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Chair: Mr. Peter Fonseca



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• (0900)

[English]

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

Welcome, everyone, to meeting number 104 of the House of Commons Standing Committee on Finance. Pursuant to Standing Order 83.1 and the motion adopted by the committee on Thursday, June 8, 2023, the committee is meeting to discuss the pre-budget consultations in advance of the 2024 budget.

The finance committee is honoured to be starting our cross-country tour right here in beautiful Charlottetown, Prince Edward Island, the birthplace of Confederation, with great seafood, agriculture, tourism [*Technical difficulty—Editor*]. One of your local MPs, Robert Morrissey, is here with us from Egmont riding, and a number of MPs [*Technical difficulty—Editor*].

We will have an opportunity now to hear testimony from the witnesses. We'll hear from Prince Edward Island and how that testimony can help shape budget 2024. [*Technical difficulty—Editor*] in case you need those. You can access French or English on them.

Now we'll go to the witnesses. From Coalition Canada Basic Income, we welcome Trish Altass, research coordinator; and Marie Burge, community program coordinator. From the Construction Association of Prince Edward Island, we welcome Sam Sanderson, general manager. We also welcome Martin Roy, executive director of Festivals and Major Events Canada; Kim Griffin, president of the Greater Charlottetown Area Chamber of Commerce; and Ian MacPherson, a senior adviser with the Prince Edward Island Fishermen's Association.

Each group will have up to five minutes to provide an opening statement to the members before we get into questions.

We will start with Coalition Canada Basic Income, and I believe Marie Burge will be providing that testimony.

Thank you.

Ms. Marie Burge (Community Program Co-ordinator, Co-ordinator Institute, Coalition Canada Basic Income): First of all, we welcome [*Technical difficulty—Editor*]. This is really great. We've met all of you, and it was very cordial of you to come around to meet us. Thank you for coming here. All of you have met Trish Altass as well.

I'll move into our opening statement.

Coalition Canada Basic Income, established in 2019, is a cross-country network of experienced basic income advocates. We have worked in concert with the Basic Income Canada Network, Basic Income Canada Youth Network and local, provincial and territorial advocacy groups and networks across Canada to implement our common goal: a nationwide basic income guarantee, which we know by a lot of different names but we will be using one of those titles today.

We respect the rights and sovereignty of the first peoples of Canada.

By the way, we are meeting on Mi'kmaq territory. We thank the Mi'kmaq people for having accepted us here and continuing to accept us.

We make it a point that, when we're talking about a basic income guarantee, the first peoples of Canada have their own voice in this. We can come back to that at any time if you want to. We commit to listening and working in solidarity with indigenous peoples in a spirit of reconciliation as we advocate for a basic income for all.

What is guaranteed basic income? A basic income is a periodic unconditional cash payment provided by government to individuals, based on residency and recipient needs, to have their basic needs met and to live in dignity regardless of their work status. GBI is different from universal basic income, UBI, which is universal in that it's paid out to all regardless of income. GBI also is universal, but that is because it is paid to all persons who need it to bring them up to the official poverty line established by an agreed measure, and in Canada that happens to be the market basket measure. Guaranteed basic income is designed to complement other elements of the social safety net, not replace them. Some perhaps will be replaced by it.

Coalition Canada recommends the development of a GBI for working-age adults aged 18 to 64, including migrant workers, temporary and permanent residents and refugee claimants. This would make it easier to align with the existing benefits, including those basic income-like benefits for seniors—the OAS and the GIS—and, for parents, the Canada child benefit, and also, Canada's disability benefit, when it is rolled out.

Guaranteed basic income is interjurisdictional. A federal basic income guarantee would be designed to harmonize with other provincial, territorial and indigenous social support and service programs. Federal, provincial and indigenous governments should determine collaboratively which programs would be replaced, if any, and which would continue when the livable income is implemented. Provincial employment and training programs, for example, and counselling and rehabilitative services and supports must remain and should be updated and expanded when needed.

GBI is gaining traction across the country. Everybody has probably noticed this for the past four years at least. P.E.I. is currently seeking to partner with the federal government. This may be news to some of you, but P.E.I. is currently seeking to partner with the federal government on a five- to seven-year province-wide demonstration program. It would be fully funded, with costs shared by the province and the federal government.

• (0905)

The proposition for a P.E.I. basic income demonstration program originated in P.E.I. at both the community level, through the work of the P.E.I. Working Group for a Livable Income, and in the political arena, through all four political parties. On P.E.I., it is widely recognized that basic income would greatly improve the well-being of Islanders, benefiting individuals, families and communities. For example, while not increasing the supply of housing, it would help low-income Islanders to have enough money to put a roof over their heads, which would be a great advance.

You know that's the same across the country.

Coalition Canada, since its beginning, has recognized that Prince Edward Island would be an ideal place to launch a demonstration of basic income guarantee. We're a little bit prejudiced in that line. We think it would work here, but the term "demonstration" is key. "Demonstration" implies a firmly established evaluation process to be in place on day one. Its purpose is the ongoing correction of flaws in the structure and implementation of the program. The evaluation aims to perfect the program in order to carry it forward. The small size of the P.E.I. population, along with many of the same characteristics as those of other provinces, makes it a natural for a manageable evaluation. Other provinces are studying the feasibility as well, such as Newfoundland and Labrador and Yukon.

The basic question is how to pay for a guaranteed basic income. Informed promoters of basic income, whether community advocates, politicians or economists from varied perspectives, know that there is substantial cost attached to basic income. However, all who know the meaning of "basic income" and its capacity for the betterment of all society will say it is worth every dollar. We'll be talking more about that later on.

Thank you.

The Chair: Thank you for that, Ms. Burge, and thank you for your advocacy.

Now we're going to hear from the Construction Association of Prince Edward Island, with Mr. Sam Sanderson.

Mr. Sam Sanderson (General Manager, Construction Association of Prince Edward Island): Good morning, and thank you very much for the opportunity to present here this morning.

To build P.E.I. and Canada together—between economic uncertainty, the high cost of living, a workforce shortage in essential industries including construction and a housing crisis—Canada is in dire need of a holistic and long-term strategy to get us on track to real growth and economic security.

While the federal government has recently announced various programs, such as the express entry program designed to target immigrants with high-demand skills and several initiatives under the national housing strategy to fast-track the building of new homes, these steps are short-term solutions to problems that require consultation, partnership and planning.

Construction employs 1.6 million people in Canada and contributes about \$151 billion to the economy annually, accounting for 7.4% of Canada's GDP. It creates a ripple effect of expansion in other sectors like engineering, manufacturing, agriculture, technology and retail. Construction builds infrastructure—water, electricity, telecommunications and transportation—which underpins economic growth, job creation and global trade.

We are calling on the federal and provincial governments to commit to comprehensive infrastructure investment. The federal government should advance the implementation of the national infrastructure assessment and develop, jointly with industry and all orders of government, a 25-year plan for infrastructure investment that includes housing and trade-enabling infrastructure.

It should address the workforce shortage. The federal government should quickly address ongoing industry-wide labour shortages by modernizing the existing immigration policy and points system to better reflect the workforce needs of the Canadian economy.

It should modernize procurement processes. Existing procurement processes need to be improved. They should be reviewed by the Auditor General, and industry should be engaged to ensure that practices better balance risk sharing between public contracts and the private sector, reduce red tape and accelerate approvals for critical projects.

The construction sector is essential to creating and maintaining the infrastructure Canadians use daily. This includes the foundational infrastructure at the heart of new homes and communities. Everything—from roads, power grids, water and sewer systems to schools, community centres and day care centres—is built and maintained by the construction industry. When Canada's construction industry is strong, the country and its people are strong.

It's time to build a strong foundation for growth. With construction as its partner, the federal government can build a stronger Canada through comprehensive infrastructure investment, workforce development and procurement modernization.

Canada's construction industry is ready to become a leader in the transition to a net-zero economy and is optimistic about the promised investments in green building and innovation, including the clean technologies and clean hydrogen tax credits. However, the restrictive labour conditions attached to these incentives effectively discriminate against an important segment of the Canadian workforce: small and medium-sized companies. Equally concerning is that these restrictions were announced without proper consultation with industry stakeholders.

Now more than ever, the importance of including the people building Canada at the table on day one is key to the success of industry-related discussions and planning as we move forward building bigger and better communities. The Canadian construction industry is that strategic partner. Together we can build a strong foundation for a stronger Canada.

CCA—my partners across the country—will be hitting Ottawa for a national Hill day in early November. There will be hundreds of my colleagues campaigning and pushing forward our initiatives and mandates to work together with all levels of government to build a bigger and better Canada. There's no better time than the present to really bring industry to these tables.

Thank you for the opportunity to present here this morning. I look forward to questions.

● (0910)

The Chair: Thank you.

Thanks to your members for building our homes and for all of the jobs you create.

Now we're going to hear from Festivals and Major Events Canada with Martin Roy.

Go ahead, please.

Mr. Martin Roy (Executive Director, Festivals and Major Events Canada): Thank you, members of the committee. Good morning.

[Translation]

My remarks will be bilingual, so I invite you to use your earpiece.

My name is Martin Roy and I'm Executive Director of Festivals and Major Events Canada, which goes by the acronym FAME and represents over 500 festivals and events across the country. Today, I'm speaking not only on behalf of my organization, but also, and much more broadly, on behalf of 34 Canadian organizations and associations that are part of the #FutureOfLive coalition and are major players in the field of entertainment, from every province. I encourage you to identify organizations in your own area from the list I've provided to the committee.

On September 27, we held a press conference in Montreal to say that the situation is critical for the cultural sector, and that it is un-

sustainable. We made the decision to publicly appeal to the Minister of Finance to break the deadlock and resolve what could become a crisis within months. After reaching out to three successive ministers of Canadian Heritage and opposition parties, after raising awareness among at least 75 MPs, after obtaining letters of support from 29 of them, our coalition had no other choice. Allow me to summarize the issue.

● (0915)

[English]

The base budgets for two important Canadian Heritage programs that support the presentation of shows and festivals—the building communities through arts and heritage program, or BCAH, and the Canada arts presentation fund, or CAPF—have not been reviewed since 2007. Funding for these programs totals \$50.2 million and currently supports more than 1,500 organizations.

To mitigate the issues of oversubscription and underfunding for both programs, the government provided \$15 million per year in 2019-20, but for two years only. These temporary funds have been renewed three times for BCAH, but that is not even enough to maintain grants received at prepandemic funding levels, due in part to a 12% increase in the number of clients.

[Translation]

Clients who, before the pandemic, received over \$100,000 under the BCAH program were only granted a maximum of \$61,700 for 2023-2024. That represents 40% less than during the 2010s, and the downward trend is simply accelerating.

[English]

A client who received \$109,000 in 2014 would receive \$137,000 today when factoring for inflation. Instead, they are receiving \$61,700. That's a 40% shortfall in current dollars and a 55% shortfall in constant dollars. This can't go on. The downward trend must stop.

The CAPF situation is particularly alarming. Even with the temporary increase granted in 2019, the program's budget has already reached a 20-year low in constant dollars. Worse still, this one-off increase has not been renewed beyond 2023-24. This form of programmed compression raises concerns among CAPF clients, who will face cuts averaging 23% starting next spring.

[Translation]

I can assure you that if these cuts materialize, they will create a chaotic situation throughout Canada's cultural landscape. The sector is already struggling to cope with inflation and a certain amount of destructuring resulting from the pandemic. It's not right to receive a letter a few weeks before an event, informing you of such a drop in funding because the overall envelope is no longer sufficient. Nor is it right to condemn all the associations that come under our umbrella to begging every year for the renewal or extension of investments that you simply refuse to integrate into the base program budgets. An entire sector, which has already had more than its fair share of problems with COVID-19, is being undermined and jeopardized. Not only do we need to integrate the 2019 sums into the programs' base budgets, but we also need to inject further funds, because over 15 years, inflation accounts for nearly 40% and because there are more and more clients—at least 12% more in the last few years.

We therefore reiterate our request that one-off sums granted since 2019 be permanently integrated into these programs' base budgets. We are also asking for a proper historic catch-up, i.e., an increase of \$21 million to the Canada Arts Presentation Fund and \$9 million to the BCAH program, in addition to the temporary sums renewed on a piecemeal basis since 2019.

I assure you that the prevailing situation is increasingly jeopardizing the ability of presenters to keep culture, its artists and artisans alive, as well as make ends meet while generating positive cultural, social, economic and tourism spinoffs for their communities. In your ridings, venues of all kinds, such as theatres and festivals, are at risk. I therefore ask for your support.

The Chair: Thank you, Mr. Roy.

[English]

Now we'll go to the Greater Charlottetown Area Chamber of Commerce and its president, Kim Griffin.

Please go ahead.

Ms. Kim Griffin (President, Greater Charlottetown Area Chamber of Commerce): Good morning. Welcome to P.E.I.

We too acknowledge the Mi'kmaq territory in which we work and live today and their over 12,000 years: past, present and future.

At the Chamber of Commerce, we represent over 1,200 members who employ 25,000 workers in the greater Charlottetown, Stratford and Cornwall area and across P.E.I. We provide services, opportunities and advocacy support for our members.

We welcome you to P.E.I. and are so glad that you came here. I apologize about the weather, but we need the rain.

On behalf of the chamber, we've specifically given our recommendations to you on what our members are telling us are their top concerns: the rising cost of doing business; the impacts of climate change and storms on business operations; and growing our workforce.

I want to share with you how you can help the work that we do to make a real difference, not only for our members and for P.E.I. but for our country.

On affordability for our members and our customers, I want to first touch on the increasing financial challenges of operating a business. Business is the backbone of the economy. When we thrive, we employ people in our region, we drive economic spinoffs and we improve the quality of lives in our communities. The persistent rise in operating costs, high interest rates, the introduction of the federal carbon tax in P.E.I. as we transition to a carbon-free economy and increasing labour costs are posing significant challenges for our local businesses.

In our recent membership survey, the increasing and rising cost of doing business was marked as the top concern among our members. We've heard from our members that this is one of the most financially straining years ever, with some concerned that they will have to close operations permanently. In fact, 10% of our member respondents expect their revenues to decrease over the next year. That number is double what it was last year and a steep spike from just 1% prepandemic.

This brings me to our first recommendation: that the Government of Canada provide greater affordability supports specifically for small and medium-sized businesses, given the significant economic challenges in operating a business today as we transition.

Recently, our chamber even joined over 280 associations across Canada in sending an open letter to Minister Freeland urging the extension of the Canada emergency business account repayment deadline. Some work was extended, but we've heard from our members that if we could have that opportunity extended even further, as well as access to the forgivable portion for up to two years to the end of 2025, it would give small businesses the opportunity to grow their revenues and to be able to afford the repayment without putting their businesses on the line.

As of September 24, 2023, there were 9,900 active EI beneficiaries on Prince Edward Island. The latest statistics show P.E.I. having a job vacancy rate of 5.7%, the highest in Atlantic Canada and the highest rate in Canada overall. This rate is also higher than the national average. We acknowledge that the EI program is an important safety net for our employees who have been laid off or find themselves out of work, and also recognize the importance of this program and how it integrates into our seasonal industries. At the same time, we are in the middle of an immense labour shortage. We want to find a way to more effectively work together to try to collaborate and implement permanent solutions to seasonal employment challenges, such as programs or incentives to bridge into year-round employment and re-skilling programs and support to aid in the transition to work.

