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• (1500)

[English]

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

Welcome to meeting number 31 of the House of Commons Standing Committee on Finance, and the first panel. Pursuant to the order of reference from the House of Commons, we are meeting on the government's response to the COVID-19 pandemic.

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

I would certainly like to welcome all of our panellists. If you could try to hold your remarks to about five minutes, it will give a little more time for questions. This panel is about public transportation, but we'll likely veer a bit away from that from time to time.

To start with, we'll go with the Air Transport Association of Canada and John McKenna, president and chief executive officer.

The floor is yours, Mr. McKenna.

Mr. John McKenna (President and Chief Executive Officer, Air Transport Association of Canada): Good afternoon. My name is John McKenna, and I am the president of the Air Transport Association of Canada. I thank you for inviting me to appear before this committee.

I want to switch to French for one second.

[Translation]

For technical reasons, I will speak in English, but I will be happy to answer your questions in the language of your choice.

[English]

ATAC has represented Canada's commercial air transport industry since 1934. We have 180 members engaged in commercial aviation, operating in every region of Canada. Our members range from flight training organizations; local air taxis; and regional carriers that serve remote, northern and indigenous communities to very large carriers servicing Canada, the U.S. and international destinations for both business and leisure travel.

We welcome the opportunity to comment on the devastating impact that this pandemic and its containment measures are having on our industry. Although we support the government in its actions aimed at curbing the spread of COVID-19, containment and restrictions on air travel have had a truly horrendous economic impact on

most segments of the air transport industry, with traffic and revenue down to less than 10% of usual levels.

Many of our members have ceased operations altogether. Air operators are counting on a financial aid package from the government, while some operators struggle to continue servicing northern and remote communities that rely on air transport for survival.

I believe that a significant number of air operators will probably not survive, unfortunately, and the quality of air services to Canadians will undoubtedly suffer.

Canada is lagging behind, as most foreign governments acted within weeks to come to the aid of their aviation industries, including the U.S.A., Australia, Brazil, China, Denmark, Finland, Germany, Hong Kong, Italy, New Zealand, Norway, Singapore, Spain and Sweden. Meanwhile, our letters to the Prime Minister, the Minister of Finance, the Minister of Transport, the Minister of Economic Development and the Minister of Indigenous Services remain unanswered.

Our industry is capital-intensive, with very high fixed costs. While little or no revenue is generated, operators still have to pay for their aircraft through loans or leases, insurance, basic regulation-required airworthiness upkeep, hangars, and parking fees in addition to all the other normal business overhead costs.

So far, the government has tabled the Canada emergency wage subsidy, which can only help pay for a skeleton staff when operations are all but stopped. Canada's large employer emergency financing facility program is interesting, but its \$300-million threshold eliminates the vast majority of air carriers. We estimate that only five or six carriers qualify for this program, while over 30 other carriers—key socio-economic enablers in their regions, and critical to Canada's connectivity—are left out.

The Canadian government must recognize the critical role that aviation plays in Canada. Without immediate government help, many Canadian air operators will not be around to provide their critical service and its enabling role in the economy at the beginning of the long recovery when they will be most desperately needed.

The critical government financial aid package would also avoid greater economic damage by ensuring that operators can rapidly scale up when travel restrictions are lifted and quickly contribute to jump-starting the Canadian economy. However, some airlines may require more than loans if they are to continue providing essential service to Canadian communities.

Our industry is facing two major challenges. The first, of course, is short-term survival. The other is the uncertainty of what our market will look like coming out of this crisis, which is best summarized by the following questions: How long before people are willing and able to travel by air again? When will foreign borders open up and remain open? What health and safety restrictions will the government impose on our operations? Will those restrictions make the cost of flying prohibitive?

We expect that the impact of COVID-19 will last much longer than initially thought and that recovery will be very slow—and, unfortunately, even impossible for a number of us.

A comprehensive government action plan will help the air transport industry save over 55,000 direct skilled jobs, and many times that in indirect jobs; maintain essential connections; transport people who require medical treatment; deliver life-preserving supplies; and overall, be a key enabler for the recovery of the Canadian economy.

• (1505)

I thank you for your attention, and I am happy to answer any questions.

The Chair: Thank you very much, John.

We'll turn now to the Canadian Urban Transit Association. We have Marco D'Angelo, president and CEO.

Mr. D'Angelo, your mute is on.

Mr. Marco D'Angelo (President and Chief Executive Officer, Canadian Urban Transit Association): Thank you very much, sir. I apologize.

Thank you for allowing CUTA to appear before the committee today.

Let me start by directly addressing what I know many of you are asking: Why is keeping buses and trains running a federal issue? Why am I not appearing before a provincial committee? Very simply, why is this your problem to fix?

It's because in a time of national crisis, we need national leadership, the kind of national leadership that's been on display in Washington and London, where national governments believe public transit is in the national interest. That's the national leadership we need in Ottawa to bring provinces to the table, and I'm hopeful it will come. I know that the government knows how important cities

are to this country and how important transit is to our cities, but the pandemic has hit transit hard.

Let me start by explaining where transit systems are today. Some of my colleagues on the panel can also speak to it in more detail.

Service has been reduced in many cities. Layoffs have been widespread. At the height of the lockdown, many systems saw ridership fall by 90%. In many cases, revenue was down 100% in systems that allowed for rear-door boarding to protect drivers and that did not collect fares. Let's not forget that transit isn't just within cities. For large parts of the country, it's how people in smaller towns and cities can get to larger centres. It's through some of our other providers. Private providers saw ridership and revenue plummet by about 95% in the same time.

None of this is news. None of it's surprising. When we lock down, people don't take transit as much, but let's think about the roughly one million people a day who are continuing to take transit. They're doing essential work on which we all depend. They're disproportionately low-income people. They keep our grocery stores running. They clean our hospitals and nursing homes. They are the most likely to take a bus to work.

When transit systems collapse, here's what will happen: After a day on the front line, a nurse may wait longer to see his or her family. The grocery clerk will have to get up earlier to spend a day in harm's way. Vehicles may remain crowded.

These people don't deserve a lesson on jurisdiction. They deserve better than hearing why airlines can be helped, but not them. What they deserve, and what Canadians deserve, is a recognition that allowing cities to fail because their transit system has failed is no plan at all. It's no plan for the essential workers we transport today. It's no plan for our cities as the economy begins to reopen. It's no plan for a long-term recovery in which transit systems will simply not be able to take part because we can't keep running our buses and trains empty forever.

I know the federal government doesn't want this problem, but I believe it can help solve it. It knows how important transit is to our cities. The government wants transit to keep running for those essential workers who depend on it every day, and because it will need to be there tomorrow, as the economy reopens. As has been said so often during the pandemic, the fact is that we're all in this together, the federal government included.

That is why I'm here: to ask for your urgent help, because time is running out.

Thank you.

• (1510)

The Chair: Thank you very much.

We will turn now to the City of Winnipeg and Dave Wardrop, who is the chief transportation and utilities officer for Winnipeg.

Go ahead, Mr. Wardrop.

Mr. Dave Wardrop (Chief Transportation and Utilities Officer, City of Winnipeg): Good afternoon, Mr. Chair and members of the committee.

Thank you for the invitation to join you today. The City of Winnipeg appreciates the opportunity to appear before the House of Commons Standing Committee on Finance this afternoon.

I'd like to provide you with a brief overview of our current situation in public transit as well as our broader transportation and utility systems.

In recent years the City of Winnipeg has been working on a number of initiatives to make public transit more effective and affordable. This trend has continued in 2020, with Winnipeg's commissioning of stage 2 of the southwest rapid transitway, which was achieved well under budget and ahead of schedule. Work is also proceeding on the development of Winnipeg's transit master plan.

However, the COVID-19 pandemic has changed the landscape for municipal services, confronting all city programs and services with major challenges. Our city as a whole is anticipating a cumulative shortfall of \$73 million in 2020, provided the impacts of the event have subsided by the end of August. Impacts of COVID-19 beyond the end of August could be expected to have even more severe financial implications.

Winnipeg has implemented a COVID-19 management plan to help mitigate the effects that the crisis is having on the City of Winnipeg. This plan includes public transit service reductions and staff layoffs. Still, even with these measures, there will be a drawdown on the city's financial stabilization reserve fund.

The delivery of public transit has proven to be a substantive part of Winnipeg's operational challenges. Ridership has fallen by approximately 72% since the same period last year. As of April 30, Winnipeg Transit's lost revenue has amounted to \$7.1 million, and this amount could rise to \$28 million by the end of 2020. As a result, Winnipeg Transit has reduced service by introducing an enhanced Saturday schedule on weekdays and has made the extremely difficult decision to lay off 246 bus operators on a temporary basis.

These layoffs are in addition to the 674 staff who were laid off as part of Winnipeg's COVID-related closure of recreation centres, pools, arenas and libraries, for a total of 920 COVID-19-related layoffs to date.

In addition to regular transit operations, the COVID-19 crisis has greatly complicated the opening of stage 2 of the southwest rapid transitway and the launch of other transit programs, such as Winnipeg's low-income bus pass. Furthermore, the impact on customers could extend well into the COVID-19 crisis, and even beyond. How long it will take to rebuild transit ridership is a crucial but open question.

The impact of the crisis on our employees is also a concern for the City of Winnipeg. Following the temporary layoffs, some em-

ployees' confidence will undoubtedly be shaken. Some may take early retirement and some may seek employment elsewhere. As such, Winnipeg Transit faces not only the challenges associated with lowered workplace morale and increased workplace stress but also the real, tangible costs associated with workplace turnover and the need for additional overtime, recruitment and training that result from turnover. Underlying and further aggravating all these issues is the unprecedented uncertainty the city is facing going forward.

In response to this challenge, the City of Winnipeg has quickly and effectively adapted the manner in which it provides transportation and utility services.

Some examples of this include the Winnipeg Fleet Management Agency's new protocols to protect staff, including the rental of additional vehicles to ensure safe physical distancing.

The Winnipeg Parking Authority has relaxed parking enforcement in recognition of altered patterns of activity and physical distancing needs—not, however, without further negative financial implications.

To protect staff and the public, Winnipeg's Water and Waste Department has suspended many regular in-home services and has also suspended water turnoffs for nonpayment of bills and late fees.

To ensure proper physical distancing, Winnipeg's public works department has developed new flood control operational protocols for activities such as filling sandbags and building dikes.

Traffic signal timings have been adjusted to accommodate the changing volumes of traffic on city streets, and solid waste and recycling crews have been stretched as the volume of residential garbage and recycling has increased significantly.

In response to the changing operational landscape resulting from the COVID-19 pandemic, Winnipeg Transit, as a front-line service provider, has also implemented comprehensive cleaning and safety protocols.

Winnipeg's transportation and utility staff, and staff across all City of Winnipeg departments, have made exceptional efforts to meet the goals of the Winnipeg pandemic recovery framework.

● (1515)

I would like to take this opportunity to thank the City of Winnipeg staff for their commitment and adaptability, and also the residents of Winnipeg, who are working with us to slow the spread of COVID-19. In an uncertain time, we appreciate the certainty of their goodwill.

Thank you again for the invitation. I would be happy to take any questions you might have.

The Chair: Thanks very much, Mr. Wardrop.

We'll turn next to Greyhound Canada Transportation Corporation and Stuart Kendrick, senior VP.

Stuart, the floor is yours.

Mr. Stuart Kendrick (Senior Vice-President, Greyhound Canada Transportation Corporation): Thank you very much.

Good afternoon to the committee, and thanks again for the invitation to speak today.

I'm Stuart Kendrick, the senior vice-president of Greyhound Canada. I've proudly worked for this great company for 33 years. I started as a baggage handler in London, Ontario. Today I'm the person responsible for managing Greyhound's business in Canada.

Almost immediately after the COVID-19 lockdown began, our ridership declined by 95%. Despite our best efforts to reduce costs by gradually reducing service, and our significant outreach efforts to the government, we simply could not continue operations without financial support. We do not receive any government subsidies like some of our competitors, such as VIA Rail and some municipal and provincial transit operations that also provide intercity travel. We're completely reliant on the fare box revenue to survive.

Greyhound is also a member of a coalition of regional intercity bus companies from across Canada whose operations have been similarly impacted. These companies include Wilson's Transportation, which operates in the province of British Columbia; Maritime Bus, which operates in P.E.I., New Brunswick and Nova Scotia; Orléans Express, which operates in Quebec; and Coach Canada, which operates in Ontario and Quebec and into the United States, as does Greyhound Canada.

Before COVID-19, the coalition employed about 1,400 people, serviced hundreds of communities across the country and carried several million Canadians annually, but on May 12, after incurring weeks of significant losses and with no financial support from governments in sight, Greyhound suspended services in Canada. This shutdown has meant that approximately 400 Greyhound employees in Ontario and Quebec have lost their jobs, and our customers were left without service.

I want to spend the rest of my time with you today talking about our customers.

Thirty percent of our riders are students. We help them get to college or university and to visit their families for the holidays. Not everyone in this country has parents who can afford to fly them home for a long weekend or who have a car to drive hours to pick them up. They rely on us, the bus carriers.

Twenty-five percent of our riders are seniors. Often on fixed incomes, seniors ride our buses to get to medical appointments in the city when the care they need isn't available in the small town or rural community. They ride our buses to visit grandchildren. They don't want to drive, or are not interested in driving on a busy highway. They rely on the bus.

Sixty percent of our riders are women. Among them are single moms who need an affordable and safe way to travel with their kids. Our services are how they take their kids to the city to see

friends and extended family, or for a special weekend, assuming they can afford some leisure travel. Our buses provide safe and comfortable transportation for women travelling to the next town for a job interview or to Women's College Hospital in Toronto for medical appointments. They rely on Greyhound.

Before the pandemic hit, 15% of our riders were unemployed and 40% of our riders were people with a household income below \$25,000 annually. To be sure, these are not folks who are going to benefit from an airline bailout, as important as that may be. They're not Bay Street people. They're Main Street Canadians from small towns, rural communities and inner city neighbourhoods who are just trying to get to where they need to go. Whether it's for work, for family visits, or for some leisure travel when they can afford it again, they rely on the bus. These are the people hardest hit by this crisis: women, students and the working poor.

I'm here to tell you that as people start moving around again and as the economy opens up, these are people who are going to need affordable, reliable intercity busing to help them look for work, go to medical appointments, and finally, see their families again.

We have been asking the Government of Canada and the provinces for help. For the sum total of \$26 million, the five members of our coalition could operate on a break-even basis by running at 50% of our pre-COVID capacity for six months.

In that regard, we noted Minister Duclos' recent statement to the CBC that there will be something for intercity busing "quickly", he said.

We need your help so we can be there for Main Street Canadians. I urge this committee to give intercity busing a lifeline so that we can survive this difficult time and be there to provide transportation services to Canadians when the economy rebounds.

● (1520)

Thank you, committee, for giving me the opportunity to speak. I would be happy to take any questions.

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

We will turn now to Groupe Autocar Jeannois and Mr. Lefebvre, the president.

[*Translation*]

Mr. Stéphane Lefebvre (President, Groupe Autocar Jeannois): Good afternoon.

Thank you for having me appear before the Standing Committee on Finance. I am president of Groupe Autocar Jeannois, a company specializing in passenger transportation, specifically tourist charters. I am also president of the Fédération des transporteurs par autobus, which represents all types of passenger transportation in Quebec.

The announcement of the pandemic shook the bus industry in Canada and Quebec. All sectors of the industry's activity have been hard hit, especially tourist charter transportation. That is what I will talk about today.

In contrast to some industries that have remained partially operational, the tourism industry and the charter travel sector had to shut down all of their operations overnight. For us, the carriers, this represents a loss of \$21.5 million in revenue per month since the beginning of the pandemic, in Quebec alone. It has never happened before. For your information, in my company specifically, which normally operates 45 vehicles in this industry, everything has shut down. As of June 30, losses will total about \$3.1 million.

No one can predict if the recovery will happen soon. In this context, carriers need government support tailored to their reality. Passenger transportation by bus is essential for all Canadians and Quebecers, as well as for those who come to discover our province or our beautiful country.

In Quebec, the chartered bus travel industry generates annual business of more than \$240 million, not counting the associated economic spinoffs. If you include the rest of Canada, you could say the industry is huge. In Quebec alone, approximately 4,000 direct employees in over 160 independent companies operate more than 530 coaches in Quebec and the other Canadian provinces.

Beyond these numbers, all our sports teams travel from city to city to compete in numerous tournaments throughout Quebec and outside the province. Every year, our young students discover the impressive wonders and fast-paced life in major Canadian and U.S. cities. We must not forget our seniors, as well as the people and organizations that visit our museums and frequent the many performance venues. Everything has stopped. All entertainment, in all regions of Quebec, is shut down.

Charter transportation is therefore on full pause. The current crisis is forcing the cancellation of all these activities, which include numerous guided tours in all our major cities and, above all, our many tourist routes travelled by an impressive clientele from every corner of the world.

Since March, in Quebec alone, 18,000 contracts have been cancelled. For the period from March to June, this represents gross losses of \$86 million in sales, or approximately 35% of the carriers' annual sales. If the crisis persists beyond the summer season, losses could total an additional \$103 million, which would represent another 45% loss of our annual sales by the end of October. Because of the type of services we offer, it is during these periods of the year that our organizations conduct more than 80% of their business. These are colossal losses that jeopardize the survival of our organizations.

Independent carriers have a large structure and significant capital assets to support. Their level of financing, which is already very high, is marked by the purchase, maintenance and storage of a sophisticated and very costly fleet of vehicles.

For my organization and similar businesses in the industry, the catastrophic financial losses and the complete shutdown of operations have resulted in significant damage of another kind: the loss of our specialized workforce. It is difficult to retain professional

drivers who must continue to work. Most of them turn to transportation companies of all kinds. In addition, despite capital tax holiday agreements, our financing structure and significant capital assets do not permit us to accumulate new loans.

Government support to meet our current cashflow needs is provided in the form of loans. To resume our operations and adopt all the measures for the safety of our employees and customers, financial and structural accommodations will have to be made.

Our industry has been hit very hard. However, because of the type of business we are in, we cannot reinvent ourselves to offer other types of services, as other industries are currently doing. Our industry will be one of the last to reopen and our financial burden will still be there. At the moment, we are facing a total lack of revenue.

Passenger transportation will be a key sector for the recovery of the Quebec and Canadian tourism industry. If this critical situation persists, hundreds of jobs and dozens of buses will not be there to adequately serve travellers and the general public.

Our industry needs special support so that Quebec's 160 companies can continue to help travellers from here and elsewhere discover not only our province, but also the other Canadian provinces. I include in this number all Quebecers who visit the rest of the country.

If they receive adequate support to get through this historic crisis, our transportation companies will be ready and able to participate in the recovery of the tourism industry and the Canadian economy as a whole.

• (1525)

Thank you very much. I am ready to answer your questions.

[English]

The Chair: Thank you very much, Stéphane.

Just before I turn to the last witnesses, for the members' benefit, the order of questions in the first round will be Todd Doherty, Peter Fragiskatos, Mr. Ste-Marie and Mr. Julian.

We are turning now to the London Transport Commission and Ms. Kelly Paleczny. Ms. Paleczny, the floor is yours.

Ms. Kelly Paleczny (General Manager, London Transit Commission): Thank you very much.

Good afternoon, honourable chairman and members of the Standing Committee on Finance. Thank you for inviting me today to discuss the impacts of the COVID-19 pandemic on public transportation.

My name is Kelly Paleczny, and I'm the general manager of the London Transit Commission in London, Ontario. I also serve as chair of the board of the Ontario Public Transit Association and I am an executive member of the Canadian Urban Transit Association.

I've been invited here today to speak to you on behalf of the London Transit Commission. Based on ridership, we are the 15th-largest transit agency in Canada. In 2019 we moved 24.9 million passengers and collected \$34.2 million in revenues.

