



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Finance

EVIDENCE

NUMBER 073

Thursday, February 2, 2023

Chair: Mr. Peter Fonseca



Standing Committee on Finance

Thursday, February 2, 2023

• (1105)

[English]

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

Welcome, everybody. It's great to see that everybody is in such good spirits here at the kickoff of 2023 for our finance committee.

Welcome to meeting number 73 of the House of Commons Standing Committee on Finance. Pursuant to Standing Order 83.1 and the motion adopted on Wednesday, September 28, 2022, the committee is meeting to discuss pre-budget consultations in advance of the 2023 budget.

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

I'd like to make a few comments for the benefit of the witnesses and the members. Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike, and please mute yourself when you are not speaking.

With respect to interpretation, for those on Zoom, you have the choice at the bottom of your screen of either floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

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

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

Members, before we move to our witnesses for today, you've received the subcommittee report from the clerk. It was emailed yesterday at 4:02 p.m. I'm looking around, and everybody has received it. Everyone is in approval. That's great.

Also, members, this is a friendly reminder that the first list of PBC recommendations—pre-budget consultation recommendations—is due by 12:00 noon tomorrow.

For the purposes of translation, we request that members prioritize the top 10 to 20 recommendations per party that are important to be considered for Tuesday. If you could do that, it would help the analysts as well as translation services in their work. For subsequent meetings, members, submit your second list of recommenda-

tions by 5:00 p.m. Monday, February 6, 2023, and submit your third and final list of recommendations by 5:00 p.m. on Thursday, February 9, 2023.

I would now like to welcome our witnesses who are before us. They always say that the last thing you hear is the thing you remember most, so what an opportunity for our witnesses, because this will be our last meeting with witnesses for our pre-budget consultations.

The witnesses have all been tested for today's meeting, those who appearing remotely, and those who are in the room. They've all passed the test, just for members' information.

With us today, from the Aerospace Industries Association of Canada, is Mike Mueller, who is the president and chief executive officer. From Campaign 2000, we have Leila Sarangi, who is the national director. From the Council of Canadian Innovators, we have Nicholas Schiavo, who is the director of federal affairs. From the Fisheries Council of Canada, we have Paul Lansbergen, who is the president of the organization. From the Hotel Association of Canada, we have Susie Grynol, who is the president and chief executive officer, and from Keystone Agricultural Producers, we have Jill Verwey, who is the president, and Colin Hornby, who is manager of communications and stakeholder relations.

Thank you all for being here with us today. We are now going to have opening remarks.

We'll hear first from the Aerospace Industries Association of Canada. Mr. Mueller, go ahead, please.

Mr. Mike Mueller (President and Chief Executive Officer, Aerospace Industries Association of Canada): Thank you, Mr. Chair and members of the committee. It's great to be here in person. We've been doing these virtually over the last few years, so this is my first time in person.

Thank you very much for the invitation to be here today to discuss AIAC's key recommendations for the upcoming budget. As you may know, our members represent over 90% of aerospace activity in Canada, covering the civil, defence and space sectors.

At the outset, I would like to state our appreciation for the committee's inclusion of most of our recommendations in your report last year.

I'll begin by speaking about our first recommendation, the development of a national aerospace strategy, which is critical for the prosperity and development of the aerospace industry in Canada. Just last spring, the Standing Committee on Industry and Technology also recommended the development of such a strategy. It's encouraging to see the agreement that aerospace is an industry that is a priority for Canada.

Today we need to position aerospace as a priority because it is a key economic driver and it requires full support from all parties. If we are to keep what we have and grow this industry with its high-skill and good-paying jobs, we need to ensure that the global aerospace supply chain recognizes that Canada has identified aerospace as a national priority.

The global challenges and technological opportunities of the coming decades demand the very best of Canadian aerospace innovation, and a corresponding strategy with government is absolutely critical. Meeting net-zero goals, reimagining air and space mobility, and safeguarding Canada's national interests are serious issues that require focused planning. That is why Canada needs such a comprehensive, forward-looking aerospace plan for civil aviation, defence and space—a plan that re-establishes a collaborative partnership between industry and government, a plan that leverages our country's competitive advantages over other nations.

We are also recommending the injection of resources to enhance Transport Canada's aeronautical certification capacity. The emergence of new technologies and the demands associated with Canada's commitment to net-zero greenhouse gas emissions by 2050 mean that it is essential that certification capacity be able to support the new innovations that industry is pursuing. Transport Canada needs to grow the expertise and resources to sustain its international reputation for excellence and to safeguard Canada's global competitiveness.

On the defence side, we're recommending that the government consult with industry on NORAD modernization, as well as the defence policy review. Let's ensure that companies based in Canada are benefiting and are contributing their unique capabilities within the North American supply chains as we take significant steps to modernize and protect our sovereignty.

We are also recommending that the government modify certain aspects of the aerospace regional recovery initiative and the strategic innovation fund to enable more companies to access these innovation programs. We have also made representations on the challenges we see with the export control permit process and the challenges we see across the country on the labour market side.

Again, the priorities would be the need for an aerospace strategy, the innovation ecosystem, Transport Canada resources, SIF and ARRI changes, export permits and labour market challenges.

I would like to close by speaking about the select luxury items tax that came into effect on September 1 of last year. Despite some changes made by the government, which we thank them for, our members have seen orders cancelled in the last months, affecting sales and workers in the sector. We're talking about not only those who build the aircraft, but also the supply chain and the post-production operations of maintenance and repair.

It's concerning that the government decided to implement this tax without any analysis of the impact on the industry or the workers. Because of the lack of financial analysis, the industry commissioned an independent study through Professor Roy of HEC Montréal. It shows that more than 2,000 jobs in the aerospace sector will be negatively affected—even more than industry had previously recognized.

According to the research, the government will lose \$29.9 million in tax revenues and collect only \$9 million per year with this tax. The math here just does not make sense. The impact of this tax on Canada's international reputation should not be overlooked, and also the resulting losses in foreign investment in Canada.

Aircraft should be excluded from this tax. We ask you, the committee, for your support with this request.

This position is also shared by the unions representing these workers. It is clear that in its current form, this tax is hurting aerospace workers and hurting our economy, and the government needs to exclude aircraft from this tax.

• (1110)

Thank you for your time and support. I welcome your questions.

The Chair: Thank you, Mr. Mueller.

Now we will hear from Ms. Sarangi from Campaign 2000, via video conference.

Ms. Leila Sarangi (National Director, Campaign 2000): Hello. Thank you so much for the opportunity to speak to you today.

Campaign 2000 is a non-partisan, pan-Canadian coalition of over 120 organizations working to end child and family poverty. We've been tracking and reporting on federal progress towards ending poverty for over 30 years.

In our submission to this committee, we have made recommendations on how to make the Canada child benefit more powerful, how to get government transfers to low-income marginalized people, including those who do not file personal income tax returns, and more. All of these things are important, but today I am going to focus my comments on the pandemic benefits, which, although not designed as poverty reduction programs, have had exactly that effect.

Temporary emergency and recovery benefits and one-time top-ups to existing income supports significantly reduced poverty and inequality in every jurisdiction across the country. Statistics Canada data shows that those who were more likely to receive temporary emergency benefits were low-income women, indigenous peoples, racialized people and youth, who, for a brief moment, were lifted out of poverty. What that meant was that families could pay rent and put food on the table without stress.

Those benefits are over. Long ago they were spent on basic needs, and families are now struggling with inflation and a pandemic that has not ended. The government is now pursuing these individuals and families for repayments and calling their approach compassionate, but from everything we've been hearing about this process, it's causing real hardship.

We're on a tour of the country right now, meeting with people living in poverty in every province and territory, and we're hearing a lot of these stories.

In Whitehorse, I met a man who has a letter from the CRA. He's first nation and on disability assistance. He can't find paid work but is a peer leader in his community. He can barely afford his medication right now, but he's being asked to pay \$14,000 to the CRA.

In Winnipeg, I met with a young woman who was in the child welfare system. She's working in a small peer-led organization and told me how she's being asked to repay the CERB. All of her money goes to her rent. She doesn't have family to turn to and is now really worried about losing her apartment.

In Ontario, I spoke with a woman on the disability support program, which provides \$1,228 a month to her. She was told by her caseworker to apply for the CERB. She's squeezed \$200 out of her budget to repay the CRA but simply cannot afford anything more.

Another gentleman, also on that disability program, called the CRA to get more information about his letter and was told on the phone that his disability tax credit would be garnished if he didn't enter into a repayment plan right then and there. He was so scared that he did, even though he can't afford it.

There was a public case that went through the federal courts, which I recently read about. It demonstrates some of the unfairness that's inherent in the design of some of these benefits. A woman had applied in good faith for emergency benefits. It turned out that her workers compensation did not count towards the threshold. She ended up being \$7.26 short of the \$5,000 threshold, which the judge called "achingly close" to being eligible. That's about a half-hour's worth of additional work at the minimum wage, and she's being asked to repay the CRB in full.

That there are federal expenditures in the form of the government paying CRA staff to pursue hundreds of thousands of people like this who just do not have the money to repay is needless. It's damaging, and it is not a compassionate approach.

Families are still having their Canada child benefit clawed back as a result of receiving pandemic benefits. Over three years, this government will claw back \$1.45 billion in child benefits. Our petition on this issue was presented in the House this morning. In it, and in our submission to committee, we outline recommendations

for a CERB repayment amnesty—that is, to stop pursuing the repayment of pandemic benefits by low-income people. We include recommendations to repay families for clawed-back CCB amounts in the same way that the guaranteed income supplement was repaid to seniors. We include a recommendation to invest more in the Canada social transfer, with conditions, so that income assistance programs across the country start to advance poverty reduction and human rights commitments.

The pandemic has taught us that government transfers can help to end poverty, and they can do that quickly. There's an opportunity to make a decision that will materially change the lives of people through the implementation of a CERB amnesty. We do hope that this committee will put the recommendations forward.

● (1115)

Thank you for your time. I look forward to answering any questions.

The Chair: Thank you, Ms. Sarangi.

Now we'll hear from the Council of Canadian Innovators and Mr. Schiavo.

Mr. Nicholas Schiavo (Director, Federal Affairs, Council of Canadian Innovators): Thank you so much.

Good morning, Chair and members of the Standing Committee on Finance. I thank you for the opportunity to present today on the pre-budget consultations in advance of the 2023 agenda.

