



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

43rd PARLIAMENT, 2nd SESSION

Standing Committee on Finance

EVIDENCE

NUMBER 027

Wednesday, March 17, 2021

Chair: The Honourable Wayne Easter



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• (1430)

[English]

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

Welcome to meeting number 27 of the House of Commons Standing Committee on Finance. Pursuant to the order of reference of March 8, 2021, the committee is meeting to study Bill C-14, an act to implement certain provisions of the economic statement tabled in Parliament on November 30, 2020 and other measures.

Today's meeting is taking place in a hybrid format, pursuant to the House order of January 25, 2021. Therefore, members are attending in person in the room and remotely using the Zoom application. The proceedings will be made available via the House of Commons website. Just so you are aware, the website will always show the person speaking rather than the totality of the committee. I'd like to take this opportunity to remind all participants, witnesses and members, that screen shots or taking photos of your screen is not permitted under parliamentary rules.

Before we go to the witnesses, as the committee knows, the subcommittee on agenda and procedure met on Monday. There was a report sent out to committee members. I would like to make a couple of changes to that report, if I could.

I will read the report and make the changes as I go, as follows:

1. That, with respect to Bill C-14, An Act to implement certain provisions of the economic statement tabled in Parliament on November 30, 2020 and other measures:

a. The Committee invite witnesses to appear on the Bill on Wednesday, March 17, 2021, from 2:30 p.m. to 5:30 p.m., on Thursday, March 18, 2021, from 10:00 a.m. to 1:00 p.m., and if required during other meetings before Tuesday, March 23, 2021;

b. The Committee proceed with clause-by-clause consideration of the Bill no later than Tuesday, March 23, 2021, at 4:00 p.m.;

It did say "3:30 p.m." That is amended to read "4:00 p.m."

c. Amendments be submitted to the Clerk of the Committee in both official languages no later than 12:00 p.m. on Monday, March 22, 2021;

d. The Clerk of the Committee write immediately to each Member who is not a Member of a caucus represented on the Committee and any independent members to inform them of the study of the Bill by the Committee and to invite them to prepare and submit any proposed amendments to the Bill which they would suggest that the Committee consider during the clause by clause study of the Bill. The Clerk should also outline all of the parameters and deadlines mentioned in paragraphs a) to c) of this motion;

2. That the committee hold a 90 minute panel of witnesses on the Covid-19—

It did say "Covid-10" and is amended to read "Covid-19".

—expenses study on March 25, 2021 followed by a 30 minute discussion on committee business to study various motions on notice (3 motions from Gabriel Ste-Marie (Routine motions), 1 motion from Peter Julian (Tax evasion) and 1 motion from Julie Dzerowicz (interprovincial trade barriers));

It did say interprovincial "tax" barriers. That is slightly amended to read interprovincial "trade" barriers. It's probably due to me being on P.E.I., and people don't understand my island accent anymore.

3. That the committee hold a meeting to study the Main Estimates and invite the Minister of Finance and senior officials;

4. That the subcommittee hold its next meeting on Monday, March 29, 2021 or Wednesday, March 31, 2021 to discuss committee business.

With those slight amendments, does somebody want to move the motion?

• (1435)

[Translation]

Mr. Gabriel Ste-Marie (Joliette, BQ): Yes, I so move.

[English]

The Chair: It is moved by Mr. Ste-Marie.

Is there any discussion on the motion?

Yes, Peter.

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

On the last part, about the steering committee, I thought we were meeting after the discussion of the motions next Thursday—so a week this Thursday—and so it was the following Monday. I think that's the 31st, but you mentioned a number of dates. I'm not sure if I misunderstood you or whether you clarified.

The Chair: What we were going to discuss at the meeting on March 25 in the last half-hour were those motions—the ones from Gabriel Ste-Marie, yours, and the one from Julie Dzerowicz—to see what we'd do with those motions. Then we would have a subcommittee meeting on Monday, March 29 or Wednesday, March 31.

Mr. Peter Julian: Good. Yes. Thank you.

The Chair: Okay.

All those in favour?

(Motion agreed to)

The Chair: Thank you, all.

We shall now turn to witnesses, but before we get to the witnesses, I'll give you the speaking order for questions. First will be Mr. Kelly, followed by Ms. Koutrakis, Mr. Ste-Marie and Mr. Julian.

Witnesses, welcome, all. I'm sorry for taking a little time with that procedure, but it gets us to where we want to go.

We will turn first to the Quebec Chamber of Commerce. We have Charles Milliard, president and CEO; and Mr. Lavigne, senior consultant.

Mr. Milliard, the floor is yours. If you could hold it to about five minutes, that would be great.

Mr. Charles Milliard (President and Chief Executive Officer, Fédération des chambres de commerce du Québec): I'll do my best.

Happy St. Patrick's Day to everyone.

[*Translation*]

My name is Charles Milliard.

I am the CEO of the Fédération des chambres de commerce du Québec. The FCCQ is an organization that includes both 130 chambers of commerce from across Quebec and 1,100 member companies. We are the largest group of business people in Quebec and we represent all sectors of activity in Quebec.

Thank you for inviting us to testify before you today on Bill C-14, which is a follow-up to the economic statement that was introduced on November 30.

The FCCQ welcomed many of the measures that were presented in this budget update. These include the increase in the wage subsidy rate and its extension to March 13, and June 5 thereafter, as well as significant investments in infrastructure, particularly at major airports. This is noteworthy. However, today we want to focus our comments on the Canada emergency rent subsidy and add some editorial comments on the tourism and pharmaceutical industries.

The Government of Canada has a number of excellent programs in place that are having a major impact on the ability of individuals and businesses to weather the current crisis. These include the Canada emergency commercial rent assistance, CECRA, a program that was put in place quickly and addressed a real and very concrete problem, the difficulty for commercial tenants to pay their rent due to health-related restrictions.

However, problems arose very quickly, and we heard a lot about this at the federation, because it was the building owners who had to apply directly. This proved to be ill-suited to the crisis environment, which complicated the relationship between many tenants and landlords and therefore limited the appeal of the program.

For example, according to a survey conducted by Restaurants Canada, 20% of restaurant owners, or one in five, were not allowed by their landlords to defer rent during the first wave of COVID-19, a criterion that was required to qualify for the CECRA. This made it imperative to change the program. Fortunately, the new Canada emergency rent subsidy, or CERS, addresses this challenge by now providing financial assistance directly to the tenant company, up to

and including a 90% subsidy rate. This is major and it was very much appreciated.

On the other hand, it seems unacceptable to us, at this time, to penalize businesses that have not been able to benefit from the CECRA because of its particular mechanics, even though they would have been entitled to it since March 2020. The federation therefore recommends that commercial tenants be allowed to receive the CERS for all months in which they would have been eligible for it since the beginning of the crisis and for which they did not receive the CECRA.

As we all know, government programs are rarely retroactive, and that's fine. However, we are in a more than exceptional situation. Let's be clear: thousands of entrepreneurs were eligible for the CECRA, but they were not able to benefit from the program for reasons that were totally beyond their control. In this case, for us, making the program retroactive would correct an injustice that has been experienced by far too many medium-sized business owners in Quebec and the rest of Canada.

On another note, the FCCQ also looks favourably on the assistance that was announced in the economic statement for the events and arts sector. I know that my colleagues the other witnesses will talk about this at length, so I won't go into detail. However, it should be remembered that the major Quebec and Canadian hotels have seen their clientele of international travellers and conventioners virtually disappear since last March.

For us, this tourist accommodation sector is important and is still too often left out of the current crisis. For now, unfortunately, the assistance promised by Ottawa is limited to loans, when it is clear to us that hoteliers and tourism businesses still need direct and most concrete assistance, as does the cultural sector, for that matter.

I'll close by quickly talking to you about the pharmaceutical industry, because Bill C-14 is preventing and alleviating shortages of therapeutic products, including drugs and medical equipment, in Canada. This is a great opportunity to remind ourselves of the importance of the health and life sciences sector in Canada. Prior to the pandemic, the FCCQ had recommended a massive investment in this sector, and I believe that the federal government has a role to play, among other things, in the local production of manufacturers and, above all, in the rapid review of the proposed reform of the Patented Medicine Prices Review Board, the PMPRB. The crisis has revealed the importance of having a strong pharmaceutical industry in Canada, and I think you have an opportunity as parliamentarians to improve the situation at this time.

In conclusion, the federation recommends the passage of Bill C-14, while reiterating the importance of making the Canada emergency rent subsidy retroactive for contractors who were unable to obtain emergency assistance.

Thank you. I would be happy to answer any questions you may have.

• (1440)

[*English*]

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

I will turn to the Pia Bouman School for Ballet and Creative Movement and to Ms. Bouman, artistic director and founder.

Ms. Pia Bouman (Artistic Director and Founder, Pia Bouman School for Ballet and Creative Movement): Thank you for this opportunity.

My name is Pia Bouman. I would really like to begin by expressing my admiration and thanks to the Government of Canada during this time of COVID. It has often been the saving grace for this school.

