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• (1500)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): We'll officially call the meeting to order.

Welcome to meeting number 32, panel one of the House of Commons Standing Committee on Finance. Pursuant to the order of reference from the House, we're meeting on the government's response to the COVID-19 pandemic.

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

With that, I want to welcome all the witnesses here today.

Your information is very valuable, certainly to the finance committee and certainly to Canadians. I would ask, if you could, since we have seven witnesses, to keep it fairly close to five minutes. It gives us more time for questions.

We'll start with the Canadian Gas Association, Timothy Egan, president and chief executive officer.

Welcome, Timothy. The floor is yours.

Mr. Timothy Egan (President and Chief Executive Officer, Canadian Gas Association): Thank you, Mr. Chairman.

The CGA is the voice of Canada's natural gas delivery industry. Our utilities deliver service to over 20 million of your constituents in homes, businesses and industries through over 570,000 kilometres of energy infrastructure. In 2018 natural gas met 35% of Canada's energy needs. The Canada Energy Regulator forecasts that number will grow to 40% in the next 15 years, almost twice the end use of electricity.

Our utilities are active in communities providing an essential service, but also, through their employees and those of our manufacturer and supplier members, we are helping Canadians live through and plan a recovery from COVID-19. It's been all hands on deck for our members during these challenging times. Our industry's detailed pandemic planning processes, developed over decades, have been leveraged to full effect.

As essential service providers, front-line utility workers have been ensuring uninterrupted energy delivery for Canadians. These are unprecedented circumstances, but there's uninterrupted service. To paraphrase how one utility staff person put it to me, our people rise to the occasion in difficult times because our customers need us. For those customers, utilities have instituted bill deferment pro-

grams, stopped disconnects and increased social media and other communications to stay as engaged as possible.

All our companies have instituted work from home protocols. Front-line workers are equipped with necessary PPE and are well trained on specific safety practices.

Energy use traditionally declines after the winter, and this year has been no different, although the industrial decline has been more noticeable. Overall the fact remains that Canadians need affordable, reliable energy, irrespective of circumstances, and we've been providing it. We're working closely with government officials, particularly those at NRCan, Public Safety Canada and Measurement Canada, on various issues that have arisen. I should note how admirably committed those officials have been to their public service duties.

However, we're deeply concerned about the long-term economic picture. As an industry, we're focused on how we can help improve it. Safety is always our first priority. We bring our safety-first culture to how we think about getting the Canadian economy up quickly and reliably. We have a great deal of project work that can advance as lockdowns lift, and we know this will be a real economic stimulus. Direct and indirect spending is in the billions, and we want to proceed.

In response to a request from government, we submitted a list of shovel-ready projects. We are encouraged to note as part of that list those projects that would help deliver on aggressive emission-reduction targets set by government for 2030 and 2050 goals and aspirations. All of our projects contribute to the more effective delivery of clean and affordable natural gas, but in response to the request, we also included projects that would help deliver on these more aggressive targets. Those are more costly than our conventional work and would require stimulus assistance. The total list is 93 projects representing \$12 billion in spending with an overall ratio of industry to government spending of 5:1.

An overview of the projects is included in the map attached to the package sent to you. They fall into four buckets: renewable gas and hydrogen, green retrofit projects, alternative transportation fuels, and infrastructure and LNG projects.

Our analysis of the emissions not produced because of the projects is under way, but the 39 we've reviewed so far represent an estimated five megatonnes of CO₂ reductions. That number will grow as we complete the analysis.

While those projects focused on more aggressive emission reductions require matching dollars, the majority require no funding but do need regulatory approval at the federal level. Anything to expedite that would be a low-cost action by government to drive economic recovery. We cannot emphasize strongly enough how such action to clear the path for project advancement will be helpful.

As we look forward, apart from the specific asks, we want to work co-operatively with government on a strategy with three broad components: first, to develop a team Canada approach with the natural gas delivery industry; second, to support renewable gases to position Canada on the global stage; and third, to leverage Canada's natural gas clean-tech advantage.

In conclusion, Mr. Chairman, Canadians have been using gaseous energy for the entirety of our country's history, and in some regions longer still. Our industry has stood with its customers through wars, depressions, pandemics, floods, fires and more. Through each, we've delivered, we've adapted and we've grown stronger. Our hope is to do the same again through COVID-19.

Our fuels and our infrastructure are foundational to our country's well-being, guaranteeing the affordable, reliable, clean energy delivery that has allowed Canada to thrive. We're determined to continue to contribute, and look forward to working with parliamentarians and all others in facing this challenge.

Thank you, Mr. Chairman.

• (1505)

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

Turning to Équiterre, we have Marc-André Viau, director of government relations, and Caroline Brouillette, policy analyst.

The floor is yours.

Welcome.

[*Translation*]

Mr. Marc-André Viau (Director, Government Relations, Équiterre): Thank you, Mr. Chair.

Distinguished members of the Standing Committee on Finance, I thank you for having us today.

I will be sharing my speaking time with my colleague Caroline Brouillette.

The Canadian oil and gas sector has been suffering greatly since the beginning of the COVID-19 pandemic, as a result of the drop in oil prices.

However, the sector had been struggling long before the arrival of COVID-19, not only because of recent decisions made by the Organization of Petroleum Exporting Countries, or OPEC, to force the price of a barrel of oil to a historic low, but also because of divestment from the finance and insurance sectors, which has been on the rise for years.

Revenue is dropping, as are profits and jobs. The sector is quite vulnerable, and there is no control over market dynamics. The market never fully recovered from the crash of 2014, and the sector is already heavily subsidized by government.

In spite of the trends we were seeing before the crisis, companies in this important industrial sector asked Ottawa for financial assistance through the emergency pandemic programs.

We believe that public emergency assistance will have an impact on how the sector will evolve post-pandemic and that we must pay particular attention to the recent programs.

On March 24, Équiterre, a group of organizations representing more than 1.3 million Canadians, called on the federal government to ensure that any bailout programs target workers in the sector directly.

A few days later, our colleague at Environmental Defence Canada released a secret memo from the Canadian Association of Petroleum Producers, which called for a massive rollback in regulatory oversight, a full stop in the development of any new climate policy, and for the industry to be exempted from the requirement to report on lobbying activity.

In light of these ludicrous demands from the industry, we welcomed the government's announcement on April 14. The \$1.7 billion allocated to clean up orphan and inactive oil wells in western Canada will support a just transition, through the creation of sustainable jobs.

This reform is welcome, but the government must implement a polluter pays regime to prevent more environmental liabilities, which would also increase the government's bill. Parliament must oversee the agreements with the provinces receiving this money.

Although we have some reservations, these investments show that Canada is headed in the direction we want, which is to create jobs while helping to reduce the environmental impacts.

Speaking of reservations, I do want to point out that we were concerned about one aspect of this announcement in particular: the loan or credit guarantees through Export Development Canada, or EDC, and the Business Development Bank of Canada, or BDC.

On March 25, the mandate of EDC was expanded through Bill C-13, to enable this organization to support Canadian businesses. Furthermore, this bill increased the organization's total indebtedness capacity from \$45 billion to \$90 billion. The Minister of Finance and the Minister of International Trade may also now approve a wider range of transactions.

In light of EDC's historical lack of transparency, we are worried that Canadians may never be informed of the total economic and environmental cost of these programs.

I also want to point out that, according to a report published yesterday by Oil Change International, Canada provides the most fossil fuel finance per capita of G20 countries and comes second overall, after China.

I will now give the floor over to my colleague, Caroline Brouillette.

Ms. Caroline Brouillette (Policy Analyst, Energy and Climate Change, Équiterre): Thank you.

On May 11, the Prime Minister announced the large employer emergency financing facility, or LEEFF, yet we still do not know how much total financing will be available through this program.

LEEFF recipients will have to commit to publishing annual climate-related disclosure reports.

Équiterre believes that the LEEFF program must, at minimum, require the companies receiving this financing to prove that their business plans are in line with the Paris Agreement target to limit temperature increase to 1.5 degrees.

The government must also ensure that the recipients do not simply set a target of zero net emissions with a faraway date, but that they commit to consistently lowering their emissions from now until 2050. There must also be strict accountability measures.

In general, we believe that the government should, as a rule, attach binding environmental conditions to any public assistance to ensure that the assistance is consistent with its climate commitments.

We share the government's objective to support workers in the oil and gas sector, but we have concerns about how this support is being provided. The approach could increase the number of environmental liabilities and expose taxpayers to the financial risk of a sector that, as this crisis has illustrated, makes our economy extremely vulnerable.

We also believe it is important to learn from past mistakes. The Auditor General of Canada noted the following in 2014, regarding the auto sector bailout in the wake of the 2008 financial crisis:

...it was impossible for us to gain a complete picture of the assistance provided, the difference the assistance made to the viability of the companies, and the amounts recovered and lost.

We must do better this time.

All of these developments are happening while Canada has committed to eliminating fossil fuel subsidies by 2025. The government reiterated its commitment in the most recent mandate letters. However, Canada is still struggling to complete the peer review it committed to two years ago with Argentina.

We recommend that the government implement transparency and accountability mechanisms to ensure that the total amounts available to the oil and gas sector and the transactions made by EDC and the BDC through the LEEFF program are made public. This in-

cludes the new loan required for the Trans Mountain pipeline expansion, granted by EDC.

We realize that emergency financing measures are designed to stabilize the economic sectors, but we believe that any federal intervention in the economy should be focused on a fair recovery, in particular by prioritizing workers and their communities, and increasing resilience to prevent future crises.

We urge parliamentarians to keep this in mind when designing policies and programs regarding our country's economic and social stabilization and rebuilding.

Mr. Chair, members of Parliament, thank you for your attention. We are happy to take your questions.

• (1510)

[English]

The Chair: Thank you both very much.

Turning then to the Explorers and Producers Association of Canada, we have Tristan Goodman, president.

Go ahead, Tristan. Welcome.

Mr. Tristan Goodman (President, Explorers and Producers Association of Canada): Thank you for the opportunity to appear before you today.

My name is Tristan Goodman, and I represent EPAC, which deals with the Canadian natural gas and non-oil sands producing companies outside the oil sands mining area.

Under the chair's direction, I'll confine my remarks to English.

My association represents over 100 large and small companies drilling for natural gas and oil in western Canada. We employ tens of thousands of Canadians from coast to coast, and represent over \$100 billion in market assets.

We understand and agree with those who want solutions to global climate change as well as indigenous reconciliation. Through working with federal and provincial governments, as well as indigenous nations, we believe there is a path forward for continued responsible oil and gas development in conjunction with Canadian leadership on these fundamental issues.

I would hope my personal background may be of use to the House of Commons committee, as I have senior-level experience implementing energy policy and regulation as a former energy regulator, and I have a relevant academic background with a Ph.D. in natural resource management, specializing in environmental science and economics, as well as several law degrees from Canada and the United Kingdom. My comments are addressed to you based on this background, as well as an approach that seeks to advance the broad Canadian public interest in these difficult times.

As Canadian governments restart the economy over the coming weeks and months, we believe that in many cases the Canadian-based oil and gas sector can quickly respond and dramatically support recovery through immediate activity and job creation. A noticeable proportion of employment in the oil and gas sector occurs in areas such as Montreal, Vancouver and Toronto through professional services, manufacturing, IT, corporate services, automotive and, increasingly, petrochemicals, which are the base components of a wide range of health-related products, such as ventilators, masks and plastic-based equipment.

I am sure you have heard from many over the past several weeks about the importance of oil and gas pipelines, as well as ensuring a competitive regulatory and fiscal environment to undertake business. Propane and other heating and drying products in Quebec, petrochemicals in Ontario, LNG in the Maritimes and British Columbia, broader applications of carbon capture and storage technology, and the completion of approved pipelines all remain critical to our country and workers going forward. However, today I would like to confine my limited time to specific short-term recovery opportunities that should be considered in the coming months, given the difficult economic situation we face.

Turning to the recent federal programs, the federal government has put in place four specific programs that have assisted, or have the potential to assist, Canadian workers who rely on the energy sector. EPAC strongly supports the \$750-million methane emissions reduction loan program, the \$1.7 billion of support to clean up orphan and inactive wells, and the Canada emergency wage subsidy. We want to acknowledge the efforts of the federal government to work with the provinces in these important areas. We also support the intention of the EDC, BDC and LEEFF programs. These loan programs are of particular relevance, as there are approximately 30 or more companies that should qualify for these programs, if qualifying conditions are reasonable, and thus support workers.

With the federal government's commitment to transparency in mind, we look forward to a comprehensive public understanding on specific uptake and use of the loan programs that have been put in place to support Canadian workers.

What else can be done to support Canadian workers?

Successful economic stimulus to support Canadian workers and families will require substantive private sector investment, given the magnitude of the current economic situation. Canada must have broad inflows of investor capital to be successful. There are additional short-term policies and programs that the federal government can put in place to support workers relying on oil and gas development. A few examples of these are attached to my opening comments as an appendix.

In conclusion, the future of Canadian oil and gas development can be bright and could be a significant contributor to economic recovery, while fitting within the clear policy commitments of Canadian climate change leadership and indigenous reconciliation. EPAC views our industry as part of the broader energy transition that has been occurring for decades.

Given the difficulties Canadian workers are currently facing, short-term policies need continued focus in parallel to the broad macrostrategies of Canada's energy future. Since the founding of Quebec City over 400 years ago, Canadians have been developing our natural resources and increasingly working collaboratively with our indigenous partners. Over the centuries of our young country's development, there have certainly been mistakes in both the development and partnership areas. However, there is now an opportunity to renew our commitment to responsible development within a modern Canadian framework that meets expectations around the environment, indigenous reconciliation and a prosperous economy.

● (1515)

Thank you.

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

We'll turn now to Lloydminster Oilfield Technical Society, Adam Waterman, president.

Mr. Waterman, the floor is yours.

Mr. Adam S. Waterman (President, Lloydminster Oilfield Technical Society): Thank you, Mr. Chair.

Committee members and fellow witnesses, I thank you for your time today.

I appear before you representing the Lloydminster Oilfield Technical Society. The society's founding aim nearly 40 years ago was to provide a forum to discuss technical issues within the industry, along with promoting the industry's successes. For many within our membership, oil and gas has been the family business for two and three generations.

Our first well blew in on May 4, 1934. This industry is not a passing fancy or an employer of last resort for our membership or the people of this region. It shapes our very identity.

In the five years prior to COVID-19, we lost an average of 600 jobs in direct industry employment per year. This in a population catchment area of 80,000 people. This is equivalent to Oshawa's GM plant closing this past fall, with the exception that it happened in a population a fifth of the size. That means two people were coming home from work every day to have the hardest of conversations over their kitchen tables—every single day—for five years. That's 10 families' futures cast into doubt this week, and 15 more the next.

This Damoclean sword of financial ruin has hung over this region's collective head for nearly six years now, and with it, comes the mental toll it's taken on this industry's participants and their families. Then came COVID-19.

There is no hyperbole that can adequately capture the non-existence of economic activity currently. Medium-sized companies are down to only the owner working. Equipment is being sold at auction to make payroll. In a period where my employer would have had 17,000 rig hours, we had 40. We are finding new depths of desperation daily.

I was asked here today to provide testimony on the Canadian government's response in support of the oil and gas sector following the economic crisis of COVID-19. To borrow from Mahatma Gandhi when he was asked for his thoughts on western civilization, I think it might be a good idea. Just as Gandhi was remarking that he hadn't yet witnessed a civilized west, I have yet to witness a plan for oil and gas from this government.

Outside of the CERB and some CEWS benefits, our membership and the industry at large has not experienced much help. As evidenced by Alberta Energy being inundated with applications for the site rehabilitation program, industry possesses a high-volume of shovel-ready projects that can get people back to work today. The industry has not paused because of the virus. The industry has paused as it realigns with the demand picture of a COVID world and into recovery.

However, the federal government waited until April 14 to announce anything industry-specific. It waited until two weeks ago to release inactive well funding and we still wait for a liquidity backstop. Meanwhile, it has been 10 weeks for five full pay periods without an hour of work for the workforce of this country's second-largest industry and largest first nations employer. With asset retirement funding moving forward at a dawdling pace, the only response from the liquidity prong of the federal government's April 14 policy détente remains an auto-generated email from the BDC. This is not good enough. People are suffering as a result of this inaction.

The benefits of the large employer program are contingent on an open-ended and vague commitment to the recipient having net-zero emissions in 30 years' time for a one-year bridge loan with a five-year amortization. It would have been more direct to say that oil and gas producers and oil field service companies need not apply.

Furthermore, the terms of the program appear spurious. There is no clarity on effects to the current lending hierarchy. The potential for equity conversion stands to make the federal government the largest shareholder in some of these companies. I'm sure you can

appreciate this comes with a hefty dose of apprehension and mistrust from my side of the business.

The statement that the Canadian oil and gas sector is a world leader when it comes to climate change progress, GHG emissions and responsible development seems overplayed, but it's a base fact. This government's attacks on oil and gas, *in absentia* of real supports, has only served to deepen regional divides and worsen climate outcomes worldwide.

In the pursuit of partisan politics, this government has let the opportunity of COVID-19 pass by. It could have renewed the trust of the region's largest industry, and western Canada at large. Instead, the status quo has been preserved. We remain painted as the contra side of a political dichotomy to serve political interests. We remain convinced the government's ultimate pursuit is a slow-motion cod moratorium on our industry.

● (1520)

I will leave you with a quote from one of my members, which I feel captures where we're at locally:

I own a small drafting business trying to make it. So, yes, everything I have hinges on decisions that are made now. We do not want hand-outs, we want to work and earn every penny we make. We want to sit down and brag about working 20 days in a row.

It would be a sin to let endeavour like this “rust unburnish'd”.

Thank you for your time, Mr. Chair.

The Chair: Thank you very much, Mr. Waterman. We do appreciate your directness.