My name is Nick Schiavo, and I am the director of federal affairs at the Council of Canadian Innovators.

CCI is a national business council representing 150 of Canada's fastest-growing technology companies. Our members are headquartered here in Canada, employ north of 52,000 employees across Canada and are market leaders in the sectors of health, clean tech, financial technologies, cybersecurity, AI and more.

Following the release of budget 2022, CCI celebrated the strong investments in Canadian innovation, but we worry that without proper follow-through, we risk seeing these investments fail to stimulate the economic growth that is so desperately needed right now.

I'll be honest: It is a tough time right now to be a Canadian tech company.

Our most promising domestic firms, those that should be scaling up and finding new markets, are up against major challenges that pose a real threat to their ability to operate. From an impenetrable procurement system to rising inflation to a talent crisis to uncertainty in global supply chains to federal innovation programs that don't meet the realities of the day, technology firms across Canada are fighting to be successful in 2023.

In my remarks today, I want to offer the committee and your colleagues across Parliament concrete recommendations to help Canadian scale-ups grow. In particular, I would draw your attention to the need to develop a procurement strategy for SMEs, update and enhance the SR and ED tax credit, address our high-skilled talent shortage, create new frameworks for IP, study the impacts of negative FDI and bolster our cybersecurity industry.

I'll expand briefly on each of these.

In 2023, federal procurement just isn't working. Facing an overly complicated system, too many Canadian companies opt to sell their products and services to other countries, resulting in less economic activity for Canadians. For Canada to better leverage the capacities within the country, we need a federal procurement strategy that shelters decision-makers from downside risk, allowing them to pursue innovative technologies with enormous upside potential.

For years, the scientific research and economic development tax credit, or SR and ED, has been a hallmark of Canada's approach to spurring innovation. CCI was pleased that in the last budget, the government committed to a comprehensive review of SR and ED to ensure it's fit for purpose.

Now we need to see that review process begin and consultations with Canadian SMEs take place. CCI has led the way in shaping the future of this nearly \$4-billion program with a comprehensive report that offers clear recommendations to modernize, streamline and enhance SR and ED. We're calling on the government to reform SR and ED for Canadian scale-ups and bring more accountability to this program to ensure funds are going to domestic firms instead of foreign multinationals.

On talent, it's now estimated that by the end of 2025, employment in the digital economy will reach 2.26 million, or roughly 11% of all employment in Canada. This growth will only trigger demand for additional skilled professionals, and the need of Canadian companies to attract, generate, and retain top talent has never been greater.

Building on CCI's dedicated "Talent & Skills Strategy", we are calling on the government to implement a high-potential tech visa to increase labour density of skilled talent and accelerate funding for Canadian businesses that develop upskilling and retraining programs to enhance the domestic workforce.

Last year, the government announced the creation of a Canadian innovation and investment agency designed to target Canada's core innovation challenges. While we're pleased to see movement towards tackling Canada's low productivity and R and D, public innovation programming must prioritize freedom-to-operate strategies that complement a company's intellectual property and data activities. The government should implement its announced innovation policies, and institutions like the agency, with an outcomes-based lens that encourages greater business expenditures in research and development, also known as BERD.

When it comes to foreign direct investment in 2023, the prevailing sentiment within many funding agencies is that luring foreign multinational firms will deliver new jobs. Unfortunately, these programs and economic plans can have major negative consequences for the labour market and IP ownership of Canadian firms. In today's intangible economy, when a large multinational opens a satellite office to hire in-demand tech talent, there's a negative impact on local technology companies.

These negative economic repercussions must be accounted for at the outset of policy development and strategic decision-making. As such, we recommend that the government study the negative spillovers of FDI in the technology sector, such as the impact multinationals have on wage inflation and the effects this can have on smaller scaling companies that are hungry for talent. Understanding these impacts will empower the government to adapt their net benefit review process for foreign investment so that it is better aligned with the needs of the intangible economy.

• (1120)

Finally, domestic capability in cybersecurity is a precondition for our country to remain safe and sovereign in the age of digital threats. If we are not suppliers of cybersecurity solutions, Canada is fully reliant on external actors, vendors and countries that have no public accountability to Canadian citizens to design the systems that protect us. In the next national cybersecurity action plan, we urge the government to focus on building domestic partners, developing cyber-testing streams for co-developed cyber solutions alongside industry and addressing the shortage of cyber talent.

To conclude, CCI is pleased to see the government investing in Canada's innovation ecosystem. To ensure that these investments have the maximum impact for our shared prosperity, we need to implement these policies in the most effective and strategic way possible to create prosperity for all Canadians.

Thank you. I look forward to your questions.

The Chair: Thank you, Mr. Schiavo.

Now we'll go to the Fisheries Council of Canada and Mr. Lansbergen for opening remarks.

Mr. Paul Lansbergen (President, Fisheries Council of Canada): Thank you and good morning.

Thank you for the invitation to appear today. It's a pleasure to be here in person. If I may be so bold, perhaps you saved the best for the last session of your consultations.

The last time FCC appeared before this committee was in 2018, and I believe it was our inaugural appearance before FINA.

The Fisheries Council of Canada is a national association representing the wild capture processors across the country, all of whom harvest as well. My remarks today will focus on three topics. These are fisheries science, seafood innovation and indigenous reconciliation, and I'll briefly highlight why those matter to us.

Canada has a good reputation for how it manages its fish resources. In addition to our robust regulatory regime, 60% of Canada's fisheries are third party-certified to ensure that the product is sustainably sourced. This puts us second in the world among large nations for our share of landings that are certified.

Unfortunately, this is being undermined by a lack of resources to conduct the foundational fisheries science that underpins sustainable fisheries management. DFO resources for core fish stock assessment science have not kept pace with competing interests or assessment complexities.

In the east, fish surveys are not being maintained, and data gaps of multiple years exist that could result in overly precautionary decisions, despite the stocks being in good health. In the case of turbot in the eastern Arctic, this situation could potentially cost the industry tens of millions of dollars of annual revenue.

In the west, stock assessments modelling the health of the stocks have been lacking. In the case of our wild Pacific salmon fisheries, this has resulted in losing our independent eco-certification. This also means losing major investments into a sustainable program. Global markets look for the Marine Stewardship Council certification. Losing this certification can have devastating effects on the hard work done to build the market and labelling required to continue in the program, and it puts Canadian fish and seafood at a market disadvantage with consumers seeking confidence that it is sustainably sourced.

The cost of conducting fisheries science is much less than the economic consequence of not doing so. You could say that investing in fisheries science has an economic multiplier effect, which benefits coastal communities.

On this topic, we made a number of recommendations, but the most important action you can take as a committee is to recommend an increase in funding resources for fisheries science in support of management decision-making. We don't have a specific dollar recommendation, but the fisheries committee is soon to release a report that may provide more clarity on what is needed.

Moving to the next topic, the federal government continues to consider its next steps in the blue economy strategy. To support Canada's seafood sector to achieve the very best sustainable growth and production, further integrated support for innovation and technology deployment is increasingly important.

The sector—both wild capture and aquaculture—has a joint vision, which is for the sector to be one of the top three global best quality and most sustainable seafood producers by 2040.

Investment in ocean proteins is a smart investment. The High Level Panel for a Sustainable Ocean Economy has concluded that such investments carry a ten-to-one benefit ratio and connect with all priorities of this government, including environmental, health, social and economic priorities. Canada would do well to further support this foundational sector for rural, coastal and indigenous communities across Canada.

The growth envisioned for the wild capture fisheries is by increasing value rather than volume. Market-driven innovation of operations and optimizing utilization are the path to this growth. Existing innovation funding programs are due to expire in 2023 and 2024. We ask that these investments be renewed.

Lastly, on indigenous reconciliation, the government wants to see increased indigenous participation in the sector. To achieve this, it has a policy of "willing buyer, willing seller", which confirms compensation to the incumbent licence-holder for lost access. However, we have received conflicting reports on whether DFO has the funds to actually do this. Indigenous reconciliation is a national priority and one that all Canadians should contribute toward, not just individual licence-holders. No one—not even my indigenous members—believes that involuntary relinquishment of access is the approach to follow.

Industry is advancing reconciliation on its own. Where DFO wants more, it must compensate licence-holders to respect past investments made and not hinder future investments.

Thank you. I look forward to questions.

• (1125)

The Chair: Thank you, Mr. Lansbergen.

We will now hear from the Hotel Association of Canada. Ms. Grynol will give her opening remarks.

Ms. Susie Grynol (President and Chief Executive Officer, Hotel Association of Canada): Hi and good morning, Mr. Chair and members of the committee.

[Translation]

Thank you for inviting me to appear today.

[English]

My name is Susie Grynol. I am the president and CEO of the Hotel Association of Canada.

The tourism and hospitality industry shut down for two years during COVID. We did our part to keep Canadians safe. We are extremely grateful for the government support that kept us alive. It is the reason we have an industry today. Thank you.

However, those two lost years scarred the tourism and hospitality sector. One million employees left our sector in the first two months of COVID. Today we are still short 200,000 workers. According to our member survey that was in the field yesterday, 50% of our members are limiting available rooms today in our off season due to labour shortages. Think about that: Half the hotels in this country are operating under capacity because we don't have enough people.

As we approach our summer high season, our worker shortfall is projected to grow to 360,000 workers. That is two to three times higher than any other sector. It's a problem that will not solve itself without government intervention.

As a result of COVID, we also lost two years of planned development and growth. We have lost major international events. We have lost new hotel capacity and new attractions. Canada fell from fifth in the world in our global competitiveness ranking to 13th. We are falling behind countries that pivoted more quickly to meet the now surging global demand for travel.

That hurts not just the tourism sector but also the Canadian economy as a whole. We are Canada's largest service export. We employ one in 10 Canadians. We operate in every region and riding in Canada. There's not a single part of Canada that does not see tourism as a source of economic strength and civic pride.

Top-of-mind interest in travel to Canada is greater than ever. Google searches are up 100% for travel to Canada. U.S. bookings are outpacing 2019 levels by 111%. However, Canada needs a strategy to turn top-of-mind interest into action. We need to eliminate the barriers created by the lost years of COVID. We need to rebuild a devastated sector and position it for growth.

The industry is waiting for the much-anticipated tourism growth strategy that was announced in budget 2022. The government has a choice to make: Will the tourism growth strategy be a significant investment in tourism attractions, infrastructure and people, or will we have to watch as Canada continues to fall behind?

