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# Standing Committee on Finance

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Chair: The Honourable Wayne Easter





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• (1835)

[*English*]

**The Chair (Hon. Wayne Easter (Malpeque, Lib.)):** We will call this meeting to order. Welcome to meeting number 10 of the House of Commons Standing Committee on Finance. Pursuant to the order of reference of November 19, the committee is meeting for its study on pre-budget consultations in advance of the 2021 budget.

Today's meeting is taking place in a hybrid format, pursuant to the House order of September 23. The proceedings will be made available via the House of Commons website. The website will always show the person speaking rather than the entire committee.

As a reminder to members and witnesses, when you're not speaking, put your system on mute. It's much better for the translators. I will forgo the rest of the rules that apply in order to save time. If all of the witnesses could keep their remarks to roughly five minutes, we'll have more time for questions.

Our first witness is from Aéro Montréal, and Madame Benoit.

Please proceed.

[*Translation*]

**Ms. Suzanne Benoit (President and Chief Executive Officer, Aéro Montréal):** Good evening, Mr. Chair, ladies and gentlemen.

I am very pleased to be appearing before you today on behalf of the members of the Quebec aerospace cluster. We are very grateful for this invitation.

Aéro Montréal, which was created in 2006, is a strategic forum for cooperation among all chief executives from the industry, educational institutions, research centres, associations and unions who are involved in the Quebec aerospace sector. Aéro Montréal's mission is to mobilize sectoral players and to improve the competitiveness of Quebec's aerospace ecosystem.

As you know, the aerospace industry was hit hard by the COVID-19 crisis. Since last March, when the borders were shut down, the vast majority of the global air fleet has been grounded as a result of the decline in air traffic. Thousands of workers in the sector are now unemployed, aircraft deliveries have been postponed or even cancelled, and hundreds of Canadian businesses are struggling to survive.

However, our industry is developing measures that would allow the public to fly safely once again and governments to contemplate reopening borders, as many other countries are doing.

We have created the alliance for aerospace recovery, a strategic committee under Aéro Montréal's direction that, in recent months, has helped to develop a specific action plan that is readily applicable and suited to the industry's needs. The government, however, needs to take a position on it quickly because every day counts. We have already observed a nearly 60% reduction in airlines' new aircraft requirements and do not anticipate a return to previous production levels until 2024-2025. Some are even saying 2027. The situation is therefore highly uncertain.

The global aerospace industry hit unprecedented heights before the crisis. To meet demand, many airlines took on debt so they could continue expanding at pre-crisis growth rates, but their operations have since declined by as much as 50%. Many SMEs now have cash flow problems as a result of those investments and of the extension of repayment terms by nearly all decision-makers in recent months because they too are struggling to survive the crisis.

Businesses have also encountered longer waiting times for export permits, and that has limited access to certain markets. The situation is hurting our industry as more than 90% of our manufacturing businesses export 80% of what they produce.

As a result of the tenuous situation in which our members find themselves, financial partners and major banks are increasingly reluctant to finance aerospace sector businesses given the current risk. It is therefore all the more important that action be taken to address their circumstances. The government must absolutely step in where the banks have stepped away.

Our sector alone generates total revenues of \$34 billion and contributes up to \$28 billion to the country's GDP every year. It employs 235,000 Canadians across the country and represents hundreds of SMEs and large businesses.

We invest more than \$1 billion in research and development every year, thus contributing more than one quarter of total manufacturing R&D in Canada.

We see other countries supporting their strategic sectors because they know that exports of high-tech products will create jobs and wealth. A handful of nations that have an aerospace industry have done the cost-benefit analysis and are adopting dynamic industrial policies to ensure the industry's growth, far more so than Canada is currently doing.

As you are no doubt aware, innovation is key, all around the world.

• (1840)

Our country has the operational and technological assets and the skilled talent to position itself in a green recovery. The industry is prepared to work on innovative solutions, electric and hybrid propulsion for all types of devices and, more generally, ecomobility in aviation. However, it will definitely need the government as a strategic partner in order to stay in the race with other nations.

It is essential that we invest now, as the government recently did in Ontario's automotive sector, to halt our industry's international decline. Deciding not to support the aerospace industry will not preserve our economy. On the contrary, that choice will take us out of the race.

By contributing to efforts to develop the aerospace industry and positioning itself as a strategic partner, the Canadian government will create value and stimulate the economy. It will support an industry that will help our country continue to distinguish itself and to shine on the global stage. The facts are clear: support for our industry is a profitable investment for Canada.

Mr. Chair, ladies and gentlemen, I will now be pleased to answer your questions.

Thank you.

[English]

**The Chair:** Thank you very much, Madame Benoît, and thank you for the brief that you submitted earlier.

From the Chemistry Industry Association of Canada, we have Mr. Bob Masterson.

Please go ahead.

**Mr. Bob Masterson (President and Chief Executive Officer, Chemistry Industry Association of Canada):** Thank you, Mr. Chair and members of the committee. It's nice to see many of you again. It is a privilege to appear before you in these unprecedented circumstances.

Before I begin, on behalf of our industry I want to acknowledge and thank Parliament for its work to support Canadians and Canadian businesses as they cope with the impacts of COVID-19 on their health and economic well-being.

I also want to give a brief shout-out to the committee staff for their patience, professionalism and proficiency in these challenging circumstances that most of us aren't used to when we come to committee.

Thank you.

While ready to discuss tonight the impacts of COVID on Canada's chemistry and plastics industries, I would like to take the opportunity to focus more on the future and what this committee and Parliament can and must do to ensure a robust and timely economic recovery.

That recovery must be premised on investment attraction. We know that COVID has put a strong pause on new investments in our sector and other sectors of the economy, but we have to remember that Canada's investment outlook was very troubling even before COVID. This was very well highlighted by the Barton advisory

council. As well, it continues to be well articulated by the Business Council of Canada, the Canadian Chamber of Commerce and others.

We would urge you, as the committee, to reflect again on the analysis and recommendations that have come from those groups in the past. I welcome the opportunity to speak on this in more detail during the questions.

Concerning the chemistry and plastics sector in particular, I offer a few observations before turning to our brief recommendations.

First, demand in key Asian countries has already rebounded to pre-COVID levels. Inventories are at their lowest levels in a decade, and despite COVID, there's a return to record global volumes of chemistry and plastics production. While experiencing a short pause due to COVID, this \$4-trillion global industry looks ready to return to its normal robust multi-decade rate of expansion, which amounts to nearly 1.5 times the global GDP growth rate each year, as it has done for nearly seven decades.

Second, as you've heard me say many times before, Canada's chemistry and plastics sector holds many advantages. With the right regulatory and investment conditions, we could better and fully participate in the global expansion of the industry and contribute to Canada's economic recovery. Moreover, key provinces, including Quebec, Ontario, Alberta and British Columbia, have all identified and prioritized the opportunities for investment in growth in the chemistry and/or plastics sectors.

However, despite the interest and activities of the provinces, the desired chemistry investments are less likely to occur without increased engagement and improved investment conditions within the realm of federal responsibilities.

We know that Canada's chemistry and plastics investments will make our economy more resilient and more innovative and will provide the critical building blocks for the low-carbon economy. We know there's a huge opportunity to provide the building blocks for a truly circular economy for plastic waste, and my brief recommendations today reflect those opportunities.

First, we recommend that the committee consider extending the full 100% accelerated capital cost allowance that was introduced in the 2018 fall economic statement, with no phase-out to 2030, and, specifically, making it permanent. This will send a signal to companies that have deferred projects because of COVID, or to global investors who are contemplating new investments in response to the provincial interests, that Canada is indeed open for business and respects the lengthy timelines for major capital investments for projects of \$10 billion and more.

Second, we recommend that the committee recommend establishing a plastic technology innovation fund, with an initial allocation of \$200 million. This will further research and development in circular economy technology applications across Canada. A focused initiative like this at scale will send a signal that Canada intends to be a leader in the development of advanced recycling technologies. The timing of this initiative in 2021 could be the cornerstone of Canada's hosting of the world's circular economy forum.

Finally, Mr. Chair, we recommend that as we emerge from the COVID-19 pandemic, all parliamentarians commit to an overall review of the business taxation and regulation regime in Canada. Building back better, simply put, requires an investment into Canada, and it's critical that our tax and regulatory codes be optimized to attract investment in innovation in the 21st century.

I look forward to your questions on these and any other matters. Thank you, Mr. Chair.

• (1845)

**The Chair:** Thank you very much, Mr. Masterson, and for your brief.

With Environmental Defence Canada, we have Mr. Brooks, I believe, or Ms. Levin. I'm not sure who's up. Whoever is going, the floor is yours.

**Mr. Keith Brooks (Programs Director, Environmental Defence Canada):** Thank you, Chair.

Good evening. I'm Keith Brooks, the programs director with Environmental Defence Canada. I'm joined by my colleague Julia Levin, who works on our climate team.

Thank you very much for the opportunity to speak with you tonight. Our comments will focus on Canada's recovery from the COVID-19 pandemic. We'll touch on programs and spending that we think should not be part of that recovery and those that we think should be central to Canada's economic recovery.

We see that the COVID-19 pandemic has put the livelihoods of millions of Canadians at risk, and the federal government is preparing historic levels of public finance in response. We thank you for that. This stimulus spending will shape our economy for decades to come, which means it's critical that the government uses this opportunity to build resilience to future crises and invest in a green and just recovery that maximizes job creation both today and tomorrow. Our response to this crisis must advance our efforts to tackle the other challenges we faced before this crisis began and that we will still face after it's over—namely, fighting climate change, ending plastic pollution, keeping our water clean and removing toxic chemicals from the products we use. It must also build a more just and equitable society.

With that in mind, Canada's economic recovery should not further entrench our economic reliance on fossil fuels. I am aware and Environmental Defence is aware that the fossil fuel sector has been hit hard by the pandemic. People's lives and livelihoods have been impacted. We recommend that the government focus on creating supports for those workers and communities to help them transition into new jobs and new careers rather than furthering an attempt to prop up the fossil fuel industry. Fossil fuels are a sunseting indus-

try. BP has recently said that peak oil has passed already. Putting more public dollars into fossil fuels is not going to change that. We think we need to have an honest conversation about the coming energy transition and ways to manage that transition and not try to hold back the tide.