I would like to point out a few facts about the school.

It was founded by me in 1979. It was granted charitable not-for-profit status in 1987 on a compelling mandate, which is that any child who wishes to learn dance, any child who wishes to create dance and any child who wishes to perform dance should be given the chance to do so in a safe and professional environment.

This mandate enabled us to have a very sizable bursary program, which enabled children from socio-economically challenged situations to express their wish to dance. It gave them any chance to do so, taking part in a full program or in just a small part of the program that we gave.

Pia Bouman School gives a full classical dance education—to follow the Royal Academy of Dance—to children and youth six to 17 years old. Since its inception, hundreds of children and youth aged six to 17 have enjoyed dancing, learning and goal-setting, and have been successful in their pursuits.

Pia Bouman School is also a hub where professional dancers hone their art, visual artists show their work, musicians practise, and independent theatre develops works, rehearses and performs in our studio theatre. We had a presence of 40 years in Toronto's west end, Parkdale, a socio-economically challenged area. In 2019 Pia Bouman School had to move.

We renovated 225 Sterling Road. We built four studios inside a large space, again, with the possibility of a theatre. Theatres are much-needed facilities in the city of Toronto. From September 2020 until now, the school, like all schools, was closed for extended periods. Dreams were lost. A safe home away from home was lost. There is no financial compensation for the loss of a love for dance in a young person's life. At the moment, I am dealing with at least three students who are in situations of serious mental and emotional depression.

PBS was not able to finish its studio theatre because the school had to close; we lost income and we were not able to pursue further building. The revenue PBS receives through rentals of its studios and theatre for productions accounts for a large part of our income and is an essential part of our revenue to help cover our substantial rent.

During the COVID-19 period of March 15, 2020 to August 31, 2020 the school closed its doors. Most office staff were laid off. This means contract teachers and accompanists were temporarily laid off—a harsh situation for people I feel deeply responsible for, people who amaze in dance, in music and in art.

In April 2020, the Zoom classes entered our lives. It was a new way of teaching. In order to keep teachers' income below the maximum allowed if they received CEWS, the number of teaching hours was greatly reduced so as not to exceed \$1,000. PBS, the school, lost income. In the period 2019-20, we were obliged to refund class fees to students who could not commit to Zoom classes in their already very stressed and complicated lives. In the current school year, from September 2020 to now, we have less than half of our normal student population.

• (1445)

PBS has lost income that we would have received from rentals by performance companies that rent our spaces and from individual artists who find our studio space a place for incubation and development of their works.

The point I'm trying to make here is that it is not just a school, but an entire population, intertwined with the arts in all different forms, that is greatly and seriously affected by this pandemic.

Pia Bouman School received \$60,000 through CEBA, which was a saving grace. Our landlord has not given us any reprieve, and our rent in the centre of Toronto, a bit on the west end, is sky-high. CEBA was incredible. It helped us through this period to some extent; we received \$40,000 in April and just this past March we received another \$20,000.

The catch for the school is that we need to pay this amount back by December 2022. Not only do we have to pay this back, but we will have, if we make this, a debt of \$50,000. We have a rental theatre space that could possibly bring in support for our presence in the city, but we cannot use it because it is not finished. It requires money to finish it.

We have to rebuild our student population. Currently, the student population is less than half. The parents have serious fears for their children, and the fears are transplanted onto their children, specifically the teenagers aged 12 to 17. Not only have these children, these youths, lost the possibility to express themselves through dance, to learn and to enrich themselves with music and personal expression, but they've lost a dream. I have to point out that this dream is the existence of the arts, and in general that has disappeared from our lives.

It only takes all of you a glance at the papers to see that arts are not represented. How can any student who studies art and who loves art continue to believe that art will be an important part of their lives if there is not a voice around them to listen to or to see as pictures? This is a very serious concern of mine.

When we reach the end of the pandemic and Pia Bouman School looks at its debt, I know how much support we will need to be able to keep this school, which is unique—it is the only school that is a charitable not-for-profit organization and enables children to dance. If this school is lost, there is a lot lost for all of us and for our children. It frightens me. It worries me. Obviously, I am more than involved in all these issues as an artist, as a choreographer and as a teacher.

I have given you just a little picture. In a normal year, from September 2019 to March 2020, the income of the school—that's not a full school year—was over \$600,000. The income we have now for the same period is a third of that. In rental fees from artists, theatre companies and professional artists, we received in the previous period over \$30,000, and to date it is \$7,000.

• (1450)

The bursary support that we received from foundations, institutions and very generous individuals over the past so many years has always been between \$25,000 and \$30,000, which gives as full a dance education as any child could wish or just as little bit as any child could wish.

To date, it is nothing, because the foundation that supported us says it does not know how this will go. There is no revenue for our dancers, and for many that means another dream lost.

I'd like to end with one last observation. For our children and youth, dance, theatre and live music have disappeared from their lives since the onset of the pandemic. In order to learn to appreciate the voices of art and music, one must hear and see the voices to be able to learn it as an expression, and history has told us that.

Thank you.

• (1455)

The Chair: Thank you very much, Pia.

We turn now to Festivals and Major Events Canada. We have Martin Roy, executive director.

Martin, welcome back. The floor is yours.

[*Translation*]

Mr. Martin Roy (Executive Director, Festivals and Major Events Canada): Thank you, Mr. Chair.

Festivals and Major Events Canada, or FAME, and the Regroupement des événements majeurs internationaux, REMI, represent more than 500 festivals and events in Canada, through direct and affiliated memberships, in a sector of the tourism and cultural industry that alone generates more than \$1 billion of the country's GDP each year.

Today, I will be addressing you on the topic of Bill C-14 regarding the implementation of the fall 2020 economic statement, as well as on the heels of FAME's submission of a new three-step roadmap for the recovery of the festival and events sector.

I want to take this opportunity to acknowledge the work you have done here in the pre-budget consultations. We are pleased with recommendation 55 in your report, and we very much hope that the government will take it up in full.

The first phase of our roadmap is a survival phase, which we are still in, where festivals and events are deprived of the opportunity to bring people together and generate self-sustaining revenues, which typically make up more than 80% or 85% of the financial packages, with the rest being grants from cities, provinces and the Canadian government.

It is primarily through the emergency wage subsidy that you can really help us achieve the first step of the plan, keeping teams together and expertise alive. We understand that this program is very expensive for taxpayers. That said, we caution elected officials who would want to end it too soon or opt for declining support. If choices must be made, we believe that fewer businesses should continue to be supported, but at a high rate, keeping eligible only those that continue to be most affected, such as those in the tourism and cultural sectors, where revenue losses can be as high as 100%. We believe the wage subsidy will be vital, until we fully recover our business models, likely in the first or second quarter of 2022.

I also emphasize the importance of thinking about the hyper-seasonality of festival operations and revenues to keep them eligible, especially when it comes to reference periods.

Also related to this stage of the plan, we emphasize the importance of maintaining regular grants as the lifeline for festivals and events, which now account for almost all revenues. As for the Canada emergency rent subsidy, it is an interesting complement for festivals and events, but not in the same way for everyone. On the one hand, there are small festivals run out of a single office, and on the other, there are large institutions, such as the Toronto International Film Festival or the National Bank Open, formerly the Rogers Cup, that have large facilities that are very expensive to maintain and will likely exceed the maximum threshold of the program.

The second phase of our roadmap is about public health and the gradual recovery of our operations. We need to instil confidence in Canadians. We are asking the government to facilitate a discussion between festivals and public health authorities across Canada to see what can be done this summer. We need to do this soon and know within the next month or so what framework we can operate under in June, July, August and beyond.

Events may be held soon. They will not necessarily be cost effective, nor will they be able to take place with the same capacity, but they will be organized in a safe manner from a health perspective. For example, outdoor amphitheatres with facilities that force distance are possible. We have solutions for just about every problem you can think of. So we need to discuss them.

The federal government can play a role by supporting test concerts, for example. This summer, cancelling events altogether or instituting gauges without regard to the capacity of the organizers, for example, limits of 250 people, would be a form of intellectual laziness on the part of the authorities.

The third phase of our plan is to stimulate tourism and economic recovery by reviving festivals and events. Like you, we recommend creating a new program based on the model of the marquee tourism events program, which was established after the 2008 crisis, and funding it with \$225 million over three years.

We know that festival-goers spend one-third of their money on food and one-quarter on hotels. So there would be a trickle-down effect to other sectors that are very much affected, not to mention, of course, the artists, musicians and the entire ecosystem, including stage and technical equipment suppliers.

● (1500)

We believe that this program should be managed by the regional economic development agencies, in collaboration with Canadian Heritage. Not all festivals are recognized as cultural, but they all have an economic and tourism impact. Think of sporting events, fireworks festivals, culinary or wine festivals, for example. Tourism and the economy are a common denominator.

In closing, there is also an important social dimension to our project. Canadians will want to come together after the crisis. They will need social healing. In fact, that is why we propose to call the program “Celebrating Together Again.”