To work, the tourism growth strategy must include the following.

We need to rebuild our workforce. We are doing everything we can domestically to recruit Canadians, but more is needed. The first thing we can do is around the lowest-hanging fruit. We have newcomers arriving into Canada daily, many of them from Ukraine. Previously, we partnered with the government on a bridge program to mobilize new Canadians into available hotel jobs. We are recommending a relaunch of this program, called "Destination Employment", to help with our immediate staffing needs.

Next, tourism peaks every year in the summer. We need to be able to access a seasonal workforce. We are asking for a dedicated stream of seasonal workers, similar to what is done in the agriculture sector.

However, our needs are not just seasonal, and they are not short-term. We have permanent positions for all skill levels available year round. We recommend that we find a pathway for short-term workers who want to stay and build a life in Canada. We also need to better align our longer-term immigration criteria with in-demand positions.

On investment, the government has an opportunity to co-invest in new tourism attractions and experiences so that we can capitalize on the top-of-mind international interest in Canada. We need to keep marketing our Canadian brand to the world. We need to build back our business event segment. We need to ensure that we have enough hotel capacity to support this growth.

Committee members, please don't let two lost years turn into a lost decade for tourism and hospitality. Our industry showcases the best of Canada to the world. We are an inclusive, safe and beautiful country, a model for other nations. We are unique in welcoming newcomers across partisan lines.

Tourism is the opportunity to share with the world everything beautiful about Mississauga, Calgary, Joliette, Burnaby and Winnipeg. We can build attractions that Canadians can enjoy and share with visitors from around the globe. With the right strategy, we can seize this incredible opportunity to celebrate Canada in all 338 ridings.

• (1130)

Thank you.

The Chair: Thank you, Ms. Grynol. I'll have to throw Mississauga into that mix.

We'll now hear from the Keystone Agricultural Producers. We have Jill Verwey and Colin Hornby with us.

Is it Mr. Hornby who will be providing the opening remarks?

Mr. Colin Hornby (Manager, Communications and Stakeholder Relations, Keystone Agricultural Producers): No. It will be Ms. Verwey.

The Chair: Ms. Verwey will be providing the opening remarks.

Ms. Verwey, go ahead, please.

Ms. Jill Verwey (President, Keystone Agricultural Producers): Good morning, Mr. Chair and honourable members of the committee. Thank you for having me here today to present on behalf of Manitoba farmers for the 2023 federal pre-budget consultations.

My name is Jill Verwey. I'm the president of Keystone Agricultural Producers. I operate a multi-generational mixed farm with my husband and children near Portage la Prairie, including approximately 8,000 acres of grain production, a beef herd and a dairy operation. I'm joined today by our manager of communications and stakeholder relations, Colin Hornby.

Keystone Agricultural Producers is Manitoba's general farm policy organization, providing a unified voice on issues that affect agriculture. We're also members of the Canadian Federation of Agriculture, the lead national advocating organization for our sector, which presented to your committee in October of 2022.

Today I'll briefly discuss our top three recommendations for the 2023 federal budget. These three recommendations have been reiterated by other farming organizations, including the CFA, indicating their importance to farmers across Canada. These recommendations highlight the need for the federal government to address gaps in the agriculture and agri-food value chain.

Our first recommendation is to increase the technical support and funding for implementing 4R nutrient stewardship to ensure more farmers can participate in reducing their emissions from fertilizer use.

The 4R nutrient stewardship is a framework that optimizes efficient fertilizer use through best management practices and is something that we promote to our members. This recommendation relates to the government's voluntary target of reducing nitrous oxide emissions from fertilizer by 30% below 2022 levels by 2030.

Progress has been made by Manitoba, with farmers employing sustainable farm practices to reduce these emissions, such as using enhanced-efficiency fertilizers and inhibitors, cover cropping, precision agriculture, nutrient management planning and transitioning from fall- to spring-applied fertilizer. However, if the federal government is looking to farmers to further reduce their emissions to help meet national environmental goals, there must be additional resources to enhance the adoption of advanced practices and technologies. These emissions targets must be supported by ample federal funding and technical support for farmers.

Our second recommendation is to exempt from the carbon tax the use of propane and natural gas used to heat and cool livestock buildings and to dry grain.

KAP has been advocating to the federal government for an exemption from carbon pricing on this issue since it took effect in

2018. If the intent of carbon pricing is to change behaviour by discouraging the consumption of carbon-based products, its application on farmers is misguided, as the areas it's applied to are unavoidable components of our operations.

First, producers are price-takers when selling their livestock and grain: They have little influence on the prevailing market price of commodities. Second, in Manitoba, farmers operate livestock buildings in extreme temperature ranges, and the inside temperature must be maintained at a safe level to ensure the best management practices of animal welfare. Third, grain drying keeps the moisture levels down, preventing food safety issues such as the development of mycotoxins, and protecting Canada's brand. These exemptions for natural gas and propane are included in Bill C-234. We would welcome the inclusion of this legislative change in budget 2023.

Our third recommendation is for the increase and expansion of the agricultural clean technology fund's adoption stream, including funding for smaller projects, and increasing government cost-sharing for smaller operations.

This stream was doubled in the budget of 2022. While our sector is appreciative of this, the funding should be supplemented in this year's budget to include smaller-budget projects and farms that are not eligible under the current requirements. These are farms that cannot generally afford the adoption of the latest technologies, and accessibility barriers have been created due to the current program structure and funding limitations. Increased funding would capture many of these farms while enabling them to incorporate practices and technologies to reduce GHG emissions.

● (1135)

In conclusion, as we move into the future, we must recognize that agriculture has the answer to many challenges we face, but the government and policy-makers must be committed to working collaboratively with our industry. Farmers and others in our sector need the opportunity to provide input and to be involved in the decision-making process as we tackle these challenges that we face. Our organization, along with other farm groups, is here to work with government and industry on advancing our common interests.

Thank you again for your time. We would be happy to answer your questions. Thank you.

The Chair: Thank you, Ms. Verwey.

Thank you, witnesses, for your opening remarks. I know that after the winter break, members are pretty eager and energized to ask many questions to the witnesses.

We are getting into our first round of questions. In this round, just so the witnesses understand, there are six minutes for each party to ask questions.

We are starting with the Conservatives.

I have MP Morantz for six minutes. Go ahead, please.

• (1140)

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

Thank you, everyone, for being here. I particularly appreciate the shout-out for Winnipeg, my home town. Thank you very much, Ms. Grynol.

I'm going to start my questions with Mr. Mueller from the aerospace industry.

After eight years of Justin Trudeau, it just feels as though everything is broken in this country. We have high made-in-Canada inflation. We have high made-in-Canada interest rates. We have a carbon tax that is unfair and inequitable and does nothing to reduce carbon in our atmosphere. We have the luxury tax—which you pointed out—and other taxes as well.

It's the luxury tax as it pertains to your industry that I want to focus on with you today. I want to go back to your brief. To put it in context, your brief says that the aerospace sector is a major engine of the Canadian economy. In 2021, the industry contributed more than \$24 billion in GDP, and 200,000 jobs. It has a massive footprint, and much of it is in my home riding in Winnipeg. We have a major aerospace footprint with companies like Magellan, Standard-Aero and Boeing. The airport is in my riding, and there are a number of other things. This really hits home for residents in Charleswood—St. James—Assiniboia—Headingley, I can tell you.

You said the numbers are significant, even though they are greatly reduced from prepandemic figures. Overall, between 2019 and 2021, the aerospace industry's contribution to the Canadian economy declined by \$9.4 billion and 35,000 jobs. You would think that the government of the day would want to try to help with that situation. The brilliant solution of Mr. Trudeau's Liberal government to lessen the devastation within the aerospace industry is to bring in a punishing so-called luxury tax.

Let's talk about that tax. It's filled with virtue signalling about making sure that wealthy people pay their share, of course, but what is the actual effect? It doesn't really help raise a lot of revenue. In fact, it may be negative—as you pointed out—in terms of the cost to the federal treasury. What it really does is hurt everyday common workers in every industry it affects.

For example, you point out in your brief that while it's designed for taxing Canada's wealthiest citizens, the luxury tax is harming one of Canada's most important industrial sectors; it's penalizing aircraft operators. The industry estimates that the legislation will cost \$1 billion in lost revenue. You said a few moments ago that you are aware of actual contracts that have been cancelled. That

means jobs have been cancelled in this country because of a tax that has no valid policy reason behind it. It is filled with virtue signalling and does nothing to help the Canadian economy or jobs.

I've said a lot in my little preamble. I'm going to let you run with that.

I want you to talk a little bit more about the job losses, the supply chain issues and those kinds of things around the tax.

Mr. Mike Mueller: Thank you for the question.

I think you've raised the interesting point that the aerospace industry is found right across the country. It may not be in as many ridings as hotels, but right across the country, in every single region of the country, you have an aerospace sector.

You're right to point out that through the pandemic, we lost 35,000 jobs. Our GDP contribution went down \$9.4 billion. We were appreciative of the government for some funding support in budget 2021, which was great, but we have a lot of very serious concerns with the luxury tax that is being placed on the industry. It came into effect on September 1. There's a 10% tax on the manufacturers of those aircraft.

You're right to point out the 35,000 jobs. These are highly skilled, highly paid jobs in every region of the country.

One of the points that I think is sometimes lost, which I really want to make clear, is that this is not just on the manufacturers; this is on the supply chain, which goes right across the country. We're seeing impacts in British Columbia, Winnipeg and Montreal, obviously, where a lot of the planes are manufactured. There are huge ripple-out effects right across the country. There are big concerns.

We were also very concerned that the government did not do its own economic analysis in bringing in this tax. That's why we went out to HEC Montréal to do an independent study. That independent study showed 2,000 jobs being lost. Of those, 750 jobs were on the manufacturing side; the rest were across the supply chain, right across the country. The report also showed a reduction of \$29.9 million in income tax being paid by those workers who are no longer going to be there, while the Parliamentary Budget Officer is predicting a \$9-million return in taxes. The numbers just don't make sense.

I think the bottom line is that if you're building fewer planes, which we will be because of the tax, you're employing fewer people to build those planes. That's the bottom line.

Thank you.

• (1145)

Mr. Marty Morantz: Thank you very much for that answer.

How much time...?

The Chair: You have 30 seconds.

Mr. Marty Morantz: I have 30 seconds. Okay.