We have, from the Mining Association of Canada, Pierre Gratton, president and CEO; and Brendan Marshall, vice-president.

Go ahead, Mr. Gratton.

Mr. Pierre Gratton (President and Chief Executive Officer, Mining Association of Canada): Thank you.

[*Translation*]

Thank you for the opportunity to speak this afternoon.

My name is Pierre Gratton, and I'm the president and chief executive officer of the Mining Association of Canada.

[*English*]

I'm accompanied by Brendan Marshall, our vice-president for economic and northern affairs. Brendan will deliver the large portion of our remarks today as he has been working, in particular, very closely with our members and with the Government of Canada in response to the pandemic and its economic impact on our sector.

Just by way of background, MAC is the national voice of Canada's mining industry—

• (1525)

Mr. Michael McLeod (Northwest Territories, Lib.): Mr. Chairman, I couldn't hear for a minute there.

The Chair: I couldn't either, for about 15 seconds, but he's coming in clearly now.

Are you hearing him clearly now?

Mr. Michael McLeod: Yes.

The Chair: Go ahead, Mr. Gratton.

Mr. Pierre Gratton: The Mining Association of Canada represents the majority of the production of mineral products across the country, including oil from the oil sands. In light of today's topic of conversation, I would just note that we do represent the firms of Suncor Energy, Canadian Natural Resources and Syncrude. They're MAC members, and we've been engaging on their behalf, as well as on behalf of the rest of the mining sector, with the federal government in response to the pandemic.

With that, I'd just ask my colleague Brendan Marshall to deliver the rest of our remarks.

Mr. Brendan Marshall (Vice-President, Economic and Northern Affairs, Mining Association of Canada): Thanks, Pierre.

In 2018, mining contributed \$97 billion to Canada's GDP, employed nearly 630,000 workers and accounted for 20%, or \$104.5 billion, of Canada's total export value. Proportionally, mining is the largest private sector employer of indigenous peoples, and our oil sands members are among the top employers and partners of indigenous-owned businesses. The majority of the world's public mining companies are listed on the TSX, and Canadian mining is broadly recognized internationally for excellence in sustainability, environmental stewardship and indigenous engagement.

Throughout this pandemic, our members' top priority has remained the health and safety of their employees, contractors and the communities around which they operate. They are following the guidance of public health authorities, with employees working from home where possible, no non-essential travel, limited site access for non-essential personnel and the incorporation of testing protocols and distancing policies at the work site. The protocols our members have developed have resulted in virtually no cases of COVID in our sector. At the request of the Privy Council Office, our members were also pleased to share these practices to help enhance the safety of Canadians across all sectors. More detailed information on our members' responses is available on MAC's website, and we'd be happy to share with committee members a package of information if that would be of interest.

I'm also proud that MAC member companies have made contributions exceeding \$40 million to food banks, women's shelters, indigenous organizations and health authorities across Canada to help address the COVID crisis. These are in addition to the donation of tens of thousands of N95 masks, test kits and ventilators, amongst other materials, to address shortages of these critical supplies. In advance of our appearance before the committee today, we asked that a document be distributed that provides greater detail on these

contributions, and I was made aware by the chair that this had been done.

The scale of disruption has been significant across many commodities, but most especially for our oil sands members. The week of March 9, which saw the launch of social distancing policies across Canada and the United States that triggered deep demand destruction for petroleum products, coincided with the decision of Saudi Arabia to flood global markets with oil.

Global demand for oil plummeted approximately 30% in a matter of months. At its lowest, oil traded on the West Texas Intermediate at negative \$37.63 U.S. a barrel, while a barrel of Western Canadian Select sold cheaper than bottled water at \$3.81 U.S. While prices have recovered since then, they remain low compared to recent averages, and are anticipated to remain low until social distancing measures are safely lifted and demand for these products returns.

Acknowledging this disruption, the Government of Canada has taken action to support the economy, including the Canada emergency wage subsidy. Originally announced to cover 10% of wages for small businesses, the program was expanded to businesses of all sizes and increased to cover 75% of the first \$58,800 of an employee's salary. MAC worked very closely with Finance Canada officials, supported by Natural Resources Canada, to ensure that member companies' corporate and marketing structures were understood by decision-makers so that the program could deliver in the way it was intended. We can tell you that a number of our members have applied for this program.

On liquidity, the government announced the business credit availability program on March 16, and subsequently expanded it to provide \$65 billion in support to small and medium-sized businesses. On May 11, the large employer emergency financing facility, or LEEFF, was announced to provide bridge financing to large businesses. A few of our members have applied to the BCAP. With respect to LEEFF, we're not aware of any member applications at this time, but admittedly only represent three producers out of hundreds of companies in the oil and gas sector.

Finally, the federal government has been balanced in providing relief to companies in the regulatory space by extending deadlines for corporate tax filings, compliance reporting such as for the output-based pricing system, as well as by temporarily postponing the development of all non-essential regulations. It is noteworthy that some regulations and laws, through their drafting and design, do not have release-valve mechanisms that enable ministerial discretion to address unprecedented events such as COVID-19. As a recommendation to this committee, MAC would encourage consideration of the inclusion of such measures in laws and regulations, both new and updated, going forward.

• (1530)

At a time when public health priorities rightly supersede all others, the federal government has taken a measured approach to address the social, economic and operational realities that COVID-19 has created for our industry.

In closing, I would like to extend appreciation for the tremendous work of civil servants across the government, and most especially at Finance Canada and Natural Resources Canada, who have laboured tirelessly to develop, refine and implement the government's response to COVID-19. Much is owed by our country for their incredible service at this time.

Thank you very much, Mr. Chair. We look forward to answering any questions that members of the committee may have going forward.

The Chair: Thank you very much, Mr. Marshall and Mr. Gratton.

That chart you gave the committee on the donations around COVID-19 is quite remarkable in terms of the amount of money and material donated.

We are turning now to Morgan Construction and Environmental Ltd., with Peter Kiss, president and CEO.

I remember you from the spring, Peter. Go ahead.

Mr. Peter Kiss (President and Chief Executive Officer, Morgan Construction and Environmental Ltd.): Thank you, Mr. Chair.

Good afternoon. I wish to thank the finance committee for inviting me to comment on the federal government's response to COVID-19, particularly around the response to the energy sector.

My name is Peter Kiss. I'm the owner of Morgan Construction, a heavy civil contractor operating throughout western Canada with a focus on the oil sands. I was previously in front of you on February 6 during the pre-budget consultations when I discussed competitive tax rates; differing rules for resources, our resources, which must compete throughout the world; bills C-69 and C-48; indigenous opportunities; and the tech frontier. I spoke of the economic Armageddon that is happening in Alberta. Since then things have gotten worse.

Obviously, our world has changed. My company has laid off 80% of our staff and reduced wages, and our revenues are down 87%, and I consider us fortunate. I have peers and competitors whose revenues are down 100% and the staff is reduced to a skeletal

management group. The difference now in the resources sector, and specifically in Alberta, is that COVID started the problem, and a Saudi-Russian coordinated predatory oil price war caused the price to crash, production cuts, and capital spending to cease.

I would like to compliment the federal and provincial governments on their efforts thus far in providing support to families and workers via the CERB and the multitude of other measures put in place. They are certainly helpful in the near term, but when it comes to supporting business and indirectly the workers, we need to re-evaluate.

Businesses need two things only: credit or liquidity and revenue. This should be the focus. This is how people are going to get back to work.

From what we have seen thus far, the Canada emergency benefit, this \$2,000 per month grant, while helpful in the beginning, needs to end. Beyond the moral hazard of paying people not to work and creating a society that lives on handouts and subsidies, it is preventing people from going back to work. It is that simple. While the story is anecdotal, workers are choosing to make less and stay at home this summer.

The Canada emergency wage subsidy is a great program. It's putting liquidity into the hands of businesses and is certainly helpful. I don't feel that it's keeping additional people employed, as no business is going to pay employees to sit around and do nothing, even with the subsidy. The greater hazard with this program is that the government artificially reduces input costs, and over the long term in a free market economy, the selling price is reduced. We are seeing this already. Once competitive businesses know how long supports such as the CERB, tax deferral, WCB premium and lease reductions are going to last, the subsidy gets worked into the selling price and creates an artificially low selling price for goods and services. Selling prices are dropping because of subsidies.

While this wage subsidy should continue, it should be extended on a one-month or even less increment, and businesses should not be allowed to plan on receiving it. Therefore, it would get worked out of the price.

EDC and BDC support loans are liquidity measures that have the right intent; however, they are not accessible to those companies that need it. The program needs to be adjusted to increase access and the velocity of capital as the economy opens up. This is when businesses require working capital the most. Companies don't go bankrupt; they run out of cash.

On the large employer emergency financing facility, LEEFF, the entire Canadian energy sector across the prairies and in Newfoundland waited hours, days and then months for sector assistance to be announced. I believe that the LEEFF program is that support and all that is coming.

From what I can tell, industry can't access this capital because of the restrictions surrounding the funds, and it's like it was written by predatory lenders of last resort with the intent of taking over the business. The credit standards are too high. The interest is accelerated over time, which is punitive, and by creating convertible debt, the federal government is looking for a clear path to board seats on E and Ps. This is not what the energy sector or Canada needs.

If we want to recover in this country and pay for all the COVID-related expenses, we need a viable energy sector paying royalties. We need real support now with easily accessible liquidity.

• (1535)

Before the questions, I'll leave you with a couple of thoughts. Stop the handouts. We're over the hump now, and everyone needs to get back to work. Accelerate project approvals. There are enough projects in energy, mining and commercial waiting for federal approval to turn this economy around. Don't start paying sick leave. There are only two groups that are going to pay for this: taxpayers, since there's no such thing as government funding; and businesses. With 10 days of paid sick leave, 10 statutory holidays and two to six weeks of holidays, we are not-so-slowly turning into Europe, but without the historical charm. Layering on more costs for our nation's businesses and taxpayers is not helpful.

Finally, protect Canada's largest industry. Saudi Arabia and Russia started a price crash with predatory pricing and production. If this was steel, aluminum, automobiles, agriculture or aerospace, we would have immediate countervailing duties, but with regard to energy, we are left to twist in the wind. Liquidity problems in the resource sector are a direct result of foreign interference, and now they are buying our assets at a discount. If the federal government wants to help, it can start with protection. Again, we don't want handouts; we need a hand up.

In conclusion, I wish to thank the federal government for inviting me to present today. Please remember this: The social cost of not getting the energy sector and its 850,000 people back to work will be paid with—and I'm not trying to be an alarmist—the destruction of families, alcoholism and drug abuse, social welfare and suicide.

Thank you.

The Chair: Thank you very much, Mr. Kiss. You're always direct, and we appreciate that.

Before I turn to the last witness, I'll just give members the list of the first round of questioners: Ms. Stubbs, Ms. Koutrakis, Mr. Brunelle-Duceppe and then Mr. Julian.

We'll turn now to Michael Crothers, president and country chair, Shell Canada Limited.

Welcome, Mr. Crothers.

Mr. Michael Crothers (President and Country Chair, Shell Canada Limited): Good afternoon, Mr. Chair and committee members.

I appreciate the opportunity to speak with you today on behalf of Shell Canada, as a representative of our country's most critical energy sector and as a proud Canadian who, like you, is extremely concerned about the impacts of a dual crisis, the likes of which we have never seen.

COVID-19 and the global market collapse are putting an extraordinary strain on Canada's economy and specifically Canada's energy sector. I am concerned, but I must tell you I'm also optimistic that, with the right motivation and constructive efforts, Canada will navigate these very tough days and one day emerge even stronger.

This period of crisis has deep implications for our sector and, of course, the entire Canadian economy. At Shell, our abiding priority is care for our employees and our customers, focusing first on business-critical activities that stretch from oil and gas production through to our chemical plants, refinery operations and distribution network, and right to our customer front line in retail. Our focus is on how we can keep people safe, how we ensure they practise physical distancing as they do their work and how we serve our customers through all of this.

A second key factor for us is business continuity and how we maintain those essential services we provide for Canadians. We're dealing with what has been a huge destruction of demand. As an integrated business, Shell is managing to balance our operations around that new reality, while keeping people safe.

Our third priority is cash preservation, which is a common theme for our sector, as you're hearing today. The collapse of prices and demand has been dramatic. Like many others, we have been forced to cut back our capital programs and look at an immediate reduction in operating costs. We have cut our dividend by two-thirds and eliminated all bonuses in 2020, which is up to half of executive pay. We are looking at our supply chains and other costs in our business, and we're doing everything we can in the near term to get those under control, while preserving jobs.

Shell is fortunate, as an integrated business, to be able to leverage other revenue sources. However, for small upstream mostly oil-producing players in our sector, the reality is grim. Liquidity is a key concern. How can they get enough credit to ride through this, maintain jobs and even be there for a recovery? What is needed now is more investment and more opportunity to help those smaller companies bridge. I have been in the industry for a long time, and it really is an ecosystem that thrives on small, nimble producers on the edge of innovation, and larger-scale companies, like Shell, that can de-risk and scale up technologies and support and build on those smaller companies' developments. We need a healthy ecosystem from end to end, and that's something the current crisis is really threatening.

I am encouraged by the swift action of governments to deal with the crisis and provide immediate relief to displaced workers, to families and to the variety of sectors in society that have had to cope with these dramatic surges in unemployment. I see opportunity to think longer term as well, around how infrastructure and technology investments can support the sector, sustain our valuable resources, explore renewable energy in the mix and achieve our longer-term goals toward net-zero carbon emissions.

Indeed, there is significant and growing debate about the extent to which our economic recovery should be green. Let me say it would be a grave mistake to engage such an important conversation in an environment of polarization, partisanship and without sound evidence as the basis for Canada's approach.

Shell is focused on our part of the energy and climate change challenge. We have made a huge commitment in terms of reducing our emissions to net-zero by 2050, and we have invested billions of dollars into what we call "new energies", which include renewable fuels, renewable power and other technology, to help get us there. Heightened awareness of climate change for Shell is a good thing. At the same time, energy transition is a decades-long challenge that acknowledges we'll need oil and gas in the medium term. We need it in Canada, and we need it globally. It is important that we keep driving down the carbon footprint of that production as we move forward.

Coming out of this, Canada must invest in innovation to help the energy sector accelerate our great track record of reducing emissions. At the same time, for Shell and across our portfolio, it is an opportune time to keep investing in clean energy infrastructure, helping to create the right conditions for more investment in biofuels, renewable power, hydrogen, carbon capture, nature-based solutions and other areas that Shell has dramatically stepped into.

• (1540)

Times like these reveal the true character and ingenuity of individuals and society. They demand a new level of unity, of meaningful co-operation and of care for each other. This moment has already shown us the best of Canadians, a real coming together that builds resilience. People feel that support. They feel it from governments, they feel it from friends and family, and it is clear they are not trying to play games for personal, corporate or political gain.

This is about working together as best we can—as companies, as people, as first nations, as communities, as governments—to do the right thing. If we focus on that level of collaboration, I'm convinced we can move far more quickly to make Canada stronger, more sustainable and more prosperous for all Canadians. It's an opportunity to not fall back, if you will, into the old ways, but rather to build on the momentum of co-operation that we'll need in the many challenging years ahead.

Thank you. I'd be pleased to take any questions

• (1545)

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

Thanks to all the witnesses for their presentations.

We will start the six-minute round with Ms. Stubbs.

Shannon, the floor is yours.

Mrs. Shannon Stubbs (Lakeland, CPC): Thanks so much, Chair.

Thanks to all of my colleagues for having me today. I'll say hello from my farm near Two Hills, in exactly the region that Adam Waterman described earlier.

In the spirit of co-operation, I might just give some unsolicited advice to my colleagues on this committee. After hearing the scale of the crisis and the outsized impact of the oil and gas sector on the Canadian economy, I do hope that this committee will do more than one meeting about this critical sector and all of the workers, families and communities it impacts.

ARC Financial says that after-tax income for explorers and producers will drop 96% between 2019 and 2020. In the last two months, active rigs dropped 92%, while thousands of oil and gas workers lost their jobs. They continue to face precarious futures. Of course, that adds to the nearly 200,000 people who have lost their jobs since 2015.

The bottom line is that programs can't help workers if businesses can't or won't actually get the support. You will know, I hope, that in the beginning of April, Conservatives called for the approval of projects already in the regulatory queue at the end of their stages, and also for emergency liquidity measures.

With that in mind, Tristan, I did notice your careful wording—we all do that, I know—about EPAC supporting the intention of the loans to oil and gas employers. Of course, the \$750-million methane reduction fund and the small oil and gas business loans through BDC were announced 41 days ago. Just last week, the terms and conditions were announced for the large-employer financing program.

Tristan and then Adam, do either of you know a single company that has accessed those programs?

Mr. Tristan Goodman: The answer, at this point in time, is no. We continue to work with EDC and BDC and the producers and to have communications with financial institutions and the federal government. The intent of particularly the EDC and BDC programs is very positive to support workers, but the positive aspect of those programs does entail access to those programs. We are concerned that after about.... I think you indicated 41 days, which seems appropriate. It's certainly been many weeks. I know of at least 30 companies that are trying to access those programs and are as yet unable to access them.

We certainly hope that, first, access will be granted to those programs. We will lose significant jobs across this country, not just in your area or in areas where other development is occurring but also in the many jobs that rely on the energy business on a go-forward basis, if those programs cannot be accessed. It is about positive intent. It will be great to see the results.

I also hope the transparency on this is going to be important. We need to know if those programs are being accessed, given that they were put in place for workers.

Thank you.

The Chair: Mr. Waterman.

Mr. Adam S. Waterman: Thank you, Chair.

with respect to the methane reduction financing, no, more broadly, to all three programs. I'm not aware of a single company that has accessed the financing from methane reduction. Right now our priority is survival rather than what our normal guiding principle would be.

We can't meet ESG commitments if we're not around. I don't believe there would be an appetite for any financing taken on to worsen our balance sheet that does not have a direct impact on our cash position.