Our transit service provides Londoners with access to their community, bringing patients and employees to our city's hospitals, students to local high schools or Western University or Fanshawe College, workers to our industrial parks, or shoppers to every corner of our city.

Prior to mid-March of this year, the London Transit Commission was beginning work on an exciting new infrastructure project to bring bus rapid transit to London. The federal government committed to investing \$123 million in our rapid transit initiative and supporting projects in 2019. The accessibility, frequency and reliability of public transit were set to improve in our fast-growing city. Our mayor has also recently outlined his intention to transition our fleet to zero-emission buses in the near future.

Then the pandemic hit. In response, in the interests of public health and in an effort to continue moving essential workers to and from their workplaces, our transit agency, like hundreds of others in Canada, moved to rear-door boarding of buses to encourage physical distancing between drivers and passengers. We also heightened cleaning and disinfecting of our fleet and maintenance facilities, among other measures, to ensure that the transit service is offered in a safe and sanitary environment for all.

These measures have been rolled out while our transit agency has forgone the collection of revenues in the interests of public safety. This deprives the London Transit Commission of our largest revenue source, but the service must continue to operate for essential workers as they continue to battle the pandemic.

In an effort to address the budget shortfalls associated with the lost revenue, London Transit has reduced service levels to approximately 70% of what they would normally be and cancelled the service improvements planned for the fall of this year. We have depleted two of our operating reserves in order to cover shortfalls through June and have now put the city on notice that we are out of funding options.

As in other provinces and territories, municipalities in Ontario are prevented from running deficits. This means that there is not much of a local funding backstop available for transit agencies in their hour of need.

It's critical for higher orders of government to support transit, given that they have the fiscal tools at their disposal that city governments lack. We urgently need federal and provincial support for emergency operating funding. This support will avoid doing decades of damage to our transit networks and reinforce our ability to decarbonize the public transit sector.

As our communities slowly begin to reopen and as our economy begins to rebuild, it's critical to have well-functioning public transit systems. We move people to jobs, appointments, attractions, classes and pretty much everything in between. We cannot afford to have our transit agencies on their knees and contemplating service cuts and layoffs while customers continue to return to our service.

Just this past week, as Ontario slowly began to loosen restrictions, we saw ridership increase by 10% over the previous week in London. Service reductions at this time will hamper our local and national recovery efforts and could encourage transit riders to move back to their cars.

I would like to thank members of this committee and members of the House of Commons for coming together to support Canadians during the pandemic. Your work and dedication have been exemplary. So, too, have been the efforts of front-line transit workers. It's time to support those efforts to ensure that our communities have the safe and reliable transit services they deserve.

Thank you for the opportunity to address the committee. I would be pleased to answer any questions.

• (1530)

The Chair: Thank you very much, Kelly.

We will go to the first round for six minutes. We'll start with Mr. Doherty.

The Clerk of the Committee (Mr. David Gagnon): Mr. Chair, I'm sorry to interrupt. I just want to mention to you that we also have a witness from the Canadian Ferry Association.

The Chair: Oh, he's not on my list. We brought him in yesterday.

The Clerk: It was a last-minute addition.

The Chair: That's right. I'm sorry. I think I said at the time that I couldn't believe how we missed the ferry service.

Okay, please go ahead.

Mr. Serge Buy (Chief Executive Officer, Canadian Ferry Association): Thank you, Mr. Chair.

I wanted to thank you for giving the Canadian Ferry Association a voice at the committee.

Our members transport over 55 million people, 22 million vehicles, and billions of dollars of goods—at least, they did until COVID-19. Ferry operators have seen a dramatic drop in ridership, which is to be expected with the situation we're in. However, as they provide a vital link to the communities they serve, we were asked to continue to provide similar services.

It's a vital link, yes, but who will pay the bill?

Let me first congratulate the elected officials, their political staff and the public service on the impressive effort to support Canadians and the Canadian economy during this crisis. However, when programs are created so quickly, they often need to be tweaked to better reflect the reality on the ground. This is not an exception.

I will raise three specific issues: eligibility under the Canada emergency wage subsidy program, with two examples, BC Ferries and the Ottawa River ferries; a program for vital transportation service; and the financial impact of temporary measures, should they be prolonged.

Let me give you the example of BC Ferries, which represents 35% of our sector. It provides crucial linkages to coastal communities in British Columbia. Some of you are living in those communities right now. It is a private company created by provincial legislation to deliver coastal ferry services in the province. It has one owner and is a not-for-profit corporation, but for tax purposes under the Income Tax Act, it is recognized as being owned by the Province of British Columbia. Eighty per cent of its revenues come from ferry users. With a decline of 80% in traffic, the losses have been staggering for the company, in the range of \$1 million to \$1.5 million per day.

Due to the unique nature of its ownership, its only path for eligibility under the Canada emergency wage subsidy program is to be declared a "prescribed organization". Provincial ministers have written to their federal counterparts, and we have raised this issue ourselves numerous times. To date we do not have a response.

If BC Ferries is not designated as a prescribed entity, rest assured that this will have a dramatic impact, not only on the company, but on the whole sector in Canada. BC Ferries is a world leader in its class and is recognized as such internationally. The impact will be felt on the environment, on employment and on the recovery of the communities served.

This committee could recommend that BC Ferries be made a prescribed organization under the act. We hope you will act on this.

Some of our members, mainly located around the Ottawa River in Quebec and Ontario, as another example, are not eligible for the Canada emergency wage subsidy program as they had no revenues in March, April and May of 2019. This is due to the flooding that year from the Ottawa River, which prevented them from operating their ferries until mid-June to late June of 2019. These operators, their employees and the communities they serve see themselves victimized three times: by the flooding in 2019, by COVID-19 in 2020 and now by the inflexibility of the program. Surely we can't turn to them and say that they would have qualified if only one disaster had hit them but not if they have two disasters. Common sense will hopefully prevail.

We also need a program for vital transportation services, especially for those regulated by the federal government, regardless of the technicality of who owns them. They provide a service that is vital for Canadians and they need to be supported. They include private companies such as Oceanex, municipalities, first nations and provincial agencies. We can't ask organizations to keep deliver-

ing services for extended periods of time while getting no or almost no revenues from them and receiving no support.

I would like to raise one last issue. We also need to look at the impact of rules put in place by Transport Canada. One of those rules, as an example, asks that operators in some cases limit ridership to 50% of their usual capacity. This rule ends on June 30, but could be extended. If it is, who will compensate ferry operators for the continuing losses they will incur? We need some clarity on this question.

We have raised these issues numerous times. Most senior public servants we've talked to indicate that we're making a compelling case for both BC Ferries and our members affected by the flood to be included in the Canada emergency wage subsidy program. We just need to get it done. There is a clear need for organizations that provide vital links for Canadians. The government needs to urgently provide clarity.

Thank you.

• (1535)

The Chair: Thank you very much, Serge. My apologies for almost missing you twice.

We'll go to six-minute rounds.

Todd Doherty, go ahead.

Mr. Todd Doherty (Cariboo—Prince George, CPC): Thank you, Mr. Chair.

This first question is for all of our witnesses. Just for confirmation, have you, as an individual association or as part of a national association, written letters to our federal government and pertinent ministers and have you received a response, yes or no?

I'll start with Mr. McKenna.

Mr. John McKenna: We've written three letters and also supporting emails to the Prime Minister and numerous ministers of Parliament, including the Minister of Finance and the Minister of Transport. No, we've not received an acknowledgement.

Mr. Todd Doherty: Thank you.

Mr. Buy, I'll ask you the same question.

Mr. Serge Buy: We've written to the federal government, to ministers and ministers' offices. I have to say that we have received replies from political staff. We have not received any definitive reply, though.

Mr. Todd Doherty: Okay.

Mr. D'Angelo, I'll ask you the same question.

Mr. Marco D'Angelo: Thank you. Our letter went in to the government at the end of March. Conversations are ongoing. We're optimistic that a solution will be here today. We're still working on getting the \$400 million we've been calling for.

Mr. Todd Doherty: Thank you.

Mr. Kendrick, would you comment?

Mr. Stuart Kendrick: It's the same. We've sent letters to and had discussions with both the Department of Finance and Transport Canada, with staffers as well as with the minister's office. The jurisdictional response is that it's a provincial issue.

Mr. Todd Doherty: Okay, thank you.

Mr. Lefebvre, would you comment?

[*Translation*]

Mr. Stéphane Lefebvre: We sent letters to the federal government, specifically to the Department of Transport and the Department of Finance. We received responses, but of course, we have to consider jurisdictions, both provincial and federal. That is where we are now.

[*English*]

Mr. Todd Doherty: Thank you.

This question is for Mr. McKenna. How many airlines are there operating in Canada currently?

Mr. John McKenna: Airlines are divided into categories depending on size.

Mr. Todd Doherty: Right.

Mr. John McKenna: There are roughly 45 airlines in Canada.

Mr. Todd Doherty: Okay.

You've written a number of articles in the newspaper and the media. How many of those airlines do you expect may not make it or recover from the COVID crisis?

• (1540)

Mr. John McKenna: I don't know for sure, but it's a significant number.

Mr. Todd Doherty: You represent 75% of the small tier III carriers, correct?

Mr. John McKenna: Yes, they're the regional carriers and the smaller carriers. There are some large carriers too, like Porter and Sunwing and so on.

Mr. Todd Doherty: Have the government responses and measures to this date been helpful or beneficial to the aviation industry?

Mr. John McKenna: There have been no plans that are designed for aviation and the high costs that we have as far as the industry goes. People have gone to the regular plans that are offered to everybody else.

Mr. Todd Doherty: Okay.

Mr. D'Angelo, you mentioned that during a national crisis there should be national leadership. To date, have you seen this national leadership?

Mr. Marco D'Angelo: We've seen it from mayors and transit systems across the country that are continuing to use their limited funds to keep the million people who are working on the front line of the pandemic getting to and from work. Mayors have been out front and warning about whether or not there will be federal support forthcoming.

Mr. Todd Doherty: Have you seen national leadership, though?

Mr. Marco D'Angelo: We have. The door's open and discussions are continuing. It's just a matter of landing on the right split between the senior levels of government, and that's what we're pushing. We're pushing for federal presence at the table.

Mr. Todd Doherty: Mr. Kendrick, with the introduction of low-cost carriers, potentially the Portage la Prairie 2008 incident and the rise in personal vehicles, bus traffic has seen a significant decrease. Would I be correct in saying that?

Mr. Stuart Kendrick: There has absolutely been a decrease, given the urbanization in western Canada and obviously the 2008 incident, which certainly had an impact, and lots of subsidized carriers are also encroaching on the private sector.

Mr. Todd Doherty: That furthers the divide between urban and rural communities, does it not?

Mr. Stuart Kendrick: It certainly does. It's obviously key to any network, whether Greyhound or any small carrier, that you have small-town Canada feed into the major networks for seamless connectivity.

Mr. Todd Doherty: Greyhound suspended all rural service to British Columbia in October 2018. In exchange, there were rights given to Greyhound in terms of more lucrative routes. Is that correct?

Mr. Stuart Kendrick: Yes, historically it's a federally regulated bus industry that is downloaded to each province. Specifically in the province of British Columbia, yes, correct, there used to be a model whereby you operated the high-density corridors and operated the smaller ones as part of the regulation. However, again, as small-town rural feeders and populations declined and subsidized carriers went out and operated on those routes, we saw a significant decline in ridership, which impacted that whole formula.

Mr. Todd Doherty: Has the carbon tax impacted the bus services or the regional bus services as well?

Mr. Stuart Kendrick: Yes. Any time you pay more dollars for fuel and tax, absolutely, that hurts, and there's the effect of customers who have the ability to have cars as well.

The Chair: We'll have to end that round there, Todd.

We'll go to Mr. Fragiskatos.

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

I'm going to start questions with Ms. Paleczny. If there's time remaining, I'll go to Mr. D'Angelo.

Ms. Paleczny, Kelly, thank you very much for taking the time to be here today. I know it's a very busy time back in London, but I have to tell you that your insight here is particularly helpful for the committee to understand not just London's position but the position of mid-sized cities at this time. Transit is important not just for large communities like Toronto, Vancouver and Montreal, but also for London and other medium-sized communities.

I know there are a number of challenges facing the LTC right now, but what would you say is the biggest challenge? How much, exactly, are you asking for in terms of assistance? If I could make it more specific, how much would you need to deal with that challenge?

Ms. Kelly Paleczny: I'll start with the last question first.

Up until the end of June, we're projecting a \$7.2-million shortfall. That's a combination of \$9.4 million in lost revenue and \$2.2 million in savings associated with personnel, given that we're providing less service, and savings in fuel, given that the price of fuel is lower than we budgeted. There are new costs associated with bus cleaning, PPE and those types of things. The net is \$7.2 million that we're looking at to the end of June.

We haven't really projected anything further, but essentially, that will continue to extrapolate throughout the year as we continue with this status quo.

I—

• (1545)

Mr. Peter Fragiskatos: Thank you very—

Ms. Kelly Paleczny: Go ahead.

Mr. Peter Fragiskatos: No, no, go ahead. You were about to say something else.

Ms. Kelly Paleczny: No, I just forgot what the first part of your question was.

Mr. Peter Fragiskatos: No, that's fine. It was a two-parter. The first part was the biggest challenge.

I know you're facing a number of challenges, but what is really at the top of the list when it comes to concerns right now at the LTC?

Ms. Kelly Paleczny: I would say continuing to provide a service that we know is vital to our community and doing so in a manner that is safe for our operators and our riders. We're struggling with that. We know that the demand out there right now is close to exceeding our ability to respond to it. We would like to put more service out, but obviously that's a struggle when we're looking at the shortfalls we're dealing with.

Mr. Peter Fragiskatos: Okay. Thank you.

You mentioned in your presentation, Kelly, the range of Londoners, the range of citizens who use our transit system. You talked about patients on their way to hospital. You talked about workers. You talked about students and shoppers. The list is very, very long.

I wonder if you could zero in on the types of commuters who are in a vulnerable position and who rely on transit as their only means of transportation. I'm thinking about seniors. I'm thinking about individuals who are physically disabled. Do you have any numbers on those on hand, by chance? Even more to the point, how critical is the transit system for folks in that position?

Ms. Kelly Paleczny: I can't say I have exact numbers. I can tell you that our specialized service continues to do approximately 200 trips a day. A large portion of those would be transporting people to and from dialysis treatments or other medical appointments for obviously critical, life-saving treatments. Seniors, obviously, continue

to rely on our service, but what we've heard over this period is that there are a number of front-line workers as well.

Every time we've even hinted at a service reduction or a service change of any sort, my phone immediately begins ringing from the coordinators of the local hospital, saying, "Are my employees still going to be able to get to and from work on transit? Is there anything you can do to work with us?" Certainly we've done what we can. We've modified some timings on routes to make sure that staff who are ending a shift time at 11:00 are able to catch that last bus and things like that.

We've also continued to provide weekday-level service out to our industrial areas. We know there are a number of employees who work in those areas who rely on transit every day.

Mr. Peter Fragiskatos: Thank you very much.

You mentioned that you're actively involved at the provincial level with OPTA and with CUTA. Could you speak from the perspective of medium-sized communities? Are you hearing the same sorts of challenges across the country when it comes to the problems faced by transit systems right now?

I will assume that the answer is yes, but perhaps you could add some details. I think it's really important to hear the perspective of medium-sized communities like those.

Ms. Kelly Paleczny: Absolutely. They have the same or similar issues, depending on the community and the various demographics within the community. There are very similar issues facing all of the transit systems. In terms of the province, and then obviously the country as well, transit systems have been meeting regularly, sharing best practices and looking for ways to navigate our way out of this.

Through talking with colleagues, I know that virtually every system in the country is looking for a way to get back to front-door boarding and to begin collecting fares again. We realize that the mode we're operating in right now is not sustainable, but we have to find a way that's safe for our operators and our passengers.

The Chair: This is your last question, Peter.

Mr. Peter Fragiskatos: Thank you, Chair.

Thank you very much, Ms. Paleczny. There are many reasons that the LTC has done so well in recent years, but your leadership has been absolutely critical.

Mr. D'Angelo, you said you're looking for a federal response here. I do agree that the federal government ought to be involved in offering a response to help transit systems, but are you engaging the provincial governments? I hope you are.

Mr. Marco D'Angelo: Yes, we are engaging provincial governments. We also recognize that transit systems in other countries, such as Britain and the U.S., have received national government support. The U.S. delivered a package for transit during the first week of the shutdown. Congress is debating a second package. Britain rescued London's underground system two weeks ago. Brazil and Hong Kong have also indicated that transit is part of their pandemic relief package, so yes, we are calling on—

Mr. Peter Fragiskatos: With respect, Mr. D'Angelo, Britain is a unitary state, as you know. The central government always plays the lead role there. In the United States, the states are helping as well. It's not just Washington.

I appreciate the work of CUTA on this. Please continue to advocate. Transit is a fundamental service, as we have heard.

Thank you.

• (1550)

The Chair: We'll have to end it there.

We'll go to Mr. Ste-Marie, followed by Mr. Julian.

Go ahead, Gabriel.

[*Translation*]

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

I would like to acknowledge all the witnesses and thank them for their presentations.

My first questions are for Mr. Lefebvre, president of Groupe Autocar Jeannois and president of the Fédération des transporteurs par autobus.

Mr. Lefebvre, the picture you painted of your industry is truly alarming and worrisome. In your opinion, how can we remedy the significant lack of cash flow and considerable loss of revenue for carriers providing charter and tourist transportation services?

Mr. Stéphane Lefebvre: Thank you for the question, Mr. Ste-Marie.

Currently, not many programs help our industry. Provincially, there are loan programs and training assistance programs but no direct support for our industry. We are not covered by any existing Quebec program, from the ministry of tourism, the ministry of transportation or the ministry of the economy and innovation.

Of course, our industry is very much tied to the tourism industry. Group travel contributes to Quebec's economy and the country's economy, and it allows foreigners to invest in our region.

We are looking at possible support measures. Financial assistance will be required for the recovery. We do not yet have any information that will apply to the buses, but there will be a limited capacity in terms of passenger numbers and measures to be observed. A bus that is not filled to its maximum capacity incurs costs, which we cannot pass on to our customers. We must remain competitive. We compete with many organizations around the world that provide the same services we do. We will certainly need help to overcome this challenge.

In addition, we have incurred losses and we are making zero income. If the crisis persists beyond 2020, and even into 2021, many businesses will find it difficult to meet all their financial commitments. Fixed costs also continue to add up.

Mr. Gabriel Ste-Marie: You say that few, if any, of the federal government measures and programs currently in place apply to your industry. Is that correct?

Mr. Stéphane Lefebvre: The federal measures, including the wage subsidy, have allowed us to maintain the basic structure of our organizations. I am talking about the companies that are eligible.

It has not permitted us to retain our drivers, as the current period has just been extended. We did not have that information in the beginning.

We had a huge cash shortfall and no cash inflow, so we were unable to sustain salaries for all employees in our businesses. As a result, this measure did not help us retain our workforce.

Another measure has been put in place in the form of a loan. We already have financing structures in place, as I mentioned at the outset. Some eligible companies have been able to receive \$40,000.

This amount is clearly not sufficient to make up for the lack of cash flow, which is significant for each vehicle. Offering only a return of capital on vehicles worth between \$600,000 and \$700,000 each is definitely not enough.

Mr. Gabriel Ste-Marie: If I understand you correctly, it is going to take more targeted measures.

I was struck by what you just said, that is, if the wage subsidy program had been announced for a longer period of time from the outset, you would have been able to keep your drivers. Maybe that is a message to send to the government; if they are already planning to extend the program, they should announce it right away, because it has a real impact on business.

As your company has very high fixed costs, it needs support as well. However, the support should not be just the equivalent of loans at market interest rates.

Did I understand you correctly?

Mr. Stéphane Lefebvre: Indeed you did.