Mr. Mueller, the Liberal government is here. What would you like to say to them about removing the luxury tax?

Mr. Mike Mueller: I would say to the government that we thank them for the investments they made in budget 2021, which were very much needed coming out of the pandemic, but this luxury tax needs to be.... Aircraft need to be removed from the luxury tax, because it's hurting the industry and it's hurting workers, and the impacts are going to be felt right across the country.

Thank you.

The Chair: Thank you.

Now we're going to the Liberals. I have MP Baker for six minutes.

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

Thank you all for being here.

I wish I had time to ask all of your questions. I'll try to spread them around a bit. If I may, I'll ask for your assistance in keeping your responses as concise as possible so that I can get to everybody to whom I would like to ask a question.

Mike, it's great to see you here again today. As you know, I had the privilege of working with you and your colleagues as the Liberal member on the aerospace caucus in the prior Parliament. I'm really proud of that work.

One of the things I wanted to do was ask you about the work that we're doing, that your members are doing and that the industry is doing in supporting the brave people of Ukraine. Of course, the Government of Canada has provided significant military aid to Ukraine.

I wonder if you can talk very briefly about what the impact on your sector has been with those investments that we're making.

Mr. Mike Mueller: Thank you, MP Baker, for your interest and for always supporting our industry. It's been greatly appreciated, especially your leadership on the Ukrainian file.

We had a lot of companies spring into action right after the illegal invasion of Ukraine, wanting to know how we could leverage the aerospace industry to help out the people of Ukraine. We had companies that sprang into action, helping to airlift material and a whole host of different items. I really thank you for your leadership and for helping us facilitate some of those pieces.

On the defence procurement side, again, whenever we can help, we are there to help. As I mentioned in my opening remarks on NORAD modernization and the defence policy review, there's a lot of very significant funding coming down the pipe, and industry needs to be a part of that. Collaboration has to be there with industry to help fulfill the needs that are out there in an increasingly dangerous world.

Mr. Yvan Baker: I really appreciate that, and my thanks go to your members for stepping up. I know that they will continue to do so, as we need to do more to not only support the Ukrainian people but also reinforce our own security. Thank you for that.

You mentioned the investments in budget 2021. Could you briefly mention, for those who aren't familiar, what those were?

Mr. Mike Mueller: Obviously, the aerospace sector was hit harder than most through the pandemic with the restrictions in place. Budget 2021 submitted \$1.75 billion dedicated to aerospace through the SIF program, which we were grateful for, and then the aerospace regional recovery initiative, which was \$250 million for small and medium-sized businesses.

As part of our recommendations to the committee, we are making some recommendations with regard to those two programs in order for companies to access the programs in an easier manner and to have more companies access them in a timely manner. We're seeing slow uptake and a slow process in getting some of the announcements. It was announced in budget 2021, and we're now just starting to see announcements. We're recommending that the program specific to ARRI be extended even further to enable those small and medium-sized businesses to take advantage of the program that is there.

I think it's important to note also that in the context of all this, what is very much required is an aerospace strategy. We have funding on the innovation side and we're recapitalizing the air force as we're moving forward, but we don't have that overarching strategy that our competitor nations do, and it is very much required.

We were encouraged by Minister Freeland's comment on industrial strategies. We are looking forward to those kinds of discussions. They're absolutely critical for our industry in particular.

• (1150)

Mr. Yvan Baker: I really appreciate that constructive input, Mike. Thank you.

I'm going to switch gears. I think I have about two minutes left.

Ms. Grynol, like other members, I will try not to take it personally that you didn't mention Etobicoke on your list of locations where we could build hotels.

Voices: Oh, oh!

Mr. Yvan Baker: Nevertheless, I'm interested in your sector and the contributions it makes to my constituents and people across Canada, so I'll ask you a question about that.

During your introductory remarks, I wrote down what you said—forgive me if I have misquoted you—about the supports provided during COVID. You said that they were “the reason we have an industry today”. Did I accurately portray what you said earlier?

Ms. Susie Grynol: Yes. That is accurate.

Mr. Yvan Baker: Okay. I appreciate that.

One thing we hear from some members, unfortunately, in the House—I can be frank about this—is that the support provided during COVID was wasteful spending. We hear that. I think you've probably heard that. Do you agree with that characterization?

Ms. Susie Grynol: Certainly I don't, for the hardest-hit sectors. We have been on life support for the last two years. We had absolutely no way of operating over that time period. If the government had not chosen to invest in our employees so that we could maintain those relationships and had not chosen to invest in the fixed costs support, we would have lost all the assets across this country.

At the time of the COVID period, we were forecasting, month after month, that more than 60% of the industry would have shuttered permanently.

Mr. Yvan Baker: I appreciate that. I have only a little bit of time left, so I'll just say thank you for that.

I guess what I would say is that my takeaway from this is that after more than seven years of this government, a lot of the problems that were there when we took office are actually being fixed.

Thank you, Chair.

The Chair: Thank you, MP Baker.

Now we're off to hear from the Bloc and our colleague MP Ste-Marie.

[*Translation*]

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

Greetings to all the witnesses and thank you for being here today. It's nice to see some witnesses in person. Hello to all those with us by videoconference as well.

This is our last day of consultations before we make our recommendations. Because time is limited, I won't be able to ask everyone questions, but I want the witnesses to know that all of their testimony, recommendations, briefs and reports are being read and considered. We really want our recommendations to reflect all voices, including those who may not have had the opportunity to come before this committee and provide testimony. We received 706 reports and they are being reviewed. I hope our committee will take note of them.

My questions will be directed to Mr. Mueller of the Aerospace Industries Association of Canada.

Thank you for your recommendations, Mr. Mueller. I will try to come back to them in another round. I'd like to ask you first about the select luxury items tax.

On this committee, we're really concerned about the form of the luxury tax. I, for one, am all for the principle of taxing the wealthiest in our society to ensure greater redistribution of wealth. However, I may have concerns about how this tax is applied and the impact it may have.

My colleague Mr. Chambers introduced a motion about this, and we passed it, asking the department to do a real, concrete impact study. I must point out that the tax was passed without an impact study. We're waiting to meet with officials and read the final report.

We will challenge the minister on this at committee to see what can be done.

The impact study still hasn't been done, but I understand that a certain study was done, and that's a very good thing.

Before talking about that study, Mr. Mueller, I have a question for you. Over the past few months, we've heard the government say that Canada's aerospace companies are doing well, which means the luxury tax has not affected them.

What are your thoughts on this?

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

[*English*]

It's a very good question, and those are very good comments.

I'd like to thank you, Mr. Ste-Marie, for your support for our industry, in addition to that of your colleague, MP Savard-Tremblay, who is on our parliamentary aerospace caucus.

While I'm thanking people, Mr. Chambers, I thank you too for moving that motion, because we were very concerned with respect to not knowing the clear economic impact of this tax from the government, which is what led us to go out and get an independent study done by HEC Montréal and Professor Roy.

The results were even worse than what we had predicted. We had gone out to industry, and we did some consultations, just in trying to get a sense of the impact. I think that was before the committee report predicting the potential for over 1,000 jobs being lost, but the report came back and was showing over 2,000 jobs being lost because of the tax.

I don't understand the rationale behind this kind of tax, because it's a tax on manufacturers. It's a tax on those producing the goods versus a tax on those who are using the goods, as you've pointed out.

As I said before, we were very grateful to the government for putting money in budget 2021, which is needed and is being accessed by industry, but then, on the flip side, it's counterproductive to put a 10% tax on aerospace products. As I said before, lots of times folks think of the aerospace sector as being predominantly in Montreal, but it's right across the country. We see the impacts of the tax, and they're going to be spread right across the country. We have companies in British Columbia, companies in P.E.I. and companies in Winnipeg and right across the board here.

We're very concerned about the impact of the tax. We're very concerned that the government did not do an economic analysis before bringing the tax into place. We're eagerly awaiting some of your deliberations on that matter.

• (1155)

[*Translation*]

Mr. Gabriel Ste-Marie: On the same matter, the government claims to have consulted with industry and changed the tax to reflect issues raised by the aerospace industry. Can you confirm that?

Is that enough for your industry?

[*English*]

Mr. Mike Mueller: There was some consultation. We did consult on it, but we don't think it was enough consultation, obviously, because of the lack of economic impact information from the government and not knowing what would be coming into place. They did take our recommendation on amending a certain piece of the legislation with respect to how money is taken from industry when the product or the aircraft is being exported. There would have been some pretty significant cash flow considerations if that hadn't been changed.

We are appreciative of the government's making that change, but there are still significant recommendations we are making with respect to charter services. I know that some companies are having issues with that. Also, the threshold for how one defines “personal use” versus “business use” is unrealistic, in our view.

[*Translation*]

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

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

[*English*]

Now we're going to the NDP. Welcome, MP Green, to our committee.

Mr. Matthew Green (Hamilton Centre, NDP): Thank you, Mr. Chair.

Thank you to the committee members for welcoming me here today. Thank you to the witnesses.

I am sitting in for my colleague and dear friend Daniel Blaikie, who could not be here but sends his regards. He certainly has a keen interest and will be following up accordingly.

The questions that I have prepared today are in response to Ms. Sarangi and Campaign 2000.

Ms. Sarangi, welcome back to the finance committee. Thank you for taking the time to meet with us today.

In the 2022 pre-budget consultations—almost exactly a year ago now—Campaign 2000 spoke about the need for the CERB repayment amnesty for low-income Canadians. Now, in 2023, there is still no plan in place for this low-income repayment amnesty.

You referenced some of this in your opening remarks, but perhaps you could share with us what has changed since last year for low-income Canadians who are struggling with CERB debt.

Ms. Leila Sarangi: Through the Chair, thank you so much for your question, Mr. Green, and for inviting me back to speak.

We have been tracking the impact of the CERB since the early days of the pandemic, around April 2020, when it had interactions

right away with people who were on social and income assistance in most provinces and territories.

The lowest-income people in our communities were experiencing clawbacks because they received the CERB, and they received the CERB at that time because they were being told by their case-workers, by CRA and by government discourse, “Apply for these benefits. We are leaving nobody behind.” Threshold eligibility requirements were changing constantly, especially in those early days.

We've been asking for a CERB repayment amnesty. We are coming into the third year of the need for this.

Over time, what we all know has happened, especially over the past year, is this unprecedented rise in inflation when food costs—food inflation—are outpacing overall inflation. People do not have the money to deal with CERB debt, and they are really struggling to meet their basic needs. These are our basic human rights.