With regard to the small BDC loans, no, I'm not aware. I am aware of one local producer, Cardinal Energy, that only this week had to push out the refinancing of a short-term revolving facility. We await the details of this loan, because it will obviously have a material impact on the debt market within the oil and gas space. Cardinal, as well as its employees, pays about three and a half million dollars a year in local tax at the municipal level. Its employees are hoping it doesn't turn out like Delphi Energy, which just a few

weeks ago went into insolvency because of a lending issue and a lack of liquidity.

● (1550)

Mrs. Shannon Stubbs: Thank you.

In the interest of time, I'll throw out a couple of questions to each of you. I invite you to comment on the methane reduction fund.

I noticed, Tristan, you talked about the importance of grants instead of loans. You can expand on that, if you'd like, for the benefit of committee members. Also, if either of you would be willing to address what might be specific barriers in the larger employer financing related to the rates offered, as well as required stock provisions.

The Chair: Mrs. Stubbs.

Mr. Tristan Goodman: If it's okay with Mr. Waterman, I have a couple of comments, and then perhaps he can add.

Specifically, we appreciate the federal government's commitment to assist the industry on a go-forward basis in a collaborative way around methane reduction. It is key, it is important—we recognize that—from several different perspectives. First, it is important from an investment perspective and investors are increasingly paying attention to this. Second, it's very important around Canadian expectations and global expectations. Third, it's important just from a purely practical standpoint. We need to move forward with developing a resource Canadians are still relying on, but yet do so in a truly responsible manner. That program does benefit.

The issue we have with the program, as I think Mr. Waterman indicated, is that at this point the loan component of that program is unlikely to be accessed, given the current state of the industry. Any situation that can convert that into a grant program will have two benefits immediately. It will help Canadian workers as industry accesses that program and puts those people to work, and it will reduce GHG emissions within the Canadian context, thus contributing to the global concern and problem we have there.

The Chair: Okay. We will have to end it there and go to Ms. Koutrakis.

If others want in when a question has been answered, wave your hand and I'll try to let you in. I might see you or I might not because I only have so much room on my screen.

Ms. Koutrakis.

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

Thank you to everyone who presented today.

My question is to Mr. Crothers, and it will be a continuation or expansion of some of the testimony we heard just over a week ago from Ed Greenspon, who noted that the use of fossil fuels for energy production will not end any time soon, and it is in Canada's best interest to pursue clean and ethical sources of energy.

One of Mr. Greenspon's suggestions is to invest heavily in the decarbonization of Canada's oil patch. We should regain the lead once we have a handle on carbon capture utilization and storage.

Can you briefly offer some details on Shell's Quest carbon capture and storage facility. What is this project, and how has it been successful in reducing carbon emissions from crude oil production?

Mr. Michael Crothers: Yes, this is a project that has actually become a world leader in carbon sequestration technology, right here in Canada. It started up in 2015. It has now just exceeded its five-million-tonne mark of sequestering carbon dioxide in a deep aquifer underlying....

Most of Alberta actually has this access. The technology has proven itself brilliantly. It has been able to run at very high reliability. This is Canadian technology developed partly in Quebec that we've applied here.

With this proven technology platform, Shell believes this is something that we can now really build on across the country in many places where there are such strong capabilities to match emissions with the ability to sequester carbon safely in these deep formations.

Shell has made the technology open to everyone. As the weeks have gone by in this crisis, we've had people at the site from all over the world coming to see how it worked and learning from that.

As an opportunity for Canada, we think it's the really fundamental one to help us bridge and be part of this transition so that the emissions from existing facilities can be captured, be they petrochemical, oil and gas production or other emitters, or cement or other production. While we bridge to new energy sources, we're managing those emissions in real time, and this technology can be deployed quickly.

• (1555)

Ms. Annie Koutrakis: Right. Has it been beneficial to job creation and to the surrounding communities?

Mr. Michael Crothers: Absolutely. It's set up at our Scotford facility, which is a large complex of plants near Edmonton.

The construction was over 600 jobs. It has an ongoing support requirement of roughly 30 jobs. The opportunity to spin that off and to scale it is enormous for a country such as Canada.

Ms. Annie Koutrakis: Thank you.

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

The Chair: You have three minutes yet. Go ahead.

Ms. Annie Koutrakis: Okay.

[Translation]

My next question is for the representatives from Équiterre.

How do you envision the job market evolving after the COVID-19 pandemic, in particular in the oil and gas sector? What can the federal government do to ensure there is a just transition for employees who may be changing career paths after the pandemic?

Mr. Marc-André Viau: Thank you for the question. I congratulate you again on the quality of your French.

It's hard to predict post-pandemic trends, since this situation is a new one, with no instructions for how to emerge, recover and rebuild.

That said, at the beginning of my speech I said that we've been seeing a downward trend in jobs since 2014. This downward trend seems to be structural. After 2014, the number of jobs did not get back to the number it was before 2014. There were drops and collapses during that period. There's no guarantee that jobs in the sector will return, and some of that will be due to technological changes and automation.

We pointed out that the government's announcement on investments to clean up orphan wells is consistent with a just transition. In our opinion, this is the direction in which we see a more sustainable future for jobs in certain resource regions. That said, we realize that a large number of jobs in the sector have needs right now and that the jobs and workers in the sector also need help.

[English]

The Chair: Thank you.

Annie, do you have a very quick question?

[Translation]

Ms. Annie Koutrakis: How can the federal government support this transition, while still ensuring that the Canadians who rely on the fossil fuel industry do not fall through the cracks?

Ms. Caroline Brouillette: Thank you for your question.

In 2019, consultations were held concerning workers and communities that rely on coal-fired electricity generation. I'm sure you heard about a consultative group that toured the country and included the most affected members of communities. This group made recommendations on how to transition out of the coal sector.

Équiterre recommends allocating funds for the implementation of these recommendations and also that they apply to the entire oil and gas sector, which is also experiencing difficulties at this time, as we know.

• (1600)

[English]

The Chair: Thank you, all.

We will turn to Mr. Brunelle-Duceppe, who will be followed by Mr. Julian.

Alexis.

[*Translation*]

Mr. Alexis Brunelle-Duceppe (Lac-Saint-Jean, BQ): Thank you, Mr. Chair.

I would like to thank all witnesses for their remarks and for participating this afternoon.

First, I would like to ask Mr. Crothers if the Shell representatives believe that fossil fuel projects should obtain social licence from the people affected by having a public and transparent process.

[*English*]

Mr. Michael Crothers: I believe there is the potential for social acceptance of these types of projects because it depends on the standards that these companies are applying as they're doing their work. The sector has a remarkable track record of driving down emissions in response to the needs of society.

At Shell, we're totally committed to the Paris accord. We have made a net-zero emissions commitment for 2050, and that means a complete transformation of our portfolio to actually change the products we make and also to work with customers to move them off fossil fuels.

[*Translation*]

Mr. Alexis Brunelle-Duceppe: Excuse me for interrupting Mr. Crothers, but I do not want to spend too much time on this issue. I just want to know if you believe that it is important to obtain social licence by having a public and transparent process.

I will ask Mr. Goodman, of the Explorers and Producers Association of Canada, the same question.

[*English*]

Mr. Tristan Goodman: Yes, the reality is that you are going to need to make sure that you have transparent processes in place and that through those transparent processes...and a commitment to what Canadians are interested in—and that is quite diverse and broad. That is one of the key future development pieces that are going to be seen in successive, continued development of oil and gas.

The Chair: Alexis.

[*Translation*]

Mr. Alexis Brunelle-Duceppe: Your point of view is interesting, Mr. Goodman.

I will now turn to Équiterre's representatives. I would really like to know if the current COVID-19 pandemic has resulted in changes to the consultations on oil drilling, as I suppose that it must be very difficult holding consultations these days.

• (1605)

Mr. Marc-André Viau: Thank you for the question.

Yes, indeed. In the spirit of Bill C-69, we have called for as much public participation as possible. We believe that's important. Given the current state of affairs, we do not have the conditions to ensure the broadest participation possible. Deadlines have been ex-

tended, but they will have to continue to be extended until we return to the state of affairs that existed before the emergency health response.

Mr. Alexis Brunelle-Duceppe: At present the process leading to the assessment has somewhat broken down. Am I right?

Mr. Marc-André Viau: The process is not meeting the conditions for which it was created. We do not have the conditions to carry out the process and thus it has broken down.

Mr. Alexis Brunelle-Duceppe: In your opinion, would this drilling be harmful to the environment? If yes, considering that the process has become much less public, can we conclude that citizens are presently adversely affected by this drilling?

Mr. Marc-André Viau: I am not an expert on drilling, but I can talk to you about consultations. Yes, I believe it is important to hear from all industry stakeholders, the experts on this issue, and also from local communities, which have legitimate concerns.

Mr. Alexis Brunelle-Duceppe: Mr. Chair, how much time do I have left?

[*English*]

The Chair: You've got about a minute and a half that we stole from you earlier. Go ahead.

[*Translation*]

Mr. Alexis Brunelle-Duceppe: All right.

This is a question for everyone. It is not really a rhetorical question, it is a question that we, the members of the Bloc Québécois, are asking ourselves.

What price must producers of oil sands fuel get to turn a profit?

[*English*]

The Chair: Who wants to take that?

Go ahead, Mr. Gratton.

[*Translation*]

Mr. Pierre Gratton: I will answer, but I would like to first answer the previous question.

I just want to point out that, according to the information I have, very few projects have been submitted to the Impact Assessment Agency of Canada.

Mr. Alexis Brunelle-Duceppe: My question is not about that.

I want to know at what price does oil sands oil start being profitable for producers.

I have one minute left, Mr. Gratton.

Mr. Pierre Gratton: I know. I just wanted to answer your previous question.

Mr. Alexis Brunelle-Duceppe: It doesn't work like that. Thank you, but that is not my question.

Mr. Pierre Gratton: I can answer your second question.

Mr. Alexis Brunelle-Duceppe: Perfect. We are listening.

Mr. Pierre Gratton: It depends on the producer. There are some producers who can keep going at the current price. It is difficult, but it is possible. For others, it is not profitable. The price must be higher.

Mr. Alexis Brunelle-Duceppe: What I am understanding is that there is no base price. It depends on the producer. At this time, it is not profitable for most.

Mr. Pierre Gratton: Our members are oil sands producers who have been established for years, even decades, and they have covered most of their capital costs. For them, it is more profitable now than it is for others. It depends on the company.

Mr. Alexis Brunelle-Duceppe: My time has expired, Mr. Chair.
[English]

The Chair: Okay, we will go to Mr. Julian, and Mr. Cooper will follow Mr. Julian.

Go ahead, Peter.

[Translation]

Mr. Peter Julian (New Westminster—Burnaby, NDP): Thank you, Chair.

I would like to thank all the witnesses present today. We hope your families are safe and in good health.

My initial questions are for Mr. Viau and Ms. Brouillette.

First, I would like to understand the current approach to subsidies. Have you estimated the amount of subsidies available to the sector?

• (1610)

Ms. Caroline Brouillette: Thank you for the question.

The entire Équiterre team hopes that the families of all MPs and witnesses are also well.

For the past few years, we have calculated the amount of federal subsidies for fossil fuels with the help of our counterparts at the International Institute for Sustainable Development, Environmental Defence and the Réseau Action Climat. The 2019 figures indicate that Canada's fossil fuel subsidies total \$600 million at a minimum. That is truly the lowest amount because there is a serious lack of transparency. For example, we hope that the credit from Export Development Canada in particular is used to meet urgent needs. There is also a lack of transparency with respect to tax subsidies and the envelope for the Trans Mountain pipeline expansion.

Mr. Peter Julian: Thank you.

Could you tell us more about the impact of climate change?

Ms. Caroline Brouillette: I do not have the figures at hand right now, but there is a lot of data on the economic impact of climate change. For example, there is the impact on public health, the deaths linked to pollution. For insurers, there are the costs related to the flooding that has occurred in recent years. There is also the cost of infrastructure that must be maintained because of the rising sea level, rising temperatures and the increase in the number of extreme weather events. There are also the heatwaves, like the one in Montreal right now. That has a public health cost.

I do not have the data, but we know that it is profitable to invest in the Action-Climat Québec program.

In conclusion, with respect to climate, the cost of inaction is far greater than the cost of taking action. We know that if we do not act now, the cost of the impacts of climate change will increase. The consequences will become increasingly serious with each passing year. Therefore, it is preferable to invest now. We have the opportunity to do so given that the economic recovery requires substantial investments.

Mr. Peter Julian: Thank you.

You mentioned transparency. In British Columbia, there is a lack of transparency with respect to the audit of Trans Mountain. This project was abandoned by the private sector because it was not profitable. During committee meetings, there was mention of amounts that will be distributed through the Canada Account and Export Development Canada. The most recent figures total more than \$15 billion.

When we look at all the needs related to the COVID-19 pandemic and the fact that everyone is suffering, is it a good idea to invest this \$15 billion in addition to everything we have paid for the Trans Mountain project, and to make this a priority expenditure?

What is your opinion of the use of the Canada Account program and Export Development Canada?

Ms. Caroline Brouillette: I would say that even in a crisis—

[English]

The Chair: Ms. Brouillette, I am going to let others in on this question. Anybody who wishes to respond can raise their hand.

Peter, I know Ms. Stubbs very strongly disagreed with you, but I didn't let her in.

Go ahead, Ms. Brouillette.

• (1615)

[Translation]

Ms. Caroline Brouillette: In fact, Équiterre does not want to see Canada promote or provide fossil fuel subsidies, either during a crisis or in normal times. With respect to the use of the Canada Account, Mr. Viau mentioned in our speech that we are very concerned about how Export Development Canada is very opaque in its activities. It is truly essential that taxpayers be able to obtain the information about loans provided by Export Development Canada through the Canada Account.

[English]

The Chair: Does anybody else want to respond to that question?

Is there anybody who can justify the pipeline?

Mr. Tristan Goodman: Yes, Mr. Chair.

The Chair: Go ahead, Mr. Goodman.

Mr. Tristan Goodman: Thank you very much.

First, I certainly agree with both the member of Parliament and the witness about the need for transparency. I think that transparency is a fundamental piece in government in all cases.

With regard to the pipeline specifically, this is a national infrastructure project that has been done to standards that have not been seen yet across the globe. I think it was characterized as something that was not profitable, which would not be accurate. The reality is that the uncertainty within the Canadian context was the main factor for driving investors out of the country. I do think there are opportunities to make sure that it can be done, though, within the indigenous reconciliation agenda, as well as the GHG reduction agenda.

Thank you.

The Chair: Peter, ask your last question.

Mr. Brendan Marshall: Mr. Chair, can I pipe into that question as well?

The Chair: Yes

Mr. Brendan Marshall: I'll be very quick.

With respect to market access, there's an economic rationale that remains very relevant for existing production even outside the question of expanded production in the oil sands, and that is to alleviate the sale of Canadian petroleum products at a discount from market value.

At the end of the day, resources in this country belong to Canadians writ large. For too long, oil has been sold at a discount. The underlying economic rationale is to curtail that discount and actually get a fair market value for the energy resource that is developed, and bring that to market in a responsible way.

The Chair: Okay, I will go to Peter.

Peter and I often have this discussion. I believe the Alberta discounts cost the country over \$400 billion a year in lost revenue.

Go ahead, Peter. The floor is yours.

Mr. Peter Julian: I'll come back to Mr. Marshall on that point.

The companies that are integrated in Canada, that actually do upgrading and refining, don't suffer from the differential. Economists very clearly indicate that when we're talking about the differential, it applies to the export of raw product. Companies like Suncor and Husky actually benefit from it.

This is a long-standing debate that we'll have at the finance committee. I think we would all agree that we need to have a serious debate. Companies that are integrated and have the jobs in Canada do the upgrading here; they do the refining here. I'm a former refinery worker, so I know this full well. They benefit from the differential; they don't suffer from it.

That will be my final point, Mr. Chair. You've given me more time than I normally get.

The Chair: You got quite a bit of time, but I intervened a fair bit as well.

We'll go to five-minute rounds with Mr. Cooper, Mr. Fraser, and then Mr. Cumming.

Mr. Cooper, the floor is yours.

Mr. Michael Cooper (St. Albert—Edmonton, CPC): Thank you, Mr. Chair.

Thank you to the witnesses.

I'm going to direct my questions to Mr. Waterman.

Mr. Waterman, with respect to the large employer loan program, are there specific barriers to companies participating, such as the high cost of borrowing? Would you care to comment?

Mr. Adam S. Waterman: Yes, I would. To echo Mr. Kiss's points, that it's posing as predatory lending or crafted by predatory lenders, I will say that that's certainly an accurate statement. Previously, I've described the program as a Faustian bargain masquerading as a payday loan with a smile.

The appointment of a board observer is a big red flag. When combined with the potential for the dilution of equity conversion, it could spell that the company is signing over the entirety of the operations to the Canadian government. I don't understand why they would ever want to be in that position, but evidently they've built the infrastructure and deal in such a fashion.

As for the net-zero by 2050, the level of scrutiny and monitoring that's required to participate in a loan is something over and above what the highest-rated ESG companies in Canada are already doing. We still haven't been able to quantify the administrative cost of it. Really, we are treating it as if we're not eligible for it.

The other large red flag is the eighty-twenty split between unsecured and secured. When you enter into a secured agreement, you allow everybody else in your secured lending syndicate to agree upon somebody else having a secured portion of it. This opens up our secured agreements at a time when oil volatility is at twice the historical averages. It's not really beneficial for anybody to enter into one of these agreements at the risk of having an additional 3% or 4% thrown on their senior lending. All of the senior lenders would have to agree unanimously to enter into this agreement, this additional LEEFF agreement.

Like I said, at a time when oil is trading at twice its normal volatility, it's not realistic that we would enter this program.

• (1620)

Mr. Michael Cooper: Thank you.