Thank you.

[English]

The Chair: Thank you.

Beth Potter is next. Ms. Potter is president and chief executive officer for the Tourism Industry Association of Canada.

Welcome, Beth. The floor is yours.

[Translation]

Ms. Beth Potter (President and Chief Executive Director, Tourism Industry Association of Canada): Mr. Chairman and esteemed members of the committee, I would like to thank you for inviting us here today to share with you the tourism industry's priorities for the upcoming budget.

[English]

The Chair: Beth, I have to interrupt for a second. I think we're all having trouble hearing the translation. Can you perhaps lower your mike a little? It's coming through as garbled, and I expect the translators are having trouble.

Try it there again.

Mrs. Tamara Jansen (Cloverdale—Langley City, CPC): Is it possible that she's also not toggled to the correct English or French?

The Chair: Yes, that would be possible.

Look at the bottom of your screen, Ms. Potter, and you will see interpretation there. If you're speaking in French, click it on French, and it will probably come through better.

Can you find it?

Ms. Beth Potter: Is this better?

The Chair: Yes, that's great.

Ms. Beth Potter: Okay. That's awesome.

I'll just continue from there.

Prior to COVID-19, tourism was one of the fastest-growing industries in the world. We are here today, over a year into the pandemic, and the visitor economy is still in crisis. The tourism economy has lost over half a million jobs. The rate of unemployment in

the sector has surpassed the national level, and the impact on tourism has been greater than that experienced after 9/11, SARS and the 2008 economic crisis combined.

Canada's tourism sector was the first hit and the hardest hit, and it will be the last to recover. Before COVID-19, tourism was the fifth-largest sector in Canada, responsible for 10% of Canadian jobs, \$105 billion in revenues, and 2.3% of GDP.

Since the onset of the pandemic, TIAC has been advocating for targeted support for the sector, and many of our recommendations require Bill C-14. We applaud the government for the implementation of the HASCAP program. We continue to work closely with government to facilitate open dialogue on feedback from the industry, and we also thank the government for the recent extension and revenue comparison changes for the CERS program.

However, we are still waiting for a sector-specific support package. A large portion of our recovery plan is based on business solvency. Over the past year, tourism businesses have lost revenue and cash flow, but regardless of that, fixed expenses like rent, mortgages and taxes have continued. Without liquidity to stay on top of these costs, these businesses will not be able to survive and reopen.

We have a number of recommendations with respect to improving current support programs, which we have provided to you in writing through our recovery plan, and we will continue to work with the government to provide industry feedback on these programs. We have seen the commitment from the government in the Speech from the Throne, the fall economic statement, and revised mandate letters on supporting the hardest-hit businesses, but now is the time for us to see action and investment in measures to support the rebuilding of our sector.

We are calling on the government for immediate action in this budget. We are specifically asking for the following: a tax incentive for Canadians for the 2021 and 2022 tax years to travel locally or within Canada; the development of a business events and urban recovery funding program; top-up funding for Destination Canada to keep Canadian destinations top of mind; support for destination-marketing organizations to entice the return of high-value travellers; reinstatement of the visitor GST rebate program for international visitors; reintroduction of the federally funded marquee tourism events program; and support to save our airline sector, the backbone of tourism and the economy.

One of our key recommendations is for a tax incentive to help Canadians explore Canada, to stimulate the visitor economy, and to support small businesses. This is an opportunity to encourage domestic travel and unlock the spending power of Canadians. If we can shift just two-thirds of the planned spend on international leisure travel towards domestic travel, it will make up for the forecasted \$19-billion shortfall currently facing our visitor economy in 2021.

Recovery of international travel will also depend on border reopening. We need to use current science-based data and effective testing and contact tracing, and commit to adopting proof of vaccination as an additional travel document going forward. We need federal guidance on a policy road map so that tourism businesses can understand what conditions are required before border restrictions are relaxed. We need the government to set out the criteria for reopening.

● (1505)

[Translation]

Thank you.

[English]

The Chair: Thank you very much, Ms. Potter, and also thank you for sending us information from time to time.

Thank you, all, for your presentations.

As I indicated earlier, we'll go to a six-minute round first, starting with Mr. Kelly, followed by Ms. Koutrakis.

Pat, go ahead.

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

I'll start with the last point that Ms. Potter made about the necessity of criteria around reopening so that businesses can actually plan to recover. Does Bill C-14 contain such a road map or set of criteria under which the economy can reopen?

Ms. Beth Potter: Not that we've seen. We know that the ongoing work around the rollout of the vaccine program, as well as the monitoring and tracking of variants, are things that the government is working on. To our knowledge, at this time there is no reopening plan in place.

Mr. Pat Kelly: Right, so again, for your members to be able to plan to recover and to move beyond absolutely critical survival, bare survival emergency measures—which are mostly based on debt and will actually eventually become a problem and a barrier to recovery—there's really no substitute for having your customers back.

Ms. Beth Potter: No, and we're going to need time for businesses to be able to restock, prepare, market, communicate with their customers and rehire.

Mr. Pat Kelly: Right.

You talked about sector-specific funding or the programs that are targeted towards severely affected industries. Does either the regional relief and recovery fund or the highly affected sectors credit availability program do that? For example, do they really target your industry specifically?

Ms. Beth Potter: Well, certainly the RRRF has had a sector focus on it, and certainly tourism businesses have been encouraged to apply for that funding, but we know that only about 17% of all tourism businesses that have applied for that funding have at this point been successful in receiving it.

On HASCAP, we're still in early days. We are certainly sharing feedback that we're receiving from the industry with folks in government to ensure that this program is as successful as possible.

● (1510)

Mr. Pat Kelly: For the other 83% of your members that have applied for the RRRF and have not been approved, have most of them been declined or are they still waiting for answers?

Ms. Beth Potter: It's a combination of both.

Mr. Pat Kelly: Do you know the split?

Ms. Beth Potter: I don't at this time.

Mr. Pat Kelly: Okay.

Again, getting back to allowing your industry to recover, you're going to need to know under what circumstances. You mentioned some of the tools that exist, such as vaccines, rapid results testing and therapeutics, things that are being deployed in other parts of the world and are allowing their economies to reopen. The plan to get us there, to reopen the economy, is that what your industry needs most? Is that the biggest priority?

Ms. Beth Potter: Absolutely. Travellers are global in nature and we want to make sure that Canada's reopening plans align with what other jurisdictions around the world are also doing. We want to make sure that we're part of that seamless traveller experience and that travel is open to everyone again. For those who are vaccinated, proof of vaccination would be ideal. For those who are not vaccinated, testing and contact tracing would be ideal.

We know that the rapid testing that's available and ever-evolving is proving to be more and more successful. That will help us to get to the point where we can eliminate quarantines.

Mr. Pat Kelly: Thank you.

Perhaps I'll allow you, Monsieur Roy, to also respond. Your industry is quite similar. You're part of the same issue with summer festivals.

I've said it before. I'm a member from Calgary. We have the Calgary Stampede, which is just an incredible part of our community and is facing the possibility of a second loss.

Would you care to comment on the importance of a road map that will allow your members to plan for recovery?

The Chair: Mr. Roy, go ahead.

[Translation]

Mr. Martin Roy: I'm not sure I understood the question.

A roadmap is certainly essential. What I said to some of you when we met individually was that beyond a vaccination schedule, you need to have an additional step. When we talk about a situation where 20%, 40%, or 60% of the population have been vaccinated, we need to know what that will mean in reality, especially for the tourism and cultural areas.

Once we have almost achieved herd immunity, can we get back audiences comparable to what we had before? That's the question we're asking ourselves right now.

Yesterday, the Premier of Quebec said that by June 24, all Quebecers who want a first dose will have received it. Does that mean in concrete terms that we can have festivals in June and July? How can we plan for that?

Mr. Kelly, I know that in Alberta, in particular, the government has given some predictability to the sector by releasing a lockdown relief and reopening schedule in four phases. In the fourth phase of that reopening, it is anticipated that festivals and events will be able to resume, which will be when there are fewer than 150 hospitalizations in the province and when that number is going down.

However, in eastern Canada, in Quebec and Ontario, we don't have that kind of predictability. We are dealing with uncertainty.

[English]

The Chair: Thank you, all.

We will move on to Ms. Koutrakis for six minutes, followed by Mr. Ste-Marie.

[Translation]

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

I thank all the witnesses this afternoon for their testimony.

I will direct my first question to Mr. Milliard or Mr. Lavigne.

The FCCQ has expressed support for the \$500-million airport infrastructure investment in the fall 2020 economic statement. How should this funding be used to maximize returns?

Also, how important is a project like the Réseau express métropolitain, REM, in improving transit infrastructure while also creating jobs and stimulating the economy?

• (1515)

Mr. Charles Milliard: Thank you, Ms. Koutrakis. That's an excellent question.

We support this investment because our airport infrastructure across Canada, and especially in Quebec, often needs major renovations and revitalization. In my opinion, it's an economic driver.