We have government obligations and commitments—multiple commitments that we've made—and things are so dire for people, especially over this last year. It is really when you're in the community and speaking with constituents that you can see there is nowhere for people to turn. I think we've all seen these pictures of people lined up outside food banks. Social assistance and disability assistance programs are what people are turning to, but those are leaving them in destitution.

People are having a really hard time. Putting a debt that goes up to \$14,000 onto these folks and asking them to enter into repayment plans of \$5, \$10 or \$15 a month, which is a debt they would carry for 40 years, goes against all of our obligations and commitments, and it puts a lot of pressure on these folks.

• (1200)

Mr. Matthew Green: Thank you. Certainly those stories are very difficult to hear.

I want to reference for a moment the report that just came out called “A Just Recovery for Hamilton”. It's a 2023 report that was released in my city just this week by a coalition of 20 social service agencies, and it referenced the good that CERB did.

You may or may not know, but in Hamilton, we had a pilot for basic income. The way in which it lifted people out of poverty... In Hamilton, for instance, the CERB and CRB program impacted 20% of Hamilton residents, allowing them to buy essential goods for their families, yet now we have this scenario in which the CRA seems intent on pursuing them.

However, when I reference headlines, they say it wouldn't be worth the effort to review all of the ineligible pandemic payments that relate to wage subsidies. That's billions of dollars that went to big corporations that then laid people off and in many cases paid out significant shareholder bonuses, including to ridiculously wealthy CEOs.

The Auditor General's report examined the CRB and the CEWS. It estimated that \$27.4 billion “should be investigated further”, and of that, \$15.5 billion was paid out to the wage subsidy, meaning that it went to employers directly.

Can you talk a bit, from your perspective, about the opportunity cost of having the CRA—which is spending our money, good money after bad—doggedly pursuing the lowest-income people who are struggling to get by in record-high inflation, while simultaneously allowing the wealthiest corporations in this country to walk away without any type of liability?

Ms. Leila Sarangi: Thank you for pointing out that important point.

I believe that the federal government has earmarked over a quarter of a billion dollars to pursue these individuals on low income, who just do not have.... Even \$5 or \$10 a month out of their budget means they're making choices around what food they're not going to buy for their kids or what medication they're going to skip that month.

We're really concerned with reports that the wage subsidy is not going to be looked at in the same kinds of ways. The focus is going to be on pursuing these low-income individuals and families, who really need government support right now, while letting big corporations and their wage subsidies off the hook.

We know that the government didn't ask for.... The Auditor General report that came out just last month says that they didn't even collect enough data to find out if the wage subsidy did what it was supposed to do, which was keep employees on the payroll. That is what the government should be investigating. That is where the government should be putting its attention towards recouping amounts and revenues. It shouldn't be from individuals and families who are struggling.

• (1205)

Mr. Matthew Green: Thank you.

The Chair: Thank you, MP Green.

Members and witnesses, we're moving into our second round. In this round, the time is a little different for each of the parties. We're opening up with the Conservatives for five minutes.

MP Lawrence, you have five minutes.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Thank you very much.

I think, as you said, Mr. Lansbergen, maybe we saved some of the best for last. There has been some great testimony today.

Three of the critical elements for economic growth in any industry are innovation, labour and capital. It's my assertion—and I think we'll establish and prove points—that this Liberal government has been undermining all three of these elements.

I'll start with you, Ms. Grynol. As we look forward—and your industry was obviously hit very hard in 2020 and 2021 through the pandemic—can you talk a bit about the labour challenges your industry is experiencing?

How is the government helping you by having a 2.1-million-person backlog in the immigration system? Are we getting the newcomers we need to help you with your industry?

Ms. Susie Grynol: The labour challenge in our sector is acute, as I've indicated. It is the single biggest barrier to our growth.

The biggest challenge with the immigration system, whether people are coming in the short term or they're coming in permanently, is that the in-demand workers we need in our sector are not allowed in through that system. Fundamentally, there needs to be reform over the long term if we're going to solve this challenge. We have also put recommendations forward around what we can do in the short term and the immediate term.

In the immediate term, we are recommending a program that would support newcomers to Canada. It's one we've run successfully with the government in the past. It's called “destination employment”. That would be the lowest-hanging fruit, targeting, in particular, Ukrainians who are here. Many of them are unemployed and could easily come into our sector. We could accommodate any skill level and any language ability. We have all kinds of training opportunities for these individuals. That's the immediate opportunity.

We're also looking for reforms to the temporary foreign worker program, in which we could have a dedicated stream.

It really comes down to prioritization and processing. I will say that at this point in time, our industry is not a priority.

Mr. Philip Lawrence: Thank you very much. It is very telling.

The other issue—and then I'll move on to the Council of Canadian Innovators—is, of course, the marginal effective tax rate. For a low-income parent, it is around 75% to 80%. As I understand it, a lot of the people in your industry are women and a lot of them, of course, have children as well. They're going to keep only 25¢ or 20¢ on their next dollar earned. That's a real challenge for you. As I said, I think the government has systemically, over the last eight years, undermined the labour market.

I'll move over to the Council of Canadian Innovators.

When it comes to innovation in Canada, I don't think I'm.... According to the OECD and other multinational measures, Canada is lagging behind. Nicholas, am I incorrect in that? Is that a fair commentary?

Mr. Nicholas Schiavo: That is correct.

Our economic output per capita has been the worst among advanced nations in the OECD since the 1970s, and this a trend that we expect to continue until 2060.

Mr. Philip Lawrence: Okay.

We are seeing that innovation is a real struggle for our country going forward and we're seeing the struggle in the labour market. I'm going to talk a little bit about capital now and go to you, Mr. Mueller.

When we talk about taxation and the luxury tax and we take money directly from a company, does that worsen or improve your members' ability to invest in their businesses to make them more competitive on the global market?

Mr. Mike Mueller: Yes, I think it would, but there's also the international reputation piece to that. When I speak to my international counterparts, they ask how it's going in Canada. When I talk about the luxury tax in particular, they look at me with disbelief. They say, "We want the industry that you guys have. We can't believe the government is putting a tax on your industry when we want what you have."

It's almost good for them, but they can't believe that the government would be doing that. I think it's important to point out also that fewer aircraft being built equals fewer jobs. It's also very rare for industry and unions to come together on the same side of the table and to say, "Don't do this because it's bad for jobs." These are high-skilled, high-paid jobs on which there is going to be an impact.

• (1210)

Mr. Philip Lawrence: Thank you very much, Mr. Mueller. My time is limited.

We've heard from three separate industries strong proof points that innovation, capital and labour have all been undermined over the last eight years. Canada is indeed broken, and these Liberals have broken it.

The Chair: Thank you, MP Lawrence. Now we move to MP Dzerowicz.

Go ahead, please, for five minutes.

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

I want to say thanks to all the amazing presenters today. I wish I had time to ask all of your questions.

I will begin with the Council of Canadian Innovators and see if I can find my way back to the table here.

We, as a federal government, are recognizing that we need to do more around innovation and invest more to set Canada up for continued success in moving forward. In our last budget we announced the creation of a Canadian innovation investment agency as well as the review of SR and ED, among many things.

Mr. Schiavo, I do want to delve more into your recommendations, to make sure I'm very clear. I think they are very important. You were quite clear about the federal procurement strategy and the

need for it to be less complicated and much easier for Canadian innovators to enter into. Thank you for that.

In terms of SR and ED, I heard you loud and clear: We need to begin the consultation on that review. As well as that, I appreciate that you have a full report out, which I will be reading. I think we're anxious to get going on that as well.

My first question is really around your third point, around talent. There actually is a global talent stream. It was very deliberately set up for technology talent and some of the most sought-after, highly skilled workers around the world. It's supposed to be able to bring in workers within a two-week time period.

Can you talk to why that program is not working for you? What specifically would you be looking at adjusting in that program so it could better ensure that we are attracting some of the best talent around the world?

Mr. Nicholas Schiavo: Thank you for that question.

Let me begin by saying I think the global talent stream is an initiative that has helped our industry tremendously. CCI is actually a designated referral partner in that program, so it's something we interact with all the time.

In terms of ameliorating that program, I would say increasing the thresholds in terms of the amount of skilled talent we can bring into Canada would be very helpful. To speak to some of our recommendations, we're also looking at other strategies whereby we can have skilled talent come to Canada without a job offer on what is known as a high potential tech talent visa. This is something other countries have implemented quite well. The idea is to really bolster the labour density in these communities. The more you bring this high tech talent into these communities and bring that connective tissue, the more likely they are to embed themselves in our SMEs.

I would also say we would love to see federal leadership in terms of convening research institutions and the provinces and territories and bringing people together to have a national summit around high-tech talent.

Ms. Julie Dzerowicz: Thank you. That's very helpful.

You talked about an IP strategy, which is very important. As well, you talked about patent collectives. We did invest \$30 million into a patent collective pilot that's been focused on clean tech.

I want to know whether you think that's been successful, whether you think it needs to be renewed and how you think we should expand that project.

Mr. Nicholas Schiavo: Absolutely: I think the Innovation Asset Collective has been a huge success. This is an organization that we work quite closely with.

Actually, in the most recent months, we submitted a letter of support not just for the renewal of that program, but also for its expansion. Really, I think our ask to government is to see that program renewed, yes, but with more funding and a greater focus on other sectors as well—health tech, fintech and cybersecurity—just because the model works quite well.

Yes, we would love to see that program continue and grow.

Ms. Julie Dzerowicz: I'll go to my next question.

There's a huge shift in our economy. We're moving more from “tangible” assets, as they say, to intangible assets, which is why we talk a lot about IP protection, data and freedom to operate. What would be some of your next-step recommendations to make sure we're putting some of those rules into place so that Canadian businesses know what those rules are and they'd be able to succeed?

Mr. Nicholas Schiavo: I'll give two very tangible examples.

One, as you mentioned, comes from budget 2022, and that is a patent box regime. Again, this is something that many other countries do very well. The idea is that you are taxing commercialized technologies that are developed here in Canada at a lower corporate tax rate to really encourage those patents. This is something that we should get up and running as soon as possible.

Another idea, which Israel does quite effectively, is a payback clause in terms of IP. When a company decides to offshore or sell technology that has been publicly invested in by Canadian taxpayers, there would be an obligation to repay that investment back to taxpayers, typically at a multiple of two or three times, just as a private sector investor would expect. Again, the idea is really to stimulate opportunities to protect that intellectual property and create that wealth over time.

