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• (1505)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I call the meeting to order.

Welcome, witnesses and members, to meeting number 25 of the House of Commons Standing Committee on Finance. Pursuant to the order of reference of Tuesday, March 24, the committee is meeting on the government's response to the COVID-19 pandemic.

Today's meeting is taking place by video conference, and proceedings will be made available via the House of Commons website.

In order to facilitate the work of our interpreters and ensure an orderly meeting, I would like to outline a couple of rules.

In order to avoid both languages being heard at the same time, members should use the English channel when speaking in English and the French channel when speaking in French, and avoid switching from one language to the other during the intervention. The floor feed can be activated when listening to the meeting.

The use of the headset with the boom microphone is highly recommended.

Beyond that, speak slowly and clearly if you can.

I would now like to welcome our witnesses. Thank you again for coming.

I would ask witnesses to try and hold remarks to about five minutes. That way we have plenty of time for questioning.

We have seven witnesses today. We will start with BILD Alberta Association and Scott Fash, executive director.

Please go ahead, Mr. Fash.

Mr. Scott Fash (Executive Director, BILD Alberta Association): Thank you very much, Mr. Chair.

As was mentioned, my name is Scott Fash. I'm the executive director of the Building Industry and Land Development Association of Alberta, and on behalf of BILD Alberta, thank you for the opportunity to discuss the impacts of COVID-19 on the construction sector in Alberta.

We represent about 1,700 member companies in the residential construction and land development industry. For clarity, we're the Alberta provincial arm of the Canadian Home Builders' Association, which I'm sure you're familiar with at the national level.

At BILD Alberta, much like you, we've largely been focused on public safety, preserving jobs and helping businesses weather this crisis. Prior to COVID-19, the industry within Alberta supported about 118,000 jobs, paid \$8 billion in wages and generated \$17.7 billion in investment value annually. Through significant collaboration between the Government of Alberta and municipalities and our industry, we have established modified practices and procedures that have allowed construction to continue.

That said, the industry still has been significantly harmed in both the new construction and the renovation sectors. This harm is a result of cancelled contracts and sales, extremely slow or non-existent sales and indefinitely delayed project closings. This has created a situation where cash flows have stopped or deteriorated rather quickly, resulting in rather significant layoffs.

Even as the pandemic starts to subside, we anticipate that the loss of sales and secured contracts will severely affect cash flow for the coming months and potentially for years. The scale is not yet known in totality, obviously, but anecdotally, our member companies are indicating that they've laid off between 30% and 50% of their staff to date. The timing of if or when these people will be brought back is largely going to depend on the timing of the recovery, which we can't really control; on incentives brought forward; on consumer confidence; and then, obviously, on the overall employment levels within the province of Alberta.

We've yet to see any significant dips in housing starts, but that's largely due to the lagging nature of the statistics within our industry. We know from our members that their sales have declined rather severely. We anticipate seeing some rather significant reductions in housing starts in the latter half of this construction season.

Most of the companies I've talked to are focused predominantly on just fixing the projects that they either had already started or had already put a significant amount of investment into, with most putting any future projects on hold indefinitely. That raises, I think, a lot of concerns moving forward about the health of the industry and its over 100,000 employees.

We do want to commend the federal government and all elected officials for the speed at which you brought in emergency relief and for the credit programming you've brought forward. The approach of implementing tools quickly and then making adjustments along the way was an incredibly prudent decision. We really appreciate the willingness of the government and of all elected members of Parliament to adjust the tools as needed as we've moved through this challenging time.

Particularly, our members in Alberta have been really pleased to see the collaborative work between the CHBA, which is our national association, and the federal government. Some of the adjustments you guys have made initially have indeed helped a lot of our member companies to qualify for the wage subsidy, which they wouldn't have qualified for otherwise. However, the nature of the residential construction industry has still left a number of our member companies struggling and unable to qualify, particularly for the wage subsidy benefit.

We know that the CHBA recently provided some recommendations to the Department of Finance and this finance committee to try to address these issues, and we fully support those recommendations. In particular, one of the major items was allowing for fair value of contracts signed to be permitted, as either an interpretation or a special case when calculating qualifying revenue. That will help a number of companies better quantify and demonstrate the steep decline in sales that's being experienced currently within their sector.

The other item that we were really pleased to see, and that a lot of members are pleased to see, is the Canadian emergency commercial rent assistance program, which I think is going to be an important complement to help address the fixed operating expenses of a lot of these companies. I know that it's still in its early days and that we're awaiting all the details, but we hope that, as with the other programs, the federal government will work closely with CHBA and other partners to make sure that we include as many of these companies as possible.

Moving forward, as we begin to transition from this crisis response to recovery, we in our association look forward to our continued partnership with the Government of Alberta, and I'm sure that's just as the CHBA will collaborate with the federal government. Residential construction has long served as an important economic driver and a source of high-quality and high-paying jobs for thousands of Albertans and millions of Canadians.

● (1510)

At the federal level, we support CHBA's recommendations, which include reintroducing a 30-year amortization period for insured mortgages and adjusting the stress test to encourage seven- and 10-year terms.

At least in the interim, we would recommend reassessing how to or whether to apply GST on sales of new homes. If we consider the use of it, we could potentially use some of the money collected to focus on infrastructure spending that fuels growth, construction and employment.

We would support the introduction of a home renovation tax credit for all types of renovations. Such a tax credit would help stimulate investments and support the renovation sector.

We would love to see you work with provinces and municipalities to ensure regulation and red tape do not excessively delay the supply of new housing or add excessive costs to construction, thus reducing affordability.

Finally, a really big item is to work with financial institutions to ensure access to flexible solutions to manage defaults, credit needs and other financial challenges in the coming months. I know access to liquidity and banks' getting aggressive in calling in debt will be a huge concern for a number of our member companies in the coming weeks and months.

Provincially, we're going to be collaborating with the Government of Alberta on some of the items I listed, with a focus on removing regulatory red tape that is adding unnecessary costs and burdens to business owners as they try to navigate this tough time.

I thank you, again and sincerely, for inviting me to speak. I am happy to answer questions to the best of my ability.

● (1515)

The Chair: Thank you very much, Scott.

We'll turn now to the Canadian Association of Petroleum Producers and Ben Brunnen, who is vice-president for oil sands and fiscal and economic policy.

Go ahead, Mr. Brunnen.

Mr. Ben Brunnen (Vice-President, Oil Sands, Fiscal and Economic Policy, Canadian Association of Petroleum Producers): Thank you, members of the committee and Mr. Chair, for having me here today. I sincerely hope that you and your families are safe and healthy these days.

I am the lead on fiscal and economic policy and oil sands at the Canadian Association of Petroleum Producers, representing the upstream oil and gas industry in Canada.

Circumstances beyond our control have created an unprecedented situation for Canadians. The COVID crisis and a global oil price war have combined to hurt our national economy, and Canadians from coast to coast watch as more jobs disappear and businesses close their doors. Canada's oil and natural gas sector has been particularly hard hit.

On behalf of CAPP and our member companies, we would like to thank the government for the bold actions it has taken to date during this crisis. However, there is an urgent need for additional measures for the oil and gas industry to provide liquidity and preserve jobs across the country, both during the crisis and as we forge a path ahead toward what could be a long and protracted recovery.

In January of this year, CAPP released its 2020 capital forecast, which showed an increase in spending in both oil sands and conventional areas, something the industry has not seen since 2014. However, as of April, Canadian producers have cut approximately \$7.3 billion in capital expenditures, approximately a 30% reduction, and 550 million barrels per day have been shut in.

Our industry has lost approximately \$150 billion in market value since March. Globally, demand has fallen by nearly 30 million barrels per day, and as much as 20% of the world's oil production needs to be shut in. Canadian storage could reach capacity in a matter of weeks.

As it currently stands, an additional 30,000 to 40,000 oil and gas jobs will likely be lost by the end of 2021 if we do nothing, which is equivalent to approximately a 15% to 25% reduction in our sector's workforce.

Ontario's manufacturing and services sector is a key contributor to western Canada's oil and gas supply chain. From 2015 to 2017 alone, we saw investment decrease in those businesses by about 45%, from \$3.4 billion to \$1.9 billion. The number of Ontario businesses supplying the sector fell from about 2,000 down to about 1,500 over that period. The current crisis has seen, and will continue to see, these Ontario suppliers feeling much of the downturn in our sector.

The federal government's recent announcement for the industry is a welcome start. Funds to support closure and reclamation of orphan and inactive wells will enable companies to continue to employ Canadians and preserve jobs while strengthening balance sheets, yet the liquidity crisis looms large as companies fight to stay afloat. Currently, federal liquidity support will assist some smaller companies, but many others are left wondering if additional help will come in time to maintain operations.

We estimate the aggregate liquidity needs of our industry to be approximately \$27 billion to \$30 billion, and we see an opportunity for the government to work collaboratively with our sector to help anchor the Canadian economy through the crisis and lead the economic recovery for the country.

To that end, CAPP recommends that the government provide additional credit to industry, with a specific focus on larger-cap firms. The measures announced to date fall short of the broader needs of the sector, notably the needs of the mid- and large-cap companies and those that do not utilize reserve-based borrowing.

Second, we recommend tax reforms to enhance industry cash flow and encourage investment. As an example, unprofitable oil and gas companies have accumulated a significant tax pool balance, and there is an opportunity to explore purchasing portions of these pools. Even at discounted valuations, this approach would inject immediate liquidity while simultaneously enhancing government revenue streams in the future.

As well, funds could be earmarked for reducing asset retirement obligations of companies to reduce environmental liabilities and strengthen balance sheets.

For taxable companies, the rapid amortization of capital is the best fiscal lever available to promote investment, growth and the commercialization of new technology. We recommend introducing 100% immediate deductibility of capital costs and eliminating the available-for-use rule to encourage counter-cyclical investment in long-cycle projects. This will notably have an impact in Atlantic Canada and the oil sands.

Finally, we recommend reforming the Canadian tax dispute resolution process to relax requirements to pre-fund amounts of tax in dispute. This is an inefficient use of capital, and it would free up liquidity for companies to invest and create jobs.

Amid all of this, Canada's oil and natural gas sector continues to provide an essential service across the country, maintaining critical infrastructure and safely and reliably providing the energy that we need.

Nearly 500,000 people work in this industry. We need support from the federal government to ensure the industry's survival so that we can continue to be there with Canadians in the future.

● (1520)

Thank you for this opportunity to present to you today. I look forward to your questions.

The Chair: Thank you very much for that presentation.

Now we will go to the Canadian Construction Association and Mary Van Buren, president.

Ms. Mary Van Buren (President, Canadian Construction Association): Thank you very much for having me today. I really appreciate it.

As you said, I'm president of the Canadian Construction Association. I'm here today to represent our 20,000 member firms from across Canada. These are general, trade and civil contractors and suppliers and other professionals working in, or with, Canada's institutional, commercial and industrial construction industry.

On behalf of our members, thank you so much. We do appreciate all the steps that have been taken to date by Parliament to help Canadians and businesses in this crisis.

Since the pandemic hit Canada, the industry has really come together to do its part to protect its workers, their families and their communities. Safety has been and remains our number one priority.

We developed a national health protocol in collaboration with our members, PSPC and Health Canada, and we have created links and resources on our website to promote the provincial standardized health and safety protocols to help minimize the spread of coronavirus so that work could be continued safely. These stringent protocols have been put in place by our members from across Canada, and at times these practices were changing daily. We're very proud of our role as essential service providers.

At the same time, our local companies and associations have also been supporting their communities and health care workers with donations of PPE, free hot lunches, funding for urgent care clinics, food drives—you name it. We're very proud of the work that they're doing for their communities.

This culture around caring for our communities and giving back is based on the foundation of the small and medium-sized family-run businesses that make up 70% of our industry. It is these businesses that are still struggling, despite some of the emergency measures implemented by the federal government. Not only are there unbudgeted costs for sanitation and leasing equipment over a longer period of time, but there are also significant productivity costs as firms implement physical distancing. There are staffing shortages, and of course extra time is spent in cleaning.

The industry is eager to step up and support the federal government in its efforts, but for this we do need these firms in the supply chain to survive. This means that our firms need access to working capital now and during the recovery phase. That is why we've asked for, and are urgently seeking, cost relief on current federal projects, in the form of an emergency COVID-19 cost reimbursement program. They need this support now, not at the end of the projects, which could take months or even years to settle.

CCA is recommending that these eligible costs be reimbursed by up to 5% of the contract value as a starting point, subject to the program being adjusted as the duration and full impact of COVID-19 becomes clearer over time. We believe that extensions of time and fair compensation for reasonable costs incurred for federal construction projects, supported by sufficient documentation from the contractor, would alleviate some of the financial pressure on construction businesses.

We have briefed you in the past on issues of payment in the chain and we thank you for your support on prompt payment. You are aware of the timelines from when a project has started to when the general trades and subtrades get paid, and as you know, this can take several months. When we combine the slowdown that started

in March with the increased costs, the balance sheets of the mom-and-pop firms are likely not to be in good shape come August and September. They may not be able to afford to complete the projects they've already committed to and also have the working capital necessary to finance the start-up of new projects. They cannot incur further delays of payment due to potential litigation because of contract issues related to COVID-19. This access to working capital now and as we move to recovery must be considered with any stimulus spending on infrastructure.

Speaking to the recovery phase, we are starting to see glimmers of hope in flattening the curve, and this is certainly thanks to the leadership of all levels of government and to Canadians.

As you know, the industry employs 1.5 million Canadians and contributes about 7% of Canada's GDP. Investing in infrastructure is a proven economic recovery tool that also yields social benefits, creates jobs, provides training for apprentices and helps to build and maintain important public services. There are hundreds of critical projects that are already in progress or need to be maintained. Many of these are essential to the well-being of our citizens and support the delivery of essential services like water, energy, transportation and health care. Again, it's the smaller firms—the manufacturers, the suppliers, the trades—that finance the materials, fabrication and labour as projects ramp up.

• (1525)

Moving into recovery, we believe that extended federal government backstopping may be required over a longer period of time.

In any economic stimulus, we believe some principles should be followed hand in hand with any liquidity support. One is that federal departments need to continue to work together with provinces and municipalities to eliminate red tape and make the project money flow as quickly as possible to get people back to work. Another is to look for balance across sectors and across the regions of Canada, as well as in the size of firms, so that we don't have just one or two \$5-billion projects but instead projects for people to participate in at all levels over an 18-month period. Another is to have clear and consistent rules for COVID-19 and for access to PPE that does not detract from front-line workers. Finally, as I said, we need flexibility in dealing with COVID-19 federal project costs and delays and the kinds of projects that would qualify under the investing in Canada plan.

A cost reimbursement program for the current federal programs today, combined with a well-considered recovery plan for the future, will ensure the construction industry can play its full role in supporting a strong economic recovery. It will allow us to absorb some of the displaced workers from other industries, get them to work and provide well-paying jobs for millions of Canadians already in the industry.

An investment in infrastructure is an investment in Canada and our communities, and we're willing and able to partner with the government.

Thank you for the opportunity to address the committee on these important issues. I would be happy to answer any further questions on behalf of the Canadian Construction Association.

The Chair: Thank you very much, Mary.

Turning to the Canadian Manufacturers & Exporters, we have Mathew Wilson, senior vice-president.

Go ahead, Mathew.

Mr. Mathew Wilson (Senior Vice-President, Policy and Government Relations, Canadian Manufacturers & Exporters): Good afternoon, and thank you, Mr. Chair.

Thank you for inviting me to participate in today's discussion. It is my pleasure to be here on behalf of Canada's 90,000 manufacturers and exporters and our association's 2,500 direct members to discuss COVID-19 in Canada's manufacturing sector.

CME's membership covers all sizes of companies from all regions of the country and covers all industrial sectors. In the early days of this crisis, we've been working with our members and the government to increase the manufacture and supply of critical PPE and health care technologies needed in the response.

We have also been educating and informing manufacturers on the latest developments in the crisis, including how to access government support and how to protect their employees and supply chains. We have been working hard to understand the impact on our sector and advocating policy, regulatory and program supports for our sector from all levels of government.

Throughout this crisis, the role and importance of Canada's manufacturing sector has never been clearer or as much discussed. Hundreds if not thousands of manufacturers have switched their production to support making critical PPE, such as masks, ventilators,

face shields and gowns. Others are aggressively working on developing better tests and vaccines for COVID-19. Making things matter again to Canadians.

The government's response to date has been nearly exactly what we had requested to support the sector, and we want to thank them once again. Actions like the CEWS wage subsidy, tax payment deferrals and expanded credit facilities were designed to keep cash in the hands of companies so that they could keep Canadians on their payrolls, and it has worked for our sector. While manufacturing output has dropped substantially over the first weeks of this crisis, employment levels have remained fairly stable across the country. Global supply chains, while decreased in volumes, have held up, allowing critical inputs to be delivered to Canadian plants to keep them operating, and exports of most products have continued throughout.

Some sectors have seen increased activity in the short term, especially those in food and household products, but many other sectors have been very hard hit, especially those in the auto, aerospace and energy-related fields.

While the sector has performed well compared with many other areas of the economy, there are major concerns. Based on the best data we have right now, we are anticipating an overall decline in manufacturing activity in Canada at around 13% for this calendar year. Over the next few months, it could get even worse for the sector, since much of the output being produced through the crisis has been based on sales through last fall and winter. New sales have slowed considerably in recent weeks, meaning that while other parts of the economy are looking to rebound, manufacturing could be hitting its low point. It will take until much later in this year for a real recovery to set in, and it will likely be the second half of 2022 before we see a return to pre-recessionary production levels for manufacturers.

With this in mind, Canada's economic plan must not stop in June. It must be a multi-year and multi-faceted approach, and it must focus on recovery and growth.

CME recommends the following approach.

First, fix outstanding gaps in business support programs and ensure their stability for the foreseeable future. The gaps include the essential need for liquidity support for larger companies, which have no support at all for equipment financing, and wage subsidy programs for companies that sell to parent companies. These companies are currently disqualified from those programs. We also need rent supports for manufacturers and larger businesses that are equally suffering.

In addition, when disagreements on qualifications occur, there should be a fast arbitration program established to help companies and the government navigate their way through the disagreement.

Many of the programs are also likely going to need to operate into late summer and the fall, especially the CEWS wage program, and the government must be open to those extensions.

Second, a program that supports consumer spending should be introduced. Without consumers buying products, manufacturers don't operate. As in the great recession a decade ago, the government must look at a range of options to encourage consumer spending, leading to spending and activities in other parts of the economy, including manufacturing.