However, it's good to have airports, but it's even better when planes go to them. There's a serious issue right now in terms of regional air travel, with Air Canada pulling out of some important routes. This is happening in Quebec, Ontario and Atlantic Canada as well. At this point, we're waiting for—if I may say so—a measure from the Minister of Transport to see how connections to Baie-Comeau, Val-d'Or and Gaspé, for example, will be maintained. World-class airports, or at least national airports, are needed

to attract foreign investors to the regions, but transportation is also needed.

The REM is a major project. It's one of the largest projects in Quebec at this time. It will be a major political legacy for the provincial and federal governments. We need maximum participation from the federal government in this area, particularly in terms of the connection to Montréal-Trudeau International Airport. I understand that the agreement has been sealed in the past few weeks. This issue must be resolved. A major city such as Montreal isn't really a major city if it doesn't have a direct connection to its airport.

Ms. Annie Koutrakis: I hope so for Laval as well.

Mr. Charles Milliard: Yes, indeed. In my mind, Laval and Montreal go together.

Ms. Annie Koutrakis: Yes, it's the greater Montreal area.

Mr. Charles Milliard: That's right.

Ms. Annie Koutrakis: Mr. Milliard, you expressed your support for the Canada united small business relief fund, and specifically for the funding provided to provincial chambers of commerce, which will support efforts to raise awareness of small businesses and encourage consumers to buy local.

Can you tell us how you plan to use the funding and how it may benefit small businesses on main street that are recovering from the pandemic?

Mr. Charles Milliard: Thank you for your question.

This gives me the opportunity to point out that the network of chambers of commerce, in Quebec and across Canada, is in contact with people from Ontario, British Columbia and all the chambers of commerce. The entrepreneurial fabric in Canada is very significant.

A private network of entrepreneurs must talk to the government. The network of chambers of commerce is the only private network in the sea of public organizations. This network must survive the crisis. Several chambers of commerce focus on events, which means that they organize recognition galas, golf tournaments and happy hours. The chambers of commerce must shift to an approach that focuses more on government business and on the relationship with governments.

In terms of the buy local campaign, we really want to see many great campaigns throughout Quebec, much like the ones currently under way in downtown Montreal. There was an announcement about this today. We must ensure that people value buying local. Buying local means purchasing products made locally. However, it also involves local businesses. Buying local means being able to walk to the store and also being able to encourage proximity to physical locations.

As a result of the government's investments, we'll be able to run positive campaigns throughout Quebec and Canada.

[English]

Ms. Annie Koutrakis: Do I have time for one more question?

[Translation]

Thank you, Mr. Milliard.

[English]

The Chair: Yes, you have time.

You have a minute and a quarter.

Ms. Annie Koutrakis: Okay. My next question could be to anyone who would like to answer.

I'm curious to know and have your thoughts on the HASCAP as proposed in the fall economic statement. Would you suggest any changes to the program to maximize uptake and support? How can we make it better?

• (1520)

The Chair: Who wants to start?

Go ahead, Ms. Potter.

Ms. Beth Potter: Thank you very much.

That's a great question. There are a couple of points I would like to make.

One is to work with the financial institutions to make sure that they really understand the program. There's a line in the program that says that businesses must be deemed viable by their financial institution in order to be able to receive the HASCAP loan. We want to make sure that everyone is on the same page as to when the viability is being measured. For businesses that haven't been open since 2019 or since February 2020, they can't be looking at their 2020 financial records. There is that concern there.

The other piece is that we do have owners who have multiple properties and multiple businesses. We want to make sure that the program is available on a per-property basis and not by ownership.

The Chair: Thank you, Ms. Potter.

We'll go to Mr. Roy for a quick answer.

[Translation]

Mr. Martin Roy: I just want to say that there's a difference. In Quebec, in particular, the program wasn't very popular because other loan programs had already been promoted, particularly in the cultural sector, by SODEC and by different organizations. In Quebec, the program was a little less useful and a little less in demand.

I gather that, for non-profit organizations in the rest of Canada, going into debt over and over again is an issue when they don't have the fixed assets or capital to ultimately support this.

Festivals and events are generally in a fairly precarious situation. In fact, the situation was precarious before the pandemic. Emerging from the pandemic with a number of debts constitutes a burden for the future and for the recovery process. We would like to ensure as strong a recovery as possible.

[English]

The Chair: Thank you, all.

You can think about it during someone else's round of questions, but I've had a few complaints related to.... Ms. Potter, you indicated that for HASCAP you must be deemed viable by the lending institutions. I've been getting a considerable number of complaints from small businesses that the banks are not pulling their fair share. If anybody has anything to add on that later on, throw it in.

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

[Translation]

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

I want to acknowledge all the guests and thank them for their presentations. The discussions have been very enlightening.

My first question is for Mr. Milliard.

You spoke about the Canada emergency rent subsidy and the importance of making it retroactive. As you pointed out, when we talk to the minister about this, she says that she would rather look forward, to the future.

How would you argue that making this subsidy retroactive isn't the same as looking backwards?

Mr. Charles Milliard: Thank you.

I'll let my colleague Mr. Lavigne respond, if that's okay.

Mr. Mathieu Lavigne (Senior Consultant, Public and Economic Affairs, Fédération des chambres de commerce du Québec): As Mr. Milliard said, we agree that there should be as few retroactive programs as possible, normally. We understand this reality. However, there's an exceptional issue right now because of the way in which the previous program was designed. It was often impossible for SMEs to even apply for the program. There wasn't even a calculation to determine their eligibility. They were simply unable to apply, because the owners had to apply.

There's an injustice for some businesses. This doesn't apply to the majority of businesses, but to a minority of them. However, the injustice should be addressed in this specific case.

Mr. Charles Milliard: The request to make the program retroactive isn't ideological. The goal is to make the program operational. We're asking for the program to be made retroactive really because of a glitch in the program. The request isn't political or ideological.

• (1525)

Mr. Gabriel Ste-Marie: Okay.

My next question is for Mr. Roy.

In terms of what you called the survival phase during the pandemic, you spoke about the importance of extending the emergency wage subsidy for hard-hit sectors until the crisis is over. You were talking about the first quarters of 2022.

What does the extension of this subsidy mean for the businesses, events and festivals that you represent?

Mr. Martin Roy: The emergency wage subsidy is vital right now. At this point, without the subsidy, the teams would be decimated and the expertise needed to organize festivals and events would have vanished. For now, the emergency wage subsidy is vital and necessary for the recovery.

When I talk about 2022, despite what I told you earlier and our complete willingness to operate this summer to the best of our ability and in accordance with the public health rules, we know that won't be able to generate the independent revenue that we're used to generating. We'll probably dig our grave a little deeper this summer by increasing our deficits.

In terms of our business models, which are essentially based on large gatherings, the real return to normalcy won't take place until early next year, when we can start selling tickets again. For example, the Quebec City summer festival will start selling passes again, as it normally does, in February or March 2022 for its July 2022 edition. The festival will really be a little more comfortable financially at that time, when the ticket revenue starts coming in. The same is true for the free festivals, which will also get their sponsors back at that point.

So we need to cross the desert. Right now, the festival and event sector isn't dying, but we're about halfway there. We don't think that we'll be out of the woods until early next year.

Mr. Gabriel Ste-Marie: Mr. Chair, do I have time for another question?

[*English*]

The Chair: Yes, you do.

[*Translation*]

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

I'll turn to Mr. Milliard or Mr. Lavigne.

In your presentation, you spoke about the tourism industry. You said that you were going to let others speak, since the industry was well represented on the panel here. I'm concerned about this industry, about the hotels, and about the whole ecosystem of this sector. I would like you to outline your specific requests for this sector, knowing that greater Montreal is the main destination for international conventions under normal circumstances. Obviously, all this has been shattered by the pandemic.

Mr. Charles Milliard: The main request is that the current measures remain in place for the sectors that still need them, namely, the tourism sector and the cultural sector. I found Ms. Bouman's presentation very touching in this respect. The measures really must be maintained.

It's important to stop thinking that the major hotel chains are foreign chains. This is very rarely the case. They're mostly Canadian properties. The reimbursement for 30% of fixed costs provided by some programs is nothing compared to the cost of operating these towers, which are empty. We're talking about businesses such as InterContinental or Marriott. Their hotels have occupancy rates of 15%, which is unbelievable. You would never think that this would happen in the worst crime novel that you could read.

This still requires federal government support. This isn't about introducing many new programs. It's just about making the existing programs more selective and keeping them open to industries such as these.

Mr. Gabriel Ste-Marie: Thank you.

[*English*]

The Chair: Thank you, all.

We will go to Mr. Julian, who will be followed by the next round, starting with Mrs. Jansen.

Peter, go ahead.

• (1530)

Mr. Peter Julian: Thanks, Mr. Chair.

Thanks to all our witnesses for coming forward today on Bill C-14 and the fall economic statement. We certainly appreciate your willingness to speak with us today at the finance committee. We hope that you and your families continue to remain safe and healthy during this pandemic.