Our first recommendation is that Canada must ensure that government spending, which includes relief, recovery and stimulus measures, does not further entrench or introduce new subsidies for the oil and gas or petrochemical industry. This includes ensuring that support for hydrogen is directed to green, not blue, hydrogen.

In addition to these subsidies, I urge the government to examine the role of Export Development Canada in supporting Canadian fossil fuels abroad. Canada provides more public finance to oil and gas than any other G20 country on a per capita basis. In fact, Export Development Canada provides an average of nearly \$14 billion in support to oil and gas companies each year. Guaranteeing loans to these companies, though, is a risky proposition that may end up putting taxpayer dollars on the line.

Our second recommendation is that Export Development Canada's support for the fossil fuels industry should be ended. We should ensure that their new climate change policy aligns with Export Development Canada's entire portfolio and with Canada's climate change commitments.

Now for the spending and programs that we are in favour of and think must be central to Canada's economic recovery. I want to begin by acknowledging that in the Speech from the Throne, the Prime Minister stated that climate change would be at the core of Canada's jobs plan. That's great to hear. I hope all the members of this committee can appreciate that investments in climate action will create jobs and economic opportunities for Canadians. However, so far only a fraction of the spending recommended by the Green Budget Coalition has been committed to. The same goes for the task force for a resilient recovery. The Green Budget Coalition is recommending a first-year investment of roughly \$20 billion plus an additional \$21 billion over four to five years subsequently. The task force for a resilient recovery also recommended \$55 billion over five years.

We note that in the fall economic statement, nearly \$7 billion in new climate spending was announced. That's spread over 10 years. We also acknowledge the previous investments of \$10 billion spread over three years through the Canada Infrastructure Bank, but these investments are not on the scale needed to really move the needle and push us toward the energy transition and job creation we need. The European Union has committed nearly 550 billion euros to green projects over the next seven years. Germany and France have allocated as much as 30% of their pandemic recovery stimulus toward emissions reductions initiatives. President-elect Joe Biden has promised a \$2-trillion green recovery plan in the United States. A similar level of investment in Canada would be on the order of \$270 billion. We are expecting to see more details outlined in Canada's forthcoming climate plan as well as in the spring budget.

Our third recommendation is that Canada should invest in climate solutions that will create jobs and stimulate Canada's economy. Canada's recovery from COVID is an opportunity for this country to invest in the climate solutions that we need and advance the transition to a clean economy.

My final recommendation concerns an area that has received less attention. It's what might be called a "blue" recovery, which is about investing in our fresh water.

- (1850)

Canada has 20% of the world's supply of fresh water. Investing in water protection should also be part of our stimulus package. Evidence from a decade of investments in the Great Lakes restoration initiative, a federal U.S. spending program launched out of 2009 financial crisis, demonstrated a 300% return on investment. With regard to the benefits of the projects in the States, they generated \$3 of economic activity for every dollar invested. They have supported over 5,000 jobs in Great Lakes states. Canada should follow suit and invest more in our fresh water to create jobs and economic opportunities for more Canadians.

The fourth and final recommendation is for Canada to invest \$1.2 billion over five years to implement the recommendations of the Great Lakes-St. Lawrence action plan for 2020-30.

I'll conclude there and invite any questions that you may have for me or my colleague, Julia.

Thank you.

**The Chair:** Thank you, Mr. Brooks.

I'll just give you a heads-up of the list of questioners for the first round of six minutes each. It will be Mr. Falk, followed by Ms. Koutrakis.

Last on this panel will be with the federation of woodlot owners, Mr. Miville.

[*Translation*]

**Mr. Vincent Miville (General Manager, Fédération des producteurs forestiers du Québec):** Mr. Chair and members, my name is Vincent Miville, and I am general manager of the Fédération des producteurs forestiers du Québec. The federation's aim is to promote the interests of 134,000 forest owners of our province. I also sit on the board of the Canadian Federation of Woodlot Own-

ers, which represents 450,000 small and large woodlot owners in Canada.

Although we submitted two recommendations during the pre-budget consultations on behalf of the Fédération des producteurs forestiers du Québec, I would like to emphasize that the Canadian Federation of Woodlot Owners also supports them. We recommend that the government implement a Canadian program for reforestation and forest management work and that it develop tax measures that encourage silvicultural activities in private forests.

Tens of thousands of Canadian forest owners conduct forest management activities every year.

[*English*]

**The Chair:** Mr. Miville, will you slow down somewhat? The translators are having difficulty keeping up with you.

[*Translation*]

**Mr. Vincent Miville:** Of course.

[*English*]

**The Chair:** Go ahead.

[*Translation*]

**Mr. Vincent Miville:** Tens of thousands of Canadian forest owners conduct forest management activities every year. Private forests represent only 6% of Canadian forests but generate one tenth of the volume of wood harvested across the country.

Forest owners can actively join in the fight against climate change by managing their forests so that they can sequester more carbon. Even better, thanks to silviculture, they can improve forest stands so they can meet the needs of the forest industry. Lastly, harvesting wood for processing also means that carbon is stored in the finished product, while generating structural economic activity for the country's rural communities.

The Canadian government's commitment to planting two billion trees across the country constitutes progress as it should help more owners develop their woodlots. However, it is essential that allocated funding guarantee that forest stands are improved and protected.

Although the purpose of this program is to create new forest areas, that constraint could limit its application as few areas in private forests in the Maritimes and eastern Canada are ultimately conducive to reforestation. Large numbers of fallow areas in those regions have been the object of reforestation campaigns in the past.

The program should also assist in quickly returning to production forests that have been devastated by natural disasters or epidemics such as spruce budworm. When these forests die, they quickly become a source of carbon emissions. If the objective is to increase forest carbon capture, the government should then fund all silvicultural work that assists in achieving it, not just reforestation.

The planting of two billion trees is an ambitious objective, but the success of the initiative will be determined by what we can do with those forests over the longer term. This creates conditions conducive to our second recommendation, which is that the government develop a tax system that encourages silviculture.

Developing private forests provides principal and supplemental income to tens of thousands of Canadian forest owners. However, various factors, including low profitability, discourage most owners from investing in silviculture.

The current federal tax system offers little encouragement to owners to develop their woodlots because it fails to consider three factors. The first factor is the asynchronous nature of income and costs: forest management costs are incurred in the initial years, whereas income is generated decades later, when mature trees are harvested. The second factor is the uncertainty and long-term nature of profits, because the fact that the production period is spread over decades is truly unique to the forest sector. The third factor is the importance and intermittent nature of forest income: since producers do not harvest every year, that supplemental income is taxed at a higher marginal rate, thus diminishing the appeal of production.

This is why we propose that a personal silviculture savings and investment plan be created to enable woodlot owners to shelter forest income from tax to permit necessary investments in the management of their woodlots. This would encourage more Canadians to develop their woodlots, to harvest wood and to vitalize permanently the economic activity generated by the forest sector in rural areas. It would also permit the investment of harvest income in activities designed to improve the resilience and yield of forest stands. Lastly, it would help synchronize forest management expenses with income from harvesting to lower the marginal tax rate and reduce uncertainty.

Our two recommendations would enable Canadian owners to develop the silvicultural potential of their woodlots to its fullest extent and help the Canadian government reach its greenhouse gas emissions reduction targets. They would also help the Canadian forest industry guarantee a long-term supply of wood from private forests and the forest sector to contribute to Canada's economic recovery.

• (1855)

[*English*]

**The Chair:** Thank you very much for your presentation.

Before I turn to Mr. Falk, I have a question for Mr. Brooks.

I do worry about how some things get translated out there in the real world, Mr. Brooks. You indicated that EDC support for the fossil fuel industry has to end. You said a number that was in the billions of dollars.

As for EDC, just so we're clear—or maybe I'm not clear, and you can correct me if I'm wrong—that is really a guarantee of the

monies to be paid by foreign countries or others for the products that are sold out of the fossil fuel industry. Is that correct?

**Mr. Keith Brooks:** I will let my colleague, Julia, answer that question.

**The Chair:** Julia.

**Ms. Julia Levin (Climate and Energy Program Manager, Environmental Defence Canada):** Yes, part of what Export Development Canada does is a financial package of tools to guarantee loans. Of the nearly \$14 billion, just to clarify, 30% of that is to domestic oil and gas companies, and 70% is international. COVID will change that balance and skew it more towards the domestic. Given what we know about the financial standing of these oil and gas companies, those loans are then backed by taxpayers. If companies begin defaulting on their loans, which is entirely possible, then the government is gambling with our taxpayer money through Export Development Canada.

Also, one last thing: a chunk of that \$14 billion is also funds administered...[*Technical difficulty*—]

• (1900)

**The Chair:** We lost you, Julia, somehow.

**Ms. Julie Dzerowicz (Davenport, Lib.):** She's frozen.

**Mr. Keith Brooks:** We'll be happy to follow up in writing with the brief about the details of Export Development Canada programs.

**The Chair:** Yes.

I don't want the impression to be left that a subsidy to the fuel industry is... EDC does the same for aerospace, for potatoes, for grain and for many products exported from Canada. It's basically a guarantee for the sale. I just don't want to be misinterpreted.

Mr. Falk, the floor is yours for six minutes.

**Mr. Ted Falk (Provencher, CPC):** Thank you, Mr. Easter. I was concerned for a moment that you were sharing my time.

**The Chair:** No, I'm not.

**Mr. Ted Falk:** All right.

Thank you to all of our panellists for your presentations. They were interesting and informative.

I'll start right at the top with Ms. Benoît and the aerospace industry.

In your organization's response to the fall economic statement, you indicated that there hasn't been adequate engagement with some of the actors throughout the supply chain for the industry. I'm wondering if you could elaborate a little more on that.

What do you mean by that?

[Translation]

**Ms. Suzanne Benoît:** Would you please repeat your question? You're referring to a lack of communication with members of the supply chain, but I don't remember saying it that way. That may be a somewhat inaccurate interpretation.

[English]

**Mr. Ted Falk:** Yes, sure.

**Mr. Ted Falk:** That wasn't part of your presentation. But it in your organization's response to the fall economic statement from the Liberal government your response was there wasn't enough engagement with actors within the supply chain.

[Translation]

**Ms. Suzanne Benoît:** In fact, I was talking more about stakeholders in the federal government than in the supply chain. An enormous amount of communication goes on in the aerospace supply chain. The problem isn't the supply chain but rather federal government stakeholders. Right now, we sense that the federal government doesn't have an aerospace strategy that would help us convey the industry's position.

