: Thank you.

I obviously agree with all the comments. I mean, there are literally hundreds of thousands of Canadians, if not millions, represented by these institutions, and they're all saying clearly that on the payroll tax, perhaps—in Mr. Kelly's words, not mine—a “pause” would be warranted in a time when Canadians are facing incredible pressures. Canadian businesses have just recovered from the pandemic, and now we're facing inflation at 6.9% and food inflation at 11.4%. I'm hoping the government is listening.

The Chair: Thank you, MP Lawrence.

We are now moving to the Liberals and MP Baker for five minutes.

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

Thank you to all the witnesses. I wish I could ask all of you questions, but I won't have time for that.

Mr. Kelly, I'd like to clarify something that I think I heard you say, but I don't want to put words in your mouth.

You were talking about EI premiums earlier, and I think I heard you say that you were suggesting that the share of the EI premium covered by the employee increase and that the employer portion decrease. Did I understand you correctly?

● (1720)

Mr. Daniel Kelly: Both rates are going up this year. Both were frozen last year. For EI, employees are going to see an increase of five cents per hundred dollars in premiums. For employers, who pay 1.4 times that of employees, that means seven cents per hundred dollars in payroll.

In dollar terms, these aren't giant increases, but we have hikes as far as the eye can see, given increased EI use over the course of the pandemic. Much of that is a result of some of the pandemic-related costs not being borne by general government revenues but being put on the EI file.

Mr. Yvan Baker: Did I hear you say you wanted that ratio of employer to employee to change?

Mr. Daniel Kelly: Yes. There are several recommendations. The first is that we've recommended that EI rates be frozen for 2023, as the government wisely did for 2021 and 2022.

Second, we would love to see those rates equalized over time so that employers and employees would pay the same rate, or at the very least so that small employers would pay the same rate as employees on the first *x* dollars of their payroll. That's another pathway to the same end, which is to reduce the payroll tax hike that small firms are facing.

Mr. Yvan Baker: If employers and employees were to pay an equal share of the EI premiums, that means the employee portion as a share of the total would increase.

When I think about what I'm hearing from my constituents in Etobicoke Centre—I think we're all hearing about it and we talk about it in the House all the time—one of the challenges is the cost of living. Wouldn't that impose an additional burden on the very people who are suffering most—the employees and the constituents who are trying to pay their bills?

Mr. Daniel Kelly: It would, absolutely. This is why this has been a long-standing recommendation of CFIB. The time to do it would have been when EI rates were starting to drop. You would have accelerated the size of the reduction for businesses or small businesses and then allowed the employee rate to stay constant.

Given that the window has closed, another way to do it would be to bring back something like the small business job credit, which allowed the small employer to have a reduced EI rate on the first *x* amount of payroll. I think in the previous rounds it was $600,000.

I agree with you. Right now, with rate hikes going on, implementing it may need to be phased in over time or through a different pathway whereby it is, in fact, subsidized by general government revenue. At the moment, finding ways to reduce the EI burden on small employers is our priority.

Mr. Yvan Baker: Mr. Macdonald, I only have about a minute and a half left, but I want to ask you a question.

There's been a lot of conversation here today, certainly from the members opposite—we hear it in the House every day, I'd say, triple as often as we used to hear it—that they object to any kind of increase in EI premiums or CPP contributions. They've talked a lot, and today we've heard a lot about how this would save money, but I want to make sure we examine the consequences.

What would be the consequences of not ensuring that CPP premiums and EI premiums or contributions don't keep up adequately to ensure that we have enough when people need to draw on their pensions or need to draw on EI?

Mr. David Macdonald: I suppose there are two options: Either the government can fund the difference or we can cut back on those benefits. Those are the two ways that, in a straightforward fashion, you can cover any shortfalls that happen to occur because businesses would like to pay less into those funds.

Mr. Yvan Baker: Basically what I hear you saying is that pensioners wouldn't receive the pensions that we believe they should receive to keep up with the cost of living. Those who lose their jobs wouldn't have the EI benefits that they need to keep up with the cost of living.

The alternative to doing that would be to have taxpayers fund that, which means the very people who are suffering—those pensioners and those people who lost their jobs—in part would have to pay the taxes necessary to fund it.

Is that basically what you're saying?

Mr. David Macdonald: It's a very straightforward calculation. If you're missing money coming in on one side, you've got to make that up somehow.

Mr. Yvan Baker: I think it's important we underline the consequences of some of the things that we're hearing from the opposite side.

The Chair: Thank you, MP Baker.

We'll go to the Bloc and MP Ste-Marie or two and a half minutes.

[*Translation*]

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

My question is for Daniel Kelly, of the CFIB.

Mr. Kelly, my question is about something you said in your presentation, at the beginning of the meeting. I'm talking about the government's announcement a few weeks ago regarding the repayment of CEBA loans. If I'm not mistaken, you said 55,000 small and medium-size businesses were affected. The government announced that the $10,000 to $20,000 forgivable portion of the loan would no longer be forgivable. That really worries me.