With increased federal immigration targets, we also recommend continuing funding to immigration support services to ensure our province and provinces across Canada have the necessary settlement services and career supports for newcomers who are starting their lives here. Our members and programs participate and are instrumental in the success of our local businesses, and they are extremely dedicated to working with us. With the support of Immigration, Refugees and Citizenship Canada, our chamber offers the P.E.I. connectors program, one of our most successful programs. The initiative connects newcomers with island employers and helps advance them in their career interests here on Prince Edward Island.

Our connectors also work with entrepreneurial newcomers to assist them in navigating through a new business environment and culture. We have seen marked success due to this program. In the last year, we've served over 721 clients from 66 countries and territories in the world. They made 1,300 connections with 274 unique volunteer connectors working together. They helped 107 new businesses launch on P.E.I. They hosted 16 educational sessions covering a range of topics for entrepreneur clients, as well as networking sessions and an advancing career connections event.

● (0920)

Last, I would like to talk quickly about climate adaptation support for businesses: storm relief and preparedness.

Last fall, our province experienced damage and impacts from hurricane Fiona, much like you're seeing in the effects of climate change across the country. We're no different here in P.E.I. Businesses need to prepare for impacts and to ready our workforces and our workplaces. Eighty-three per cent of our members recently polled had to temporarily close their businesses due to the hurricane—for as long as 14 days—and members saw significant revenue loss and infrastructure damage.

Our chamber was pleased to see \$1 billion set aside for requests related to hurricane Fiona, as announced in the 2022 fall economic statement; however, since this announcement, we have not heard of any specific update on this support. We urge you to find a way that we can work together to help our local businesses plan for today, prepare based on the past and not experience the damages and revenue losses, so that we don't have to do this again for businesses.

Climate change is expected to bring damaging storms, and we have to find a way to ready our businesses and help our customers in P.E.I. We could partner on a “ready for business” climate change initiative. Hurricane readiness for business operations and buildings, and systems hardening for protection of businesses for the new hurricane season and climate change are absolutely key.

Last, as we consider our next meeting, we're so thankful that you came to P.E.I. to hear our point of view. If there is the opportunity to provide a bit more notice, we could actually go out and poll our customers and our members prior to your visit to give you current and up-to-date information as of the last month if you need it.

In conclusion, we thank you again for the opportunity to provide comments on behalf of the business community here in the greater Charlottetown area. We are open to consult any time. Tomorrow, as we depart for the Canadian Chamber of Commerce meetings that

are happening in Calgary, we urge you to plan strategically to drive business for our local markets and our areas. Our chamber is strong. Our members are entrepreneurs and business leaders. They are people absolutely committed to the communities in which they work and operate and do this with their teams of employees driving the local economy. We believe in the work we do, and we believe in the role of government to drive programs and policies for the health of our economy.

Thank you for your time.

● (0925)

The Chair: Thank you, Ms. Griffin, and thanks for the hospitality. A number of us did get a chance to get out to one of the small businesses and enjoy some delicious seafood.

That will lead me to our next witness. From the Prince Edward Island Fishermen's Association, we have Ian MacPherson, for five minutes, please.

Mr. Ian MacPherson (Senior Adviser, Prince Edward Island Fishermen's Association): Thank you, Chair.

The Prince Edward Island Fishermen's Association would like to thank the House of Commons Standing Committee on Finance for the opportunity to present our comments for the 2023-24 federal pre-budget consultations.

We would like to suggest and present investment strategies that would assist the harvesting sector in adapting to climate change impacts and reducing our carbon footprint while preserving prosperity in our coastal communities.

The PEIFA represents the interests of 1,288 independent businesses on Prince Edward Island. Each of our owner-operator captains has a significant financial investment in their operations, which translates into a direct connection with our fishery and the desire to improve it now and for future generations. Our fishery, along with agriculture and tourism, is one of the top three economic drivers of the Prince Edward Island economy. Proportionately, the fishery on P.E.I. has one of the highest contribution percentages to provincial GDP when compared with other provincial fisheries in Canada.

As the past two years have shown us in Atlantic Canada and all parts of the country, we are experiencing climatic impacts not seen in our lifetimes. In an effort to address some of these impacts, we would like to solicit direct funding for four specific areas.

Number one is a reduction in the number of licences for some species through a targeted licence buy-back program.

Number two is scientific research to assess offshore area impacts of tropical storm Fiona on P.E.I.

Number three is cost sharing to enable fishing vessels to transition to emissions-reducing technologies.

Number four is funding for scientific research to establish baseline data in fishing areas where on-water wind generation is proposed.

A fleet sustainability program would reduce overall fuel consumption and the amount of gear in the water. The past five years have shown that ocean conditions can change rapidly in our coastal ocean environments. This is a direct reference to the change in the North Atlantic right whale migration routes in the Gulf of St. Lawrence. Significant reductions could be achieved if match funding or loan guarantees were in place.

A minimum 50% reduction in groundfish, tuna, herring and mackerel licences would achieve the impact that is required to put these fisheries in line with available quota. From an environmental perspective, fuel reduction for tuna alone would be as follows: between 200 and 400 litres of fuel are consumed on the average trip. A realistic projection would be three to five trips per boat, which would reduce fuel consumption by between 175,000 and 350,000 litres per year.

Although tropical storm Fiona is now in the past, during the past spring several areas of Prince Edward Island experienced lobster catch drops in the range of 35% to 40%. We require funding for targeted research to determine if this is a one-year or a multi-year impact. We understand that similar studies were conducted in south-west Nova Scotia following hurricane Dorian. Full impacts may not be identified for five to seven years in relation to the growth cycle of lobster.

In terms of cost sharing for carbon-reducing technology, the PEIFA will conduct trials of diesel-electric hybrid units this spring under actual fishing conditions. In addition, other lower-cost technologies that are being tested may also lead to fuel savings and reduced emissions. Funding that assists in wider-scale adaptations can lead to significant reductions across the commercial fleet. These types of support programs have been made available in other sectors such as the grocery sector.

As a fishing organization, we are becoming increasingly aware of plans to install offshore windmills on the coast of Canada. Although these discussions are in the early stages, we would like to request that funding be allocated to establish baseline data for areas that are determined to be preferred locations. The Department of Fisheries and Oceans Canada and industry associations have advised the PEIFA that these units will impact the marine areas that they are located in. A pre-emptive funding framework is required so that science-based decisions can be made in terms of where these units may be located. Particular attention must be paid to any primary fishing grounds that could be under consideration.

● (0930)

Again, the PEIFA appreciates the opportunity to present to the finance committee, and we ask that serious consideration be given to

our requests. I would be glad to answer any questions the committee may have.

I'll just make a point of clarification, Mr. Chair. We didn't attach any dollar amounts, but we will do a written submission with some suggested funding amounts for the committee.

The Chair: Thank you for that, Mr. MacPherson.

Thank you to all the witnesses.

Now we're going to move on to our rounds of questions from the members. Each party will have up to six minutes to ask questions in our first round. I am going to ask the MPs on the committee to also say where they're from, just so that everybody is aware of where we are coming from.

Personally, I am from Mississauga, Ontario.

With that, we're going to start with MP Duncan for six minutes.

Mr. Eric Duncan (Stormont—Dundas—South Glengarry, CPC): Thank you, Mr. Chair.

Good morning. Thank you for being with us this morning. The warm hospitality we got here last night and today is something that Atlantic Canadians are known for. We felt it here, so thank you for that.

I am from the other Cornwall, not the local one here but from Cornwall in eastern Ontario.

I appreciated the opening comments. They have been very good for the record and for the committee and the government to consider for the budget.

I had the chance to be on the Island earlier this summer. I visited Charlottetown, Souris, Wood Island, O'Leary and Alberton, and I heard a lot of very similar concerns, particularly around the cost of living inflation. A few have alluded to—which is great—the strain that the federal carbon tax is putting on the cost of business and the cost of living here in the province and right across the country.

Ms. Griffin, in your role at the chamber of commerce, one thing you mentioned in your comments was the federal carbon tax being an added cost to businesses here in P.E.I. One of the challenges that we have is actually convincing the government and those who are supporters not only of the current carbon tax but of increasing it that, when it's all said in done in the coming years, it could be as high as 61¢ per litre in the price of fuel.

Could you just confirm for the record that your members have confirmed that the federal carbon tax is adding to the cost of doing business in P.E.I.?

• (0935)

Ms. Kim Griffin: One of the things we would like to do is take the time to formally submit to this committee some additional information. I think that our members are very supportive of the transition, whether that be to net zero or to reducing our carbon footprint. We certainly hear that from our business clients, our customers and our members.

On top of the cost of doing business right now, post-COVID, with procurement challenges, timing and the effects on attracting workers and on the workforce, I think that we have many of our small and medium-sized business owners working double and triple shifts to try to make ends meet. I don't think that I would come right out and say that at this point. We would like to poll our members to add that, but from what our members have told us, the cost of doing business is their absolute number one concern, so any and all costs that add to that are a challenge for our business members.

Mr. Eric Duncan: Any tax increases and so forth factor into that point. I think about input costs. I think of Atlantic Canadians and the businesses here that are struggling. In my part of eastern Ontario, my family is in the trucking business. When the carbon taxes are being increased, we can confirm that individual families are out.... I think the number in P.E.I. is over \$2,000 in carbon taxes for a family, and the second carbon tax coming in is going to be over \$500 per family and household in P.E.I. However, you would be able to confirm to me that small businesses in P.E.I. get no rebates whatsoever. That's all added cost, not only in terms of their costs but in terms of the input costs of transportation to get food, manufacturing steel, lumber, all of that. There are no rebates or relief being provided. That's all added costs on top of the strain and struggle that's already there.

Ms. Kim Griffin: I think that's a fair point, and I think the purpose of our coming here today is to also just mention to this committee the opportunities that this committee has in terms of other levers that you can pull, from a tax perspective, in addition to program support for our members across this province and, I would argue, across this country.

I'm sure that, when I leave for Calgary tomorrow and as the Canadian Chamber of Commerce meets and has these discussions right up until Sunday, this is going to be number one on the agenda in terms of the small to medium-sized business component's increase in costs.

Mr. Eric Duncan: I will go back and maybe pivot over to Mr. Sanderson.

I always say that the government gets an A for announcement and an F for follow through. I think that's part of the thing, as well. We're imposing a carbon tax that's adding to the cost of doing business. Meanwhile, as we transition, we look to cleaner forms of energy, for example. In Nova Scotia, with regard to the tidal energy project, they've walked away because of the red tape and delays that the federal government is causing when it comes to that project.

Mr. Sanderson, in terms of commitments by the government and their actually being delivered, you mentioned meeting infrastructure programs and funding. Obviously, the residential market is big in P.E.I. The housing accelerator fund, to accelerate housing being

built across the country, was announced in December 2021. Would you be able to tell us the number of homes or projects that have been funded in P.E.I. through that accelerator program?

Mr. Sam Sanderson: I don't currently have the exact number, but we do know that a few projects have come through that fund. You have to remember that, from an industry perspective, the availability of industry to build more is just not there. You can have all the announcements in the world, but if you don't have the people to build, it creates a challenge.

Again, going back to my presentation, it's important to have industry involved at ground zero. That will help with the deliverance of any projects or programs that will be announced and worked upon.

Mr. Eric Duncan: I would agree with that point, and the reason I say that is here we are. We talk about needing infrastructure programs to roll out, but if it's taking two years to actually go.... The answer, actually, on the housing accelerator fund is that it's been two years and literally zero doors have been opened in completed new units anywhere in the country.

The point I would make is that we have existing programs that are failing or that are very broken. It has taken two years to go from an announcement as well. The government can announce all those in a press release, but to your point, I think the big thing is about the fundamentals of actually getting dollars out the door. Some of the bigger macroeconomic issues are huge.

Maybe to that point about inflation, perhaps you could tell us, from the P.E.I. perspective, about the rate of inflation in the construction industry. We know that inflation is back up again to 4% and is actually going in the wrong direction. One thing I've always talked about, having been a former mayor, is the inflation costs for construction. Could you talk about what you've seen in the last couple of years of doing business and the impact of that on growth in the province?

• (0940)

The Chair: We're well over the time. Could you close with a really quick answer?

Mr. Sam Sanderson: Yes.

Everything we do today costs more money. From the person who is planting the tree to the person who is cutting it down to the person who is driving the truck to the person who is milling it to the person who is building the house—it all costs more. We've seen about a 30% increase in the cost of construction here in P.E.I. We've also seen about a 45% or 50% increase in the demand.

There are challenges all the way around.

The Chair: Thank you, MP Duncan.

Now it's over to MP Morrissey, please, for six minutes.

Mr. Robert Morrissey (Egmont, Lib.): Thank you, Chair.

I have a number of questions. My first question will be for Ms. Griffin.

Ms. Griffin, all three major industries in Prince Edward Island—agriculture, fisheries and tourism—are very sensitive to climatic change. All were impacted significantly by hurricane Fiona.

Do you have an assessment of what the cost of climate change is to some businesses in that area?

Ms. Kim Griffin: Thank you for your question and your comment. It's interesting: As Ian mentioned, when you think about it, there's an even larger group of small business owners when you add on our farmers, fishers and tourist operators from across the province.

I would offer this committee a follow-up note to provide that information in terms of what we received initially from our members. We have anything from the loss of hours in stores and businesses that were closed to the follow-up damage assessments from the business community.

I will follow up and get an approximate number on the climate change issue.

Mr. Robert Morrissey: I would appreciate that.

As well, perhaps you could include the escalating insurance costs. I know that for my own home it has doubled, because we now live in a hurricane-prone area.

Ms. Kim Griffin: That's an excellent question.

Mr. Robert Morrissey: It's fair to say—I've listened to comments—that everybody agrees, or not everybody but most people, that the climate is changing and it has a financial impact. In fact, in the last federal election, all four main parties that ran campaigns across Canada campaigned on putting a price on carbon. That was very clear in the election platforms of all the parties.

My question is this: How do we deal with it? There are those who would like to believe that we can achieve emissions reductions by avoiding the cost of it, the direct cost. Could you opine on that briefly? The company you work for was significantly impacted by Fiona.

Ms. Kim Griffin: Yes.

For the benefit of the committee, I'm the volunteer chair and president of the board of directors of the Greater Charlottetown Area Chamber of Commerce, and I also work in the energy sector in my day-to-day job, so I see it from a number of different fronts.

Speaking just in terms of what our members are telling us specifically, whether that be around the effects of Fiona—

Mr. Robert Morrissey: There's going to be a cost, whether—

Ms. Kim Griffin: I was just going to say that. Yes, there's going to be an economic cost.

Mr. Robert Morrissey: There's going to be a big cost. We're getting it here in Atlantic Canada. We're on the front edge of the impacts of climate change in this country. There's a change in hurricane patterns. Regardless of how we approach it, the cost is growing dramatically. The taxpayer of Canada is going to foot the bill one way or the other. The efforts to reduce our use of carbon will be a way in which everybody can contribute.