The aerospace industry previously had programs dedicated to its sector, as is the case in other nations around the world. For the past three or four years, all those programs have been based on the strategic innovation fund, which includes all industries.

What we want to emphasize is that we're having trouble making the federal government understand that, if it wants the aerospace industry to remain a national champion, it has to do what other nations are doing around the world, which is to become a strategic partner and to put the necessary tools in place to support that sector.

During the...

[English]

**Mr. Ted Falk:** Okay. Thank you. Good.

I think that answers the question and provides the clarification I was looking for.

[Translation]

**Ms. Suzanne Benoît:** Thank you.

[English]

**Mr. Ted Falk:** Thank you for that.

Mr. Masterson, I heard in your presentation to the committee that your industry or organization is supporting an accelerated capital cost allowance of 100%. In your brief, you've also suggested that the investment tax credit should be bumped up to 20% from 15%.

Can you explain how those two would work in tandem with each other? Would they be parallel? What are your thoughts there?

**Mr. Bob Masterson:** I think they'd be two separate initiatives. Again, if I could just share a bit of our investment picture.... In preparing for this meeting I did look at StatsCan data, and if you cast your mind back to 2007, you will know that we had \$125 billion in FDI and \$68 billion invested abroad.

If you look at today, in 2019 before COVID, that situation had completely reversed: \$103 billion was invested abroad, and on-

ly \$60-some billion invested back into Canada. We've switched the picture, and it doesn't have to be that way.

We look at the OECD. Our investment growth in Canada is two and a half times lower than the OECD's average. It's three times lower than the United States'. In the same period when our investment growth was cut in half, the United States' was doubled. That's a factor of four.

• (1905)

**Mr. Ted Falk:** Do you think the investment tax credit would help alleviate that problem?

**Mr. Bob Masterson:** Both of these will, and they are both measures that we see south of the border. Those are things that Parliament can look at as it does a fundamental tax review. You can look at why Ireland and Switzerland are performing so much better. Why is the United States performing so much better? More specifically, why is Canada performing so poorly?

Look at those different instruments and see which ones will make the most sense, but definitely the ACCA will help. It was put in as a temporary measure. COVID has definitely put a pause on that, so if you get companies that want to invest, remember that the ACCA starts to phase out in 2023, right around the corner. If you're already looking at a cycle of a seven-year investment, you're going to struggle with that, so we have to address that recognizing COVID now.

**The Chair:** You have time for a quick, last question, Ted.

**Mr. Ted Falk:** Thanks, Mr. Easter.

What would your association's response to a single-use plastic ban be?

**Mr. Bob Masterson:** What we have said to Mr. Wilkinson and the government is they have a multi-pronged approach to addressing the problem of plastic waste. We agree it's a serious problem. We agree that industry has to lead. Industry has to pay. We support the extended producer responsibility to take it off the backs of municipal taxpayers and let industry pay for it.

We also understand, especially from our value chain, our customers, that they want more recycled content in their products. Our industry is going to have to deliver that. We don't support the ban, but more specifically, what will harm investment is using CEPA as the tool to achieve that by declaring plastics toxic. That is just a message that tells this global industry—I've told you how great the potential to grow quickly is—that Canada is just ambivalent about whether the money comes here or not. If we're ambivalent, it won't come here.



**Mr. Ted Falk:** Thank you.

**The Chair:** Thank you, all.

We're turning to Ms. Koutrakis for a six-minute round, followed by Mr. Ste-Marie, if he's made it to the room.

Ms. Koutrakis.

[*Translation*]

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

My first question is for Ms. Benoît.

In the fall economic statement, the federal government announced more than \$ billion in support for air transportation and the aerospace sector, including \$206 million for regional air transportation, \$186 million for regional airports, \$500 million for larger ports and \$229 million in rent relief for airport authorities.

What percentage of those funds will support your members directly? How will those funds indirectly benefit Quebec's aerospace industry as a whole?

**Ms. Suzanne Benoît:** Thank you for your question.

The aerospace manufacturing industry is very important for Quebec. More than 43,000 people work in it. However, we've lost approximately 4,400 jobs since the crisis started. We have total revenues of approximately \$18 billion. It's the manufacturing industry, the supply chain, that provides the parts that are used to build aircraft. We in Quebec are fortunate to have major aircraft manufacturers such as Bombardier and Airbus and firms like Pratt & Whitney that build engines. They aren't airlines but rather suppliers that build aircraft that will eventually be sold to airlines.

The economic statement didn't include measures for the aerospace manufacturing industry. However, if you assist the airline industry, that will have a domino effect. If the airline industry is able to obtain financing, to put aircraft in the air, and if the Canadian government opens the borders, all that will stimulate the manufacturing industry. Right now, however, the airline industry is literally on its knees. Planes aren't flying; they're on the ground, and manufacturers are suffering the effects of that situation. We've received no support as manufacturers. We're going to lose SMEs, which will eventually go bankrupt. Businesses could well become targets of foreign creditors. In Quebec, we have businesses that are real gems and that could well be absorbed by foreign interests because they've been weakened.

We told the Quebec government the following, and it clearly understood what we said: the Canadian government must above all support the creation of a consolidation fund to protect the entire Canadian supply chain, particularly the SMEs, which are at greater risk because they aren't receiving any orders right now. From a business standpoint, they're operating at 40% or 50%. Defence businesses are doing much better because they're still supplying governments and meeting their defence and security needs.

In Quebec, 22% of businesses are connected to the defence sector, which isn't a lot. We're in the commercial field, we're completely on our knees right now, and we're getting no federal government assistance.

• (1910)

**Ms. Annie Koutrakis:** Thank you, Ms. Benoît.

Now I'll try to ask Mr. Miville another question.

Mr. Miville, can you give us some more details on the Canadian reforestation program you're proposing?

What criteria or standards should be used to determine eligibility?

How much funding would be needed to provide effective support for reforestation efforts?

**Mr. Vincent Miville:** The last economic statement refers to amounts of more than \$3 billion over the next 10 years for reforestation and \$2 billion for trees across Canada. We think those amounts are an ambitious way to get there. Forest producers will take part in reforestation, and they're satisfied with the amounts that will be made available to them.

We want the program criteria to allow private forest producers to benefit from this measure. This program should be used to reforest areas that have poorly regenerated.

As you know, eastern Canada has an epidemic of spruce budworm, which is the worst defoliating insect in North America. It's devastating forests, and we're in the midst of an epidemic.

Program criteria should provide forest producers with plants so they can restore production in forests that will be devastated and where trees will emit carbon shortly after they die.

As regards more specific measures that should be introduced on the ground, I think the most effective way to deploy the program in private forests across Canada is to establish partnerships with provincial governments so we can rely on existing channels, in particular the forestry advisors and people who already know how to deploy similar provincial programs. They already exist, and this new funding is welcome. We should rely on those programs.

[*English*]

**The Chair:** We will have to end it there. We are slightly over the time.

We'll go to Mr. Savard-Tremblay for a six-minute round.

• (1915)

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ):** Thank you, Mr. Chair.

Greetings to the witnesses and thank you for being here.

My question is for Ms. Benoît from Aéro Montréal.

Thank you for your presentation, which was instructive, and even salutary, because there is this permanent confusion between air transportation and the aerospace industry. We don't know why, but that's the way it is. You're right to remind us of that because it's an essential industry. It used to be said that the aerospace industry was to Quebec what the automobile industry is to Ontario. As you said, Ottawa received assistance, and Quebec should as well.

I'd like to hear what you have to say about aerospace policy. There are several aspects to it, but what's the first action that should be taken? You mentioned defence and the fact that we could offer purchasers money or loans? We could have a climate change policy, as France has done by making its assistance to Airbus conditional on the greening of its fleet.

It would be extremely lucrative in our case because we have the A220s. We could have a maintenance policy and a recycling policy. Some of the aircraft have been sent to an aircraft cemetery in Arizona, whereas we have a specialized business in that field in Mirabel.

So there are many things we could do, but where should we start?

**Ms. Suzanne Benoît:** Thank you for your question Mr. Savard-Tremblay.

I always wonder whether the federal government is proud of Canada's aerospace industry. All other nations in the world can only dream of having what we have here in Canada: a supply chain, world-class talent, well-paid jobs and a sector that exports more than 80% of what it produces. It's incredible because an industry this lucrative for the Canadian economy is quite rare.

We built this industry in Canada more than 100 years ago. We've developed global champions. We have Bombardier, but it's way more than that because businesses from Manitoba, British Columbia, the Maritimes, Prince Edward Island, Halifax, Quebec and Ontario work together within the supply chain that's now being completely abandoned.

We have proposed that the government take very specific measures. I submitted them as attachments to the documents we sent you for today's meeting. They include revolutionary and innovative projects that are ready to launch and will once again position Canada for the long term.

When you invest in innovation and aerospace, it's not like investing in the information technology field, which develops software and video games. In aerospace, you invest over 8 or 10 years before those technologies are certified and installed aboard an aircraft. We call them technology demonstration projects: they're enormously costly and very risky.

Ten or 12 years ago, we invested in and designed the C Series, which became the Airbus A220. We developed the C Series technology demonstrators here in Quebec with other players in Canada, which enabled us to design the most technologically advanced aircraft in the world.

If I were the prime minister of Canada, I would buy one and I'd be proud to show it to the entire world. It's not for no reason that Airbus is so proud to have gotten its hands on this aircraft. The

company knows it's the most optimized aircraft in existence, even during the COVID-19 pandemic. If you look at airlines right now, what few aircraft are flying are C Series planes.

What I'd like to emphasize is that the government must listen to us. We have projects that are ready to launch in motorization with shipping companies in British Columbia. We're designing the hybrid electric motor of the future, a prototype of which we intend to fly in 2023-2024. We have to be in the race. The government must support us if it wants us to lead the parade and continue innovating and developing technologies.

We sense that the federal government is losing interest in the sector. The emphasis is being put on superclusters in advanced fabrication and artificial intelligence. They're creating cross-cutting technologies that the aerospace sector is incorporating in its manufacturing, development and innovation operations. However, if there's no aerospace sector in five or seven years, we unfortunately won't be able to integrate all those beautiful technologies that are emerging from the superclusters.

You must not let this industry die. United States, France, Germany and, more recently, Singapore are in the race. Few countries on the planet can put planes in the air and have the know-how and talent to design globally competitive aeronautics programs.