Our financial structure is already fully loaded. Adding loans just to meet immediate cash flow needs therefore makes the structure more cumbersome. There is really a way to support what has been lost, and it would also help us keep our infrastructure in place. However, for the recovery, it will be important to see what can be done to allow travellers to continue to travel across the country and to develop mass tourism, which is economically essential for Canada and Quebec.

• (1555)

Mr. Gabriel Ste-Marie: Therefore, urgent action is needed to support companies in the short term.

You also spoke of the recovery in your presentation and in your answer to my first question.

In particular, you mentioned that, in that respect, it will be necessary to implement measures ensuring the safety of passengers, who may be fewer in number.

What could the government do to support you?

More generally, how do you see your operations resuming?

Mr. Stéphane Lefebvre: Resuming operations will be very difficult and very gradual. The fact that we have been deprived of our revenue for several months will make it difficult to maintain the infrastructure and buildings, as I mentioned earlier.

Our businesses, like many others, are simply not designed to support a total lack of income for six to twelve months. No business can afford a total lack of income and then go back to business as usual. This is therefore an important factor to consider.

In addition, when we reopen, we will have to implement special measures that are not normally included in our operating costs. Currently, we are seeking consistency. It will be important to have consistency among the provinces as well, because to be able to travel from one province to another and move freely with our vehicles, we must have the same level playing field and the same requirements in order to keep our passengers and our employees safe.

Mr. Gabriel Ste-Marie: Thank you.

I have questions for Mr. Buy, but I believe Mr. Easter is going to tell me my time is up.

I will be back on my second turn. I hope that you will allow me to ask more than one question, Mr. Chair.

[*English*]

The Chair: I am, but you'll get a second round, Gabriel.

We'll turn now to Mr. Julian, who'll be followed by Mr. Morantz.

Mr. Peter Julian (New Westminster—Burnaby, NDP): Thanks very much, Mr. Chair.

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

I think you've really struck a chord with the committee about the importance of providing supports for our transportation sector. Canada's the largest democracy on earth, and to make sure that after the pandemic Canadians can get from one part of the country or one part of the province or one part of the city to another, you're absolutely essential.

My questions will start with Mr. D'Angelo.

You made reference to \$400 million that the government has not approved. Can you tell us where these discussions are at and what we can do to force the government to actually provide the supports that are needed for our rapid transit systems?

Mr. Marco D'Angelo: Thanks for the question.

We've been working with both the provinces and the federal government, so we're very pleased. There are cities that are reopening, and in British Columbia, the province did step forward to provide certain guarantees to TransLink. Those have yet to be figured out by the senior levels of government.

To answer an earlier question as well, it shows that provinces are willing to be at the table. In Quebec some distribution of masks was facilitated by the Quebec association. That's been great. Also, the Premier of Ontario has been championing the need to get together at the table, because as the economy reopens, we're going to see ridership increase. Cities like Vancouver, Edmonton and Calgary are having double-digit increases just this—

Mr. Peter Julian: I'm sorry to interrupt, but what can we do to force the federal government to actually provide this funding? I've been hearing about this for weeks now. We had Jonathan Coté, chair of the mayors' council for TransLink in British Columbia, before this committee. The federal government hasn't moved, so what can we do as committee members to force the federal government to take on its responsibilities in this regard?

Mr. Marco D'Angelo: I think hearings like this are of assistance in bringing the message that senior levels of both governments need to act together, because municipalities are least able to provide all of this operational money. The federal government has been great for capital, and we thank them. It's part of the post-pandemic recovery. However, the argument we're still making is that our transit networks can't be broken over the next few months as we get through this operational rebuilding time. We feel the federal government has a unique role to play along with the provinces. Hopefully, that happens in the next couple of weeks.

Mr. Peter Julian: Okay. Thank you.

I'd like to go to Mr. Wardrop, Ms. Paleczny and Mr. Buy.

I'd like to confirm that you do not have access to the wage subsidy and currently you're not getting any supports from the federal government in any other way. Could the three of you quickly confirm to what extent you're getting supports?

• (1600)

Mr. Serge Buy: I can start, if you wish. A minority of our members have access to the wage subsidy. The great majority do not.

Ms. Kelly Paleczny: Some of our employees who are off on protected leave may have access to some supports, but other than that, there is nothing.

Mr. Dave Wardrop: In terms of any direct subsidies supporting operations, no, there isn't support in that regard. In terms of laid-off employees, there are of course programs available to help support those staff.

Mr. Peter Julian: Okay, thank you for that.

What you're confirming is that the federal government is not anywhere right now, and yet what you very eloquently said, in each of your cases, is how catastrophic this is if we're not providing those supports. The federal government gets most of the tax dollars, and certainly the banking sector has gotten hundreds of billions of dollars in support. It boggles my mind that the transportation sector, so vital for Canada, is not getting these supports.

Mr. Kendrick, as far as the intercity transportation network is concerned, my understanding is that intercity bus companies are asking for about \$26 million to hold the transportation sector in place so we can come through the pandemic and restore those transportation sectors. Can you confirm that, and can you confirm that the federal government, to date, has not taken its responsibilities to provide those supports?

Mr. Stuart Kendrick: Yes, I can confirm that the \$26 million is accurate for the coalition of five carriers that joined together in discussions with the federal government. I can also confirm that we have not had any positive response back.

Mr. Peter Julian: What is the difference between having that \$26 million and not having it?

Let's say the federal government continues to refuse while it shovels money at the banks and companies that work with offshore tax havens. What would happen if that \$26 million was not made available as quickly as possible to the intercity transportation sector?

Mr. Stuart Kendrick: Well, right now, four of the five carriers have zero operations. They've suspended service, and the one carrier has very limited service. What will happen is a fractured network, and possibly some companies won't survive post-COVID. That \$26 million will allow 50% frequency to remain consistent as customers get comfortable to travel again coming out of the restrictions in each province.

Mr. Peter Julian: I have just a final question.

The Chair: Peter, you'll have another supplementary—

Mr. Peter Julian: I just want to clarify that it's for six months.

The Chair: I will cut you back on the next round.

Go ahead and answer.

Mr. Peter Julian: I just want clarification that the \$26 million is for six months.

Mr. Stuart Kendrick: That is correct. It's for six months.

Mr. Peter Julian: Thank you.

Thanks, Chair.

The Chair: Okay.

Peter, I do want to clarify something, though, in your questioning. The federal government is not shovelling money to the banks. What they're doing is providing liquidity so the banks can provide

the loans to others, the same as we're providing liquidity to others. I wouldn't want the wrong impression to be left there. I'm not a great fan of the banks myself, but we want the right information out there.

We'll turn to Mr. Morantz, who will be followed by Ms. Koutrakis.

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

I want to address my questions to Mr. Wardrop.

In full disclosure, I worked very closely with Mr. Wardrop in my four years on council, particularly when I was chair of public works. We worked on many transit-related projects together, including the rapid transit projects.

Mr. Wardrop, just to get a sense of the scale of the problem, I know you talked about the percentage of reduction in ridership being 72%, but to put a number on it, what would a normal weekday ridership look like pre-COVID?

Mr. Dave Wardrop: Normal weekday ridership would be somewhere between 150,000 to 200,000. It would be approximately 150,000 rides per normal weekday ridership. Of course, what we're seeing now is, to repeat what we've often heard, unprecedented in all municipal services, particularly in transit. Transit is a big piece of the impact to municipal services, and we've gone from full and overfull buses to buses with two or three passengers.

• (1605)

Mr. Marty Morantz: Roughly what do you think it would be during a weekday now?

Mr. Dave Wardrop: It would probably be in the order of perhaps 10,000 rides.

Mr. Marty Morantz: That's a dramatic reduction.

Mr. Dave Wardrop: Perhaps there would be 20,000 or something in that order.

Mr. Marty Morantz: In the context of crisis, I know that Winnipeg Transit had lots of different plans in place. There was the rapid transit master plan. I know the city council had requisitioned a report on electrification. As well, there's the bus acquisition program.

Could you talk in broad terms about the effect this crisis will have on the ability of Winnipeg Transit to plan for the future?

Mr. Dave Wardrop: Clearly, there have been implications in terms of the self-funding. Winnipeg Transit is largely funded by fare-box revenue. Approximately 60% of regular transit operations are funded from fare-box revenue. That revenue has been impacted substantially, and many of our programs are funded on a cash-to-capital basis, meaning a pay-as-you-go cash flow, so there is the potential for long-term implications both in terms of operations and capital programming.

We're making best efforts to continue capital programming across many of our organizational initiatives and trying to maintain as much stimulus in the local economy as we can through capital programming, but there are limits to the point and extent that we can continue.

Mr. Marty Morantz: In terms of going forward, looking post-crisis, what measures will Winnipeg Transit be taking to try to make people feel more comfortable getting back on the bus? I know you talked about sanitizing. What other types of health measures will you be implementing, or what have you done so far?

Mr. Dave Wardrop: Like other transit agencies across the country, we've undertaken measures in communication via social media and onboard signage to communicate proper protocols in terms of spacing, in terms of not boarding if sick, and otherwise. We've undertaken substantive initiatives in terms of cleaning the interiors of buses and the application of medical-grade disinfections through electrostatic application.

We're balancing the need between providing an appropriate level of service with a safe level of service as well. We want to make sure that there's adequate capacity within the system to carry people without overcrowding. Although we have reduced our regular service to what we call an "enhanced Saturday service", whereby we operate Saturday buses with express routes, with local feeder routes and with industrial service, we also have a number of buses that we mobilize on an as-required basis to keep ridership served.

Mr. Marty Morantz: Thank you.

On another point—our next panel, ironically, is on supply chains—I wonder if you could discuss bus acquisitions and if you think this will have an effect on the planned number of buses you're acquiring or have an impact on transit's ability to maintain its standard supply of buses. New Flyer is one of the largest bus manufacturers in the world, basically, and it's right in Winnipeg. I'm curious to know what the supply chain impacts might be around that.

Mr. Dave Wardrop: Much of the capital budgeting for bus acquisitions had been approved and identified in advance of 2020, so in this immediate year there's probably not an immediate implication. That said, given some of the long-term implications of the funding and the availability of working cash flow, there is a risk of—

The Chair: We'll have to end it there, Marty. We're slightly over.

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

The Chair: Ms. Koutrakis is next, followed by Mr. Baldinelli.

Annie.

[Translation]

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

I would like to address my first question to Mr. Lefebvre.

Mr. Lefebvre, what steps are being taken to ensure the health and safety of employees and students who will use your services once schools reopen?

More specifically, how will your school bus services work once students are back at school?

• (1610)

Mr. Stéphane Lefebvre: Thank you for the question.

In Quebec, elementary students are already back at school, so we are providing school bus service, but we are not providing any chartered transportation other than school buses.

We have implemented measures in accordance with the recommendations made by workplace health and safety authorities and the Institut national de santé publique du Québec, which have provided us with suggestions on how to protect our drivers, in particular by providing them with personal protective equipment.

In addition, the maximum number of people we can accommodate in our vehicles is 11 or 12. All children must observe certain physical distancing measures. They must also wash their hands repeatedly in their institutions and in some of our vehicles. So measures have been put in place.

In Quebec, a joint committee has been formed with the tourism industry to align these measures with those of all provinces to make them consistent and keep our customers safe.

Ms. Annie Koutrakis: Have you assessed how much it will increase your expenses?

Mr. Stéphane Lefebvre: It is hard to evaluate that right now.

We have had great difficulty obtaining personal protective equipment due to the shortage of these products, whether it be surgical masks, goggles or hand-washing equipment. Another reason this is difficult to assess is that we do not know how long these measures will need to be maintained. If we did, we would be able to estimate how much money we would need to respond. This situation is extraordinary and was not anticipated by organizations when they established their costs of doing business. The costs are therefore difficult to assess, but they are still significant.

If we want to modify vehicles with equipment that is supposed to improve safety—which has not really been proven effective—we need the materials to do it, which is difficult. And there are other significant costs associated with purchasing such equipment.

[English]

Ms. Annie Koutrakis: Thank you.

Mr. D'Angelo, as we have all heard, we're talking about the "new normal" post-COVID-19. How can the federal government support the public transit industry to navigate the new normal in the short term and the long term? I know you have asked for \$400 million per month of revenue relief. Can you explain a little bit about how that will help? Where will this funding be allocated and used? What will this new normal look like?

Mr. Marco D'Angelo: Well, there's a great example in your home community of Laval. It is gradually resuming transit service as the city is reopening, so they welcomed back a lot of customers. The federal government can help by joining with provinces in providing emergency operating relief because, as you're well aware, a tremendous number of exciting capital projects are taking place in the greater Montreal area and in Laval over the next 10 years. We really don't want to put those important federal capital investments in jeopardy. Anything that could be done to help cities and systems like STL in operating would go a long way.

Ms. Annie Koutrakis: Thank you.

The Chair: Thank you all.

We'll turn to Mr. Baldinelli and then to Mr. Fraser.

Mr. Tony Baldinelli (Niagara Falls, CPC): Thank you, Mr. Chair.

Thanks to all of the witnesses for appearing today.

My comments are directed more to Mr. Lefebvre and Mr. Kendrick. I was particularly interested in hearing their comments with regard to tourism, mainly Mr. Lefebvre's. COVID-19 has had an immediate and, I dare say, devastating impact on the sector. I want to thank them for sharing their views on sector-specific needs and actions that we need moving forward.

Much has been discussed about the programs that have been created for the sector and the need for more sector-specific programs, but there are unintended consequences of some of the programs that exist already. I was just wondering if I could follow up.

I have a tour company in Niagara Falls, a transportation company that employs over 100 people and utilizes over 50 vehicles in its operations. Its issue is a federal insurance matter dealing with foreign tour operators. It was getting insurance through Export Development Canada at a reasonable cost to help operators underwrite the risk in important foreign markets like Japan, the U.K. and so on. However, as COVID struck, the company was informed by Export Development Canada that this insurance coverage would no longer exist. I'm wondering if Mr. Lefebvre and Mr. Kendrick had also heard or received any questions or concerns from industry representatives on that aspect.

• (1615)

Mr. Stuart Kendrick: I have not heard of any specific issues in relation to the insurance part of that, but obviously the FITs, the individual travellers from Japan and China and overseas.... I could tell you that a lot of the charter companies that we work with and the sightseeing business that we operate from Toronto to Niagara Falls are severely impacted pretty well. We don't expect to have any

operation on that part for the remainder of the 2020 calendar year. Hopefully, as we come out of the COVID issue, we can get some customer confidence, both overseas and within Canada, in using the service.

I'd be happy to follow up with some of the industry people to see if they've seen that, and get back to you on that.

Mr. Tony Baldinelli: Please. That would be great.

Mr. Lefebvre, have you heard anything from some of your stakeholders?

[Translation]

Mr. Stéphane Lefebvre: Our federation is currently discussing insurance. There is no reason to believe that we will have any trouble obtaining insurance for our new or existing customers, who we hope will come back to us. There is no indication that we will have trouble in Quebec in this regard. We also provide interprovincial transportation to Niagara Falls, Ontario, and there is no indication that we will have any trouble in that regard.

We are waiting for the borders to reopen, which will allow foreign tourists to return to our country. It will certainly have a significant impact on business activity in our industry.

[English]

Mr. Tony Baldinelli: Thank you.

If I could follow up, I'd like to ask Mr. Buy from the Canadian Ferry Association a question.

I was particularly interested in his comments with regard to the wage subsidy program and the notions with regard to the BC Ferry system. It's very similar to what occurs here in Niagara. Our two largest tourism employers are both government agencies, yet they receive no operational funding. Therefore, because they're classified as government operations, they can't get the wage subsidy.

Mr. Buy, can you tell us or indicate to us some of the reception that you've had to your request to be classed as a prescribed organization in order to receive the wage subsidy? I know that is something that we're looking for here in Niagara. We'd like to see that applied as well.

Mr. Serge Buy: We have had discussions with the Department of Finance and even with the Canada Revenue Agency, which delivers the program. As indicated, in any discussion we've had, the statement was that we made a compelling case for BC Ferries to be designated as a prescribed organization. As I've also mentioned, Minister Carole James and Minister Claire Trevena, the finance and transport ministers of British Columbia, both wrote to their counterparts in Ottawa, Bill Morneau and Marc Garneau. There is no official reply at this point, and to our understanding, this is no longer a bureaucratic process. It is now a decision that will need to be made by the ministers.

Mr. Tony Baldinelli: Thanks for that.

The Chair: Mr. Kendrick, please get back to the clerk on that insurance question.

I just want to follow up with Mr. Buy.

BC Ferries is not eligible for the CEWS, the wage subsidy, at all.

• (1620)

Mr. Serge Buy: No, BC Ferries is not.

It's a tricky one, Mr. Chair. BC Ferries operates as a private company. It is a private company. The way it is structured is that it has one share that is owned by a not-for-profit corporation. However, when the Government of British Columbia created legislation to make sure that the assets wouldn't go anywhere else, it created a second class of shares, which are the preferred shares, and kept those preferred shares so that the not-for-profit corporation would not be able to sell the assets of BC Ferries. That makes it, under the Income Tax Act, a provincial organization. In any other way, it's not. That's the problem.

The Chair: Okay, that's very good information for us to have.

We will follow up with Mr. Fraser and then go on to Mr. Ste-Marie.

Sean.

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

I'll start with a question that I'll pitch to both our transit and aviation witnesses.

One of the things that have been keeping me up at night is figuring out how quickly we're going to be able to safely reintroduce Canadians to their communities and the way that we move around. Short of a vaccine, what is it in your mind that is going to most put Canadians in a mindset where they feel safe to travel, whether it's by bus or by plane? How can the federal government allocate its resources to encourage people to take part in ordinary transportation or transit activities, knowing that they can do so without risk of becoming sick?

I'll go to the Canadian Urban Transit Association first and to Mr. McKenna second.

Mr. Marco D'Angelo: We have steps under way now to strongly recommend the wearing of masks because we understand that, as capacity comes back, having a full two metres isn't something that's going to be practical to maintain service levels.

We are involved with enhanced cleaning. We've issued more PPE. Many systems are looking at engineering how people board so that there's more contactless payment and so that we keep the operator inside a barrier. We're taking a number of initiatives that we think will help to welcome the public back and rebuild some of the confidence about being in close quarters.

Mr. Sean Fraser: I know we also have a guest from London on behalf of the transit organization. Before we go to Mr. McKenna, perhaps I'll give her an opportunity to comment.

Ms. Kelly Paleczny: I would just echo what Marco has said. We're certainly looking at everything that we can do to reassure our passengers that public transit is safe. We're looking to install those barriers in London. We're considering things like hand sanitizer on buses, increasing the cleaning and that type of thing. Again, one of the things that transit systems do very well is communicate and share best practices. We continue to have regular calls, looking for ways to navigate through this.

Mr. Sean Fraser: Mr. McKenna, I'm curious about your sector. When it comes to air travel, obviously it's taken a significant hit. Before there is that long-term recovery for the sector, Canadians are going to have to feel safe to board a plane. What's your advice for the sector, and how can the federal government play a role in encouraging Canadians to travel safely?

Mr. John McKenna: My first thought is that you're right. A recent poll conducted by one of our members indicates that 75% of Canadians say that they're going to be nervous about flying until there is a vaccine. That's really bad news for our industry.

What the government needs to do is work with us to determine how we can best reassure our passengers—and monitor passengers—for the foreseeable future, either through the taking of their temperature or through whatever.... The government needs to work with us to work out the best possible way of doing this that will hinder passenger flow as little as possible. We want it to not come out with measures that would make flying unaffordable. We're looking at various things.

We're hoping to have it all out with government on all those issues. We're just starting to do that.

Mr. Sean Fraser: Mr. D'Angelo, you talked a little bit during your opening remarks about the jurisdictional divide and not wanting that to get in the way of achieving progress. I'm not afraid to take part in discussions around transit. I mean, anybody who looks at the past four years will see that we had the largest investment in the history of public transit in Canada.