I don't yet have a clear understanding of what's behind the move. It seems that the government told financial institutions at the outset to be generous and grant the loans to a large number of businesses, but that the government is now going back on its decision. A business with revenue above or below the established thresholds will no longer be eligible for loan forgiveness. On top of that, I gather that, if the government or the financial institution lost any of the paperwork, the business would not have access to loan forgiveness, with no way to appeal.

Would you mind explaining that again? Could you also tell us what the government should do?

● (1725)

[*English*]

Mr. Daniel Kelly: I'm so glad you asked this question, Monsieur Ste-Marie. It's a really important one.

Just in the last week, about 50,000 small business owners across Canada have begun receiving emails from their bank saying that they didn't actually qualify for the loan they received two years ago in the middle of a worldwide pandemic, so they have to pay back the full amount instead of getting to keep the $10,000 forgivable portion that they had been counting on.

Part of the problem was that the loan program was fashioned very quickly. Many businesses slipped through the cracks and didn't get a loan at all, but should have, but some did get a loan and found there was a request for more information from their institution. Some business owners missed that communication altogether. Others did reply to it and have been found now to be ineligible.

I think it's super-unfair two years later to say to the business owner who applied with all good intentions that they're now going to have to repay that loan in full, losing its key benefit.

We're getting flooded with calls at the Canadian Federation of Independent Business. We've been tracking this issue for quite some time. We certainly take no truck nor trade with anybody who deliberately deceived government, but we think that those businesses that did get the loan should continue to have that.

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

Now we go to MP Gazan and the NDP for two and a half minutes.

Ms. Leah Gazan: Thank you.

I think it's important to highlight this whole issue of corporate greed for the money that the government's leaving on the table for corporations and loopholes like the $30 billion that's being squirrelled away. To know that this is actually legal in Canada....

Meanwhile, the CRA is putting resources into executing a Canadian child benefit clawback from families who accessed CERB, often under duress, with encouragement from the current government to take it and deal with it later, knowing that the ones most affected right now are single parents with multiple children and knowing that the cost during the pandemic increased significantly in having to feed kids not just one time a day but 24 hours a day.

I think it's safe to say that for the money delivered to families in a time of crisis and under unclear rules, the onus shouldn't be placed on families that are already struggling. When you take that and couple it with high inflation right now, in trying to gouge back, the government isn't going to get this money back.

I'm wondering, David, if the CCPA would agree that the government's resources are better spent on closing loopholes corporations are availing themselves of, rather than going after single moms for a meagre amount of money and going after low-income families and single parents with multiple kids.

Mr. David Macdonald: In the case of CERB, for instance, it certainly is unfortunate that two years later, letters are still going out from the CRA to people who were deemed ineligible two years after the fact and are required to pay this money back.

This is a program that should be immediately ended, frankly. The government should make the call to CRA and say that unless there's actual fraud by these folks.... It's two years ago. We should stop doing this.

I think what's interesting is that the whole framework of how CERB was delivered is being reimplemented with the Canada housing benefit one-time transfer and the dental care benefit, which is a one-time transfer through CRA. We need to be much better, frankly, at getting these programs out the door efficiently, but not coming back two years later and asking for a thousand, two thousand, five thousand dollars back from people who probably don't have the money to pay it and didn't apply fraudulently, but probably still needed the money.

● (1730)

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

We now go to the Conservatives and MP Chambers for five minutes.

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

Thank you to all our witnesses. It's a very rich panel with a lot of options.

I'd like to start with Mr. Currie, not just because the agriculture industry is so important to Canada but also because he's close to my home riding of Simcoe North. He's not far away, in the Collingwood area.

Mr. Currie, you mentioned the fertilizer tariff in your opening remarks and you were hoping that money could be reinvested in the agricultural sector. Have you had much success in understanding how the government might use the money it's collecting from the tariff?

Mr. Keith Currie: Up to this point, no. We certainly have been willing to sit down and have a discussion about how that can be reinvested in particular in eastern Canadian farmers, who actually paid the tariff.

However, we also need to keep in mind that because of this tariff increase on the cost of fertilizer, our western Canadian producers have all seen an increase in fertilizer prices as well. Therefore, we need to find a way to work with the government to reinvest that money, which is a straight-on tariff because of what is going on with the war in Ukraine. For example, how can they use it positively to help us with things like technological advancements for climate initiatives?

We aren't down to brass tacks yet, but we are willing to sit at the table and have those discussions.

Mr. Adam Chambers: Thank you. That's very encouraging.

We have a private member's bill before the House with respect to a carbon tax exemption for propane and natural gas. There is a carbon tax exemption for the agriculture industry for diesel and regular fuel.

I had a farmer in my riding send me a bill from last October that showed a carbon tax charge. The carbon tax was $13,000, and it had HST charged on top of that. That's $1,300 in extra taxes on top of a carbon tax.

How important would it be, on the cost side of relief, to be able to provide farmers with a bit more certainty in ensuring they could get carbon tax charges removed from natural gas and propane?