• (1920)

I'm speaking straight from the heart now. I'm afraid this industry is in decline. We're losing ground. Canada was ranked fifth in the world, and now it's seventh. If the Canadian government fails to do what other governments around the world are doing and doesn't become a strategic industry partner, this industry will continue to lose ground and will fall out of the race in the medium term.

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Madam Benoît.

[*English*]

**The Chair:** Thank you.

Sorry, but we'll have to—

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** I imagine we have no more time.

Thank you.

[*English*]

**The Chair:** Yes.

You've made your point very well, Ms. Benoît.

We will turn to Mr. Julian for six minutes.

Peter, the floor is yours.

[Translation]

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

Thanks to all the witnesses for being here this evening.

I hope that you and your families are healthy and safe during this pandemic.

I have several questions, and I'll begin with Ms. Benoît. I'd appreciate brief answers, please.

Ms. Benoît, I felt frustrated when you discussed the importance of investment and the fact that the government, to date, hasn't been there, even though we're talking about a lot of jobs here. This is an extremely important industry, and many jobs are at stake. When I compare it to the banking system, Canadian banks have so far received \$750 million in cash from all the federal institutions. I'm frustrated that the aerospace industry hasn't received the necessary investments.

You also said there were delays in obtaining export permits. I'd like you to tell me a little about that.

Are delays in issuing export permits the federal government's fault?

What are the consequences of this situation within the industry?

**Ms. Suzanne Benoît:** The problem has in fact worsened since the crisis began. In some cases, it can take three, four, five or six months to obtain a permit. It's already not easy given the situation. As I said earlier, we export 80% of what we produce. We're operating at 50%, and we're still exporting our products around the world, but things unfortunately aren't moving fast enough at the Department of International Trade. We've approached the government several times, and we've been told that mechanisms are being put in place to expedite the process, but things aren't moving fast enough, and we're missing opportunities.

We've consulted the Aerospace Industries Association of Canada, and it has also noticed the same problem, which is nationwide. The government needs to be more responsive so it can issue those permits and facilitate the process for Canadian businesses that want to export.

**Mr. Peter Julian:** Thank you very much.

[English]

Thank you, Mr. Brooks and Ms. Levin, for your presence here tonight.

You have been talking about the importance of making that shift to clean energy. We know that the American market for clean energy production is exploding.

We will be hearing tomorrow from the Parliamentary Budget Officer about his revised and increased cost estimates of the Trans Mountain pipeline that the government seems intent on building with taxpayers' money. Is your suggestion that instead of blowing \$18 billion or \$20 billion on the Trans Mountain pipeline, we really put in place similar investments that will create far more jobs in clean energy?

My second question for you is, what is the cost of climate change? What is the cost of not acting? Certain observers have indicated that it's already a \$5-billion charge to the Canadian economy.

• (1925)

**Mr. Keith Brooks:** The answer to your first question is, yes, we'd like to see no more investment in oil and gas. Certainly, we think the Trans Mountain Pipeline is a bad investment. The government should do what it can to get out of that as soon as it can, and direct that money toward green energy, which will create a lot more jobs. Renewable energy, building retrofits, the kinds of things people are talking about are better job creators. They're more labour intensive and less capital intensive. Per million dollar investment, clean energy would create a lot more jobs than fossil fuels would, for sure.

You'll have to remind me what the second part of your question was.

**Mr. Peter Julian:** The second part was about the explosion of clean energy markets in the United States and the importance of our making investments so that we will have the grid system to actually supply the U.S. with clean energy.

There is also the cost of climate change to the Canadian economy and the cost of not acting.

**Mr. Keith Brooks:** Everybody who studies the cost of climate change finds that not acting is much more costly than acting, by a large margin. One recent example is from the Canadian Institute for Climate Choices, which found that the impacts of climate change amount to a 5% drag on GDP.

The same analysts looked at the expense of Ontario's cap-and-trade program back in the day, and they saw that it would cause a bit of a drag on the economy, but only by 1.5%. This is just a percentage of growth, slowing down the growth of the economy by a bit. The cost of putting a cap-and-trade system is one-third of the cost of ignoring climate change. That is one example.

**Ms. Julia Levin:** I would like to jump in on that.

One of the recommendations we made through the Green Budget Coalition is that in the next budget, and in all budgets, we do a cost comparison. What are the costs of inaction? For example, the health-related costs of burning fossil fuels in Canada are \$50 billion. There was a report that just came out earlier this week about weather-related costs. They would quickly add up. That analysis should be done, and could be included in the budget.

On the first part of your question, TMX is a very significant subsidy. Unfortunately, it's one of many. There are many subsidies for us to eliminate as part of our commitments to the G20 and G7. We've made almost no progress on that. Our peer review with Argentina is stalled. We've seen very little progress from either the ECCC or Finance Canada.

A report that came out last week from the Canada Energy Regulator, the energy future report, shows that even with less ambitious policies than the government has already committed to, there is no need for either TMX or KXL. That really goes to show that these choices are not the right choices for Canada's economy and Canadians across the country.

**The Chair:** I'm sorry, Mr. Julian, but we're going to have to end it there as we are over time.

For a five-minute round, we have Mr. Viersen, followed by Ms. Dzerowicz, who is splitting her time with Mr. McLeod.

**Mr. Arnold Viersen (Peace River—Westlock, CPC):** Thank you, Mr. Chair, and thanks to our witnesses for being here tonight.

Mr. Brooks, the government recently introduced Bill C-12, its net-zero plan. Do you have any thoughts on Bill C-12?

**Mr. Keith Brooks:** We're glad to see the government moving forward with accountability measures. This is something that we and a number of other environmental organizations have been asking for for a long time.

That said, we do have some issues with this particular bill. In particular, we don't see a 2025 target, which we think is really important. We know that we need to take action sooner rather than later, and our concern is that this bill might be holding future governments to account rather than the current government.

Some of the other issues have to deal with the actual accountability mechanisms. Is the expert body appointed by the government going to have the power to actually force the government to take any action? Would it be kind of making recommendations that can be ignored? We'd like to see the bill strengthened, but in general, we're happy to see the direction toward greater accountability.

This is very important, and this is the way that many other countries are going about managing climate change. We're following the lead of Britain, for example, but others as well. One of the benefits of this kind of a body is that it puts the power in the hands of experts to make recommendations about what policies should be taken. It takes it away from the political nature of the issue, which unfortunately is what climate change is subjected to.

• (1930)

**Mr. Arnold Viersen:** Mr. Masterson, I've been able to tour the big petrochemical plant being built at Redwater, Alberta, which will be making polypropylene. I toured it with Alberta's Industrial Heartland Association. It's an amazing facility with amazing projects. That facility seems to be coming on stream this spring, if I'm not wrong, and I was told that Canada could put another petrochemical plant like that on line every year for the next 20 years and not keep up with the demand for polypropylene.

Is that correct? Do you see other areas in the country that have opportunities similar to Alberta's in that respect?

**Mr. Bob Masterson:** Broadly, that's correct, and it fits in with the message I gave earlier. This is a growth industry. We have to remember where these chemicals go: they go into 95% of all finished products. If you can touch it, taste it, feel it or see it, it has chemistry in it.

As the economy grows, as there more people in Asia aspire to enter have a middle-class lifestyle there, and worldwide too, more demand for more sustainable [*Technical difficulty—Editor*] water, clean energy, and safe, nutritious, abundant food, that means more and more chemistry. Canada, and your location in Alberta, is especially well positioned to contribute to that. It has incredibly low-carbon, abundant low-cost resources. We can make our chemistries with a fraction of the greenhouse gas of other locations.

The plant you reference in Redwater, the Inter Pipeline that will produce polypropylene, will be the lowest, or amongst the lowest emitters of greenhouse gases anywhere on the planet.

There are enormous opportunities to do the job right. We can do it in Canada. For every one of those plants we don't build here, the marginal tonne of supply of these chemicals is going to come from coal to chemicals pathways in Asia. Therefore, if we care about global climate—and we all do and we all should—we have to look carefully at where these chemistries are going to come from.

In Canada, as with Ms. Benoît's industry, we're an \$80-billion a year industry and 80% of everything we produce is exported. Thus, we have a great contribution to make to lower carbon chemistries all around the world.

**Mr. Arnold Viersen:** Are there any other areas of the country that have similar opportunities as Alberta does in this regard?

**Mr. Bob Masterson:** In the chemistry industry, you either locate your facilities close to the resource, and in that case, it's Alberta, or close to market. We have maybe less of a vibrant culture, but a historical culture in southwestern Ontario that is seeing some reinvestment. It could certainly do more. It's very close to key U.S. markets. As well, we have quite a vibrant industry in Quebec—in Montreal and in the Trois-Rivières area. There's lots of opportunity.

**Mr. Arnold Viersen:** Which countries would be our big competitors in that regard?

**Mr. Bob Masterson:** If you look at the petrochemical sector, Canada is just in the top 10, but you have to go by scale. We're certainly not China. We're not the United States. We're not the Middle East. Then you're into, how do we outperform countries such as Singapore? How do we outperform countries such as the Netherlands, Belgium and those countries? With our population and resources, we should be able to.

Any country in the world that had access to Canada's natural gas resources, natural gas liquids to make chemistries, any other country than Canada, would be the world leader in chemistries. There's no question about it.

**The Chair:** We will have to end it there.

Ms. Dzerowicz and Mr. McLeod, you'll have to split about four and a half minutes.

Ms. Dzerowicz.

**Ms. Julie Dzerowicz:** Thank you so much, Mr. Chair.

I'll start by thanking all four presenters for their excellent presentations. Unfortunately, in two minutes and 25 seconds, I can only ask two questions. I'm going to direct them to Environmental Defence.

I agree with all four of the recommendations you've made today. I want to ask you more specific questions about two of them.

The first one is about the fossil fuels and the elimination of the fossil fuel subsidies. In my riding of Davenport, this is a number one ask for them. Every day they ask about this.

When I talk about this to our government, they say two things: one, that over 60% of the energy in the north is fuelled by diesel; and two, that a lot of the indirect subsidies for fossil fuels are to fund new technologies to actually reduce carbon emissions as oil is being produced.

How do you respond to that? I am trying to eliminate them, but this is what I'm being told.

**Ms. Julia Levin:** That's a response, the first response on the dependence of remote indigenous communities. Certainly that is not the first subsidy that needs to go, but the reality is that the vast majority of federal level subsidies are for production. They are not for consumption. It's often used as a smokescreen. That's why we need a road map to hitting that commitment, because we have to start with the billions that are going to the production side.