I'm going to start my questions with Ms. Potter.

Ms. Potter, Bill C-14 is based on the fall economic statement. The controversial part of the fall economic statement, of course, has been the famous "summary statement of transactions", page 126, which talks about a cut starting April 1 through the course of the next fiscal year of nearly 50% in terms of program expenses, so a substantial reduction in program expenses.

We know that COVID is continuing tragically. We're seeing a third wave coming. You have mentioned very important initiatives that the federal government could be making this year—you named about five in all—that would make a real difference in Canadian tourism and the tourism industry.

How important do you think it is for the federal government to realize that the pandemic shouldn't be subject to an arbitrary cut-back in program expenses and that the federal government should be looking to provide supports to industries that may not have necessarily received enough supports to date? What would happen to the tourism industry if the programs you have proposed and mentioned in your presentation weren't brought to bear? What would that mean in terms of the tourism industry by the end of the year?

Ms. Beth Potter: What I can tell you is that we know, based on the work we've done and the conversations we've had with the industry, that we would have about 60% fewer tourism businesses still surviving today had it not been for the various funding support programs that the government put in place. When I say we're grateful for those programs, it is, in fact, very genuine. The fact, though, is that the government mandated the tourism industry to shut down. It's going to be some time yet for us to see business come back, so we need to see those programs extended.

The other complication we have is that everybody has been sitting at home, mandated and encouraged to stay home in their houses, and there is a pent-up demand by Canadians who want to get out and travel again. As we are going to be competing with every other jurisdiction in the world, we would like to see Canadians exploring Canada this year, so we would like to give them an incentive to do that.

The Ontario government has already committed to doing so. New Brunswick did this last year, very successfully. We believe this would be a fairly positive way to encourage Canadians not only to get out and discover their own country, but also to keep that discretionary spending here at home.

[*Translation*]

Mr. Peter Julian: Thank you.

My next questions are for Mr. Milliard and Mr. Roy.

Bill C-14 is based on last fall's economic update, which calls for spending cuts for the next budget year. As of April 1, in two weeks, we'll be entering the next budget year. We're seeing a significant decrease in spending. It's a decrease of almost half of what we spent in the first year of the pandemic.

Given the ongoing pandemic and need to support jobs and businesses, is it a mistake to cut programs?

Wouldn't it be better to extend the programs, as you suggested, Mr. Milliard, so that businesses and jobs can get through this crisis?

Mr. Charles Milliard: Mr. Roy, do you want to respond?

Mr. Martin Roy: Yes, I can start.

I hope that these estimates were the result of unbridled optimism. Perhaps it was thought that the second wave wouldn't be as large as it was, that we would quickly regain our momentum in April, May or June and that the programs would no longer be needed.

I hope that the federal government is fully aware that these programs are still needed as long as the situation remains serious. This was also the case with the second wave. We may not have seen it coming with the same magnitude, but it arrived. The programs are there, and they have been extended. The Canada emergency wage subsidy, for example, has been extended until June.

I don't see why the rationale would be different for a third wave. I don't know how many waves there will be or how long it will take to recover.

The key is to be there. Mr. Trudeau said it. You must be there for the people, and he is. He must be there for as long as it takes.

• (1535)

Mr. Charles Milliard: I completely agree with Mr. Roy.

Programs shouldn't be cut. They should be made more restrictive for people who aren't allowed to do business right now. Restaurant owners don't have the opportunity to do business, for example. Hotel owners have the opportunity, although we know it isn't a real opportunity. These businesses must be supported.

Mr. Julian, you're right to say that the situation has changed since November. However, Canada's situation remains a major issue with respect to COVID-19.

[*English*]

We're not there yet.

The Chair: This is your last question, Peter.

[*Translation*]

Mr. Peter Julian: Mr. Milliard, you said that, in some hotels, the occupancy rate was 15%. In my opinion, this has a huge impact, not only in terms of the jobs associated with these businesses, but for the entire community. This means much less spending for all the suppliers of the hotels.

In general, shouldn't the federal government be looking at the sectors most affected by the pandemic and seeing whether any new programs could help these sectors?

Mr. Charles Milliard: Mr. Lavigne, do you want to respond?

Mr. Mathieu Lavigne: Yes, definitely.

When we talk about the hotel occupancy rate, we must think about the sectors directly affected, but also about the sectors indirectly affected. I think that's what you were referring to.

In Montreal, the hotel clients are people who attend business conventions. However, we mustn't forget about the restaurants, caterers and all the other businesses experiencing difficulties. In theory, these businesses can resume their activities. However, in reality, they can't fully resume their activities until the international clients associated with business tourism, for example, come back. These sectors must be addressed on an ongoing basis until they're back in business.

[*English*]

The Chair: Thank you, all.

We will start our five-minute round with Mrs. Jansen, followed by Mr. McLeod.

Tamara, go ahead.

Mrs. Tamara Jansen: Thank you.

Ms. Potter, I've really been following along closely with the travel and tourism challenges, especially with independent travel agents. So far, it really looks like the government has offered nothing further than lockdowns for a plan, which has really harmed everybody. On top of that, we now have this HASCAP, which we thought was working. Now I hear from you that it's not really working at all. Even on top of that, HASCAP is charging 4% interest for a loan that you only need because the government has shut you down and given no other options besides lockdown.

Could you maybe talk to me about the fact that there's a 4% interest rate on a loan, the kind of interest rate that many of these companies probably couldn't even afford?

Ms. Beth Potter: Thank you for the question, Mrs. Jansen.

In speaking with small businesses that have applied for HAS-CAP, I will say that they've been challenged by a number of things. One of them is.... Again, I go back to the viability rate, and certainly they are dismayed by the level of the interest rate. What they are buoyed by is the fact that the program was made available to them in the first place. We just want to make sure that it's working properly for them and that as many businesses as want and need to access the program have the ability to do so.

If I could, I'll also speak to the fact that this is a program that, again, needed to be one that people can.... I'll take a family business as an example. A family business may own a hotel, but they may have three properties. They need to be able to access the money for each of the properties, because each of those properties has fixed expenses that they are trying to manage against.

I would echo Mr. Milliard's comments on occupancy rates. They've been so incredibly low, and they will not come back until such time as we return to travel in great numbers and we get the borders open and get those international and business travellers back.

The program is incredibly important. We just want to make sure that it is working properly.

• (1540)

Mrs. Tamara Jansen: You mentioned there are other regions, other countries, that are using good data to show that there are ways other than just what we're looking at right now in regard to lockdowns, other ways that we can open safely. I wonder if you could speak to that and show us what you've seen in actual data that shows us there are ways other than just a lockdown.

Ms. Beth Potter: We've seen in other countries around the world and through our relationship with the World Travel & Tourism Council that from the very beginning other countries have been monitoring and putting in place other testing regimes and contact-tracing options.

Iceland is an example. Very early in the pandemic, when they wanted to see a return to travel, they put a testing regime in place. They have been extremely successful. Upon arrival, visitors would be tested. They would have to remain in quarantine until the test result came out. As soon as a test result came out that was negative, they were able to travel freely throughout the country. They've been able to keep their numbers of positive test results down to almost nothing in days after arrival.

Mrs. Tamara Jansen: Right, so there is data to show that we could do this differently, yet somehow we continue with the same regime, which is a real shame. It's costing businesses. They're having to take out loans that they probably can't afford at a 4% interest rate, which even the government knows is a crazy high interest rate at this point in time.

I'd like to move for a moment to Frau Bouman. *Herzlich bedankt*. I heard you say some amazing things about the government

and the programs they've offered, and then I heard you talk about how your own business, your dance business, is decimated. I have heard that from many dance programs here as well.

Again, because of the lag time in procuring vaccines and no other plan but lockdowns, how much more damage will you be facing in your industry because of the way you have to wait?

The Chair: Ms. Bouman, go ahead.

Ms. Pia Bouman: By nature I'm very much an optimist. By nature I believe in the strength and the tenacity that art and dance have in our humanity. I know it will be an incredibly hard journey, mainly because the dreams have been lost, the examples, the mentorship, the ability to have a great person to look up to, be it a dancer, a musician or an actor. They're not there. To me, it is a question of how to rekindle the passion for art in young people. That is going to be an interesting road. It will take time.

I am so inspired by all the artists who have been able to make a 180-degree turn in their careers and turn to Zoom communications, Zoom creations, online efforts. For our young people, those kinds of efforts are much harder to make. Young people need the education. We can't just say, "Well, hey, create a piece of art" and do it and have it there. We all need to learn to read. We need to learn to read music. We need to learn to play. We need to do the ABCs, and one plus one is two. Once we have that, we can actually blossom into the art of the future, the art of tomorrow, the art that comes out of COVID-19 experiences.

It's not going to be easy. I am burdened, as I said earlier, by the fact that we are faced with a debt of \$50,000 to the government, even as thankful as I am, because it helped us through this period.

• (1545)

The Chair: Thank you very much.

Thank you, all.