I want to go briefly to you, Mr. Sanderson. Could you give me an overview or just a perspective on a project that you view as a winner in dealing with some of the challenges on the housing file?

Mr. Sam Sanderson: There are a lot of really great projects out there, and there are many winners. Every new project is a winner because it's creating housing.

• (0945)

Mr. Robert Morrissey: You have some small ones—do you not?

Mr. Sam Sanderson: Yes. Back about a year ago, we created a platform. The number one thing that we heard about from our members here in P.E.I. and across Canada was the shortage of labour. How do we create labour? How do we create employability skills?

We've been working for a number of years with youth at risk, youth with barriers to employment, and recently, over the last couple of years, with newcomer programs. We work with the province and a few other partners—ACOA and that. We built our own training centre. In our training centre, we started building net-zero energy-efficient tiny homes. We're putting real skills in real people's hands and real employability experience in real people's hands to build housing, so we're combatting multiple challenges.

At the same time, we're bringing new people into the industry and we're creating employability skills for people who may never have gotten the opportunity to achieve them before, at the same time as combatting climate change and building tiny homes for the affordable housing inventory, which is absolutely huge.

Can we broaden that? You're darn right we can. We have a whole different group looking at some of our youth centres and different groups of people. Again, we look at expanding that on the newcomer side and looking at corrections and things like that. There are many opportunities to build smaller, energy-efficient affordable housing.

Mr. Robert Morrissey: Thank you.

In my time left.... I will get to Ms. Burge and Mr. MacPherson in my next round.

I want to apologize. My colleague Mr. Casey is ill and couldn't be here.

Ms. Griffin and Mr. Sanderson, you both raised—to use your quote—this “immense labour shortage”. One of the biggest concerns I get as a member of Parliament in my constituency is on the demands for labour, that labour is not being found. In fact, both of you articulated what I hear from small business owners: They're coming in and working out of retirement and working shifts. As it relates to immigration, on one hand as the government we're being pushed to put the brakes on immigration, and from the business community, in a whole host of areas, we're being asked to accelerate it.

Ms. Griffin, could you answer that in relation to the small business community?

Ms. Kim Griffin: We're very supportive of immigration services in terms of the willingness and interest to learn new businesses, skills and opportunities, as well as anything we can do on the reduction of red tape to employ even students who come to our province. There's a vast network of them as well. I think there's a collaborative opportunity to talk about that, about the people who have moved here who want to work with us. Our program, through the connectors program, has been extremely successful over the years.

The Chair: Thank you.

Thank you, MP Morrissey.

Now we'll go to MP Ste-Marie, please.

[Translation]

Mr. Gabriel Ste-Marie (Joliette, BQ): Good morning, Mr. Chair.

Good morning to my colleagues and all our witnesses.

My name is Gabriel Ste-Marie and I'm the MP for Joliette, a small town about a 45-minute drive northeast of Montreal.

Before I put my questions to the witnesses, I'd like to thank you all for your welcome. It's a pleasure to be here in Charlottetown to hear your recommendations. As we often say, time is short, so I won't have a chance to ask all the questions I'd like to ask each of you, but please know that we're taking notes. So far, everything I've heard in your presentations has been very important. I'm sure we'll be able to include it in the recommendations we submit to the minister.

I'm thoroughly impressed by the beauty of the Island and by Charlottetown's lovely architecture and urban planning, but above all by the kindness and welcome extended by Islanders. I used to think that this was a distinctive quality of our former committee chair, Mr. Wayne Easter, but I've since come to understand that it's a distinctive quality of the people of Prince Edward Island.

Mr. Roy, my first questions are for you and will focus on festivals and major events.

Last weekend, Kent Street in Charlottetown was closed off for a major festival. It was packed with people and there was a boisterous atmosphere. Clearly, culture is a very important part of life, but would you say that it's given the recognition it deserves by the government?

Mr. Martin Roy: Thank you, sir. The question you are asking is a broad one.

I would like to point out to the committee that your riding is home to the largest classical music festival in Canada, the Festival de Lanaudière. Sometimes we even see each other in Joliette.

The problem right now is that the current government has relied heavily on the CBC and the Canada Council for the Arts when it comes to culture. Both organizations are extremely important, and were the subject of election promises in 2015. The government has practically doubled their budgets, but in doing so, has forgotten the

extremely important Department of Canadian Heritage. The two programs I was referring to are the Canada Arts Presentation Fund and the Building Communities Through Arts and Heritage Program.

Between 2015 and 2019, we tried very hard to alert the government to this oversight, or at least what we viewed as an oversight. They somewhat corrected it in 2019 with reinvestments. Unfortunately, for some unknown reason, those investments were only made for two years, which means that every year or every other year, we have to campaign vigorously, all over the place, to convince MPs, the government and the department to renew their 2019 investments.

The first issue is that we do need to add the 2019 sums to the base budget. That said, we also believe that, given inflation and the increase in the number of clients for these programs, a proper historical catch-up is in order, like the one at CBC and the Arts Council that I mentioned at the beginning of my responses.

● (0950)

Mr. Gabriel Ste-Marie: You just referred to inflation going up. You said that, in essence, it was 40% less, but when inflation is taken into account, it works out to 55% less. So the government's support is not the same.

I'd also like to come back to the importance of predictability when all economic sectors are continually forced to beg. Businesses and organizations expect to receive support through a program, because they want predictability so they can budget. Otherwise, these organizations are always juggling at the last minute and wondering what they'll do if the announced grant or measure doesn't materialize.

Given the 55% cuts—a percentage that takes inflation into account—and the lack of predictability, would you say that the organizations you represent are still able to offer the same cultural service to the population?

Mr. Martin Roy: I think that you're raising some good points.

Lack of predictability is a real problem. Festivals and events are a cultural subsector I know well. Festivals that received letters from Canadian Heritage in May or June, a few weeks before their event, were able to see the extent of the drop. They weren't expecting it. When you're used to receiving a specific amount of money and then you get a different amount a few weeks before the event, it's obviously a shock.

This essentially translates into less culture. There's less culture if you have to cut back on programming. I also know that, this year, some festivals have made the painful choice to reduce operating hours. For example, a festival that was held over 10 days decided not to present any events on Mondays and Tuesdays. That obviously means less activity, less tourism and fewer savings for adjacent businesses. It also means fewer artists and craftsmen at work, which has wider repercussions.

There are two types of festivals: those that are presented free of charge and those that charge admission fees. Increasing admission fees obviously reduces accessibility to culture. It's an issue. Festivals that are presented free of charge and rely on sponsors and subsidies are faced with impossible choices. Last year, we asked members to tell us how much more they'd cut in 2022 to put on an event as compared to 2019, and the answer was 25%.

[*English*]

The Chair: Thank you.

[*Translation*]

Thank you, Mr. Roy and Mr. Ste-Marie.

[*English*]

We'll now go to MP Blaikie.

Go ahead, please.

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

I have the honour of representing the riding of Elmwood—Transcona, which is in the northeast corner of Winnipeg, Manitoba.

I'm very glad to be here in Charlottetown this morning to hear from folks directly. I think it's good to see the finance committee relaunching this long-standing tradition that was put on pause by the pandemic.

Ms. Burge, in your opening remarks, I think you were about to start talking about some of the costs of basic income and how to pay for it. I want to give either you or Ms. Altass a chance to come back to that theme and to continue your remarks.

• (0955)

Ms. Trish Altass (Research Coordinator, Prince Edward Island Advisory Council on the Status of Women, Coalition Canada Basic Income): Thank you very much, Mr. Blaikie, for that question.

There is always a question that comes forward when we talk about basic income, and that is what the cost is. It's a difficult question to tackle, but it is something that was tackled first on this island during the Special Committee on Poverty. This was an all-party committee that, when I was an elected member, I had the pleasure of chairing. That committee put forward costed recommendations for a full basic income program for Prince Edward Island, and that was a starting point.

Costing basic income is very complex, and it involves interaction between provincial programs as well as federal programs. Since then we have seen economists across the country working on this question, and they've been able to show that it's very much possible with a very minimal impact on the Canadian taxpayer. There is an initial cost to a program like basic income, but we also need to talk about the social return on investment that you get.

For example, we know that poverty makes people sick. We know that it is stressful to live in poverty when you don't know if you're going to be able to meet your basic needs and you can't afford to eat healthy food. We know that this causes people to become ill, whether with physical or mental illness, and we also know it puts additional strain on our health care system.

When we are investing in reducing and eventually eliminating poverty, we are really also investing in our larger social systems and in the future of all Canadians.

Marie, do you have anything you want to add?

Ms. Marie Burge: No. That was great.

Thank you.

Mr. Daniel Blaikie: Dr. Evelyn Forget, looking at some of the results out of Dauphin, Manitoba, found that, when it came to workforce participation, the demographic slices that tended not to participate as much in the workforce were mothers with young children and boys of high school age.

Are you aware of other research about the effect of workforce participation when you have a basic income? Does it tend to support the findings from the Dauphin experiment?

Could you talk a little bit about that?

Ms. Trish Altass: Thank you.

That is another question that always comes forward: What will be the impact on our labour force participation?

As you noted, in the Mincome experiments, which was one of the most extensive examples of basic income experiments that we've seen, we saw that most groups did not decrease their labour force participation. In fact, young people were more likely to stay in school longer and to expand their opportunities for the future. When we're looking at our labour market shortages today in many areas of the skilled trades, making sure that there is a floor below which nobody can fall really gives people the opportunity to feel comfortable and safe to move forward. These educational opportunities will not only further their and their families' well-being for the future but are also what we need to fill those gaps in skilled labour in our labour force across the country. Unfortunately, for some of you here from Ontario, there was a basic income pilot started at the provincial level, but it did not continue.

One of the benefits of having the federal government partner with Prince Edward Island is that here all of our elected parties have agreed that basic income is the way forward. You will not have the risk of a provincial election shifting that partnership and changing that relationship in terms of a commitment to a basic income program.

Really, Prince Edward Island is, for many reasons, among them that one, the best place to start a basic income demonstration project for this country.

Mr. Daniel Blaikie: Thank you.

I wonder if you want to speak a bit more to the advantages of using Prince Edward Island as a place to pilot a basic income experiment.

Ms. Trish Altass: Absolutely, and of course, as we all know, Prince Edward Island is the smallest province. We have a population of just over 170,000. It is really the ideal place to test out what a basic income could look like at a provincial level.

As I noted earlier, the interaction between provincial programs and provincial taxation and the federal tax system and federal programs will be a large component of figuring out exactly how a basic income will work and how to adjust that program to make it most effective for those who need it, as well as for our economy and our society. P.E.I.'s small size, as well as the fact that all political parties here are in support of the basic income, really make it the ideal place to start a demonstration project for basic income.

• (1000)

Mr. Daniel Blaikie: Thank you very much.

The Chair: Thank you.

Thank you, MP Blaikie.

Witnesses and members, we're moving into our second round of questions. We only have time for this second round with these witnesses. The timing will be a little different. We're starting with the Conservatives for four or five minutes, with MP Bragdon, please.

Mr. Richard Bragdon (Tobique—Mactaquac, CPC): Thank you, Mr. Chair.

Again, thank you to each of you for being here and taking the time. It's a pleasure to hear from folks directly in each of our provinces.

I come from western New Brunswick. My electoral district is Tobique—Mactaquac and, of course, what I'm hearing in our region is very similar. A lot of it echoes what we're hearing here in beautiful Prince Edward Island.

Obviously, on some of the common themes that are emerging no matter where we will be going or where this committee goes, I'm sure you're going to be hearing about the obvious increase in the soaring costs of doing business, the increased cost of living and affordability. These are recurring themes that keep coming up.

Then, of course, you get on to the overall pressures that are facing Canadians right now, with rents doubling, mortgage rates going up and doubling, and then the overall cost that affects home heating and affects everything that's trucked and shipped and hauled and on our grocery shelves. I'm sure you're all hearing about that every time you go to the grocery store. People are noticing the huge difference. It's affecting the amount of disposable income people have left at the end of the day—how much is left over after all the bills are paid and all the rents and mortgages are paid. There's not as much left to be putting into other things, and that will affect the small businesses. That does affect the overall health of the economy.

We're hearing from the folks who are directly on the front lines of this and who have been impacted—the businesses that are being directly affected and those in the harvesting industries and in construction. You're all feeling the impacts. I would like to get just a bit more insight into this from you today.

We've been hearing about these increased costs. We're hearing testimony across the country from Canadians who are being directly impacted. To address this, what do you feel has to be done expeditiously by the government to get these costs down and to reduce some of the pressure that's coming onto our businesses? We heard from the head of the chamber here, Kim Griffin, about a 30% increase in the cost of doing business, while at the same time there's a 50% increase in demand. With those kinds of downward pressures, what do we need to do expeditiously to get relief?

We'll start with you, Ms. Griffin, and then we'll go to Mr. Sanderson and Mr. MacPherson.

Ms. Kim Griffin: Thank you.

I believe that percentage came directly from construction and housing. I just wanted to clarify that for the record.

Mr. Richard Bragdon: Yes. I'm sorry.

Ms. Kim Griffin: I guess that for us our number one issue is the rising cost of doing business, as you mentioned, coupled with that of the labour force. It's not one prescription. I think we need to sit down and we need to collaborate and talk about what is really a winning solution for our markets. I think you're in a very unique position where you can help with this committee and with the federal government.

Mr. Richard Bragdon: Thank you.

Go ahead, Mr. Sanderson.

Mr. Sam Sanderson: That's a great question about the rising costs and how we're going to get them down and what the process involved is with industry being in such demand. For 20 years plus, we did not send our people to construction. We sent our youth elsewhere. The trades were very heavily impacted. There needs to be a lot more work done on creating opportunities to build in a supply and demand market. When it comes right down to it, it's labour, labour, labour. Money is never going to solve the problem. It's going to be people.

I presented in Vancouver in 2022 to the Canadian Construction Association. I talked about how 40 years ago we had 3.7 children per household, and now we have 1.3 children. It now takes 1.5 people to do the same amount of work one person did. It's not money. It's people. Until we get those people to continue building and to build at a faster rate, a greater rate, or maybe at a different rate or in a different style, again, the importance of bringing industry to the table is key to the success of creating more inventory.

Mr. Richard Bragdon: Thank you. It's about making sure they are there on the front end of the process, absolutely.

Mr. MacPherson, I know, having heard from you several times at the fisheries committee, that obviously there is pressure on the harvesters. The input costs have continued to soar and, with the after-effects of Fiona, funds have been put in place to help with infrastructure.

I'm wondering how quickly those funds are being released for the reconstruction of the wharves that are necessary and to make sure that those wharves are ready and able to sustain the industry for the future so that there is resiliency built back into it.

How are they doing in accessing those funds to get those needed wharf reconstructions done? Is that happening at a rapid rate? Have those funds gotten to the people who most need them on the front lines of this?