Just to clarify, Mr. Waterman, under the program, is it possible that the federal government could become the largest shareholder in participating oil and gas companies under the program?

Mr. Adam S. Waterman: Yes. It depends on the evaluation on the equity side of the business, but in a number of evaluation methods, they could list the depressed equity prices of Canadian oil and gas producers. They could realistically become the largest shareholder in the company.

Mr. Michael Cooper: Could you elaborate on what you're hearing from member companies? Are you hearing that the cost of the federal program is too high and that stock options make this prohibitively expensive? Are you hearing any of those things from your members?

Mr. Adam S. Waterman: I would defer to Mr. Tristan Goodman for that response.

Mr. Michael Cooper: Okay. Mr. Goodman, go ahead.

Mr. Tristan Goodman: Thank you very much.

The answer, generally, if you're referring to the LEEFF program, is yes. It does appear that access to the LEEFF program, at this point in time, will be cost-prohibitive as well as prohibitive on the terms and conditions.

Mr. Michael Cooper: I'm going to turn to Mr. Egan.

You spoke about many shovel-ready projects and their importance as we look toward a post-COVID recovery. Can you speak, in that regard, to the need to streamline the regulatory approval process?

Also, I would note that there are some projects in the queue that have been approved by the Canada Energy Regulator and that are currently being held up by cabinet. Could you speak to that as well?

Mr. Timothy Egan: Thank you for the question, Mr. Cooper.

In the submission I made, we listed a number of projects, totalling in the order of \$8 billion, that we consider to be shovel-ready and that do not require any federal assistance whatsoever. The biggest challenge is on the regulatory side. That challenge is, in some instances, sitting with cabinet. For instance, approval of the NGTL project has been postponed for five months because of challenges with the consultation process. This is the largest single one we identified. Those kinds of challenges exist with others as well.

There are a series of regulatory processes that, particularly in the time of COVID, need to be reviewed with an eye to putting projects in place sooner rather than later. The changes that are required do not undermine the fundamental environmental priorities of the government and would, in fact, move investment very quickly to projects that provide both direct and indirect employment. More importantly, they would continue to guarantee the availability of affordable energy that's so important for so many other businesses that need to restart post-COVID, which is a point that I would just like to underline with respect to many of the previous questions and comments.

The fundamental value proposition of the Canadian hydrocarbon sector is the affordable energy it's delivering to Canadians right across the country, and that energy, that affordable energy, is essential for our long-term economic recovery.

• (1625)

The Chair: We will have to end that round there. I'm sorry, Mr. Cooper.

We're turning to Mr. Fraser, and then on to Mr. Cumming.

Sean.

Mr. Sean Fraser (Central Nova, Lib.): Thank you so much, Mr. Chair.

I'll start with a question for Mr. Crothers. I hope to ask two or three questions if possible, if time allows.

I'll go back to Mr. Julian's question around the Trans Mountain pipeline and your comment that you could see that our colleague Ms. Stubbs disagreed. I don't think we should be afraid of disagreement. I think it's terrific. Maybe that's the former litigator in me coming out, but our democracy is built upon it.

One of the words you threw out during your testimony, Mr. Crothers, was not "disagreement" but "polarization", and your hesitancy towards any kind of pivot to a green recovery before we exit this period of polarization.

One thing I'm deeply concerned about on this issue of polarization is that we sometimes can't see the forest for the trees. Oftentimes, a project becomes a lightning rod for controversy, because the advocates for a cleaner environment don't have faith that the big picture is taken care of, so they feel the need to defend the environment against a specific project. On the other side of the equation, I hear advocates of the energy sector sticking their neck out, sometimes at risk to reputation, saying that this single project isn't going to tip the balance, so we can't let that get in the way.

I find we are unable to find common ground, whereas I think most people I have spoken to in my life, I daresay, would agree that we want to find a way to protect our environment, meet our climate change goals and still develop the economy.

I'm wondering what you think can be done to leave polarization behind so that we can enter a period where we're actually advancing environmental protections. To me, that means meeting our Paris Agreement targets specifically. I'll be the first to say that we've done a lot and we should do more, but what do you think we can do that would give Canadians faith that not every project must be stopped, as long as we're pursuing the bigger picture of compliance with our Paris Agreement targets and other environmental protections?

Mr. Michael Crothers: Yes, thanks for the thoughtful question. I think it really is about looking at the big picture and seeing how committed we are to long-range, continuous reduction of emissions as an industry. Combined with that is the understanding of how excellent Canadian production is in terms of environmental performance, and how low a carbon intensity that emission actually has, compared to other sources of oil and gas in the world.

If Canadians look at that bigger picture and see the continuous improvement and the commitment to that continuous improvement, along with the high standards, I believe we should be able to find this accommodation that you mentioned around the ability to continue to grow our energy sector and transition it over the next 20 to 30 years to a different set, a different mix of energy for Canadians, while also providing that prosperity we can uniquely still retain in the country.

Mr. Sean Fraser: I'll quickly ask the same question of our guests from Équiterre. Thank you for your advocacy on behalf of our environment.

What is the best thing we can do? You mentioned accountability. Is this a national parliamentary climate emissions officer? Is this some kind of public reporting? Is it community-level discussions from municipalities or taking on climate change coordinators? What does this accountability look like that would give Canadians faith that the big picture is taken care of so that we need not need go to war on every single project? Is there no solution along those lines?

[Translation]

Ms. Caroline Brouillette: Thank you very much for the question.

I would first like to answer another question that was asked earlier about the carbon intensity of a Canadian barrel of oil. I believe it is important to keep in mind that oil and gas sector emissions have increased since the last update. Even if the carbon intensity of a barrel of oil is reduced, total emissions will nevertheless rise if we increase oil and gas production. It is important to reduce the absolute value.

With respect to climate responsibility—

[English]

Mr. Michael McLeod: Mr. Chair, there's no interpretation.

• (1630)

The Chair: I'm sorry, Ms. Brouillette. The Internet connection is really unstable.

Please start over and go really slow.

[Translation]

Ms. Caroline Brouillette: Okay.

I briefly mentioned the importance of taking into account the increase in the absolute value of the oil and gas sector's emissions, not just the carbon intensity of each barrel. The sector's greenhouse gas emissions are rising even though the carbon intensity of each barrel is lower.

With respect to climate accountability, Équiterre believes that Parliament should follow in the footsteps of the United Kingdom and New Zealand and adopt a climate act. The act should include greenhouse gas emissions reduction targets and a process for setting a carbon budget every five years, as well as frequent, binding reports to Parliament. A panel of independent experts must advise the government on its greenhouse gas emissions reduction action plans.

[English]

The Chair: You have one more quick question, Sean.

Mr. Sean Fraser: Thank you. It will be quick.

To our guests from the Mining Association of Canada, I know you have been making some noise around the importance of critical minerals, perhaps in a pre-COVID environment in a lot of ways. I assume that, like every other sector, you feel either the supply or demand shock that is going through the entire economy right now.

I'm worried about our inability to manufacture certain kinds of projects that were really demonstrating opportunities for growth. I'm curious if you can highlight for us what challenges there are in

the critical minerals sector and whether there is something we need to do during this public health emergency to ensure that the supply chain remains intact for those critical minerals.

Mr. Brendan Marshall: Just for clarity, so that everybody understands, critical minerals are a broad set of materials, of which Canada generates a large volume. They could be base metals. They also could be rare earths.

I think the question Sean is getting at here has particularly to do with rare earths: What do we need to be able to reshore and create a market for the development of these materials from Canada, through a North American or predominantly western-based supply chain?

The first thing is that there are some technological challenges, so research and development investment would be very helpful, particularly on sorting and manufacturing, but there are also downstream issues. For example, there is actually no current market within North America, more broadly speaking, or within Canada specifically for the manufacturing or consumption of these materials.

Thus, when the federal government is thinking about what measures it could put in place, I would hearken back to the presentation I made to this committee as part of the pre-budget consultation process and the conversation that Mr. Easter and I had after that session.

I would be happy to circulate again to this group a more detailed set of recommendations that MAC has developed, but at the end of the day, we're seeking R and D investments to support Natural Resources Canada, particularly Canmet, in bolstering the technological capacity for sorting and separating these materials. We're also seeking outside-the-box thinking about what the government can do to bring the types of advanced manufacturing back to Canada, back to North America, that rely on a stable supply of these materials that we have but are looking for markets to sell to.

The Chair: We will have to end it there.

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

James.

• (1635)

Mr. James Cumming (Edmonton Centre, CPC): Thank you to all the witnesses for appearing today.

To start, I want to focus my questions on Mr. Kiss.

Mr. Kiss, you appeared at the finance committee some time ago and led us through the problems that the oil sector was starting to see with pricing conditions and that type of thing. Now we advance forward, and certainly your firm has been hit incredibly hard, which tears at my heart as an Albertan, but relief was supposed to be here.

Relief was supposed to come by way of these loans, whether the BDC loans, the LEEFF loans, or the variety of packages that have come. Of those larger-scale or mid-size loans, are you aware of anybody in the industry who has applied and been successful with any of those loans or loan guarantees?

Mr. Peter Kiss: Thank you, Mr. Cumming.

The short answer is no. On the BDC loans, actually the right question is, who is being denied and why? We have applied. We were told that our loan should be funded, but that's all we know. We haven't been funded, and I would imagine that many are in the same boat as me.

As for the LEEFF, as Mr. Goodman, Mr. Waterman and I spoke about, the conditions surrounding the LEEFF loan are untenable for anyone to actually take advantage of that.

Mr. James Cumming: I want to switch gears a bit.

You've been involved in this industry for a long period of time. As you are aware, we have been racking up COVID debt of \$250 billion, or it could be \$300 billion or \$350 billion. Who knows where it will stop? We've heard from other witnesses how important the resource sector will be as part of that recovery. We've heard some of the witnesses today talk about a fair transition. Canada has the third-largest reserves on the planet and massive natural gas supplies. This is really a global issue and a global transition.

Can you speak about how well positioned the Canadian oil and gas business is to be part of the solution and not part of the problem, and how it can generate the revenue that this country is going to desperately need?

Mr. Peter Kiss: As the second- or third-largest, depending how you measure it, with our resources—not only in the energy sector but with minerals and timber, and agriculture, for that matter—we have a tremendous opportunity. The problem is that we can't get our resources to market.

We're building the Trans Mountain pipeline. Yes, it is economical; otherwise it wouldn't be getting built. We could have had northern gateway; we could have had energy east. We could alleviate the price discounts that Canadian producers are paying.

All of that then turns into more resource royalties for governments, both provincial and federal, more jobs and more taxes. That's how we're going to get out of this. If we should be doing anything right now, we should be stepping on the gas and getting our resources to market. We have a tremendous opportunity.

When we talk about transitioning to a greener economy, I used to think the last person with oil in the ground was the winner, because you'd have energy. Now that's not the case. Now you want to be the first person to get rid of it. We should be stepping on the gas and selling our resources to the world while we still can, and then taking that money and reinvesting it into other areas of the economy and bailing ourselves out from all the money we're spending on COVID.

Mr. James Cumming: When I suggest that it's a global issue, there is still demand for energy, and the price is the price today, but the price will improve at some point in time.

When we look at the producers who are out there, if we want to gain market share and if we're extracting at a higher environmental standard, does it make any sense to you that we wouldn't want to participate in the global market?

Mr. Peter Kiss: Absolutely. It's incredibly frustrating. Canada has high environmental standards. That's not frustrating. The frustrating part is what it costs to get our oil out of the ground. We have to mine it. We can't just drill a hole and put a pipe on and sell it.

We have the highest environmental standards and....

Sorry, Mr. Cumming, I lost track of your question.

● (1640)

Mr. James Cumming: It was the comparison with other countries that have a lower standard, so that we can gain market share with our high standards.

Mr. Peter Kiss: Thank you.

We're selling green oil. It's of the highest environmental standards in the world. When you compare it to oil that we're importing from various non-friendly jurisdictions, it's not even comparable. We should be out there marketing our oil as green oil, which it truly is—oil and gas, for that matter.

The Chair: James, you're quite a bit over the time, but I know Mr. Crothers wanted in on your previous question.

Mr. Crothers, go ahead.

Mr. Michael Crothers: Thank you.

A real-life example of what you're speaking about is the LNG Canada project. Shell is a leading investor in that project. It's 10,000 construction jobs, 400 full-time jobs, and it is half the global average of carbon intensity for LNG, anywhere in the world. It shows how this resource, which is vast in northeastern B.C., can get to market. Customers are now starting to demand lower-carbon LNG cargo.

That is a perfect example of what you're saying.

The Chair: Thank you, all.

We'll turn to Mr. Fragiskatos, and we might go to some single questions from Mr. Brunelle-Duceppe and Mr. Julian.

Go ahead, Peter.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses.

The rise of renewables has brought into focus again the discussion around peak oil. I wonder what witnesses based in the oil and gas sector have to say on the point about peak oil.

I preface the end of my question by simply saying that I'm very sympathetic to what's going on in western Canada right now, particularly in Alberta.

In the discussions about peak oil, we've seen where they've come and gone. In the early 2000s, the feeling was that by this time, 2020, the world would be out of oil. Clearly, it's not. I wonder what your thoughts are as individuals who work in that sector.

Mr. Tristan Goodman: Mr. Chairman, may I respond to that first?

The Chair: Go ahead.

Mr. Tristan Goodman: First, I do appreciate your sympathies. They actually mean a lot, coming from various areas of the country. It is a very difficult time. It's difficult across the country, but it's been difficult prior to COVID-19, so thank you for that.

I would actually turn to the gold standard, which is the International Energy Agency. No question, we are going to see exponential growth within the renewable sector. We're also going to see exponential growth on the natural gas side. If you look at their projections, which are considered to be to the highest academic standard, you will see the continued use of oil on a go-forward basis.

It's not a matter of whether it's going to continue to be developed. I think it's a matter of whether we can improve its development using various technologies—such as carbon capture and storage, and others—decarbonize the development of that, and do it within a Canadian context.

Thank you.

Mr. Peter Fragiskatos: Thank you very much.

Mr. Crothers.

Mr. Michael Crothers: We look at this from the point of view of scenarios: Looking forward over decades, how will the world's energy system transition? It's pretty hard to pick a year at which you will get peak oil, but there definitely will be a time in the next maybe 10 or 20 years when we'll see peak oil.

In the interim, though, recognizing that the demand for oil will still be sustained because it will be a long tail of reduced demand over a long time, how can we meet our commitments for the 1.5°C limit to global warming that we need to, as a society, work towards? That's where the concept of really focusing on reducing emissions now, while we transition to new energy sources, is something that I think we can work in tandem.

Mr. Peter Fragiskatos: Mr. Crothers, you just said something there that sparked my interest.

How do we best prepare for that transition, in your view? Can there be a balance between renewables and oil?

I know that, in your presentation and in other places, you have touched on this. Your answer just now touched on this. As we think about transitioning at some point—whenever that happens in the future—what is the best way forward to achieve a result that is just and that is to the benefit of as many people as possible?

• (1645)

Mr. Michael Crothers: That is an excellent question.

I think it comes down to taking a holistic approach and understanding that we can transition in a measured way. We don't have to stop the oil and gas sector immediately. However, at the same time, we have to recognize that we do need to make real, consistent improvement, year on year, as we transition to new energies.

Those new energies need a lot of investment because they are very immature. They don't have the affordability for Canadians at this point. If we invest in those while we allow the revenues to come, as we talked about today, from the prosperity of resources that we are blessed with in Canada, we can actually manage that transition in a very intelligent and smooth way over the course of the next 10 to 20 years.

The Chair: I have a question, Peter.

Mr. Peter Fragiskatos: I saw Mr. Waterman's hand go up.

Sir, please, I would love to hear from you.

Mr. Adam S. Waterman: Thank you.

I think one thing that's lost in the political dichotomy of this issue, green versus oil, is that oil is treated as a monolithic product. That's not the case. Any scenario of an energy transition is going to have a balance of a facility able to carry a base load to complement solar and wind or any measure of renewable. Our LNG product streams are fantastic for that. They're among the greenest in the world. That's a scenario for that.

With regard to the oil side, it behooves anybody generating policy on this issue to see the products that our barrels generate. We don't generate a lot of gasoline. Any loss in ground transportation is not going to be a huge issue. We're great at generating jet fuel, diesel and paving. In any scenario where Tesla owns 90% of the market share of passenger cars, we're still needed.

Even in an energy transition, our barrels are still going to be needed by the global market, as well as our LNG.

Mr. Peter Fragiskatos: Thank you. That's very much appreciated.

Mr. Chair, I did see Mr. Egan's hand go up.

The Chair: I didn't.

Mr. Peter Fragiskatos: It's up to you, Mr. Chair. You're running the meeting.

The Chair: Go ahead, Mr. Egan, if you want to add something.

Mr. Timothy Egan: Thank you.

I just want to remind committee members of a couple of things. The first conversation about peak oil suggested we were running out of these products, oil and gas. The fact is that the extraordinary technological innovation in the sector demonstrated an ability to recover enormous new supplies. We have extraordinary supplies of both oil and gas in Canada, hundreds of years of supply of both. That's a phenomenal resource advantage.

When we talk about transition, I get very troubled, because the suggestion is that we're transitioning from these incredible resource supplies to something else, instead of saying, "How can we use these incredible resources better?" There are lots of ways for us to use them better. In fact, doing so depends on the engagement of the sector, not shutting it down. Therefore, the language of transition is problematic.

Mr. Fragiskatos, when you talk about renewables as though there's some move from one product to another in renewables, this is simply not true. First, every renewable is utterly dependent on the oil and gas sector in terms of the production of energy from them. Second, renewables are utterly dependent on hydrocarbons in order to be a reliable source of energy, so they can't operate independent of it. Third—

Mr. Peter Fragiskatos: Sir, it's not just me who is talking about the transition. Individuals in your own sector and on this panel from the oil sector are talking about a transition.