We will turn to Mr. McLeod, followed by Mr. Ste-Marie.

Michael, go ahead for five minutes, please.

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

My question is for the Tourism Industry Association of Canada. I represent the Northwest Territories, and up until the pandemic hit, tourism was the sector that was growing by leaps and bounds. We had aurora borealis viewing. People were coming from all over the world. Our hotels were full. Sometimes you couldn't get a room in any of the hotels. New hotels were being built. The airlines were full, totally booked. Restaurants were full. Then the pandemic hit and it really took its toll.

In our discussions with the tourism sector, what we talked about was the vaccine being the key to unlocking travel and getting tourism back to the Northwest Territories, and to the north for that matter.

Now, in this part of the country, in the Northwest Territories, Yukon and Nunavut, everybody who wants to be vaccinated is going to be by the end of April. However, now we're realizing that it's really not going to make much of a difference for the tourism industry because our borders are still going to stay locked and restrictions will still be in place for travel because of what's going on in the south.

Would you agree that the recovery of the tourism industry is going to be based largely on the rollout of the vaccine, getting everybody vaccinated in Canada, and for us especially up in the western provinces? It's really going to be a challenge to get tourism going until the last province gets everybody vaccinated.

Ms. Beth Potter: I would agree that vaccines are the way forward for us to get the tourism industry back up and running again. While we're working toward herd immunity here as a country, it would be really important to be able to encourage Canadians to get out and travel across the country. It would be great if the federal government could take a leadership role in one travel policy instead of 13 travel policies.

The other thing we know, based on research provided by our friends at Destination Canada, is that if the borders remain closed until October, it will take until 2026 for the tourism industry, including the aviation sector and all the businesses that support the airlines, to get back to 2019 numbers. It is a long road to recovery that we're looking at. We can't let our eye off the ball. We need to make sure those vaccines happen. We need to make sure we have the right policies in place and are lining up with what our colleagues are doing in other jurisdictions. That way, as I said earlier, we are part of that seamless traveller experience around the globe.

Mr. Michael McLeod: I think you touched on what was going to be my next question. Our tourism industry, especially in aurora viewing, was largely the Asian market. We had a lot of people coming from Japan, China and Korea. Even if we had herd immunity in Canada, I don't know how many people will be travelling very soon. I don't know how many people will be coming from other countries—or travelling anywhere, for that matter. I think that will be a challenge.

I didn't hear you talk about indigenous tourism. I'm curious to know whether you have any information on what the impact has been for indigenous tourism. I know that in my riding, I've talked to a lot of operators living in small and remote communities who are just closing their doors because they're mom-and-pop or one-person operations. It's just easier for them to do nothing and not try to chase programs and dollars.

I think we may be seeing a greater impact on indigenous tourism than the other markets in the tourism sector.

• (1550)

Ms. Beth Potter: We have certainly seen an impact on indigenous tourism businesses right across the country. Living here in Ontario, I'm very familiar with the organization Indigenous Tourism Ontario and the work they have been doing to try to support businesses through this pandemic, not only with making sure that staff have been able to be retained and are redeveloping their skills, but also with business supports and additional training.

Access to financial support has been the priority for us in all of our conversations throughout this pandemic. We've been pleased to see some funding flow through the Indigenous Tourism Association of Canada to support those operators, especially those who are in more remote and rural communities.

The Chair: Thank you, all.

In order to try to give more people a chance, I will go to one question each from Mr. Ste-Marie, Mr. Julian, Mr. Falk and Ms. Dzerowicz.

Before I do that, Ms. Potter, the hospitality and tourism industry is big in my home province. One of the issues I'm getting on the wage subsidy is that they have to do their planning now. The wage subsidy to June is not enough. They believe it has to be longer. What's your view on that? Should it be a specific program in terms of the wage subsidy just for those industries that are hard hit in hospitality and tourism?

Ms. Beth Potter: Thank you, Mr. Easter, for that question.

We absolutely are looking at it right now. Our suggestion is for at least until the end of the summer of 2021, but ideally to the end of the year. However, I was talking to my colleagues at Restaurants Canada yesterday, and they were suggesting through to April 1, 2022. There are so many businesses that are still, at this point, trying to keep their staff onside and on team so that when they are able to open, they have the people with the right skills in place. That wage subsidy is just an incredibly important tool for them.

The Chair: Thank you.

Mr. Roy, you wanted to add something quickly.

[*Translation*]

Mr. Martin Roy: Yes.

We have discussed this, as well, and we see two solutions.

The first is to change the current program's criteria as of June, so that, de facto, only the most affected businesses would be eligible for it, as a very high level would be required. It would necessarily affect culture and tourism.

The second is to create a new version of the program. This new version would be intended for the most affected businesses. Once again, the solution would essentially affect the tourism and culture sectors.

[*English*]

The Chair: Thank you.

For one question each, we will have Mr. Ste-Marie, followed by Mr. Julian.

[*Translation*]

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

My question is for Mr. Roy.

Once the vaccine doses have been distributed, and we start to come out of the pandemic and get to the recovery stage, how will resuming festivals and events be a good way to stimulate tourism and economic recovery?

Mr. Martin Roy: As we have been able to see over the past year, there being no festivals and events has led to a lack felt in all of Canada's communities. I am thinking of the owners of restaurants along Grande Allée, in Quebec City, who have said how much the lack of festivals and events has hurt them. I have seen reports on the Calgary Stampede. Its absence has created a huge shortfall. The situation is the same everywhere, such as in Toronto and in the Maritimes.

Traditionally, events and festivals are vaguely intended to get people to go somewhere. That is part of their plan. People spend money not only at festivals or events, but also in the surrounding areas. The studies we conducted with KPMG on economic benefits show that one-third of festival spending generally stems from restaurants and that 23% of spending is generally related to accommodations, be it a hotel or a rental through Airbnb. So there is a trickle-down effect to sectors surrounding festivals and events.

• (1555)

Mr. Gabriel Ste-Marie: Thank you.

[English]

The Chair: Thank you.

Mr. Julian, please go ahead, followed by Mr. Falk.

Mr. Ted Falk (Provencher, CPC): Thank you, Mr. Chair.

Thank you to all the witnesses. Your testimony has all been very interesting.

I'd like to direct my comments—

The Chair: Sorry, Mr. Falk, it's Mr. Julian, and then you.

Mr. Ted Falk: Oh, I am sorry.

The Chair: I know you're just like a horse out of the starting gate there.

Mr. Ted Falk: I just got so excited when I heard my name. Sorry, Mr. Chair.

The Chair: Peter, go ahead.

[Translation]

Mr. Peter Julian: My question is for Mr. Roy.

Mr. Roy, major events really play a key role across the country. How many major events will not be held if the necessary assistance is not provided over the coming year? In other words, how many major events are at risk of disappearing if they are not provided with the necessary support?

Mr. Martin Roy: First, I must specify that Festivals and Major Events Canada represents events of all sizes, across Canada. It represents both large events and small ones.

Second, regarding the potential disappearance of festivals and events, I think it will happen. As I was saying, we are about halfway through; this marathon takes time. We still don't know what impact the pandemic will have on festivals and events.

I have spoken to some of our members. There is major disparity in terms of the impact this will cause. Some have large operating deficits, while others are managing to achieve a balanced budget.

We are really in a fog regarding the budget. We cannot figure out what exactly is going on with the budget.

As parliamentarians, you have decided to increase the wage subsidy from 65% to 75%, which affects our finances. Similarly, not knowing whether we will be entitled to the wage subsidy after June also has an impact, since we cannot make predictions. We need predictability, not only from public health, but also from the government.

[English]

The Chair: Thank you, both.

Now we will turn to Mr. Falk, then Ms. Dzerowicz will close it off.

Go ahead, Ted.

Mr. Ted Falk: Thank you, Mr. Chair.

Again, thank you to our witnesses. I appreciated hearing all of your testimony.

I'd like to direct my comments and questions to Ms. Potter, from the tourism industry.

I have many tourism operators in my constituency. I want to key in on two of them, in particular, that provide tourism to Canada's north. One of them is Wings Over Kississing. They offer fishing, hunting and sightseeing expeditions to Manitoba's north. They're based here in my riding in southern Manitoba. They also operate a charter air service to first nations and indigenous communities throughout the north.

Recently the Liberals set out a subsidy program for airlines that provide services to northern communities, but the program was flawed in that it was specific to scheduled airline services and not charter airline services that actually sometimes service the same communities and compete for the same business.

The other operator I want to point out is an organization called Churchill Wild, which has had international acclamations for its polar bear experiences, its whale watching and its fishing expeditions.

Both are first-class operators. Both require international tourism to sustain their businesses. Can you talk a little bit more about how important it is to open up our international border, and how we have to somehow figure out how not to use these quarantine hotels?

Ms. Beth Potter: Thank you, Mr. Falk, for your question.

I will go back to saying that opening the borders and giving some lead time as to when we can expect to open the borders is incredibly important for these operators.