• (1005)

Mr. Ian MacPherson: I think from our perspective we'll have a little better handle on that in the next few months, since there was such focus to get the wharves just functional for the spring. I do know that there was some overlap with programs. If you didn't apply for this one, you weren't able to apply for another one, and things like that.

Here's a prime example: If we're going to prepare for the next hurricane, let's sit down and talk about what would work from a funding perspective and the timelines on which those funds need to go out the door.

The Chair: Thank you, MP Bragdon.

Now we go to MP Morrissey for five minutes.

Go ahead, please.

Mr. Robert Morrissey: Thank you, Chair.

I'm from the beautiful riding of Egmont in Prince Edward Island, the greenest riding in the country with the largest infrastructure in green energy.

Mr. MacPherson, you're already in a pilot project with diesel-electric conversion. What could government do to enhance that? I believe it is the future.

Mr. Ian MacPherson: At this point, the cost of the units is very high. It is coming down, but at the end of the day, I think if we want people to seriously look at that technology, much as the case in the auto sector....

Mr. Robert Morrissey: It would be the case that the technology could actually reduce carbon-emitting fuel consumption.

Mr. Ian MacPherson: That's correct.

Another area we're looking at is less-expensive technology. There may be a combination of two or three things that could be done for less money to achieve savings.

Mr. Robert Morrissey: Okay. Thank you.

I want to get to Ms. Burge, but I have one final question, because I do agree.

Could you briefly explain to the committee the importance of financing a reduction in fishing efforts in terms of the number of species, Mr. MacPherson? Could you explain to the committee, briefly, the benefit of reducing the effort to pursue certain species? You referenced licence reduction. Could you briefly tell the committee the benefit of that?

Mr. Ian MacPherson: It's not only from an operational standpoint, the fewer traps in the water, depending on the fishery, the

greater the net decrease in fuel consumption and reduction in carbon. It also makes the existing fishers more viable. I think that's the real problem we have on Prince Edward Island right now. We are extremely dependent on lobster. We have a few secondary species, but it's a challenge. A couple of these fisheries are only a couple of days.

Mr. Robert Morrissey: Currently, Mr. MacPherson, the ministry is not budgeted to do licensing reduction. I think it's important that we recognize that and do that.

Mr. Ian MacPherson: We agree.

Mr. Robert Morrissey: I want to go to Ms. Burge and Ms. Altass on the guaranteed basic income.

Could you articulate to the committee what, in the pilot, you would look at determining from a data perspective over the five-year period? What in that five-year period would you glean that you are not currently aware of?

If you're going to do it anywhere in the country, I agree that Prince Edward Island is the ideal jurisdiction in which to do it.

Please be brief, because I do have another question.

Ms. Trish Altass: Thank you, Mr. Morrissey.

That is exactly the right question. In fact, evaluation needs to be taken into consideration at the start of any demonstration project and throughout it. That is absolutely critical.

What we often think of when we think about the evaluation with basic income is more the behavioural component: How will it impact our labour force participation? What impacts will it have on the lives of individuals? All of these are very important. That would require looking at quantitative data in partnership with Statistics Canada but also doing a good qualitative analysis that is independent and taken throughout the process.

Importantly we should not overlook the opportunity to understand the interaction between the provincial programs and federal programs that you would have with a full provincial P.E.I. program. That would really be key to this evaluation. I think that whether or not eliminating poverty would be to the benefit of our economy and society is no longer in question. We know that there would be many benefits for individuals, communities and families from eliminating poverty from our society to ensure that everybody has enough to meet their basic needs, no matter what.

• (1010)

Mr. Robert Morrissey: I believe, Ms. Burge, I may have a few seconds left.

What is the estimated cost implication of the pilot? In the national scheme of things, I think it would be relatively small.

Ms. Marie Burge: First of all, we don't call it a pilot. It's a demonstration.

Mr. Robert Morrissey: I'm sorry. It's a demonstration project.

Ms. Marie Burge: Yes. I think I have....

Mr. Robert Morrissey: That's fine. If you have—

Ms. Trish Altass: I have to find it here. I have the report from the Special Committee on Poverty. I don't want to give you inaccurate information, but those—

Mr. Robert Morrissey: Thank you. I'd ask you to submit to the committee the estimated cost to the federal treasury of implementing this demonstration project with the Government of P.E.I.

Ms. Trish Altass: Absolutely, yes.

I just want to note, though, if I could very quickly, that was really a starting point for a more complete costing of basic income. Of course, as a provincial standing committee, our capacity to fully cost out every detail of what a basic income would entail was quite limited, but we worked with economists. We worked with a fantastic economist, Harvey Stevens, who has done a lot of work on basic income, as well as others such as Evelyn Forget, who, it was mentioned, contributed to this work.

That information is there to start. It's a starting point. It's a fraction, though, of the federal budget. It's tiny small.

The Chair: Thank you. If you could also provide that information to the committee, that would be great.

Thank you, MP Morrissey.

We'll go to MP Ste-Marie, please.

[*Translation*]

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

Mr. Roy, in your presentation, you said that you had appealed to three Canadian Heritage ministers and a very large number of elected officials, several dozen of whom support your requests, but that you're now at the point of appealing to the Minister of Finance. Have you had any response from her?

Mr. Martin Roy: We have not heard back from the minister.

The last budget included the extension, until 2026, of one of the two programs I was talking about, the Building Communities through Arts and Heritage Program. However, there was a deafening silence, not a word in the budget, about the other program, the Canada Arts Presentation Fund. That's what worries us.

We don't need to convince the Minister of Canadian Heritage of the importance of these programs, and his officials are well aware of it too. We've therefore reached the point of calling on the Minister of Finance, because we feel that this is really where the stumbling block lies.

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

Ms. Griffin, during your remarks, you alluded to the Canadian Emergency Business Account, CEBA, which allowed businesses to obtain loans of \$60,000, of which \$20,000 could be forgiven. From what reporters said, we thought the government had given an extra year to repay these loans, but that's not the case: it's just a few more days.

In greater Charlottetown, for your members, the SMEs, what are the consequences of the current repayment deadline? What is the situation? What's the reality? Can we expect an increase in the number of bankruptcies? What is your message for the government on that?

[*English*]

Ms. Kim Griffin: Thank you.

We had our advocacy committee take a look at this with our members specifically. Because we had a small portion of our membership confirm when we were trying to prepare for this committee presentation, I would like to add that answer as a follow-up to this committee with information directly from our membership, in a timely manner, to confirm for you that impact, as well as those numbers.

What our members are telling us specifically is that they have been very appreciative of the support post-COVID and through COVID. However, I think particularly now, with many other costs on the rise—particularly in the shortage in the labour force—there's still a great need, and they want to continue to do business. If you're agreeable, I would offer that information in a follow-up.

• (1015)

[*Translation*]

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

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

[*English*]

We'll go to MP Blaikie now for two and a half minutes, please.

Mr. Daniel Blaikie: Thank you very much.

Mr. Sanderson, I'm a construction worker by trade and very interested in the issue of workforce development for the trades. I wanted to ask you how important it is to have reliable, predictable infrastructure funding in order for contractors to be able to develop their workforce.

Just as an example, I don't think the rental construction financing initiative under the national housing strategy has approved a project in a year and a half. All of the money in the co-investment fund is already committed or out the door. I think it is more committed than it is out the door, but there's no planned intake for those programs.

I'm just wondering: If you're in the business of building things, but these funding envelopes are sporadic and unpredictable, how does that impact your ability to develop a workforce?

Mr. Sam Sanderson: That's a great question.

First off, I have to ask: Are you looking for work? I've got a job for you.

Voices: Oh, oh!

Mr. Daniel Blaikie: Not until the next election, at least.

Voices: Oh, oh!

Mr. Sam Sanderson: It's tremendously important. We've been saying for years as an industry that sitting at the table and talking about what's going to be rolled out in the future is more important now than ever before. Not only are we looking at federal programs and provincial programs; we also have the private sector programs. They're all in that same loop. Again, knowing what each buyer of the construction is doing has a huge impact on preparing the workforce.

Right now we have to do anything and everything we can to acquire, train and educate our workforce, existing and new, from many different platforms. We have to pull, push and tug from every angle we possibly can to get people into the trades. Again, it's more important now than ever before to know what's coming down the pipeline. For a project now, from the time it's thought of and then engineered, that time frame is certainly extended substantially. Then you go through the tendering process. We're seeing projects now, over the last little bit, with very few bidders if any bidders, because the industry is just so busy. Not knowing what's coming down pipeline doesn't help either.

This industry here is a little different from many other sectors, because it's based on the procurement process. To go back to one of our asks as an industry, for the procurement process it's about sitting at the table so that we know what's coming down the pipeline. If there are 10 jobs listed federally in P.E.I. all of a sudden, or if there are five federal, four provincial and two private jobs, or whatever it may be, in the same time frame, it limits the ability of industry to bid those jobs. All of a sudden this contractor, who has the financial and manpower capacity, may not be able to bid those jobs coming down the road. Six months from now they may be able to.

Again, there's a really big impact from having information and sitting at the table.

Mr. Daniel Blaikie: Thank you very much.

The Chair: Thank you, MP Blaikie. There's a lot of construction work out there.

Now it's MP Duncan for five minutes, please.

Mr. Eric Duncan: Thank you, Mr. Chair.

Ms. Griffin, in your role as president of the chamber, you mentioned in your opening comments that a fund was announced a year ago, I believe, in the fall statement of 2022 for financial relief from hurricane Fiona. You mentioned that there was no further word besides the announcement of how those funds were to be distributed.

Can you confirm whether, for the area you represent, there's been an application? Are there funds? What's the status? My point is that, again, we're talking about reliable infrastructure announcements and actual support. Can you elaborate on that a little bit more?

Ms. Kim Griffin: I would like to comment on behalf of our members that, yes, \$1 billion has been set aside for requests related to hurricane Fiona. What our members are telling us specifically is that they're not sure how that's going to translate into specifics for the needs of business, whether that be in Atlantic Canada or particularly on Prince Edward Island, with all due respect.

Many of our members are looking at this new season, if you will.... You're here in high season, when there are lots of tourists, but it's also become a new hurricane season for us with climate change. Many of our members are talking to us: How do we ready our business? What does that look like? We've lost business, and Fiona is behind us, but what about the future?

As to the prescription specifically of how that money is going to be allocated, we're not aware of it, based on the feedback we've received from our membership in the last month.

• (1020)

Mr. Eric Duncan: I think the argument is that it's one thing to announce the fund a year ago, but a year later you haven't even gotten the details of how it may be distributed. Again, if somebody has had costs out of pocket to fix the business, and then again to do mitigation measures going forward, my point is about the time frames and the costs and further impacts on businesses. The cost of business is going up, and here we are a year after an announcement with no further detail.

The deliverability of these things, I think, adds a further cost of business in that they're out of pocket for a year either on repair costs or having to do mitigation measures or wanting to do those. I would say there's a difference between that and how it happens.

Ms. Kim Griffin: Respectfully, \$1 billion is a lot of money. I would never try to say how they're spending that money specifically. Our members are asking if there's an opportunity to assist these businesses. Insurance adjusters by the hundreds who were sent to P.E.I. have assisted many of our members post-Fiona, but some of our businesses have still not fully recovered. For us, we would just like to understand a little bit more specifically how that's helping our businesses.

Mr. Eric Duncan: If I go back the other way, I agree that \$1 billion is a lot of money, undoubtedly. However, I think the issue is that, when it's taking a year to even get some details on how to distribute that, it becomes an operational aspect.

Mr. Sanderson, if I can go back to the construction side again, I want to build on that and the 30% in building costs and so forth, with labour obviously being a major challenge there as well. What have the residential rates been here in terms of building? Are you up or down from previous years? The reason I'm going to that is that we have the CMHC, the federal agency, saying that Canada needs to build millions of new homes by 2030 to meet demands, and we're actually seeing a decrease.

Is that same thing happening in P.E.I. right now—that there's been a decrease—or is it not meeting that threshold of what's needed to meet up with demand?

Mr. Sam Sanderson: There's been a decrease for sure.

I think the latest CMHC report speculated that, as an industry, we need to build 3.5 million more homes than what the industry has the capacity to build. Again, going back to the capacity of the industry, we don't have the people to build it—end of story.

The cost of building has gone up. Will the cost of construction ever come down? It probably won't because it would mean going back to our employees in every sector and asking if they could take a dollar per hour decrease in pay or a two dollar per hour decrease, whatever the case may be. We know that's not going to happen. Is the cost of lumber going to go down? Well, it will fluctuate a little bit. Commodities fluctuate on a daily basis.

Going back to supply and demand and looking at interest rates and stuff, we see that the cost of borrowing money and doing business is greater every day, and it has that increase. We've seen a reduction in permits here because the industry is tapped out. Industry has gone above and beyond and worked at 120% or 130% all through Fiona and COVID. Like I said, we kept building and stuff, and the industry is tired.

Mr. Eric Duncan: I understand.

Let's go back to the CMHC numbers. At a time when I think we need to triple the current pace of new housing starts, we're actually seeing a decrease, which to me is scary. That situation is getting worse now as opposed to getting better.

With my remaining time, I have a quick question, Mr. MacPherson, regarding the input costs for the carbon tax. I want to ask you specifically whether you've done any estimations, from an industry perspective, of the added costs to the industry of the input costs for transportation to different markets around the world.

Mr. Ian MacPherson: We haven't directly. One tiny aspect that we've been advocating for is to have bridge fees dropped for anything related to seafood that comes to or from the island, because that puts us at a competitive disadvantage in many cases. That's just a small example.

Obviously, we don't consume 40 million pounds of lobster on P.E.I. It goes around the world.

The Chair: Thank you.

Thank you, MP Duncan.

Our last questioner for this panel of witnesses is MP Morrissey, please.

Mr. Robert Morrissey: Thank you, Mr. Chair. I'm sure you'll tell me when my time is up.

I have a couple of points. One is a point of record because we keep getting misinformation.

The fishery, as well as agriculture, is exempt from carbon pricing on any inputs related to the industry. We should be clear on that because there's a lot of misinformation, unfortunately, that goes around as it relates to carbon pricing. The one thing that we know for sure is the high cost that is being hit.

I want to go to Ms. Griffin.

Ms. Griffin, could you elaborate a bit more? I'm aware of a number of small businesses, especially in the tourism industry, that have received funding from the Fiona relief fund. To leave the impression that, a year later, no funding has been rolled out is inaccurate. Am I correct?

• (1025)

Ms. Kim Griffin: First and foremost, I would like the opportunity to ask our members specifically about that, as I alluded to earlier, to get that specific information because, based on the timing of this meeting, we weren't able to go to our meeting. What our staff are telling us is that, of the meetings that they've had with ministers, trying to prescribe if there's a specific post-Fiona relief program.... I think you're correct in saying that there have been businesses.... We would never try to present that businesses have not received any Fiona funding. It was the specifics of the announcements and the related requests with our staff in terms of the ministers as part of what the funding is going towards in our businesses and how that has been broken down specifically.

Mr. Robert Morrissey: Just to clarify.... Are we differentiating between the impact of Fiona and the cost that businesses may have to incur to mitigate against further hurricane-termed storms? We know we are going to get them, especially in the tourism sector, which was hit hard on the north shore.