Sorry. Can you quickly remind me what the second part is?

• (1935)

**Ms. Julie Dzerowicz:** The second part is just the indirect subsidies that are going to fuel new technologies that are actually trying to decarbonize oil production.

**Ms. Julia Levin:** Right. One example of that is the \$750 million that was just given, the methane emissions reduction fund. We are seeing more and more subsidies, especially during COVID, trying to achieve environmental outcomes. The question then becomes, could these be achieved by other means?

Eliminating methane leaks is actually incredibly cheap. It's one of the cheapest ways that companies can reduce their emissions. Those exact same outcomes could have been easily achieved through regulations. Therefore, is that the best use of \$750 million? Could some of that instead have gone to independent monitoring, because we know that industry is consistently under-reporting emissions?

Those are the kinds of questions that we should be asking, and when we form that road map we should really be planning out what subsidies have to go first. Those are the ones that go towards expansion and continued production, and then when we get there, talk about the other subsidies, because every time we give billions to the oil and gas sector, that is money that we can't direct towards other outcomes and certainly towards just transition outcomes.

**Ms. Julie Dzerowicz:** Thank you so much.

**The Chair:** Okay. We will have to go to Mr. McLeod.

**Mr. Michael McLeod (Northwest Territories, Lib.):** Thank you, Mr. Chair, and to the witnesses.

My question is for Environmental Defence Canada, Keith Brooks and Julia.

You had some very good recommendations. I'm from the Northwest Territories and represent it here. Historically, we would have been in the dead of winter right now. The Mackenzie River is still flowing, pretty much free of ice, and last night it rained, which is totally not what we're used to up here, and it causes all kinds of problems.

Your third recommendation deals with investing in solutions that will create jobs and stimulate Canada's economy. I want to know if you would consider an expansion government support for the indigenous guardians stewardship and indigenous protected conservation areas to be an important step towards meeting that recommendation.

**Mr. Keith Brooks:** I think that absolutely could be an important step towards meeting the recommendation. We know that nature-based climate solutions are a part of the solution set we need. We know that we have great allies in indigenous communities and great partnerships and conservation projects, as you described. I think that is one of the main ways the government should go about creating more protected areas and putting in place those nature-based climate solutions.

**Mr. Michael McLeod:** My second question is around the blue recovery that you talked about. I was very excited to hear that, because we are downstream from many of the projects that are in Alberta and B.C. and have huge concerns because we're quite impacted by anything that goes on in the south.

We seem to have very little in terms of protection, and we've talked to the Minister of Environment about having a water agency that would include all of us. What do you think of that idea?

**Mr. Keith Brooks:** We know that the government has committed to protecting 25% by 2025 and 30% by 2030. We're behind on that, and we need to do more on that.

I think a Canada water agency is a key tool that we should be using to do that. One main thing we think this agency should have is some money to dole out for projects, and getting provincial partners, indigenous partners, municipalities, communities and everybody involved in the work of protecting fresh water.

We have 20%—one-fifth—of the world's supply of surface fresh water in Canada, and we're not doing enough to protect it. The experience in the States with the Great Lakes and St. Lawrence restoration initiative was that President Trump did want to remove this funding program, but it was so popular with local communities, governors and citizenry that he couldn't do so. It gave a way for people to really get involved in the work of protecting fresh water.

I think a Canada water agency could do that, but they would need to have the resources to get those provincial, municipal, indigenous partners and everybody on board, and get into the work of actually protecting water.

• (1940)

**The Chair:** I'm sorry, folks.

**Mr. Michael McLeod:** Thank you.

**The Chair:** We're going to end it there.

We could go for another two hours with this extremely interesting panel.

Just for your information, Mr. Brooks, we have set up a subgroup on Great Lakes issues within the Canada-U.S. Inter-Parliamentary Group that's chaired by Vance Badawey on behalf of the Canada-U.S. IPG, and chaired on the U.S. side too.

With that, I want to thank all of the witnesses for their presentations and pushing for very quick times.

We will suspend and go to the next panel.

• (1940)

(Pause)

• (1945)

**The Chair:** We will call the meeting to order.

Welcome to meeting number 10, panel two, of the House of Commons Standing Committee on Finance.

We are operating under an order of reference from November 19. As you all know, we are doing pre-budget consultations in advance of the 2021 budget.

Today's meeting is taking place by a hybrid format. The proceedings will be made available via the House of Commons website. Keep in mind, when you're not on, to mute your microphone. It makes it less disruptive for the committee as a whole.

Just to give a heads-up to the questioners on panel two, Mr. Falk will start and Mr. Sorbara will follow him. We're going to have to cut it back to a five-minute round to try to get everybody in.

First up will be Mr. Ian Lee, associate professor with the school of business at Carleton University.

Mr. Lee.

**Dr. Ian Lee (Associate Professor, Sprott School of Business, Carleton University, As an Individual):** Thank you very much, Mr. Chair.

Thank you for inviting me to appear before the finance committee concerning the most momentous budget to be delivered in modern times in Canada at the federal level.

Here are my three disclosures: First, I do not consult to anyone anywhere. Second, I do not belong to or donate to any political organization or party anywhere. Third, I am not here speaking to you tonight to seek funding or help for anything or anybody anywhere.

Over the next couple of months, I think an extraordinary number of people will appear before this committee, beseeching you for grants, loans, subsidies, stimuli and other forms of financial assistance, and many will claim very dire outcomes consequent to any denial of funding.

Over the last three years, through meticulous, extensive review of Canadian statistical data collected and published by Statistics Canada, CIHI, the Treasury Board main estimates, the Treasury Board Secretariat, public accounts, the Office of the Auditor General, PBO studies and similar government-sourced studies, I slowly developed a PowerPoint deck of graphs, charts and tables sourced exclusively from Government of Canada departmental publication sources. I called my presentation "Enduring Urban Legends of Canada". I will not be presenting it now. I'm just going to run over some of the findings and summarize them very quickly.

We have been told many times—daily, weekly—that inequality is exploding in Canada, yet the recent OECD data shows that Canada is below the OECD average for inequality. Indeed, in a speech by the new Governor of the Bank of Canada in September 2020, the inequality graph was reproduced and specifically cited by the governor. In that same speech, the governor provided StatsCan data that showed that the share of top income earners peaked in 2006 and has declined since—not increased since, as we are told regularly. Indeed, Professor Stephen Gordon of Université Laval has published a number of op-eds in *The Globe and Mail*, *National Post* and *Maclean's* showing that the middle class has not vanished or collapsed, but is thriving.

I reproduced, in my slide deck, graphs by the OECD from 2017, 2019 and 2020 that showed that Canada has improved over the past decade in reducing inequalities in well-being. Indeed, we are at the very top; we are in the top two, three or five countries out of the 34 wealthiest countries in the world, which is what the OECD is. The OECD data shows, in fact, that Canada is number two—which means in the world—for gains and well-being.

A second oft-repeated claim is that poverty is skyrocketing ever upward in Canada. In fact, Statistics Canada shows that poverty has declined from 25% in the 1960s—when I was a child growing up on a farm in eastern Ontario—to 15% below the poverty line in the mid-1990s to under 10% today. Indeed, ESDC—which, of course, is the Government of Canada—showed in its publication on poverty that the percentage of low-income Canadians has declined dramatically from 1976 to the present.

Moreover, contrary to repeated claims of increasing levels of elder poverty, elder poverty has collapsed since the mid-1960s with the introduction of OAS, CPP, GIS and public health care by the Lester Pearson government. Today, elder poverty is in the lower third of the OECD countries. It should be no surprise to parliamentarians because the Statistics Canada classification of functions of government by consolidated government component shows that the federal and provincial governments in Canada, in aggregate, spent \$185 billion in 2018, and that was only on income support programs. In fact, immediately prior to COVID in January 2020, the two levels of government, federal and provincial, spent \$200 billion on income support alone.

- (1950)

Stats Canada notes that almost two-thirds of the \$750 billion spent by all levels of government in 2018 was directed towards “social protection, health care and education”, and spending on social protection grew at 5.4%—at the fastest pace—which is well above inflation. In other words, pre-COVID, in 2018, we were collectively spending almost half a trillion dollars on social health and education in a country with a less than \$2-trillion GDP at that time. That's 25% of GDP.

My urban legends slides also address the claim that a large number of Canadians are deeply indebted and in a desperate financial position, individually on the edge of bankruptcy as we're told. It's claimed that we owe \$2 trillion in debt. We do, but it's never disclosed that Canadians own \$13 trillion personally for a net worth, per Stats Canada, of over \$300,000 per person in 2020. No doubt I'll be accused of wanting to ignore the plight of the poor, but it is precisely the opposite. Large numbers of Canadians live very well indeed. The CRA income stats and the Stats Canada inequality index clearly show that Canada is an extraordinarily prosperous country for most of us. However, there are some Canadians who are left behind, and this fact calls for targeted surgical policies, programs, and spending to zero in like a laser beam to help those who do need help. I urge parliamentarians to avoid at all costs the demand from high-income privileged professionals for universal social programs, people like me, professors, public servants, and medical doctors, who are seeking to obtain free drugs and/or free day care to be paid for with scarce public resources when they need to be focused on our low-income people who need help.

Thank you.

**The Chair:** Thank you very much, Mr. Lee.

We turn now to the African Leadership Force.

Mr. Bouka, go ahead. The floor is yours.

[Translation]

**Mr. Yaovi Bouka (Executive-Vice-President and Treasurer, African Leadership Force):** Can you hear me?

[English]

**The Chair:** Yes.

[Translation]

**Mr. Yaovi Bouka:** Ladies and gentlemen, members of the Standing Committee on Finance of the House of Commons of Canada, allow me, first, to thank you for this opportunity to appear before you on behalf of Force Leadership African as part of your pre-budget consultations for 2021. I would also like to take this opportunity to thank the Canadian government for the bold and appropriate measures it has taken to support Canadian populations, businesses and communities in the fight against the COVID-19 pandemic and to prepare the country for a robust economic recovery.

Force Leadership African, an organization that represents the African diaspora in Canada, was established in 2006. Some of its objectives are as follows: to establish in Canada an African consultation, representation and positive action group on political, economic, trade, cultural, scientific and social issues affecting Africa and Africans; to promote leadership and entrepreneurship within Canada's African communities; and to contribute to the operation of a mutually beneficial partnership between Canada and Africa.