In our spending and investments to date, there has always been a partnership with the provinces. I'm curious, though; you do want to see federal leadership. Can you describe to me what you think the appropriate role is for the provinces, which do ordinarily have jurisdiction over transit organizations?

• (1625)

Mr. Marco D'Angelo: Nobody disagrees that the provinces need to be at the table. Our position is that federal leadership is what will get them there. We have to get to a “yes”. Certainly, the provinces are expressing flexibility in working with the federal government and with cities across the country to keep transit moving.

Everybody needs to be at the table. I think that was our central point.

Mr. Sean Fraser: Thank you very much, Mr. Chair. That's my time.

The Chair: We'll turn to Mr. Ste-Marie.

[*Translation*]

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

My questions are for Mr. Buy.

Mr. Buy, thank you very much for your very moving presentation. First, I would like to make a comment on the last case raised, the one from British Columbia. To my knowledge, the Minister of Finance has the authority to change the wage subsidy program, and if the company in question were a purely public company, the government would be able to give it the subsidy.

I would like to come back to the ferry situation on the Ottawa River. I was flabbergasted when you said that, if these companies had been hit by one disaster, they would have been eligible for the subsidy, but because they have been hit by two disasters, the government is letting them down.

Have you asked the government about this, and did you get a response?

[*English*]

Mr. Serge Buy: We are certainly very disappointed by that situation. Those operators did everything they could to rebuild their businesses after the floods. They suffered large losses after the flood of 2019. We had several members of Parliament and others taking pictures with sandbags. That's great; we now need to move forward and actually support those operators.

They recovered somewhat after the flood, and then the pandemic hit. They were told that because they had no revenues when the flood was there, no, they would not be eligible. I have to say that the department officials I talked to were very sensitive to that situation. They just said they didn't have the authority to change that. It would require a change in the legislation to change that.

The BC Ferries case, as you mentioned, is a ministerial decision, but for the period that you qualify under, I think it's going to be a change in the legislation. We understand that several issues are there for that period of time, with small business start-ups, etc., and we understand that it could be part of a package of changes that you may see at one point. We hope that's done sooner rather than later.

[*Translation*]

Mr. Gabriel Ste-Marie: A change is absolutely necessary because, as you said, these companies have been victimized three times. They have been affected by the floods, by COVID-19, and now by their ineligibility for the Canada emergency wage subsidy. Let me assure you that all committee members are listening to you

and that we will put pressure on the government in the House—that is where we can do it, as you say—to change it.

On another note, what adaptation measures are needed to ensure that ferries can continue to operate during the COVID-19 pandemic? Do many changes need to be made?

What would the changes cost?

[*English*]

Mr. Serge Buy: You know, I'm very interested that you asked that question.

This will be short, because I see Mr. Chair saying that it should be short.

[*Translation*]

Mr. Gabriel Ste-Marie: Mr. Chair—

[*English*]

Mr. Serge Buy: We understand there are discussions for public transit infrastructure for municipalities, etc. We don't want to create a divide in this country between urban and rural regions. Ferries often serve rural regions. We had a gentleman here from Greyhound, which also services intercity and rural regions. We do have to be careful. Whatever is done and whatever package is put in place will have to be comprehensive. It will need to deal with ferries, with public transit and with airlines that serve those isolated communities.

• (1630)

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you.

[*English*]

The Chair: Thank you. That is a very valid point.

Mr. Julian.

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

I think you've all stressed the importance of the transportation system to regular Canadians, to students, seniors, low-income families, essential workers and front-line workers. If we see what I believe you're talking about, which is the largest collapse of public transit in Canadian history unless the federal government takes its responsibilities, that will have a profound impact on people right across this country.

Mr. D'Angelo, I'd like to come back to you particularly when it comes to paratransit. A lot of people with disabilities use the transit systems, very often specific services. What will be the impact if the federal government doesn't step up in the next few days with the \$400 million per month you're asking for to get us through this crisis? Secondly, how important is it to ensure the operating expenses of transit systems so we don't see the largest collapse of public transit in Canadian history?

Mr. Marco D'Angelo: In terms of accessibility it's had quite an impact, and accessible transit is in communities big and small across the country. A lot of people who work in that industry are casual or part-time. Because of the lack of ridership, there have been some layoffs. It's really important that those lifelines will be there for those people who rely on those services, especially once day programs get started up, for example, for seniors or the developmentally challenged. Oftentimes when cuts are made, we want to make sure those who need it the most aren't the hardest hit. That's why we think it's important that both senior levels of government get together as soon as possible.

Mr. Peter Julian: Mr. Buy, you have shared some discussions you've had with the federal government around instituting and providing supports, for example, for BC Ferries, which is absolutely essential for the west coast of this country.

Can you share the correspondence you've sent and you've received thus far? Your request seems to be a very specific one that should have been implemented and I can't for the life of me understand why it hasn't.

Mr. Serge Buy: I will share what I can, Mr. Julian.

Mr. Peter Julian: Thank you. That will be very helpful. In fact, in all of your cases, the more you can share with the committee, the more we can go to bat. I fear we've had these discussions now for a couple of months and we're now at a critical point where either our transit and transportation systems collapse or the federal government takes on its responsibilities.

Thank you for the time, Mr. Chair.

The Chair: We'll go to Mr. Doherty for four minutes.

Mr. Todd Doherty: Thank you, sir.

I just want to echo the comments of my colleague, Mr. Julian, as somebody who has spent 20-plus years in the transportation industry. Our recovery is going to be fundamentally tied to our nation's recovery and to the movement of goods and people. So, right across the spectrum I appreciate the testimony that we've heard today.

Mr. McKenna, I have a question for you. Many of my colleagues within my Conservative caucus and I would imagine many on this panel have received comments from constituents. Thousands and thousands of Canadians have been impacted. They had booked tickets for air travel and due to no fault of their own, obviously, those flights and those trips have been cancelled.

What is the Air Transport Association's position on the refund issue? You can't open a newspaper or turn on the media without seeing another story of another Canadian impacted by this.

• (1635)

Mr. John McKenna: I'm just surprised it took so long for that question to be tabled.

I think that carriers right now are struggling to survive; they don't have the cash flow. Not everybody has the same philosophy as far as our current policy on reimbursement goes. Many have done it. The few that don't have really caught the headlines.

I think that everybody, once they get past the hurdle of survival, will certainly do everything in their power to retain or re-attract

those customers. I don't think they want to act this way; I just don't think they have the capacity to do so right now.

Mr. Todd Doherty: Right.

Again, I don't think we can overstate the importance of air service into our rural communities, and to our communities in general. It connects families and it moves goods. I always said in my air service development days that air service attracts business to rural communities. It's very important, so thank you for that. I can't say enough about the great job our carriers do.

As an aviation family, I have family members who have been employed and impacted directly by the downturn.

We are about 11 weeks into this pandemic and this crisis, and you're saying that the discussions are just beginning with the government. That has to be disappointing when other countries have acted fast. Mr. D'Angelo commented on the transit sector, but that has to be disappointing for our aviation sector as well.

Mr. John McKenna: Yes, it's most frustrating also because time is of the essence here.

Mr. Todd Doherty: Correct.

Mr. John McKenna: For all modes of transport...but aviation has a particularly high fixed cost to meet, and they're just not doing it right now.

Mr. Todd Doherty: Our local airport just announced today that in terms of year over year, where last year 42,911 passengers flew through our airport, in the month of April this year there were 1,089 passengers. I think that is pretty indicative and systemic of what we're seeing right across the board.

Mr. McKenna, would you say that you can't just flip a switch and turn things back on? This is going to be a prolonged recovery.

Mr. John McKenna: Yes, for a number of reasons but consumer behaviour is going to be key in this, and opening up of the borders and so on; these are all factors that play into it. In fact, the International Air Transport Association, IATA, thinks it's going to take until 2023 before we get back to 2019 levels.

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

We'll turn to Ms. Dzerowicz, and then we'll go on to Elizabeth May for a couple of questions.

Julie.

Ms. Julie Dzerowicz (Davenport, Lib.): Thanks so much.

I want to thank everyone for their excellent presentations and for the great discussion today.

My first question is going to be directed to Mr. D'Angelo.

I read with interest a May 8 announcement, and you did refer to it. The B.C. provincial government had put out an announcement with TransLink that said two key things. They said they were working on a comprehensive solution with TransLink to address the major financial impacts during COVID-19. Then there was also a review of the transit service levels to ensure right levels, and they were looking to restart B.C.

Has that kind of model been done in all provinces with their major cities or their major transit systems?

Mr. Marco D'Angelo: Yes. In Toronto they have been working on what different levels of service will look like and what systems—

Ms. Julie Dzerowicz: With the province?

Mr. Marco D'Angelo: With the province, yes—and what systems can accommodate.

In a riding like Davenport, we're still seeing overcrowding even today on buses that travel through there to get essential workers to and from work.

That's why we think it's so important that the federal government take the lead on this with the provinces. As Mayor Tory said last Friday, we are facing a critical time and we can't wait any longer.

Ms. Julie Dzerowicz: Just so you know, I'm a born and bred downtown Torontonian. I can assure you that you do not have to tell me about the importance of our TTC to our lives here.

I know that two-thirds of the revenue for the TTC is actually via the fare box, and I know that ridership has fallen around 90%. Has the temporary decline in the revenue been offset by any operational changes or any other overall adjustments?

Mr. Marco D'Angelo: Yes. There have been some layoff notices that were announced in recent weeks but, again, as cities reopen it's totally the opposite of what's needed to respect physical distancing and help people to get back to work.

● (1640)

Ms. Julie Dzerowicz: That has been the only thing...just looking at some layoffs.

Mr. Marco D'Angelo: I would say also some diesel, because we've heard that service reductions are down a little. Repairs might be down a little, but overall, cities are providing full transit to those million people, and we need almost the full service to respect the two-metre rule and have adequate frequency. That's the challenge that lies before us and why we're asking the federal government to lead the discussion.

Ms. Julie Dzerowicz: Okay.

I'm going to continue the line of questioning that Ms. Koutrakis had started around the \$400 million and how you're hoping to spend it. I'd love a few more details.

This \$400 million that you're asking for, is it for a six-month period, or a one-year period? Is it directly just to help recoup, to make sure that we're paying the drivers, and are you asking an equal amount of the province?

Mr. Marco D'Angelo: It's a global figure of \$400 million a month, and we're open to whichever way the federal and provincial

governments can find agreement on how to split that. The bottom line is that this is what our systems are losing on a monthly basis.

As riders return, that amount would taper down until we land at a level of ridership such that our system would once again be sustainable.

Ms. Julie Dzerowicz: Thank you.

My last question is for Mr. McKenna, from the Air Transport Association of Canada.

By the way, I miss flying. I might be one of the few people in Canada who misses flying and would go on a plane tomorrow if I thought it was safe.

I want to continue a little with the line of questioning around regaining passenger confidence. In places such as Hong Kong, and maybe Taiwan, as soon as you arrive at an airport, they do testing. You have to wait until the testing is done. Then there's an app that you have to download, and you have to follow up for 14 days as you quarantine.

Would you recommend something such as that for Canada to be looking at, or a version of that, or are you seeing different systems around the world that you might want to draw our attention to, which might actually increase our passenger confidence?

Mr. John McKenna: Actually, we're looking at that right now, what's being done elsewhere, what the laws allow us to do, because the privacy laws in Canada are very strict.

We also have to be concerned about the different levels of airports in Canada. You can have a system for international airports, and others for regional airports. Regional airports can't necessarily afford to have the equipment that international airports have to have, so we're looking at all these elements.

Of course, international travel is a major concern. That's where a lot of the traffic flow goes. The big-city airports, part of the national airport system, could have a system in place, but I don't know if that's applicable to all the smaller regional airports. There are hundreds of regional airports in this country.

The Chair: Okay, thank you. I know cost is a big factor for Charlottetown and some of the smaller ones as well.

Now we'll turn to Elizabeth May for a couple of questions, and then I have one myself.

Ms. Elizabeth May (Saanich—Gulf Islands, GP): Thank you very much, Mr. Chair.

My question is for Mr. Kendrick. I'm picking up on something that Todd Doherty asked.

As you know, because you're the person quoted in all the news stories explaining to British Columbians and Albertans, we are losing Greyhound service. As you know, because you used to run it, there's no service between many of the communities in rural British Columbia and Alberta. If you look right across Canada, Saskatchewan has lost its bus service and the Maritimes have lost their bus service. I'm looking pre-pandemic and wondering whether anyone can make a case that this was a model that was working. As Mr. Doherty suggested, you have monopolies on the lucrative bus lines, particularly the ones in Ontario on Highway 401.

What would work better?

I'm then going to turn to Mr. D'Angelo to ask for more of a public-sector response. However, from the private sector, I really feel that you let us down.

Mr. Kendrick, I'm being honest with you. I'm really angry that you went ahead and cut the services in British Columbia, and you never spoke to the provincial minister, according to her statement. Minister Trevena and the media said Greyhound did not reach out to her first to ask for help before cancelling all those services.

I'll also add to this, that the missing and murdered indigenous women and girls inquiry linked the lack of public transit to why the marginalized, indigenous and vulnerable women were hitchhiking.

In your mind, what would have made that model work?

I'm going to ask the same question to Mr. D'Angelo.

Mr. Stuart Kendrick: Thanks for the question.

It would be several years and ongoing discussions with every level of government, provincially and federally, about the issues specifically in western Canada on the decline in ridership in rural B.C., Alberta, Manitoba and Saskatchewan. There's lots of documentation about Greyhound. Specifically, I was personally involved in several meetings over the years. I'm not sure why the announcement at the provincial level indicated that there wasn't some information provided in advance. I would be happy to share with you many documents that say just the opposite.

To get to the real issue, if you want to talk specifically of B.C. and most of the provinces in western Canada, the so-called monopoly of historically operating the high-density corridors and maintaining the rural routes, that worked 10 to 15 years ago. It stopped working when you started to see a decline in some of the rural populations. People were not riding the bus. When you rely on the fare box, that's how you pay your bills. You have lots of fixed costs and variable costs.

You've seen some money spent between Prince George and Prince Rupert and money spent on addressing some of the rural transit. It was all about the connectivity. That money at the time and

the northern health connectors and some of the interior health connectors was money well spent. But was it enough to allow Greyhound or a competitor who was coming in who had to run those routes to really remain? It all came down to fare box revenue.

• (1645)

Ms. Elizabeth May: If there's any time, Mr. Chair, I would like to put the same question to Mr. D'Angelo.

Is there another model that could work for our rural routes?

Mr. Marco D'Angelo: Well, we're not cancelling services. We're providing services and we're losing hundreds of millions of dollars a month doing so. We're an essential public service. We think there can be a role to assist with intercommunity transit, but our municipal systems are on the verge of collapse. We urgently need help now from the federal government.

Ms. Elizabeth May: Thank you.

The Chair: Okay. Thank you, all.

You can only lose hundreds of millions of dollars a month and survive so long.

I spent a fair bit of time this morning having a good conversation with the leadership of Maritime Bus, Coach Atlantic and T3 Transit, which covers all aspects of ground transportation to a certain extent in the Maritimes.

I will admit I'm having a little difficulty figuring out what the solution is in each aspect of your proposals. I know there are jurisdictional issues and there are even legislative issues related to BC Ferries.

I would ask each of you to boil down what you would propose is the simplest of your solutions that the federal government must do. Several have said that the federal government needs to provide leadership. That's probably true. It has to be in conjunction with municipalities and provinces. Could you boil it down?

I will go across the list, starting with you, Mr. McKenna.

Mr. John McKenna: Thank you, sir.

Actually, our industry needs liquidity. That's all we need. We don't need to get further in debt. We need liquidity. That's what we've been asking the government to provide. That's the answer.

The Chair: Thank you, Mr. McKenna.

Mr. D'Angelo.

Mr. Marco D'Angelo: Thank you, Chair.

I think you really explained what will happen to the system if the federal government doesn't act. This should not be a partisan or a jurisdictional issue. It's an issue of national importance. We have to find a way to help Canadians who depend on transit coast to coast every day. That's a role for the federal and provincial governments to figure out.

I appreciate saying that one more time.

The Chair: You're saying in this context it's \$400 million a month.

Mr. Marco D'Angelo: The current total is \$400 million per month.

The Chair: Mr. Wardrop.

Mr. Dave Wardrop: I'd like to echo those comments. The only other thing I might add is the importance of interjurisdictional coordination at the provincial level, at the municipal level and at the federal level. I think that's a key piece of this puzzle so that all programs are rolled out effectively and in a coordinated manner across the country.

The Chair: Thank you.

Mr. Kendrick.

Mr. Stuart Kendrick: It's the importance that the federal government really look at all modes of transportation specifically for customers who rely on intercity buses. There's the connectivity into municipal and provincial ferries and airlines as well. It's making sure as we come out of COVID that there are options for travel.

• (1650)

The Chair: If I could drill down, is it money? Is it liquidity?

Mr. Stuart Kendrick: Really, for the private sector, it's operating funds to allow that comfort level and consistent service while we come out of it.

The Chair: Okay. Thank you.

Mr. Lefebvre.

[*Translation*]

Mr. Stéphane Lefebvre: Thank you, Mr. Chair.

Our industry depends on the economy of each province in terms of international and local tourism. It is important that we have funds, not loans, to revive our industry. Our industry needs funds to recover what has been lost and to help it prosper and continue to operate, just like the airlines and rail companies, which are also in the tourism business and help Canadians discover their country.

[*English*]

The Chair: Thank you.

Ms. Paleczny.

Ms. Kelly Paleczny: I would just again echo what some of the previous speakers have said. The federal government signalling that it is interested in assisting our industry with the issues that we're facing right now will bring the provincial governments to the table and get those very important discussions started.

The Chair: Mr. Buy.

Mr. Serge Buy: It's fairly easy. Designating BC Ferries a prescribed organization is not a difficult thing. It can be done tonight. It could be moved to cabinet there. It's a fairly easy decision. The money is there.

Change the legislation to support organizations that can't show revenues in 2019 due to other disasters, and a program to assist the all-vital transportation services, not loan guarantees. I will agree with Mr. Kendrick. It needs to be operational cash, and that can be done maybe on a per passenger basis if needed.

If governments are looking for an easy way to do it, that's probably the easiest way.

The Chair: Okay, with that, we will have to end it. We have another panel, with eight witnesses, on shortly.

On behalf of the committee, I thank each and every one of you for coming forward and presenting your views, and your constructive criticism as well. We appreciate that.

Beyond that, we wish you all the best.

We will suspend for a moment and go to the next witnesses.

Thank you.

• (1650)

(Pause)

• (1710)

The Chair: I will officially call the meeting back to order.

This is the second panel of meeting number 31 of the House of Commons Standing Committee on Finance. We're operating pursuant to the order of reference from the House and meeting on the government's response to the COVID-19 pandemic.

I'll forgo any more preliminaries as we have eight witnesses on this panel.

I would ask witnesses to keep their remarks as close to five minutes as they can so that we can have a fair bit of time for questions.

With that, welcome again. We appreciate your coming.

We'll start with Chris Reynolds, president of Air Tindi Ltd.

Mr. Chris Reynolds (President, Air Tindi Ltd.): Thank you very much for allowing me the opportunity to speak.

I'll just give you a bit of background on Air Tindi. We have been operating in the Northwest Territories for the last 32 years, based out of Yellowknife. We are one of the larger employers in the city of Yellowknife—prior to COVID-19. We have about 200 employees, and 75% of our employees are Northwest Territories residents.

Our operation consists of basically servicing the north and the vast geography of the north. We have scheduled services, medevac flying, charter flying and specialized operations. Our scheduled services are all to remote communities. Most have no road access, so we're on short, unpaved runways. It's about 18% of our business. We fly scheduled flights from Yellowknife to Fort Simpson, Gamèti, Wekweèti, Whati and Lutselk'e. For a short term—for Michael there—we also flew to Fort Resolution on a scheduled flight.