I have a small campground that is still not in business, and it will probably be wiped out forever. With the insurance and the amount of money that Fiona relief funds can give them, they will probably not be able to rebuild.

Am I correct on that?

Ms. Kim Griffin: I think there are two separate issues in terms of the billion dollars that was sent for the requests related to hurricane Fiona. The additional for system hardening or in terms of potential other hurricanes is a separate item altogether.

Mr. Robert Morrissey: Thank you. I just wanted clarification.

I do agree. A lot of the targeted Fiona money has been slow to roll out. In fact, there are a number of factors. It's documenting clearly where the insurance companies are. I find that frustrating as well, because there is the difference between what the insurance companies pay and what their real loss was, and that has to be dealt with.

I want to go to Mr. Sanderson.

Am I correct on this? You said the industry is tapped out. I enjoy beating up on CMHC too as a large bureaucracy that seems slow to adapt to the uniqueness of this country in which every place is not a downtown major urban centre, but if the industry is tapped out, am I correct to assume that it's not how much money government pushes at it...? The needle is not going to move right away.

Mr. Sam Sanderson: There's only so much capacity. It can only do so much. Going back to my statement, industry has been working at 120% and 130%, so just—

Mr. Robert Morrissey: Could I just stop you? If industry is working is 130% and we're facing significant housing shortcomings, do you have something to offer this committee so that we could take a different path in dealing with it? If we're just going to continue pushing on the same levers that we have, then obviously we're not going to deal with the issues.

Mr. Sam Sanderson: From my perspective and an industry perspective, we need skilled people.

Mr. Robert Morrissey: That becomes immigration, again, and training.

Mr. Sam Sanderson: That becomes immigration and training.

Mr. Robert Morrissey: Can we get smarter on building? You've talked about different building techniques. I've seen a few in my riding. One was imported housing that was prefabricated and the labour time was cut in half. Is that realistic?

Mr. Sam Sanderson: In my opinion, there's way more to that. The construction time on site was a little faster, but if you look at it from start to finish, it was no faster. It may have been a little longer. The cost of production was more—

Mr. Robert Morrissey: That's often thrown up as a solution.

Mr. Sam Sanderson: For sure.... Why couldn't we build it here? Why are we importing? Why couldn't we be building that modular here with something similar to what we're doing? We have to train people. We have to get people to create employability skills.

Last year in my own programs that have been graciously funded through the federal government and a couple of programs with the provincial government, we put 92 brand-new people into the industry who had never touched a hammer before, so projects—

Mr. Robert Morrissey: Some of them were female. Is that right? A lot were female.

• (1030)

Mr. Sam Sanderson: There were quite a number of females. There were a number of newcomers and a lot of youth at risk, youth with barriers to employment, so thinking outside that box and giving anybody and everybody an opportunity....

If you don't mind, Mr. Chair, just for a second, I don't mind using myself as an example. I have a grade 9 education. I didn't finish grade 10. If it weren't for people putting a hammer in my hand and for building lobster traps as a young boy, I would have never had any experience. It was people giving me the opportunity. I have my training centre there now because I need to give back. I need to create that opportunity.

Not everybody is meant to go to post-secondary. Not everybody is meant to go into IT or whatever. Let's put real tools in real people's hands and give them the experience. At the same time, we are creating employability skills and we're creating jobs. We're battling climate change at the same time as building affordable housing.

The Chair: Thank you.

Thank you, Mr. Sanderson, for sharing your personal story. I think it resonates with this committee and with everybody who will be able to read in our Hansard and our report what you've had to say.

Thank you, MP Morrissey.

Just before we transition to our next panel of witnesses, I will say that these witnesses have been terrific in being able to share their stories and all the information that will help to inform our report for our pre-budget consultations and the future budget 2024.

We thank you on behalf of the members, the clerk, the analysts, the interpreters and everybody who is here and makes this happen. We thank you very much for your testimony, for your time and for your hospitality.

We are suspended at this time, members, for the transition to the next panel. Thanks.

• (1030)

(Pause)

• (1040)

The Chair: I call the meeting back to order.

We're back, members and witnesses, in beautiful Charlottetown, P.E.I.

We just had an excellent first panel of witnesses. I'm sure this one is going to be the same.

For the witnesses and the members, I know we told you about your interpretation devices. We would ask that you don't put them too close to the microphones. Just keep them away from the microphones and use them as needed.

On that, I get to introduce another, like I said, excellent panel of witnesses.

From the Aerospace Industries Association of Canada, we have with us the president and chief executive officer, Mike Mueller. From the Canadian Mental Health Association, Prince Edward Island division, we have the executive director, Shelley Muzika. From the Prince Edward Island Federation of Agriculture—we thank the farmers for the food that we eat—we have Donald Killorn, who is the executive director. His Worship, the mayor of the town of Stratford, Steve Ogden, is joining us today.

Thank you very much.

As you know, we are all here for our pre-budget consultation. This is an opportunity for us to go across the country. Today, we are in Charlottetown, P.E.I., to hear from stakeholders and witnesses to then be able to inform budget 2024.

On that, I will ask Mr. Mueller to start off with five minutes of opening statements or testimony.

Thank you.

• (1045)

Mr. Mike Mueller (President and Chief Executive Officer, Aerospace Industries Association of Canada): Thank you, Mr. Chair and members of the committee, for the opportunity to address you today on behalf of the Aerospace Industries Association of Canada.

Allow me to once again thank you, members of the committee, for your commitment and support for our industry. Atlantic Canada continues to contribute significantly to Canada's aerospace supply chain. In terms of value, I can say that Atlantic Canada punches way above its weight. I am honoured to represent many of those companies who call Atlantic Canada home.

Your willingness to work with and understand the contribution aerospace makes to the overall Canadian and regional economies is very much appreciated. I want to also thank this committee for including the majority of our previous recommendations in last year's report. It seems that together the committee and industry are aligned in many of the recommendations that we've brought forward. It is my hope that we can join forces once again this year to request the establishment of an aerospace strategy.

By way of quick background, AIAC represents 90% of the aerospace industry in Canada, including companies here in Atlantic Canada. Our sector contributes to over 200,000 jobs in Canada, accounting for \$27 billion in Canada's GDP. While the industry has shown resilience bouncing back from the impacts of COVID, it has not kept pace with international competitors, and we aren't yet where we were before COVID.

To address these challenges and seize the future opportunities while contributing to Canada's economic recovery, there needs to be a long-term aerospace industrial strategy. This strategy should address such key challenges as small business scale-up, procurement efficiency, skilled labour shortages, innovation, sustainability and certification. The call for a national strategy has garnered widespread support from parliamentary committees, industry stakeholders, unions and the public.

I want to also turn to government policy, such as the so-called luxury tax, which is not helpful for protecting jobs and securing future work. Since the last time I appeared before this committee, the tax has come into effect. You'll recall the study by Professor Roy. We are now told that companies in Canada have seen the loss of 19 aircraft, with sales worth over one billion dollars, causing significant revenue loss, jobs that will be lost, and lost income tax and sales tax revenues.

Exempting aircraft from this tax is a necessary step to protecting an industrial sector that is an economic engine for the country and throughout Atlantic Canada. Additionally, to ensure the industry's growth, we call for increased resources to enhance Transport Canada's aeronautical certification capacity. Transport Canada's work in this area is world-renowned and the envy of many. With emerging technologies, the certification environment must be supported.

If we are to succeed as an industry, we must have a thoughtful and critical look at aerospace workforce development. We need a comprehensive plan that includes skilled labour programs, streamlined immigration processes and youth engagement initiatives. Projections suggest a looming skills gap. We must collaborate with various government agencies and institutions to address it effectively.

The events over the past few days and in Europe prove that Canada's defence budget must increase to meet our NATO commit-

ments. We are concerned with the recent discussion around possible cuts to the defence department's budget. We are concerned that there could be the potential for further delayed procurement and effects to capability. We are glad to see NORAD's DIANA program being established in Atlantic Canada. We will be actively working to ensure that Canadian companies have access to this program in addition to the NORAD modernization efforts.

If we are to attract foreign investment and to meet the needs of and support our Canadian-based industry, we strongly recommend changes to the strategic innovation fund to improve access for aerospace companies. This includes creating an aerospace-specific funding stream, enhancing evaluator knowledge, adjusting repayment rules and streamlining the application process to align with industry needs.

Everyone appreciates the need for a robust application process when accessing taxpayers' funds. However, SIF is complicated. I would encourage the committee to add a review of SIF to your future committee agenda. We are also recommending that the government simplify export permits and controls. Aligning them with allies and providing prompt service to Canadian companies are essential for maintaining competitiveness.

Lastly, we urge the government to develop an actionable plan for the sustainable aviation fuel industry to meet ambitious climate change targets.

In conclusion, thank you for your continued support. I'd be happy to take any questions.

• (1050)

The Chair: Thank you, Mr. Mueller.

Now we'll hear from the Canadian Mental Health Association with Ms. Muzika, please.

Ms. Shelley Muzika (Executive Director, Canadian Mental Health Association - Prince Edward Island Division): Thank you very much for inviting me here today.

I'd like to start off by saying that governments increasingly understand that there is no health without mental health. One-third of people in Canada will experience a mental illness or substance use disorder during their lifetime, yet millions of Canadians cannot get the mental health care they need to be well. The 2023 federal budget included new health accords and a top-up to the Canada health transfer to help improve mental health care for Canadians. These investments provide new and expanded resources for hospitals and physicians and will integrate mental health and substance use specialists into health service teams.

However, hospitals and doctors alone were not set up to carry the full weight of mental health care. Hospitals are meant to respond to emergencies and serious illnesses, and general practitioners are ordinarily the front door to mental health care in Canada. Many physicians lack training to assess and treat mental health and substance use health concerns, and they have limited pathways for referring their patients to other services.

Canadians need greater access to community-based mental health care. They require community mental health care before, during and after the care they receive from physicians and at hospitals. This care includes programs that help prevent crises in the first place, as well as services that make recovery possible, like peer support, counselling and social work case management, alongside social supports for housing and employment.

These services, though, are excluded from our free public health care system. The services that are provided by community mental health organizations are significantly underfunded, and when they are available, there are or can be long wait times. At the same time, Canadians, many struggling to make ends meet as costs rise, as we know, must pay out of pocket for private counselling and psychotherapy. This means only some will get care.

Under the Canada Health Act, most mental health services are publicly covered only if they are deemed "medically necessary" and provided by hospitals or by doctors. However, millions of Canadians do not have a family doctor, and when a person in crisis is treated in a hospital setting, they are often discharged without follow-up care to help them recover.

The federal government has the legislative power and a shared responsibility to ensure that all people in Canada receive the mental health care they need when they need it. Looking toward the launch of the 988 suicide and mental health crisis helplines in November of 2023, it is more important than ever to adequately fund community mental health, substance use health and addiction services. If community-based care is not properly funded, callers to 988 who need additional care may have nowhere to go but to emergency departments, placing a greater strain on hospital capacity and resources. We, as a collective, should be preventing hospital visits whenever possible and providing community care to help people recover. This will require federal investment for community-based services.

The Canadian Mental Health Association nationally has three recommendations. I will speak to one, though, specifically. Recommendation one is that the government provide \$950 million over five years to create a "care after the call" fund for crisis prevention and response services in communities. Starting on November 30,

2023, people in acute suicidal or mental health distress will have access to 988. The 988 helpline is intended to de-escalate a crisis without calling on law enforcement and to provide immediate counselling. Given the very nature of the helpline, 988 responders can offer only short-term support and suggest additional community mental health resources.

Within their capacity, community organizations—typically charities and non-profits—offer many mental health services at no cost or help people to navigate to them. However, the demand for mental health services is already high, and existing community-based services are overstretched. These include mobile crisis service responses, safe beds, peer support and social supports like emergency housing and food.

The demand for community-based care will significantly increase in the lead-up to and after the launch of 988. However, community mental health providers, already constrained by long wait times and limited capacity, will not have adequate resources to respond to the increased need for supports after a person calls 988. As they wait for extended periods, people's symptoms will worsen and possibly become increasingly urgent. Thus, care after the call is needed.

● (1055)

The federal government has a responsibility to ensure that callers to the federally funded 988 helpline can access services in their own community. The 988 initiative provides the federal government with the opportunity to examine its role in resolving the pressures and challenges in the mental health care system that are within its jurisdiction.

The "care after the call" fund will help fill the gaps in the system and allow the federal government to target interventions that meet the unique needs of communities across the country. For instance, it could establish mobile crisis response teams. Further, the federal government is developing a national suicide prevention action plan for release this fall, alongside the launch of 988. The action plan will fall short if it does not envision how struggling Canadians access community-based services to address the issues underlying their crisis.

The CMHA recommends that the federal government establish the “care after the call” fund in 2024 through the Public Health Agency of Canada and work with community stakeholders to design the fund and develop the appropriate mechanism to distribute the funding.

The Chair: Thank you, Ms. Muzika.

Now we'll hear from the P.E.I. Federation of Agriculture.

Go ahead, Mr. Killorn, please.

Mr. Donald Killorn (Executive Director, Prince Edward Island Federation of Agriculture): Thank you, Chairperson Fonseca.

My name is Donald Killorn and I'm the executive director of the P.E.I. Federation of Agriculture.

On behalf of our members, I want to thank you for the invitation to present here today. We represent over 500 Island farm families and 17 commodity groups. Our mission is to improve the sustainability of Island farms and to promote the sustainable production of food on Prince Edward Island.

I understand that the committee is conducting consultations in advance of the 2024 budget. In 2022, crop and livestock production contributed \$283 million to our provincial GDP. As well, food manufacturing contributed an additional \$265 million. Taken together, agri-food contributes about one-third of all goods produced on Prince Edward Island, so it's a major part of our economy.

However, we saw very little year-over-year growth from 2021 to 2022, and our industry faces significant risks that this committee and the upcoming federal budget can assist with. Strategic federal investment is required to ensure that we grow our economic impact in a sustainable way.

As I'm sure you've heard across the country from many different industries, our farmers face growing risk from climate change. Since 2019, we have experienced two devastating hurricanes—the worst in any farmer's memory—as well as a significant drought. These natural disasters are destroying our industry's capital, and projections show that their impact is likely to increase. We need the government to respond to these disasters with aid systems that can help businesses and communities rebuild more quickly, rather than the current strategy, which depends on financial assistance from ill-equipped agricultural business risk management programs.

I'll give you an example from Fiona.

Post-Fiona, the provincial government contributed \$17 million to the recovery effort. The federal government visited us almost immediately, promising support, and \$300 million was allocated to ACOA for distribution throughout Atlantic Canada for multiple different industries. We still have not seen any of those funds allocated for agriculture.

We recently received \$1.7 million from provincial and federal governments committed to recovery in the fruit tree industry through AgriRecovery, which is an AAFC program. Against the \$17 million that was provided by the provincial government, this pales in comparison, and there's been a significant lack of support because of the strategy taken to respond to climate disasters.