Third, we must and should promote and celebrate “made in Canada”. Canada should launch a made-in-Canada initiative that celebrates the products that are made here for sale both at home and abroad. There should be a national registry of Canadian-made products so that consumers can easily identify them, and labelling rules should be modernized and simplified. This should be launched, most appropriately, on Canada Day, July 1.

Fourth is to focus on business investment. Business investment has been dropping in Canada, to the point where we rank among the lowest in the entire OECD. Investment is critical to have a strong, flexible and innovative manufacturing sector that can respond to any crisis as it emerges. Direct incentives such as an investment tax credit should be put in place to spur investment in new technologies that improve productivity, flexibility and environmental performance. Existing programs such as the strategic innovation fund and the SR and ED tax credit program should be reviewed and modernized, along with the overall tax system. These programs, at the federal and provincial levels, should be excluded from taxation.

Fifth, we need to create a world-class business and regulatory environment. Industry is fully supportive of a regulatory environment that sets high standards, but they must also be aligned with our major trading partners, they must be based on science and they must be aimed at the right objectives.

● (1530)

Measures like banning all single-use plastics or labelling zinc, copper and plastic, for example, as toxic—all of which are essential elements for many manufactured products used during this crisis—will directly impact investment and need to be re-examined.

Finally, we need to leverage government procurement. Government investment and infrastructure is an obvious step, though we must look at trade and business infrastructure as much as societal infrastructure. The government should also better leverage health

care procurement by creating an organization equivalent to the to the U.S. DARPA for Canadian health care innovations.

Most importantly, it's time for Canada to get serious about our industrial future. Throughout this crisis, there have been repeated comments from all parties and governments on what we need for modern industrial strategies. CME wholeheartedly agrees, and we look forward to working with governments on implementing a plan for the future of our critical sector.

Thank you again for having me. I look forward to the discussion.

The Chair: Thank you very much, Mathew.

Turning to the Fédération des travailleurs et travailleuses du Québec, we have Denis Bolduc.

Go ahead, Denis.

[*Translation*]

Mr. Denis Bolduc (General Secretary, Fédération des travailleurs et travailleuses du Québec): Mr. Chair, thank you for the invitation and for this opportunity to speak to your committee today.

The Fédération des travailleurs et travailleuses du Québec, or FTQ, represents 600,000 people in Quebec.

These are extraordinary circumstances, and the federal government's response was just as extraordinary, in light of the financial commitment made by the government. Although we ultimately got off to a slow start, the scope of the measures announced is quite significant.

The health crisis has been a compelling example of the key role the state has in not only protecting, but also developing and coordinating any collective action.

We've been hearing much about the dedication and skill of health care workers since the beginning of the health crisis, but we cannot forget that the public servants working on developing and implementing the measures are a major force, and their skills and ability to mobilize are critical assets. This will continue to be important as we emerge from the crisis.

I repeat: both the private sector and the public sector must be involved in the recovery. Our country's recovery will require a government that implements meaningful public policy and measures that are up to the task. We must avoid the temptation to lower taxes in order to stimulate the economy.

We are in the early stages of reopening. We are looking at the short term, but the recovery will happen in the medium and long term. The country will need a lot of things. It will, for example, need the government to fast-track infrastructure projects for public transit and active transportation by improving and fast-tracking support for measures that affect transit companies. Just as importantly, the government will have to invest massively and quickly in developing active transportation infrastructure. I should point out that investments in public transit create three times as many jobs and economic spinoffs than investments in the road system. That's why we think it's important to focus on mobility when investing in infrastructure.

The government should also fast-track investments to maintain existing roads instead of expanding them. In Quebec, the consensus is that new investments in the road system should be focused on maintenance and not increased capacity.

The government will also have to implement an intermodal freight strategy focused on reducing deadheading, optimizing routes and transitioning to rail and maritime transportation.

We want a strong economy. We think that the recovery is a great opportunity to move forward with a fairer transition in response to climate change and technological advances, such as robotics, automation and artificial intelligence.

I also want to talk about employment insurance, since the COVID-19 pandemic crisis has shown the limits of this complex program. It is a massive bureaucratic and administrative machine that is judicialized and is becoming increasingly automated. From the first week of isolation, it became clear that the administrative machine had grinded to a halt and could not meet the increased number of applications. We spoke about this quickly, but nearly three million applications were made at once.

• (1535)

The massive number of newly unemployed workers forced the federal government to implement simplified, temporary administrative measures in order to quickly issue emergency benefits to people who had lost their jobs as a result of the COVID-19 health crisis.

When the Canada emergency response benefit, or CERB, expires, workers who cannot return to their jobs will have to rely on EI to for an income. The threat of a second wave makes the regime vulnerable.

We welcome eliminating red tape associated with EI and overall improvements to the regime. There is no denying that this system has become a necessity. I want to reiterate that the FTQ is willing to work with the government to develop a faster and simpler appeal process that is better suited to claimants' needs. Processing measures also need to be streamlined and be made faster and more efficient.

I'll conclude with a few words about culture and the media. This sector will need special attention. Every week we hear about media outlets closing and disappearing across the country.

The tourism, hotel and restaurant industries are also seriously affected. These sectors have been hit hard—extremely hard—much

like the culture and media industries. These sectors are expected to suffer the effects for longer, compared to many other sectors. These industries will need special attention and exceptional support from the government to get back on their feet.

I'm happy to take your questions.

• (1540)

[English]

The Chair: Thank you very much, Denis. It's much appreciated.

We'll turn now to the United Steelworkers, with Ken Neumann, the national director for Canada.

Go ahead, Ken.

Mr. Ken Neumann (National Director for Canada, National Office, United Steelworkers): Thank you, Mr. Chair.

I want to thank the committee for the invitation to speak with you today on behalf of our 225,000 members across Canada. No one is untouched by this global pandemic, and the steelworker members are no different. Our union's members work in every sector of the economy, from front-line health care workers to industrial and manufacturing workers, miners, security guards and university workers. Each of these sectors has been affected in different ways, from mass layoffs for some to a desperate scramble for necessary PPE for our members on the front lines.

If the committee is aiming to determine how well our federal government has done to help all Canadians cope with this pandemic, I can say the government is off to a good start, but more needs to be done. Governments must apply basic principles of fairness to ensure that Canadian workers are supported through this crisis and beyond.

First, we need to work with employers to save and create jobs, but the focus should be on the lives of individual Canadian workers and their families. We may all be in this together, but we are not in it equally.

Second, temporary fixes must be changed into longer-term reforms, such as income supports to supplement EI, dramatic reforms to elder care, universal public pharmacare and universal public child care.

Let's look first at the Canada emergency response benefit, CERB. In our view, it is still the case that too many Canadians are excluded, including the long-term unemployed, those who were forced to resign from their job because of COVID and those who do not meet the income threshold. If this crisis drags on, as it appears it will, support measures will need to remain in place. No one should be allowed to fall through the cracks.

Many steelworker members have bargained supplemental unemployment benefits, SUBs. Indeed, the government has encouraged us to negotiate such benefits, and it is unacceptable that the CERB does not have specific regulations to permit the payment of SUBs during this crisis. We strongly recommend a clarification of the rules to allow SUB payments without penalty under the CERB. During this crisis, workers must be able to maintain their income. The SUB is important for this part of the equation.

The federal government must also put pressure on provinces not to cut social assistance as a result of CERB payments. We can't have a situation where one level of government gives while another level takes away.

The emergency economic response also has exposed a need for long-term reforms to EI. Specifically, major changes to the current EI program must include a reduced hours threshold and a higher replacement rate, with both of these applicable to parental and maternity leave provisions, extending eligibility to migrant workers and making expanded work-sharing a permanent feature.

We were pleased when the government announced the Canada emergency wage subsidy, CEWS, which our union has advocated for from the outset of the pandemic. However, in enforcement, the government must strengthen CEWS provisions to prevent wage suppression. Employers should be required to top up the additional 25% of wages not covered by the wage subsidy and adhere to collective agreements where they exist. There must be monitoring to ensure that CEWS money is fully applied to workers' wages. Finally, this program must not be used for stock buybacks or increases to executive compensation, and employers should be required to ensure that pensions are protected. Furthermore, for employers to be eligible for CEWS, they must demonstrate they are not taking advantage of tax havens, and must promise to create and preserve jobs in Canada, rather than outsourcing or offshoring.

I also want to speak on behalf of the essential front-line workers, our members who are continuing to work during this pandemic, whether in long-term care facilities, or as truck drivers and airport security workers or in manufacturing or mining. We continue to see a desperate shortage of personal protective equipment. No one should have to choose between their job and their health. Yet, many Canadians are going to work afraid for their health and that of their families.

● (1545)

Since this pandemic began, we have had to struggle every day with employers and governments to try to get PPE for our members. For essential workers, this government needs to ensure funds for personal protection equipment, without reservation. Anyone who must work must be protected, full stop.

Let me conclude by highlighting two longer-term priorities that have been exposed by this pandemic.

First, the failure to ensure adequate levels of care and working conditions in the long-term care sector is unacceptable. It is clear that we have failed our elders by not valuing the work of those who are essential to the dignity and care of frail Canadians. It is our national shame that these workers are underpaid and forced to work in environments that are not designed for social distancing or even

privacy. The Government of Canada must provide leadership now to ensure that such tragedies never happen again.

Second, the pandemic has revealed the need for a new industrial strategy to create manufacturing jobs in Canada. For decades, manufacturing policy has largely consisted of signing as many free trade agreements as possible to secure markets for Canadian goods, while at the same time looking to import the cheapest products available and outsourcing supply chains. Not only has this left us unable to manufacture critical medical supplies during the pandemic, but it has left us with a weakened domestic manufacturing base.

It is time to put a long-term industrial job-creation strategy back on the domestic agenda, and there is much work to be done.

I will end my remarks here. I would be happy to answer any questions you may have.

Thank you.

The Chair: Thank you very much, Ken, for those remarks.

Before I turn to the last witness, I'll give members the speaking order for the first six-minute round. First up is Mr. Cumming, then Mr. Fraser, Mr. Ste-Marie and Mr. Julian.

We'll turn, then, to the Winnipeg Chamber of Commerce, with Loren Remillard, president and CEO.

Go ahead, please

Mr. Loren Remillard (President and Chief Executive Officer, Winnipeg Chamber of Commerce): Good afternoon, Mr. Chair and members of the standing committee.

My name is Loren Remillard, and I'm president and CEO of the Winnipeg Chamber of Commerce.

The Winnipeg Chamber of Commerce was founded in 1873 with a clear purpose to foster an environment in which Winnipeg business and our community at large can prosper. Today, the chamber is the largest business voice in our community, representing greater than 2,000 member organizations. Our members come from all sizes and sectors, including charities, non-profits, social enterprise and, of course, the private sector. Given this fact, my comments today will be more general in scope but will touch upon the construction and manufacturing sectors, both of which are key drivers of Manitoba's economy.

A path to prosperity inevitably includes plans to adjust for adversity. As such, businesses, governments and individuals often have emergency preparedness or contingency plans, yet the COVID pandemic was such that preparing a game plan to deal with what has transpired and is transpiring worldwide was a near impossibility. Hindsight is 20/20, and I'm sure there will be much written about lessons learned for future preparedness.

As the pandemic wave washed upon Canada's shores, the federal government moved responsibly to protect and support our health and our economy. On support to the business community, the federal government's response can best be characterized as ready, shoot, aim. Now, that's not a criticism. Remarkably, while the government may not have scored in every attempt, it did hit the net nine out of 10 times.

As a chamber, one of our principal asks of any government is to be open-minded and receptive to our advice and guidance. With COVID, the federal government has been more than receptive to business advice; it has proactively sought it out and embraced it. While the government is deserving of recognition for its efforts, so too is it of two constructive criticisms.

First, the announcement of a program and then a delay, days and sometimes weeks until details were released, caused much confusion and difficulties for business needing to make decisions. Perfect is the enemy of good, but program details needed to be delivered much more quickly than was the case.

Second, the lag between the program details and the opening of applications was highly challenging for business, in particular regarding the Canada emergency wage subsidy. The lag was such that many were forced to lay off staff. That would not have been the case with a shorter time frame from announcement to application.

Specific to the construction sector, the wage subsidy will cease just around the time that many in the sector—notably in Manitoba, our residential home builders—would be looking to ramp up. Using city of Winnipeg data and extrapolating it to all of Manitoba, the construction sector in Manitoba has already seen a reduction in activity of \$86 million since March. If similar trends continue for May and June, the impact will be over \$230 million by July.

Staying with the lag theme, many of the programs announced to date rightly deal with here-and-now pressures; however, for manufacturers, pre-COVID orders may have helped them manage through the past few months. The impact of COVID for many, though, will be felt not now but when production of pre-COVID orders gives way to non-existent March to June orders.

Also, recognize that each sector's subsectors are seeing different impacts. If you're a manufacturer of PPE or wayfinding signage, you're currently at maximum capacity. If you manufacture and maintain aerospace parts, dark skies are ahead. In Winnipeg, home of Canada's third largest aerospace sector, we've just learned that one of our largest plants will bear the bulk of the company's Canadian workforce reductions. Yet, within our garment, printer supply and craft brewing industries, many have pivoted to meet the PPE and sanitizer needs of our entire country. A sector lens on the Canada emergency wage subsidy and other programs would have

been beneficial to stagger the start of the program to coincide with sector and subsector timelines.

One additional comment of importance to construction is the need for greater flexibility within existing federal infrastructure programming. We are told that Manitoba has more than \$6 billion in program submissions for the investing in Canada infrastructure program, with many being shovel-ready. We urge the federal government to make the most of the current market conditions of competitive bid prices and extraordinarily low interest rates. To do so, the federal government must accelerate the ICIP approval process and enhance program flexibility.

In conclusion, the federal government is to be commended for its response to this crisis. Few in the world were around for the 1918 Spanish flu; thus, we were without the benefit of experience in charting a course.

● (1550)

While I hope that no future generations must endure that which we face today, I can say that the federal government's response will be a strong foundation for future pandemic preparedness.

Thank you.

The Chair: Thanks very much, all of you, for your presentations, the suggestions in your presentations and the constructive criticism. That's where we're at, and I think we are making progress.

We'll go to a six-minute round first.

Mr. Cumming.

● (1555)

Mr. James Cumming (Edmonton Centre, CPC): Thank you, Mr. Chair, and thank you to all of our witnesses for taking the time and being with us today.

I want to start my first questions with Mr. Brunnen and CAPP. We've heard from the Governor of the Bank of Canada that, early on in this crisis, the bank moved fairly quickly and started buying bonds and supporting the banking industry through that bond buy and actually into corporate bonds as well.

With that, we heard that it was to create greater liquidity. It allowed businesses to expand their lines of credit, cap up their lines of credit and park the money, as he explained. I'd like to hear a bit from your members about this liquidity issue, because it strikes me that this strategy has not helped the oil sector whatsoever.

Can you comment on that?

Mr. Ben Brunnen: We were appreciative of the Bank of Canada's efforts. We're appreciative of their interest rate policy and we're appreciative of their liquidity. The federal government moved quite quickly, which we were pleased to see, in terms of unleashing the tools that were deployed in 2008 and 2009, which was encouraging. I think we've seen some of that liquidity reflected in terms of the banks' balance sheets, if you will, and their willingness to extend liquidity in some instances.

In terms of the oil and gas industry, there's a need for a little more of a focused approach. One piece that was quite helpful from a focused perspective was on April 17, when the federal government announced support for Export Development Canada and the Business Development Bank of Canada to provide liquidity for companies.

Within that, there was support for a subset of oil and gas companies that helps with respect to the way that banks lend to them, notably in the reserve-based lending side of things. While the details have yet to be finalized on what that looks like on the ground, we expect that it probably helps somewhere between 20 to 30 companies—small companies, largely—maintain lines of credit so they can borrow against what's a decreased valuation for their companies.

What we haven't seen yet is extended credit for some of the mid-size to larger companies that don't use a reserve-based approach, somewhere between 75,000 and above barrels per day. While not all of them need this, because certainly some of the larger companies have had the banks extend some of their liquidity facilities, some still do need it, and that's where the gap remains.

Our recommendation is for the government to enable industry-specific liquidity that is targeted to that mid-size to large company focus, so that they can access those credit facilities in the event that they need them. They might not actually need them, but having access to them is absolutely critical. We don't know how long we'll be in this position. We don't know what our industry faces over the next year to two years, and having access to that credit would be very important.

Now, of course, we also recognize that we need to be looking at this as liquidity of last resort. There have to be contingencies on the funding. It just can't be that type of liquidity that companies would like to get. Limitations on dividends, limitations on share buybacks and limitations on senior compensation, those are all reasonable—

Mr. James Cumming: Thank you, Mr. Brunnen. I want to move on to a couple of other questions. I'm sorry for interrupting you. They give us pretty limited time.

I want to move on to the CCA and Ms. Van Buren with the same sort of line of questioning. You've talked about working capital requirements for people in the construction industry. Again, we've heard that we've given significant support to the banks. What are you hearing from your members with that extension of credit, that extension of operating lines, to give them that working capital, as they're probably struggling on the collection of the receivables and these projects are lengthening out in time? Are they getting the support they need?

Ms. Mary Van Buren: I can appreciate the thinking behind the program and appreciate very much that EDC's program was extended from export only to domestic. What we're hearing on the street is that it's not really resonating with our members. The banks continue to apply their normal credit criteria, and so until such time as the banks are willing or able to take on higher risk, it doesn't change the profile very much for our members who, as we've said, are starting to see weakening balance sheets. So, if their credit scores are not great now, they are going to be worse in a few months from now. We need to be thinking about that part of it.

• (1600)

Mr. James Cumming: Quickly, can you comment on access to PPE? I know in the construction industry that's going to become a bigger issue as we get the economy started again, get these companies back working. Is access an issue currently? What are you hearing on the ground?

Ms. Mary Van Buren: Yes, I echo the comments of some of the other witnesses that having a reliable, affordable source of PPE is essential to maintaining the safety of our workers and of their families and communities.

Mr. James Cumming: Great. Thank you.

The Chair: We will turn to Mr. Fraser.

Mr. Sean Fraser (Central Nova, Lib.): Thank you very much, Mr. Chair. I'll start with Mr. Wilson.

There was quite a bit of interesting testimony given. But one of the things that you've mentioned was the need to have a focus on Canadian-made products to encourage, essentially, a kick-start to the economic recovery. Obviously there would be benefits to Canadians buying products locally and we would perhaps have the collateral of a strengthened domestic supply chain.