For the purposes of the pre-budget consultations, our organization's main recommendations, which we have already forwarded to you by email, may be summarized as follows: that the government: grant funding to improve the health and welfare of seniors in cooperation with the Canadian provinces; ensure that seasonal farm workers arrive and live in Canada in safe and decent conditions; fight systemic anti-black and anti-indigenous racism; end police brutality against indigenous and black people; create a Canada investment fund for Africa with \$1 billion in capital to improve capital availability and finance business and investment projects in Africa, including in the key areas of infrastructure and digital technology; fund African diaspora organizations that aim to promote Canada-Africa business relations; and encourage banks and financial institutions to extend their interest rate reductions on loans and credit cards through the end of 2021.

We therefore welcome the new federal programs designed to combat discrimination, especially the black entrepreneurship program implemented by the Minister of Small Business, Export Promotion and International Trade, Mary Ng. These programs were presented to us at a virtual conference hosted by MP Mr. Emmanuel Dubourg on Friday, December 4. Minister Ng's parliamentary secretary, Ms. Rachel Bendayan, was also in attendance. These programs are actually pointing in the right direction.

As regards Africa more specifically, the Canadian government has clearly expressed its commitment to further strengthening its economic and trade ties with our continent. In the context of this new dynamic, it has also stated that it wants to see the members of the African diaspora get more involved in the development of this new Canada-Africa partnership.

In actual fact, given the new constraints imposed by COVID-19, the cooperation paradigm between Canada and Africa will have to be redefined to respond more effectively to the aspirations of both parties. The Canadian side feels that markets must be diversified and investment risks reduced, while Africans believe new forms of project funding are necessary. Economic activities must also be diversified and the diaspora's involvement in the economy increased.

The COVID-19 pandemic is a threat to global health and the global economy. Considering the enormous gap between the resources that the rich countries have deployed—more than \$12 billion—and the near anemic means of the less advanced countries, OECD secretary general Angel Gurría has urgently appealed to the rich countries to triple, and even quadruple, government development assistance to enable the emerging countries to participate effectively in the fight against the pandemic.

● (1955)

Accordingly, we recommend that the Canadian government implement two additional measures: first, introduce a special program to support the recovery of African countries, more particularly to assist them in establishing their own sovereign funds and in supporting the recovery of their SMEs, which constitute 90% of African businesses; and, second, establish, in cooperation with the private sector and multilateral agencies, an investment fund for Africa to spearhead the new Canada-Africa partnership.

These proposed measures are admittedly...

● (2000)

[English]

**The Chair:** Mr. Bouka, I hate to interrupt, but I'll have to get you to wrap it up pretty quickly. We're trying to hold people to five minutes and we're at seven.

[Translation]

**Mr. Yaovi Bouka:** Yes, I'm almost done.

These measures are admittedly measures of generosity, but they are also based on economic considerations. As the administrator of the UN development programme, the UNDP, has said, the pandemic has propelled us into a new global collaboration between the public and private sectors that will enable all of us truly to achieve our technology, economic and sustainable development objectives.

[English]

**The Chair:** Thank you very much, and for the brief that you presented earlier.

We'll turn now to Pam Krause with the Centre for Sexuality.

Ms. Krause.

**Ms. Pam Krause (President and Chief Executive Officer, Centre for Sexuality):** Good evening, Mr. Chair and members of the committee.

My name is Pam Krause, and I am the president and CEO of the Centre for Sexuality. I am also a proud member of the Calgary LGBTQ community. I've worked and volunteered as an advocate on equality and social justice in the local non-profit community for 20 years. Thank you for inviting me to participate in this important consultation.

The Centre for Sexuality is a nationally recognized prevention-focused organization that delivers evidence-based programs and services to normalize sexuality and improve sexual health. We've been leading the way in the areas of sexuality, healthy relationships, human rights and consent for 48 years in Calgary. We serve over 40,000 people in Alberta annually thanks to our many partnerships with schools, community groups, health agencies and corporate partners.

The COVID-19 pandemic has caused an extraordinary disruption to the social fabric of our country. It has exacerbated existing crises and stretched limited resources beyond their breaking points. Urgent action is needed to protect those Canadians who are most vulnerable because of this pandemic.

Every six days a woman in Canada is killed by a current or former intimate partner. Domestic abuse rates in Alberta are at a 10-year peak. Study after study demonstrates that during times of economic stress and high social anxiety, gender-based violence rates skyrocket. The United Nations has called this the "shadow pandemic".

Before the pandemic started, our support resources were already stretched. Last year, the Calgary police responded to almost 25,000 calls related to domestic violence. Over 23,000 Alberta women, children and seniors requesting admission to shelters were turned away in the last two years. Women's Shelters Canada released a report showing that 60% of shelters across Canada have reported significant increases in calls and requests since March. The Association of Alberta Sexual Assault Services reported a 57% increase in people reaching out for help since the beginning of the pandemic.

This comes with a real-world cost. A Justice Canada study estimates the economic cost of domestic violence in Canada to be as much as \$7.4 billion per year.

The Government of Canada should make new investments to ensure that we are rebuilding a society that treats people humanely and equitably. There are proven programs, including our own WiseGuyz program, which can be scaled up to advance this goal, but we're in desperate need of additional resources.



Canada's gender-based violence strategy will enter its second-to-last fiscal year in 2021. We ask you to recommend that the government renew this program now, with new funding and increased focus on prevention.

As we emerge from this pandemic and lockdowns are lifted, we can expect normal behaviours to return to daily life. Many psychological experts anticipate an increase in, or at minimum normal, sexual activity levels post-lockdown.

Before COVID-19, Canada was already facing an epidemic of sexually transmitted and blood-borne infections—STBBIs. Chlamydia and gonorrhoea infection rates have been increasing across Canada. Alberta is in the midst of a syphilis outbreak, with infection rates at a 70-year high. As Canadians re-engage in normal pre-lockdown sexual practices, there is a significant risk that these already high infections rates will spike further.

The risks are even more dangerous given that much of Canada's public health infrastructure has been under immense strain. Many sexual health information centres are operating on reduced hours, and testing clinics have shifted focus to COVID. Researchers from the British Columbia Centre for Excellence in HIV/AIDS recently projected that a 50% disruption to HIV services due to COVID could lead to a 9% increase in new infection rates.

There is an economic case for investing in STBBI prevention, as one study estimates the economic loss attributed to those infected with HIV to be \$4 billion, or \$1.3 million per person infected.

Sexually transmitted infections and blood-borne infections disproportionately affect marginalized communities, which creates a vicious cycle when combined with other barriers, like stigma, racism and poverty, that mitigate access to sexual health care.

The Public Health Agency of Canada provides \$26.4 million annually to community health organizations in Canada through the HIV and hepatitis C community action fund.

- (2005)

To combat this looming sexual health crisis, we ask you to recommend an increase of \$50 million annually to address the growing STBBI rates across Canada.

The COVID-19 pandemic has been devastating. I urge all of you to recommend new investments to ensure that we emerge from this pandemic as a more just and inclusive society.

Thank you very much. I would be happy to answer any of your questions.

**The Chair:** Thank you very much, Ms. Krause, and for the brief that you submitted earlier in the year.

We are turning to Kim Moody of Moody's Tax Law.

Go ahead, Mr. Moody.

**Mr. Kim Moody (Chief Executive Officer and Director, Canadian Tax Advisory, Moody's Tax Law LLP):** Thank you, Mr. Chair.

Good evening, committee members.

Thank you for the opportunity to discuss the 2021 federal budget priorities. My name is Kim Moody. I'm a chartered professional accountant and the CEO and director of Canadian Tax Advisory services for Moody's Tax Law and Moody's Private Client.

I have a long history of serving the Canadian tax professionals in a variety of leadership positions, including chair of the Canadian Tax Foundation, co-chair of the joint committee on taxation of the Canadian Bar Association and CPA Canada and chair of the Society of Trust and Estate Practitioners for Canada to name a few.

Given the limited time we have tonight, I'm going to keep my opening remarks shorter than usual.

March 19, 2019, does that date mean anything to anyone? Well, it should. That was 629 days ago, and that was the last time the federal government released a budget. We are quickly approaching the Canadian record for that kind of delay of 651 days.

As former parliamentary budget officer, Kevin Page, said in October this year that “are fiscal plans. And to say that, 'because there's too much uncertainty, we're going to manage without a plan', is kind of bizarre.... The reason we have plans is because there is uncertainty.” I absolutely agree.

In this day and age of uncertainty, a fiscal budget and plan is needed, and the recent November 30, 2020, fall economic statement is not that plan.

As esteemed economist, Dr. Jack Mintz, who recently appeared before your committee, stated in the National Post on December 3, 2020, “I was hoping our new minister of finance, once a fine journalist, might produce a fall fiscal statement written clearly and to the point. Instead, we are treated to 237 pages of repetitive backslapping and cliché-laden phrases that few will bother to read.”

I agree. As Kevin Page stated in a CBC news article on December 6, yesterday, after the release of the fall economic statement, “We don't really have a good view—almost no view—of the government spending today. We have estimates of what the government thinks it will spend for 2020, 2021, but those are not the actual monies that are going out the door”.

Accordingly, it is critical for our country's fiscal future to develop a well-thought-out budget and to do it quickly and thoughtfully. Pre-budget consultations are famous for organizations and individuals who provide their views on how the Government of Canada should spend and/or raise their money. There's no shortage of funding requests, and today is no different.

With the above in mind, I believe there are two key broad objectives that the government should set their focus on. Number one is targeted short-term spending to continue to assist business owners, job creators, so they can continue to employ Canadians. Jobs, jobs, jobs should be of primary importance in the short-term. Number two is to engage in comprehensive tax review and reform.

With respect to the jobs priority, it's important to remember that government does not create jobs or wealth. That distinction is left mainly to the private sector; however, government can certainly provide a fertile garden to encourage job growth. How can it do that in the short-term? The continuation of the wage subsidy and rental subsidy will certainly help, but non-budgetary matters, pre-approved resource projects and accelerating permitting time for construction projects would greatly assist the acceleration of employment.

• (2010)

**Ms. Annie Koutrakis:** I have a point of order, Mr. Chair.

I'm sorry, but there's a member whose microphone is on, and I'm just wondering if we could mute him. I'm sorry to interrupt.

**The Chair:** That's not a problem.

We'll not take time from you, Kim.

If anybody's listening there, shut off your mike. I can't tell which one is on.