Beyond trying to fix what has been destroyed, we need strategic investment in climate-resilient agriculture so that we can implement the adaptations that our stakeholders have identified. This is popularly referred to as “building back better”.

Making investments in our adaptive capacity will allow us to build the resilient barns, hedgerows and orchards that will stand up to the increasing severity and frequency of storms. By making those investments today, we are preserving our industry's capital and ensuring that it can grow instead of being lost in the next storm, fire or drought. These proactive investments are good business for Canadian taxpayers and include here, on Prince Edward Island, access to irrigation infrastructure, support to install electrical service underground, and storage and animal housing retrofits.

Each province in Canada will tell you the same story. They have needs under a program like this.

While working to adapt to climate change, our farmers are ready to be active leaders in reducing and sequestering greenhouse gases, but we need the support and resources to do so. According to a very recent report from RBC and the Arrell Food Institute, Canada invests less than one-third of what the U.S., Australia and the European Union each invest in climate-smart agriculture. All four of us pale in comparison to what China devotes to the same topic.

Here on Prince Edward Island, we have the country's first provincial net-zero target as a province. It's not just in agriculture. To reach that, agriculture has been asked to reduce its emissions by 40% by 2040. Currently, the PEIFA implements the on-farm climate action fund. This \$670-million federal investment in de-risking best management practices in agriculture has been very popular on Prince Edward Island.

Our portion of the program was fully allocated this year before the first month of the program was even completed. Continued investment in that program should be matched with additional resources for the establishment of soil carbon as part of Canada's greenhouse gas offset credit system. Completing the enhanced soil organic carbon protocol and opening our national greenhouse gas market for soil carbon projects will allow our farmers to continue implementing the practices we need to meet our provincial and national climate targets.

● (1100)

For P.E.I. agriculture, we stand poised to reduce our emissions by 140,000 tonnes per year by 2040. Budget 2024 should ensure that everything is done to make those reductions measured, verified and reported to the Canadian credit system—the Canadian regulated credit system—rather than a voluntary market that we can't fully... I don't want to say “trust”, but one that we can't fully rely upon.

Along with the on-farm climate action fund, the PEIFA also implements the advance payments program. The APP is a federal loan guarantee program that provides agricultural producers access to low-interest cash advances against their crops and livestock. I'm sure you've heard about it already in your consultations. Budget 2023 increased the interest-free portion of the loans from \$100,000 to \$350,000. If it's not addressed, that number will return back to \$100,000.

Here on Prince Edward Island, we are dealing with a significant increase to our cost of production as well as an increase in the prime lending rate. We have to continue to make this available to farmers at the current level to ensure their cash flow and insulate them against unfavourable market conditions. Now is not the time to diminish the impact of the advance payments program.

The Chair: Thank you, Mr. Killorn.

Mr. Donald Killorn: My pleasure. Thank you.

The Chair: You'll have an opportunity to expand on that when we get into questions from members.

Now we will go to the Town of Stratford. We have Mayor Steve Ogden with us.

Mr. Steve Ogden (Mayor, Town of Stratford): Thank you very much.

I want to thank this committee for giving me the opportunity to bring municipal concerns to your attention. There are lots of them. I'll try to hit the biggest ones first.

I represent Stratford, a town of about 12,000 people. We've experienced incredible growth over the past 20 years or so. In the 2011 census we grew 23%. In 2016 we grew 13%. In the last census we grew 12.5%. We're projected to double in size in the next 10 to 15 years. There's a lot of activity in Stratford, with a need for new infrastructure.

We have been very successful, I guess, in obtaining some infrastructure funding, but we do have some issues with the infrastructure funding. One of the main issues is the way in which the process works. We get approved for the funding and then we go out and do the work. We keep the invoices and we send those in after the fact, when we get the work done.

I heard one of your witnesses earlier from the construction association talk about the difficulty in getting work done. It takes a long time, sometimes up to two years, and as you know, during that time frame inflation takes hold. We need to have credible estimates done before the funding is approved. It always results, especially as it has over the last couple of years, in the funding not being adequate to cover the actual costs. We're suggesting an indexation rate of about 3.5% or, failing that, some percentage, or even the rate of in-

flation, for the infrastructure funding to cover that time lag between the time the funding is approved, the work is done, the invoices are submitted and the bill is paid. We have to do bridge financing and borrow money as municipalities. It's very difficult.

It's not only our municipality. I'm the vice-chair of the finance committee of the Federation of Canadian Municipalities and on the executive of the Federation of P.E.I. Municipalities, and it's a common problem with all municipalities. We really need to see that addressed, especially in these periods of high inflation.

During a period of growth like this, we have incredible needs for infrastructure. Some of the models that work really well use what we call the “gas tax” model, where the federal money is provided directly to the municipality. That works really well, because we're able to allocate it to our priorities. It works very well. The difficulty with things like the investing in Canada program is that it goes through a couple of filters. It goes through a provincial filter, and it goes through some other bureaucratic filters at the federal public servant level. That sometimes leads to their priorities not being our priorities, or to us not getting the funding we need in order to do the work that's really required.

If future funding programs could follow the gas tax model, as we call it, that would be great. It would be better for the federal government, because we like to work in partnership with the provincial government and the federal government. It would give an opportunity to actually put your money in and see your results. We don't mind tying any funding to results.

One of the issues with that approach, of course, is giving recognition to the federal government for providing that funding. We're prepared to do that. Maybe there could be some way of doing that so that residents know that this is funding that's being provided by the federal government. We'd be happy to do that. It just needs to be looked at really closely.

One of the other issues that we're dealing with, as was noted by my colleague, is the voyage to net zero. We've set a target. We've done a lot of activity with regard to environmental sustainability and climate resilience, but we really need to be able to get the funding we need in order to do the work that's required. Sometimes the program is delivered in such a way that the requirements are met but the funding is not provided. I'm not sure what the reason is.

● (1105)

For example, on one of our latest applications, the application was for some funding to support an environmental sustainability initiative. We're considering building a net-zero, multi-purpose recreational facility, and we followed the rules that were set in the application process. However, the funding was not approved on the basis of the fact that a study is needed to indicate exactly how it is to be done. We don't mind doing that. It's just not clear up front. There is a bit of bureaucratic confusion, I guess, not only in our municipality but in a lot of municipalities.

One of the biggest issues we're dealing with—and I know you are dealing with this as a whole, and we're dealing with it as a country—is the housing challenge, especially in the area of affordable housing. We've taken a couple of initiatives. We have gotten some federal funding for an initiative we call “Shape Stratford”, which is basically designing a template that could be used by all municipalities in Canada to look at how we can remove the barriers to changing rules around housing developments.

Part of the beauty and the attraction of what we're doing is the fact that we're trying to look at things through the eyes of residents who are now against housing initiatives and trying to address their concerns, because that's really at the crux of it.

I'm sorry. I'm—

• (1110)

The Chair: No. I'll just say thank you, Mayor Ogden. I want to hear more, but that's the time for your opening statement and your testimony.

For all witnesses, you'll be able to expand on that at this time, because we're going to get into questions from the members. Each party will have up to six minutes to ask questions of the witnesses.

We're starting with MP Duncan for six minutes.

Mr. Eric Duncan: Thank you, Mr. Chair.

Thank you to our witnesses.

I will do the introduction again. I'm Eric Duncan, member of Parliament from eastern Ontario. I'm from the Conservative Party.

I'm a former mayor, so Mr. Mayor, I'm going to have a bonding moment with you and ask a few questions going back to my municipal days.

You spoke at the end about housing and the challenges there in terms of its being national in nature, but one of the things I've been speaking about is the lack of responsiveness and timeliness to actually getting shovels in the ground and, more importantly, keys in doors and families living in homes. You elaborated that you got some housing funding to look at a study of ways to make it easier, but I'm going to reference the housing accelerator fund that was announced two years ago.

Are there any new doors with keys turned and families from Stratford in this housing accelerator fund to build more homes in Stratford?

Mr. Steve Ogden: We've put in an application for that funding, and we've had quite an ambitious plan to meet the requirements of that. We're leveraging our Shape Stratford initiative, which is, as I said, the template for how we can address some of the concerns or some of the obstacles to putting housing in. We've come up with a number of building up rather than out.... We're trying to reduce urban sprawl and trying to leverage some of the environmental sustainability funding for that.

Yes, we have put an application in. We haven't yet received the funding—

Mr. Eric Duncan: There's been no response. The point I try to raise is that here we are, two years after an announcement, and

there is an application process from which you still haven't even heard back and a shovel that has not gone in the ground. Here we are in the fall, and it likely wouldn't even be until next year at this point, after the funding has been announced.... I'd say the turnaround time to actually get projects would probably be a huge concern.

The witnesses before talked about inflation, but construction inflation. Can you talk about the impact of that on your municipal budget?

We have the national inflation number that takes in a wide variety of costs, but costs for municipalities, public works projects and so forth, would you talk about the impact of...? You probably weren't at the presentation before, but it was about a 30% increase.

What numbers are you seeing in terms of having to stretch dollars even further? Are you cutting projects you're supposed to do or raising municipal taxes? What kind of situation are you in?

Mr. Steve Ogden: We have an operating budget of less than \$10 million for a population, as I said, of about 12,000 people, and incredible infrastructure needs. We look at getting the applications in and getting the funding approved. Then once the construction is under way, the contracts are let and everything like that, the bids often come in much higher. Either we don't proceed with the project, or we have to borrow money.

Our tax rate's already.... People move here from other centres. They move to Stratford and they expect the same programs, services and infrastructure that they received in places like Mississauga, and the tax rates aren't that different. They're pretty close to the taxes they paid back where they came from. It ends up not being possible.

Go ahead. I'm sorry.

Mr. Eric Duncan: No, I'm just trying get in as much as I can in a round.

Canada Mortgage and Housing Corporation, or CMHC, is a favourite punching bag these days, I think, on their customer service standard and their ability to get applications out the door. You mentioned before about putting in an application, and then the goals change or you have to do a study and so forth.

Do you have any feedback on CMHC as a federal organization in terms of what they can do better and how they can be more accountable to the requests that you're making to get more affordable housing in Stratford?

Mr. Steve Ogden: I'd love to have CMHC, the provincial government and the municipalities around the table to discuss exactly that.

We have a really successful model with regard to affordable seniors housing with CMHC. Twenty-five years ago, they put a facility, with capital funding from CMHC, in Stratford. The rent is based on 30% of a senior's income. It's very successful. The operating costs are not that great. It ends up being quite affordable. I sign the cheques every month. It's not really a lot of money, relatively speaking, but it's a very successful model. I would suggest that if we could get the right people around the table, we could come up with....

For example, the affordable housing approach they put in place doesn't work. At the end of the day, it doesn't provide enough funding for developers so that they can make money, but then if they do go through it, you or I could rent those apartments. It's not based on any screening process for need or whatever.

• (1115)

Mr. Eric Duncan: I think this will probably be my last one for the time that we have.

You mentioned that the project would be about 25 years old through CMHC. Are there more recent examples? As the demand has been booming in the last couple of years and we're in a housing crisis, have any applications been approved, or are you still sitting and waiting for responses when it comes to that through any other CMHC program? Are there any in the ground that have been funded by CMHC more recently?

Mr. Steve Ogden: We met with the provincial government. We suggested that we get around the table with CMHC to discuss exactly that and come back with an agreement on a process that would work based on the successful model that we have. I believe if you invest in success, you end up with a good product.

The Chair: Thank you, MP Duncan.

Now we'll go to MP Morrissey for six minutes.

Mr. Robert Morrissey: Thank you, Mr. Chair.

My first question is for Ms. Muzika on the Canadian mental health initiative, which only recently has had a growing spotlight on it.

In the past, it was an issue that was really swept under the rug, if I can use that term. Am I correct on that?

Ms. Shelley Muzika: Yes.

Mr. Robert Morrissey: People did not want to address it.

I'm curious. Could you give the committee a bit of an overview on this? A couple of years ago, the Government of Canada signed an agreement with the Government of P.E.I. targeted towards expanding services in mental health. It's probably a couple of years old. Are you familiar with that initiative of \$35 million to P.E.I.'s government?

Ms. Shelley Muzika: Yes, I'm familiar with it. In terms of the direct impact here for us, I can say that in the budget for 2021-22, we actually received some additional funding for expanding our core services. We were able to add peer support in our core funding. We were able to expand the existing supports that we provide for housing for our clients and also to expand our reach into Kings County. We did receive some additional dollars there.

We also received some additional funding to provide some wage gap dollars. Labour shortages have been an issue. I think—

Mr. Robert Morrissey: Is that in providing services to your clientele?

Ms. Shelley Muzika: No, it's for our own staff in terms of recruitment and retention. Our staff was significantly under-resourced in comparison with the staff providing some similar services in the province.

Mr. Robert Morrissey: Recently, a few months ago, the Government of Canada signed an agreement with the Government of P.E.I. on additional health care funding. The Government of P.E.I. outlined to the Government of Canada, or put forward their priorities and the price tag, and said, "Okay, based on this funding, if we have it stable over 10 years, then we will address these issues in health care."

Do you know if there was specific reference to expanding mental health services in P.E.I. as part of that request, going forward?

Ms. Shelley Muzika: I can't speak to that exactly. I know that our current contract takes us to the end of March 2025, so if there were additional....

That was from—

Mr. Robert Morrissey: It was from the \$35 million.

Ms. Shelley Muzika: Yes, exactly. Thank you.

Mr. Robert Morrissey: Okay. I'm curious, because we hear more about it—and rightly so—now that we recognize it more and more as a health issue. It should be dealt with within the health envelope. It's no different from any other illness that affects individuals.

Ms. Shelley Muzika: I can speak to the fact that the Department of Health now has a dedicated mental health and addictions deputy minister and area. That's another area—

• (1120)

Mr. Robert Morrissey: Is that here in P.E.I.?

Ms. Shelley Muzika: Yes. That's here in P.E.I.

Mr. Robert Morrissey: Good.

My next question, Chair, is for Mr. Mueller on aerospace.

You made a reference to the SIF for aerospace. How are Atlantic Canada and P.E.I., in particular, being disadvantaged?

If they are being disadvantaged, I assume what you're referencing under this program is the inability to access funding through SIF. I take it that's where you were going.

Mr. Mike Mueller: Thank you for the question.

There are significant challenges that our companies are seeing with the strategic innovation fund. I should say kudos to the government. Budget 2021, I believe, provided \$1.75 billion through the strategic innovation fund for aerospace. I wouldn't say any one region is being disadvantaged under SIF, but we are seeing some pretty significant challenges in going through the process.

Mr. Robert Morrissey: Could you elaborate on those challenges?

Mr. Mike Mueller: Yes. It's not as responsive to aerospace. Aerospace has long been—

Mr. Robert Morrissey: Is that in general, across the country?

Mr. Mike Mueller: In general, across the country, aerospace has very long lead times. Developmental projects are long-term. In the past, there used to be very specific funding programs for aerospace that were well received by the industry. When SIF was created—

Mr. Robert Morrissey: When were those?

Mr. Mike Mueller: Those were up until, I think, 2017, and then the strategic innovation fund took over. The strategic innovation fund is sector-agnostic. It takes everything in. What we're seeing is a lot of back-and-forth with respect to understanding the industry and a long time to get approvals on funding programs. We're seeing companies actually not pursuing it because the lead times are too long for their business realities.