I'm curious whether you have specific recommendations on what a Canadian-made strategy might look like to help domestic producers bounce back more quickly.

Mr. Mathew Wilson: It's a great question. To be honest with you, I haven't thought much beyond just the need for a made-in-Canada plan. The reason that I haven't mapped it out much farther is that, until there is a buy-in for that type of a plan at the bureaucratic and political level, it's a lot of wasted thought when there are a lot of other priorities going on, frankly.

But, right now in Canada the simple reality is that most products that are made in Canada can't even be labelled "Made in Canada" because of Competition Bureau rules that were put in place about 15 or 18 years ago. They were very strict and they were done specifically so companies couldn't import products, primarily from Asia, relabel them "Made in Canada" and sell them. I get why they do it, but it basically bans almost any type of product being made in Canada.

I think even looking at how we label things “Made in Canada” and what is considered made in Canada would be a good start. I don't mean you have to have 100% wholly sourced product and assembled here by only Canadian workers to be called “Made in Canada”. That's not realistic in a globalized economy like we have today. But certainly a car made in Oakville should be able to be labelled “Made in Canada”, made by Canadian workers, which it isn't today. That's the type of thing we're talking about. How could we start sticking a Maple Leaf on things, and not just for our own consumption? Our products are in demand around the world but most companies don't label them with a Maple Leaf. We need to do more of it.

Mr. Sean Fraser: One thing you mentioned in addition to help kick-start the recovery was to have some sort of consumer spending initiative. One of the dangers that I see with an approach that might not be tailored too finely is when, say, you have no HST for a period of time, or something basic like that. You might essentially encourage people to go buy those imported products at a Walmart, for example, as opposed to visiting a local market and buying from a local artisan.

Are there safeguards or strategies that we could employ to encourage people to not only revisit their spending habits on the back end of this public health emergency, but target the spending on things that will have the greatest economic impact in Canadian communities?

Mr. Mathew Wilson: I've heard of different ideas coming out from some of our members around this and I haven't got my head completely wrapped around them. It's a great question.

As an example, let's take a look at those cars again for a second. I'm not advocating for this; I'm saying there is one example that's out there along those lines. The manufacture and sale of vehicles is a big-ticket item, hugely important for our economy overall. July 1 not only happens to be Canada Day but also the launch of the new USMCA among Canada, the United States and Mexico. There is not reason that you couldn't have cars that qualify, under the new USMCA, for some type of a special tax holiday or something like that. We've seen that before with different measures. Again, I'm not saying that is a necessity; I'm just saying it's one of the ideas being floated out there and it may be something to look at. I'm not sure what the impact of something like that would actually be, though, to be perfectly honest.

• (1605)

Mr. Sean Fraser: Sure.

I will direct my next question to our guest from the Winnipeg chamber.

You've described the government's efforts as hitting the mark nine times out of 10. I think the only reason for that is that we've been taking advice, as you've pointed out, from groups that have real experience in the economy or the communities, that can say, “Hey this is going to work,” or, “This needs to be tweaked.” Thank you for your input to date.

I've been doing some of my own consultations in my own community as a local member of Parliament, and doing some with some of my colleagues across Canada. I've found it remarkable to see

how quickly we can identify where policy does need to be tweaked to make changes when we're having conversations of this nature, particularly when virtually everyone in Canada is focused on a common threat. I'm curious as to whether you can see lessons we can take from the consultation process—if I can call it that—as we formulate policy, to continue to have it be effective on a go-forward basis when we start to pivot towards the recovery.

How can we best engage with stakeholders to continue the success we've seen—to use your words—to hit the target nine times out of 10 during the next phase of this response?

Mr. Loren Remillard: I will say this to begin with. In my previous life I was a federal civil servant for 10 years. One of the lessons I would bring from that experience to what we're going through now is that too often MPs, be they from the government or the opposition, accept “no” from the civil service.

It's not a criticism, but I think this pandemic has really shown that when there's a sense of urgency, it's amazing how rapid and how innovative we can be as a government. When we don't accept “no” as an answer, we can get a lot of things done.

I'm particularly encouraged by something that the chamber had advocated for a while back—not necessarily implementing basic income or “Mincome” but taking a look at an experiment around that. I think we're living that experiment right now. There are a lot of lessons to be learned from that.

On a global scale, I would say that as a government, as elected officials, we need to be pushing the public service to embrace innovation. The opportunity is being made abundantly clear through COVID.

In terms of opportunities to continue to engage, I'm obviously a little biased, but I can't emphasize enough that the chamber network is the only business organization that represents all sizes and sectors of business from coast to coast to coast. I do want to give particular kudos to our national voice, Perrin Beatty, who has done an exceptional job in stewarding the network through this.

Continuing to engage those organizations that live and breathe within their communities, that are Main Street, Canada, and that know the mom-and-pop shops and those that are exporting internationally and are multinationals, through organizations like the chamber, really enables you to tap into not just one voice but the entirety of voices of the community.

This is my last comment. We're a vast country geographically, with multiple cultures and languages. Continue to look at digital transformation as an opportunity to engage meaningfully, not just in town halls where everyone calls in and you have five questions and get the check box consultation. Seize the opportunity to engage Canadians digitally.

The Chair: We are going to have to end it there, Loren.

We are turning then to Mr. Ste-Marie, who will be followed by Mr. Julian, and then it's on to Mr. Cooper.

[*Translation*]

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

First, I want to acknowledge all of the witnesses and thank them for their presentations.

My questions are for Mr. Bolduc, from the FTQ.

In your five-minute speech you touched on a wide range of topics connected to the crisis, including the economy, emergency programs and the recovery. You spoke about cultural and media industries.

I'd like to hear more. Can you talk to us about what problems they are experiencing and what we can do to help them?

● (1610)

Mr. Denis Bolduc: Thank you for the question, Mr. Ste-Marie.

I think that the CERB needs to be extended for workers in these sectors, for as long as possible. We think that the health crisis will affect the cultural sector and the restaurant and hotel industries for a longer period of time, which I also mentioned. If we do nothing and these benefits stop in June, workers in the cultural and media sectors will have to rely on food banks in July because they will not have an income to pay for food and rent. We cannot abandon them. They'll need help.

It will be the same for the businesses in these sectors. Some businesses will likely not make it through, or if they do, they will have significantly cut their payroll as of July. Some will even close up shop. This is happening every week, especially with weekly newspapers in the regions across Canada. Every week we hear this kind of thing. It's unfortunate.

We also worried that we'll lose a lot of small performance halls in the cultural sector. We are hearing from some that they estimate we could lose up to 50% of existing performance halls. We cannot abandon them. They'll need support, which could be required longer than in other sectors.

Mr. Gabriel Ste-Marie: In your speech you also said it was important not to lower taxes. We all know that these are some exceptional emergency economic measures. Forecasts so far are for a \$250-billion deficit. That's comparable to what other G20 countries are doing, proportionally to their economies. Everyone will obviously need to do their part to pay back that debt when the time comes.

You said it was important not to lower taxes. I'd like to hear your position on the use of tax havens. Poland has said that, in this time of emergency, tax havens must no longer be used. Denmark has said that companies that want to access assistance measures cannot use tax havens, and France followed suit with a similar declaration made by its finance minister.

What's your position on the use of tax havens?

Mr. Denis Bolduc: When the Prime Minister first started getting questions on this topic, in light of what was going on in Poland, Denmark and France, as you mentioned, Mr. Trudeau seemed to be somewhat open. Unfortunately, he later retracted and took a step back.

We believe that if companies are getting assistance, that assistance should, of course, benefit the companies, but it should also benefit the workers. These companies must certainly not be using tricks or tax strategies to use tax havens in order to pay little or no tax.

It's hard to assess how many hundreds of millions of dollars—some even say billions of dollars a year—the Canadian tax system loses to attempts to maximize corporate tax strategies. Any assistance must benefit the companies, but it must also benefit the workers. We should take a lesson from what France, Denmark and Poland are doing.

Mr. Gabriel Ste-Marie: We can't get the exact figures, but if you look at the five big banks in Toronto—

[*English*]

The Chair: We have to end it there, Gabriel. We're just right on the time.

We will go to Mr. Julian and then on to Mr. Cooper.

● (1615)

Mr. Peter Julian (New Westminster—Burnaby, NDP): Thank you to all of our witnesses for being here today. We certainly hope that your families and everyone in your neighbourhood is safe and healthy.

I'd like to address my questions, to start, to Mr. Neumann.

Thank you very much for being here, and a big shout-out to steelworkers across the country, who are often the front-line workers keeping us healthy, keeping us fed and making sure that our society is still functioning.

Mr. Neumann, you said something very eloquent, that we're all in this together, but we're not in it equally, and so I want to contrast two things and ask for your comments.

First, Jagmeet Singh and our caucus have been pushing for a universal benefit. The reality is that the CERB is already set up as a universal benefit, but many people are excluded. We had to fight hard to get three million people added, and yet there are millions who are still excluded from the CERB, even if they need it.

Despite those conditions and the government's refusal to put in a universal benefit... As you mentioned, as far as corporate support is concerned, there are no conditions for the banking sector, no conditions regarding overseas tax havens. In fact, as you mentioned, many other countries have put in place conditions, such as not using public funds to for stock buybacks or for executive bonuses. Yet, the government refuses to put in any conditions in place there.

I'd like your comments in contrasting that universality for bigger business and yet for small or regular Canadians there's not the universal support available.

How harmful is it that we don't have those conditions in place for bigger businesses? Does it make any sense that we give them public funds that could be used for overseas tax havens or executive bonuses, stock buybacks or dividends?

Mr. Ken Neumann: Thank you very much, Peter, for that question and for your comments about the steelworkers.

As I said in my testimony, we represent workers from a very broad base. There should be no worker who should be left behind. The fact is that we're in a global pandemic. This is not just in Canada; it's around the world.

This is an opportunity for the Government of Canada to shine. These are our hard-earned tax dollars, and each and everyone of us contributes to the coffers.

The fact is that it's prudent for the government to make sure we don't have corporations that basically try to avoid their taxes with these tax havens and somehow be at the front of the line to get some of the government benefits. There are politicians elected—and all of you folks have been out there—to make it a better world for all of us. How dare would we now think that someone who has been trying to avoid paying their fair taxes should benefit from that? That's the first one.

On universality, there are many things you can talk about. You can talk about the health care system. You can talk about what has been exposed in this pandemic in regard to how we treat our elders. There are a variety of issues.

This is an opportunity for all politicians. I can see there is a lot of commonality in what's taking place. This is unprecedented for any of us in our lifetimes to witness what we are witnessing, and we're not out of it yet. This is why we need to have a government that's focused, along with the opposition parties that are pushing it in the right direction. As I said at the beginning, there should be no one left behind.

We have numerous examples of what I've relayed to you in my testimony in regard to people who have—

The Clerk of the Committee (Mr. David Gagnon): Mr. Neumann. I'm sorry—

Mr. Ken Neumann:—fallen through the cracks in this situation. In Alberta, we have a steel facility that's just at the cusp of this transition of COVID-19. It's called Alpha Steel. There's been a transition, with a new company coming in to buy... The fact is that because it was being hived off, we're probably going to be seeing significant layoffs at Alpha Steel. Yet, they don't qualify for the 75% wage subsidy.

I think that we're moving in the right direction. However, with some of those elements I've talked about, this is an opportunity for all politicians to take leadership and talk about fairness in Canada. I can talk about manufacturing ad infinitum, and I've heard other witnesses talk about the PPE. It's an embarrassment to this country.

The Clerk: Mr. Neumann, Mr. Chair, I'm sorry to interrupt. The sound quality is not good for the interpreters at the moment, so they had to stop interpreting.

They were suggesting that you could try to be closer to your computer and maybe speak more slowly and a bit louder, and we can see if that works.

Sorry, Mr. Chair.

Sorry, Mr. Neumann.

• (1620)

Mr. Ken Neumann: Okay, sorry about that. I'll try to slow down. I get excited when I get talking about some of these things.

When it comes to personal protective equipment, we have first-hand knowledge. We have some front-line workers who work at airports, and who are expected—without going into names, some people have asked what happens if they have to screen someone coming through the scanner and the buzzer goes off. They weren't given face shields and were told that if someone coughs they should just turn their head. What kind of society are we talking about if we can't protect workers?

Each and every one of us gets up in the morning to go to work to fend for our families, each and every one of us who is here today, yet we don't have the ability to go to work and do a fair day's work to have pride in the work we do. The most important thing is that you have the ability to come home to your loved ones. I see it time and time again. The tragedy is, unfortunately—we just had April 28, Peter, which is the day of mourning, when we mourn for the dead and fight for the living.

In Canada, we still kill over a thousand people each year who do the same thing we do every day: getting up and trying to go to work and fend for ourselves. We have an opportunity to reset some of these inequalities or inefficiencies that have taken place in the health care system and the PPE, where we can't produce our own equipment to protect our front-line workers, protect our people.

We represent a lot of workers in the nursing homes. If you look at the baby boom burst, these are the folks, if you're fortunate enough to still have parents who are living, who are going to be in need of home care and these nursing homes. If you've witnessed what we've all witnessed over the last several weeks, it's not a pretty picture. It's not something I'd want to be saddled with, to say that I think it's time for my parents to go to a nursing home, considering what has transpired. We have a fiduciary responsibility, an obligation, to make sure we treat those people with dignity and respect. They have helped us build this great country.

Peter, here's an opportunity to reset and move forward, and to close those gaps, to stop those loopholes and to have a fairer society that's going to prosper for all.

The Chair: Okay, we'll have to end that round there.

We'll now go to the five-minute round. We'll start with Mr. Cooper and on to Ms. Dzerowicz.

Mr. Cooper.

Mr. Michael Cooper (St. Albert—Edmonton, CPC): Thank you, Mr. Chair, and thank you to the witnesses.

I will address my questions to Mr. Brunnen of CAPP. You spoke of the unique and pressing challenges facing Canada's energy industry, and in particular for the immediate need for industry-specific liquidity measures. Thus far, we have seen very little for the oil and gas industry in terms of the federal response. We saw \$1.7 billion for orphan oil wells, but really that's almost it.

In that regard, and I thought you said it but if you hadn't, I would just ask if you agree that, when it comes to the oil and gas industry, the federal COVID response has been insufficient?

Mr. Ben Brunnen: Yes, I agree with you that the federal response to support the oil and gas industry has not been sufficient from our side of things. We've seen the government announce its \$1.7 billion, as you said, for orphaned and inactive wells. I think that's helpful. We've seen liquidity support for small and medium-sized companies, but we have not seen the government address the liquidity needs of the medium to large companies, and those are the companies that carry a significant portion of the investment, of the jobs in this country. We are hoping, and we are certainly advocating for the federal government to advance liquidity for these companies.

Mr. Michael Cooper: Thank you for that.

As we look beyond the immediate challenges facing the industry, which you've addressed by way of some of the measures you'd like to see, and we look toward an economic recovery over the longer term, there is some \$20 billion worth of resource projects currently in the queue awaiting approval.

I know that in the past CAPP has expressed concerns about the approval process. Can you speak to the benefits of expediting approval for these projects? These are wealth-generating and job-creating projects and assets that will last for decades, especially in light of looking at the bigger picture, decades into the future, with the continued demand for oil and natural gas around the world.

• (1625)

Mr. Ben Brunnen: In our view, the recovery is likely going to be protracted. It's going to take some time to get ourselves back to a strong economic position as a country. Our view is that the government should look to the sectors that can help lead the recovery. We think the oil and gas industry is one of those sectors. We can certainly mobilize investment for projects to develop our high-quality environmentally managed resources.

Our recommendations ask the government, first, to create the right fiscal framework, notably with the immediate deductibility and the tax pools' recommendations that move forward projects that we consider shovel-ready. In addition to that, streamlined regulatory processes are certainly necessary to provide certainty and expeditiousness with respect to approving projects.

Those two elements are critical, and we think our industry can help lead the recovery not only in Alberta, Saskatchewan and British Columbia, but also nationally. As you heard, we have a substantial economic footprint and contribution across the country, and we'd be pleased to have the opportunity to draw on that investment to build those projects and jobs.

Mr. Michael Cooper: Right, and the immediate deductibility that you spoke of for the energy sector, with the benefit that it would have, is already in place for the manufacturing sector, is it not?

Mr. Ben Brunnen: It absolutely is in place for the manufacturing sector. The oil and gas industry did not receive the same full treatment at the time that was introduced, in 2018.

This is the single greatest lever that helps incent investment in long-cycle, major capital projects. Notably, Atlantic Canada and the oil sands are two of those types of projects—the SAGD facilities and in situ projects—that would really benefit from those parameters. We would also support LNG and pipelines, and other types of projects that would benefit from this provision.

The Chair: Okay, thank you Michael and Ben.

Ms. Dzerowicz.

Ms. Julie Dzerowicz (Davenport, Lib.): Thank you so much, Mr. Chair, and thanks to all the presenters for their outstanding presentations.

I have three questions, so I would be grateful if everybody could keep their answers short. In this regard, it's interesting that the questions have shifted from urgent, immediate action to moving past the current pandemic phase and the COVID-19 reset period.

My first question is for Mr. Brunnen of the Canadian Association of Petroleum Producers.

It's hard to see the world outside of the pandemic because we're so consumed with it, but most of the world is continuing to embark on a clean energy transition. That means moving to a low-carbon future and moving to decarbonization.

How can we help the oil and gas industry move to where the puck is going? You mentioned a series of investments that could be made. Is there anything specific that the federal government could be investing in that would help the oil industry move toward a low-carbon future, decarbonization and clean energy?

Mr. Ben Brunnen: With decarbonization, we are talking about a movement to low carbon. Our industry has invested pretty substantially there, from a technology perspective, to reduce our carbon footprint. There is technology in SAGD right now that could decrease the carbon footprint of our oil sands by 50% to 80%, depending on the—

The Chair: I believe somebody doesn't have their mike muted. There are other sounds coming through. Everybody, check to make sure that your mike is muted.

Okay, Ben, try again.

Mr. Ben Brunnen: The technology exists. It needs to be commercialized and it needs some support in technology development. It starts with support for our industry and recognition that we are part of the solution, and encouraging the investment not only in our projects but also in the technologies that reduce our emissions.

We can [*Inaudible—Editor*] this now. Our primary recommendation to the government is to move into a collaborative space with industry across multiple ministries to advance that vision and develop our projects that way.

• (1630)

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

My next question is for Ms. Van Buren of the Canadian Construction Association. It's a quick question.