Mr. Timothy Egan: I'm sorry. I missed that.

The Chair: Mr. Egan, just finish your point and we will move along. Go ahead.

Mr. Timothy Egan: I was going to make the point that, third, in fact oil and gas companies are driving a renewables conversation of their own through products such as renewable gas and the use of hydrogen and other things. Very often, the conversation excludes those opportunities that are, in many instances, the more affordable renewable options.

I just wanted to make a few points of clarification about how the language is used and what it means for the oil and gas sector.

The Chair: With that, we'll have to move along. Before I go to Alexis, I do have a couple of questions of clarification.

Mr. Goodman, earlier you said the key is going to be investment capital, so I just wonder, where do we go as we come out of this pandemic?

Mr. Kiss, earlier you made the point about who is being denied and why. I wasn't sure whether that was on the wage subsidy or something else. Could you clarify that?

Lastly, Mr. Kiss, you said on the LEEFF program that it's not accessible to those who need it. Can it be fixed, and if so, how?

I'll start with Mr. Goodman, and then I'll turn to Mr. Kiss.

Mr. Goodman, on the investment capital, what can be done there? How do we get it?

• (1650)

Mr. Tristan Goodman: First, the investment capital will depend on continuing with the existing policies on indigenous reconcilia-

tion and GHG emissions. There's a commitment around that. I think it helps investors feel comfortable.

We will need strong performance on ESG to showcase. Instead of waving our arms around about how good we are, we need to actually demonstrate that to independent sources.

Finally, with those pieces in place, we will need positive, constructive feedback from the highest levels of this government to indicate that this country does want that investment capital within those areas.

As Mr. Crothers raised with LNG Canada, this has been successful, tremendously positive from all perspectives. Whether you look at it economically, in terms of indigenous reconciliation, or from the perspective of GHGs, there's a lot more we can do around those. We also need to get the pipelines that have been approved through and constructed.

The Chair: Mr. Kiss, could you clarify?

Mr. Peter Kiss: Certainly. Thank you, Mr. Chair.

When I said the real question to ask is who is not qualifying, that was around the companies applying for the BDC, EDC and LEEFF loans. It would behoove the government to find out why people aren't successful, and then the system could be tweaked accordingly.

Then, can the LEEFF program be fixed? I'm sure it can. The way it is set up right now, it's too difficult for the large employers to qualify, and if they do qualify, there's convertible debt; the convertible debt turns into shares, and as Mr. Waterman also talked about, you end up with the government on your board. Making it easier and more accessible to companies that need it is the key.

The Chair: Okay.

Mr. Brunelle-Duceppe, you have a single question, and Mr. Julian has a single question.

Alexis.

[*Translation*]

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

I will keep this brief. My question is for the *Équiterre* representatives.

I would like to know what they think of Kristina Michaud's Bill C-215, An Act respecting Canada's fulfillment of its greenhouse gas emissions reduction obligations, which is about Canada's commitment to the Paris agreements.

Ms. Caroline Brouillette: Thank you so much for that question.

As I said earlier, Équiterre is in favour of legislation that enshrines Canada's Paris agreement targets in law. We are looking at ways to make the 2030 targets more ambitious and to achieve net zero emissions by 2050.

We may add some details about implementing the targets to ensure continuous monitoring.

[*English*]

The Chair: Thank you.

Peter Julian is next, and I know Michael McLeod always has a question on mining in the north, so we'll end with Mr. McLeod.

Peter.

[*Translation*]

Mr. Peter Julian: Thank you, Mr. Chair.

I also want to thank all the witnesses for joining us.

As I said earlier, I used to work at the Shellburn oil refinery in Burnaby. Finding ways for workers to transition to the green energy sector really matters to me. Investment is crucial to ensuring that these jobs are considered a priority during the transition period.

My questions are for the Équiterre representatives.

You said that, when this crisis ends, it will be extremely important to invest in public transit. We've already heard that our public transit network is in real danger because the federal government has failed to take action.

That goes for health care too, especially Quebec's residential and long-term care centres and Ontario's seniors' homes. Clearly, it is critically important to create a public network with adequate funding.

Don't you think these two elements should be considered priorities once the pandemic is over?

• (1655)

Mr. Marc-André Viau: Thank you for your question, Mr. Julian.

I certainly agree with you. I wouldn't contradict what you just said.

Investment is crucial to a strong public network for health care and other services. This pandemic has made it clear that Canadians need a strong public health network. That is an important lesson to keep in mind when we move forward with rebuilding.

Electrifying public transit is also another big issue. That brings me to the energy issue, which was the subject of a major discussion I wish I could have been a part of. The issue of affordable energy was raised. Yes, energy has to be affordable, but it also has to be clean so that the damage done by combustion and fossil fuel development doesn't keep contributing to public health and environmental crises.

Lastly, if I may, Mr. Kiss said just now that Canada is turning into Europe. Let me just say that here in Quebec, in Montreal, we already have some of that European flair. We sure don't mind being compared to European countries.

We also agree that workers affected by COVID-19 should have 10 sick days.

Mr. Julian, I want to thank you and your party. Your negotiations with the Liberal Party resulted in people getting those 10 additional days.

[*English*]

The Chair: Thank you, both.

Mr. McLeod, we'll wrap it up with you. As always, there's interesting debate on many subjects.

I believe Mr. Egan wants in.

I'll let Mr. McLeod ask his question first, and then I'll bring you in, Mr. Egan.

Go ahead, Michael.

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

Thank you to the presenters.

I have a quick question for Mr. Marshall from the Mining Association of Canada.

I was very happy to hear you talk about the safety of the workers and community safety as top priorities. In the north, people want to work, but they're worried about transit workers coming in to the projects and the virus spreading. The mining operations had to adapt to a very new and very challenging working environment.

I want you to share a little bit about how your sector has responded and adapted to ensure that safety is there for everyone. I see Agnico Eagle piloted an on-site rapid-testing centre at its mine in Nunavut. COVID-19 is happening in the Gahcho Kué mine, the Snap Lake mine, the Diavik mine.

How is this, and is this something that mining camps across the country should be considering?

The Chair: Mr. Marshall.

Mr. Brendan Marshall: I'll start by saying it's not only things that different mining companies across the country are considering. I'd say it's things that our membership has been working very collaboratively on to ensure that best practices are shared, that what is learned by one company can be experienced and submitted to others so that the maximum level of safety and precautionary measures can be put in place to protect employees and protect the communities in and around which our members operate.

What are they doing? What are our members doing? You mentioned a few examples: social distancing at mine sites, ensuring that people are six feet apart on buses, limited capacity for transportation across sites. However, it's not just on sites. We're also talking about measures whereby the entire logistics supply chain that involves the transportation of people and goods has had to adapt.

For example, we can take Rio Tinto with respect to the diamond mine. It has put in expanded and adjusted shift rotations for its employees whereby there are assessments before people board planes, when they go off site—multiple aspects of engagement whereby cases can be identified.

[*Technical difficulty—Editor*] companies [*Technical difficulty—Editor*] have symptoms, and then ultimately, opportunities or programs for tracing have been put into place to help manage the safety of employees on site. It's a hugely important part of our industry's commitment to the communities they operate.

• (1700)

The Chair: Mr. Egan, you want to make a quick point, and then we'll have to close.

Mr. Timothy Egan: Thank you, Mr. Chairman.

[*Translation*]

Many Canadians have cousins in Europe.

[*English*]

Sorry.

The Chair: No, there's a problem in translation there, Mr. Egan.

Mr. Timothy Egan: I took the liberty of switching to French. I'll stay in English.

I was saying that many Canadians have cousins in Europe. Mine happen to be in Ireland, but we all have them all over.

I assume that Mr. Viau was referring to the people of France. As I have noticed over the last year, there have been protests on the streets of France virtually every week, principally about energy affordability, so it is front and centre for most people around the world.

The Chair: Okay. We don't want to get into that debate here. The point has been made.

We are a little over time, and we have a minister waiting on the next panel, plus finance officials for their biweekly report on how much money is being spent on this pandemic.

On behalf of the committee, I want to sincerely thank you all for your presentations today. We have had an interesting discussion. I hope we can come out of this with balance at the end of the day and have a viable energy industry and also move ahead on our environmental concerns. We just have to address these issues jointly. Thank you, again, for the evidence.

We will suspend until the next panel. Thank you.

• (1700)

(Pause)

• (1720)

The Chair: I call the meeting to order. This the second panel of meeting number 32 of the finance committee. As everyone on this delegation certainly knows, we're meeting on the government's response to the COVID-19 pandemic.

We thank you for the biweekly report, which is getting longer every two weeks. That's a sure thing.

To start off, we have the pleasure of having with us, for the first 45 minutes, Minister Fortier, who's the Minister of Middle Class Prosperity and Associate Minister of Finance.

Minister, we'll go to your opening remarks, and then we'll go to a series of questions. Following that, we'll meet with finance officials.

The floor is yours. Welcome.

[*Translation*]

Hon. Mona Fortier (Minister of Middle Class Prosperity and Associate Minister of Finance): Thank you, Mr. Chair.

Good evening, everyone.

I'd like to start by thanking you, the members of this committee, for your tireless work during this crisis. I also want to thank you for inviting me to speak to you today, and I thank the officials for joining us.

As we all know, COVID-19 still poses a significant threat to public health. It has also turned people's lives, their jobs, their businesses and our economy upside down.

[*English*]

To help Canadians through this difficult time, our government has been taking quick and decisive action. We have been offering support directly to workers and to businesses to protect jobs and support our economy. We continue to listen to workers and businesses to ensure that the emergency programs respond to the needs of Canadians.

Over the past two and a half months, we have consulted extensively with stakeholders and parliamentarians, some of whom are in this room. We have held town halls. We have spoken directly to Canadians. I have personally attended over 18 round tables and town halls to get a true understanding of how COVID-19 has impacted our country. These engagements have spanned the country, from Moncton and Windsor to Regina and Kelowna, just to name a few. I have spoken with diverse cultural organizations and key economic stakeholders. Just yesterday I heard from youth on how this crisis has impacted their lives. We have listened to community and business leaders, workers and employers.

The feedback we have heard on the ground has played an important role in shaping our response to this crisis. We have had an open-door policy and have continually updated programs and measures to reflect the realities faced by families and businesses alike.

The historic support measures we have implemented have been designed, developed and delivered directly to Canadians in record time, thanks to public servants who have been working around the clock. I can proudly say that Canada has one of the most comprehensive plans in the G7.

[Translation]

The government rapidly implemented sweeping measures to provide Canadians with over \$150 billion in direct financial support to attenuate the impact of the crisis on the economy. That support will give our economy a leg up during the post-crisis recovery phase.

We brought in measures that help workers and businesses in all sectors of the economy, as well as employers of all sizes. We are helping students, who have to pay tuition, and parents, who are working hard to balance the demands of work and family in the context of COVID-19. We are making sure nobody gets left behind. All across the country, the Canada emergency response benefit, the CERB, is providing temporary income support to Canadians who have stopped working because of COVID-19. Over 8.2 million Canadians have applied for the CERB so far.

We are working with the provinces, the territories and indigenous leaders. In fact, to help indigenous communities address the health, social and economic challenges they are facing, last week we announced \$75 million in new funding for indigenous organizations providing services to indigenous individuals in urban centres and off reserve. This new money brings the total indigenous community support fund investment to \$380 million.

• (1725)

[English]

The Canada emergency wage subsidy, CEWS, will allow eligible Canadian employers who have been affected by COVID-19 to receive a subsidy of 75% of employee wages. This wage subsidy will enable an employer to rehire workers previously laid off as a result of COVID-19, help prevent further job losses, and better position them to resume normal operations following the crisis. To date, this program has already supported over two million Canadian workers, maintained their paycheques and maintained their relationship with their employer. We continue to listen to Canadians and take their input on ways to improve our emergency measures.

We understand that families are struggling with added costs as well, and many parents are now trying to balance work and caring for their children, all from home. That is why, last week, families will have received a one-time special CCB payment of an additional \$300 per child, delivering almost \$2 billion in extra support across the country to help families during this challenging period.

We know that the pandemic has brought extra costs for low- and modest-income Canadians, too. They need some support as well. As one of our first measures, we announced a GST credit top-up that was delivered in April and provided financial support to these Canadians, including over four million seniors. Earlier this month, we announced that seniors who receive old age security will automatically receive a tax-free payment of \$300, and those who receive the guaranteed income supplement will receive an additional \$200 of tax-free support.

To help property owners and businesses that rent from them, we launched the Canada emergency commercial rent assistance for small businesses, with applications opening this past Monday, May 25. This program provides property owners the opportunity to do their part in helping small businesses and their employees succeed in these challenging times. We're all in this together, and that's why

the government is stepping up to provide rent relief to businesses while property owners maintain rental income through this crisis.

We have heard from businesses, big and small, that the availability of credit is critically important to ensure they have the ability to continue to grow their businesses once the immediate health emergency has passed. This includes the business credit availability program that is available to mid-sized companies with larger financing needs.

Support for mid-market businesses will include loans of up to \$60 million per company and guarantees of up to \$80 million. Through the BCAP, Export Development Canada and the Business Development Bank of Canada will work with private sector lenders to support access to capital for Canadian businesses in all sectors and regions.

We have taken steps to help small businesses that require support to help pay their fixed costs. The Canada emergency business account has helped hundreds of thousands of businesses through a partially forgivable loan. We heard from businesses that there were those that originally could not qualify and we took the necessary steps to expand eligibility to help those in need.

[Translation]

We also expanded the eligibility criteria for the Canada emergency business account to include many owner-operated small businesses. Expanding the scope of this measure will help small businesses protect the jobs that Canadians depend on. Changes to the Canada emergency business account mean more Canadian small businesses can get interest-free loans, which they can use to cover their operating costs while revenues are down because of the pandemic. In response to feedback we've received from across the country, we're now making the Canada emergency business account available to more businesses.

If I may, I would also like to talk about the large employer emergency financing facility, which was announced just recently. This program supports Canada's largest employers.

• (1730)

[English]

The Chair: Minister, I will interrupt for a second. I know people are getting a little impatient. I can see it.

We're a little over time, but I'll let you finish. It's my understanding that you can stay for six questioners. I believe you can take a little extra time. Is that correct?

The floor is yours. Go ahead. Complete your statement.

[*Translation*]

Hon. Mona Fortier: Thank you, Mr. Chair.

I'm almost done my opening remarks.

The measure I was talking about is designed to protect jobs in Canada, to help Canadian businesses overcome economic challenges now and, above all, to do whatever we can to prevent businesses that would have been viable if not for the pandemic from going bankrupt.

[*English*]

We have invested in institutions critical to fight against COVID-19, and we have also announced \$450 million to help researchers and research institutions to bridge to better times. I can share with members of the committee where this program is going to. We also invested in the launch of the fish harvester benefit, a program worth up to \$267.6 million, to help provide income support for this year's fishing seasons to eligible self-employed fish harvesters and sharepersons crew who cannot access the Canada emergency wage subsidy.

[*Translation*]

Ever since the COVID-19 pandemic began, we have focused on supporting Canadians and Canadian businesses. We will keep doing whatever it takes during the crisis to help Canadians and our economy weather the storm and emerge even stronger.

Thank you for your attention. I'm ready to answer questions.

[*English*]

The Chair: Thank you very much, Madam Minister.

I'll list out all of the questioners so that people know where they are at. In the six-minute round, we will start with Mr. Kelly, and then go on to Mr. McLeod, Mr. Ste-Marie and Mr. Julian. There will be two five-minute rounds. Mr. Cumming and Mr. Cooper will split five minutes, and Ms. Koutrakis will wrap it up with the minister.

We're starting with you, Mr. Kelly.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): Thank you, Mr. Chair.

Thank you, Minister, for coming. It's good to see you. I'm glad that in your opening presentation you mentioned specifically the BCAP because I asked Minister Morneau two questions about that on May 13, and he refused to answer them. I hope that you are the minister who knows the answers to some of these questions. With regard to the BCAP, the EDC portion, how many loans have been funded so far?

Hon. Mona Fortier: First of all, our government has taken swift and immediate action to support Canadian businesses through this challenging time. I want to add that the BCAP is providing critical-

ly important liquidity to small and medium-sized businesses to help them cover their operational costs.

Mr. Pat Kelly: But, Minister, we've heard reports that almost no loans have actually been funded under that program. I'll bring to your attention a conversation that I had this morning with a business in my own riding that expressed frustration about being able to actually access that program. You didn't answer my question, so I'm going to ask you again. How many loans have actually been funded under the EDC part of the BCAP?

Hon. Mona Fortier: We know that this program is an enormous team effort done in partnership with over 100 financial institutions. Money from this program is flowing, and businesses across the country are receiving the important support they need. These are large loans that require important due diligence and adjudication by financial institutions. Additionally, there's—

● (1735)

The Chair: We have to go back to Pat, Madam Minister.

Mr. Pat Kelly: Minister, when this program was announced, the guarantee from EDC was announced as a way to expedite this process and ensure that these loans can actually be made very quickly. I'll settle for an approximate number. I mean, is it more than zero? Is it more than 10 loans? Do you know even the range of loans that might actually have been funded and have gotten to a business that needs the money right now?

Hon. Mona Fortier: What we can say is that applications have been received, and liquidity support is already flowing to businesses in need. Additionally, we know that there is often a delay between a financial institution's approving a business and reporting through BDC and EDC, so we will continue to be open and transparent as full and accurate information becomes available, MP Kelly.

Mr. Pat Kelly: It might have been better to just say “we don't know” if you don't know the answer to that question, and we could move on to something else.

Another question that I put to Minister Morneau that he didn't answer was whether or not Canada's AAA credit rating is secure.

Hon. Mona Fortier: Currently, we still have our AAA credit, and we will continue to make sure that we have a strong economy to keep that AAA credit.

Mr. Pat Kelly: Do you know what the cost to Canada's debt service will be in the event of a downgrade?