We have some very specific recommendations for the strategic innovation fund. How do you bring in sector-specific evaluators who understand the industry? That's an example. How do you change some of the repayment rules? How do you shorten down the application process?

Industry really thrives on predictability and certainty, and we need more of that within that program.

The Chair: That's your time, MP Morrissey. It goes quickly.

We'll go to MP Ste-Marie, please.

[*Translation*]

Mr. Gabriel Ste-Marie: Mayor, ladies and gentlemen, good morning. Thank you for your presence and for welcoming us to your beautiful island. Once again, your presentations are both very relevant and rich in content.

My name is Gabriel Ste-Marie. I'm the Member of Parliament for the riding of Joliette, which is located northeast of Montreal.

Mayor, everything you've raised about the gas tax, inflation, infrastructure funding delays and climate change challenges, I've also heard from the mayors in my riding. I'm always impressed by the pragmatism of municipal elected officials. You deal with residents every day, you hear first-hand reports. What happens in Ottawa is often somewhat removed from the people. So it's good to be able to hear your feedback and assessment.

The same applies to all witnesses. The fact that we aren't asking questions of each and every one of you doesn't mean we won't be taking notes to ensure that your recommendations appear in the committee's report when it's presented to the Minister of Finance.

Mr. Mueller, thank you for attending. It's a pleasure to see you in Charlottetown.

I'll begin with the luxury tax that's currently in effect, a subject you touched upon. Let me remind you that the aim of the luxury tax was to increase the contribution of the wealthy to the tax effort. Our concern before this tax was introduced was that it would harm a strategic industry of the Canadian economy instead of achieving the goal of having the wealthy contribute more to the tax effort.

So, I'd like a rundown. You referred to the study carried out by Professor Roy for the Aerospace Industries Association of Canada in connection with these concerns. What is the current situation?

• (1125)

Mr. Mike Mueller: Thank you for the question.

[*English*]

I very much appreciate it.

We have significant, major concerns about the so-called luxury tax. I call it more of a tax on manufacturers, because that's really what it is.

The original goal for the government, I believe, was to bring in around \$9 million on that tax. The tax came into effect on September 1, 2022, and to my knowledge, no tax has been collected at all. Instead, what we're seeing is a loss of \$1.1 billion in revenue for aerospace companies. I should say that a large portion of that loss is related to the supply chain right across the country, so it's absolutely critical.

We're seeing a loss of up to 4,000 jobs within the industry as a direct result of this tax. We're seeing a \$274-million loss in salaries to workers, and these workers are in high-paid, family-supporting jobs. We're seeing the government lose \$55 million in income tax off that, and then there's \$55 million lost in GST sales.

I'm seeing a lot of people losing. No one seems to be winning from this tax, and the tax seems to be doing the exact opposite of taxing these products. Instead, it's the workers and the industry right across the country that are taking the brunt of it.

It was interesting, because the United States brought in a similar tax and saw similar results. It's something we've been warning about. It was within two years, I believe, that the United States repealed that tax because of the impact on workers, the impact on jobs and the loss of revenue. It was not only that, but also the loss of capacity and capability within the country. There's also a reputational aspect here that goes around the world. We have a world-leading aerospace sector. We should be doing everything we can to support it, instead of putting on this punitive tax.

I should add that, when I was here in the past, union representatives were also with me. When you have manufacturers and union representatives all saying, "Rethink this tax; it's not good," I think there are some significant negative repercussions.

[Translation]

Mr. Gabriel Ste-Marie: I would like to thank you for those comments, but they are devastating. With this tax, the government was seeking to raise \$9 million a year. As far as you know, however, it brought in zero dollars per year and instead lost \$55 million in taxes and an amount I didn't catch in GST or sales tax, plus all the repercussions on the chain. So you could say that the goal has been completely missed at this point.

I would have liked to ask you more technical questions about the tax, such as the effectiveness of the export exemptions or how well the 10% recreational use threshold works. However, as this tax seems to be an abject failure, I imagine that what the industry is requesting, as you said, is that it be scrapped, since it doesn't work, has very negative effects and completely misses its target. Is that right?

Mr. Mike Mueller: Thank you for the question.

[English]

I don't see any positives out of this at all.

Our ask is that aircraft be removed from the tax on manufacturers. I may not have mentioned it, but we've seen 19 aircraft sales not go through because of the tax. Again, this represents over a billion dollars in revenue for aerospace companies and their subsequent supply chains right across the country. It's very significant across the board.

We put—

The Chair: You were almost at seven minutes.

Thank you. I'm sure you'll be able to expand through another question.

We're going to the NDP and MP Blaikie now, please.

Mr. Daniel Blaikie: Thank you very much.

For the witnesses in this session, my name is Daniel Blaikie. I'm fortunate to be able to serve as the member of Parliament for Elmwood—Transcona, which is in the northeast corner of Winnipeg, Manitoba.

Carrying on, Mr. Mueller, when the government was first designing this tax, there was some talk about alternative ways of having a luxury tax, whether that would be.... Rather than putting it on the manufacturer's product—and manufacturers are competing in an international marketplace, and it reduces their competitiveness—there was talk about directing or assessing the tax on the use of luxury aircraft in Canada, whether it's on the time that it's rented by consumers of luxury aircraft or otherwise.

Do you want to talk a bit about some of the other suggestions that were on the table for how to structure a luxury tax that wouldn't have had the same impact on manufacturers?

• (1130)

Mr. Mike Mueller: Thank you for the question.

We put forward numerous suggestions to lessen the impact of the tax. In fairness to the government, they did make some adjustments with respect to the exportation and cash flow considerations for

companies. We were thankful for that, but after a year of the tax being implemented, we've seen the devastating results that have occurred, with, again, \$1 billion in lost revenue.

We do feel that there are some tweaks that could be made, but seeing the negative impacts of the tax, our recommendation is that aircraft be removed. That happened in the United States when they implemented a similar luxury tax. It was repealed within two years.

From my knowledge, we're the only country in the world doing this type of tax. I think there's a pretty significant reason. We were warning about the negative impacts that we would see with the implementation of this tax. Now we're seeing the actual real-world results start to play out, and it's very concerning.

Mr. Daniel Blaikie: Thank you.

Ms. Muzika, I wanted to ask about something that the government had committed to but did not follow through on, I think it's fair to say, when it comes to the bilaterals on the Canada health transfer. That was the dedicated mental health transfer. That's not to say that there are no resources for mental health at all in those bilateral agreements, but it's not a steady and consistent dedicated amount for mental health.

How important do you think it is to establish dedicated funding for mental health services from Ottawa to the provinces in order to build up a reliable mental health infrastructure across the country?

Ms. Shelley Muzika: It's very important. Nationally, our organization has certainly put forward that our medicare system needs to include the pieces for mental health so that there's access to that for counselling and social services. Those may be accessible for people who have access to a health care plan through their employment. They're not necessarily accessible for people who don't, and not necessarily for ongoing services. There may be supports initially, but then there's usually a financial cap. That is a barrier for people to access resources. It's also perhaps a barrier for people who are not maybe in an urban centre where there's more opportunity to access services.

It's very important that we have those supports for community-based mental health.

Mr. Daniel Blaikie: Earlier you had talked a little bit about some of the challenges in the labour market for mental health services. Do you want to elaborate a little bit on that, including some of what you think the solutions look like?

Ms. Shelley Muzika: As a charity, which we are, in the non-profit world, employees don't come to work in a charity or work in the non-profit world for the money. That's pretty obvious. They do it because they care, they're passionate and they want to help people. At the same time, there's the expectation that there will not be a significant financial barrier to that.

As I mentioned, we received some support provincially to leverage our wages so that we were at least within the realm of what they were paying provincially, but that's a challenge. The labour shortage also makes it a challenge. Here in P.E.I. we have 100 staff providing services across the island. We are constantly recruiting individuals for positions. We're no different from anybody else in the province, but it's a challenge. It's a challenge for our sector particularly, so it's important.

There's not an easy answer. As I said, people don't expect to be paid what is paid provincially or federally, but they certainly don't expect the gap to be huge.

● (1135)

Mr. Daniel Blaikie: In terms of having ongoing services, you were talking before about the establishment of the new line and some of the follow-up services that people require. Do you want to speak a little bit more to what those services are and how they should be gotten up and running?

Ms. Shelley Muzika: Certainly there's community-based mental health care provided by NGOs or charities such as ours. Some of our areas do clinical work. We don't do clinical here in P.E.I., but there's also providing the support to leverage that. As I said, sending people to emerg or to their GP is not the answer to get continuing care. You can go through the wait times to see a psychiatrist or a psychologist, but when your next appointment is in a month or six weeks, what happens in that in-between time? How are you getting support? How are you doing well?

The services that we provide, and that other agencies like ours provide, give that opportunity to have that ongoing support. There's peer support from people who have lived experience who can support you. They've not exactly walked in your shoes, but they can help you out. We have social rehabilitation services to help people meet others who are challenged. We offer housing, education, employment and life skills.

All those pieces come together to help people become more resilient. They have more tools in their tool box about how to better cope with depression, anxiety or whatever issue they are struggling with.

The Chair: Thank you very much. That was very good, but we are well over time.

Thank you, MP Blaikie.

Members and witnesses, we are now moving into our second round of questions. Times are a little different here in terms of what's allocated.

We're starting with MP Bragdon for five minutes.

Mr. Richard Bragdon: Thank you, Mr. Chair.

Thank you to the witnesses for sharing today.

Ms. Muzika, I would like to pick up again on what I think is so important. One of the biggest challenges facing our country today is the addictions epidemic and the challenges related to mental health that many in our population and in our communities are facing across Canada. Atlantic Canada is no exception to that.

First off, I would like to get further context from Prince Edward Island coming out of COVID and COVID-related issues. Are you seeing, as other jurisdictions are, a spike in addictions-related issues and mental health challenges?

Just to provide context around that, I know that there was an announcement for increased funds for Canadian mental health in 2021. I think it was \$4.5 billion. Do you know how much of that, if any, was received in sectors like yours here in Prince Edward Island? Is there still a need for, as I suspect there is, increased funding but also beds? How many beds for recovery are available in the province of Prince Edward Island, and what is the need going forward? Also, what kind of funding structure will be required to help that?

That's a big question. I'll let you kind of go with it, and if I interject, you'll understand why.

Ms. Shelley Muzika: Absolutely.

I'll speak to the end part first, where you were talking about beds. Are you talking about actual treatment or housing?

Mr. Richard Bragdon: It can be a combination, obviously.

For some further context, I come from a charitable background. We worked with people coming out of incarceration and addictions who were going back into communities, so it's an area of passion for me personally as well.

That's for anyone in that space, but I'd love to get it from, especially, the Prince Edward Island context.

Ms. Shelley Muzika: Yes.

Just for a bit of context for here in P.E.I., the Canadian Mental Health Association was established in 1959, and we've been offering services since then. Specifically, our services expanded in 1989, about 34 years ago, with the expansion of housing and psychosocial rehabilitation services. We've been doing mental health in the community for a long time.

In terms of housing, we currently have 205 units of affordable housing across P.E.I., with 10 more being built right now in Alberton. That is funding from the province as well. Some of that money probably flowed.... It didn't say it came from here, but it came to us, so I'll say it. We received \$2 million in funding for that project from the province on a \$3.5-million project.

I know that Mr. Duncan spoke earlier about Canada Mortgage and Housing. We've had a long-term relationship with the Canada Mortgage and Housing Corporation as well. We are funded that way for some of our housing. We also received money from the rapid housing initiative to develop 28 units of housing there.

● (1140)

Mr. Richard Bragdon: Has there been an augmentation in demand or need, even per se for more recovery beds specifically for those with extreme cases of addictions and...?

Ms. Shelley Muzika: Yes. We're seeing that for sure.

People have more complex issues, and substance use is certainly one of those factors. It's becoming more prevalent in the people who present to us. We have services that offer.... I'm not sure if you're aware of the housing first model—

Mr. Richard Bragdon: Yes.

Ms. Shelley Muzika: —but we have funding that we receive for it, which, to my knowledge, is ending in March 2024, so I'll just put in a little plug there for whatever that looks like.

Mr. Richard Bragdon: Are you aware if any of the \$4.5 billion that was committed for mental health has been distributed? I noted that the CEO for the Canadian Mental Health Association, Margaret Eaton, has basically raised the alarm bell here that funds are not getting released or being implemented or utilized at this point. Is this your experience?

Ms. Shelley Muzika: I'm not a hundred per cent on the exact dollars. I believe that we may have received some of that here in P.E.I. I'm not sure in terms of other jurisdictions, but I believe some of those dollars have flowed our way.

I think you went back to the piece around treatment. Certainly, there is a challenge with people being discharged from treatment or from hospital and being connected to our services.

I know that they're investing in the mental health campus here. We also have within ourselves continuum housing, from 24-7 housing with 10 beds to independent housing in the community, so we have the full spectrum of housing, but is there a need for more staffing and support for the case management from discharge and connecting? That actually is improving, but there's always money needed for that.

The Chair: Thank you.

Thank you, Mr. Bragdon.

We have Mr. Morrissey.

Mr. Robert Morrissey: Thank you, Chair.

I just want to compliment Ms. Muzika and her organization, and also the Government of P.E.I., which partners very well with the Government of Canada in this area. We were one of the first jurisdictions to recognize that we had to put an emphasis on mental health. We negotiated a bilateral with Ottawa at the time, and that has worked its way into the bilateral that was just done this spring. It's good that the government, which is the government that must deliver what the Government of Canada cannot—health care services—has given it that priority, so thank you, Ms. Muzika.

I want to go to Mayor Ogden. If committee members just turn around and look out the window, we're looking at the beautiful community of Stratford, the mayor's municipality.

Mr. Steve Ogden: The cruise ship is there now.

Voices: Oh, oh!

Mr. Robert Morrissey: Mr. Mayor, infrastructure is extremely important to the municipalities. You referenced the gas tax, which basically transfers from the Government of Canada to the municipalities with very few strings attached. You can plan it out and spend it over a period of time.

On the infrastructure agreement, I want your opinion on this. In all the provinces, the current agreement that is coming to an end is delivered primarily and I'd say exclusively by the provinces. Here in Prince Edward Island, the Government of Canada does not directly administer the infrastructure program, so the rollout, the evaluation and the critique of all applications coming in come through the provincial infrastructure secretariat. We only see it when they do their due diligence and critique and forward it to Ottawa. Sometimes we, at the federal level, get a little frustrated with the process, but it has worked relatively well.

Are you telling the committee here—this is what I want your opinion on—that as we go forward with replacing the current infrastructure agreement, as it relates to municipalities, it's very important that municipalities still have access to that infrastructure fund and the ability of the federal government to make decisions on it?

• (1145)

Mr. Steve Ogden: Yes. I think there used to be a representative from the federal department—a public servant from Infrastructure Canada, I believe it was—who did the screening, looked at the relative priorities for all of the infrastructure projects proposed by municipalities on Prince Edward Island and forwarded those with his or her opinion or analysis in terms of importance and value for taxpayers' dollars. That position was eliminated, as you said, with the new agreement. Now it goes to the provincial government.