I'm very blessed to have a lot of construction workers in my downtown Toronto riding of Davenport. Before this pandemic, there was a huge crisis with the labour needs of the construction industry. Is that still the case, or has this pandemic largely eliminated that? If you could address that, I'd be grateful.

Ms. Mary Van Buren: Getting a skilled, well-trained and diverse workforce was virtually the number one issue across Canada. We believe that will continue to be an area of focus for us as we move into recovery. We know that, certainly, this can cause concern for seasonal employees, who may start looking for other industries to work in.

We believe that the challenge will be as great or greater coming out of this recovery, and that's certainly why CCA is campaigning to position the industry as inclusive. We want to attract a very diverse group of people, from the skilled trades as well as those from science, technology, engineering and math, or STEM. We need drone pilots, artificial intelligence, virtual reality and big data people. It will be a really exciting time for people to join the industry, but to do that, we have to position it as a career choice.

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

Mr. Wilson of the Canadian Manufacturers & Exporters, both Mr. Neumann and Ms. Van Buren and a lot of people in my riding have mentioned that there continues to be a concern around PPE, both right now and ongoing as we get out of this current pandemic phase.

I know that our federal government has been heroic in ordering as much as we can right now while bringing up the manufacturing base to produce as much as we possibly can now and in the future. Is there anything more we could be doing?

Mr. Mathew Wilson: Manufacturers have stepped up with not only N95 masks but also with a range of PPE they have been manufacturing, and have been for a bit already. The problem has been more about what products are needed, who would buy them, how you would get them tested and then who would supply those sub-components. It's easy to identify one component of a product, but it's a lot harder to identify a lot of the sub-components. A lot of those supply chains have been stood up relatively quickly, which the manufacturing sector deserves a lot for because of its ability to do that type of work. We're starting to see that output come on stream now.

What more could be done? I was talking to the health committee earlier today, and one of the things we talked about there was more centralized and coordinated procurement. Right now, the procurement side of things is a real mess. That's not a federal government responsibility, but it doesn't even seem to be a provincial government responsibility in some cases. It seems to be the level of local health units, and it's really tough for manufacturers to produce to scale and try to sell to multiple health units across the country, never mind a region or a province. So that would be one thing that would help an awful lot.

The Chair: Okay. Thank you all. We're a little over on that round.

As a note to members, Mr. Fash from BILD Alberta Association hasn't had any questions yet, and I can see he's on pins and needles waiting for one.

Next up is Mr. Morantz, and then on to Ms. Koutrakis.

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

Sorry, Mr. Chair and Mr. Fash, my questions are for my friend, Mr. Remillard, from the Winnipeg Chamber.

• (1635)

It's always nice to have a fellow Winnipegger on the line, Loren. I just want to touch on ICIP for a couple of minutes. It's no secret that this program has had problems. Parliament voted to have the Auditor General audit ICIP, and that wasn't just the Conservative Party, but with the support of the Bloc and the NDP.

The construction industry also applies to public construction. The future of public municipal projects, I think, is also going to be key, in addition to the oil and gas industry and other industries, in coming out of this. I think you're in a unique place to discuss this, because of your position at the chamber and your former history as a public servant. What advice or commentary might you have for government to ensure that their infrastructure dollars get out the door on a timely basis to help Canada come out of the current crisis?

Mr. Loren Remillard: Thank you, Mr. Morantz. It's great to be here again. It's great as well to see a fellow Winnipegger.

I will say this. The Winnipeg chamber, along with eight of the largest metropolitan chambers in this country, formed the Canadian Global Cities Council in 2016. In 2018 we produced a report that received national coverage and called for a national urban strategy. Canada has the distinction of being one of two OECD nations, the other being the United States, that does not have a national urban strategy.

Effectively, what that's calling for is moving away from project-based funding, whereby communities like Winnipeg, Toronto and Montreal—you name them—would work with their provincial counterparts and develop local regional plans for those communities, which the federal government would fund. If the priorities shift in concert with the municipality and the province and you've had something change, you don't need to keep going back to Ottawa, because Ottawa is funding the plan and the priorities as set by the local communities themselves.

That's one way, I think, that the government can transform how it funds infrastructure in this country. It's to ask the communities what their priorities are and to say, "Put it in a plan and we'll fund the plan."

Mr. Marty Morantz: Thank you.

I guess it's also to say no to the public servants once in a while.

Mr. Loren Remillard: Well, challenge the public servants... Challenge them to do what they do best. I work with many incredible individuals.

Mr. Marty Morantz: Yes.

To circle around to the wage subsidy, I'm certain that some of your members have been struggling with this. As far as I'm aware, not a single wage subsidy dollar has left Ottawa yet. I know that the program had a lot of trouble getting off the ground. Originally, it was 10%, and thanks to organizations like yours, I think, and other people, there was a call for it to be 75%. I know that the Liberals brought out legislation that was insufficient, which delayed the program again.

Here we are in early May, and businesses have had to make some very difficult decisions. I'm wondering if you could describe some of the difficulties you've seen among your members.

Mr. Loren Remillard: Thank you for the question. I'll say—and I'm sure members of the committee can share this as well, those who have very vibrant and strong arts and cultural sectors in their communities—that Winnipeg is one of those fortunate communities where we punch above our weight when it comes to our contribu-

tions to arts and culture, and I can tell you that the impact on our sector in Winnipeg has been tremendously difficult.

The Winnipeg Symphony Orchestra had to lay off its entire staff. The Winnipeg Folk Festival, the largest and most celebrated folk festival in North America, cancelled its performance. Now, those things were going to happen, the cancellation of the events, but we know that within the arts and culture sector, for some of the larger ones down to the smaller community groups, the wage subsidy delays and so forth were problematic. We've seen significant layoffs there.

Again, for Winnipeg, this sector contributes disproportionately, in a positive way, to our GDP. As a result, we're suffering disproportionately from these injuries.

Mr. Marty Morantz: Thank you.

I have one last quick one, Mr. Chair, on a more positive note.

I think that both Mr. Remillard and I can attest to the heart and the resilience of Winnipeggers and Winnipeg business people. On a nice note, I know that there are a number of companies in Manitoba that have really picked up the cause. You mentioned the concept in your opening statement.

I wonder if you talk about, for example, the breweries that have converted to making hand sanitizer, which I think is so innovative, and other things that may have crossed your path over the last number of weeks.

Mr. Loren Remillard: Thank you.

The one that comes to mind is the Farmery Estate Brewery. They were, of course, on *Dragons' Den*. You can actually get hand sanitizer in beer cans now. It's quite innovative and doing exceptionally well. The Capital K Distillery produces a high-end vodka—I encourage you to partake of their product—but have converted as well.

The Duha Group is a provider of ink toners and supplies for printing. They have converted completely to the production of hand sanitizer, all the proceeds of which are being donated to the Grace Hospital Foundation. It's another example of companies doing the right thing for the right reasons at the right time.

Also, of course, the celebrated Canada Goose, which makes parkas—a bit of a requirement in our nation—is now making gowns and other PPE. As well, Mondetta is doing the same.

I think Winnipeg is indicative of everyone's community from coast to coast. Business has risen to the challenge and has asked how it can help and what it needs do and has said that it's going to turn...

Also, let's celebrate their employees as well, who have risen to the occasion and embraced that opportunity. To me, crisis brings out the best and the worst in people. I think we need to take a moment to stop and celebrate those companies and those employees that have really shone and have shown what Canada is about.

• (1640)

Mr. Marty Morantz: Thank you very much.

The Chair: Thank you for those questions and responses.

We'll turn to Ms. Koutrakis. Then we'll go to five single questions, if we could, from Mr. Ste-Marie, Mr. Julian, Ms. May, Mr. Fragiskatos and Mr. Cumming.

Annie, you're on.

Ms. Annie Koutrakis (Vimy, Lib.): Thank you, Mr. Chair.

I hope to be able to ask questions of three different witnesses, beginning with Mr. Wilson of Canadian Manufacturers & Exporters.

Mr. Wilson, what effect has COVID-19 had on the cross-border supply chains needed to manufacture certain products? Are certain industries feeling the effects of this crisis more than others? Is there anything the federal government can do to support and protect these supply chains?

Mr. Mathew Wilson: Really quickly, in the sectors that continue to operate, they've been working fine. I think the CBSA and the federal government have done a really good job. Obviously, there are big sectors, though, that aren't operating. Aerospace and automotive are two that are essentially shut down across North America. That accounts for probably 40% of the volume across the Canada-U.S. border in goods.

In terms of the other sectors that do rely on the border, such as agri-food, which is the next-biggest sector, they are still operating. Everything's fine at the borders. There have been rules put in place to help the trucking community and support the integrated manufacturing sector.

Generally speaking, it's working well, and the government's been very responsive.

Ms. Annie Koutrakis: Thank you very much for your answer. That gives me some comfort, as I'm sure it does for many others as well.

My next question is for Mrs. Van Buren of the Canadian Construction Association.

Beyond the direct financial support from the federal government, what can be done to encourage outside investment in post-COVID infrastructure projects from sources such as the Canada Infrastructure Bank and large pension funds?

Ms. Mary Van Buren: The ask that we have is actually to reimburse the costs for federal projects as opposed to financial relief. It's to share in those costs that they had to do in order to continue with the federal projects.

In terms of longer-term infrastructure investment, we go back to investor confidence. Take a project like Trans Mountain, which had followed dutifully, we believe, all of the processes and then hit some snags. Often that is a signal to the marketplace that Canada may not be as great a place to do business as other sectors. We know, certainly, that the U.S.A. has had a much better tax regime as well. So making Canada confident for investors is a number one priority.

There's also looking at how we can better leverage the investment available from the Canada Infrastructure Bank, the \$35 billion, to help de-risk some of the projects that are out there. One

area we'd love to see is helping us with innovation. Construction has been seen as an industry that is not as productive as others. If one of the mandates for the Canada Infrastructure Bank could be to help de-risk the cost of innovation, that would really help us as we come into recovery and better position the industry for the future.

Ms. Annie Koutrakis: Thank you.

Mr. Chair, do I have time for one more?

The Chair: You have two minutes.

• (1645)

[*Translation*]

Ms. Annie Koutrakis: My next questions are for Mr. Bolduc, from the FTQ.

What measures have been taken to protect workers' health and safety on work sites and in factories? Do you anticipate any health and safety issues?

What can the federal government do, within its jurisdiction, to ensure a safer workplace for workers?

Mr. Denis Bolduc: Thank you for your question, Ms. Koutrakis.

From the beginning of the health crisis, any of our actions on a potential return to work have been focused on workplace health and safety.

With respect to construction, we've taken steps to ensure that workers have access to water for handwashing at the work sites. We've also ensured that they have access to protective equipment and that they follow physical distancing protocols. Even that was a little difficult.

When we're talking about a return to work in this context, the priority is to protect workers. By protecting workers, we're also protecting their families, friends and acquaintances.

As for the second part of your question, the federal government will have to help the provinces get more protective equipment, since a lot is needed. The entire world is looking for masks, gowns and face shields. The federal government needs to step up and help the provinces obtain protective equipment.

Ms. Annie Koutrakis: Thank you.

[*English*]

The Chair: Thank you, all.

We'll go to Mr. Ste-Marie for one question, Mr. Julian for one question, Ms. May, and then two others.

Mr. Ste-Marie, go ahead.

[Translation]

Mr. Gabriel Ste-Marie: Mr. Chair, the message may not have gotten through, but my colleague Alexis Brunelle-Duceppe will speak now and again during the next two and a half minutes allocated to the Bloc.

[English]

The Chair: Okay, Alexis, go ahead.

[Translation]

Mr. Alexis Brunelle-Duceppe (Lac-Saint-Jean, BQ): I thank all of the witnesses for their presentations.

My question is for you, Mr. Bolduc. I imagine that a number of the employees you represent had not accumulated enough hours before the crisis to qualify for EI. However, after the crisis began, these people became eligible for the CERB. When the CERB ends, these people will be in a weird situation. What do you think Ottawa should do to help them? Should it renew the emergency benefits or review the EI rules over the long term?

Mr. Denis Bolduc: That's an interesting question. Earlier I mentioned certain sectors for which the government will have to extend the CERB.

We've been calling on the government for years to completely overhaul the EI regime. I'm talking about calculating the benefit period, the benefits themselves, the dispute process and the entire process to appeal decisions. We have a lot of ideas about this, but the EI regime will absolutely have to be reviewed.

Furthermore, we've been critical of the so-called black hole for many years. Workers in seasonal industries like the fishing, hotel and tourism industries, are worried about falling into that black hole and ending up with no income and no EI. We have suggestions to remedy this situation, and it would be important to do so.

Mr. Alexis Brunelle-Duceppe: Thank you very much, Mr. Bolduc.

[English]

The Chair: Thank you very much.

Mr. Julian, you're on.

Mr. Peter Julian: Thanks, Mr. Chair.

I'd like to go back to Mr. Neumann.

You spoke earlier about a new industrial strategy that we need to be putting into place in Canada, and Mr. Wilson referenced this as well. We need to make sure that we have manufacturing jobs here in Canada and finally, after decades of waiting, put into place an industrial strategy. How important is that and what are the key components of that industrial or manufacturing strategy that we need moving forward?

• (1650)

Mr. Ken Neumann: Thanks, Peter.

First of all, what I said earlier with regard to manufacturing is that we have a [Inaudible—Editor] time to reset. If you look at the history of the governments of the day, we don't have a long-term strategy when it comes to manufacturing.

I'll just share some statistics with you. If you look at the past 20 years, GDP from industrial production has essentially been stagnant. Manufacturing today accounts for about 10% of Canada's GDP, down from 16% in 2000. If you go back to the 1950s, we were at 30% of the GDP. You want to compare that with Germany, where manufacturing today is in excess of 60% of GDP.

We've not really focused on it, and here's our opportunity. We've heard a lot of discussions in regard to procurement. I see it every day with the industries we work in. We work in steel, we work in aluminum, we work in forestry. Why is it that we still cut our logs and put them on a ship and send them to Asia, and they come back to us as some piece of furniture or whatever you may have? Why are we still using steel from China that is going to go to Site C, or to the LNG, or to build a bridge in Montreal or a bridge in British Columbia?

There's no reason, when we talk about "Built in Canada"... We should be proud of the kind of work we do and the abilities we have. We have a strong steel industry. We have an aluminum industry, we have a forestry industry. The fact is that this is an opportunity.

We can talk about just last week. We are just in the process of dealing with the CITT, where someone is trying to get rid of an order from the CITT on solar panels. They're coming from China. Give me a break. The reason they're coming from China is that they're cheap. The fact is that we can produce them here in our own backyard.

It's as simple as being able to build windmills. You talk about retrofit, you talk about green energy, and that's what it's all about, but you must have a strategy from the leaders of the government to basically say that we're going to get into manufacturing to do these things. Then we wouldn't be in the situation we are with the PPE.

The Chair: Thank you very much, Ken and Peter.

Ms. May, you can have one question.

Ms. Elizabeth May (Saanich—Gulf Islands, GP): Thank you. It's actually a perfect segue from what Mr. Neumann was just saying. I have a question for Mr. Wilson along the same lines.

It seems to me that after this pandemic, we have a real opportunity to rethink our economic strategy as a country. We've been very embedded in the notion of exporting raw products. We know that we've had a crisis in productivity and competitiveness, and the more we export manufactured goods, the better our competitiveness and productivity indexes will be.

I'd like to ask Mr. Wilson if he sees an opportunity to rethink how we imagine our economy from raw resource exports to more manufacturing and value-added products.

Mr. Mathew Wilson: Thank you very much, Ms. May, for that question. I think we spoke on this issue before, so I think you know that the answer is yes, we should be rethinking all of these things.

The bottom line is that we don't have to produce everything in Canada for ourselves. I think some people may be going a little bit too far on those things, but we could be doing a lot more in this country. We could be upscaling things. Even in the development of our natural resources, it's not just about turning logs into lumber that goes into homes. It's about the technology that goes into harvesting the logs and producing the timber in the first place.

We're so focused on just a narrow niche of what is actually happening in manufacturing and value-added activities. There's a wide range of opportunities out there, and maybe I'll talk about two. I've mentioned a lot of areas of manufacturing strategy in this country, but maybe I'll mention a couple.

First, we need to focus on technology adoption. You mentioned the words "competitiveness" and "productivity". We are laughably behind most of the rest of the world, and we need to do something about it. If you want to talk about productivity levels, the bottom line is we're so unproductive we can't compete with most of the people we're opening our trade agreements with, and that is a big problem. Our share of globalized trade continues to fall because we're not competitive. It simply costs too much—and we're unproductive—to make things here. We need to fix those types of elements.

Second, we should be targeting areas where we have natural advantages, not trying to create brand new things that don't exist that we have no reason to be involved in. We should be looking at what our resources look like, from human capital right through to our natural resources and how we can harness those better. I'm in southern Ontario right now, in Guelph, in the heartland of the industrial and technology sector of Canada, and those two sectors barely talk to each other, yet manufacturing is going to be driven by technology as we go forward and is largely being driven by it today. There's so much more we can do to drive scale-up and innovation in those sectors.

Maybe I'll stop there, because I know we're running out of time, but it's absolutely true, and I hope the government actually gets around to doing something about it. There have been a lot of conversations and a lot of plans written, but not enough implementation of them a lot of the time.

• (1655)

The Chair: Thank you all very much.

We'll go to Mr. Cumming and wrap it up with Mr. Fragiskatos.

Mr. James Cumming: You'll be happy to know, Mr. Chair, that I'm going to direct my question to Mr. Fash, who's been sitting there quite patiently.

The Chair: Good.

Mr. James Cumming: I spent the best part of my career in the construction and development business and I know it's a grind-it-out tight margin, a tough, tough business. I know, Scott, you've done some work on red tape and regulation. Can you talk briefly about how much of an impediment that is to productivity and profitability for the firms you represent?

Mr. Scott Fash: Thank you very much. It's no problem; I understand there's a lot to talk about, so I do not feel bad that I did not get further questions.

It's been a substantial focus, not only for us but obviously for the Government of Alberta, to reduce red tape. What I keep hearing from a lot of the builders who have been around for years and years is that it used to take two weeks to get a permit and now it's a minimum of three months. In Alberta or in most of Canada, your construction season only lasts about four or five months, so a three-month delay in getting a permit is a killer.

As building codes get more complex and buildings get more complex, as processes get more complex, these things seem to be just adding more weight. We have new policies and codes at the federal level, then the provincial level, then the local level. It's basically just this pancaking of policies over and over that address the same problems and make things more complex.