Hon. Mona Fortier: As we know, since the beginning of this crisis, we have prioritized families, Canadians and businesses, and we are making sure that they can go through and weather this storm with all of the programs we have presented. Again, as in the report today, as you know, we have increased participation for those programs, and we will continue to make sure that we support Canadians and businesses during this crisis.

Mr. Pat Kelly: What will the deficit be this year? We've had a report from the PBO, and the latest report now says \$260 billion. Do you agree that that's the correct number?

[*Translation*]

Hon. Mona Fortier: We don't think any Canadian should have to worry about paying the bills or higher daycare costs or putting food on the table because of the crisis. We know that Canada's financial situation is solid and that the country is prepared to meet the challenges of COVID-19. We are determined to keep supporting families, and we are prepared to do whatever it takes to help them.

[*English*]

Mr. Pat Kelly: Well, Minister, you didn't answer even any part of my question. I asked you about the Parliamentary Budget Officer and their estimate of the deficit for this year. I wondered whether you concurred with the Parliamentary Budget Officer.

Hon. Mona Fortier: We thank the PBO for his work on behalf of parliamentarians and all Canadians. Given the truly unprecedented events of the past few weeks, a very high degree of uncertainty surrounds any economic or fiscal forecast presented at this time.

The Chair: Last question, Mr. Kelly.

Mr. Pat Kelly: With just one question left, I want to go back to the BCAP.

You insisted that money is flowing under this program, yet you would not affirm whether loans have been made, or you don't have any kind of number. What percentage of the allocation for that program is flowing? Is half the money out? Is a quarter of the money out? Do you know what proportion of the money, if any, is already out, and if not, are you certain that money is indeed flowing as you insist?

[*Translation*]

Hon. Mona Fortier: Thank you for the question.

These loans are very important to businesses. We know there is significant demand. Applications have been received, and we have offered financial assistance to businesses that need it. We will continue to be open and transparent and to communicate complete and accurate information as it becomes available.

• (1740)

[*English*]

The Chair: Thanks, both of you.

We're turning to Mr. McLeod for six minutes, who will be followed by Mr. Ste-Marie.

Michael.

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

Thank you, Minister, for joining us today. I also want to thank you for the work that you and the cabinet have done to help us through this pandemic.

Much like this pandemic is affecting all regions of the country differently, I believe the federal government's economic recovery should also reflect the existing distinctions that we have across the country. Our territorial governments have been very vocal in voicing and pointing to some of the gaps.

In the north, we've been very fortunate and have had limited health impacts as a result of COVID-19. In the last couple of months, however, this issue has compounded our existing already high cost of living and our large service and infrastructure gaps. I wanted to ask whether the government is prepared to assist in addressing these unique recovery challenges faced by the territories in Canada.

Hon. Mona Fortier: First, thank you for your representation. I know we've been talking since the beginning to better understand the realities of northern communities and also making sure that we understand the needs of the communities.

Since the beginning of this crisis, our government has made investments of \$305 million for the distinctions-based indigenous community support fund to help address the immediate needs in first nations, Inuit and Métis communities. Also, we've invested \$75 million for indigenous organizations providing services to indigenous peoples living in urban centres and also off reserve, which support more community-based projects that address the critical needs of indigenous populations.

We've also provided programs like the wage subsidy where we believe that the opportunity will be taken to bring.... Because of the recent changes that our government business supports have made, indigenous-led businesses are now eligible for the 75% wage subsidy.

These are tools that will help to make sure the communities stay strong and that the businesses will be able to stand strong and continue after this part of the pandemic. The idea with the economic emergency response is to make sure that businesses still have their employees so that when we start recovery we'll be in a better position.

Mr. Michael McLeod: As we move to economic recovery, we in the north are going to need more flexibility on cost-sharing of projects. We're going to need allocation of recovery programs that are focused on a base-plus type of per capita formula.

Are those things something that you would consider?

Hon. Mona Fortier: Currently we're still providing emergency supports to businesses, Canadians, to weather this crisis and make sure we continue to flatten the curve. I know that in northern communities it's a good story for now, but we can't let that go. We have to make sure we are in the best position possible when we start recovery.

I believe that at this time we are concentrating on making sure we support all Canadians, businesses and workers, and when due time comes and we have better certainty of what will be the next steps, we will be able to bring different options to make sure that we support northern communities.

Mr. Michael McLeod: Thank you very much.

The Chair: We are turning to Mr. Ste-Marie.

Gabriel.

[*Translation*]

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

Good afternoon, Madam Minister.

Thank you for joining us this afternoon. I would also like to thank the deputy minister and all the officials for being here to answer our questions.

Madam Minister, what is the government doing to honour the supplemental unemployment benefit agreements it made with businesses?

• (1745)

Hon. Mona Fortier: Thank you so much for your question.

From the start, the government made it a priority to set up the Canada emergency response benefit to help Canadians and, of course, Quebeckers, put food on the table. A few weeks later, we also made an additional \$1,000 available to make sure that people who were still working a little could continue to do so.

That was the government's response. We believe that our Canada emergency response benefit is helping Quebeckers and Canadians get through this.

Mr. Gabriel Ste-Marie: Let's go back to the time before the CERB came on stream. Many big companies were forced to scale back their activities, so they pointed their employees toward employment insurance. To maintain their buying power, they set up supplemental unemployment benefit agreements, or SUBs. Instead of getting 55% of their salary, workers can collect about 80% of their salary thanks to employer-funded supplemental unemployment benefits.

Then, out of the blue, despite agreements the government had with companies, it automatically converted employment insurance into emergency benefits without even telling them. It has said nothing at all about SUB agreements. I think the government forgot about them. Without clear instructions, companies chose to hold up their end of the bargain and kept paying their employees the SUB, as agreed. Now thousands of workers have to repay their emergency benefits.

That was the only point the president of Unifor raised when he appeared before the Standing Committee on Finance. Thousands of employees with many big companies are dealing with this problem. Workers have to repay the benefits. Why? Because, in many cases, their SUB exceeds \$1,000, disqualifying them from the Canadian emergency response benefit.

What is the government going to do about this?

Hon. Mona Fortier: Thank you for laying that out.

We truly are living in extraordinary times. The government has introduced numerous measures to support businesses and individuals during this unprecedented time. Our guiding principle has been to ensure that no Canadian need worry about paying the bills, paying the rent, or feeding their family. To achieve that, our government committed to supporting not only Quebeckers, but also the health care system and the economy.

Our economic response plan included a suite of measures, including the Canada emergency response benefit, which I mentioned earlier. Individuals who could not work or were sick because of COVID-19 could collect \$2,000. Some people were eligible for an additional \$1,000. To support employers, we created the emergency wage subsidy, which many people have used. Over two million workers now have access to that subsidy.

We needed to find a way to support Canadians. That's why we created these programs. We will continue to support Canadians.

[*English*]

The Chair: Minister, we'll have to come back to Mr. Ste-Marie. I want to keep relatively equal time.

Go ahead, Gabriel.

[*Translation*]

Mr. Gabriel Ste-Marie: When companies can access the wage subsidy, that solves the problem because they can top up their workers' pay. The problem is that some companies aren't eligible for the wage subsidy for the first period. In many cases, companies kept generating revenue for whatever they had delivered up until mid-March. Then they suspended their activities for a week or two, and now they don't have access to the emergency wage subsidy.

Company representatives have called Service Canada, but there's no service, obviously. They've written emails, which have gone unanswered. Yet an agreement was signed. The president of Unifor suggested a solution that would be fairly simple to apply. At least for the first month, as with employment insurance, supplemental unemployment benefits would not be considered income.

What's going on is just incomprehensible. There is an agreement between the government and companies. Companies use their revenue to pay their workers more than 55% of their salary. In the meantime, the government changes its programs but doesn't inform companies. It doesn't communicate with them. At the end of the month, workers have to repay the \$2,000 CERB. What you're telling me, Madam Minister, is that if the amount exceeds \$1,000, you think you've done your job and you forget about those people. You just forget about them.

Is that what you're telling me?

• (1750)

Hon. Mona Fortier: I thank my colleague for his question.

As I said, the Canada emergency wage subsidy is currently supporting over two million workers across the country. We have also expanded the eligibility criteria. Our government wants more Canadian workers across more sectors to get the support they need.

That's why we extended the emergency wage subsidy by another 12 weeks until August 29. We want to make sure Canadian workers keep getting that support. The extension will afford workers greater peace of mind because they will keep getting the support they need during these difficult times.

We're currently consulting business and union leaders about potential adjustments to the program, including the 30% drop in revenue threshold, to stimulate job creation and growth. These potential changes, which would be made following the consultation, would enable us to maximize employment.

The consultation is online right now, and it would be great if Canadians and businesses participated.

Mr. Gabriel Ste-Marie: Mr. Chair, do I have a little time left?

[*English*]

The Chair: I'm sorry, Gabriel. You're actually a minute over. You did well.

We'll turn now to Mr. Julian and then go to a five-minute round, starting with Mr. Cooper and Mr. Cumming combined.

Peter.

Mr. Peter Julian: Madam Fortier and all of the public servants who are here today, we hope that your families continue to be safe and healthy. We appreciate your being here today.

I want to come back to your initial points, Madam Fortier. You talked about responding to needs across the country, yet the Prime Minister has indicated that the CERB, which has really been the foundation of the emergency supports for this country, will basically start to expire in the coming weeks. The government has no intention of providing additional supports. Can you confirm that?

Could you also confirm that the government will keep its commitment around people with disabilities, which was contained in the motion that was passed unanimously last month in Parliament, and provide additional supports for people with disabilities?

We are a long way from this pandemic being over. People need supports. The government should not be rolling back the supports. It should actually be reinforcing them.

Hon. Mona Fortier: Thank you. I hope your family is well, too. My three kids are around here today. They're really impressed with what's happening with our committee.

I just want to say that of course currently we've been providing support for families and individuals to make sure they don't have to worry about putting food on the table, paying their rent or even paying their bills. That is why we provided this Canada emergency response benefit.

This support helps to ensure that Canadians and businesses make it through the crisis and that when it's over they're able to quickly rebound and restart our economy. Our government will continue to do whatever necessary to support workers, businesses and our economy as we deal with the COVID-19 pandemic.

As for your question—

The Chair: We'll go back to Mr. Julian, Minister.

Mr. Peter Julian: I gather that means the CERB will continue, and I certainly hope that people with disabilities will receive their long-promised commitment for additional supports, but that contrasts with what we've learned over the last few days on this government's support for the banking sector.

We received yesterday from OSFI a response to our question from last week about the supports that are being provided to the big banks. The letter is lengthy. It talks about three programs. The sum total of supports, including regulatory relaxation, is \$750 billion. That's three-quarters of \$1 trillion.

As you know, the banking sector this week announced substantial profits of \$6 billion in profits for the first quarter, in the midst of a pandemic. The banking sector has not reduced its interest rates to zero, like the credit union movement has. The banks have not provided for interest-free, penalty-free, fee-free deferrals, so they're continuing to make money hand over fist.

My question is very simple. This government has tools and this government has powers that allow it to rein in the big banks that are profiteering during this crisis. Why are you not choosing to use those tools?

• (1755)

Hon. Mona Fortier: Since the beginning, our government has been in close contact with Canada's banks and credit unions in order to coordinate our response to COVID-19. As for the big banks, they have committed to work with their customers on a case-by-case basis to find solutions to help them manage hardships caused by COVID-19. As a first step, this support includes a payment deferral for mortgages for up to six months and a reduction in credit card rates that are impacting customers.

We are continuing to engage with banks and also with all financial institutions, such as credit unions, which are helping us to service many of the programs that we are bringing forward for businesses. We will continue to work with the banks to make sure they provide the necessary supports for those businesses that apply.

I would maybe invite the deputy minister or any of the public servants who might want to add to this on the specifics MP Julian had brought—

Mr. Peter Julian: Thank you. I do have another question, so I'll go to that and re-ask my question to the civil servants who are here later on when you're not, Madam Minister.

My third question is around the LEEFF program. This has basically no cap and provides bailout support to Canada's largest corporations. As you know, they can use tax havens. They're not excluded.

The concerns around the LEEFF program include the fact that it includes two years of interest deferral and a substantial possibility, as we've seen with this government, that the loan will actually turn into a gift. We saw this earlier in the year with the \$196 million that was forgiven. For reasons of commercial confidentiality, the government has not released the name of the company that received this gift.

What percentage of the LEEFF program for Canada's largest corporations do you intend to see forgiven?

[*Translation*]

Hon. Mona Fortier: Thank you for the question.

Canada's medium and large businesses employ millions of Canadians, and we want to work with them so that they too can get through this crisis and continue to support families across the country.

The principles that guided the creation of this program aimed to support workers. We therefore put in place the necessary conditions to enable businesses to keep their workers.

We will also be very clear: anyone who breaks the law to avoid paying their fair share will face serious consequences.

As I was saying earlier, the funding provided under the large employer emergency financing facility will be subject to a certain number of conditions and such funding will not be offered to businesses convicted of tax evasion.

The Government of Canada will continue to encourage large businesses to take advantage of the emergency financing if they need it. In fact, this is a program of last resort. The original intent

of the program is to ensure the protection of workers across the country.

[*English*]

The Chair: Thank you very much, both of you.

We will now go to two five-minute rounds and then release you, Madam Minister.

Splitting their time will be Mr. Cooper and Mr. Cumming.

Mr. Cooper, you're up first.

• (1800)

Mr. Michael Cooper: Thank you, Mr. Chair. Just cut me off after two and a half minutes so that Mr. Cumming gets equal time.

I'd like to ask the Minister of Middle Class Prosperity exactly how much middle-class taxpayers paid the failed former CEO of the Canada Infrastructure Bank in the way of bonuses.

Hon. Mona Fortier: The change in leadership at the CIB signals a new phase in the development of the bank as we work to build modern public infrastructure, create jobs and make Canada more globally competitive, and the bank is conducting....

Mr. Chair, CEO Pierre Lavallée should be thanked for all of his contributions in standing up for this new institution, which is mandated to find innovative new ways—

The Chair: I'll have to go back to Mr. Cooper.

Mr. Michael Cooper: Madam Minister, it has been reported that there is a schedule of six-digit bonuses that were paid to Mr. Lavallée. Can you confirm exactly how much taxpayers are on the hook for in bonuses for this failed former CEO?

Hon. Mona Fortier: I can confirm that the compensation range for this CEO is set by the bank and is a matter of public record. Thank you very much.

Mr. Michael Cooper: Madam Minister, can you please provide the figure?

We're talking about a CEO who left in the middle of his term and an infrastructure bank that has failed to meet any of its targets. We're talking about a bank that is capitalized by taxpayers. Canadian taxpayers have a right to know how much he was paid.

[*Translation*]

Hon. Mona Fortier: The change in leadership at the Canada Infrastructure Bank marks a new phase in its development. In answer to your question, I can confirm that the CEO's pay scale is set by the bank and made public.

[*English*]

The Chair: Thank you, both.

We'll go to Mr. Cumming.

Mr. James Cumming: Thank you, Madam Minister, for being here today. [English]

I want to see if you can give me an answer to a question that I've been asking related to the CEBA program and the changes that have been made so that entrepreneurs who are sole proprietors or get paid through dividends can realize on these loans.

When will this be available? They need some certainty. When will this program actually be available for them?

Hon. Mona Fortier: As we have said since the beginning, we have been listening to small businesses and entrepreneurs across the country and we are responding to them. We announced earlier—two weeks ago—an expansion to the eligibility criteria for the CEBA to include many owner-operated small businesses. We will continue to work on potential solutions to help business owners and entrepreneurs who operate through their personal bank accounts or who have yet to file their tax returns, such as newly created businesses.

Thank you very much for sharing that concern that you have.

Mr. James Cumming: The concern I have is that they can't get a date. The problem is that they're trying to run their businesses and they can't find out from you, as the minister, from the Minister of Small Business or from anybody, when that will happen. Please, I'm hoping that this date will happen in due course.

Going back to some of the loans that the EDC guarantees, my colleague asked you several times for some kind of information on how those loans are going. Your testimony suggests that businesses are flocking to these loans. We just had a panel on who suggested that they can't think of anyone who has received a loan or received a guarantee, and that the program is not effective.

Is there any chance you can at least tell us how many applications there are, how many applications have been turned down? Surely, someone knows.

The Chair: Madam Minister, this will be the last response.

[Translation]

Hon. Mona Fortier: Once again, this program is very important. It involves loans that require due diligence and important adjudication by financial institutions. What we can say is that applications have been received and liquidity support is already flowing to businesses in need. We will continue to be open and transparent by sharing complete and accurate information as it becomes available to us.

• (1805)

[English]

The Chair: Thank you, both.

Turning to Ms. Koutrakis, you have five minutes to wrap it up with the minister.

Annie, the floor is yours.

[Translation]

Ms. Annie Koutrakis: Thank you, Mr. Chair.

The Chair: Annie, can you try moving your mike around? You're not coming through clearly at all to the interpreter.

[Translation]

Ms. Annie Koutrakis: Thank you very much, minister, for your testimony and for the great work that you and your team are doing during this rather difficult and unprecedented period.

I have a few questions for you.

First, what are you hearing in the virtual town halls being held nation-wide? What are the main concerns of middle-class Canadians across the country?

Hon. Mona Fortier: Thank you very much for your question and especially for your leadership, not only in your riding but also on the Standing Committee on Finance.

Since the beginning, I have had the privilege of participating in over 18 town halls and speaking with many mayors across the country. I have spoken to representatives of chambers of commerce and business owners. Every time we have started a conversation, it has been to see how we can improve our programs while ensuring that no one falls through the cracks.

For example, during one of my first consultations in western Canada, in Surrey, I was told that the criteria for the Canada emergency business account were a bit too strict. Some businesses were not eligible for it. We therefore made sure that those business owners got access to the program. Today, over 633,000 businesses have received a loan of up to \$40,000.