You mentioned a couple of operators in Manitoba. I was talking earlier today with a group of operators from northern Ontario—the same kind of idea, fly-in fishing camps, resource-based tourism—and they rely 95% to 100% on U.S. visitors. They have re-booked everyone from 2020 into 2021. At this point, they don't know if they should be re-booking them to 2022 and making themselves available to domestic tourism this year or if there's a chance that those U.S. visitors will be able to come.

The importance of U.S. visitors as well as other international travellers is that they're the economic stimulators. They stay longer than domestic travellers do. They spend more money. That's an incredibly important delineation point to be making.

Yes, we need to get the borders open, and we need to be putting in place proof of vaccination, testing and contact tracing so that we can eliminate the need for quarantines on arrival.

• (1600)

Mr. Ted Falk: Thank you, Ms. Potter.

Thank you, Mr. Chair.

The Chair: Thank you, both.

Ms. Dzerowicz has a single question, and then we'll close.

Go ahead.

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

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

My question is directed to Pia Bouman.

Pia, thank you so much for sharing your story, the story of the Pia Bouman School for Ballet and Creative Movement. I think that your story and the experience you've had over the last year are very much reflective of those of many similar types of amazing artistic and creative organizations across the country.

Bill C-14, if it's passed, will actually allow organizations such as the Pia Bouman school of dance to apply for the rent subsidy before actually incurring the cost. I want to know whether you think that would be helpful to you. That's one part.

The second part is this: What more do you think our government can do to be helpful? You mentioned that you'd have to pay back \$50,000 of the CEBA. I just want to point out that you actually would only have to pay \$40,000 out of the \$60,000. It's \$20,000 that would actually be forgiven.

Ms. Pia Bouman: That makes a difference.

Ms. Julie Dzerowicz: So we'd just give you back \$10,000.

What more do you think our federal government could do to support organizations such as your school?

Ms. Pia Bouman: Let's first go to the change in approach as to when the CEBA support comes in. That makes a tremendous difference.

For me, for the school, for our treasurer, it's all about cash flow. Receiving the rent support before the rent is due makes an unbelievable difference. That's very important.

Could you go back to the second question, please, Ms. Dzerowicz?

Ms. Julie Dzerowicz: My second question was, what more can the federal government do to support organizations such as yours moving forward?

I know you mentioned that you have to pay back \$50,000 of the small business loans, but it's actually \$40,000 out of \$60,000.

Ms. Pia Bouman: Yes.

Ms. Julie Dzerowicz: What more outside of that would you advocate we do to support—

The Chair: You'll have to be fairly tight, Pia, because we're into the next panel's round.

Ms. Pia Bouman: Yes, I will.

I think what would be helpful is if the deadline for repaying that loan could be extended by two years. I'm looking at 2024.

Ms. Julie Dzerowicz: Thank you.

The Chair: With that, we are slightly over our time for this panel.

Thank you very much, everyone. We got a lot of good information here, with some good new ideas coming out and things we can certainly work with. Thank you, one and all, for taking the time to appear before the committee today.

With that, we will suspend for about three minutes while they bring in the next panel.

• (1600)

(Pause)

• (1608)

The Chair: Welcome to the witnesses. As you know, we are looking at Bill C-14 at this particular hearing. We look forward to the discussions today.

I would start with the maple sugar industry and the Association des salles de réception et érablières commerciales du Québec. If you could hold your presentation to about five minutes, it would be helpful.

Ms. Laurin, go ahead. Welcome.

[Translation]

Ms. Stéphanie Laurin (President and Founder, Association des salles de réception et érablières commerciales du Québec): Thank you, Mr. Chair.

Good afternoon, everyone. My name is Stéphanie Laurin, and I am the president of the Association des salles de réception et érablières du Québec. I own a sugar shack that welcomes about 80,000 people during the spring season, over some eight weeks. We host from 200 to 300 events—

[English]

Mr. Peter Fragiskatos (London North Centre, Lib.): Point of order, Mr. Chair.

The Chair: Peter, I expect you're not getting translation either.

If I could just get you to sit tight for a second, Ms. Laurin, we're not getting the English translation coming through.

• (1610)

Ms. Stéphanie Laurin: Okay. I'm sorry.

The Chair: No, it's not your fault. Just check your screen, Ms. Laurin. At the bottom of the screen, you'll see that it says “translation” or “interpretation”, so make sure it's on French when you're speaking French, and it will come through more clearly to us.

[Translation]

Ms. Stéphanie Laurin: Okay. I think it has been resolved.

[English]

The Chair: Okay.

[Translation]

Ms. Stéphanie Laurin: Does it work?

[English]

The Chair: Yes. Go ahead. The floor is yours.

[Translation]

Ms. Stéphanie Laurin: My name is Stéphanie Laurin, and I am the president of the Association des salles de réception et érablières du Québec, the ASEQC. I own a sugar shack that welcomes nearly 80,000 people in the spring, over some eight weeks. Our establishment also hosts between 200 and 300 marriage celebrations every year.

Last spring, when COVID-19 arrived, our facility had invested nearly \$300,000 to kick off the sugar shack season. Without warning, just before the start of the season, we had to shut down operations. I have personally contributed to the fight against COVID-19. We have manufactured several hundred thousand protective masks. We acquired about 60 sewing machines last spring, and we have transformed our sugar shack into a mask manufacturing facility.

Unfortunately, none of that was sufficient. Last July, we had no income, as all the events and banquets were postponed until 2021. It was a blank calendar and a 95% drop in our sales that made me decide to contact my competitors, owners of reception halls and sugar shacks of Quebec. I then realized how disastrous the situation was for our industry, which consists of sites for large gatherings. So I decided to create the association I now preside over, the ASEQC. This is a registered non-profit organization that represents our establishments in dealings with various government bodies.

After that, we worked on saving Quebec's sugar shacks because there are very few of them. Prior to COVID-19, there were about 240 sugar shacks, and we have already lost about 100 of them so far. There are now fewer than 140 establishments representing sugar shacks and maple internationally.

Faced with this problem and knowing that the 2021 season may also be in jeopardy, we decided to create a project called “Home Sweet Home”.

[English]

“home sweet home”.

[Translation]

This is a system of boxed lunches Quebeckers can order to have the sugar shack experience at home. I am seeing little thumbs up on the screen. We went to great lengths to launch this project. With no cash flow and no means, we have created a platform that brings together nearly 75 sugar shacks in a single transactional marketplace. We officially launched on February 22, and so far, 1.5 million people have visited our website. Soon, we will have generated \$7 million in income for the participating establishments over slightly more than two weeks.

We are really experiencing incredible success. We have managed to remain resilient. We are part of an industry that decided to roll up its sleeves. Unfortunately, I can tell you today that I am unsure this will be enough, as we are seeing that our calendar for the next 12 months is still empty. Summer marriages and banquets have been postponed until 2022. We have managed to survive without income over the past 12 months, but that could prove much more difficult over the next 12 months.

This is my testimony to you today.

[English]

The Chair: Thank you very much, Ms. Laurin. I would highly recommend that sugar bush experience with the syrup on the snow.

Mr. Cochrane, with Canadians for Tax Fairness, the floor is yours.

Mr. DT Cochrane (Policy Researcher, Canadians for Tax Fairness): Thank you kindly for having Canadians for Tax Fairness comment on this bill. If I'm not mistaken, members of every party, in the course of speaking to Bill C-14, expressed support for tax fairness. That's music to the ears of our organization. Now we just need to see some real action.

Before I discuss taxes, let me touch on the other side of the ledger—spending. This bill will provide needed funds for some important measures. Unfortunately, it does not go far enough. Parents need more support. Students need more support. People with disabilities, our elders, workers, local businesses and the poor need more support. It was true before the pandemic. The crisis just made it starker.

Predictably, even insufficient support has led to fearmongering about the debt. Most of the concerns are misguided and misleading. The federal government's debt is not like the debts of households or businesses or other levels of government. The federal government literally spends money into existence. There is no limit to its financial resources.

That does not mean there is no limit to the government's spending. The limits are imposed by the real resources that money can command. Eventually, if increases in money circulating in the economy do not increase the products, services and assets that we want to buy, we will get inflation.

At the moment, this is a remote concern. Despite worries at the beginning of the pandemic and misinformed fears recently, inflation remains well below the Bank of Canada's long-standing target of 2%. Taxes are an important tool for controlling inflation, as they draw money out of the economy. However, just as importantly, they are a tool for controlling inequality.

We have a trickle-up economy. Consider the money given directly to people at the bottom of our economic hierarchy. Some of that money gets spent on rent, which goes to a landlord. The landlord uses it to cover the mortgage, which goes to a lender. The lending company uses some of that money to pay its workers, while some will be used to pay its own creditors, and some may go to dividends. Those workers will buy food at a grocery chain, which again will pay workers as well as creditors and equity owners. As the money spent into the economy circulates, portions of it are continually siphoned off to asset owners.