Our view and our hope is that coming out of this process, we'll be able to get into a bit of a new normal, or we can maybe rethink some of these things and figure out how we can be a little more strategic in the policies we really want to focus on and those that maybe we don't need to worry about as we try to battle through this recovery.

The Chair: Thank you both very much.

Just on that point, Scott, I was thinking about something somebody said earlier. Part of our problem in government, from my own perspective, is there's too much thought that goes into process and never enough into results. We should be trying to get results rather than process.

We're turning to Mr. Fragiskatos. Go ahead, Peter.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you very much, Mr. Chair. The question is actually for Mr. Fash as well.

Mr. Fash, you gave a great presentation and you've articulated a number of different ideas.

What is one key that we can take away as a committee and from there recommend to the government? What key thing do you think is of paramount importance? What would you underline as the most important issue for you and your sector right now? You can focus on Alberta if you wish, but I think making it even more general by looking at the country as a whole would be beneficial. I think a lot of the issues you've raised are standing out for many home builders right across Canada.

Mr. Scott Fash: I think consumer confidence is going to play a huge role in the ultimate recovery of my sector in particular, but I know in many others as well.

Past that, even prior to COVID-19, when I would meet with businesses and ask them what the big thing was that they thought was hurting their business, they kept coming back, over and over, to the mortgage stress test and the mortgage rules. When I prepare an advocacy strategy or put things together for annual general meetings, that is the one item they all want to talk about. It is the item they believe has impacted their business more negatively than anything else.

I know CHBA nationally has done a ton of work with MPs from multiple parties in trying to come up with some solutions. What I hear often from those members is that if we're not going to fix or adjust it federally, they would at least like to see some sort of regionalization that understands or respects the fact that the housing market in Alberta is very different from markets in other major centres across Canada, specifically when this relates to housing affordability.

The Chair: Okay, thank you both.

I do have one quick question to the Canadian Association of Petroleum Producers.

Ben, for whatever reason, I think there's an awful lot of misunderstanding about your industry and the achievements you have made by way of technology.

You said that you could help lead the recovery. You also said that what you really need is recognition and support for industry as part of the solution. Do you want to expand on that a little? Then we'll close.

• (1700)

Mr. Ben Brunnen: Thanks, Mr. Chair.

In terms of leading the recovery, we are a substantive contributor to Canadian GDP across all provinces, so finding ways to encourage and attract investment in our industry will help substantially in leveraging growth for Canada, for the Canadian economy, and pulling us out of this very deep contraction, from an economic perspective.

In terms of recognition for our industry, we have undertaken some of the most significant investment technology—

The Clerk: I'm sorry, Mr. Chair. I think there's a problem with the interpretation.

The Chair: Just hold on, Ben.

What did you say, David?

The Clerk: Maybe he should try to speak more slowly.

The Chair: Just speak a bit more slowly, Ben.

Mr. Ben Brunnen: Sure.

In terms of recognition and support, what we are seeking, I would say, is recognition comparable to other jurisdictions for our performance on the environment and on social and governance-related matters. Recognize that our industry can be a key contributor to reducing global GHGs while developing our resources responsibly.

It's something we would like to see the federal government embrace and work on with us collaboratively to build prosperity.

The Chair: Okay, thank you.

With that, we'll have to close. We are about a minute over our time.

I want to thank all the witnesses for taking the time to make their presentations today. There has been a lot of policy coming out from government, and as I think everyone recognizes, there's a willingness to improve on the policy that's been released. These hearings are quite important to [*Technical difficulty—Editor*] criticism and suggestions up the line to be implemented into short- and long-term policy.

With that, we'll suspend the meeting for a couple of minutes while David brings in the other witnesses and checks their sound.

Thank you.

• (1700) _____ (Pause) _____

• (1710)

The Chair: I call the meeting back to order.

Witnesses, welcome to meeting number 25, panel number two, of the House of Commons Standing Committee on Finance.

I'll read the order of reference that we're operating under. Pursuant to the order of reference of Tuesday, March 24, the committee is meeting on the government's response to the COVID-19 pandemic.

We have seven witnesses. To save time, we'll go right to the witnesses. I would ask witnesses to try to hold their comments very tightly, if they can, to five minutes so that we have plenty of time for questions.

We'll start with the Canadian Cancer Society. We have Andrea Seale, chief executive officer; and Kelly Masotti, director.

• (1715)

Ms. Andrea Seale (Chief Executive Officer, Canadian Cancer Society): Good afternoon, and thank you very much for the opportunity to present to you today on the needs of the charitable sector and to share a perspective from one of this country's largest charities. My name is Andrea Seale. I'm the CEO of the Canadian Cancer Society.

The pandemic is testing us in more ways than we ever thought possible, and we're rising to the challenge on many fronts. It has exposed vulnerabilities and sharpened our focus. I'm very happy to see that so many of the people who support our most vulnerable have taken their rightful place as our real-life superheroes. Also, I'm happy to see that our health care system is evolving quickly, and elected officials such as you, and governments across the country, have really shown incredible leadership.

Charities are in a dire situation. It's estimated that registered charities in Canada will lose between \$9.5 billion and \$15.7 billion, and will lay off more than 100,000 staff as a result of the pandemic. Job losses in occupations related to the non-profit sector are already 1.4 times higher than in the rest of the economy.

The Canadian Cancer Society is one of the largest charitable organizations in the country, and I can truly tell you that we have never faced a greater financial challenge in our 80-year history. The hundreds of fundraising events that we have had to cancel across the country have led us to forecast a drop in donations of between \$80 million and \$100 million for the year ahead. That's roughly half of our budget. We have already laid off more than a third of our staff, and we've closed community offices across the country. With projections that the economic downturn will continue for some time, we're really being forced to overhaul and reduce programs.

Organizations in the charitable sector, as you all know, care for Canada's most vulnerable populations, and we fill in where the social safety net and our health care system fall short. I think charities are really too important to the fabric of Canada and to our global community to be forgotten during this crisis. The steps taken to date have been helpful, but are not enough.

The Canadian Cancer Society is the only national charitable organization that's dedicated to funding life-saving research on all cancers and to advancing cancer prevention health policy that saves millions of lives. We also provide essential support services to the one in two Canadians who will be diagnosed with cancer in their lifetime.

In addition to this mission, our organization, like so many others in the charitable sector, values efficiency and good management. We have led the consolidation of the cancer charity sector to reduce duplication and ensure donor dollars are well spent. We have amalgamated three of the largest cancer charities in the country in the last few years—that's with the Canadian Breast Cancer Foundation and Prostate Cancer Canada.

Since COVID-19, the services that we offer, like our toll-free helpline and our online peer support community, have been in very high demand. People with cancer are facing isolation and anxiety, as the pandemic is so greatly impacting the health care system they rely on. They're also isolated from their usual support networks. Their clinical trials are cancelled. Their treatment is being delayed. Some tell us that they feel as though they are collateral damage of the pandemic. Others say that they feel as though they're on the *Titanic*, and only those with COVID-19 are getting into the lifeboats.

While their needs have never been greater, our reduced fundraising dollars mean that we're struggling to provide them with support

to make the difference we know we need to make for those living with cancer.

Cancer is not taking a break during the pandemic, and of course neither are we. We are here to help take pressure off the health care system and to help patients cope. We see the need extending for many months as the health care system deals with the backlog.

I ask you to please consider the requests that you've heard from Imagine Canada and from other leaders in the charitable sector, and also from the Canadian Cancer Society in our submission to this committee, which targets the important needs of people with cancer and their caregivers. Specifically, we are seeking funding to work in partnership with government to continue to provide these support services for the million-plus Canadians who are living with, and beyond, cancer.

We're really here to help.

I'm looking forward to any questions, and I really thank you for listening.

• (1720)

The Chair: Thank you very much, Andrea.

Turning then to the Centre for Israel and Jewish Affairs, we have Shimon Koffler Fogel, president and CEO.

Mr. Shimon Koffler Fogel (President and Chief Executive Officer, Centre for Israel and Jewish Affairs): Thank you, Mr. Chairman and members of the committee, for welcoming CIJA's participation in this important conversation.

The Centre for Israel and Jewish Affairs, known widely as CIJA, is the advocacy agent of the Jewish Federations of Canada. We're a national, non-partisan, non-profit organization representing over 150,000 Jewish Canadians affiliated through local federations from coast to coast.

Federations are in many ways the United Way of the Jewish community. They're a one-stop shop for philanthropic giving, enabling community members to support the diversity of charitable projects. Canada's Jewish federations collectively raise well over \$120 million every year for services, programs and initiatives to support the most vulnerable Canadians from all walks of life.

The beneficiaries include people with disabilities, low-income families, seniors, Holocaust survivors, youth, education and cultural programs, and in the wake of this pandemic, emergency initiatives and programs to support those impacted by COVID-19.

Jewish federations are the central pillar of Jewish life in Canada, sustaining our vibrant community. The service agencies and community institutions they support have been conducting essential front-line work since this crisis began.

I'd be remiss by not beginning with a strong expression of deep appreciation to the government officials, ministers, members of Parliament and political staff who have worked countless hours to design and implement programs that we're discussing here today. The government has to be commended for the work it has done. It has saved millions of Canadians from financial ruin and worse, as we combat the COVID-19 pandemic.

It's in that spirit that I appear here today to address constructively several shortcomings in the programs and offer our solutions to them.

As was the case during past crises, Canadians should come together during this time with the understanding the government alone cannot resolve this crisis. We all have to collectively step up to the plate and work together to help the most vulnerable among us to get through this unprecedented challenge.

The strength of the partnerships among government, civil society, the private sector and the charitable and not-for-profit sectors will determine the extent to which Canadians are able to get through this crisis and move toward recovery and renewal.

In the spirit of partnership, I would like to highlight a number of areas where government programs and the partnership between government and front-line community-led initiatives can be strengthened.

The first issue is the accessibility of the Canada emergency wage subsidy for the not-for-profit and charitable sector, which remains largely excluded from this crucial program due to eligibility requirements. The requirement to demonstrate a 30% reduction in revenue within a one-month period is causing a serious challenge within the sector.

This sector survives on seasonal fundraising campaigns, donations and grants. Fluctuating revenue streams make it exceedingly difficult to demonstrate the required 30% reduction in revenue within a one-month time frame, and seasonal businesses such as summer camps and schools are in a similarly perilous position in their ability to demonstrate this reduction in revenue.

Our recommendation is to allow organizations and seasonal businesses unable to demonstrate this reduction within one month to receive the subsidy based on a 12-month period. If after 12 months they don't meet the 30% reduction, they will pay back a prorated

amount based on the differential between the 30% and their actual shortfall.

I'd like to highlight two ways in which the shortcomings of CEWS eligibility will directly impact our population, one which has been largely absent from the conversation about CEWS, and that's our children. Twice they will be affected by these shortcomings: first during the school year and then during the summer.

Many of us here today are sitting in home offices while our children sit in a virtual Zoom classroom. The school year has continued, albeit online, because public schools have retained their teaching staff. The situation with private schools, however, is different.

There are numerous reasons parents send their children to private schools. It may be that they believe in a school's educational philosophy, or the child may have unique learning needs, or the parents may seek to preserve their child's cultural and linguistic heritage as part of our multicultural mosaic. These parents are increasingly struggling to pay tuition. The reason is the high cost. Private schools, which rely on revenue from tuition to pay teachers, specialists and other core educational staff, are experiencing mounting financial pressure. Even a virtual classroom needs a teacher.

Accessing CEWS would alleviate this pressure; however, CEWS eligibility has become muddled when it comes to private schools.

● (1725)

Because of a contradiction in the criteria set out by the government, private schools are being erroneously categorized as public institutions because the criteria do not differentiate between public and private schools. Private schools, however, are not public institutions nor are they funded in the same ways as public schools. Many of them are registered charities or not-for-profits, which are eligible for CEWS. It is noteworthy that the current government criteria differentiate between public and private universities. The same clarification should be made for public and private schools

Compounding this issue are instances of CRA officials giving contradictory advice directly to private schools. This is a dire issue for many parents. We cannot allow students to be denied access to quality education because their school was unable to retain its teaching staff through the pandemic period due to the ambiguity in the wage subsidy program.

The second instance of children being impacted by the shortcomings of the wage subsidy is quickly approaching—summer camp and summer schools. These providers of formative experiences, environmental education and lasting memories for our children are struggling to meet the requirements necessary to access CEWS, just as not-for-profits and charities are.

As seasonal businesses, summer camps are caught in a perilous situation: They make the majority of their revenue within only a few months. This means thousands of children may be home this summer, including children from low-income families who, through financial assistance, could access the same experiences as other children, and those with physical or developmental disabilities who experience the joys of summer camp through specialized programs.

For camps to be closed due to the health risks stemming from COVID-19 is understandable; for the entire camping industry to be financially ruined because their revenue structure makes them ineligible for CEWS is not.

The wage subsidy was meant to provide necessary assistance to Canadian employers, including not-for-profits, charities and seasonal businesses. Whether they are restricted by the required one-month loss in revenue or the unclear wording in the eligibility criteria, it is vital that government rectify these issues in order to avoid an unintended negative impact on Canadian children.

The second issue is the rapidly increasing demand on the services of not-for-profits and charities. This increase is occurring alongside a reduction in resources, donations and employees. The widening gap between the demand and the resources will directly impact the most vulnerable in our communities. The needs of the not-for-profit and charitable sector must not be an afterthought. The sector is central in our ability to get through this crisis and will be a pillar in our rebuilding.

The \$350 million provided by the emergency community support fund is an important step, but more must be done. We are recommending the establishment of a direct granting program of approximately \$4 billion to \$6 billion to ensure the critical services provided by these organizations and agencies can continue. A strategic investment in this sector would benefit all Canadians and would ease the burden on governments at all levels.

Having established the centrality of the charitable and not-for-profit sector, I offer our third and final recommendation: support for charitable giving. This reinforces the importance of the vital partnership between government and individual Canadians in getting our country back on its feet. The feeling of civic obligation and community values is strong among Canadians, and those who are able to provide assistance are asking how they can do so. Now is the time to harness this energy and generosity of spirit. The government has a crucial role to play in encouraging all Canadians to sup-

port charitable organizations, even those Canadians who, because of the crisis, have diminished capacity to give. This can be achieved by temporarily enhancing the tax credit for charitable giving, which would provide a lifeline for charities struggling to continue operations at a time when their services are needed most.

A second way is through a donor matching program whereby the government matches donations from Canadians to the charitable sector.

Both of these options would provide crucial assistance to the sector while empowering Canadians to partner with the government and support the most vulnerable among us through this unprecedented crisis and towards recovery.

Mr. Chair, once again I'd like to thank committee members for considering our perspective and for your dedication to ensuring that public policy effectively supports the charitable sector. I too would welcome any questions, comments or reflections.

• (1730)

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

Turning then to the Congress of Aboriginal Peoples, we have Chief Robert Bertrand.

Bob, a former colleague in the House of Commons, the floor is yours.

National Chief Robert Bertrand (Congress of Aboriginal Peoples): Good afternoon, Mr. Chair, committee members and fellow witnesses.

My name is Robert Bertrand. I'm the national chief of the Congress of Aboriginal Peoples, or CAP, as we like to call it.

I would like to extend my thanks for this invitation and to those who have worked to bring us here this afternoon.

Mr. Chair, we appreciate your invitation to appear.

We would also like to thank Peter Julian for his recent work in Parliament to ensure that the urban indigenous population is heard.

Since 1971, CAP has fought for the rights, interests and needs of off-reserve status and non-status Indians, Métis and southern Inuit people.

In 2016, in the CAP/Daniels decision, the Supreme Court unanimously ruled that non-status and Métis people are Indians under the Constitution and that this is an area of federal responsibility. In 2018, CAP signed a renewed political accord with the Government of Canada to ensure our people are included in federal policy.

CAP is the national voice for our 10 provincial and territorial affiliates. They work with their respective provincial and territorial governments to advocate for their constituents. They are service providers in areas such as housing, education, employment and language, among others.

Our communities have been historically known as a forgotten people. This has not changed, even during the present pandemic. In the past, this term referred to the indigenous peoples excluded from the Indian Act, treaties and land claim agreements. Today, we also have to add to the list those who are excluded from the government's distinction-based approach.

In March, the government announced a \$305-million support package for indigenous peoples dealing with the COVID-19 pandemic. Of this amount, \$290 million was designated for distinction-based organizations, which represents about 500,000 indigenous people across Canada. Less than 5%, or \$15 million, was designated for supporting off-reserve and urban indigenous populations, a group of over one million people.

Fifteen dollars per person is not enough for any meaningful support programs for one of the most marginalized groups in Canada. I don't need to reiterate the poverty and chronic health issues, the over-policing and the discrimination faced by our indigenous people.

CAP was told that it will only receive \$250,000 after a competitive bureaucratic process that pitted off-reserve organizations against each other. This amount would be enough to provide those in need among our people with approximately three dollars. That is per capita.

We were encouraged to hear the government acknowledge that the initial \$15 million for urban indigenous communities was insufficient. CAP said as much when the funding levels were announced back in March.

Despite the promise of more funding, we are left with a few pressing questions. First, how much more will be made available? Second, when is it going to reach our people, who have been waiting since mid-March? Finally, when will the government address the distinction-based approach that created this problem in the first place and include all the national indigenous organizations as equal?

Our people should have known about funding levels and timelines months ago. Implementing programs takes time, time that is wasted while people's health and lives are threatened.

The distinction-based model continues to be a problem and a barrier for our constituents with more recent announcements.

• (1735)

New funding is rolled out without representatives of urban indigenous peoples being consulted. Government has announced another \$70 million in distinction-based indigenous student aid funding that our constituents will not be able to access. Also, \$306 million in indigenous business support is flowing through groups that exclude most of our membership as well.

What CAP is asking is that all indigenous peoples be considered when creating public policy. We urge federal and provincial/territorial governments to engage CAP, our PTOs and our constituents to design programs, rather than restricting access to only a handful of organizations.

Mr. Chair, I appreciate the opportunity to speak to you today, because consultation on issues that impact all indigenous people is something that CAP strives for in our work as a national indigenous organization. Mr. Chair, we will not be forgotten.

Meegwetch. Merci. Thank you very much.

The Chair: Thank you very much, Bob.

We're turning to H & R Block Canada, Incorporated. We have Peter Davis, associate vice-president for government and stakeholder relations.

Please go ahead.

Mr. Peter Davis (Associate Vice-President, Government and Stakeholder Relations, H&R Block Canada, Inc.): Thank you, Mr. Chairman, and I thank you and the committee members for the opportunity to appear before you today.