Mr. Keith Currie: I think it's huge, because farmers reinvest any money they can save. For example, a friend of mine retrofitted his poultry barn not that long ago, not because of the carbon tax but because he was trying to find more efficiencies. He has made his facility as efficient as possible, but the carbon tax added nearly $60,000 a year in extra costs to his operation. If he had that money to add further value to his livestock facility, think of the savings that would mean and the greenhouse gas emissions reduction in that building alone.

The more we can save, the more we'll invest and improve.

Mr. Adam Chambers: Thank you very much.

Moving to the Chamber of Commerce briefly, I believe you talked about payroll taxes earlier. In looking at a way for governments to increase revenue, one of the worst ways to do that is to tax labour the way governments do with respect to, say, EI premiums, because that's a tax on every single job and worker.

I'm wondering if you believe the economy can sustain the current plans or if there's a better way to raise revenue for the government.

Mr. Alex Gray: The Canadian economy—I would hope, at least, and I think most outlooks agree—is resilient. Despite uncertain economic times ahead, it's still a job-seeker's market, so I hope there is a degree of resilience there.

As to the fundamental point you're making, taxing investment is a bad thing. Taxing labour and productivity is a bad thing. At the chamber, we'll always stand behind that. We do fundamentally agree that—I may have made this point earlier and I apologize if I repeat myself—the need for revenue needs to be balanced with the need for growth. If you have that out of whack, the economy will suffer.

● (1735)

Mr. Adam Chambers: Thank you.

In my remaining 10 seconds, Mr. Chair, I think the need for revenue does need to be balanced with the need for growth. The government has never made as much money as it's making right now, so I would submit that we don't actually need the government to get more revenue.

Mr. Chair, I had your indulgence a couple of meetings ago, so I'll return whatever time I have to the floor.

The Chair: I appreciate that, MP Chambers.

We are getting close, so this will be our last questioner for the end of this third round and the end of our meeting.

We have MP Chatel up for five minutes for the Liberals.

[*Translation*]

Mrs. Sophie Chatel: My question is for Mr. Viau.

I'm worried, because what I'm hearing from opposition members is that we should put an end to the carbon tax, thereby allowing the provinces to keep polluting for free.

The federal regime doesn't apply to Quebec, which has its own system. Quebec will do its own work and charge its own price for pollution.

What will happen if the other provinces have neither their own regime nor the federal one? Will it cancel out the efforts Quebeckers are making?

Mr. Marc-André Viau: That's a very important question.

A number of provinces opted to bring in carbon pricing on their own and have begun taxing carbon because they understand the importance of charging for carbon pollution and internalizing those costs.

Everyone who has spoken today, particularly those who represent business, know that production costs exist. Carbon is one of those costs. No one can ignore that reality or the real consequences of carbon pollution, unless they're living in fantasyland. We have to internalize the costs of polluting — hence the carbon tax.

The federal government has introduced the carbon tax in provinces and territories that opted not to have their own systems. That resulted in some consistency, and we now have a system that works for the entire Canadian federation. The Supreme Court of Canada ruled in the federal government's favour, determining that the act could be implemented.

The elimination of that carbon pricing system would put some provinces at a disadvantage as compared with others. The provinces that had made the wrong choice — allowing polluters to go unchecked and keeping pollution free — would have the advantage over those provinces that had made the right choice — putting a price on carbon. Obviously, that's not the way to go.

Moreover, that's not the way to do things from an international standpoint. The focus is shifting to taxing imports at the border, so that countries whose production costs don't reflect carbon pricing pay for pollution.

In short, eliminating carbon pricing would fly in the face of common sense, not to mention GHG reduction efforts around the world.

Mrs. Sophie Chatel: I share your concerns, especially when it comes to borders. More and more, the European Union is taxing carbon at the border.

Here, the official opposition does not support putting a price on pollution. We wouldn't be any farther ahead, though, since agricultural and other exporters would be hit by other countries' carbon taxes. Instead of paying a carbon tax here and reinvesting that money in our own economy, we would just be giving it to the Europeans and Americans. That's what our policy would look like when those measures came into force.

● (1740)

Mr. Marc-André Viau: You're right. We have to be very careful about how we approach carbon pricing and consider the consequences of not having our own regime. If the rest of the world keeps moving forward on that front while we move backwards, it puts us at a disadvantage in international trade.

Adjustments have to be made for the agriculture sector. Some measures have already been introduced, but we need to do more and help farmers make the transition. The Canadian Federation of Agriculture made recommendations on how to better support farmers, and we are rather favourable to a number of them.

Clearly, we aren't in favour of eliminating the carbon tax, but we do support some form of compensation.

The Chair: Thank you, Mr. Viau.

[*English*]

Thank you, MP Chatel.

On behalf of the entire finance committee, I can't thank our expert witnesses enough, those who are in Ottawa and those who are coming to us via video conference from coast to coast. We really appreciate it. You answered many questions that will really help us in terms of our pre-budget consultations and our report. Thank you so much. We really appreciate it.

Have a great evening. Thank you.

The meeting is adjourned.