• (1215)

Ms. Julie Dzerowicz: Do I have time? No? Okay.

Thank you so much.

Mr. Nicholas Schiavo: Thank you.

The Chair: I know. It goes quickly.

We now go to the Bloc and MP Ste-Marie, please.

[*Translation*]

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

Mr. Mueller, you echoed the position of the aerospace union and the concerns they have about the luxury tax.

I'd like to quote David Chartrand, who represents the International Association of Machinists and Aerospace Workers in Quebec: “We agree that we need to get the wealthiest to do their fair share, but this tax does not do that. In its current form, this tax is hurting aerospace workers and our economy, the government needs to review how its tax works”.

Do you agree with his analysis, Mr. Mueller?

[*English*]

Mr. Mike Mueller: Yes, absolutely. The government should review it and take a look at the impacts of the tax. It is hurting workers. It's hurting manufacturers.

Again, as I said before, it's interesting when you have union representatives and industry representatives coming to the same table at the same meetings and saying the same things, like: “Please don't do this. It's going to hurt workers and it's going to hurt high-skill, highly paid jobs.” Also, then, it's going to hurt the capability and the capacity of the aerospace sector in Canada.

If I could just go back, I think the overall piece is that aerospace strategy. That was my first point in my opening remarks. It's absolutely critical that we have an aerospace strategy. It's my firm belief that if the government—and I hope all parties would agree with the need for an aerospace strategy—identifies aerospace as strategic and puts in place a strategy, you wouldn't have these one-offs and you wouldn't have policies working in contradiction to each other, which is what we're seeing now.

There's money being put into innovation, which we are grateful for, but then the luxury tax is hurting manufacturers, hurting jobs and hurting the capacity and capability that the other funding is looking to build up. There's a little bit of a contradiction there.

[*Translation*]

Mr. Gabriel Ste-Marie: Yes, it's important to have an overall strategy to support such a significant sector.

I'd like to remind my colleagues on the committee that every country with an aerospace industry of this size and scope has a strategy focused on support, vision and cooperation. All those countries have one, except Canada. That needs to change.

Thank you, Mr. Chair.

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

[*English*]

Now we go to the NDP and MP Green.

Mr. Matthew Green: Thank you very much.

I want to go back to Ms. Sarangi and the 2023 “A Just Recovery for Hamilton” report. I want to highlight something she talked about in terms of food banks.

In Hamilton, 75% of people accessing food banks are on social assistance. Poverty among seniors and those with disabilities in Hamilton has increased over the past several years. From 2016 to 2021, our seniors' poverty rate, which had been 11%, rose to 12%. People in Hamilton on provincial social assistance have seen their supports completely stagnated, with people on ODSP having an annual income of \$9,600 below the low-income poverty line. For the folks on Ontario Works, in many cases for them it's even worse, with their supports being frozen at \$733 a month. There's stagnation in social supports coupled with the astronomical increase in the cost of food and rent and the basic necessities for survival.

I'm wondering if you could take the remaining moments here and share what you're hearing in terms of the human impacts of legislated poverty across the country, based on the stories that you've heard and the work that you've done.

• (1220)

Ms. Leila Sarangi: Thank you for that question.

No social or disability assistance program in any jurisdiction across the country brings people's incomes to that low-income measure. That low-income measure is not a thriving income; it's just getting by, day to day. The stories I hear are horrendous. People call my cellphone all the time in desperation. There is nowhere—nowhere—for people to turn.

We are really encouraging this government to not make things worse and to implement a CERB amnesty immediately, and to then look at the Canada social transfer. That's the block transfer that goes to provinces and territories to fund these programs. Increase investments in those and tie them to conditions to make sure they're advancing our human rights obligations.

Mr. Matthew Green: On that note, I'm sure you're familiar with the Liberal government promise to introduce the Canadian disability benefit without delay. That was some 870 days ago. I'm wondering if you would see a national disability benefit program for consideration in this 2023 budget to help lift people out of poverty as well.

Ms. Leila Sarangi: Absolutely. That is an urgent priority.

We would also like to see a disability benefit for children and a caregivers benefit for their caregivers. Children and the families who are caring for children with disabilities are not included in that federal disability benefit. Both of those things are extraordinarily urgent and should be moved on as a number one priority.

The Chair: Thank you, MP Green.

Now we will move to the Conservatives and MP Chambers.

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

Mr. Lansbergen, you mentioned in your opening remarks the willing buyer and willing seller model. Just to clarify, are you suggesting that this model isn't actually occurring or that there are circumstances in which that's not the case?

Mr. Paul Lansbergen: Yes. We have two live cases in which the willing buyer and willing seller policy of the federal government, as stated by Minister Jordan on March 3, 2021, is not being followed. There is the elver fishery in Atlantic Canada and the Dun-

geness crab on the west coast. The government is essentially expropriating part of the individual licence-holder's access to reallocate to indigenous interests.

Mr. Adam Chambers: Indigenous reconciliation is obviously very important. It includes economic reconciliation, so it makes sense that the government is trying to increase participation in the industry. At the same time, having a licence-holder's property expropriated with no compensation doesn't really seem to be the principle or the initial intention of the policy. Is that correct?

Mr. Paul Lansbergen: Yes.

You know, the government doesn't necessarily have to intervene to increase indigenous participation in the sector. As I said, it is happening through industry collaboration and through non-indigenous and indigenous interests. They will come together to bring more indigenous participation in the sector, whether it be company-owned, by buying the assets and the access from non-indigenous interests or the government programs. There are integrated commercial fisheries initiatives for Atlantic Canada, Pacific Canada and even the Arctic. That's where the government would give money to indigenous communities and help them train, and then they would go and negotiate a transfer from the incumbent licence-holders.

Mr. Adam Chambers: Do you have any idea of... Is there is an amount of money that might help this situation?

Mr. Paul Lansbergen: It's difficult to say, because it depends on how much access the government wants to transfer and in which fisheries, because they have different values.

I would say that it's in perhaps the tens of millions of dollars as opposed to, say, hundreds of millions, and certainly not into the billions. Again, it depends on how much, how quickly and how it's done.

Mr. Adam Chambers: Thank you very much.

Mr. Paul Lansbergen: Thank you.

Mr. Adam Chambers: Ms. Grynol, when a hotel room goes empty for a day, you can never recover that potential lost revenue. You're suggesting that 50% of your members have vacancies not because there are no people wanting to take the rooms, but because there are no workers to support that business. Is that right?

Ms. Susie Grynol: That's correct. In a survey of the field yesterday, 50% of our members said that they are limiting hotel room capacity. Of that 50%, 90% are saying that they're limiting up to a quarter, and we're in our off-season today.

Mr. Adam Chambers: Wow. This was just yesterday, I assume.

Do you have any estimates on how much this is costing or could cost the Canadian economy? If you don't have it now, let's find it. If you would be—

• (1225)

Ms. Susie Grynol: I do.

Mr. Adam Chambers: That's great. Wonderful.

Ms. Susie Grynol: As you asked, I do have that.

Let's look at just a hundred-room average hotel. The cost of not having a labour supply is \$725,000 in lost revenue for the year. In profit, that's 43% down from a normal year. Rolling that up to an overall industry impact, it would be an annual loss of \$3.3 billion in revenue lost. That will only increase as we get to the summer periods.

Mr. Adam Chambers: This is potential tax revenue from profits from a small business. It's from employees who have a job and would be paying taxes.

You've heard about this global talent stream that can bring people here in two weeks.

Ms. Susie Grynol: Yes.

Mr. Adam Chambers: Why are we doing this between industries and picking who should get in faster than others? Why can't everybody come in the two weeks if they meet the criteria, or if you've used the worker program before, why can't you be fast-tracked, like in NEXUS?

Ms. Susie Grynol: That's an excellent question.

It is part of our recommendation that the government look at all of the systems and ways in which people come into the country and effectively prioritize the most in-demand sectors, and we certainly fit that bill. That is one of our primary recommendations, because if we do that and we invest in the labour force, we can capitalize on what is historic demand for Canada today. If we don't do that, we'll be letting other countries eat our lunch.

The Chair: Thank you, MP Chambers.

Now we'll go over to the Liberals and MP MacDonald for five minutes.

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

Thank you to all the witnesses who are here today.

I have a couple of pages of questions, but I know that I won't get to all of them.

I'm going to start with the Fisheries Council of Canada and Mr. Lansbergen.

One of your recommendations surrounding the fisheries science is to conduct a review of other countries and compare those practices in the area of fisheries science. Do you have any specific practices from other countries that you would like to see Canada adopt?

Mr. Paul Lansbergen: That's a good question.

I think that as we move forward, there are new technologies that can come to bear, in particular to make fish surveys. Instead of having vessels go out and do comparative trawls and trawls, maybe there are new technologies we can use—radar technology or something else—that would estimate the abundance of fish stocks.

Maybe some countries like Iceland or Norway are ahead of us in that respect. It's difficult to say, because some countries don't have the same diversity of species that we do. It's perhaps simpler for

them to conduct that fisheries science. We also have the longest coastline in the world, so there are some challenges, but it never hurts to look at what others are doing.

Mr. Heath MacDonald: We know that just recently there was a moratorium on redfish, and it's supposedly coming back. There were discussions with the Canadian independent fisheries yesterday.

Another one of your recommendations was to “engage with industry” to “leverage industry resources promptly to guarantee assessments”. Can you expand on what resources you're referring to relative to the industry itself?

Mr. Paul Lansbergen: Yes. Thank you.

In some fisheries, the industry is the primary purveyor of fishery science. For shrimp, for example, the industry has been doing the fish surveys for 20 years and it has never missed a beat. However, in the eastern Arctic for turbot, the government has been relying on Greenland for a vessel. In recent years, there have been challenges securing that vessel. We don't have our own vessel to use. It resulted in four years of data gaps. That's obviously troubling. The survey occurred this past fall, using the Greenland vessel.

In other fisheries, we've been relying on aging Coast Guard vessels. The new ones have now come on stream. They've had some challenges in commissioning and things like that.

Hopefully the worst is behind us, but we're still very concerned. The government needs to have a backup plan in case it has problems. It needs to give us enough notice so that we can use one of our vessels. We can configure it the exact same way as a Coast Guard vessel. If you give us a month's notice, we can probably make it happen. If you give us three days, it's not possible.