Our company is the largest assisted tax preparation firm in Canada. During tax season, we have approximately 1,100 service locations, both company and independent franchises, with nearly 10,000 associates operating coast to coast to assist Canadians with their taxes year-round.

As a result of the COVID-19 global pandemic, this tax season has been like no other in Canadian history. Throughout this crisis, H&R Block Canada has remained in frequent communication with the Canada Revenue Agency to ensure Canadians are still able to file.

In the early days of the crisis, our company immediately responded by implementing additional sanitary and social distancing measures in all of our locations. Once the full implications of COVID-19 were announced by public health officials, H&R Block Canada's office network transitioned to a national drop-off model, thereby allowing Canadians to safely and securely drop off their tax documents at any of our locations, where they could be prepared and filed by our tax professionals. This approach has allowed us to establish a balance of safety by ensuring social distancing while being able to continue serving Canadians with filing their taxes in a safe and efficient manner.

In mid-April, H&R Block Canada deployed nationwide an "Upload from Home" service that permits Canadians to upload their tax documents to a secure online portal, where their returns can be prepared and filed virtually by our tax professionals, all from the comfort and safety of their homes.

Our upload from home and national drop-off services would not be possible this tax season were it not for the CRA's willingness to take important steps to permit our industry to better assist Canadians with their taxes during the crisis. For example, in late March, the CRA announced its intention to begin recognizing electronic signatures for the T183 form, which previously had to be signed in person by millions of Canadians every year to authorize tax preparers to file their taxes.

Tax-Filer Empowerment Canada, the leading industry association for Canada's tax preparation and software industry, has closely collaborated with the CRA and other key government stakeholders to advance the use of electronic signatures in tax filing.

According to government statistics, in the 2019 calendar year, nearly 17.5 million Canadians filed their taxes with the assistance of a tax preparer, representing nearly 58% of the tax-filing population. Taking this into consideration, it is paramount during this time of social distancing and staying at home that Canadians have the option to work virtually with a tax preparer to have their taxes prepared and filed.

Given the breadth of the challenges that our country and the world are currently facing resulting from COVID-19, why is H&R Block Canada investing considerable resources to develop new approaches for Canadians to file and working to raise awareness on the importance of filing?

Simply put, many Canadians unfortunately find themselves out of work as a result of business closures stemming from COVID-19 and need immediate access to financial support. It is now more important than ever that Canadians file their taxes in order to receive their refunds and benefits. In 2019, the average refund received by Canadians was \$1,800. This equates to almost one month of full support under the Government of Canada's new emergency response benefit.

For many Canadians, their tax refund will be a significant financial support to help them manage everyday life through this crisis. It is for this reason that H&R Block Canada has been strongly advocating to provincial governments and the Government of Canada that tax preparation be deemed an essential service. I am pleased to report that as of today, tax preparation remains a permitted service in all provinces throughout Canada.

With under a month left in Canada's extended tax season, government statistics indicate that at the end of this April, over five million fewer Canadians had filed their taxes compared to last year. It is likely that of these five million, some are lower-income Canadians, particularly since COVID-19 has resulted in the closure of tax clinics throughout Canada. To fill this critical gap, H&R Block Canada recommends that the Government of Canada closely collaborate with Tax-Filer Empowerment Canada and other industry stakeholders to determine how best to ensure lower-income Canadians file their taxes in order to ensure they do not forgo their benefits.

To this end, some initiatives to consider may be a joint government/industry awareness-raising campaign to encourage lower-income Canadians to file. In addition, there may be opportunities

worth exploring for industry to work with the federal government to support virtual tax clinics.

The message I would like to leave with this committee today is that Canada's tax filing system has stood up remarkably well in the face of the COVID-19 global pandemic, and the CRA has been responsive to industry input to implement measures to better assist Canadians with filing this tax season.

● (1740)

We recommend that this committee also support collaborative efforts between the federal government and the tax preparation and software industry to ensure that Canada's most vulnerable are able to file their taxes and receive their benefits in a timely manner.

On behalf of H&R Block Canada, thank you again, Mr. Chair and committee members, for the opportunity to appear.

I'd be pleased to answer any questions that committee members may have.

The Chair: Thank you very much, Peter.

Turning to the Heart and Stroke Foundation of Canada, Doug Roth, chief executive officer, and Manuel Arango, former neighbour in the West Block or somewhere.

Go ahead, Doug.

Mr. Doug Roth (Chief Executive Officer, Heart and Stroke Foundation of Canada): Mr. Chair, members of the committee, thank you for the invitation.

I'd like to speak briefly on three topics today: first of all, Heart and Stroke's work during the pandemic; second, the financial impact to our sector and to ourselves; and third, the impact of federal incentives to date and the need for further investments.

The current pandemic has demonstrated that our work is needed more than ever. Those who are living with conditions of heart disease and stroke are among the most vulnerable and have the highest mortality rates from COVID-19. Our teams have worked to pivot quickly to meet the needs of both patients and their caregivers. Through webinars, web-based tools, videos, direct outreach and our online peer-to-peer communities, we have been a source of credible, easy-to-understand information and guidance for our populations to stay safe, eat healthily and access key services during this pandemic.

We have also seen alarming drops in patients going to emergency rooms. Therefore, as a result, we've been raising public awareness for Canadians who are experiencing signs of heart disease and stroke that, if they see these signs, it's absolutely critical that they get emergency medical attention right away.

Next, I want to highlight the financial strain on our sector and on our organization. This will highlight some of the other comments that you've heard today. Health charities, as a subset of the sector, our coalition together has \$670 million in revenue a year. We employ 2,500 Canadians and we support 2.9 million patients. To date, the health charities in our coalition are being impacted by a 50% revenue drop due to fundraising efforts impacted by COVID-19 as well as economic hardships.

At Heart and Stroke, following the public health guidelines, we have, as others, cancelled all of our in-person fundraising events, which was a direct hit this spring and summer of over \$25 million to our budget. As well, like others, we're seeing an immediate drop to fundraising sources outside of our event-based fundraising. Our annual research budget this year, which would have been \$33 million, is heavily at risk and, like others, we have been forced to make very difficult decisions about staffing. Last month, we laid off over 200 employees, which was about 45% of our staff. As Andrea Seale mentioned in her comments a few minutes ago, in our 60-plus years as a leading health charity, we've never seen the financial hardship that we're seeing right now.

We are greatly appreciative of assistance delivered by the federal government, both the wage subsidy program and the emergency community support fund. The wage subsidy program is absolutely being helpful. It's allowed us to keep more staff than we otherwise could, but clearly not all, as I've mentioned. We're in early discussions to see if potentially some of our programs might qualify for the community support fund. Unfortunately, many of our core costs are not being supported. Rent is an example, and while we thank the federal government for bringing forward the emergency rental assistance program, the reality is that it doesn't benefit us and many others.

As you probably know, you need to have a 70% drop in revenue, you can't be an organization with over \$20 million in revenue and your landlord needs to subsidize some of your payments. That means that Heart and Stroke doesn't qualify, but also many other charities don't qualify. Our hope is that, in the same way after the wage subsidy was announced and then our sector was consulted, and the stipulations were adapted, there could be similar discussions on the rent program as well.

As you heard last week from Imagine Canada's testimony, the charitable sector overall needs \$8 billion to \$10 billion in what we're calling emergency stabilization funding. We strongly support this request at Heart and Stroke, and in addition to both the wage subsidy and the community support funds, there are other specific initiatives that we believe could make a real difference for the charitable and non-profit sector.

Three examples of those initiatives would be, first, a grants and contribution program designed to cover immediate and urgent core costs and health research programs. Second, similar to what Shimon mentioned, a mechanism that would further incentivize Canadians to be more generous in donations, whether—as he mentioned as well—through a matching program or through increasing the donation tax credit, we'd be in favour of that to help Canadians be more generous.

• (1745)

Third, we see that there could potentially be a carve-out of the overall stabilization fund that could support health charities specifically. In particular, our Health Charities Coalition is seeking direct investments of up to \$28 million per month, representing the revenues lost of the entire coalition each month since March 2020. This investment would allow our staff to continue to support patients, to look at restarting our fundraising and to protect our gains in research. This support would allow our organizations to recover and to be a health and economic success story.

Thank you for your consideration. I look forward to the discussion.

The Chair: Thank you, Doug.

Now we have the National Airlines Council of Canada, Mike McNaney, president and CEO.

Go ahead. The floor is yours.

Mr. Mike McNaney (President and Chief Executive Officer, National Airlines Council of Canada): Thank you, Mr. Chair.

I want to begin by thanking the committee for the opportunity to appear as a witness today as you continue your hearings concerning the pandemic.

The National Airlines Council of Canada represents Canada's largest airlines: Air Canada, Air Transat, Jazz Aviation LP and WestJet. We promote safe, sustainable and competitive air travel—

• (1750)

The Chair: Mike, I have to interrupt for a second. Could you slow down a little and speak a wee bit louder?

Mr. Mike McNaney: As an airline, Mr. Chair, I'm trying to bring us in on time, but I'll slow it down.

The Chair: That's good. Don't worry.

Mr. Mike McNaney: We promote safe, sustainable and competitive air travel by advocating for the development of policies, regulations and legislation to foster a world-class transportation system. Collectively, our member airlines carry over 80 million passengers annually, directly employ over 60,000 people, and are a critical component of Canada's overall air transport and tourism sector, which supports more than 630,000 jobs.

Our industry is reeling from the pandemic. It is a crisis unlike any we have experienced before. We have approximately 90% of capacity eliminated from the marketplace. There are billions of dollars' worth of aircraft sitting parked on the ground. Thousands of employees have been impacted. Little revenue is coming in and carriers are burning through cash. There's also no clear path forward, no clear path ahead, as to when and how things may start slowly to improve.

A strong Canadian aviation sector is critical for our overall economic recovery. We support tens of thousands of jobs across every region of the country, in communities large and small, and across every sector of the economy.

Every job in every industry is, of course, important. The strategic significance of aviation lies in its well-established ability to support and promote economic growth across all sectors of the economy. Countries around the world have recognized this fact and have announced various initiatives over the past several weeks to support the sector, precisely because they will be relying on aviation to play a critical role in their economic recovery.

In Canada, our industry has been very appreciative of the broad support measures the government has introduced, in particular the wage subsidy support program, which our members are utilizing. Over the past several weeks the federal government has noted publicly that it is examining measures to support particularly hard-hit industries, including airlines. We are asking the government to move quickly and provide the industry with its plans.

It is important to note that as we entered 2020, after years of continuous investment in new aircraft, new routes and increased frequency to communities large and small across the country, our economy was more connected through aviation than it has ever been to communities across Canada and the world, with all the economic and social benefits that entails. This expansion required the successful investment of billions of dollars in capital, in employees, in operations and in suppliers in every region of the country.

We are in this crisis today not because of bad decisions by companies that have led to financial difficulty, but because of the economic chaos caused by the pandemic, as well as the closing of borders and the imposition of travel restrictions. Aviation is hit particularly hard, as the government has noted, because it is very capital-intensive and is of course also a highly regulated business for obvious safety and operational reasons.

As we've seen demonstrated by our G7 partners, as well as our trading partners around the world, the industry will not get through this unprecedented crisis without government involvement.

To close, our members are focused on working with the government and this parliamentary committee to support a process that allows us to begin moving back to what aviation is meant to do: support the employment of hundreds of thousands of Canadians across the country in communities large and small; support our economic growth and connectivity, not just within Canada but to the world; and aggressively support our overall recovery from the pandemic.

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

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

Turning to the last witness then, we have Karl Littler of the Retail Council of Canada.

Karl, you're on.

Mr. Karl Littler (Vice-President, Public Affairs, Retail Council of Canada): Thank you, Mr. Chairman.

I want to thank the committee for today's opportunity to present a retail perspective amidst this crisis.

For those unfamiliar with the Retail Council, we represent small, medium and large retail businesses with a presence in every community across the country. Our members' sales represent over 70% of retail [*Technical difficulty—Editor*]. Since 1962, we represent more than 45,000 storefronts in all formats, including department, grocery, specialty, discount, independent retailers and online merchants. Lastly, and importantly in this context, retail employs over two million Canadians, making ours the largest private employment sector in Canada.

Retail is by no means unique in being severely challenged by COVID-19. Where we think retail is distinct is that there are two very different situations faced by the main parts of our sector, which we can title "essential" on the one hand and "discretionary" on the other.

The essential part of our industry has robust revenues in this environment, particularly in grocery and pharmacy. They face a multitude of operational challenges, including supply chain issues, HR issues, PPE sourcing and adaptation of workplaces with major increases in their cost structure, but their viability is not in question.

By contrast, the discretionary part of our sector, ranging from apparel to furniture and appliances, electronics, toys, books and so on, has been devastated by the COVID-19 crisis. This is partly due to shifting consumer spending and reduced incomes for citizens, but primarily because of being shuttered by order of public authorities.

Some derive limited income from e-commerce, but with constraints on curbside activity in the two largest provinces and the consumer focus on essentials, e-commerce revenues are a pale shadow of their former income from bricks and mortar operations. Colloquially, they are often referred to as retail stores, and of course, it is their very stores that have been lost to them in this period. It is on that topic that I would like to speak today.

RCC and its members greatly appreciate the effort that the government has put into programs like CERB and CEWS to provide income safeguards for Canadians to help avert much wider layoffs and allow the rehiring of many employees, but the reality is that, with limited or no income from operations, retailers can't keep going simply by receiving generous assistance to pay employees. Even with taxes and, in some cases, utilities deferred, the meter continues to run on their rent even when nobody is coming through the door.

The CECRA program is an important step for severely impaired small retailers but one that is limited by enterprise size, rental footprint and a 70% income loss threshold. When CECRA was announced on April 24, the Prime Minister stated, "We'll also have more to say in the coming days about rent support for larger businesses".

Sticking the landing of that policy decision is critical, not only to larger retailers but also to those smaller retailers who do not fit within the parameters of the CECRA program. Simply put, retailers without income or severely reduced revenues have no ability to pay rent. Not only does this jeopardize their tenure in the very stores they will need in order to emerge from this crisis. It jeopardizes many of the million-plus jobs in the discretionary retail sector.

Non-payment of rent also ripples through a complex ecosystem involving commercial real estate, individual and institutional investors, pension beneficiaries and governments, especially municipalities that are dependent on the commercial tax base.

There may be a misconception that large retailers are sitting on a pool of cash. In reality, most entered the crisis with 30 to 60 days' worth of cash on hand, most of which has been exhausted already. Retailers' ability to turn to commercial debt solutions is exceedingly limited. Unless a retailer owns its own real estate, its only securitizable assets are its account receivables and its inventory. At the moment, receivables are at or close to zero.

As to inventories, many are seasonal, and most are locked up in stores and warehouses. It's uncertain when they can be sold and whether consumers will have the income or the orientation to spend on discretionary items. In those circumstances, commercial loans are unavailable or they are so expensive interest-wise that retailers will not be able to carry that burden into the recovery period, especially when competing against international e-commerce juggernauts. That's why it is critical that the government orient part of the additional liquidity that it spoke to, and can provide, to a purpose-built loan program on reasonable terms, allowing retailers the time to dig themselves out of the hole and repay those loans.

• (1755)

We understand that there's limited fiscal capacity to provide grants to industry. The federal government's capacity to borrow at lower rates of interest and to profile loan repayment in keeping with economic recovery is the essential element.

If anyone tries to tell you that there are big distinctions here between small, mid-sized and large retailers on this, the absence of revenues, the ticking meter of rental costs and the inability to borrow on reasonable terms affect the whole sector. If you have 10 em-

ployees or 10,000, the difference is essentially just one of scale, with the latter simply being a thousand times as large.

Thank you.

The Chair: Thank you very much for that, Karl.

Thank you, witnesses, for your presentations. We will go to six-minute rounds first. I think we have the time.

We'll start with Mr. Morantz and then have Ms. Koutrakis, Mr. Ste-Marie and Mr. Julian.

Marty, you're on.

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

Those were very interesting presentations from all of you.

Mr. Fogel, I'd like to start with you. I want to thank you for your excellent presentation. I think it's important to understand that the charitable sector, like many others, clearly is in deep trouble, but it's not just the charities. At the end of the day, it boils down to the individuals who are served by the charities and the effect this will have on them and their families. It's critically important that this sector get assistance.

I think government has a very important role to play in that, but we know that government can't do everything in a crisis of this magnitude, which is why I really like the suggestion of increasing the tax credit on charitable giving. I'm just wondering if you could expand on that a bit and if you have any thoughts about where that might go. I know that with political donations, for example, you get a 75% tax credit on the first \$400. Could you comment on that first?

• (1800)

Mr. Shimon Koffler Fogel: I think this flows from a principle that I tried to articulate in my brief presentation, and that is that I find particularly attractive the idea of government partnering with the private sector and really serving as an enabler for the engagement of individuals and Canadians across the country to give expression to their desire to make a contribution.

The idea of boosting the level of tax credit that a person would benefit from when they file their returns—hopefully, we'll play catch-up on the H&R Block statistic of five million behind—serves as an incentive for individuals to say, "Yes, I will make that contribution. I will get some recognition for it and it's a way for me to participate in helping other Canadians."

I think what was really important about the preface of your question was the principle that you're not just looking for a handout for a particular sector. It's not that I'm being dismissive or diminishing the importance of providing those kinds of support, but there's the double impact on those who are in the sector and on those to whom they're delivering services. I think this is simply one way for us to be able to help facilitate some of that support.

Mr. Marty Morantz: Thank you.

Along that line of reasoning, there's another idea that I've been considering. I have had some discussions with stakeholders around the question of foundations. Foundations currently have assets across the country in excess of about \$80 billion. The government, through the Income Tax Act, regulates what the disbursement quota is for foundations. For example, currently it's 3.5% of their assets. Back in 2004, it was 4.5%. It got reduced at that time.

I'm just wondering what you think of this idea. I know that foundations are trying to step up, but government does have the ability to, on a temporary basis, help Canadians and charities get through this crisis and not just rely on government, in accordance with the line of reasoning we've been hearing throughout this conversation for the most part.

What about the idea of asking foundations to do a little more, to do perhaps a short-term increase in the disbursement quota? One per cent on \$80 billion would be about \$800 million that could go into the economy and wouldn't cost the government anything. I'm just wondering what you might think of a concept like that.

Mr. Shimon Koffler Fogel: I think it's consistent with the overall approach of creating a platform that incentivizes Canadians to participate more generally, but anecdotally I will tell you—and maybe I'm negotiating against myself here—that to the extent that I've had discussions with those who are affiliated with foundations, they have stepped up significantly in terms of providing assistance. I know that in the Jewish community experience, foundations, whether they're community foundations or institutions like the Azrieli Foundation, have gone well beyond the minimum disbursement requirements that they operate with in order to provide emergency relief.