We're the dedicated medevac provider for the Northwest Territories. It's about 25% of our business. Medevacs typically go from communities with no road access and only a small nursing station to larger centres such as Inuvik and Yellowknife, as well as Edmonton. Some of the medevacs we do are from extremely remote areas, such as the barren lands and the Arctic Ocean whale camps. We use off-strip aircraft for that, so they're on floats, skis and tundra tires. Right now, believe it or not, they would still be on skis in a lot of the north.

Charter operations—fly-in, fly-out—consist of operating mines, infrastructure requirements for the territory and government flights, and they are 16% of our business.

However, the vast majority is specialty operations. That's 40% of our business. That's operations in to abandoned runways, lakes, eskers and the tundra. That's specialty flight crews and specialty aircraft.

The Northwest Territories is pretty unique, as is Nunavut. There's a small number of airports—27 airports—in the Northwest Territories, but we actually use hundreds of landing spots per year. Those flights are for indigenous support, wildlife surveys, environmental monitoring, exploration and tourism.

Air Tindi has partnerships with indigenous organizations, including joint ventures with equity stake, in the following regions: Inuvialuit in northern NWT, Dehcho in western NWT, Tłı̨chǫ in central NWT, Akaitcho in eastern NWT, Kitikmeot in western Nunavut, Kivalliq and the Baffin area.

COVID-19, as everybody is aware, has an extreme impact on aviation. Air Tindi was not immune to that. In mid-March, we took bold, drastic steps to ensure our survival. Come April, we saw an almost immediate impact: a reduction in our revenue by at least 50%. That's played through in May as well, and it looks like our entire summer. Our best guess is June 2021 to see a slight uptick. Our business is highly seasonal due to the 24 hours of daylight in the Northwest Territories and the lack of airports. Usually, you're using the summer season with more light and better weather to do your flying.

Basically, right now, our medevac contract is our only consistent source of revenue. A closed Northwest Territories border does not realistically allow for non-Northwest Territories residents to stay employed while ensuring our social responsibility to reduce spread. We've had to lay off as much as 40% of our staff. We reduced our scheduled flights by 70%, and we had salary and hiring freezes, management salary deferrals, and deferrals or cancellations of other compensation programs.

The industry in the north has seen pretty much the same. There are some airlines—such as North-Wright Air out of Normal Wells, the Sahtu connector—that have shut down all scheduled flights during the containment phase. Others have drastic schedule cuts, and some tourist-based airlines will not survive this, as well as, I hear, some rotary-wing and other companies. There are some airlines that have received the majority of the relief and have not made any cuts.

Relief for us has been very important, very critical. The Northwest Territories government has been working well outside of nine to five to support our business and the important operations that we provide for the north in everything from health and food security to emergency response.

● (1715)

They advanced our medevac contract fees of \$1.2 million for a couple of months.

The Canada emergency wage subsidy has been incredible for us. We were able to bring back all of our employees in April, but that's with a sombre warning that it's due to subsidy only and not due to revenue. Our estimation of 2020 and 2021 revenue will likely mean Air Tindi will be 60% of our former size and many positions will be terminated when the emergency wage subsidy ends.

We were able to take advantage of the northern essential air service program. It's for the Northwest Territories, Yukon and Nunavut. That was for scheduled carriers to maintain a minimum amount of service. We received \$1.565 million, which allowed us to increase our scheduled flights by 10%.

We've done everything we could, including payment and insurance holidays from our lenders.

The BCAP has also been influential in securing an additional line of credit.

If further relief is not received, Air Tindi will have to go further and further into debt to survive. That model may not be survivable long term. We'll have to continue taking bold, drastic action to survive until next summer, and then continued relief in the form of grants or the emergency wage subsidy.

In 2021 we will be a much smaller company, with 40% fewer employees. We're hoping that will be enough.

With the economic impact of the closed Northwest Territories border, there are severe constraints on mining, infrastructure, exploration and tourism. With the vast geography of the north, the territories in particular, the Northwest Territories and Nunavut, the transportation costs are the largest hindrance to recovery and growth.

Government subsidization of those transportation costs for infrastructure support and development, mining and exploration, remediation, and tourism we think is key for economic stimuli.

In closing, Air Tindi is very thankful for the federal support—the emergency wage subsidy, BCAP and the northern essential air service program. I would like to caution that it should be not just for scheduled service carriers but also for tourism outfitters and the other ad hoc-type contract charter carriers that are very critical to the north and were not applicable.

Without further support, we may not be able to survive the pandemic. Economic stimulus in the form of a transportation subsidy is essential for long-term recovery and economic growth.

Thank you.

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

We'll turn to the Canadian American Business Council and Scotty Greenwood, CEO.

There's more than one way to get you across the border, Scotty. You're on.

Ms. Maryscott Greenwood (Chief Executive Officer, Canadian American Business Council): Thank you very much, Mr. Chairman and members of the committee. It's a pleasure to be with you this way.

More than any two countries in the world, the U.S. and Canada make things together as integrated economic partners. The U.S. sells more goods to Canada than to any country, more than it sells to China, Japan and the U.K. combined. That is why we believe that both countries must stand for a strong, common cross-border manufacturing response as we tackle the COVID-19 public health crisis and help our shared economies rebuild and recover.

Specifically, we believe that our two countries must continue to work together on a collaborative manufacturing response to COVID-19 to achieve the following basic four objectives: securing the availability of personal protective equipment in both countries; designing Canada-U.S. manufacturing solutions to replenish and maintain strategic stockpiles of medical equipment; continuing to ensure people and goods cross the border efficiently without interrupting our critical supply chains; and expanding market opportunities between our two countries in order to spur recovery and compete globally.

Maintaining an open and efficient supply chain through and beyond COVID-19 will save lives and help us in the fight against this pandemic. It will provide the infrastructure required for jump-starting the economy to compete with other regions of the world in a rapidly changing global economic environment.

We stand with a growing number of businesses, workers and advocacy organizations to urge our governments and all Canadians and Americans to stand together in the global marketplace, push aside those who would divide us and meet our global competition head on. As many may have read or seen, we started a rebound campaign: cabc.co/rebound.

I will just tell you briefly who has signed up so far and who joins us in this effort: AmCham Canada, American Chamber of Com-

merce in Quebec, Association of Equipment Manufacturers, Association of Oil Pipelines, BIOTEC Canada, Border Policy Research Institute, Business Council of Canada, Canada-U.S. Business Association, Canadian Food Exporters Association, Canada Arizona Business Council, CanAm Border Trade Alliance, Canadian Manufacturers and Exporters, Canadian Pharmacists Association, Consumer Health Products Canada, Council of the Great Lakes Region, Energy Equipment and Infrastructure Alliance, Food & Consumer Products of Canada, Future Borders Coalition, Government of Ontario, Government of Quebec, Greater Kansas City Chamber of Commerce, International Business Council of the Illinois Chamber of Commerce, Innovative Medicines Canada, Lake Champlain Regional Chamber of Commerce, Lake Placid Regional Office of Sustainable Tourism, MedTech Canada, NASCO, New England-Canada Business Council, New Hampshire-Canadian Trade Council, North Country Chamber of Commerce, Ohio-Canada Business Council, Ontario Chamber of Commerce, Pacific Northwest Transportation Services, Quebec Federation of Chambers of Commerce, the Business Council of New York State, the Canadian Chamber of Commerce, United States Chamber of Commerce, the Vermont Chamber of Commerce, Women in Trucking Association, Woodrow Wilson International Centre for Scholars, and John Hopkins University School of Advanced International Studies.

It's quite a list and the list is growing. We're inviting all citizens and organizations to join on to talk about how Canada and the United States need to address our challenges together and how we're stronger together.

Thank you very much.

• (1720)

The Chair: Thank you, Scotty.

Turning to the Canadian Produce Marketing Association, we have Ron Lemaire, president.

Mr. Ron Lemaire (President, Canadian Produce Marketing Association): Thank you, Mr. Chair and members of the committee.

On behalf of the Canadian Produce Marketing Association and our 850 companies across Canada, from our supply chain, basically farm gate to dinner plate, I am happy to share our comments around certain tools, incentives and tax measures that we feel are necessary to address some of the short-term and long-term issues that are going to happen to our sector due to COVID-19. You can find more information in the brief that has been submitted to the committee.

Since the start of the pandemic we've seen massive shifts within our markets. We will have both winners and losers. With Canadians staying at home and buying patterns shifting in the pandemic, at the end of April we saw retail sales up 8% for vegetables and 5% for fruit. Driving this were the staples, such as potatoes and onions, and that is currently starting to level off. Food service, representing 30% of our value chain, hasn't been so lucky. Catastrophic impact to this sector and those who supply it will be felt for years to come. While meal delivery and curbside pickup has lifted sales to restaurants for produce from zero to 20% and sometimes 30% of traditional volume, it will be a long recovery, as physical distancing and consumer fear will play a role in how restaurants reopen.

Many produce sales rely on volume due to small margins. When restaurants reopen, the physical space cannot accommodate the typical and needed sales within the size of the space and number of patrons. It will be a key decision. Without space and without patrons, restaurants might decide not to reopen, thus further impacting the entire supply chain.

One potential positive is the shift to e-commerce and click and collect. Some small restaurants and storefronts might decide to go online as they've been successful, and by doing so, reduce their lease costs and overhead, but this will mean not hiring the labour force they've traditionally hired.

We've also seen the opportunity for growers and suppliers to increase their e-commerce across the country, but without broadband Internet in rural communities, it's very difficult. It's key that we look at how we can add this access.

Many of our members, particularly those picking, packing and processing, are also being dramatically impacted due to the rising costs of inputs, access to labour, and operational changes. The government's announcement of \$77 million set aside for the broader processing industry is appreciated but won't truly support the scope of impact that all processing groups are seeing.

In a post-COVID world, business continuity will be the challenge as we transition. The complexity and seasonality of the industry means that large-scale and small-scale operations across our entire supply chain must have access to the programs and tools developed by government leading into and out of harvest.

We recognize that the government cannot continue to pump money into the system. However, programs such as the Canada emergency wage subsidy should be reviewed and extended beyond September for particularly hard-hit sectors, such as those who supply and operate within food service and the produce supply chain. The Canada emergency response benefit and the Canada emergency student benefit must also be adjusted to support unemployed Canadians without creating a disincentive to work.

Other programs and tools that require consideration include bankruptcy protection for produce sellers; targeted tax credits for essential services now required to change business practices and purchase new equipment, including PPE; and more effective programs to access operating capital for a sector that works within very small margins and limited available capital.

I mentioned the emergency response benefit. It has created unintended consequences, specifically in the short term for many pack-

ers, distributors, wholesalers and small retailers, as they're starting to see high levels of absenteeism and challenges in rehiring. With the reality they're now facing, the decision of workers to stay home and potentially not be exposed to COVID and collect the \$2,000 a month, many are choosing to pick CERB. The \$1,000 cap of allowable monthly income isn't quite enough to influence them to work within the industry. We suggest increasing the allowable income limit or providing targeted exemptions to allow Canadians to collect CERB and work within the produce supply chain over the next 10 months.

The emergency student benefit is another area that is creating a disincentive for students to work. Increasing the allowable income limit or providing a targeted exemption to the income limit could encourage more students to collect the benefit and work for essential providers such as the agriculture sector.

• (1725)

The recent announcement of incentives and the student wage subsidy for new hires was one of our asks, and we appreciate the recent positive move and implementation of the new youth employment program for agriculture.

It is important to note that many grower businesses only begin to generate revenue at the time of harvest, with many revenues for the current season's crop realized at the end of the year, so it's key that they don't necessarily qualify for the emergency wage subsidy and cannot demonstrate that decline of 30%. We need to look at how we can include more growers into that mix.

As well, the bankruptcy protection program does not support the produce industry. We've requested a PACA-like trust model to support fruit and vegetable growers and sellers in Canada. We encourage the government to continue to look at that program, as currently we do not have sufficient bankruptcy protection.

Finally, with the changes to business structure in our supply chain around the purchase of personal protective equipment, as well as other changes in our operations due to COVID, while we appreciate the funding of \$77 million, we are encouraging the implementation of a tax credit to support industry in procuring the equipment essential to keep employees safe.

We thank the government for all its work and recognize that it has implemented quite a few extreme measures at a very rapid level to support Canadians, as well as our sector. We're happy to continue to work with you to try to find more solutions as we move forward.

• (1730)

The Chair: Thank you, Ron.

We'll turn to CentrePort Canada, with Diane Gray, president and CEO.

Ms. Gray.

Ms. Diane Gray (President and Chief Executive Officer, CentrePort Canada): Mr. Chair and members, thank you very much for inviting me to participate today.

As mentioned, I am Diane Gray, president and CEO of CentrePort Canada.

CentrePort, for those of you who don't know, is a 20,000-acre tri-modal inland port project in Winnipeg, Manitoba. It has been planned as a complete community, and it's anchored by rail, truck and air cargo shipments, multiple industrial areas for business, residential and retail components, and educational and training services. With the support of all levels of government, we've put in place the necessary infrastructure, as well as other support services, including fast-tracked land development activities.

The objective ultimately is to attract economic activity based upon an ease of doing business. COVID-19 and the subsequent disruption to our economy has clearly caused some broad-based challenges. While some industrial sectors have been hit harder than others, I want to speak about a few issues that are shared commonly by many of the companies that I connect with either directly or through organizations like the Business Council of Manitoba, the Manitoba Trucking Association, the chambers of commerce in our province, Canadian Manufacturers and Exporters and the World Trade Centre Winnipeg.

I'll briefly highlight three of these issues as they relate to the topic of today's agenda: sustainability of business and supply chains.

The first is—and, Scotty, I'm going to emphasize something you said—the importance of maintaining and enhancing the North American supply chain. Viewing our economy through the continental lens is of critical importance to Canadian business and consumers. Keeping that border open has allowed our highly integrated North American economy to continue to serve business and people.

To give you a sense of how important that is to CentrePort and to the economy of Manitoba, I'll tell you that \$22.6 billion in trade moved through the Emerson border crossing south of Winnipeg last year, and that's the busiest point of entry in western Canada. As we seek to help businesses recover, we have to continue to look at how we enhance this regional advantage.

We all have examples to share of the value of our North American supply chain. That's not just Canada and the U.S. It's also french fries moving from the Simplot potato plant in Portage la Prairie, Manitoba, to Mexico City's McDonald's restaurants, with those same containers and trucks returning with avocados and other produce for Canadian consumers.

The point I'm making is that the border is important to trade and to our supply chains, and what we have to do is resist protectionism to keep our largest markets open to our businesses, particularly as they pivot on customers and suppliers. That's a next big component of what I'm going to talk about.

This is a conversation that's happening in many companies, particularly manufacturing companies right now in Canada, both SMEs and larger businesses, around repatriating assembly work and the sourcing of supply to the continent. At CentrePort, we're fielding calls from companies looking for a footprint to do just that to serve their North American customers.

Yesterday, a Quebec company confirmed its decision to open an assembly and logistics facility in CentrePort to serve its U.S. clients. Part of its decision relates to concerns over an American backlash to China, so we need to be cognizant of that. However, some of it relates to the security of its supply chain. Security is an issue that I think is not just COVID-related, but it is certainly one that has currently had a real and noticeable impact on both small and large companies.

New Flyer, a company you may have heard about, North America's largest bus manufacturing company, headquartered in Winnipeg, found that delays in parts that were being shipped out of China had a ripple effect, and that backed up its entire manufacturing process. It's one of those companies currently looking at how it streamlines and pivots on its supply chain activities.

In Canada, we should be concerning ourselves with capturing as many of the repatriated opportunities as possible. The dollar right now is currently an advantage to us, but we have to ensure that we have the infrastructure and the tax rates that allow businesses to invest in our country and not just those south of us. Canada should compete on how goods are produced. Process innovation and technology are the foundation of this approach.

The other point is one that was made in the Economist a few months ago: Visibility is velocity. This speaks to the importance of revolutionizing the tracking of supply chains and its importance to business.

- (1735)

The second issue I want to flag is certainty of markets and customers. Outside of food processing, most industrial businesses that produce things are being very cautious right now and are waiting to see the recovery in their order books before fully restarting.

Yesterday, Canadian Manufacturers and Exporters released some results of a study they did and it showed that over 70% of the manufacturing and export companies in our country have been impacted by COVID. With global trade challenged for the foreseeable future, certainly for finding new customers, businesses will have to look more locally and likely to potential customers on the continent.

If governments want to support the recovery of the Canadian economy, they need to be serious about Canadian technology and supporting, buying and using that technology even if it isn't the cheapest to be found. There are numerous examples of how we haven't bought from companies in our provinces, let alone our country. This includes electric buses, intelligent health care technologies and many others. Governments should lead the way through investment in and deployment of Canadian technologies wherever possible.

The third point is that e-commerce is here to stay, but does that really change anything? Certainly COVID has accelerated trends such as e-commerce adoption, distribution activity shifts and point-of-sale practices, but these were happening already. It would be good if North America's consumer goods economy isn't completely overtaken by Amazon, Walmart and Alibaba. We need to ask ourselves how we can support smaller retailers with rapid consumer goods distribution to meet market demands. There is no going back on grocery delivery either. All of these shifts will impact what the future hub-and-spoke model of distribution looks like and how localized the warehouses will need to be to meet market demands. The acceleration of technology and rapid market delivery will continue to create winners and losers in our economy.

I'll end on the suggestion that there are three main things the federal government can do to ensure the sustainability of our businesses and increase supply chain efficiencies. The first is to understand that recovery for some sectors is likely to be slow as long as companies' order books aren't full. They need help with access to capital, and in some cases, support in pivoting on markets and source products.

Second, please keep the business environment competitive through tax and other supports, including the adoption and deployment of new technologies.

Finally, continue to fund critical infrastructure to ensure that our Canadian-made, Canadian-grown or Canadian-sourced goods can reach their final destinations.

Thank you. I look forward to your questions.

The Chair: Thank you very much, Ms. Gray.

From the Chemistry Industry Association of Canada, we have Bob Masterson, president and CEO.

Bob.

Mr. Bob Masterson (President and Chief Executive Officer, Chemistry Industry Association of Canada): Thank you, Chairman Easter.

I'm pleased to be with you on behalf of Canada's chemical sector and the plastics manufacturers. For those who don't know us well, we're Canada's third-largest manufacturing industry, with about \$60 billion a year of shipments.

To begin, I want to extend our sector's appreciation to Parliament and to the Government of Canada for how quickly you have put in place a number of these measures to support individuals and the economy, businesses broadly. I'll speak to our sector. We haven't relied on those measures, but our customers have. They've been very important and you've really demonstrated leadership in this unprecedented challenge.

I have three brief messages for you with respect to the status of Canada's chemistry sector. It is resilient, responsive and poised to contribute to the economic recovery.

First, our chemistry sector is a highly resilient sector. There have been no material impacts on the sector from COVID-19. In our industry, over half of our members report that they are operating at normal levels of production for this time of year. We do have about 30% who say they're still operational but are operating at lower than normal levels. You can think of folks selling chemicals, paints and coatings to the automotive sector. There were a number of tough weeks there, but they were operational. We have another 20%, however, who are actually producing above normal capacity. Overall, the sector hasn't relied on any economic supports and it has no intention to rely on sector supports. It doesn't need a package and has experienced very few layoffs in any company across the sector. It's highly resilient.

Second, the chemistry sector is highly responsive and responsible. We produce very important water treatment and disinfection chemicals that are essential for public safety in a crisis such as this, and we've certainly seen a steep increase in demand for those products. We'll talk about plastics perhaps during some of the questions, but plastics were a pretty unwelcome product until COVID-19 came along, and all of a sudden, plastic products were in demand. You can think of the packaging of food. We have as members the folks who manufacture for the medical industry. The sanitary value of plastic is now understood in a way that we did, but folks such as yourselves and Canadians did not understand before this crisis. There's a very important role being played by plastics. You can think of all the PPE that is needed. There is so much plastic in there, so there are huge demands for those products.