The other point concerns the wage subsidy. Our first proposal involved a subsidy of 10% to support employers. We received a number of suggestions from parliamentarians and Canadians across the country, particularly during my meetings with representatives of chambers of commerce. I was being told that 10% was not enough and that it was not going to help businesses survive this crisis.

The government therefore decided to implement a benefit that would cover 75% of the first \$58,700 of an employee's pay. That is a major initiative. We went from 10% to 75%. We listened. Just recently, we decided to expand the program even further. All of that comes from conversations that we have had.

[English]

The Chair: We have to go back to Ms. Koutrakis, Minister.

Annie.

[Translation]

Ms. Annie Koutrakis: What guarantees can we give Canadians who are still somewhat anxious and frustrated or who are still struggling that the federal government will support them until the end of this crisis?

Hon. Mona Fortier: That's a very important question.

From day one, the government has made health and safety the focus of its decisions. It also worked with the provinces and territories to ensure national coordination. That goes a long way in reducing anxiety. Canadians can see that we are putting their interests first.

The federal government has created a number of benefits, including the one announced last week to help families. Families received an additional \$300 per child. Seniors who are receiving old age security will soon be entitled to receive an additional \$300 and those who also receive the guaranteed income supplement will receive \$200.

We have really listened. We are focusing on Canadians during this unprecedented crisis.

• (1810)

Ms. Annie Koutrakis: Thank you.

[English]

The Chair: We will have to end it there.

Thank you for your appearance, Madam Minister, and thank you, officials, for the work you do.

Minister, I do like those pictures on the wall behind you, against that yellow background. If that soil were a little redder, it could represent P.E.I. Thank you again for your appearance.

Hon. Mona Fortier: Thank you. It was my mother's art, just so you know, Mr. Chair.

The Chair: It's very good.

We will now turn to the officials. We have with us representatives from the Canada Revenue Agency, the Department of Employment and Social Development and the Department of Finance. Many of them have appeared before us in recent weeks.

I do want to say a sincere thank you to the officials for the work you're doing during this pandemic crisis, with long hours, short nights and long weeks, I know. We really respect the work you do.

I'll give members the list of questioners so you can be prepared. We'll go to five-minute rounds. We have Mr. Poilievre first and then Ms. Dzerowicz, Mr. Ste-Marie, Mr. Julian and, hopefully, Mr. Morantz and Mr. Fragiskatos.

Pierre, the floor is yours.

Hon. Pierre Poilievre (Carleton, CPC): Thank you very much, Mr. Chair.

Finance officials, I sent you an advance copy of the question I would be asking you, and I shared it with the chairman as well.

Given that we are taking on record debt in a short period of time, of all the debt issued by the Government of Canada since March

2020, I wanted to know how much of it was issued in short-term treasuries, two-year bonds, three-year bonds, five-year bonds, 10-year bonds, 30-year bonds and 50-year bonds, each separated out in dollars and percentage terms?

Do you have that information prepared, given that I provided you with the question 24 hours in advance?

The Chair: Who wants to take that question, folks?

Do I see Mr. Halverson?

Mr. Soren Halverson (Associate Assistant Deputy Minister, Financial Sector Policy Branch, Department of Finance): Hi there. I was checking to see whether my deputy was still on the call.

Hon. Pierre Poilievre: Fire away.

Mr. Soren Halverson: But I'm thinking that he's not.

Thank you, Mr. Poilievre, for sending the question in advance. It did allow us to put your answer together for you.

If you would like, I can provide this in writing after as well.

Hon. Pierre Poilievre: Yes, please do. Thank you.

Mr. Soren Halverson: In total, between March 1 and March 27, we've issued \$371.5 billion in debt. Of that, 76.2%, or \$283 billion, is in the form of T-bills; \$26 billion, or 7%, in two-year bonds; \$9 billion, or 2.4%, in three-year bonds; \$16.5 billion, or 4.4%, in five-year bonds; \$9 billion, or 2.4%, in 10-year bonds; \$2.5 billion, or 0.7%, in 30-year bonds; with the remaining 6.9%, or \$25.5 billion, being issued in CMBs, Canada mortgage bonds.

• (1815)

Hon. Pierre Poilievre: The T-bills are three-month issues, right?

Mr. Soren Halverson: Yes. They are 90-day, short-term.

Hon. Pierre Poilievre: Three months, so 90 days.

Look, all of us have renewed a mortgage. When rates are nice and low, you lock it in. You don't take variable, especially if you know rates are going to go up. The Governor of the Bank of Canada came before this committee and told us he thinks that rates will go up. They can't go anywhere else but up. I mean the two-year is going at 0.25% right now.

I'm looking at the numbers here, and 83% of the new debt you've issued is two years or less, which means it will come up for renewal in two years. With all of this talk we're hearing from deficit advocates about how now is a great time to borrow because the rates are low, that will be out the window in two years when all of this debt rolls over and has to be borrowed again, presumably at higher rates.

What is the thinking behind this short-term lending when long-term rates are so low?

Mr. Soren Halverson: The reliance on T-bills in the short term is really reflective of T-bills essentially being a shock absorber, if you will. It's the most flexible part of the debt market.

The other comment I would offer is that if you look at the overall distribution of our debt, we have about 20% in T-bills, about 38% in the short-term and medium-term bonds, and about 42% in the long-terms. As we progress through 2021, we expect to see probably 70% of our financial requirements funded through bonds. You'll see some terming out of the debt that's currently being issued at the short end.

There will be significant increases in all sectors in the—

Hon. Pierre Poilievre: Right, because we're borrowing so much money. Our great-grandchildren are going to be paying for it all.

You've borrowed \$371 billion since March, and 83% of it is in short-term lending in an environment when any responsible borrower would want to lock in for long-term rates.

We're going to have rates going up in the medium term, and then we're going to be in a financial crunch, because this enormous stock of debt will be far more expensive than it would have been if Finance Canada had locked in below 1% rates over the 30-year terms and 50-year terms.

The Chair: We'll have to end it there. I'll give Mr. Halverson a chance to respond, but I think that's a point you want to make.

Mr. Halverson, if you could send the response to those questions to the clerk, we can feed it out to the committee. That would be much appreciated. Is there anything you want to add?

Mr. Soren Halverson: We'll do that. Thank you.

Your point is well taken, Mr. Poilievre. You know, you will see some terming out of the debt. The reliance on the T-bills to the extent that you've seen is really, as I've said, a function of that being the shock absorption part of the market.

The Chair: Thanks, both of you.

Thank you for coming prepared with those answers.

Hon. Pierre Poilievre: Yes, thank you for that, by the way. I really appreciate you coming here with specific data. It's much appreciated.

The Chair: We have Ms. Dzerowicz, followed by Mr. Ste-Marie.

Julie.

Ms. Julie Dzerowicz (Davenport, Lib.): Good afternoon, everyone. Thanks so much for being here today and, as always, thanks for your hard work.

My first question is focused on data. I think it's directed mostly to Employment and Social Development and CRA officials. I know that we've put in the programs at historic speeds, which is really wonderful because we needed to get money as quickly as possible to as many people in need as possible.

Are we trying to collect as much data as we can in a disaggregated manner that will allow us to have a good understanding of who the programs are helping and what the impact of our programs is?

The Chair: Who wants to take that?

Go ahead.

Mr. Cliff C. Groen (Assistant Deputy Minister, Service Canada - Benefit Delivery Services Branch, Department of Employment and Social Development): Certainly, we did implement the programs very, very quickly. I can speak specifically for the Canada emergency response benefit. There are limitations related to the amount of data that is being collected as a result.

However, there is actually a wealth of statistical analysis that we can do. We are really trying to do that analysis related to who the benefit is impacting most and what sectors are being most impacted positively through coverage and different elements. Because we did implement it very quickly, the readiness of those results is a little longer than what we would normally see, but there are opportunities for us in leveraging the data we're collecting, as well as further analysis that we will be able to share going forward.

• (1820)

Ms. Julie Dzerowicz: That's great.

Is it possible, Mr. Groen, for you to share with the committee what data is being collected?

Mr. Cliff C. Groen: Certainly, and there is actually an active request that we are working on. I would suspect that very shortly we would be able to share that with this committee.

Ms. Julie Dzerowicz: That's very much appreciated. Thank you.

My next question is from our last panel. There were some comments about the loan guarantees that are given to companies through the EDC and the BDC, in that there's not a lot of transparency, so there's not a lot of information that we can find beyond who's actually taking on the loan and the amount. Is there someone who could verify what information we might be collecting in terms of when these loans are provided?

Mr. Soren Halverson: What I can tell you is that both programs are run through the two Crown financial institutions under their own authorities, so I draw a distinction between those programs and the Canada emergency business account, where parliamentarians have had a little more of a rapid view into the deployment of the program. The reason why information has come so quickly in that case is that it is a government program. It's directly government funded. Funding is flowing every day from the consolidated revenue fund through EDC to the financial institutions and in turn to the small businesses. Because of those transactions, it's easy to have very much a real-time snapshot of what's going on.

With the EDC guarantee, the information has more latency in it. I think what we're finding is that it's a challenge for the government, and it's clearly something that parliamentarians have an interest in knowing in terms of how much of this activity is going on in real time.

There's a bit of lag in reporting coming from the financial institutions to Export Development Canada. We are having conversations—I had one today—with people from financial institutions to help remedy that situation so that we have more real-time insight into what's going on. As with the Canada emergency business account, one of the features of that program is that the financial institutions are on the front end and you have a hundred different institutions, so there's a bit of data aggregation issue. We need to work that out and clearly do better at aggregating information and reporting on it.

The Chair: Ask your last, quick question, Julie.

Ms. Julie Dzerowicz: Mr. Halverson, just to close the loop on that, if you could maybe also provide to the committee what data we might already be receiving, that would give us a better understanding of what we're gathering at this point, and maybe we could make some future decisions as we move forward.

I do have another question, but I'll leave it for another time.

Thank you, Mr. Chair.

The Chair: Thank you very much.

Mr. Ste-Marie.

[*Translation*]

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

Before I ask my first question, I have a message for all of the departmental representatives who are here. Earlier, I asked the Minister of Middle Class Prosperity a question about the supplemental employment insurance benefit. I spoke to the Minister of Finance about it and I spoke about it in the House. The President of the Treasury Board is the one who responded to me. I implore you, from the bottom of my heart, to try to find a solution to an unfair situation. Workers are receiving a supplement from the employer and they are forced to pay back the CERB. Businesses did that in good faith. In my opinion, that is an unwarranted injustice. We are in the midst of a crisis and we cannot let them down. Please continue to look for solutions. Thank you for listening.

I believe my first question is best addressed to the representatives of the Canada Revenue Agency. There is a program to temporarily enhance the old age security and guaranteed income supplement programs. I would like to know when the cheques will be issued. Employees from my office called the Service Canada help line and were told that the cheques would be issued on June 26. Can you confirm whether such is the case?

• (1825)

Mr. Cliff C. Groen: Hello.

I'm Cliff Groen from Service Canada.

Service Canada will be the one sending out the cheques. The exact date has not yet been determined.

[*English*]

The Chair: If I could just step in for a second....

Cliff, you might have your language on English when you're speaking French. I'm hearing both at the same time.

[*Translation*]

Mr. Cliff C. Groen: I'm sorry.

As I was saying, Service Canada will be sending out the cheques for this benefit and we hope to do so as soon as possible. We do not yet have an exact date, but one will be announced in the coming days or weeks.

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

My next question is on a different topic. The government announced that it would create 116,000 jobs for young people between the ages of 15 and 30, including about 40,000 under the Canada summer jobs program. When will we get more information about the 76,000 other jobs? Seven hundred jobs were announced in the agricultural industry on May 26, but that still leaves many others.

Many businesses, organizations and municipalities are waiting to get a clear idea of how much room they have to manoeuvre this summer. The departmental report mentions 116,000 jobs for the month of May. May is almost over. That's a lot of jobs to announce per day. Can you tell us where we are at with this?

Mr. Cliff C. Groen: I can take that question. I don't know whether there are other people from the department who can answer that question, but I don't think it falls under the responsibility of anyone here. Perhaps Mr. Ram or Mr. Conrad might have something to add. However, we can take note of your question and get back to you on it as soon as possible.

Mr. Gabriel Ste-Marie: Okay. Thank you.

My next question is for the representatives of the Department of Employment and Social Development or the Department of Finance.

Is the government currently working on a system similar to employment insurance that would enable recipients of the Canada emergency response benefit who want to go back to work not to lose 100% of the \$2,000 benefit as soon as they earn \$1 more than \$1,000 in income a month?

[*English*]

The Chair: Who wants to take it?

Go ahead, Mr. Ram.

Mr. Elisha Ram (Associate Assistant Deputy Minister, Skills and Employment Branch, Department of Employment and Social Development): It's true that under the employment insurance system there is a whole series of rules that allow people who are on claims to earn income and to be able to keep some of the benefit at the same time. As my colleague Mr. Groen has already explained, the Canada emergency response benefit is a very simplified form of income support. It had to be set up that way given the historic high volume of claims that came in at the beginning of the crisis. One of the consequences is that not all of the features of the unemployment insurance system could be replicated. That simply could not be done in time, and had we tried to do it, that would have meant that people would have had to wait a very long time to receive their benefits, which in a crisis situation was simply not acceptable.

So, we have not been able to reproduce the “working while on claim” rules under the Canada emergency response benefit, but there is in place right now the \$1,000 exemption that allows people to earn up to that amount and still keep their benefit.

Thank you.

• (1830)

The Chair: Sorry, Gabriel, we are out of time.

[*Translation*]

Mr. Gabriel Ste-Marie: I rise on a point of order, Mr. Chair.

Because of the poor sound quality, the interpreter was unable to translate the entire answer, so I didn't get the last part.

[*English*]

The Chair: Okay.

Mr. Elisha Ram: I'd be happy to provide a response in writing.

The Chair: Okay, Gabriel, there will be a response in writing. There is going to be a response from Mr. Groen in writing as well.

I would just point out, on Gabriel's question—and Mr. Julian asked a similar question earlier—that there is a substantial fear among those out there in the workforce that they might go a few dollars over the thousand and then they will be obligated to pay a serious amount of money back. I know I've told some who have mistakenly received both employment insurance and the CERB that maybe they should just set aside the CERB and hold it for now so they will have that at income tax time. I said, “Don't spend it.” So, there is a fair amount of fear out there, and it is very hard to calculate exactly where you are at when you are working a job and the employer may need you for a few extra hours as well. We don't want it to be a disincentive to work.

Now we have Peter Julian, and then we will go on to Mr. Morantz.

Mr. Julian.

Mr. Peter Julian: Thanks very much and thanks for taking the second round.

I appreciated Mr. Poilievre's question, and I share his question around the short-term financing of the debt as we come through this pandemic.

If you don't have the information for this question, I would appreciate it being provided to the committee afterwards. What was the division of the debt coming out of the Second World War? The PBO has said that the GDP ratio is actually below what it was then, but do you have the historical knowledge in the finance ministry about what the debt structure was like in 1945?

The Chair: I believe Mr. Halverson is coming on.

Mr. Soren Halverson: Hello, Mr. Julian. Thanks for the question.

I personally have not seen the term structure of the debt in the Second World War, but I will take that question back and see what we can find in the records.

Mr. Peter Julian: I am sure that if you go to the ministry of finance and go up to the dusty attic, somewhere in those boxes the answer to that question can be found. I think it's a very relevant question, with the historically low interest rates, how it is structured. Over the next few months it will be an important one. So I add my voice to that of Mr. Poilievre to say that getting more precision around that would be helpful.

Second, Mr. Ste-Marie asked about the SUB, and I can only stress that this is a serious issue. There seems to have been some movement around the SUB. This is a relatively easy fix. We have folks both from Employment and Social Development and the Department of Finance. What is the holdup to fixing something that the employer is actually paying for?

The Chair: Who's taking it?

Mr. Peter Julian: I ask both ministries.

The Chair: Okay, Mr. Ram for one, and then somebody else can come in.

Mr. Elisha Ram: Thank you for the question.

The response is relatively similar to my response to the previous question. The Canada emergency response benefit is, by its very design and nature, a very simplified form of providing income support. There was simply no way to import all the rules and conditions that exist under the employment insurance system, and to do it in a way that would allow us to deliver the benefit to a very large number of claimants in the period of time that was required.

The supplementary unemployment plan, an element of the employment insurance system, is one such element. We simply have not been able to bring it into the CERB, given its simplified structure.

Mr. Peter Julian: Are you working on it? Are you working on provisions to integrate?

• (1835)

Mr. Elisha Ram: We continue to study the issue. However, at this stage those provisions remain unavailable to people who are receiving the CERB.

The Chair: Did anybody from Employment and Social Development want to come in as well?

Ms. McDonald.

Ms. Suzy McDonald (Associate Assistant Deputy Minister, Federal-Provincial Relations and Social Policy Branch, Department of Finance): I think you meant Finance.

I don't think we have much to add to what my colleague has said. He's answered it quite well.

The only thing I would say is that, of course, outside of the SUB, an employer can provide a top-up of up to \$1,000 for a four-week period without impacting the CERB.

Mr. Peter Julian: Okay.

My next question is to Finance, around the commercial rent relief program.

Gord Johns, our small business critic, and I have written to the minister again this week. The holdup is often because landlords are not necessarily interested in the program; the tenants are. Even a 50% support for those tenants would make a big difference for small businesses and allow far more of them to actually make that transition through this pandemic.

It is a long way from being over. I know that some people want to cry victory and have a victory parade, but we've already seen that in the United States, in those states that opened up, there are rising cases of COVID-19.

Given that we are still in this crisis and will be for some time, is the finance ministry looking at adjusting the commercial rent relief so that it can actually help these small businesses?

The Chair: Mr. Halverson.

Mr. Soren Halverson: Thanks for the question, Mr. Julian.