Mr. Marty Morantz: I recognize that as well.

I would be remiss if I didn't ask you while you were here about anti-Semitism. I know it's not about the charitable sector directly, but the rise in anti-Semitism is a very serious problem. Recently Tel Aviv University released a report that I was alarmed to see that linked part of the spike in anti-Semitism to COVID, harbouring back to the old anti-Semitic tropes of blood libel and those types of things.

From that perspective, what would your organization recommend for dealing with things like online hate and offline violence?

Mr. Shimon Koffler Fogel: I think some of the usual suspects have turned back to those historical tropes about Jews, but we should also note that Chinese people, and Asians generally, have been the target of similar attacks.

Your reference to online hate really represents a ripe opportunity for us to exponentially increase our action against it. Everybody has heard about Zoom bombing. That's just one manifestation of using

technology to attack, disrupt, harass or otherwise undermine a sense of community and society. I know that increasingly, and largely as a result of the work you've done in the studies you undertook in the last Parliament about online hate and your determination to go forward with that, a lot of these social media companies—giants, really—in the sector have been stepping up to partner with community organizations to get a handle on it and develop strategies to combat it. We cannot relent on that.

There's a need for us to increase our vigilance and get measures with teeth so that there are disincentives for people to flirt with online hate. We have to have a level of vigilance that ensures it doesn't become the repository or the seedbed for new levels of—

• (1805)

Mr. Marty Morantz: Thank you, Mr. Fogel. I'm getting the signal from the chair.

I don't mean to interrupt. Perhaps we'll be able to circle back later.

The Chair: Thank you both. It was important information, but I don't want to run out of time.

We'll now turn to Ms. Koutrakis, and then to Mr. Ste-Marie.

Annie.

Ms. Annie Koutrakis: Thank you, Mr. Chair, and thank you to all the witnesses for appearing before the finance committee this afternoon and for your very thoughtful and informative testimony.

I will ask my first question to Ms. Seale of the Canadian Cancer Society.

Ms. Seale, as you mentioned in your opening remarks, you endorsed a letter from Imagine Canada calling for the establishment of an \$8-billion emergency stabilization fund for the charitable and non-profit sector. Can you please outline some areas this funding would address, specific to areas that are not covered by the \$350-million emergency community support fund?

Ms. Andrea Seale: Sure.

The details of the emergency support fund haven't been fully released yet, so it is hard to comment on how exactly it will address the needs of the sector. I know for health charities like ours, the impacts we feel are across all parts of what we do. For example, we're the largest investor in cancer research after the federal government, and as we have to cut research budgets, we'll be granting less to Canada's research community at universities and hospitals where they're doing cancer research that is saving lives and improving survival rates.

In addition to research, we'll be cutting back on support services that very often address the needs of the most vulnerable Canadians, such as, for example, people who have difficulty accessing their treatments because they live in remote communities or have economic disadvantages. They look to non-profit organizations to help them access the basic health care that we all need. We'll also be reducing our advocacy work. We do a lot of work in partnership with government on many things—currently, e-cigarettes, vaping and tobacco—that ultimately protect the health of Canadians and have a very wide-ranging impact on people's health and, ultimately, on the strain to our health care system.

All of those are examples for the Canadian Cancer Society, but the full spectrum of what charitable organizations contribute is almost too great to describe, as is the impact we all have. We all benefit from the charitable sector in different ways in our lives.

The Chair: I see Mr. Roth shaking his head. I should have said that if anybody else wants to come in and just add a quick supplementary, go ahead.

I expect you're in full agreement, Doug.

Mr. Doug Roth: Absolutely.

While we commend the programs that have been announced today, to Andrea's point regarding the breadth and depth of programs, at the Heart and Stroke Foundation of Canada we have a lot of similarities with the Canadian Cancer Society, being that we're the second-largest fundraiser after the government in heart disease and stroke, and we have a plethora of public education and awareness programs. We're seeing cutbacks across the board that we had never dreamed of.

They're going to have impacts both today and, as Andrea and I said, they are going to be equally scary as we look to the months and years ahead, and we look out to the horizon at the cascading impacts of reduced investments for a prolonged period of time. Whether it's interrupting research or interrupting the level of care, we're starting to get very worried about what's on the horizon.

• (1810)

Ms. Annie Koutrakis: Thank you.

I'm going to turn to the National Airlines Council of Canada.

Mr. McNaney, you have stated that other countries have provided direct financial aid to their own airlines, which is important to ensure their ability to survive and recover. What would a direct financial support program for your members look like, and how could it be structured while maintaining your members' jobs, similar to what the CEWS is doing now?

Mr. Mike McNaney: Thank you for the question. It's a good question.

In terms of the tools the federal government has at its disposal, we are not proposing one set approach to how the government deals with this. At a top level, basically we have two issues, as I said in my opening comments. We would like the government to come forth with the approach it plans to take. It has referenced it a few times now in public over the past month.

Related to that, there is one big issue. In my opening comments, I referred to the 90% of capacity out of the market, and we are looking at liquidity challenges across the sector. We are asking the government that in its approach, it come forth with means by which we can address this and provide some form of cash bridge for companies to utilize. Related to that, we are hoping it will be an approach that companies at different stages with different challenges will be able to utilize. We're not trying to push the government to a one-size-fits-all approach. They have a variety of tools they can use to ultimately stabilize the sector so that we can actually start to plan for the activities we're going to have to undertake to drive the economic recovery.

Ms. Annie Koutrakis: Thank you.

The Chair: Be very quick, Annie.

Ms. Annie Koutrakis: I have a very quick question for Mr. Fogel.

As this pandemic has shown us, seniors are by far the most vulnerable group that has been impacted by COVID. Although the federal government has already taken measures to support Canadian seniors, given your current reality, what else would you say the Government of Canada can do to further support our seniors? What are you hearing out there? What are the seniors really looking for?

Mr. Shimon Koffler Fogel: I think a lot of attention has been directed toward seniors' residences and institutions for, obviously, very good and compelling reasons, but it may come a bit at the expense of seniors who are experiencing isolation and vulnerability in their own homes. They're now removed from many of the supports they typically have, including children, who have a more difficult challenge reaching out to them and providing those kinds of normal supports that they would.

The sense of vulnerability that seniors are feeling, as well as the reduced care that they're getting—whether it's personal care or medical care, access to the typical needs of life, shopping and so forth—has increased the level of stress significantly, certainly within our community, and I think it's replicated in every community in Canada. That has had consequences as well. We have seen a surge in the need for psychological counselling. There are many groups within the community—and, again, I know this is echoed in so many different places across the country—that provide outreach programs to seniors, volunteer-driven telephoning and visitation of some sort or another. All of these things have to come into play.

Sometimes I think it's important for us to recall that it's not just about money. It's about creating platforms and vehicles for people to do what they're motivated to do while they don't necessarily know how to navigate towards doing it. Even for some of the educational programs, the instructional things, the direction that would be provided within faith-based and religious communities, at the municipal level or even at the provincial or federal level, the need to help Canadians understand where they can play a role and make a contribution is also an important consideration in the overall strategy.

• (1815)

The Chair: Thank you, Mr. Fogel, and thank you, Annie.

We'll turn to Mr. Ste-Marie and then go to Mr. Julian.

Gabriel.

[*Translation*]

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

I want to acknowledge all of the participants and thank them for being here. Their testimony has been very informative.

My first question is for Mr. McNaney, from the National Airlines Council of Canada.

My colleague Ms. Koutrakis already asked what would have been my first question, which was what kind of direct plan you envision. You've already responded and I thank you for that.

The United States announced a \$25-billion U.S. plan for airlines. France has allocated \$7 billion to Air France. Are you expecting this type of direct plan, in proportion to your members' sales?

[*English*]

Mr. Mike McNaney: In terms of what we would expect, I must say that it's very hard for me to answer the question. What has been transpiring over the past several weeks is that carriers have been making the government aware of the challenges they are facing. That information has been presented and the government is taking a look at that information. We are now waiting to see what their response will be.

I can't speculate on what approach the government might ultimately take. You were referencing a number of examples in other jurisdictions of how they have approached the issue. I am assuming that the government is looking at how all these countries, our trading partners, have reacted. Different countries have taken different approaches, whether through some form of liquidity, whether through loans or some form of grants, or whether through lowering taxes and fees in the industry as a means to generate more flying and support as we try to get out of the crisis.

I was also thinking that an announcement was coming at any point over the past three weeks, so I'm afraid my predictions as to where this goes are not the best. We are certainly hoping that the government recognizes the severity of the crisis the industry is facing and will bring forth a package that's commensurate with that crisis.

[*Translation*]

Mr. Gabriel Ste-Marie: Okay.

In the same vein, when we look at what's being done in the United States and Europe in general, direct assistance programs come with conditions. For example, the United States is requiring that airlines refund passengers whose flights were cancelled as a result of COVID-19. France is requiring that airlines purchase new, more fuel-efficient aircraft.

Would your members agree to a potential assistance plan with conditions? For example, I'm suggesting that aircraft maintenance would have to be done in Canada. Construction in the aerospace in-

dustry has stopped. Thousands of people are unemployed. It would be good if your industry could at least hire these employees to maintain the aircraft. Another environmental condition could require that airlines purchase more fuel-efficient aircraft.

If these conditions were attached to the direct assistance program for your sector, would you be prepared to accept them?

[*English*]

Mr. Mike McNaney: You did a good job there of covering off the variety of approaches that are occurring. I am very hesitant to guess what the government's approach will be, and therefore, what terms and conditions may be attached to it. We simply do not know what that approach will be, the scope and scale of that approach.

On the conditions, I would simply say that I'm just not in a position to speculate which way the government may or may not move. Overall, what a number of those conditions were talking about, what's behind them, is absolutely taking every measure possible to ensure that as we are ramping this industry back up, every measure is being taken to bring the 60,000 direct employees across the airlines back to work and to expand operations. That is absolutely the basis of the engagement with the government.

At the end of the day, this is about getting the industry back, as safely and as operationally as we can, to where we were before the pandemic started and, by definition then, absolutely support as much economic growth and development as we possibly can.

• (1820)

The Chair: Thank you.

We'll have to go on to Mr. Julian, and then we'll start the next round with Mr. Cooper and Mr. McLeod.

Peter.

Mr. Peter Julian: Thanks very much, Mr. Chair.

Thanks to all our witnesses for being here today. We hope your families are safe and healthy.

I'm very pleased to see you here today, National Chief Bertrand. You've been long overdue in coming here. We have had indigenous leaders come forward to the finance committee, and they've also testified at the indigenous and northern affairs committee, concerned about the lack of supports for indigenous communities. Certainly we should have learned the lessons from the past, when indigenous communities received little more than body bags to deal with pandemics. We're facing a similar situation here.

You pointed out that, on average, indigenous peoples living in urban areas will have about 15 dollars' worth of funding. That contrasts vividly and starkly with the supports that have been given in liquidity for some of the country's most profitable and biggest banks, about \$20 billion on average.

What is the price of our not providing supports for indigenous peoples who live in urban areas across the country? What should the government be doing to provide support for indigenous people living in those urban areas?

National Chief Robert Bertrand: The amount of resources allocated off reserve for this pandemic was a slap in the face, excuse the expression. When we convened our PTOs to tell them that, across Canada, CAP had received only \$250,000—if you divide that by 10 PTOs, it's \$25,000 per PTO—some of the chiefs were so insulted. One of the presidents said to me, “The federal government is asking me to choose which child or which elder we are going to help, and to not help the other.”

All we are saying is that, whether they be off reserve or on reserve, let's get equal help for everyone because they all need the same help. Because of this funding—I forget what the expression is—the distinctions-based approach, some indigenous people are better taken care of than the rest who are off reserve. That should not be, Mr. Julian. We're all indigenous people. We're all Canadians. We should all get the same help from this government.

Mr. Peter Julian: Thank you very much, National Chief Bertrand. I appreciate your being here and I appreciate your comments.

Mr. Littler, in the past we've had discussions around the cost to retail businesses of credit card fees and banking fees. Canada doesn't provide the kind of cap that other countries do. Particularly in light of the importance of retail workers and the retail businesses across the country getting us through this pandemic, but also in the crucial recovery period afterwards, how important is it that the government exercise its tools under the Bank Act so that these excessive banking fees, credit card fees, are brought within reason, as other countries have done, to help provide that support?

Could you also comment on the importance of having the federal government broaden the criteria around the wage subsidy for retail businesses across the country, so that they can access this support?

• (1825)

Mr. Karl Littler: Let's talk first about the credit card fee. It is a challenge, and it's become a particular challenge in this environment. The reasons for that you'll probably intuit.

One is that people are tending to use cards more than they are cash. They're tending to use tap. Although we appreciate the fact that the credit card companies raised their tap limits to \$250 from \$100, Interac was unable to do that. The net effect is that the costs are going up significantly because credit is more costly to accept by far than debit. While contactless payment has helped in the public health environment, it has also meant that the average cost of a transaction has gone up significantly.

The second issue, of course, is that there's a great deal more online ordering relative to bricks and mortar, and there is no cash at all in online as you well know. Debit is not particularly well set up for online. It is present, but it is relatively anaemic in that space compared to the almost ubiquitous ability to use it in bricks and mortar. In consequence, tap limits are higher. If you're buying groceries for a family, \$100 doesn't go very far. Obviously a \$250 limit will impel people to be more likely to choose credit.

For all of those reasons we anticipate our costs spiking during this period, and a number of grocers in particular pointed that out. The net effect of that is, frankly, higher grocery prices for Canadi-

ans. It's a simple issue that it's an input cost. Certainly on that side we are concerned about it.

We feel that the voluntary commitments, frankly, have run their useful course for a variety of reasons, some of which are unrelated to COVID-19, but, no question, it's a big issue. It's not as big a challenge as rent, because for many retailers they're not putting many transactions through at all, but it certainly is a significant issue for them.

The Chair: We will have to end it there. Thank you, all.

We'll go to the second round, which will be five-minute rounds. First we have Mr. Cooper and then Mr. McLeod.

Go ahead, Mr. Cooper.

Mr. Michael Cooper: Thank you, Mr. Chair.

I would like to direct my questions to Mr. Fogel, Mr. Roth and Ms. Seale about another policy proposal I think would help the not-for-profit sector and charities, which play such a vital role across Canada and are all the more important during this time of need.

Before I do, I just want to ask Ms. Seale about Mr. Fogel's and Mr. Roth's suggestions of increasing the charitable tax credit. For those who can give, it would provide an incentive for them to give. I presume you would also agree with that proposal.

Ms. Andrea Seale: Yes, I definitely would agree with that proposal. I would say it's a difficult one, as a leader of a charity, to see clearly how it would assist with the current situation. I'm sure it would increase giving and I think increasing incentives for giving is a great idea, but it's going to be hard to predict what the impact will be for charities to be able to plan or count on that for the future. It's a difficult incentive to quantify.

Mr. Michael Cooper: Thank you for that. You would agree it would not be unhelpful, and probably helpful.

Ms. Andrea Seale: Yes, absolutely.

Mr. Michael Cooper: Okay, that's a fair characterization.

I would like Mr. Roth, Mr. Fogel or Ms. Seale, whoever wishes, to weigh in. If all three do, go ahead. Perhaps eliminating, removing, the capital gains tax on charitable donations of private company shares and real estate is something that would be consistent with the tax rules. I saw somewhere that approximately 20% of gifts of appreciated capital property in the U.S. comes in the form of private company shares and real estate. It's something that has been talked about in Canada for some time but has never been acted on.

Do you think that would be helpful?

• (1830)

Ms. Andrea Seale: I can start by saying, yes, absolutely we would. When the changes were made to remove the limits for stocks there was a real boost seen in the stock donations to charities, which have been incredibly helpful through the years.

Yes, I definitely would be supportive of that measure.

Mr. Doug Roth: So would we, absolutely. It is something that I think Imagine Canada has also spoken about. I've seen some estimates where this could lead to as much as a \$200-million increase in donations, so we'd be very supportive.

Mr. Michael Cooper: Mr. Roth, you talked a little about the government's commercial rental assistance program and the fact that it is provided when there is a fairly steep 70% revenue drop. That's a challenge for small businesses. It means that, effectively, only those small businesses that have shut their doors stand to benefit, and those that have stayed open and have seen drastic decreases will not.

In terms of looking at the not-for-profit sector, do you have any suggestions on how that could be improved to make more not-for-profit organizations eligible for what you pointed out is vital at this time for many?

Mr. Doug Roth: Look at it similarly to the work that was done to negotiate the wage subsidy process. I think there was a lot of good deliberation around how quickly that drop happens, how it's measured year over year, the different types of revenue sources that non-profits have and how that was calculated. I know there was a lot of good dialogue back and forth, and I think we were able to work through a lot of the issues the sector faces. If that sort of dialogue could happen, I think that's what we would love to see, because we would be very supportive of that program if it could be more accessible.

Mr. Michael Cooper: I know you, Mr. Roth, indicated that, for the Heart and Stroke Foundation, the wage subsidy has worked in terms of keeping employees on, but Mr. Fogel noted that it has been a challenge for others.

What do you make of his proposal of weighing or averaging revenues over a 12-month period, having regard more broadly for the not-for-profit sector? I think it's very obvious that, for many organizations, their revenue can drastically fluctuate from month to month, depending on the campaigns they undertake for fundraising purposes. You can really distort that.

Mr. Doug Roth: If you're asking me, I think anything that gives a broader view to assess the level of drop in more time would be beneficial. Charities are very different. I think the government is just looking to accurately assess that level of magnitude, but if someone has good months or bad months but overall they are going to take the hit, it would be ideal if that could be factored in. I think if something like that could be considered, it would make sense.

The Chair: Thank you, all, on that round.

I assume, Michael, one of those proposals on charitable donations you were talking about was the Don Johnson proposal that has been before the finance committee.

Mr. Michael Cooper: Yes.

The Chair: Thank you.

We have Mr. McLeod and then we go on to Mr. Cumming.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Mr. Chair.

Thank you to all who took the time to present today.

I want to put my question to Robert Bertrand from CAP. I used to be a member of CAP way back when I was the president of our Métis council, so I certainly can share the concern that the Government of Canada needs to ensure that indigenous supports are inclusive of all indigenous populations.

Too often federal programs are inaccessible to many of the communities, especially in my riding. They don't seem to be able to access the money that is allocated to the NIOs, the national indigenous organizations. Money going to the AFN or Métis Nation does not come to the Northwest Territories, so I was very glad to see the indigenous community support fund flow to the Northwest Territories.