Our members have also reconfigured their production processes. We have people such as BASF Canada, which makes paints and coatings in Windsor. They pivoted and now they're making hand sanitizer and donating that product. Shell Chemicals and Procter and Gamble Canada have also reconfigured their operations for the first time ever to produce these essential products to help with this response.

I'll give you one other example of how the industry has responded. This again was led by BASF Canada and Trimac, both of which are members of our association. They created a platform called the rapid response platform and it is now matching those that have PPE available with those that need PPE to restart their businesses. In the first week of operations alone, it has made matches between 10,000 organizations in Canada—in the one week it has been online. You go online and say you need 5,000 plastic gowns for your dentist office. Someone will come back online and you will get that. There were 10,000 matches in the first week alone, and we're very proud to have contributed to that.

Third and finally, this industry stands very well poised to assist with Canada's economic recovery. We currently have \$7 billion of new capital investment that has continued under construction. Despite this crisis, those projects are continuing. They will come online in late 2021 or early 2022, and you can imagine what a shot of support to the economy that \$7 billion of new investment will contribute. There are a few projects that were under way and have been deferred, and a few others that were proposed and are not yet going. Those projects currently total about \$11 billion, and we're confident that as we come out of this crisis we're going to hear that some of

them are going to move ahead as planned. The conditions will be there for them to continue to invest and to assist in the recovery.

Our large major facilities, though, have also had to defer all major capital investment because of this crisis. These projects, routine maintenance projects, can involve thousands of contractors and hundreds of millions of dollars. You just couldn't bring contractor staff in those numbers on site during COVID and risk contaminating your operators and taking your site down.

● (1740)

That activity is going to have to happen. Hopefully we come out of this recovery soon, in the coming weeks, and that can start to take place late in the summer and fall, or at worst early next year.

When you total that up, that's more than a billion dollars of pre-planned maintenance activity also happening in our sector.

When we put that all together again, the three messages are that the sector is highly resilient; it's highly responsive, and we do stand poised to contribute to the economic recovery. Certainly the provinces of Alberta, British Columbia, Ontario and Quebec are looking to the sector to continue to grow and support that economic recovery.

In closing, there are a couple of brief things I'd like to say. I'd like to offer our advice and perspective on what Canada can do to support that future growth and help the sector contribute to the economy.

First, it's essential for the Government of Canada to embrace the investment growth potential of the sector. Mr. Chairman, you've heard me characterize it in the past. It's been somewhat ambivalent. It needs to be enthusiastic. We need to be enthusiastic about the growth prospects of Canada's chemistry sector.

In particular, we would call on the federal government to bring forward the spirit of collaboration. We've seen through this health crisis the way the federal and provincial governments have worked so closely together to define the right roles and to take the right actions in an expeditious manner. We need to do the same thing with the economic recovery. We can't have the provinces rowing in one direction and the federal government in another. We have to see that coordinated response. If we can achieve that, it will be fantastic. That's the key thing we see. We want to see the federal government as enthusiastic as the provinces are about the growth opportunities in this sector.

Second and finally, I think we agree that our industry owns the issue of plastic waste. We have to solve that. We accept the federal government's agenda of what they wish to do, but I will assure you, if you want to convey a message to the global chemistry industry and plastics industry that you are ambivalent about its resilience, its responsibility, its responsiveness, and its investment growth prospects, go ahead and declare plastics toxic under CEPA as the means to regulate those. After what we've seen in this crisis, that will be a message to the sector that you don't really want the investment.

We think there are other tools you could use. We support the entire agenda, the actions the government wishes to take. We just urge you to use a regulatory tool other than declaring these necessary, sanitary and safe products toxic. We don't think Canadians support doing that. We as an association certainly don't support it.

I look forward to your questions.

Thank you again, Mr. Chairman, for the opportunity to speak.

• (1745)

The Chair: Thank you very much, Bob.

We go now to the Coalition of Concerned Manufacturers and Businesses of Canada, with Mr. Sobot and Mr. Sword.

Mr. Veso Sobot (Board Member, Coalition of Concerned Manufacturers and Businesses of Canada): Mr. Chair, thank you so much.

My name is Veso Sobot. I'm a director with the Coalition of Concerned Manufacturers and Businesses of Canada. We're based in Scarborough, Ontario. We have about 300 members, all Canadian companies, all looking to create valuable products and sell them in Canada and around the world.

Today I would like to offer some suggestions from the coalition on self-sufficiency in supply chains.

I'm going to pick it up where Bob Masterson left it. We're going to talk about the plastics sector a little bit. As Bob said, the benefits of plastic have never been as clear as they are today. The COVID epidemic has clearly shown Canada's strategic vulnerability and dependence on these products. We don't make them in this country as much as we used to, and we need to make them here. Plastics are made from natural gas. We have a strategic raw material advantage in this sector. Canada's plentiful natural gas supply gives us a cost advantage over countries like China, which derives its plastics from coal.

China has other advantages, however. China has a fixed currency, and Canada has a floating currency—advantage China. Manufacturers in Canada are subjected to class action law suits, and Chinese manufacturers are not—advantage China. Canadian manufacturers are subjected to strict environmental rules, and Chinese manufacturers are not—advantage China. Canadian manufacturers have to pay a carbon tax, and the Chinese do not—advantage China.

It's our contention that it's time for the federal government to advantage Canada. Here are recommendations for doing so.

Incentivize Canadians to repatriate manufacturing back to Canada, as they're doing in Japan and the United States. This will

alleviate a dependency on unfriendly foreign suppliers and strengthen our national security.

Create an expedited approvals process for Canadian companies, one that takes days, not months, and allow Canadian companies to get expedited approvals. The government of Canada appealed to manufacturers to retool and produce PPE here. Many of our members have done just that, only to find that the approvals process is the bottleneck. A member company has been waiting a month for approval from Health Canada for something as simple as a face shield, while other companies from Wuhan have their approvals. We urge the government to streamline and fast-track the process for Canadian companies.

Environment and Climate Change Canada is working to deem plastic toxic right now. As Bob mentioned, labelling plastic as toxic under CEPA would result in a less safe environment for workers and consumers, and thousands of job losses across Canada, without any benefit. Our members are telling us that they're finding it harder to get private equity for their investments because the government is going down this route. The federal government must drop this misguided initiative immediately.

We urge the government to stop investing in Chinese infrastructure, and instead take that money and invest it in Canadian infrastructure. Investing in Canadian infrastructure that lasts 50 to 100 years at these low interest rates means that future generations will receive that benefit, making it the best return on investment of all stimulus spending options. Let municipal needs and the free market supply the solutions necessary to create world-class infrastructure in Canada. Let's cut off giving money to China for its infrastructure.

I'd like to pass it on to my colleague, David Sword, to add a couple more recommendations.

• (1750)

Mr. David Sword (Board Member, Coalition of Concerned Manufacturers and Businesses of Canada): Thank you, Mr. Chair and committee members, for having us.

My name is David Sword, and I'm in the energy field. I'm also here to support the coalition in its overall position on manufacturing and energy in Canada.

There's a strong relationship between energy projects and the manufacturing sector in Canada. When anything energy-related needs to be built in this country, manufacturing benefits immediately and directly. Canadian manufacturing provides the necessary ingredients to help the energy sector both build and maintain its operations.

That brings us to natural gas. It's a vital fuel, and thankfully Canada has an abundant supply. Natural gas is in demand both within our country and worldwide.

That's where LNG comes into play. LNG is liquid natural gas, of course, natural gas that has been supercooled to form a liquid to enable ease of long-distance transportation. Natural gas is being used to help fuel economic growth and replace coal, and it is also a perfect fuel complement to the intermittent nature of renewable energy.

It's valued because of its cleaner-burning aspects in terms of air particulates, but the fuel also contains a fraction of the GHG content of coal. That's a fuel that's in wide use in Asia, and it continues to grow. For example, in China and India they add new coal plants annually, and now Japan is seeking to do the same.

Canada can and should play a vital role, a global role, in providing that fuel of choice to improve air quality and to be a supplier of choice, and also to get the capital investment and jobs that are in the sector and jobs in manufacturing. Doing that would help Canada's overall contribution to lowering global emissions. What goes up must come down somewhere, and it is truly a global issue.

We have to get more projects going. Just consider a tale of two countries, Canada and the United States. We are both rich in natural gas. We have abundant supplies, but the United States has gone from having virtually no exports and being poised to import to being one of the world's top natural gas exporters in less than a decade.

According to the FERC, the Federal Energy Regulatory Commission in Washington, the United States has seven existing export terminals, eight under construction, and 14 that have been approved for construction and are awaiting final investment decisions. Canada has two, and both are experiencing some form of difficulty. So in the LNG hockey game, the score is 29-2 for the United States.

We're a nation of builders, but we simply can't get big projects going well. The path must be cleared for such valued projects. Approvals have to be strict, but there must be a clear path to yes. If a proponent follows a very strict set of guidelines and strict rules, with public input and participation and with reasonable time frames, there has to be a signal to the proponent that they stand a strong chance of success if they follow the rules and the criteria.

We don't seem to enjoy that in Canada. That applies to all major projects going forward, and not just to the resource sector. Changes to major approvals were significant under Bill C-69, so it is our recommendation that the bill be amended with the series of recommendations that were submitted to the Senate during the debate on the legislation.

Virtually all sectors agree that in the absence of such a change, no large-sized project will be advanced, and certainly none will be undertaken, under this set of conditions. We do not think that stopping major projects and resource developments was the intended end result of Bill C-69, but it appears that that is what it has been.

Together, through effort, we can create jobs, improve air quality, have more successful manufacturing, and create an energy and economic future for Canada. LNG and manufacturing want to play that role. Our organization is going to be releasing a more comprehensive list of recommendations to help restart the economy, but this will be a major centrepiece of it.

Thank you for your time.

● (1755)

The Chair: Thank you for your presentation.

We turn now to the Macdonald-Laurier Institute, with Richard Fadden and Jonathan Berkshire Miller.

Richard, I guess you're up.

Mr. Richard Fadden (Former National Security Advisor to the Prime Minister, Advisory Council Member, Macdonald-Laurier Institute): Yes, thank you, Mr. Chairman.

Thank you very much for the opportunity to speak to you.

Let me start by saying that I'm not sure I can say a great deal that is useful to the committee about the details of self-sufficiency, or supply chains and how they've challenged our national ability to procure essential equipment and potentially, in due course, to acquire medicines and food. Rather, I'd like to say a few words about why we find ourselves, not just as a federal government but as a country, in not as good a position as we could be in to deal with crises like the one we're dealing with now.

Being able to deal effectively with crises or emergencies requires forethought, planning, coordination and the taking of actual decisions in terms of mitigation and emergency preparedness. What I'm talking about, of course, is emergency preparedness as an important stand-alone activity for all orders of government, for the private sector and indeed for individuals.

To be direct, and I believe accurate, we have not been, for decades, as good as we could have been in dealing with emergency preparedness. I want to stress that this comment is not directed at a particular government. From the time I was made a deputy minister by Mr. Chrétien, I heard virtually every prime minister and minister speak about emergency preparedness, and, to suggest that I'm an equal opportunity critic, I think the same criticism applies to the public servants and to me. We all talked a good line. We all took a few initial steps but, sometimes for good reasons and sometimes for not-so-great reasons, we did not do all we could do on the emergency preparedness front.

Parenthetically, and speaking as a Canadian, we have to find a way to deal with the challenge of democracies with regular elections making it difficult to deal with long-term issues. It's not unique to Canada, but it's a real problem.

First, I mean that in dealing with emergency preparedness, we have to think in an organized way about bad things—geopolitical and climatic issues, natural disasters and, of course, pandemics. The first part happens a fair bit, but it's the second step that we do not do as well as we could, which is to coordinate within and between governments and with the private sector with a view of agreeing on what can be done to prepare for and lessen the effects of the bad things. We need to expend both political capital and real capital to deal with these mitigating measures.

Aside from anything else, it means that decision-makers—again, I want to stress that I don't just mean politicians—must find the time, the energy and the interest to deal with assessments of future, long-term problems. Let me give you a good example that I think applies to the current situation. A few years ago, the United States National Intelligence Council issued a document entitled “Global Trends 2025”. What did they predict? They predicted the risk of a highly contagious respiratory disease that would likely cost the United States millions of deaths.

My last point is that, as we do this, we must not accept the argument of some that Canada can be an island in and of itself and develop manufacturing and other capabilities to deal with all our supply chain issues. The best way to do this is to work with our close allies. Here, I agree to some degree with Scotty and Ms. Gray. We need to deal effectively with the United States, but it cannot be only with the United States. The United States does not provide Canada with everything we need. This is helped by formal agreements with key allies on the nature of crises that we may face in the future.

One way or the other, we will make our dealing with future crises easier if we plan for them. I say this with not just the belief but the absolute conviction that the way the world is unfolding right now, with political friction, climatic effects and other things, we are going to have other crises.

I would urge you, Mr. Chairman, not to have your committee deal only with the effects of this one pandemic, but with future pandemics and future crises, be they natural disasters or of another nature. We have to do better on emergency preparedness. We have to do so at a federal level and on a national level and, in point of fact, industry needs to do better as well.

Thanks very much for listening, Mr. Chairman. I look forward to any questions.

● (1800)

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

Before I go to the last witness, I will tell you that the lineup for the first round of questions will be Mr. Poilievre first and then Mr. McLeod, Mr. Ste-Marie and Mr. Julian.

I am turning to the Sollio Cooperative Group, with Ghislain Gervais, president.

Mr. Gervais.

[*Translation*]

Mr. Ghislain Gervais (President, Sollio Cooperative Group): Thank you, Mr. Chair.

Good evening, everyone.

I am pleased to speak to you tonight, and I thank you for giving me the opportunity.

I will introduce myself first. I am Ghislain Gervais. I am a poultry producer in Saint-Guillaume in Centre-du-Québec. I operate an agricultural and grain farm with my wife, my son and my brother.

Mr. Ghislain Gervais: Since February 2016, I have been president of Sollio Cooperative Group, formerly known as La Coop fédérée.

Supply chains and food self-sufficiency are issues of great concern to us. In operation for nearly 100 years, Sollio Cooperative Group is the only Canada-wide agricultural supply cooperative. We represent more than 122,000 members, agricultural producers and consumers in 50 traditional agricultural and consumer cooperatives.

We have more than 15,000 employees in our three divisions: Sollio Agriculture supplies farms; Olymel specializes in pork and poultry farming and processing; and BMR is one of Quebec's leading retailers of construction materials and hardware.

Last year, our cooperative surpassed \$7 billion in consolidated sales, and this year we will surpass \$8 billion.

Having said that, I think it is important to bear in mind that our supply chains were under strain even before the pandemic, because of the strike at Canadian National, or CN, and the rail blockades, to say nothing of access to the Chinese market.

Agricultural producers and food processors are feeling the repercussions of the pandemic, which must be limited to protect the supply chain.

At Olymel alone, costs to date amount to more than \$20 million, not counting lost market margins. While unforeseen costs mount—costs we assume in their entirety—American processing plants are receiving direct government assistance to stay open.

Recently, we urged governments to create a specific assistance program to ensure the agri-food sector's viability and the food security of Canadians. Measures announced since then by the Canadian government are a step in the right direction, but still clearly not enough. The government must above all not presume that we will be able to withstand a second wave of the pandemic if the dire needs that became obvious during the first wave are ignored.

We have already learned some lessons, and I'd like to take this opportunity to share our thoughts with you. We have defined areas for action that correspond to our vision of the economic recovery to be undertaken. Our aim is to help the agri-food chain face current and future challenges.

First, there is the increase in productivity, which goes hand in hand with infrastructure automation and robotization.

Second, greater food self-sufficiency is necessary, but agri-food exporters must also be supported through investments in food processing.

Developing the vitality of the regions is also an important aspect of the recovery, in particular by stepping up the deployment of adequate telecommunications infrastructure.

Our fourth area for action is support for a more sustainable economy which we believe involves significant support for the digitization and performance of agriculture.

Another avenue to consider is the promotion and support of the cooperative model, which has proven its worth and makes it possible to develop large-scale companies. The cooperative business model also reflects Canadian values.

Promoting the frontline trades represents the last, but not least, area for action. There are still labour shortages despite our current unemployment rates. The last few months remind us how essential the frontline trades are to our businesses and that they need to be supported.

These are the avenues we are proposing to ensure your support is well targeted and our supply chains are protected. They are necessary in order for Canada to increase its food self-sufficiency, but also to protect its capacity and its reputation as a world-class exporter, which have recently suffered.

I thank you again for your invitation. I would be pleased to answer your questions.

• (1805)

[English]

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

Thank you to all the witnesses.

We'll go to a five-and-a-half-minute round now to get everybody in, starting with Mr. Poilievre.

The Clerk: Mr. Chair, I'm sorry to intervene. I think there's a witness from the Macdonald-Laurier Institute who wants to share some opening remarks.

The Chair: Okay.

The second witness from the Macdonald-Laurier Institute is Mr. Berkshire Miller.

The Clerk: Yes.

The Chair: Okay.

Mr. Berkshire Miller, go ahead.

Mr. Jonathan Berkshire Miller (Deputy Director, Centre for Advancing Canada's Interests Abroad and Senior Fellow, Mac-

donald-Laurier Institute): Thank you, Chair. I'm happy to be acknowledged as the closer today.

Thank you to the chair and the members of the committee. Thank you for the opportunity to speak to the standing committee during this extraordinary period.

This evening I would like to highlight some reflections, from my perspective, on how the emergence of COVID-19 has heightened some pre-existing risks to Canada's critical supply chains and consequently reinforced the need to deeply rethink not only the self-sufficiency of our supply chain, but also the sources we rely on for such materials.

As my background and expertise focus more on foreign affairs and security, I would like to tailor my remarks around that lens.

First, it is important to reiterate that while we are in an unprecedented time and grappling with a global pandemic, the crisis has also provided a moment of clarity for many countries, Canada included, on the importance of secure supply chains. Indeed, the lockdowns around the world induced by COVID-19 have revealed important weaknesses in supply chains for many multinational companies, including those that are Canadian and that Canadians rely on for critical supplies such as personal protective equipment, or PPE.

Indeed, acquiring PPE and ensuring a stable supply chain has been an enormous challenge for Canada since the pandemic was declared in March of this year. This has been particularly challenging because one of the main source countries for this PPE has been China, where the pandemic originated. Many Chinese companies have been engaged in horse-trading and often disingenuous auctioning of such supplies, in an apparent move to take advantage of an international market for PPE and other medical supplies that cannot be satiated in the near term as a result of the pandemic.

As some have aptly described it, the procurement of supplies in the COVID-19 era has turned into the wild west of procurement practices. Ethics and safety are often pushed to the sidelines in favour of rapid transactions and profit maximization.

Of course, China has not been the only challenge, as was mentioned earlier from other witnesses. There have also been critical strains in our procurement of materials from the United States—a key ally. There will be a time and a place to look back at procurement practices and particular episodes, such as Canadian planes returning from China empty-handed last month.

However, the more essential question that we need to think about, and think about imminently, is how Canada, both our government and our companies, can and should respond in order to emerge from this pandemic with stronger and more reliable supply chains. On this point, I would like to make a few observations and recommend guidance markers going forward.

First, we must prioritize safety in our supplies. This means, as others have mentioned as well, dealing with partners and allies who are committed to transparency, high-quality materials and unimpeded market practices. We can no longer wager bets on supply chain sources that are antithetical to our principles and our interests. More concerning, however, is when this reliance on questionable supply chains endangers our national security.

Second, the COVID-19 era has been instructive, not just as a moment of clarity on these vulnerabilities, but also on the opportunism of many other state actors—and often the state-owned or state-backed enterprises associated with them—that are intent on taking advantage of the economic stress that the pandemic has caused to a range of industries and companies, in Canada as well as our allies. Many such companies have found that their market share and value have plummeted over the past few months.