We like to work in partnership with the provincial and federal governments. However, sometimes there is a potential, I guess you might say.... I'm not going to say whether or not it has happened, but in the past, there's been a perception that, perhaps, there have been some changes to the relative priorities of municipal projects that are being proposed that don't line up with the municipal priorities, because of whatever reason, during the screening through the provincial government.

I know you mentioned that it works really well. The investing in Canada process was really good. I think it ended up being very positive for Prince Edward Island. Using that as an example, the total recreation portion of that was completely used up. It was supposed to be for, I believe, five years, and it was used up in the first couple of years. Part of that was because of the Canada Games.

It's the kind of thing where we'd like to work more in partnership, and I think that analysis by the employee of Infrastructure Canada would be value-added and would add some due diligence. You mentioned due diligence. I think that's important to make sure that we're getting the best value for taxpayers' dollars.

Mr. Robert Morrissey: In my time left, and I don't have many seconds, as a municipal leader, do you raise it as being extremely important that the Government of Canada stays in the investment space of infrastructure?

Mr. Steve Ogden: Absolutely. The infrastructure needs are incredible. As I said, our operational budget is \$10 million. I know the provincial budget is quite small as well. I think the infrastructure help from the federal government is very important.

I think we need a new investing in Canada program or a similar program urgently, because right now, there's a gap. The money from the current program has been used up, and we need more to meet our infrastructure needs. We have a lot of newcomers. Some 9% of our population is from other countries outside North America, so we really need to be able to build the infrastructure that they need and expect.

The Chair: Thank you.

Thank you, MP Morrissey.

Now we'll hear questions from the Bloc and MP Ste-Marie.

[*Translation*]

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

Mr. Mueller, when we look at what's being done in the United States and Europe to reduce the aerospace industry's carbon emissions, we see that governments seem to be on board, offering significant support programs. We're seeing the same thing in the Canadian automotive sector, for which historic investments have set new records.

What should be done to ensure that the Canadian aerospace industry succeeds in reducing its carbon emissions?

Mr. Mike Mueller: Thank you for the question.

[*English*]

We can be doing more and we should be doing more. It really centres around the need, as I talked about earlier, for an aerospace strategy in Canada. We see our competitor nations putting in place aerospace strategies really leveraging the innovation side and some of the significant funds their governments have put in place. We saw an announcement at the Paris Air Show by Minister Champagne about \$350 million for an initiative in sustainable aviation. These are good things, but we need that broad overarching strategy that some of the provinces have. For example, Quebec has an aerospace strategy.

How do you use all of the tools of the government to achieve certain outcomes? We really need that long-term aerospace industrial strategy here in Canada to knit together, for the benefit of the industry, the workers and Canadians, really, the innovation side, the procurement side, the way we leverage all of the different programs and funding mechanisms and the way we identify where we want to go as a country with the key capabilities, the key capacities and the timelines we want to have here in the country. This is incredibly important from a sustainability perspective. It's top of mind and a priority for the industry. We're moving in that way from an industrial perspective.

One of the other pieces that I sort of snuck in at the end of my remarks was that we're really looking to the government, in the context of that overall strategy, on sustainable aviation fuels. The government has ambitious targets. Industry has ambitious targets with respect to net zero by 2050. Any of those scenarios requires sustainable aviation fuel, and I think it's a real opportunity for Canada. We have a world-class leading aerospace sector and aviation. We have airports and oil and gas. Bring them all together and harness our collective strengths and really push forward on some things. We've seen the U.S. doing that. As you mentioned, we've

seen Europe do some of these things, and we need that leadership from the federal government to move forward.

• (1150)

The Chair: Thank you.

Thank you, MP Ste-Marie.

MP Blaikie, go ahead.

Mr. Daniel Blaikie: Mayor Ogden, housing obviously is a big conversation in Ottawa, and it's a big conversation across the country. You've been talking a lot about infrastructure needs. One of the points that Mr. Poilievre has been very keen to make in Ottawa is that municipal gatekeepers are getting in the way of building housing. He's spent a lot of time and energy proposing that municipalities are waiting for threats from the federal government in order to take the housing crisis in their local communities seriously.

Do you think it's a fair assessment by Mr. Poilievre that municipalities need to be brow-beaten by the federal government into taking housing in their communities seriously?

Mr. Steve Ogden: I can speak for only myself. I think we are taking it very seriously and we're trying to work in partnership with the provincial and federal governments. We're completely non-partisan as municipal representatives and we work with all parties. We really want to get the best policies and the best solutions to the housing crisis as quickly as possible. The only way to do that is to work together. We're not being adversarial. We're working at removing barriers. We're working at trying to identify, from people who are against housing developments, for example, why they're against them and trying to address those concerns and have transitional areas or buffers between different types of housing. It's really important that we work together on this, I think.

Mr. Daniel Blaikie: One of Mr. Poilievre's proposals is to reduce gas tax funding and the municipal GST rebate if municipalities don't meet an Ottawa-established target for an increase in housing starts in their communities. If the municipality doesn't achieve those targets, do you think it would be helpful to them in increasing housing starts the following year to have a reduction in some of their base funding from Ottawa?

Mr. Steve Ogden: I'm of two minds on that. We don't mind having funding linked to results. There's nothing wrong with that. However, it has to be within the control of the municipality. If it's linked to results and we have full control over those results, I agree wholeheartedly, but if there are other aspects to it—for example, the president of the Construction Association spoke about the difficulty in getting labour, materials and those sorts of things because of the supply chain. We have no control over that. However, if you were to link our results, based on the funding we received, to things that we control, then I'd be happy with that, but I don't think that's the case.

The Chair: That's the time, MP Blaikie, but maybe you can expand with one of the other members. We have two left.

We have MP Duncan.

Mr. Eric Duncan: Thank you, Mr. Chair. It's always flattering to be mentioned in committee.

Mr. Mayor, I appreciate your comments about performance targets on that. I always appreciate any chance to talk about Mr. Poilievre's private member's bill on linking infrastructure funding for large cities to the actual results of houses built, doors open and families and individuals living in them.

One of the things that I particularly like and gives me a chance to speak again about my municipal experience in a rural municipality is that there are different factors in terms of infrastructure. Sadly, if interest rates keep as high as they are, based on the current economic environment between the Liberals and the NDP, it makes it very difficult for a young family to build a home at \$600,000, \$700,000 or \$800,000 in my part of Ontario, as an example, and, at that, to afford a mortgage.

It's certainly about understanding a local context, but I think the big thing and the opportunity for a community like Stratford is to reward and bonus those that go out and not only meet the target but exceed that. There are actually building bonuses, and to the point of where you're talking about removing barriers and trying to get things built, those who not only deliver on the targets but exceed them in rural communities will benefit from that.

Mr. Killorn, in your time here with the federation of agriculture, I just want to give you an opportunity to talk about input costs and some of the costs pertaining to the carbon tax. You've alluded to and spoke well about climate mitigation and measures that farmers could take, but particularly, perhaps, speak about the transport costs of being here in P.E.I. and using either the ferry or the bridge to get potatoes in the province over there. Do you have any numbers through the federation of agriculture about the impact on the cost of business for farmers pertaining to the carbon tax here on the island?

Where I would go with that is to say that perhaps those are dollars that are being taken away from other mitigation measures. I'm just wanting to see what the impact would be, in your estimation, particularly with the transportation of agriculture on the island.

• (1155)

Mr. Donald Killorn: Thank you. I appreciate the question.

It's difficult to estimate the impact thus far. We still hope to work with the provincial government to develop a provincial.... We're still working on that. We became subject to the federal backstop only this past July, so we're still coming to terms with what that's doing to the cost of inputs.

With regard to transportation, we produce about 2.5 billion pounds of potatoes. That's about 40,000 truckloads to get over the Confederation Bridge. It's a substantial cost. We do see subsidies for other bridge infrastructure in Canada: \$200 million for the Champlain bridge to keep that toll-free. Any investment in reducing tolls will allow us to be more competitive in a regulatory regime where carbon has a price on it.

The cost of inputs has increased dramatically, and certainly this year with the cost of diesel fuel. We did see a spike in the cost of fertilizers. In the east coast, our fertilizers come from overseas. Historically, it's been easier for us to access them from Europe and Asia rather than accessing Canadian fertilizer, because of the issues with logistics. We've seen a significant spike. The cost of production for an acre of potatoes is probably up by close to 40%, and it's had a dramatic impact on the bottom line.

In the meantime, we've experienced significant regulatory impact from the Canadian Food Inspection Agency. We have been under a ministerial order keeping not just seed potatoes but other crops from leaving Prince Edward Island. Taken with the impact of the carbon price, which.... We are seeing continued exemptions, but those are stalled in the Senate. We want to see those get pushed through, but all of that—the cost of transport, the impact of CFIA and the impact of the carbon price—lead to a significant increase in the cost of production.

Mr. Eric Duncan: It's a negativity type thing even in terms of competitiveness as well. We talk about a global market that way too. I think where you can.... On the bridge, for example, the carbon tax is going to be increasing, significantly, the costs over the coming years. It's an “in one way and out the other” type of thing in terms of the costs and expenses being added to it.

Mr. Morrissey, we were indirectly having a debate in the previous witness panel about the input costs added to agriculture. I appreciate the mentioning of the Senate bill across the country. If that bill does not pass, it's going to add a billion dollars—I think it's \$970 million—in carbon taxes to agriculture across the country between now and 2030, none of which receives any sort of assistance, coverage or rebate of any sort. The individual family ones don't even cover it at this point.

Again, when we talk about that and trying to do other measures to keep up with other production challenges, I think the argument is between.... You've raised as well the CFIA. Between the federal carbon tax and some of the other factors, are these things from the federal government hurting or helping? It seems like more often than not they're hurting and going in the wrong direction.

• (1200)

The Chair: Do you want a quick answer to that? Then we will have to move to our last questioner.

Thank you, MP Duncan.

Mr. Donald Killorn: The impact of the Canadian Food Inspection Agency is profound here on Prince Edward Island. It's a significant risk to the sustainability of agriculture on Prince Edward Island and across the country. It's something we share with our partners in other provinces. If there's anything I challenge this committee to try to address with budget 2024, it is the significant risk to our food production posed by the regulatory regime of the Canadian Food Inspection Agency.

The Chair: Thank you, Mr. Killorn and MP Duncan.

Now we go to MP Morrissey, who will be our last questioner for this panel and for this session.

Mr. Robert Morrissey: Thank you.

Just following up on that, Mr. Killorn, has the federation done an impact analysis on costs directly attributed to climate change in terms of lost crops and damage from various storms?

Mr. Donald Killorn: Do you mean past storms?

Mr. Robert Morrissey: Yes.

Mr. Donald Killorn: We're in the midst of developing a sector-specific adaptation plan that will involve the collection of that data. We haven't done our own data collection on that.

Mr. Robert Morrissey: Would you say they were significant in P.E.I.?

Mr. Donald Killorn: I would say they have been significant and thus far the response has been underfunded.

Mr. Robert Morrissey: Who is the first in line to cover those costs from natural disasters like climate change? Is it the farmer?

Mr. Donald Killorn: Yes, our farmers have been forced—

Mr. Robert Morrissey: In terms of taking mitigative action to slow climate change—all we're doing at this stage is slowing it and not stopping it—is that extremely important for the future of agriculture in P.E.I.?

Mr. Donald Killorn: If you're talking about sequestering greenhouse gases in our soils and reducing our emissions from agriculture, I think those are tremendous opportunities to lessen the impact of climate change.

If you're talking about investments in adaptation, I do think that a dollar spent effectively today with good ROI can provide significant benefits in the long term. What that ROI is exactly I don't know yet. I hope soon to fully understand what we can save by making smart investments today.

Mr. Robert Morrissey: Thank you.

Farmers on Prince Edward Island are on the leading edge of innovative farming practices. Here on Prince Edward Island, farmers have done a tremendous job of reducing fertilizer inputs. Am I correct?

Mr. Donald Killorn: That's right, yes.

Mr. Robert Morrissey: That's correct.

That has come from programs that were funded by the Government of Canada through your industry.

Mr. Donald Killorn: That's right. It's been primarily through the living labs program.

Mr. Robert Morrissey: That's right, and it has reduced the financial burden on those farmers who participated in that program.

Continuing along that track, is effectively reducing high-cost inputs a good investment for the government?

Mr. Donald Killorn: Yes. The great thing about our opportunity in agriculture to address climate change is that the best management practices we need to promote also have direct economic benefits. Whether it's reducing nitrogen fertilizer or planting cover crops, from all of those we can point to a direct economic benefit outside of the socio-economic benefits we're providing to the nation as a whole.

Mr. Robert Morrissey: In the time I have left, you articulated in your opening statement—and you are correct—that we've diversified the economy of P.E.I. significantly, but agriculture and the directly related processing are still the biggest parts of Prince Edward Island's economy. Am I correct in that?

Mr. Donald Killorn: Yes. That's right. Particularly, if you consider the full economic impact, we remain the largest industry on Prince Edward Island.

Mr. Robert Morrissey: I do at times share your frustration with respect to some of the regulatory regimes. In fisheries and agriculture, Prince Edward Island has a hundred and some odd thousand people. We are really sensitive to and dependent on an export market.

Is that correct?

Mr. Donald Killorn: Yes. I believe we are here to sell food to the world.

Mr. Robert Morrissey: I agree.

In doing that, we have to be conscious of what the consumer and the regulatory bodies in those areas demand.

Mr. Donald Killorn: Absolutely.

Mr. Robert Morrissey: On some of these issues, we have to respond to the marketplace as it dictates to us how some jurisdictions want to see our products arrive.

Mr. Donald Killorn: Yes. We have to prepare our farmers to comply with what their customers want and what they need for their sustainability goals, which include full scope 3 emissions quantification.

• (1205)

Mr. Robert Morrissey: Agriculture deserves a lot in this committee.

This is my final question, Mr. Killorn.

On one hand, the Government of Canada is constantly being challenged to reduce spending. It's an easy phrase. It's a good clip.

Is there any area in which you would want to see the Government of Canada cut the financing towards agriculture?

Mr. Donald Killorn: No, there is none at all.

Mr. Robert Morrissey: I didn't think so.

Mr. Donald Killorn: It's a wonderful opportunity to invest in innovation, technology, computer science and engineering. The strategic innovation fund isn't available to our industry because of the nature of the size of our businesses, but the opportunity to design the next generation of farms and incorporate technology into doing more with less and feed the world is right there for Canada to take. There's no better place to do it than on Prince Edward Island.

Mr. Robert Morrissey: Thank you, Mr. Killorn.

The Chair: Thank you, MP Morrissey.

For our witnesses, on behalf of the members, the clerk and the analysts, thank you for your testimony. I can't think of a better way to start our cross-country tour for our pre-budget consultation study and inform the 2024 budget as well. With all the testimony we've heard here, I think we're off to a really great start. Thank you very much.

That will conclude our meeting. We're adjourned.

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