Go ahead, Mr. Moody.

**Mr. Kim Moody:** The continuation of the wage subsidy and rental subsidy will certainly help, but non-budgetary matters, such as quickly approving resource projects and accelerating permitting time for construction projects would greatly assist the acceleration of employment.

From the perspective of my home province of Alberta, it's my belief that Bills C-48 and C-69 should be repealed, which would go a long way to restoring foreign investor confidence back in our oil and gas sector.

Finally, as many presenters have told you in the past, this country needs comprehensive tax review and reform. Yes, I know, many of you are tired of hearing this. Your committee has recommended this very thing and so has the Senate. Perhaps there is something to all the smart people that have appeared before you. Perhaps certain academics, bureaucrats and parliamentarians who think that comprehensive tax review is not necessary or that Canadians are not ready for such a review are simply wrong. Just maybe...

In my view, Canadians are ready, ready for real and refreshing change for the better, ready for positive change to assist our taxing statutes to get ready for the next generation. Forget the cries for patchwork quilt fixes. In addition, ignore the calls by some who want significant change, such as the addition of a wealth tax, without comprehensive review and reform.

Any big changes should only be made after a well-represented panel of tax experts, economists, academics, public policy experts and other stakeholders conduct a thorough and well-represented review of our current system and recommend a new system for our future, a bigger and better future.

Thank you. I'd be happy to answer any questions.

**The Chair:** Thank you very much, Mr. Moody. Yes, we certainly did recommend that there be a comprehensive tax review.

We will switch back to five minutes instead of six to try to get everybody through.

Mr. Falk, you have five minutes.

**Mr. Ted Falk:** Thank you, Mr. Chair, and thank you to all the panellists who presented a brief and a little synopsis of what your concerns are.

Mr. Moody, I would like to begin with you. You have criticized the CERB, and I think rightly so, for being in direct competition with the private sector.

Are there any of these other COVID subsidy programs that you think need to be fixed or that could be made more effective?

**Mr. Kim Moody:** That's a great question.

Yes, I did criticize the CERB. I'm on record for stating that.

In a perfect world, I would love to see the wage subsidy and the rental subsidy simplified, but I do sympathize with the Department of Finance in how they wanted to target it. There's a reason why there hasn't been as much pickup in the wage subsidy. In my humble opinion, it's because it's so complicated that people are scared to use it. I think that's the short answer to your question.

With respect to some of the others, I would like to see a slowdown of some of them. It's too late now, but, for example, there was the one-time payment for seniors earlier this year. I still shake my head at that. Some of the excessive spending seems to not be as targeted as it could have been.

Hopefully, that answers your question.

**Mr. Ted Falk:** Yes. Thank you.

You mentioned tax reform a couple of times.

**Mr. Kim Moody:** Yes.

**Mr. Ted Falk:** We know that there is a big gap that has been created with all the stimulus money, and that's at some point going to have to be addressed. What measures in tax reform do you think could address that in an equitable way?

**Mr. Kim Moody:** I'm sorry. When you say "gaps", can you maybe enlighten me? What do you mean by that?

**Mr. Ted Falk:** Well, we've spent almost \$400 billion more this year than what we're going to be taking in, so somewhere that \$400 billion needs to be addressed. Either we need to work on some kind of repayment program or we need to get to the point where we're okay with paying interest on an extra \$400 billion.

**Mr. Kim Moody:** That's a good point. Thank you for clarifying that.

I think all measures should be on the table to look at, actually, including revenue raisers and targeted revenue raisers, but not without a complete review of how we currently tax and administer our system and what is taxed. I think austerity measures should also be on the table.

That's my personal view.

• (2015)

**Mr. Ted Falk:** Thank you, Mr. Moody.

Mr. Lee, I'd like to direct a few questions your way. You've talked about the decrease in the amount of people living at or below the poverty level in our country over the last 40 years. I think that's a point well taken, but you did say that there should be measures taken to adequately address the poor during this time of COVID. Do you have any specifics that you could point out to this committee?

**Dr. Ian Lee:** Thank you.

As you know, there's a lot of discussion on this right now, and that's why I focused on the universal question. There are discussions about universal pharmacare, and there were discussions up until a week ago about a universal guaranteed annual income.

I think it is an enormous mistake to be going down that road. First of all, most of us don't need that kind of assistance. I put this out as a philosophical statement to guide policy-making. We should be focusing on those people who need help, and it is not 100% of the population.

The Economist magazine said that we're in the 90% economy. That's 90% of us. If you look at the employment numbers, it really falls down to that. Most people in the economy—about 90% of us—are doing okay, but 10% of us are doing terribly, so we should be focusing on that 10%. We know who they are. They are in airlines. They are in accommodation. They are in restaurants. They are in entertainment, in theatre and that sort of thing.

**Mr. Ted Falk:** Okay.

I think I probably have time for one more question.

Could you identify what that support might look like for some of those industries that you have identified? I agree with you that the majority of people are okay, but there are a few targeted industries that have really been hit hard and need something.

**Dr. Ian Lee:** I agree. Airlines would be at the top of the list, and oil and gas. I don't think we should allow—I've said this in some of my public comments—ideology, which is the word I'm using, to say that some industries are somehow inappropriate because they are, in the view of some people, emitting GHGs. We should not be letting that enter into our calculus.

There are large numbers of Canadians who work in those industries—about 10%. We have a million more people unemployed right now compared to pre-COVID numbers, and we should not be making distinctions about what industry they work in. They all need our help, so we should be looking at those industries—oil and gas, airlines, hotels, accommodation and the entertainment industry—for targeted assistance for them.

**Mr. Ted Falk:** Thank you very much.

**The Chair:** Thank you, both.

We'll turn to Mr. Sorbara who will be followed by Mr. Savard-Tremblay and then Ms. Blaney.

Mr. Sorbara.

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

It's great to be back on the committee this evening with everyone.

Thank you to everyone who has presented tonight. Your presentations were all very thoughtful and touched on subject areas that are important as we move forward.

Mr. Lee, thank you. As always, I appreciate your comments. Funnily enough, the September 10 commentary by the Bank of Canada governor, charts 6 and 7, which you referenced.... I was very happy to see your reference to the work that's been done to decrease levels of poverty in Canada. We had two measures in our platform, the 10% increase in old age security and then the very targeted increase in the CPP survivor's benefit, which would need co-operation from the provinces. This would aid many single seniors when someone passes away. That would be a large measure.

I look at the official poverty dashboard that came out in February 2020 this year and the decline in poverty rates across the country, especially when we assumed power; the increase in the Canada child benefit; the 10% increase in the GIS; and then the economy creating over a million jobs. These are great things.

If you had to name two policy measures that we could implement on a going forward basis, what would they be? Be very quick, please.

• (2020)

**Dr. Ian Lee:** Targeted day care. I think there's wide support in the country for day care. The question is are we going to give it to wealthy lawyers or accountants or professors...?

**Mr. Francesco Sorbara:** And the second—

**Dr. Ian Lee:** The second is I think that we've got to revisit the CERB and make sure it is not a penalty on employers. I'm talking to too many employers who are finding that the CERB is preventing people from returning to work, because—I'm sorry that people will be upset at this—there are not enough incentives in CERB for people to return to work, and it has probably become overly generous in the compensation it provides.

**Mr. Francesco Sorbara:** Thank you for your commentary.

Mr. Moody, thank you for your ongoing work in the tax community. I'm very well aware and understand where you're coming from. I was part of the committee that put forward, along with the chair, the recommendation for what I would call an "overhaul" of our tax system, looking for a broad and comprehensive review, to make the tax system even more efficient, simpler, and broadening the base, if I could call it that, while lowering the overall tax incidence on Canadians, which I think would be a great step forward.

Again along the lines of what I asked Mr. Lee, if you can bring two suggestions, because we are coming out of COVID, what would they be?

The vaccine is on its way, the economy is recovering. Indeed, on a GDP basis, we're within 5% of.... With the unemployment numbers last week, I think we're still down several hundred thousand Canadians out of work, especially in the sectors where we can't socially distance: transportation, hospitality, tourism.

Mr. Moody, what would you recommend?

**Mr. Kim Moody:** In the short term?

**Mr. Francesco Sorbara:** In the short term or long term, either one.

**Mr. Kim Moody:** In the immediate short term, I'm glad to see that the wage subsidy has been extended. I think the government should be open to continuing that beyond June if need be. That's number one.

Number two, which won't be popular among certain...but I do think a reduction of the corporate tax rate for employers would be helpful in the short term to encourage employment.

**Mr. Francesco Sorbara:** Okay. Thank you for commenting on the extension of the CEWS, which has assisted over three million employees, and over 100,000 employers utilize it. The CECRA or the new rental program, which is getting some strong takeup, is again targeted to renters, which is great to see. Obviously the CERB was implemented for a purpose and many of the programs to build that bridge and build the floor to get us through to the spring, when the sun will shine, and to brighter days.

Ms. Krause, thank you for your presentation.

I know that through the emergency community support fund, we provided significant funds to organizations across the country. I wanted to see how your organization and organizations in Alberta received those funds and accessed some of the programs we put in place—which is obviously a trend we don't want to see increasing.

**Ms. Pam Krause:** The emergency money that went out to the non-profit sector was fast and efficient. I think one of the most important parts about that program was that the money was filtered through the United Way, community foundations and the Red Cross, which meant they were able to look at the needs in their local communities, the needs on the ground.

We were fortunate to get support to further support our LGBTQ communities that have been really struggling. I think it was a great mechanism to get some really needed money out the door fast.

**Mr. Francesco Sorbara:** Thank you for that feedback.

Thank you, Chair.

**The Chair:** Thank you, all.

We go now to Mr. Savard-Tremblay for five minutes, followed by Ms. Blaney.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Mr. Chair.

Thanks to all the speakers for their presentations.

I would like to ask Mr. Bouka a question.

Mr. Bouka, I read your recommendations with great interest. I also listened to you with a great deal of interest.

Your first recommendation concerns the improvement of seniors' health and welfare. With respect to means, do you think, for example, that a pension increase might be a satisfactory solution to improve seniors' purchasing power, given the considerable isolation and difficulties this category of people experience?

Incidentally, last week, a majority of members in the House of Commons voted in favour of an increase in health transfers to the provinces. The National Assembly of Quebec has also requested it.

Do you think that might also be a way forward in achieving this objective, which is your first recommendation?