There are foreign state-backed investors who are voraciously looking at acquiring such companies in Canada and elsewhere at bargain basement prices. One such example would be the recent acquisition by the Chinese gold giant Shandong Gold Mining Co. of the Canadian company TMAC Resources.

Third, the geopolitical lessons from COVID-19—and there will be many that transcend our discussion today on supply chains—necessitate a robust, dynamic, engaged and interests-based rethink of Canada's foreign policy strategy. From my perspective, for example, we can't separate supply chain resiliency from other security risks, be it in the maritime realm, infrastructure building—which has been discussed a bit today—the cyber domain, or the nascent battle over technology, AI and the Internet of things.

• (1810)

As I noted at the onset of my remarks, Canada is not alone in grappling with this challenge, and it will be imperative to work ever more closely with our friends and allies, such as the United States, Australia, New Zealand, Japan, South Korea, the United Kingdom and the European Union. It will also be important to work with emerging partnerships such as India, ASEAN and so on. Moreover, Canada often underestimates its ability to build resiliency away from non-transparent markets. The imperative to diversify to our like-minded friends and allies in the Indo-Pacific, for example, has never been stronger.

In conclusion, this moment of challenge has brought clarity of purpose and should be seen as an awakening to reorient and rethink the nature of our partnerships and priorities overseas and to build an appropriate strategy to underpin this.

Thank you again, Mr. Chair and members.

The Chair: Thank you very much for those remarks.

We will now go to the first round. We're going to have to go tight on five minutes.

Mr. Poilievre, you're up, followed by Mr. McLeod.

Hon. Pierre Poilievre (Carleton, CPC): Thank you.

My question is about the buzzword economy. The buzzword economy is something that has flourished over the last four years, in particular in Canada, where the government announces some

buzzwords, and then a whole series of industry groups put those buzzwords in their marketing, PR and government relations materials and turn those materials into generous government subsidies.

We know the buzzwords of the recent past. They have included, for example, “innovation”. If you can put the word “innovation” in your application, you can get a grant from the industry department; you can be part of a supercluster, and you can feast on taxpayer money.

Then we heard the “green energy” buzzword. That was a very lucrative one. In Ontario, it has led to about \$100 billion of subsidies for windmills and solar panels, which, ironically, have higher emissions in their entire life cycle than do other, more traditional forms of electricity like hydroelectricity and nuclear, but they had the right buzzwords so they got enormous subsidies.

Now, because, quite rightly, we're concerned about how dependent we are on foreign supplies, the new buzzwords are “supply chain” or “self-sufficiency”, so all kinds of industry groups will plow those buzzwords into their materials in order to get grants and subsidies.

The thing is, grants and subsidies and buzzwords don't make us self-sufficient; they make us more dependent. Anything that has to be subsidized costs more than it makes. Every subsidy the government gives out, it must first take away from productive workers and entrepreneurs.

My question is for Mr. Sword and Mr. Sobot. It sounds to me like the kinds of industrial proposals you're making do not require subsidies and handouts and don't build on buzzwords. Rather, they build on basic free market economics, whereby the businesses are capable of producing something that's worth more than it costs and selling it on the open market without a handout.

Do you agree with my characterization? If so, can you expound on how we can liberate our economy to produce real value rather than just buzzwords and government subsidies?

Mr. David Sword: I'll take that. I'll go with that first. Thank you for the question. I appreciate it.

What the private sector needs is a clear path to bringing projects forward, and clear, definable goals and objectives. If I could put it in a different way—and everyone can relate to this—if you're going to build a deck in your backyard, there can be stringent regulations around when you bang the hammer, how you consult your neighbours in the neighbourhood, what type of wood you use and how deep the screws go in, but you should know going forward that if you have all the equipment and tools available to you, you can actually go ahead with it. That gets real money, because it's about \$2,000 to \$3,000 out of your pocket when that happens. We're talking about capital expenditures of \$10 billion to \$15 billion.

• (1815)

Hon. Pierre Poilievre: Right.

Mr. David Sword: It's just a staggering amount of money.

Hon. Pierre Poilievre: Mr. Sword, you're quite right. In fact, our staff put together the inventory of all energy and resource projects awaiting federal approval right now, and the number is actually \$20 billion. Most of it is natural gas-related; there's some oil and some other mining, but \$20 billion is just sitting in the queue.

The investors are twiddling their thumbs. The workers are sitting there, waiting around for the phone to ring to hear that their project has been approved. Meanwhile, we hear that we need more industrial subsidies for this latest buzzword-filled idea, when what they could really do if they wanted stimulus is to approve that \$20 billion of real projects. Do you agree with that characterization?

Mr. David Sword: I worked on the energy east pipeline project in support of it. It was a \$16-billion private sector investment. Apart from Alberta and the energy sector, the sector that would have benefited second to that would have been manufacturing all across the country. That was private sector money, coast to coast.

Hon. Pierre Poilievre: Right. That's real—

The Chair: This is your last question, Pierre. Go ahead.

Hon. Pierre Poilievre: That's real self-sufficiency and real supply chain integrity. You don't need the buzzwords, because it's actually real economic activity.

Mr. Sobot, did you want to expound on that as well?

Mr. Veso Sobot: Yes, very much so.

One word that's been bandied about in the construction sector for quite some time is “green”, in terms of infrastructure. Well, the truth is, what we need to do is infrastructure that is necessary for economic efficiency.

What has happened with the term “green infrastructure” is that fewer people are allowed to compete on the same project, which essentially has increased the cost of infrastructure across the country. I urge the government to drop the term “green”, because in effect it has limited competition and increased prices and has not provided the value necessary to justify it.

The Chair: Mr. McLeod is next, followed by Mr. Ste-Marie.

Michael.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Mr. Chair, and thank you to all the presenters today.

I was very happy to see Air Tindi and Chris Reynolds make a presentation. I'd like to ask Mr. Reynolds a question.

As he mentioned in his presentation, in the north, air carriers are the lifeline of our communities. They're essential for the health of our people, and they're essential for the safety of our people and our economy. Last month, the government provided the three territories with \$17.3 million for the northern carriers, which is a very good first step, but more is clearly needed, as I'm hearing from other companies, from other air carriers such as Landa Aviation.

In Mr. Reynolds' presentation, he mentioned a number of reports. I'd like him to maybe spell out the steps that he would like to see to ensure that northern aviation can weather the health and economic impacts of COVID-19 and keep northerners and northern goods moving.

Mr. Chris Reynolds: Thank you for the question.

Out of the \$8.7-million total grant that went to Northwest Territories airlines, Air Tindi was one of the five, and we were able to get a grant of \$1.5 million because we're a scheduled service operator.

Our biggest competitor, next door to us, is Summit Air. They're not a scheduled service carrier, but they do very important work. They fly food up the Sahtu valley from Yellowknife. Because they weren't a scheduled service carrier, they didn't receive anything. They're hurting, as are the tourist operators, as is the land aviation. North-Wright Airways and Northwestern Air Lease, those operators are very much hurting, and food security is in jeopardy in the long term if another phase of airline relief for the northern operators isn't done properly. Really, it's a matter of survival for them.

In the long term—2020, 2021 and 2022—I see government subsidization of transportation costs as the key to getting the exploration industry and the remediation industry back. There's a lot of industry work in remediation programs. Probably as much as 6% to 7% of our revenue last year was from remediation projects, but they're all cancelled. The tourism industry is badly hurt. The air transportation costs in the north are some of the biggest costs, and subsidies for transportation for northern carriers are quite key.

• (1820)

Mr. Michael McLeod: My next question is on the point you made about the wage subsidy. I'm very curious about your perspective on how your company can transition off the wage subsidy without compromising your ability to survive.

Mr. Chris Reynolds: We can only do that through employment terminations, unfortunately. Right now, I'm expecting that as much as 40% of our workforce based in the Northwest Territories will lose their jobs when the wage subsidy program ends at the end of August.

For us to survive, we have to contract; we have to get small. We have to wait it out, unless there's something else. Unfortunately, you can't gain back the experience needed to fly an airplane to these remote locations; it doesn't grow on a tree. It's very difficult to rebound from that.

Mr. Michael McLeod: I have one last question, Mr. Chair.

Prior to COVID-19, we had some real challenges when it came to pilots and getting pilots to the north. Everybody was trying to figure out how to do that.

What impact is this virus going to have on that? How much is it going to compound that issue?

Mr. Chris Reynolds: It's not. I can say, from my perspective, that the global aviation shortage for pilots and engineers is over and there's a backlog again.

I'm hoping that some of the good changes the industry made to promote pilot growth and train pilots across Canada who were needed for the world—some of those changes that made conditions better for young pilots—remain. That's our goal. But there's definitely not a shortage anymore.

Mr. Michael McLeod: Thank you.

The Chair: Thank you, both.

I'll turn to Mr. Ste-Marie, followed by Mr. Julian.

Gabriel.

[*Translation*]

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

Good evening, everyone.

Mr. Gervais, first I would like to thank you for your presentation.

Regarding food self-sufficiency, what assistance can the federal government provide to move us closer to food self-sufficiency?

Mr. Ghislain Gervais: Attaining food self-sufficiency will require investment in innovation.

It is important to know that operating margins are very slim in the agri-food industry. When something like COVID-19 happens, it is almost a perfect storm because the margins disappear.

We need innovation. To innovate, with robotics and modernized infrastructure, will need significant investments. However, when there is already no leeway, investments like that are more difficult because people cannot afford them. Whatever the situation, it will require innovation.

An agri-food innovation zone could be created. The potential for Canadian agri-food is immense. Canada has 37 million acres under cultivation. The Netherlands, with 2 million acres under cultivation, produces 11.2 times more agri-food value than Canada. An invest-

ment in this sector could increase that value and benefit the entire chain.

The potential is huge, and we could be part of the whole agri-food chain. It would have a major impact in all regions of Canada, build confidence in everyone involved and encourage them to invest more. It would have a snowball effect.

It could help to improve Canada's reputation as a supplier of safe and reliable food for its people, and help us continue to expand our reach into export markets.

Mr. Gabriel Ste-Marie: Thank you. That is clear.

You said you were hit hard by COVID-19 because your margins are slim. What impact would a second wave have on your industry?

Mr. Ghislain Gervais: Some companies are already very vulnerable owing to COVID-19. If there is a second wave later this fall, I feel some companies may not survive. That would jeopardize the country's food self-sufficiency, in a sense. If fewer Canadian companies are producing the food that Canadians need, we are putting our food self-sufficiency in the hands of other organizations or other countries.

• (1825)

Mr. Gabriel Ste-Marie: Producing at home obviously helps to ensure the vitality of our regions.

Mr. Ghislain Gervais: Yes.

Mr. Gabriel Ste-Marie: Could you tell us more about that?

Mr. Ghislain Gervais: We have used our cooperative business model to set up large cooperatives that have a major impact in the regions. The values guiding our decisions are honesty, accountability, solidarity and fairness. These are values cherished by Canadian society.

I have another example of our contribution to the Canadian economy. Over the past five years, we have paid out \$238 million in dividends to our members. Few \$8-billion companies in Canada have returned that much money to Canada's regions.

Mr. Gabriel Ste-Marie: I can tell you, I see it on the ground. The cooperative movement in agriculture, in particular, really makes all the difference.

We are talking about food self-sufficiency. Quebec's former Minister of Agriculture Jean Garon spoke of food sovereignty. He said that we would not try to start growing bananas here. His goal was for our exports to compensate for our imports. Exports are also important to our businesses.

How important are exports to your industry during this pandemic?

Mr. Ghislain Gervais: Due to the pandemic, we are unfortunately not able to add as much value to our export products as we would have liked.

It is important to know that all the products we succeed in exporting represent economic value that we can reinvest in modernization and elsewhere to better support our member producers. It also reduces the country's trade deficit. It is profitable.

Canadian pork production, for instance, has an excellent reputation. We are very good at it. It reduces the trade deficit, helps maintain investment in Quebec's regions and contributes to the economic vitality of the regions. Governments, in turn, receive significant tax revenue from these economic activities.

Mr. Gabriel Ste-Marie: Thank you.

Since I have a little time left, I am going to ask you one last question about exports, Mr. Gervais.

How is it going with China with regard to pork exports?

Mr. Ghislain Gervais: We were hit hard last year when China banned pork from Canada from June to November.

There is currently some partial opening. I say "partial" because we have a plant in Red Deer, Alberta, that still cannot export to China. For us and for the organization, it represents a \$2 million to \$3 million shortfall per week.

We have been enduring this shortfall for almost a year now. That is \$150 million less to maintain our operations, to invest and to return in wealth to our members in the regions of Quebec and Canada.

Mr. Gabriel Ste-Marie: I hope the message will be heard.

Thank you.

Mr. Ghislain Gervais: I hope so.

Thank you for your questions.

[*English*]

The Chair: Thank you, both.

We will turn to Mr. Julian, and then we'll start the second round with Mr. Morantz.

Mr. Peter Julian: Thanks, Mr. Chair.

Thanks to all of our witnesses for being here today. We certainly appreciate it and hope that your families are all safe and healthy.

I have a number of questions, so I'd like to get fairly quick responses.

First, to Ms. Greenwood and Mr. Sobot, you've both been talking about the issue of protective equipment. Ms. Greenwood, you were suggesting that we work with the United States, but last month, of course, Mr. Trump interfered in that process and actually banned 3M from exporting N95 masks to Canada.

As long as his erratic and irresponsible policy approaches are in place, does it not make more sense to really focus on building protective equipment manufacturing abilities here in Canada? That's a question I direct both to Ms. Greenwood and also to Mr. Sobot.

Ms. Maryscott Greenwood: Thank you very much, Mr. Julian, for the comment and the question.

No, I don't think it makes sense to try to be self-reliant. I think it would be almost impossible, very expensive and undesirable to try to not just unscramble the egg but unmake the omelette that is the North American integration.

With respect to your question on 3M, there was unfortunate rhetoric, I agree, coming out of the White House. We stood strongly against that rhetoric, but the reality was that Canada and Mexico both prevailed in gaining an exemption in the FEMA temporary final rule. The Federal Emergency Management Agency is a U.S. agency.

When it comes to personal protective equipment, Canada and Mexico are specifically exempted from the protectionist policy of the United States and the serve Americans first policy. Not only that, importantly, so are the—

• (1830)

Mr. Veso Sobot: I'm sorry to cut you off, but I want to go to Mr. Sobot, and I have a ton of other questions.

I do think we need to be more self-sufficient, especially in national security issues. I believe COVID was a great risk. However we can imagine greater risks than COVID. I think Canada needs the ability to manufacture right here and to make some of those key items that are necessary for Canadians' health. That would then help with the American relationship because we can sell back into the United States should they need it as well.

Mr. Peter Julian: Thank you very much for that.

Mr. Masterson, I actually come from the plastics sector. I started my work in a plastics factory in Delta, B.C.

The plastics industry—yes, you're absolutely right—has proven its worth through this pandemic, but the problem still exists of plastic waste and recycling. Certainly, on the coast of British Columbia, I can tell you that there are piles of plastic garbage that are found in certain parts of the coast.

What is the industry doing to dramatically reduce the amount of plastic waste and dramatically increase the amount of recycling that takes place in the industry?

Mr. Bob Masterson: Let me answer that in the reverse order.

First, as you know, in British Columbia the recycling system under Recycle BC is a 100% extended producer responsibility system. Those that produce packaging and put it into the economy are responsible for the cost of the recycling system. The number one thing we're doing is telling all the provinces that it is a model that has to be followed coast to coast. We have been effective in Ontario. Ontario is transitioning to the B.C. model. We're advocating for Alberta to do that. Quebec is going to have to figure that out as well.

Second, industry has to innovate, and there are some really exciting things happening. You have companies like Dow, which announced late last year that for the first time it is making a resin, a plastic material that goes into all the other products, that now contains 70% recovered plastic, creating that true circular economy.

The industry is committed to that. It's putting its own money where its mouth is, in innovation. It supports extended producer responsibility. It understands that it owns the issue of plastic waste and has to work with government officials and consumers to achieve that.

Mr. Peter Julian: Thank you very much.

Mr. Lemaire, you talked about the cap on the allowable limit for the CERB. That's something that preoccupies a number of us.

You are suggesting that we don't have that \$1,000 cap, and allow people to access the CERB but not have the kind of compression that exists right now, which makes it difficult for people to work, for example, in the produce sector and in the agricultural sector, at the same time that they are accessing the CERB from other businesses.

Is that not your suggestion to committee, that we raise the cap on the allowable limits that exist in the emergency benefit?

Mr. Ron Lemaire: Raising the cap would be one direction they could go in. I know an exemption may be too far for the agri-food industry or agricultural industry.

We need some type of incentive to bring Canadians back to the farm and to agriculture in the positions they can support. How do we do that? Rather than a disincentive, an incentive would be ideal. I know they mentioned that the student support was a good start. The other piece is how do we leverage the existing tools?

The Chair: We have Mr. Morantz, followed by Mr. Fragiskatos.

Marty.

Mr. Marty Morantz: Thank you, Mr. Chair. I want to direct my questions to Ms. Gray.

Ms. Gray, you talked in your opening comments—by the way, it's always great to have a fellow Manitoban on the panel; you're the second one today—about capturing opportunities. I want to see if you can elaborate on that a little bit.

You touched on viewing supply chains through a continental lens, tax competitiveness and critical infrastructure. I wonder if you could elaborate on those things, particularly around tax competitiveness.

Ms. Diane Gray: There are a number of companies right now—and I would say probably almost all, with maybe the chemical and plastics industries exempt from that—involved in some type of production that are examining their supply chains from a security perspective. Part of that is looking at the number of suppliers they have, the locations of those suppliers, the amount of inventory they are carrying and whether they have to carry more, and what the impact is on their overall production activity.

However, there are some new factors that are coming into play right now. As I mentioned before, with what we've heard from companies that have been talking to us—I'll say in the last three

weeks—about real estate opportunities and a place in Canada to locate what is clearly a reshoring of their business activity, it is directly related to some of the backlash against China. They talk about it primarily as an American thing, but I've read a fair bit that it's happening in some parts of Canada as well, from a customer perspective. The second part of that primarily relates to security.

Why are they looking at Canada as opposed to putting some of those production places directly into the United States? Well, they've talked about the overall cost of doing business. In Winnipeg, we have some competitive advantages, particularly in the manufacturing sector, with our hydroelectric and low-cost power, our land costs, our labour costs, particularly relative to other parts of Canada. It's certainly not as cheap as Mexico, but it's about the proximity to their customers. That is what is driving that.

You asked specifically about tax rates.

• (1835)

Mr. Marty Morantz: Yes.

Ms. Diane Gray: Tax rates are one component that a business considers when they look at the overall cost of doing business. Any company is going to look at their bottom line, and taxes obviously play a key component of the cost of doing business. Always pegging ourselves against our closest competitors on an overall tax rate I think is a realistic approach. It's not allowing those tax rates to get really out of whack, frankly.

Mr. Marty Morantz: Is there anything specific around taxation, though, that you have concerns with?

Ms. Diane Gray: Well, corporate income tax is a factor; provincial corporate business tax is a factor. Regulatory issues and approval times—and others have mentioned that—are all factors. It's not a specific tax. It's that overall cost of doing business and ease of doing business that I think sophisticated companies look at.

The Chair: A very quick question, please, Marty.

Mr. Marty Morantz: Can you elaborate for a second on the concept of a continental lens? I want to explore what you're saying.

Free trade is a fundamental aspect of how our economies are intertwined around the world, obviously, and that's an important and fundamental aspect of how our economy functions. When you talk about the concept of a continental lens, are you thinking of a retraction from that in some sense, or is it something else?

Ms. Diane Gray: It's not a retraction on global trade. I think it's a reflection on the current reality of global trade.