It's been a long time since I've seen so many people out on the land. We have people fishing, hunting, camping and tanning moose hides. They are opening up cabins that haven't been used for years. People are going back to their traditional family hunting areas. It's really good to see, and it's the first time we've been included.

Having said that, the money that went to Dene Nation in the Northwest Territories and the money that went to Inuvialuit flowed directly, and the Métis had to go a different route. They had to apply through the urban and off-reserve stream, and the money they got was certainly not on par with what the other indigenous governments got.

I want to ask if you could speak on the importance of an inclusive federal indigenous programming design and, specifically, if you think the urban, rural and northern streams are where these programs should be adopted. That's my first question.

• (1835)

National Chief Robert Bertrand: Mr. McLeod, thank you so much for your question. I'm very happy to see that your people were able to participate in these programs.

By what you have just said, I think we have concrete evidence of why it's important that all groups be included. It is very maddening when you see certain groups benefit from the federal government's largesse, while other people do not. As I stated in my opening remarks, the distinctions-based approach used by the federal government benefits roughly half a million people, when we know according to the government's own statistics, its own numbers from StatsCan, that about a million and a half people are now living off reserve.

We're saying, what's good for the goose should also be good for the gander. There should be no distinction between indigenous people. Everybody should be considered equal, whether they're on reserve or off reserve, up north or down south. We know there are a lot of northern indigenous people who live down south. Everybody should be treated the same. That's why we are meeting with all these groups to try to get the government to change its mind.

Mr. Michael McLeod: Thank you for that.

I have one more question. It's for the National Airlines Council of Canada.

I've been hearing a lot from the airlines in my riding. Up in the north, our carriers are the lifelines of our fly-in communities. They are our ambulances. They are the ones that bring the groceries. They are essential for the health and safety of our people and of our economy. Last month the government provided the three territories with \$17.3 million in support for the northern carriers, which is a very good first step. However, we know that we're going to need more. I know those carriers are not members of your council, but at the same time, many northerners also depend on your airlines while travelling to southern Canada.

Could you speak a little on how your member operations in northern Canada have been impacted by COVID-19, and have you any recommendations specific to these operations?

Mr. Mike McNaney: Thank you for the question. I'm cognizant of the time available, so I will try to be brief.

The impact has been unprecedented. I know that's an adjective that has been used a heck of a lot over the past several weeks, but it has been unprecedented when you see the capacity that has been brought down and you see the service that has been cut. I know there are a number of communities that have lost a great deal of their service. The points you're making are absolutely correct in terms of aviation being essential and a lifeblood of the community, particularly in the north.

The carriers you mentioned are not my members, so I'm obviously going to be very careful not to appear to speak on their behalf. However, whether it's large operators or small operators, the overall approach that the industry is taking is to try to make very clear to the government the unprecedented nature of what has happened, the incredible capital-intensive business that we are in and the challenges we are going to face to try to actually get back up to service. I think we need to continue to do that.

Further to some of the earlier questions I had in this committee, our expectation and hope is that the package and the approach that the government announces is going to address the needs of all carriers, regardless of size, and there will be a means by which, in terms

of the specific challenges that any operator will face, it's able to actually get stabilized and continue to play the role it has to play, whether it's a northern carrier or a carrier outside my group, my association or others.

We simply have to continue to do that, and then once we actually get stabilized, there's going to be a heck of a lot of activity required to restart the sector. With so many aircraft parked on the ground and 90% of the fleet actually shut down, an awful lot of activity is going to have to occur amongst air carriers of all sizes, with government, government agencies and our airport partners.

• (1840)

The Chair: Thank you all for that.

We'll turn to Mr. Cumming, and then on to Mr. Fragiskatos.

James, you have five minutes.

Mr. James Cumming: That's great. I'll start with Mr. Davis.

Thank you to all the witnesses for coming out today.

Mr. Davis, I want to talk to you a little about the complexity of the tax system and tax returns. It was complex before, but with your small business clients, with the TOSI rules, with passive income rules, with all the different things that were added, and we now have a variety of different programs people are utilizing during this COVID crisis, what are your thoughts on how complex it is going to be for your organization to help steer people through those compliance issues?

Mr. Peter Davis: Thanks very much for the question. It's a great question.

I think all of us, to varying extents, who deal in the tax business or affiliates in the tax business, are getting a lot of information thrown at us very quickly. Government is making decisions on almost a daily basis and adjusting various programs accordingly. It certainly has been a challenge to get information to all our clients in a concise and quick manner, whether they're small businesses or individual tax filers.

The government should be applauded for showing some degree of flexibility when it comes to how businesses and individuals are applying for programs or seeking some type of relief when applying. I have noticed that the government has not necessarily just stuck to the written criteria. They have shown some instances of flexibility. I think if we can continue to operate in that type of flexible environment, at least for the short term until we can start to get a little more progress in getting past this crisis, then we should be in pretty good shape in the coming months.

Mr. James Cumming: Do you think we'll get to a point where we can lessen the complexity—and this may go against your business model—particularly for students and seniors whose taxes could be effectively filed for them, much like the U.K. model? That allows your business to focus on those more complex returns.

Are we getting close or should Canada be headed in that direction?

Mr. Peter Davis: We have here in Canada, as you know, a voluntary compliance system. The onus is on the taxpayer to declare their income to the government. In making that declaration, it's the government's role to then conduct audits and do enforcement as it deems necessary. It's a good system. Like any system though, it's not perfect and there are always opportunities to improve.

When it comes to the level of tax complexity, it's a difficult question to answer on the surface because, in some instances, complexity is not necessarily a bad thing. What that typically means is that there are more benefits and deductions available to Canadian taxpayers to claim. That said, there has to be a balance where those segments you identified—students, seniors and lower-income Canadians—also have the ability to file with some measure of ease versus those individuals with more complex tax situations.

It's an ongoing discussion among the industry, taxpayers and the government to make sure we continue to have an appropriate balance in place.

• (1845)

Mr. James Cumming: Thank you.

Mr. Littler, you mentioned the potential of a loan program directed toward the retail sector. A lot of us talk about the labour component, the wage subsidy, which is a variable cost. They'll bring on people as their revenues go up. They'll start to bring their people back in, but you make a valid argument that they have significant fixed asset costs, inventory costs and leasing costs.

Can you give us some idea of how you would apply a loan program? Would it be on the basis of revenue or on the basis of fixed costs? It would be difficult to administer but I certainly understand where the problem is.

Mr. Karl Littler: There are obviously going to have to be parameters. We have a bunch of entities that are operating at close to full capacity. One of the tests, as with the other program, would be a revenue-drop threshold.

Obviously, you're going to have a situation where that threshold is going to be at a higher level with respect to grants that are coming in than would necessarily be the case with a loan program. Our sense, therefore, is that the primary qualification would be revenue laws. What we don't believe it should be related to is enterprise size in a traditional sense, because essentially everybody affected is in a like condition. There are also retailers who do own real property. In those instances, they may be able to actually securitize those assets in a way that rental tenants are not able to.

I think the difference with respect to the CECRA is that we've seen this as involving some assumption of risk and a haircut by the landlords, but with the bulk of rent obviously still being borne by the tenants, notwithstanding that many of them can't operate their

physical facilities. Unlike a situation where what is in effect a grant under the CECRA—it's a forgivable loan—goes to the landlord, in this case our assumption is that it would be a debt to the tenant. Our point is that it should be a manageable debt because the challenge of trying to securitize what is in essence frozen inventory is extremely difficult. The cost of capital in that environment, even presuming that it's available, is going to be so high that it's going to be very difficult for entities to emerge.

Our view would be that the benefit that government can bring to this space is its lower cost of borrowing, and also its capacity to calibrate the repayment to the recovery period. It's assumed that everybody who is going to be viable is going to pay every cent back, but to try and get that in the commercial market is just not plausible for most retailers at this point.

The Chair: Thank you, all, on that round.

We'll go to Mr. Fragiskatos, and then we'll go to single questions as far as we can, starting with Mr. Brunelle-Duceppe.

Mr. Peter Fragiskatos: Thank you very much, Mr. Chair.

Thank you to the witnesses for their excellent presentations.

I'm particularly interested in the place and position of not-for-profit organizations and charities, not just now but as we address the crisis at hand and the recovery that will eventually take place.

I'll start with Mr. Roth.

I know, Mr. Roth, that you can't speak for the sector at large, but from your point of view, what are a couple of things that are really crucial going forward for the federal government to keep in mind as it puts in place a strategy for recovery? Where can not-for-profits fit in, and what are the best ways to help this sector?

I really believe that charities and not-for-profits have not just a role to play but a fundamental role to play. We heard from Imagine Canada last week. Bruce MacDonald put it quite well when he said that not-for-profits and charities, because of the specialized jobs that they do, are much better positioned to carry out vital services in a more efficient and effective way than government.

What is the role of the not-for-profit and charity sectors going forward in the recovery when it comes to COVID-19?

Mr. Doug Roth: I have a few thoughts, and Andrea may want to add on.

As I mentioned earlier, we're very concerned, not just about the short term but about the medium term and long term, and as you were saying, what this recovery looks like.

There are a number of areas where I think non-profits can help. One, and maybe it's not the first one that comes to mind, is around research. Something like COVID shines a light on how important science and research are in helping us better understand this and the issues that are at play. I think the fear is that it could get forgotten or be thought unimportant and that major investments in research could get interrupted part way through or never started.

In terms of low costs, a lot of our organizations are very volunteer driven, but that takes resources to drive, to be able to support patients who are in different situations. The infrastructure, as it's getting cut back, all of a sudden could get destroyed. The ramifications of that in the short term, medium term and long term could be devastating.

This may not be exactly on point, but I think charities are very interested in pivoting. I know that at the Heart and Stoke Foundation, at the Canadian Cancer Society and at others, we're not trying to stay the way we are. We're trying to change, leverage technology and be able to adapt to what the world will look like, but when you can't make your rent, can't pay your staff and can't fund your research, it really hamstring every facet. We want to be part of the solution, but we're in a crisis and all the strings are kind of pulled apart against us.

• (1850)

Mr. Peter Fragiskatos: Thank you very much, Mr. Roth.

I want to put the same question to Ms. Seale and Mr. Koffler Fogel. I'll go to Ms. Seale first.

Andrea, do you have any thoughts on the role that not-for-profits and charities can play in the recovery? Perhaps I was unfair to Mr. Roth; the question was quite general. I'd like you to focus on it from a health care lens, seeing as Mr. Roth is with the Heart and Stroke Foundation and you're with the Cancer Society. Could you tell us the role that not-for-profits and charities could play in the recovery, specifically when it comes to helping people and their health?

Ms. Andrea Seale: One thing we're seeing is that as we start to get to what is hopefully the other side of the most acute crisis of the pandemic, the impact on the health care system will continue to be with us for quite a long time. The surge of people coming into the system is going to be high at first, and then the backlog is going to take many months to work through. That's what we're seeing. I think the extra needs that people have from a health care point of view and the extra support that health charities give will be with us for as long as it takes for the health care system to recover.

To add on to what Doug said previously, we see this as having a very long-term impact, not only because of the impact to the economy in the general sense that people will have less to give, but also because social distancing has such a dramatic impact on our fundraising. We have to assume that the events, the volunteers and the different kinds of grassroots efforts are going to be impacted for as long as there is social distancing.

As for the timeline, social distancing is going to be with us for a long time, and there may be a resurgence of COVID and new measures put in place again. This is what creates the real uncertainty for the charitable sector, as it really is not able to predict how long it

has to prepare for lower donations. This is why we have to make pretty dramatic decisions right away to try to make sure that we survive. Charities generally don't have reserves to fall back on and don't take out loans to cover downturns. It's just not possible for us to operate that way.

Mr. Peter Fragiskatos: Thank you very much.

The Chair: We are going to end it there, Peter. You're a little over.

Mr. Peter Fragiskatos: I apologize to Mr. Koffler Fogel.

The Chair: We'll turn to Mr. Brunelle-Duceppe, and then to Mr. Julian, Mr. Morantz and Mr. Sorbara.

Alexis.

[*Translation*]

Mr. Alexis Brunelle-Duceppe: Thank you, Mr. Chair.

I'd first like to thank all of the witnesses who took the time to speak to us today.

My question is for the Retail Council of Canada.

Mr. Littler, a lot of small business owners in my riding have called me to say that the credit card interchange fees they're required to pay are cutting into their profits, especially in the context of COVID-19. Cash is practically not used at all. Credit cards are primarily being used. The interchange fees charged by credit card companies in Canada and Quebec vary between 2% and 3%, but in Europe and Australia, these rates are set at 0.3%.

Do you think this would be a quick, effective and simple measure that would be good for all of the members you represent?

• (1855)

[*English*]

Mr. Karl Littler: Unquestionably, and that's certainly been our advocacy over a number of Parliaments.

The situation in Canada is that the rates have come down slightly from what was, on average, about 1.64% back before 2015. They came down to 1.5% and were supposed to be 1.4% right about now, actually, but because of programming issues and other issues, that is going to be captured at the end of the year.

The reality is that they're still four or five times what they are in Europe, and of course the volume of credit cards is going up massively because they're eating a bigger and bigger share of the wallet, especially in the COVID-19 situation. Frankly, the reductions we have received have basically been speed bumps in what has been a growth trajectory for the credit card companies, and obviously that cost gets passed on to consumers. In some respects, you get a reverse Robin Hood problem: People are cross-subsidizing the rewards for people who have high-value credit cards.

[*Translation*]

Mr. Alexis Brunelle-Duceppe: Yes, but it is also cutting into profits. It's really cutting into profits—

[*English*]

The Chair: Thank you.

[*Translation*]

Mr. Alexis Brunelle-Duceppe: Is that it, Mr. Chair?

[*English*]

The Chair: Alexis, we'll have to end it there.

[*Translation*]

Mr. Alexis Brunelle-Duceppe: I hope everyone got that.

[*English*]

The Chair: Mr. Julian, there will be just one question apiece for this last round.

Mr. Peter Julian: Thank you.

Thanks to all the witnesses today.

My last question will be to National Chief Bertrand.

You've raised very compelling arguments today about the level of support that is required to make sure that indigenous people across the country, urban or living on reserve, have the ability to withstand this pandemic.

Do you believe that you are being heard? Is there a sense that there is movement from the government to provide the supports that are needed?

National Chief Robert Bertrand: Mr. Julian, I would like to thank you so much for your question.

To answer it as honestly as I could, I deeply feel that CAP is not listened to. We have talked to CIRNAC and we've talked to ISC. I don't know how many letters I've sent to the Prime Minister's office for a meeting with him, and the people answering his letters say that, unfortunately, he is too busy to meet with me.

It's very discouraging, the answers we are receiving, but I'm not usually the type of person who will take no for an answer. We will keep on knocking on doors. We will keep on trying to meet with all the concerned ministers, because indigenous constituents, our communities, rely on us. I can assure you, Mr. Julian, that we—me, the board of directors and all our reps—will not let these people down. We will continue knocking on doors. We will get what rightfully should be coming to our people, and we will not stop until we get the job done.

Thank you.

The Chair: Thank you, both.

Mr. Morantz and Mr. Sorbara will wrap it up.

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

Mr. McNaney of the National Airlines Council, I want to ask you a question.

Since the crisis started, I've been hearing consistently from constituents who had purchased airline tickets and then had to cancel them because of government travel restrictions. It's become a bit of a thorn in the side of many constituents who have been laid off and had paid money for their tickets. I realize it's a complicated issue. There are a number of different fare categories, some refundable, some not, but under these circumstances, why not do what the Americans did and refund these tickets to people who were not able to take their flights in the first place?

Mr. Mike McNaney: I fully understand the difficulty that everyone is experiencing as a result of the pandemic and what it's been doing to flights. The use of the vouchers is driven by the pandemic. We would not be following this approach if it were not for the economic chaos it has created.

The Canadian Transportation Agency did issue guidance that, given the extraordinary circumstances, the use of vouchers was deemed acceptable. Our members are continuing to follow that guidance. You are also seeing other countries now, particularly in the EU, also starting to take the same approach. Given where we currently sit right now in this crisis, and given where we currently sit overall in terms of the economy and the industry, for us right now, I'm afraid the only real approach is to continue to use the vouchers in keeping with the CTA's guidance.

● (1900)

Mr. Marty Morantz: Thank you.

The Chair: Thank you for that answer.

We have Francesco Sorbara to wrap it up.

Go ahead.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Mr. Chair.

There were a number of great presentations today, so thank you to everyone.

I have a quick question for Peter.

Peter, you and I were downtown in Toronto a few weeks ago for the start of tax filing season. We know how important it is for Canadians to file taxes, so they can get the benefits and credits that they deserve and have worked hard for.

One of the big things we did at the Canada Revenue Agency was the electronic signature. Just how beneficial is that for both the individuals and groups like yourselves at H&R Block, and for tax filers, since we are in this very unique and extraordinary period of time?

Mr. Peter Davis: Thank you, Francesco. It's good to hear from you. That's an excellent question.

The electronic signature piece has been a game-changer for the industry. It's given us the ability to take the work a tax preparer does and have it all done potentially virtually. Whereas before by legislation, individuals had to come back to their preparer to provide what's called a wet signature on a paper form. It has certainly made things a lot easier in our world and a lot easier for Canadians, especially in the context of social distancing and staying at home.

We hope this temporary measure that's been put in place for this tax season will be extended indefinitely, as it really has provided us with a further reach in assisting Canadians to file.

Mr. Francesco Sorbara: Thank you, Peter.

The Chair: Thank you, both, for that.

I want to thank all the witnesses for their presentations.

Andrea, I was wondering how you managed to keep Kelly so quiet all this time. She used to be across the hall from me in one of the parliamentary buildings. She wasn't always that quiet.

Anyway, I sincerely want to thank everyone for their responses to our questions today and for appearing on this platform, which is somewhat difficult at times. The advice, the answers drawn out by members of all parties across many platforms, is being listened to. I think you can see changes in government policy as the programs continue to roll out and be improved. This is an important part of the process for members of Parliament from all parties and for the government to act upon.

I want to give one other special thank you and that is to the interpreters. I understand so many committee meetings are this way now. We're meeting with two four-hour sessions a week. It is difficult when people don't use headsets. I know they're finding that fairly stressful in the interpretation booths. I want to give a special thank you to those folks and to the technology end that helps organize this as well.

With that, committee members, we will meet again on Thursday.

Thank you to all.

The meeting is adjourned.

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