Mr. Heath MacDonald: Obviously, coming out of the pandemic, there are global economic challenges. As we hear around this table from time to time, we have to be mindful of our spending. I think our most recent budget was targeted spending. It was a good budget.

What are some of the regulatory changes the government could make that you believe would be beneficial to the industry without necessarily carrying a price tag? Are there policies or regulations that need to change that could have a positive effect on your industry?

• (1230)

Mr. Paul Lansbergen: That's a great question.

As part of the blue economy strategy, the government is conducting a regulatory review now, with a consultation deadline of March 17 or something like that. We're working with our members to collect examples of regulations representing a barrier to innovations.

One of the examples that I'm looking at the most is the gear type regulations, which can be quite prescriptive. They say we need to use a certain gear equipment in a certain fashion. We're coming up with innovations that will enable us to be more efficient and perhaps have less bycatch and fewer other environmental impacts. However, the regulations may not be able to provide an opportunity to do that.

That's one of the biggest areas I think we need to look at first.

Mr. Heath MacDonald: In 30 seconds, I'll ask this very quickly.

How can we increase our competitive level nationally and internationally?

For competitiveness among other countries in your sector, is there any one particular item that stands out and says we could grow this sector?

Mr. Paul Lansbergen: I think the biggest thing is a change in culture within DFO, so that it views itself as a champion for the industry and not just a regulator of our resources.

The Chair: Thank you, MP MacDonald.

Members and witnesses, we are moving into our third round. We have enough time for one more full round.

We are starting off with the Conservatives and MP Hallan.

Mr. Jasraj Singh Hallan (Calgary Forest Lawn, CPC): Thank you, Chair.

Thank you to the witnesses.

Ms. Grynol, we know how hard the tourism industry was hit in 2021. From speaking with many people from the hotel industry, and especially the travel industry, we know that women and single moms were hit the worst.

A lot of the complaints back then were that the vaccine mandates for travel were a big issue. People who were vaccinated, and even those who were unvaccinated, were going to countries that had looser restrictions at the time. That was one of the biggest complaints, especially from the single moms who got hit the worst during the pandemic.

In 2021, we saw that vaccines were available in Canada. We saw countries with lower vaccination rates than Canada lifting their restrictions at the time. We also saw an unnecessary election called by the Prime Minister. At the time, it was okay to be around big gatherings and all of that. Those people from the tourism industry were asking how come it was okay for those big gatherings to happen, while they were getting hit with restrictions that limited how much money they could make, because people didn't want to come to Canada because of the restrictions?

All of that, along with a report from the court that said Canada's top health expert did not recommend a vaccine requirement before boarding a bus, train or plane, point to this being more political science than actual science.

How hard was the industry hit?

That's the first question, because we see that the requirement for vaccinated passengers on planes and trains was lifted only on Octo-

ber 2022, after a summer that could have been very successful for the industry.

How bad an impact did those mandates have? Let's start with that.

Ms. Susie Grynol: They were central to our industry being closed for that period of time. I think all Canadians believe that many of those restrictions were required at the time with COVID, and we certainly supported them. We did what we needed to do to keep Canadians safe.

You are correct that Canada did open later than some other countries did. In our sector, that's why we were last to market to hire people back. That's why many of our employees shifted to other sectors that were open over that time period. Other countries did open before Canada, so that has also put us at a competitive disadvantage, because they are way ahead of us in terms of investing in their tourism growth strategies, to the tune of \$2 billion over three years in France, \$1.2 billion in Australia and 1.6 billion euros in Spain. There is a wonderful moment here for Canada to rebuild our tourism sector, which was deeply devastated, at a time when demand for Canada is at an all-time high.

Those investments would also be worthwhile when we think about the looming recession. Historic data would show that the tourism and hospitality sector is effectively recession-proof, in the sense that it's not one of the things that get cut. As we are looking at a recession and we are an industry that is poised for growth, we are truly hoping the government will make the kinds of investments we need to see to build the next Fogo Island Inn and to invest in those attractions so we can welcome the world to Canada and meet our growth potential.

• (1235)

Mr. Jasraj Singh Hallan: Do you have numbers on how much loss there was, especially last summer, because people did not want to come to Canada or because they couldn't get into Canada because of those restrictions?

Ms. Susie Grynol: Last summer the sort of recovery in travel was driven by domestic travel. We really just had Canadians circling around Canada. Our international visitation measured by spend was down by 45% over the summer period. We did have some traffic come back, particularly our U.S. visitors, who would get in the car and come over—what we call “rubber tire traffic”—but we did miss out on the international visitors last summer for sure.

There were also impacts on those big global events that would come to Canada. They looked at Canada and just saw that we were not open for business over that time period. That's why we have included a bid fund in our recommendations. It's so that we can attract back some of those major events that have overlooked Canada in recent years.

Mr. Jasraj Singh Hallan: Thank you.

The Chair: Now we go over to the Liberals with MP Chatel for five minutes. Go ahead, please.

[Translation]

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

I'm pleased to see all my colleagues on the Standing Committee on Finance again.

Ms. Grynol, it may sometimes be difficult to hear what you have to say because it reminds us of the hard times we experienced over the past two or three years. In addition, members of your association who work in the tourism sector here in Ottawa went through the trucker convoy and occupation. That made things much worse still. I've spoken to some members of your association, and they told me how difficult it was for the hotel and conference industry to get people coming back to Ottawa. We're working on that, obviously.

Thank you for being here with us, for your energy and for your confidence in our ability to get through this together and build the economy going forward. We talked a lot about innovation. I hope you can inspire my Conservative colleagues who have stopped believing in our great country and the resilience of Canadians. I hope you will inspire my colleague who said earlier that he had lost faith in Canadians.

I have not. I believe Canada is well placed and has everything it needs to prosper in the economy of tomorrow: we have the people, the natural resources and a democracy.

I'd like to talk about what Mr. Lansbergen said earlier. We even have a sector that is one of the pillars of the 21st century economy: I'm talking about feeding the planet and ensuring food security.

Mr. Lansbergen, thank you for your comments and proposals about fishing and the fact that fish are a key protein.

Having said that, my question is for Ms. Verwey.

You said earlier that the agricultural clean technology fund was an excellent way to position our farmers in the 21st century economy.

Can you share your recommendations with us? You seemed to have some, but you did not submit them in writing. You could explain them to us, and perhaps even submit them in writing.

• (1240)

[English]

Ms. Jill Verwey: Yes. Thank you.

Thank you again for the expansion of that fund for clean tech. It's quite limited in the amount of money that is available, in that smaller operations were not able to access the funds due to, I guess, the stopgap of looking at larger operations, larger applications.

I certainly could provide additional information as to the number who wouldn't be able to access that program. Even for the large-scale operations or at the modest scale that we have, certainly a large number of operations that would incorporate maybe a larger grain handling or grain drying operation would fall below the 10,000 acres.

I think there is definitely a gap there. A number of smaller operations would not have been able to access it and take advantage of

making some of those technical advances in their operations to make them more technical going forward.

[Translation]

Mrs. Sophie Chatel: If you could submit that information to us by this weekend, it would be useful to us. It's a great program and I'd like to see it work for all farmers.

Ms. Grynol, the brief you submitted to the committee is about the temporary foreign workers program, which is very complex, especially for small employers. That's what I'm hearing too. I really hope this program will address the labour shortage, and I have high hopes for the trusted employer system as well.

I read your recommendations, but do you have any more specific recommendations?

In your brief, you say that automatic admission should be anticipated for your sector. Why do you think so?

If you don't have enough time to complete your response, please send it to the committee in writing.

[English]

The Chair: You have a few seconds for your answer.

Ms. Susie Grynol: Did you say that I have a few seconds?

The Chair: Yes.

Ms. Susie Grynol: We have very technical recommendations that we would be happy to provide to the committee on this front.

I do want to acknowledge the government's shift on that program to prioritize our sector in having now allowed 30% for our workforce. I will say that we have never, ever gotten there, because of processing, but we have very technical recommendations on how we could do that. They do include the trusted employer program, because at the end of the day, we know that protecting international workers coming into this country is a priority. Our hope is that they come in and build a life in Canada. We are a large employer of new Canadians and we take great pride in supporting new Canadians. Whether they have language skills or they don't, they can find a home in the hotel industry.

The Chair: Thank you. You were quick with those seconds.

Thank you, MP Chatel.

Now we will move to the Bloc and MP Ste-Marie, please.

[Translation]

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

Mr. Mueller, we've taken note of all your pre-budget requests. Of course, it all revolves around the need to have a comprehensive Canada-wide strategy for your industry, just as other countries have a strategy like that.

I would like to talk about a more specific need with you. We know that throughout the aerospace ecosystem, the ability to certify aerospace products is a critical issue.

Can Transport Canada currently provide certification, and if not, what needs to be done?

[*English*]

Mr. Mike Mueller: Thank you for the question. It's a great question, and this is a great concern that we do have.

Transport Canada certification is an absolute crown jewel in Canada, and it really contributes to our competitive advantage internationally. If we can build a plane here, which we can—we're one of the few nations that can build a plane from scratch, which is something we should be celebrating—a big part of that is Transport Canada being able to certify those planes and the parts that go into planes and things like this.

As the industry is committed to net-zero goals—we were signatories to the net-zero action plan from Transport Canada—we see new and emerging autonomous technologies out there. We see the funding that is coming through on the ISED side also, through innovation, but as we innovate and as we look towards the sustainable future of aerospace, we really need Transport Canada to keep pace to maintain that competitive advantage that we have here nationally, and also the international global competitiveness.

If you'll indulge me, I just want to mention, going back to the luxury tax, that on that particular piece, I forgot to note that the U.S. introduced a similar luxury tax in 1991, and they repealed it in 1993. I'm hoping that in 2023, 30 years later, we could see aircraft being removed from that luxury tax here in Canada also. Hopefully, we've learned something in 30 years.

• (1245)

[*Translation*]

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

[*English*]

The Chair: Thank you, MP Ste-Marie.

Now we go to MP Green for two and a half minutes. Go ahead, please.

Mr. Matthew Green: Thank you.

There are certainly lots of interesting interventions in the pre-budget discussions. I'm going to continue on with my exchange with Campaign 2000.

Ms. Sarangi, thank you for taking the time to present to the committee. The work you do is so important for vulnerable Canadians across the country.