**Mr. Yaovi Bouka:** Thank you for that question.

Yes, with regard to seniors, the measures you just cited are very good. They hadn't been announced when I prepared our recommendations. However, since you ask me the question, I'd suggest you distinguish between seniors who are very rich and may not need support and others who were manual labourers or not senior public servants and aren't in a solid financial position.

As to measures that should be taken, perhaps you should find a way to cut spending somewhere in order to distinguish between seniors who already have sufficient means and those who really don't have a lot of money. For example, those who are required to return federal benefits don't need support.

That's what I would say on that subject. I don't know if I've answered your question.

● (2025)

**Mr. Simon-Pierre Savard-Tremblay:** Yes, you answered it in large part. Thank you.

You mentioned measures that had been announced. Unfortunately, they weren't. A majority in the House nevertheless expressed support for the measures, either in the form of improvements to seniors' pensions or health transfer increases. We know that health costs are exploding in the provinces and that the population is aging. The provinces have a responsibility to hire ever larger numbers of doctors, nurses and orderlies.

Do you think the money should be transferred instead from Ottawa to the provinces?

**Mr. Yaovi Bouka:** I have to admit I'm not an expert on political relations between the provinces and the federal government.

What I could simply say is that I see a difference between a large class of persons who do not have the necessary means and those who have considerable means.

I admit, however, that I'm not very clear on how the relationship works between the provinces and the federal government.

**Mr. Simon-Pierre Savard-Tremblay:** That's not a problem, Mr. Bouka. I appreciate your honesty.

In that case, I'll address a topic that you must be very familiar with: trade between Canada and Africa. I imagine you're very familiar with that component.

**Mr. Yaovi Bouka:** Yes, of course.

**Mr. Simon-Pierre Savard-Tremblay:** What do we do, what could we do, and what haven't we done in all that?

**Mr. Yaovi Bouka:** That's an excellent question.

I'm going to disregard the present situation, in which people can't hug each other, and imagine we're living in a normal situation in which a man and a woman love and adore each other. When they see each other, they say they love and adore each other, but they don't embrace. Why? Because there's a barrier between them.

Take SMEs, for example. Most of the economic fabric of Quebec consists of SMEs. In Africa, 98% of businesses are SMEs. Here's a simple example. In the present situation in which governments of rich countries can afford to inject money into their economies, agreeing to a moratorium on African countries and thus condemning them to two, three or six months of indebtedness means that those countries are completely shut down and can't do anything.

So, if we want to establish a new Canada-Africa partnership or to do business, I would emphasize that it's to our advantage that our client be in good financial health. That's why we say that helping African countries to recover, to establish their own sovereign funds and to relaunch their economies really works to the advantage of the Canadian economy, which aims to diversify. That's why we recommend two additional measures.

The federal government itself said it wanted to increase its aid to African countries slightly. I think it wanted to raise it by 50%. The first measure is to step up that increase, which will help those countries get themselves out of the rut I just described.

The second measure is to create a Canadian investment fund that would enable Canadian businesses to benefit from it. I've heard about infrastructure projects in which Canadian companies wanted to take part. However, since there was no support mechanism, those projects were abandoned. France and Germany have banks, such as Société Générale and Deutsche Bank, that work with European companies in Africa. In the United States, Citibank and J.P. Morgan work with American businesses in Africa...

[English]

**The Chair:** We will have to end it there, Mr. Bouka.

[Translation]

**Mr. Yaovi Bouka:** Thank you very much.

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Mr. Bouka.

[English]

**The Chair:** Next we have Ms. Blaney, and then we'll have to make a decision whether we want to go 10 minutes more.

Ms. Blaney for five minutes.

**Ms. Rachel Blaney (North Island—Powell River, NDP):** Thank you, Chair, and thank you to the witnesses this evening.

Mr. Bouka, if I could start with you, I read the briefing you sent us and recognized that during your presentation you talked specifically about addressing systemic racism towards the Black community and indigenous community, and also about the importance of investing in Black businesses. I think that is incredibly important.

I found it interesting in the fiscal update when the government talked about some of its recommendations, some of the ideas it has for moving forward. One of the things I found very interesting was idea of diversity in procurement, and their talking about the Department of Public Services and Procurement actually launching a pilot project to open up bidding opportunities for Black-owned and operated businesses. They referenced building off the successful procurement strategy for aboriginal businesses. I found that interesting because aboriginal businesses, of course, have come forward very recently saying the 5% goal is not even close to being met. In fact, procurement by the government from indigenous businesses is below 1%.

Could you speak to the urgent need to see these issues dealt with and to have support for SMEs and Black-owned businesses to move forward the progressive agenda that really addresses the issue of systemic racism?

• (2030)

[Translation]

**Mr. Yaovi Bouka:** As you know, for historical reasons that we won't go into because we don't have a great deal of time, many blacks don't have grandparents or great-grandparents who have left them money. You also know how banks operate: when you have a business and you need a loan, the bank asks you to put up something as collateral. However, if you're a wage earner and you come from a family of wage earners, you don't necessarily have that kind of collateral.

That's why sometimes we need to design mechanisms that inspire trust that a business project can succeed in securing financing. That would put everyone on an equal footing. Some people in business have great-grandparents. For some people, it's nothing to put a \$1 million or \$500,000 house up as collateral. However, others whose parents have always been renters can't offer those guarantees.

Perhaps these factors should be examined before a mechanism is introduced for members of the black and indigenous communities. I must admit I'm not very familiar with the situation of indigenous communities, but I imagine it's somewhat similar.

The second factor is business know-how, the language of business. There's no business culture in indigenous communities. Nor do you have any when you belong to a family whose members have always been wage earners, because business skills are not in your DNA.

In short, two questions must be considered: how do you create business know-how, and how do you establish collateral mechanisms to provide access to financing?

[English]

**Ms. Rachel Blaney:** Thank you so much.

Ms. Krause, if I could come to you, you talked a little bit about the realities of domestic violence. I've certainly heard in British Columbia where I'm an MP that those numbers are increasing, and that the strategies for helping women exit those environments are getting harder because so many people are isolating—and, of course, that is a very unsafe place to be. Could you talk about the impact of COVID on those services and what harm you feel that is bringing to families?

**Ms. Pam Krause:** I think the biggest thing that has happened with any of the social issues we address is that social isolation has been real and also that there's not necessarily an ability to reach out for crisis services. At some point Alberta women shelters actually had fewer residents because women weren't able to access the resources.

One of the things that we look at the most in the work we do is who is socially isolated, what are the social determinants of health that are keeping people from being able to access services, and what can we do as a community to ensure that people not only have professional supports, but also have some natural supports in their lives so that they can reach out to someone in their lives who can help them. I think if nothing else has been learned, we need strong support systems so that we can get through crises whether they be a pandemic, or the ongoing social issues that persist in our society.

• (2035)

**The Chair:** Okay. We will have to end that round there.

I do know the bells are ringing, and we really would need unanimous consent to continue. I would suggest that if we continue, we take one question from Mr. Kelly and one question from Ms. Koutrakis. Are we okay to continue with two questions?

**Some hon. members:** Agreed.

**The Chair:** Mr. Kelly, go ahead.

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

I will just ask a quick question of Mr. Moody.

You mentioned that you believe some businesses were not applying for the wage subsidy given its sheer complications and the issues with determining eligibility. How do you feel about the audits that took place on small businesses that didn't even have an assurance of the continuation of the program? Also, could you address the broader cost of compliance in an extremely complicated tax system?

**Mr. Kim Moody:** That's a great question.

I know we're short on time here, but the legislation is frighteningly complex. It is some of the most complex legislation I have ever seen, but it's deceptively simple to apply for. Click, click, click, click, click online—boom!—get your money. A lot of business owners who do that are quite mistaken, and some of them who have done that are now frightened.

There's that camp, which I think is wrong. In other words, you need a balance between making it simple or easy to identify for the average business owner, and having it targeted. I think the Department of Finance focused very much on targeting at the expense of simplicity. I would just like to see that balance. It's probably too late, but the bottom line is that I would like to see that.

With respect to the audits, yes, I've commented on those publicly many times. Some of the first audit letters have been released. CRA says they shouldn't have been released, but they're out there, and I'm aware of businesses that have received these and that are now in the midst of these audits. They are unbelievable. You'd need to hire firms like ours, which are expensive, in order to comply with them. It shouldn't be that way. You shouldn't need to hire firms like ours, or accountants for that matter, who are expensive, to go through an audit.

Yes, the CRA needs to audit. That's its job. However, I think a little compassion during this time would be appropriate, in my view—compassion and simplicity.

**The Chair:** Thank you, both.

Ms. Koutrakis, you have the last question.

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

Thank you, to all the witnesses, for your presentations this afternoon.

My question is for Ms. Krause.

Ms. Krause, it's nice to see you again. I hope you and yours continue to be healthy and safe.

One of your pre-budget submissions notes that other countries have already adopted neutral blood-screening donation policies, which do not discriminate based on gender or sexuality. Can you comment on the experience of these countries in adopting these policies? Have there been any unforeseen consequences of these policies? Also, in your view, what can we learn from their experiences?

**The Chair:** Ms. Krause.

**Ms. Pam Krause:** We have seen some changes that have happened. I would like to be able to provide you with more information, but unfortunately I haven't had a chance to really dig into the impact.

However, I will say—and I think it's very important—that I think in all cases what we have to look at is behaviour that dictates policy. Rather than looking at somebody's sexual orientation, I think it's absolutely essential that we do move to a world where we're looking way more at what people's sexual behaviours are as they relate to blood.

I have lots of smart people who work with me, so we could certainly provide you with more information around what the successes and challenges have been, which I take seriously. There are always consequences.

However, I think overall Canada definitely needs to move to ending the blood ban for gay men.

**The Chair:** Thank you. If you can send us further information on that, Ms. Krause, that would be great.

I'm sorry to rush everyone. On behalf of the committee, I want to thank all of the witnesses for their presentations tonight, and an-

swering our questions. If you have further follow-up information you want to forward to the clerk, that's fine too. We had a couple of very good panels tonight that will help us move forward.

For committee members, you're aware of the meeting tomorrow and the meeting on Thursday. We're also going to slate one for Friday, as well, from one o'clock until three o'clock. If members want to work with their schedules, hopefully, that will work. We'll have to adjourn, and we will see everyone at the votes in the House.

The meeting is adjourned.

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<https://www.noscommunes.ca>