That's a policy decision that's not part of the program as it currently exists. The program is supplemented by a range of other supports to assist small businesses.

Mr. Peter Julian: May I ask a final short question?

The Chair: Okay, you can ask a short one. Go ahead, Peter.

Mr. Peter Julian: Are you preparing to present an economic update?

The Chair: Who at Finance is preparing that economic update? Are you working on that, Andrew? Does anybody want to answer?

Go ahead, Ms. McDermott.

Ms. Alison McDermott (Associate Assistant Deputy Minister, Economic and Fiscal Policy Branch, Department of Finance): The government has not yet chosen the timing for the economic update. We'll do that. We are working, of course. We're very interested in studying these issues and discussing them. We've started discussions with private sector economists, and we'll provide that support. That work is under way.

The Chair: Thank you, Peter and officials.

We'll go to Mr. Morantz, followed by Mr. Fragiskatos. We'll have time for Mr. Cumming and Mr. Fraser as well.

Mr. Morantz.

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

Just before you start my clock ticking, I have a small point of order I want to raise with you.

The Chair: Okay, fire away.

Mr. Marty Morantz: Two weeks ago Mr. Groen was here. I asked him if he would table the two guidance memos reported on by the National Post that had red-flagged CERB applications. We've been checking with the clerk, but for some reason those guidance memos haven't been tabled. I recall you asking for them as well, Mr. Chair.

Instead of wasting my time on another question, I thought I'd bring it as a point of order and see if you could perhaps find out where the missing guidance memos are.

The Chair: It's not really a point of order, but we'll not take away your time. We'll just put it to Mr. Groen if he could get that information for us.

Go ahead with your question. Your point has been made.

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

With respect to the wage subsidy, the latest numbers that I have show that about \$8 billion have been paid out in claims for the first two periods, which is lower than the \$76 billion that was originally costed by the PBO. Why is the uptake on the program so slack? That's really my question.

I know the Prime Minister has been out, in what Mr. Rex Murphy has anointed "the Tent of Commons", imploring employers to hire people back. I don't think the Tent of Commons has been that effective for him.

To the question, it seems like government of course wants employers to hire people back, but the employers are not taking up the subsidy. What do you think the reason is?

The Chair: Does anybody want to take a stab?

Go ahead, Andrew.

Mr. Andrew Marsland (Senior Assistant Deputy Minister, Tax Policy Branch, Department of Finance): I don't have a complete answer to the question. It is a good question. Perhaps I'll highlight a couple of points.

One is, of course, that we're looking at the data and understanding that. We're talking to people, and I think it's clear that there has been a bit of a delay with some people filing applications. We're also, as I think the committee is aware, consulting on an extension to the emergency wage subsidy, which was announced on May 15. As part of that consultation, we're trying to understand how employers are viewing the subsidy.

I think there is a range of factors, but it's clear—and I think it's reflected in the report filed with the committee—that the cost of the program is somewhat less than the original estimate.

• (1840)

Mr. Marty Morantz: I appreciate your candour, and I look forward to the government and the department putting forward proactive solutions to deal with that, because getting people back to work is fundamentally important.

On the BCAP, I want to circle back to my colleague Mr. Kelly's questions. He wasn't really getting any detailed answers from the minister, and I assume that someone on this call would have briefed her on this information, so I'm hoping that you have it. I know Mr. Kelly asked questions about, for example, how many loans have been funded under the BCAP through either EDC or BDC. Do you know that?

The Chair: Mr. Halverson.

Mr. Soren Halverson: For reasons that I alluded to in an earlier answer, we're working to improve our understanding of how many loans have been extended. We will come back with better information on that. It's something that we're in active conversations with financial institutions about right now.

Mr. Marty Morantz: Do you have any data? Could you say what percentage of the money has been loaned out?

Mr. Soren Halverson: I can tell you that there's—

Mr. Marty Morantz: Has a single loan been advanced to a borrower under the program, even one? How's that?

Mr. Soren Halverson: Loans have been advanced, but the uptake was slower than initially expected. As a consequence of that, changes were actually made to the structure of the instruments. For example, with respect to the EDC guarantee, the guarantee term was extended from one year to up to five years in duration. Similarly, changes were made on the EDC co-lending facility. Those changes have been introduced. The products.... For example, the guarantee has now been in the market in its current form for about three weeks. It takes about three to four weeks for a bank to actually underwrite a credit arrangement under one of these products, so there's some lag there, and we know that some—

Mr. Marty Morantz: I would just say that it's very concerning that two of the major programs that are designed to help with the pandemic, the wage subsidy and the BCAP, seem to have limited uptake. I really hope your departments are working diligently on that.

Mr. Chair, if I just have one moment, I have another question.

The Chair: Go ahead.

Mr. Marty Morantz: I want to circle back to what my colleague Mr. Poilievre was talking about: interest rates. I really think they're an existential threat to the future ability of the Government of Canada to conduct its business. When we had the Parliamentary Budget Officer on, he said that actually the increase in debt wouldn't increase the draw on the operating budget, because they were able to refinance some of their short-term debt at lower interest rates. The corollary to that would be that carrying costs would have gone down had it not been for the crisis, and carrying costs will go up as soon as interest rates go up. On a trillion-dollar debt, a

one-point increase in the interest rate is \$10 billion. The interest carrying costs under the 2019 budget were about \$23 billion.

I just wonder if there is any planning going on or any thought going on within your department as to how to brace for the coming storm. I would just add that both the governor of the Bank of Canada and the Parliamentary Budget Officer have indicated that their opinion is that interest rates will be going up. Of course, they don't have anywhere else to go.

The Chair: We're relatively over time. Is there an answer to that?

• (1845)

Mr. Marty Morantz: Yes or no would be fine.

The Chair: I don't think there's a yes or no.

Mr. Halverson.

Mr. Soren Halverson: Can I get away with yes? There's ongoing work on debt management planning that takes place between the Bank of Canada and the Department of Finance.

The Chair: Thank you.

I would say—this is partly related to Mr. Morantz's question—that with regard to the seasonal industries in P.E.I., the extension of the wage subsidy has made the difference of whether they will open and hire people or not. They were overjoyed, but they won't come online for a month or more yet, by the time they ask for the wage subsidy back.

Mr. Fragiskatos is next, and then we'll go to Mr. Cumming.

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

Thank you to the officials for their continued work.

I'm tempted, Mr. Chair, to bring up the Conservative record on debt and deficit, seeing as how some of my Conservative friends have suddenly found religion on these issues, but I won't. I think the historical record speaks for itself. The debt accumulation under Conservative governments is extremely pronounced. I'll be polite about it. It's under Conservative governments that most of our debt has been accumulated at a national level in this country. I don't want to go down that road. In the spirit of collaboration, I'll avoid the inclination to do so.

I do want to ask officials from the Department of Employment and Social Development or from the Department of Finance—or both, if they wish—a question, since we have heard concerns when it comes to spending, raised especially by Mr. Poilievre, but Mr. Morantz also raised such concerns. Has there been modelling or analysis done in either of these departments when it comes to the counterfactual of what would have happened if we had not moved down the path of introducing the wage subsidy, if we had not introduced the Canada emergency response benefit, if we had not introduced the Canada emergency business account, if we had not introduced the rental support program that we've partnered with provinces on, and the various other programs that we have moved ahead with? Is there analysis that has been done that points to what would have happened to the Canadian economy and, ultimately, to Canadian citizens if the government had not moved in the way that it did?

That's open, again, to officials from either the Department of Finance or the Department of Employment and Social Development.

The Chair: Ms. McDermott.

Ms. Alison McDermott: In terms of your questions about modelling results, a lot of these things and the sources of uncertainty that we're experiencing are making point estimates and models difficult exercises, but absolutely there has been a very severe decline in economic activity and employment. I think there's a very broad consensus among economists of all stripes, from the Bank of Canada to rating agencies the world over, that providing support to the economy is the right thing to do right now so that the kind of programs that have been put in place are helping the economy.

Mr. Peter Fragiskatos: Thank you.

Does anyone else want to offer something? I have more questions, but if there is anyone else....

The Chair: I don't see anyone.

Go ahead, Peter.

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

The next question is for Ms. McDonald.

Ms. McDonald, I heard in your answer to the point that was raised about the supplementary unemployment benefit plan, SUBP... Can you just repeat what you said? Did you say that employers who wished to top up their employees up to \$1,000 could do so without impacting the CERB payment made to an employee? Is that correct?

Ms. Suzy McDonald: That's correct. Employers who wish to increase their employees' weekly earnings while they are unemployed have the flexibility to do that, to top up those CERB benefits outside of the SUBP, and it doesn't impact the employees' ability to draw down the CERB.

Mr. Peter Fragiskatos: Right. Would that top-up be taxable, though?

Ms. Suzy McDonald: That is a question that is perhaps best placed for the CRA.

• (1850)

The Chair: Does anybody from CRA have an answer on that? Is that money taxable? I would expect it is. Wouldn't it be?

Mr. Peter Fragiskatos: My gut tells me that it is as well, Mr. Chair.

I'm not hearing anyone. Do we hear someone?

The Chair: Mr. Vermaeten?

Mr. Geoff Trueman (Assistant Commissioner, Legislative Policy and Regulatory Affairs Branch, Canada Revenue Agency): It's Mr. Trueman here.

We'll get back to you on that in writing. That's my gut feeling as well, but it's always good to double-check.

Mr. Peter Fragiskatos: Thank you very much.

I guess this is for the Department of Finance as well. As we move ahead and continue to face the crisis that's at hand, how are we taking into account all the various feedback that is coming in

from Canadians? The support that has been offered is very significant, and the vast majority of individuals and families who need support are getting that support, but there still do remain some gaps, admittedly, as there naturally will be in a crisis like this.

How does the department take into account all the feedback that comes in? How is that noted? What is the process? How are gaps that exist rectified? Talk to me a bit about that.

I guess that question is relevant not only to Finance. It's relevant to anybody who wants to take it on.

The Chair: Only Finance is going to have time to answer, because you're out of time.

Mr. Peter Fragiskatos: Okay. Then it's only for Finance.

Mr. Andrew Marsland: Perhaps I may take a stab at that. I think it's clear that a vast range of programs have been rolled out in a relatively short period. On those programs, in some cases we respond directly to concerns expressed. In other cases, though, the programs have been adjusted. On May 15, for the wage subsidy, for example, the government announced a number of changes, both regulatory and legislative, as well as the extension.

Also, this week, we're engaged in very intensive discussions with businesses and others on the wage subsidy and so on. I think there's a kind of dynamic feedback going on continually, as one would expect in such a complex and changing situation.

Mr. Peter Fragiskatos: Yes. In a time like this—

The Chair: I'm sorry, Peter. You're well over.

Thank you.

Mr. Peter Fragiskatos: I was just going to make one last point. No problem. It's all good.

The Chair: We'll go to five minutes for Mr. Cumming, and then Mr. Fraser will wrap it up.

Mr. James Cumming: I'd like to start off with the learning I just had from Mr. Fragiskatos on how you can not talk about something, but certainly he did a good job of bringing it up anyway, on Conservative principles. Well done.

Mr. Halverson, I want to start with you. A couple of weeks ago, you were providing testimony and suggested that on the CEBA loans there was significant headroom that was still left within the program. Can you give us some indication of where we're at with that? It can be either by percentage or by dollar; I'm indifferent to how you give it to us.

Mr. Soren Halverson: The program has authorities to.... This is from memory. I would need to refer back to the numbers. I don't have them at my fingertips. There is no effective constraint at present. It would be 50% utilization. By design, there was excessive headroom put into the program, just to make sure we didn't run into any artificial constraints.

Mr. James Cumming: Thank you for that.

I'm getting some feedback on the CECRA program and the attestations that the tenants.... The landlords are being provided a guarantee, so they're ultimately responsible. The concern is over revenues. They are having to estimate their June revenues, when that's something they won't really know.

Landlords have a great concern about the potential that there will be some clawback if these businesses start to generate some revenue and get over that threshold. Is there a way to deal with that issue? Has the department given that any kind of thought?

The Chair: Who wants to take that? Mr. Halverson?

Mr. Soren Halverson: I'll take it.

Thank you for the comment. At this point, I will take it as feedback from the program. It's not an issue that I'm aware of as having been raised, but in the spirit of hearing the experiences that people are having, it's good to hear that.

Thank you.

• (1855)

Mr. James Cumming: I'm also hearing that with some of the applications to the program, a company that has a track record or a history and converts itself.... I'll use an example. I think there was a club or a course or something that had been around for 50 years. It might have been a not-for-profit. Then they converted into a public company. They'll have a new business number and be treated as a new business, so they won't qualify for some of the programs, even though the business pretty much remains the same.

Is the department aware of this? This issue has come up more than once from constituents who have called me.

The Chair: Are we going to Mr. Halverson again? It's information that certainly James is hearing on the ground.

Mr. Halverson.

Mr. Soren Halverson: I'm conjecturing that this is an issue potentially around programs like the Canada emergency business account.

Mr. James Cumming: Correct.

Mr. Soren Halverson: In that regard, if it's a new business number and they need funding, they need to be looking at multiple channels at this point, including through the regional development agencies or alternative programs.

As far as I understand it, that situation would preclude the company from being verified within the CRA records. It would make it difficult, from an identity perspective, to validate that the applicants are who they say they are.

It's one of the challenges that come with a program that is providing tens of thousands of dollars in loans on a very rapid basis. It's for that reason that the government has put in place other sources of funding, so that people have access to them if they're not able to come in under the criteria established under CEBA.

The Chair: Sorry, James, we're out of time there.

Wrapping it up is Mr. Fraser, for five minutes.

Mr. Sean Fraser: Thanks so much, Mr. Chair.

I want to dig in a little bit about the timing of any sort of fiscal update that could be provided. I know it has come up a few times on this committee.

One of the things I struggle with greatly is trying to predict anything too far into the future, given the conditions we're in. We see in New Brunswick the current story in the news about an individual who crossed the border into Quebec and failed to self-isolate and had contact with over 150 people. It's resulted in a retraction of some of the loosened restrictions that part of the province has experienced.

Obviously, severe public health measures that are put in place can restrict economic activity. I've found that some of the regular updates based on real data, which you've been providing periodically through this committee, have been somewhat helpful, to get that real-time transparency.

I'm curious as to what kind of indicators you're going to be looking for in the community before you think we're going to have a handle on what we know the world looks like, so that any kind of fiscal update will have reliable information that Canadians can depend upon.

The Chair: Who is up?

Mr. Sean Fraser: I think Ms. McDermott would be best positioned to answer that.

The Chair: Ms. McDermott, please answer very quickly.

Ms. Alison McDermott: Thanks for the question.

It's very true that what has been so difficult about trying to provide a sense of the government's fiscal situation on a go-forward basis is the economic uncertainty. Of course, that economic uncertainty is really tied to some basic scientific uncertainty about the transmission of the virus. We've had a lot of success in recent weeks in flattening that curve—not as much as we'd like, but I think the officials across the country who work on public health have had some success in that area. This, of course, is what's guiding decisions, mostly in the hands of provincial and territorial governments, about opening parts of their economy.

To answer your question, a lot of the decisions and the go-forward situation will have to do with how successful those reopenings are. Even if we see some early signs of success, I think there's still a great deal of uncertainty with respect to potential resurgence of the virus later. There's a great deal of uncertainty about those questions. Even at the scientific level, there are questions about how immunity works, how the virus is transmitted and what will happen when the colder weather comes in.

Those are the kinds of factors that are making it hard to come up with a point estimate. I would note that even organizations like the Bank of Canada have not come up with point estimates; they are looking at ranges. The kind of work we're doing is much more based on looking at ranges and scenarios, as opposed to having specific figures.

However, I know that's what the interest is in, and that work is under way.

• (1900)

Mr. Sean Fraser: Thank you for that.

I just have a quick question on some of the work the Minister of Middle Class Prosperity has been doing around quality-of-life indicators. I would have loved to have the opportunity to ask the minister when she was here earlier.

One of the things I'm having a hard time with, for some members of my community, is that everybody is anxious to see the economic recovery. Of course, we're not through the emergency yet. I think there's a really unique opportunity in front of us.

If we are to believe some of the polling data from firms that make their data publicly available, a significant majority of Canadians are expecting some kind of really serious social and economic reforms coming out of this crisis. One of things that I think are going to be essential will be to understand what we're measuring if we're hoping to achieve success. I think it would be easy to try to restore the status quo that existed pre-COVID. I think if we want to turn our imagination on, we can start realizing that maybe GDP and unemployment are not the only things we can measure and that we should turn our minds to things like poverty reduction, access to a clean environment, access to primary care, or whatever it may be.

I'm curious as to whether you think we have an opportunity to accelerate the minister's mandate letter item about developing qual-

ity-of-life indicators in a timely way so we could actually use some of the work that's being done to help guide the economic recovery once the time is right.

The Chair: Go ahead, Ms. McDermott.

Ms. Alison McDermott: You raise a really important point. In fact, the minister has been active in encouraging her colleagues to consider these issues. I very much think this government has been taking into account broader issues, as have many governments, in fact. The fact that we have been willing to shut down our economy in order to preserve our health, particularly that of vulnerable populations, is a sign that we all recognize that this is important.

A lot of work is under way across departments in terms of thinking about what it would look like if we incorporated quality-of-life indicators more explicitly. I think we are doing it in a broad sense already. A lot of decisions so far in terms of the response to this crisis have been reflective of considerations of vulnerable populations and thinking about health impacts and other types of impacts.

I very much agree with you that this is an opportunity for us. From a policy standpoint, all parts of this government are beginning to think that way in terms of the longer-term economy that we are returning to, some of the structural changes that are taking place, and what's going to be needed to support Canada's success in that new environment.

The Chair: I thought, Ms. McDermott, that you might be saying that we'd expect the parliamentary secretary to push the Minister of Finance on some of those points.

With that, we will have to close. Thank you all for your time, for your presentations and for the report.

The meeting is adjourned.

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