You mentioned a CERB low-income repayment amnesty as one of your budget asks, but you have more suggestions for the government, and you mentioned some of those in your opening statements. I'm hoping you can use the remainder of my time to high-

light what those are and why those matter for vulnerable people across the country, or, I should say, for people made vulnerable by bad fiscal policy across the country.

Ms. Leila Sarangi: Thank you.

I agree that vulnerable people are valuable and they are made vulnerable by the systems we have in place. A policy system is a choice, so we can choose different and better.

One of the recommendations in our submission, which is described in detail and which I do want to highlight, is with respect to a supplement to the Canada child benefit. We know that the Canada child benefit worked to reach families and children in poverty when it was first implemented, but there has not been an increase in the base amounts for that benefit. Our annual research shows that it is stagnating. It's losing its power to reach children, especially those who are in deep poverty. Even with it being indexed to inflation, the child benefit is not reaching those families who are on social and disability assistance programs. It's just flatlined now. A supplement targeted towards those families would drastically and immediately reduce rates of child poverty.

The other recommendation I will quickly highlight is that anybody who does not file a personal income tax form does not get any benefits, and oftentimes those people are very marginalized. A report last year from the Auditor General found that CRA struggles to reach hard-to-reach people. We are asking the federal government to research and pilot a parallel cash transfers program that would work through community-based organizations such as Campaign 2000 members that have relationships in communities with these folks to get cash benefits to people who are left outside of the personal income tax system.

In our submission, we also have recommendations around affordable housing, full pharmacare that includes medicare and vision care, and access to child care, and we're building out a national system to make sure that child care is affordable for people who really can't pay \$10 a day so that there's a zero-to-\$10-a-day sliding scale fee. It's all written out in our budget submission to you.

The Chair: Thank you, MP Green.

Now we go to the Conservatives and MP Morantz for five minutes.

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

To our fine representatives here from KAP, Ms. Verwey and Mr. Hornby, as I said earlier, we have kind of a perfect storm of bad news. We have made-in-Canada inflation. We have made-in-Canada high interest rates. We have a punishing carbon tax that the government wants to triple, triple, triple, and excessive regulations around fertilizer. There's so much ground to cover, and I have only a couple of minutes.

My first question is this: Don't your members just wish that the government would get out of the way and let farmers do what they do best—grow food and feed the world?

Ms. Jill Verwey: Thank you for that comment.

Yes, I think the sentiment of the majority or of all producers is that what we're doing is something we have a lot of passion for. We do it well; we do it efficiently, and we certainly do it sustainably because we want to ensure that the next generation will be here to farm in the future. The majority of these regulations that have been imposed do hinder our ability to do that, since we are price-takers in the market. Without a strong bottom line, we don't have money to invest and to innovate and to ensure that we have a future for our children and the next generation.

• (1250)

Mr. Marty Morantz: Thank you.

I wonder if you could comment on the carbon tax in particular. I know it's been particularly punishing to small family farm corporations, and now the Trudeau Liberals are planning on tripling it on April 1. Can you give some examples of the real-life impacts on family farm families of having to deal with this inequitable and unfair tax for which their corporations receive no climate action incentive?

Ms. Jill Verwey: I think the one thing to emphasize is that the tax was put in place to change behaviour and to discourage the consumption of carbon-based products. The two things that have been highlighted in Bill C-234 with regard to natural gas and propane use are two things that are needed on our farming operations that we can't change.

The care of our animals and drying of grain are two things that have to be done in our operation. Unfortunately, with the carbon pricing in place, they pose inhibitive additional costs on a farming operation. It is just one more thing adding an expense to our bottom line. It also reduces the amount of money we have available to make any further changes or innovation in our farming operations and while continuing to do our daily operations.

Mr. Marty Morantz: Briefly, do you think it's a bit of a mixed message when the government is asking on the one hand for farmers to reduce their emissions from the use of fertilizer, but on the other hand is asking for increased production to meet global food security?

Ms. Jill Verwey: Certainly, the efficiency on that end is a mixed message. It's telling us to reduce on one hand, and then increase production in the case of food security.

Going forward, I think the one thing that is missed is the efficiency of farming operations currently and that we are doing a good job. There are a lot of farmers who have made changes in their operations. Simply, we're not being acknowledged for those changes and the efficiency we have currently. In asking for further reduction, inevitably that reduction will have a negative impact on the yields and the produce that we have.

I'm wondering if Colin has something to add at this time.

Mr. Colin Hornby: Thanks, Jill.

Thank you, Mr. Chair.

Going back to one of the things that Jill mentioned regarding being price-takers, when you look at the carbon tax.... In other businesses, if your input costs go up, you can pass along your costs to the consumer. However, in the situation we have with producers, they're unable to do that, so it affects them, and they have less capital to invest in their business.

We have one in eight Canadians working in agriculture. There are a lot of different jobs out there. Whether you're in a city riding or a rural area, you have people working on farms. You have agronomists and things like that. You have folks working in financial services who are selling products to farmers. Every dollar that they have to put into their business that they aren't intending to spend is one less dollar they can spend on economic activity to support other Canadian jobs.

Agriculture really matters to everybody, regardless of where you live. That's the message we want to make sure gets taken away from this.

The Chair: Thank you very much. That is your time, MP Morantz. Thank you for that.

Now we're moving over to the Liberals. There's no pressure, MP Baker, but you are the last questioner, and you are the last questioner as we move into recommendations for our pre-budget consultations.

You have five minutes, please.

Mr. Yvan Baker: I appreciate that, Chair. I think you and one of our witnesses talked about how you always save the best for last, so I really....

They said it. I didn't.

I'd like to start by coming back to you, Ms. Grynol, and the exchange that you had with my colleague Ms. Chatel about the labour shortage that your members are facing. Of course, this is a challenge in your sector and it's a challenge in a number of sectors.

What I took away.... Again, similar to my last exchange with you, I don't want to put words in your mouth. I want to make sure I'm clear on it and that I clearly understand so I can take that back to our minister and into the writing of our report.

What I hear you saying about the temporary foreign worker program is that conceptually and broadly, the scope is the right scope, but there are some specific elements of that program in terms of how quickly people get approved and the execution of that program that you're recommending be changed so that we can get more people here more quickly.

Is that a fair summary of what you're saying?

• (1255)

Ms. Susie Grynol: It's a little more involved than that.

What we're recommending is that we build a dedicated stream for tourism and hospitality through the temporary foreign worker program. What that means is we will have the predictability that we can get workers in to meet the summer demand. Because we have year-round jobs, we have recommendations on the permanent economic immigration stream, but we will still have temporary need in the sector, and that's where that program comes into play.

Right now, when you apply, you have no idea when you're going to be getting.... It's cumbersome. It's expensive.

It's more the predictability piece that we're asking for. We are unique in the sense that we have one high season. It comes every summer. This is not a surprise. We're hoping that we can get a dedicated stream, at least temporarily, so that we can at least get to the summer period and capitalize on what will be intense demand for Canada.

We liken it to a human body that was healthy, that went into a two-year induced coma and then came out and is missing limbs—because we no longer have a work force—but is being asked to run a marathon because demand for Canada is at an all-time high.

We want to get to that demand, but we are looking for the lowest-hanging fruit to help us get there. We have a sequence of recommendations in place.

The temporary foreign worker program is a part of it. We're asking for a dedicated stream, at least in the short term, to help us save the summer, and in the short term to help us deal with what is going to be a 360,000-person shortfall in our sector. That's two to three times higher than in any other sector, and it's not a problem that we can solve by ourselves.

Mr. Yvan Baker: Thank you for that clarification. I really appreciate it. That's constructive input. Thank you.

You're representing the Hotel Association, but when I think about the tourism sector, I note that there's an ecosystem. Hotels are part of that ecosystem or that value chain of tourism, but there are other aspects of it. When I think about this sector, part of what's foundational to your success or your members' success is a strong economy with attractions that are supported in the various jurisdictions your members operate in, etc.

In those other elements of the value chain that need to prosper so that your members can prosper, in that aspect of the sector, are the necessary investments happening? What more needs to be done, either from the private sector side or from the government side, to make sure the whole sector is prospering and that therefore your members are prospering?

Ms. Susie Grynol: Thank you so much for that question.

The tourism growth strategy that we've been working on in consultation, not just with us, but with that ecosystem that you're referring to.... We've been working on this for 10 months now, alongside

our minister and his team. In that strategy, what we have put forward are investments that could take us from 22 million visitors to 30 million by 2030, and a \$105-billion industry to a \$134-billion industry.

At the heart of it, it is about the government co-investing alongside the other levels of government and industry in building those major attractions—those convention centres and those Fogo Island Inns. We need to be able to capitalize on that. If we build it, they will come, and this is the moment for us to make those investments.

In addition to that, we're looking for marketing dollars so that we can continue to tell our story. Business events are going to be important, because, to go a previous question, we lost some ground there.

Central to all of this is making sure that in the first place we have a workforce to be able to meet the demand we have in Canada even today. With all of those pieces in play, that will create the demand drivers for people to come.

Of course, from a hotel perspective, we want to make sure at the same time that we have enough hotel capacity in this country, so we have recommended a credit facility so that we can keep up with construction. We're at less than 1% of growth today in terms of the capacity we have. We are short capacity. For example, in Calgary, we're 3,000 rooms short today. We need to be investing not just in the demand drivers but also in the associated capacity that would come with it. That's all been outlined in the tourism growth strategy.

We're hoping for something meaningful here. We're hoping that we can compete with other countries that are investing billions into the strategy, and not the low hundreds of millions.

Thank you for the question.

• (1300)

The Chair: Thank you, Ms. Grynol and MP Baker.

As we conclude this meeting, we want to thank our witnesses. This is our final meeting of pre-budget consultation with witnesses. We want to thank you for your testimony and thank all the witnesses who have come before our committee in this pre-budget consultation. We've received many submissions from organizations and individuals—I'm looking to the analysts, but I think it's more than 700—and now, from this point, the members will be looking at all those recommendations and constructing the report. That will be with the assistance of the analysts and the clerk, of course, who do a lot of the heavy lifting for us here.

To all the staff, the interpreters and everybody who's helped us throughout this process, thank you very much, everyone.

On behalf of the members' finance committee, this will conclude our meeting. Thank you.

We're adjourned.

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

SPEAKER'S PERMISSION

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

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

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

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

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

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

PERMISSION DU PRÉSIDENT

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

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

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

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

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