If companies indeed are starting to shorten suppliers or bring suppliers close to production activity, then they're going to be buying more from the continent. It's a partial reality. No one knows exactly when global trade is going to fully resume. Most companies are pegging that as a number of years off.

In the meantime, not only do they have to pivot on suppliers, but they have to pivot on where the newest customers are coming from. That's particularly important, I would say, to our smaller companies, our SMEs, because they may be most reliant on single suppliers or a single geography. They will need to move much more quickly in order to find new customers and support their supply chains or their companies are just going to go bankrupt, frankly.

The Chair: We'll have to end it there.

If somebody wants to add a supplementary to some of these answers, raise your hand. I might see you and I might not, because I can only get so many on the screen.

We're turning to Mr. Fragiskatos, then, who will be followed by Mr. Généreux.

Mr. Peter Fragiskatos: Thank you very much, Mr. Chair, and thank you to the witnesses.

My question goes to you, Ms. Greenwood. I heard you today and I also read with great interest your Policy Options piece that was published in early April.

To be very simple about it, in your view, are medical devices the new frontier from a trade perspective?

• (1840)

Ms. Maryscott Greenwood: Medical devices are the urgent need of a health crisis and a humanitarian crisis like the pandemic, but what we're saying is that whether it's medical devices or personal protective equipment now, the same applies to the economic recovery, and we advocate that Canada and the United States confront these things together. We've built things together anyway.

On the piece you mentioned, we advocate for an extension of the 1963 defence production sharing agreement between Canada and the United States, which is where we treat each other as domestic for the purpose of defence procurement. We've been doing that since the 1960s. We think we should do that for everything, particularly now that our economies are taxed.

Mr. Peter Fragiskatos: I wanted to ask you specifically about that idea because I think it's so interesting. In the Policy Options piece, you say the following in reference to the idea that we ought to have a guaranteed national treatment agreement in place for such firms:

Such an agreement would sweep away the obstructive tangles of international formalities and bureaucracies that frankly have no place in a situation like the one we are all living through right now. Both our governments need speed and flexibility, and so does business.

What international formalities and bureaucracies stand in the way of what you're ultimately proposing?

Ms. Maryscott Greenwood: Well, things in the United States, like when the U.S. uses section 232 to raise tariffs on steel and aluminum, and when the President of the United States or others threaten to not ship goods to our trading partners.... Whenever

something emerges—whether it's a non-tariff barrier or an actual tariff—that doesn't allow us to work together the way we mean to work together, those are the kinds of entanglements that make it inefficient and expensive and, when you think about a pandemic, actually could cause lives to be lost.

Mr. Peter Fragiskatos: Do you worry that because of the time we're in...? For example, you heard from Mr. Julian, who was talking about basically moving away from trade and focusing entirely on the domestic, on generating a domestic supply for some of these things, whether it's PPE or other vital necessities. Do you worry about a protectionist turn?

Frankly, we've already seen in the world in the past few years a protectionist turn, but it could become more pronounced. If it does, do you worry about that impeding exactly what you're calling for?

Ms. Maryscott Greenwood: Absolutely, we're very worried about a protectionist turn. Protectionism, particularly when you're thinking about Canada and the United States, just doesn't work. It's a natural human inclination in a difficult time to try to rely on ourselves as much as we can, but we make things together. Also, we need markets around the world. We have more abundant resources, capacity and innovations in Canada and the United States than our own people will ever consume, so we need markets.

Mr. Peter Fragiskatos: Thank you very much.

Ms. Maryscott Greenwood: Thank you.

Mr. Peter Fragiskatos: I've one last question, Mr. Chair, if I have time.

I can't hear you, Mr. Chair, so I'm just going to ask the question.

The Chair: Sorry, Peter. Mr. Masterson wants in on that question, too. I'll give you the time back.

Mr. Peter Fragiskatos: Okay.

Mr. Bob Masterson: Thank you.

I appreciate what Ms. Greenwood said, and I just want to provide that perspective from the chemistry sector. Again, we're your third-largest manufacturing sector, \$60 billion a year. Because we have the resources to make it here in Canada, 80% of what we make is exported to global markets. I think we have to keep that in mind when we are talking about whether we are going to intentionally restrict markets or try to keep them as open as possible. What is our philosophy and our orientation? Much of the resource sector is certainly export-oriented.

The Chair: This is the last question, Peter.

• (1845)

Mr. Peter Fragiskatos: Thank you very much.

My last question is for Mr. Fadden.

Mr. Fadden, thanks very much. I always appreciate your insight, especially because you're a former national security adviser to two prime ministers.

With regard to the point that you made—I mean, you made a number of points—what stood out to me was when you said there are so many potential crises: natural disasters, climate change and its effects, health crises as we're seeing unfold right now. Do you have any advice on what the best way forward would be to prepare, from a financial perspective, for all these different emergencies? Is there a risk that there's a guessing game that's played out? How do you decide where to put the eggs? You don't want to put them in one basket, but at the same time, how do you logically prepare for any number of crises? Is it a matter of predicting this? Is it a matter of probability? Do you have to choose one over others? Do you have any thoughts on that?

Mr. Richard Fadden: Well, first of all, I would say that it's absolutely impossible to prepare for every potential crisis—you have to accept that from the very beginning—just like it's impossible to reduce risks in any particular case.

I think one thing we have to do is start worrying a little bit more about things that are to come. We just don't do that particularly well in this country, neither the federal government nor the provinces.

There are all sorts of organizations—within government and in the universities and the non-profit sectors—that develop very good models on what sorts of what I call “bad things”, to use the vernacular, are likely to occur over the course of the next little while. What we need to do is take advantage of all these, have them consolidated, have governments form the view of their prioritization, and then have a public discussion about them. I think that these sorts of things happen too much within government. It should be a very good subject, I think, for a House or a Senate committee to look at.

The last point I would make is that we cannot do this exclusively as the federal government. It must be done nationally.

The Chair: Okay, thanks.

Thank you all.

Next is Mr. Généreux, followed by Ms. Dzerowicz, and then we'll go to a bunch of single questions.

Mr. Généreux.

Mr. Bernard Généreux (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, CPC): Thank you, Mr. Chair.

Thank you to the witnesses.

This is for Monsieur Lemaire.

[*Translation*]

Mr. Lemaire, you spoke of the \$1,000 earned over and above the Canada Emergency Response Benefit, or CERB. How much flexibility should the government give workers so that they can return to work while receiving the CERB?

[*English*]

You speak French, do you, Mr. Lemaire?

Mr. Ron Lemaire: Sorry, I had it on English, so I wasn't able to hear the French version. The translation cut off at the end.

Mr. Bernard Généreux: With such a French name, do you speak French a bit?

Mr. Ron Lemaire: I have you on English, so I'm hearing only the one version.

[*Translation*]

Go ahead.

Mr. Bernard Généreux: You find that the \$1,000 that can be earned while continuing to receive the CERB is too low and keeps employers from recruiting employees. What is your suggestion?

[*English*]

Mr. Ron Lemaire: I will reply in English for the committee.

In terms of the limit we're looking at, in an ideal world an exemption would be ideal. Because of the diversity of our entire supply chain and within our agri-food sector, and the regionality of how many of our producers, our wholesalers and our repackers operate, setting a specific limit would be difficult. In an ideal world, there would be an exemption for our essential service so that they could target and apply the appropriate wage necessary for their operation.

That would be in an ideal world. Focusing on a common approach on a national level, with even an additional thousand dollars on top of that to allow for a \$4,000-a-month value, would work.

Mr. Bernard Généreux: Okay.

You talked about tax credits for what has to be spent on sanitary equipment. Mr. Gervais talked about the \$20 million it has already cost the co-operative for their needs. Would you like to see that put in as soon as possible?

Mr. Ron Lemaire: As soon as possible; the tax credits will be key, especially right now with the diversity between small and medium- to large-sized companies that are implementing the use of new tools and products. They would never have had that burden of cost in the past.

In this case, they may not qualify for the \$77 million in benefits that have been put in place. Tax credits would at least provide an additional incentive to ensure that the employees are safe. They're doing it now, but it would enable a business continuity plan.

[*Translation*]

Mr. Bernard Généreux: Mr. Gervais, what do you think?

• (1850)

Mr. Ghislain Gervais: I am sorry, I did not understand the question.

Mr. Bernard Généreux: Earlier, you spoke of the costs associated with health measures that could be as high as \$20 million. Is that correct?

Mr. Ghislain Gervais: These are the costs of implementing all social distancing measures, purchasing plexiglass and buying visors and masks. They do not include costs related to the loss of productivity due to the slowdown of the chains. These are only the implementation costs.

Mr. Bernard Généreux: All right.

Mr. Ghislain Gervais: In Olymel's case, the costs amount to \$20 million. For Exceldor, which you probably know, the costs are about \$15 million, and for Agropur, they are between \$15 million and \$20 million. The impact on processors of implementing these measures is enormous.

It is ironic, because we are currently looking for employees, but we cannot train them because we are unable to maintain the social distance of two metres.

Mr. Bernard Généreux: Mr. Gervais, what do you think of Mr. Lemaire's idea for a tax credit that would help cooperatives or businesses put those things in place? I have talked to a lot of small businesses that are incurring significant costs to comply with these measures.

Mr. Ghislain Gervais: It is one potential solution to be considered. As I said earlier, the first measures announced are a step in the right direction, but the needs are much greater than that. The Canadian Federation of Agriculture recently conducted a survey, which showed that \$2.6 billion was needed to help the agricultural and processing sectors deal with the impact of COVID-19 across Canada. I feel that is not far off the mark.

[English]

Mr. Bernard Généreux: Mr. Masterson, what is plastic made of?

Mr. Bob Masterson: Well, there are many different ways to make plastic. We have a large plastics industry in Canada because we have abundant low-carbon, low-cost natural gas liquids. The products come out when we take natural gas out of the ground, largely in western Canada.

Other nations will make them out of crude oil or out of coal. We make all of our plastics out of natural gas liquids.

The Chair: We will have to end it there.

We'll go to Ms. Dzerowicz, then to a single question from Mr. Ste-Marie, Mr. Julian and Ms. Koutrakis.

Julie.

Ms. Julie Dzerowicz: Hi, and thanks for all the amazing presentations. I have three questions for you.

First, Mr. Lemaire, we're talking about self-sufficiency, moving forward. I want to talk to you about labour. In the produce sector, there's traditionally been an issue around labour. Before COVID-19, in a typical year, what would be a ballpark number for the percentage of labour filled by migrants? In a typical year, even with migrants filling your labour, did you still have labour shortages?

Mr. Ron Lemaire: It's a great question. To give you an idea, I will tell you that out of all the temporary foreign workers coming to Canada, in horticulture they represent about 72% of all that labour force. That's very significant. You're looking at over 32,000 to 33,000 workers. That is below the requirements the industry needs at the farm level and through some of the supply chain.

It's been a big challenge. It was especially so at the beginning, with the disruption to access because of travel restrictions. It's recovered, but there's still a gap.

Ms. Julie Dzerowicz: To what extent do you actually think any type of encouragement or pushing students, or even adults, to work in these industries, when they weren't filling these positions in the past, is going to be helpful?

Mr. Ron Lemaire: That's one portion of the supply chain, on the farm, and it's a hard sell. It really is. It's manual, physical labour that we are having a hard time convincing Canadians to do. But there are other parts. There are repackers. There's wholesale. There are other components within the logistics section of our operations that can leverage Canadians to get them involved. Those are the guys who are finding gaps and finding challenges because of the workforce absenteeism. If you have a suspected case of COVID, 30% of the workforce doesn't show up to a greenhouse repacking facility in B.C. the following day. How do they fill that? How do they continue to support business continuity?

Ms. Julie Dzerowicz: I have one more question for you.

One idea that I think is being tossed around, or at least I heard this publicly today, is potentially looking at non-status asylum seekers who are here in Canada or non-status workers who maybe had a permit before but it ran out. If we were looking at the non-status workers we have here, would you be open to finding a legitimate way to maybe get them a work permit, if they would be willing to fill positions we desperately need them to fill? Is that an idea you think your sector might be willing to look at?

• (1855)

Mr. Ron Lemaire: I think that would be something we could consider. We'd have to go through the logistics of how that would work, but it's definitely something we can look at.

Ms. Julie Dzerowicz: Okay, that sounds great.

Ms. Greenwood, I was interested in your common cross-border manufacturing proposal. I just want to quickly ask you two questions. One, how is the border working right now? Two, are there any improvements you think we need to be making now, or ongoing improvement that you think we need to be thinking about?

Ms. Maryscott Greenwood: The border was closed to non-essential commerce but remained open to essential commerce. It works extremely well if you're in a tractor-trailer or a train car. Critical supplies are going back and forth, and I think both governments have done a very good job on that. There have been some other instances, though, where it wasn't clear. Border agents have a lot of discretion to determine what is essential commerce and what isn't. There have been some instances where someone was turned away, but actually they should have been allowed to go forward.

Our idea for that is an “essential commerce” designation. We actually have a pilot project idea for this. Just like you have a “trusted traveller” designation, you could have an “essential commerce” designation. It could also be used for resumption of commerce after this, when you would add a health element to the screening.

The border is going pretty well, but it's not perfect and we think we have a solution to propose.

Ms. Julie Dzerowicz: Great.

Ms. Gray, I'll ask you one quick question, if I could. You were saying that one of the solutions moving forward in terms of self-sufficiency is capital funding for innovation. Since time immemorial, in our country we have tried to be even more innovative. Every single time, every government tries successively. What is the one thing you think we could do differently this time that just might get us to be an extraordinarily innovative and productive country?

Ms. Diane Gray: We do have some great innovation in our country, for sure. Lots of studies have been done by very smart people looking at how we can become a more innovative economy, so I'm not going to speak to that specifically. But I do chair the board of Mitacs, so I'll throw that out there, which is, obviously, a great relationship between governments, business and the university and academic sector for funding research internships. Much of that work does eventually become commercialized on some small scale.

However, the issue I was speaking about today was actually something much more basic than that. When we have the technology in Canada, why are we not actually adopting and using that technology, as opposed to forcing our Canadian innovators to try to find Asian markets or investors for their products and technologies? I threw out a few examples. It could be something as simple as why there are no electric buses on the streets of Winnipeg, but there are in California. Those buses are made here in Manitoba. Why are we not adopting something as simple as nurses having wristwatches that can automatically tell the temperature of patients? They're \$150 and manufactured here in Manitoba. These are just a few ideas. In some cases, governments have to lead the way, because a lot of the innovation is in health care and related sectors.

The Chair: Okay. Thank you.

We'll go to one question from Mr. Ste-Marie, one from Mr. Julian and one from Ms. Koutrakis.

Gabriel.

[*Translation*]

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

My question is for Mr. Gervais.

David Duval, who is president of Les Éleveurs de porcs du Québec, said that producers and plant representatives had agreed that the cost of implementing exceptional measures in connection to COVID-19 should be absorbed by the government.

Mr. Gervais, do you agree? Can you comment on that?

Mr. Ghislain Gervais: I am not aware of that discussion. However, there are additional impacts, that is for sure, and we expect to receive support in terms of absorbing some of the costs of the crisis. We can document them, we can provide figures, no problem. A

crisis like COVID-19 is an extraordinary event. An extraordinary event calls for extraordinary support measures.

For 100 years, our role, our mission, has been to help to feed the world while fostering prosperity for Quebec's agricultural producers. In a situation like this, I believe that extraordinary measures are needed to continue supporting agricultural producers and to fulfill our mission.

• (1900)

Mr. Gabriel Ste-Marie: Thank you.

[*English*]

The Chair: Thanks, both of you.

Mr. Julian.

[*Translation*]

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

My question is also for Mr. Gervais.

Sollio Cooperative Group has a presence across the country, including in British Columbia. It is therefore a major cooperative group.

Mr. Gervais, which of the sectors that you represent are you most worried about? Is it the pork sector, the poultry sector, or the agricultural sector? In your cooperative group as a whole, what aspect of the pandemic is most worrisome to you as we emerge from it?

Mr. Ghislain Gervais: Thank you for the question.

Sollio Cooperative Group has facilities in nine of the 10 Canadian provinces. So we have a presence practically from coast to coast. The sector we are most concerned about right now, because it is the most affected, is meat processing, and I am thinking particularly of Olymel. We have been fortunate to be recognized as an essential service, but because of this crisis, we have seen things we did not expect. We took things for granted that, in the end, were not. The crisis has had an impact on supply chains. That is coming out now and it is causing us a lot of concern.

One plant in Quebec had to close for two weeks. As a result, we have overcrowding of hogs in farmers' buildings. The entire production chain is affected. In addition, we can no longer honour certain production contracts. Given the staff shortage and the slowdown of the production chains, it is impossible to create added value and redistribute it to our producers in the field.

The agri-food processing sector is the one we are most concerned about. It is vital. It is Canada's most important manufacturing sector. Plants across the country are processing Canadian products, the vast majority of which are destined for Canadian consumers. That is where the impact of COVID-19 is most worrisome.

Mr. Peter Julian: Thank you.

[English]

The Chair: Just to point it out, Mr. Gervais, we felt that here. I have one constituent who had to euthanize two tractor-trailer loads of market hogs because of the plant shutdown there and also because of Tyson shutting down in the U.S.

Ms. Koutrakis, you have the last question.

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

My question is for you, Mr. Berkshire Miller. I think we will all agree that self-sufficiency is not the same as isolationism and that Canada is a country that thrives when it works with others, especially through multilateral organizations. What role do you see Canada playing in institutions such as the WHO and the WTO following this crisis, and how can Canada work towards self-sufficiency while still supporting our global partners?

Mr. Jonathan Berkshire Miller: Thank you for the great question.

As I said at the onset of my remarks, and also at the closing, it's essential that we work with like-minded partners. This is not something that we're dealing with alone, number one, and where we can mitigate the risks alone. There is no silver bullet, frankly. It's going to require working at an ad hoc level with a lot of our key partners, but it's also going to require doubling down on some of our multi-lateral engagements.

It has to be done wisely. I think there are valid questions that need to be asked about how the WHO has dealt with this crisis, but I do think that we need to continue to engage in that forum. I think the WTO, even before this pandemic, also has had a number of questions and challenges, but I think we'll continue to want to work with our key partners to reform those institutions so that they work best to serve Canada's interests.

The Chair: Okay, thank you.

I have one question for Mr. Lemaire and that relates to PACA.

We have fought to have a PACA-type policy put in place in Canada for probably 10 years or more, but it hasn't happened.

Food security in these times is a buzzword, to use Pierre's word, a very important buzzword. If we had a PACA system in Canada, would that help us in achieving greater food security in times like these?

● (1905)

Mr. Ron Lemaire: It most definitely would because it does a few things. It creates stability for farmers and other fruit and veg sellers in Canada to invest more.

They know they are in a COVID environment, and there are farmers right now who have reduced their acreage and how much they are producing out of concern for their economic stability and concern for what they are producing. Are they going to get paid for it? Is the company they are selling to going to go bankrupt in these unstable times more so than ever in the past?

Within Canada, that farmer selling has no inventory to access, as I mentioned in the past at committee. There is nothing if there is a bankruptcy; they are left totally out of pocket. They cannot leverage the BIA effectively, based on how it is set up.

With a PACA-like tool in place, we were looking for a model so a farmer would feel confident he could sell, that the food security model would be effective and the long-term success of the industry would be stabilized.

The Chair: I want to thank all our witnesses on behalf of the committee for taking their time to answer our questions and prepare their remarks. They are very much appreciated. All this information goes up the line and the government has certainly shown a willingness to come in with a policy and take the necessary measures to adapt to certain situations where people are falling through the cracks.

On this panel today we have seen some of the immediate problems and then from Mr. Fadden and Mr. Berkshire Miller, we've had some ideas that we need to be looking at going forward as well.

Thank you to the witnesses.

For committee members, we will see you at the next meeting on Thursday.

The meeting is adjourned.

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