The work of Thomas Piketty and his collaborators shows that the wealthy get wealthier simply by virtue of the highly unequal distribution of asset ownership. Their income from owning assets is not a reward for entrepreneurial risk or innovation. It is not a reward for hard work. They accumulate wealth simply by already being wealthy. The wealthy are able to use their money to shape our society in detrimental ways. They fund think tanks that defend their interests while presenting as neutral commentators. They hire lobbyists to influence lawmakers on policies that benefit them. They employ an untold number of people to bend tax laws and exploit offshore tax havens. This applies to both wealthy families and powerful corporations.

Wealth taxes and excess profit taxes, alongside more progressive income taxes, are powerful tools to address inequality and its myriad harms, as well as being sources of government revenue. Additionally, government should act promptly to close tax loopholes and end the use of tax havens. These measures would create fiscal space for the kind of bold government initiatives that we need to support people and resurrect our economy coming out of the pandemic.

The pandemic teaches us that we are all in this together. The myth that the market justly rewards what is socially valuable must be abandoned. When the pandemic struck and we needed decisive action to keep the essential parts of our economy functioning, it was not wealthy people, via the market, who made that happen. It was government.

The same is even more true of the climate crisis. The government needs to spend large amounts of money to transition our economy to carbon neutrality. That money will inevitably trickle up, where it will unjustly empower the wealthy.

Measures like wealth taxes, excess profit taxes and closing tax loopholes will keep that money moving so that it can serve our shared interests. These must be key components of the fiscal tool

kit as we deal with the aftermath of the pandemic and the ongoing climate crisis.

● (1615)

Thank you.

● (1620)

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

We're turning now to Mr. Wudrick and the Canadian Taxpayers Federation.

Welcome, Aaron. The floor is yours.

Mr. Aaron Wudrick (Federal Director, Canadian Taxpayers Federation): Thank you very much, Mr. Chair, and thank you to the committee, of course, for having me appear again today.

For those who are unfamiliar with the Canadian Taxpayers Federation, we're a national non-profit, non-partisan group. We have 235,000 supporters across the country. Our advocacy is really focused on three general areas: lower taxes, less government waste, and accountable and transparent government.

I don't want to shock anyone on the committee, but the CTF has something of a reputation as being the biggest skinflints around town, and that's a tag that we're not at all ashamed of having in a town where there's really no shortage of people asking for more spending and very few asking for less. We think it's important, as part of that debate, that there be a counterweight to what effectively are endless pleas for "more everything", and we're very proud to play that role.

Insofar as we apply that lens to a tidal wave of spending, if I can call it that, that has washed over the country during the course of this pandemic, I don't think the concern is about demanding perfection from government, but just asking for a little humility. These temporary emergency programs are very expensive programs, and they're very blunt instruments, which is understandable given that they had to be conceived, designed and implemented in a matter of days or weeks, as opposed to the usual months or years.

Given the circumstances, I think most fair-minded people will agree that a little slack deserves to be cut in terms of their implementation, but it's also fair to ask the government to take steps to improve and recalibrate these programs as they go along, in order to ensure that what is being spent is actually being spent well. A couple of examples can illustrate the ways in which the government arguably has overshot the mark thus far.

When you look at StatsCan data, it shows that between the first and third quarters of last year, aggregate private sector earnings dropped by about \$15 billion, a significant sum in terms of lost income, but during the same period, the government sent out \$103 billion in transfers, primarily from employment insurance and the emergency response benefit. What that means is that for every dollar Canadians lost in income, the government sent \$7 out the door. If the goal of these policies was income replacement, it's an enormously expensive overshoot.

Also, looking at the business side, if you look at the emergency wage subsidy, which was designed to save private sector jobs—an appropriate objective—it has also been incredibly expensive, with each saved job coming at a cost of \$180,000 in government spending. This is happening at a time when we're hearing stories in the media of large corporations banking record profits or boosting executive pay or issuing special dividends to shareholders. I don't think that's what most people envisioned in terms of what the wage subsidy was supposed to be used for.

These examples are just two that suggest there's room for improvement in terms of targeting pandemic support to achieve the results we're looking for, but at a lower cost.

With respect to Bill C-14 specifically, the main concern we have about this bill is the requested increase in the debt borrowing limit. I know that the minister and Mr. Fast had an exchange on this issue at a previous meeting, but with respect, the minister's insistence that there's a chart on page 141 of the fall economic statement that explains everything was not very persuasive.

First of all, the chart she cites includes spending projections out to 2024, so that does not explain why the minister requires such a huge increase in the debt ceiling today, in 2021. It also bakes in the projection of \$100 billion in stimulus, which the minister has committed to spend without deciding what she wants to spend it on. In our view, that has it backwards and is putting the cart before the horse.

With all due respect, rather than demanding that the opposition push through the bill and get more borrowing room, we think the minister's time would be better spent presenting a federal budget, which we haven't had in two years. I understand that the government insists that things are in flux and presenting one is difficult. I think that was a reasonable argument a year ago. I think it's a lot more difficult to make that argument today, especially when you consider that all our peer countries and every province in Canada except Nova Scotia have managed to present one.

I'm certain that this government does not want to leave the impression that it is somehow uniquely incapable of presenting a budget at this time. We just urge them to get on with that and produce a federal budget at the earliest opportunity.

The Chair: Thanks very much, Mr. Wudrick.

We're turning to Moodys Tax Law LLP, with Kim Moody, chief executive officer.

Welcome back, Mr. Moody. The floor is yours.

Mr. Kim G.C. Moody (Chief Executive Officer and Director, Canadian Tax Advisory, Moodys Tax Law LLP): Thank you, Mr. Chair.

Good afternoon, committee members. Happy St. Patrick's Day. I see some of you are wearing green, so I hope it's a great day.

Thank you for the opportunity to appear to discuss to Bill C-14.

My name is Kim Moody. I'm a chartered professional accountant and the CEO and director of Moodys Tax Law and Moodys Private Client in Calgary, Edmonton and Toronto. I have a long history of serving the Canadian tax profession 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, to name a few.

Given the limited time we have this afternoon, I'm going to keep my comments rather short and comment on only two matters: the proposed amendments to the debt ceiling in the Borrowing Authority Act contained in Bill C-14 and the fact that Canadians are now approaching the second anniversary, in two days, of the federal budget.

I will start with the proposed amendments to the BAA, the Borrowing Authority Act. While I am a tax specialist and certainly not a BAA expert, currently section 4 provides that the total amount of debt must not exceed \$1.168 trillion at any given time. This limit is subject to certain exceptions, provided for in section 4, in conjunction with section 6 of the BAA. Bill C-14 proposes to amend both section 4 and section 6 with a highlight amendment, as Mr. Wudrick said, to increase the current upper limit to \$1.831 trillion, an increase of \$663 billion, or 56.7%, from its current ceiling. That is a material increase by any measurable standard.

With the exceptions provided for in section 6, I guess the question is why there is a need today to increase the ceiling so substantially. Where is the plan? Is the government intending to utilize that increased borrowing capacity? If so, again, where is the plan? Shouldn't that be accompanied by a financial budget? I'll say more on that later.

Further, what will such increased borrowing do to inflation and interest costs? Is that part of the plan too? What about the plan to repay this debt? Does it include a reasonable repayment period that will not saddle our children's future with high borrowing costs that compromise central government services?

How will this increased borrowing capacity affect our country's taxation policies? Will we see an across-the-board tax increase, or will the wealthy be asked to pay just a little bit more, thus causing even more capital flight to greener pastures?

What's being asked to be passed in Bill C-14 can be depicted in an overly simplistic example of how I disagree with the witness Mr. Cochrane when he says that you can't compare government debt to household debt. Frankly, I think you can, and yes, there are differences, but debt is debt by any measurable standard.

Let's consider the case of Mr. Apple. He lost his job as a result of his employer being forced to shut down because of strict public health restrictions. His savings are rather modest. He does not have the ability to pay his ongoing bills, so he applies for and receives various government support programs. However, the support he receives is not enough to maintain the lifestyle that he is accustomed to, and, being the rational person that Mr. Apple is, he develops a plan and makes necessary adjustments to his lifestyle, cuts back on non-necessities and ultimately tries hard to survive on the reduced income that he has. Eventually Mr. Apple is able to secure new employment and slowly get back to the lifestyle that he is accustomed to.

Now, let's consider the situation of Mr. Apple's friend, Mr. Orange. He's in exactly the same situation as Mr. Apple. He lost his job. He doesn't have enough savings to maintain his normal lifestyle. However, instead of cutting back on non-essential expenditures as Mr. Apple does, he applies to get his credit card limit increased by 56.7% and some crazy credit card company decides to grant him that limit.

He now has the ability to borrow a lot more money. He does that so he can maintain his existing lifestyle. Mr. Orange has no plan to repay. He simply wants to maintain his lifestyle, and he eventually reaches the maximum of his limit and has a large debt to repay. The credit card company is charging interest, which is adding to the debt. Eventually he returns to normal employment, but his earnings are not sufficient to materially reduce the debt. He has a problem and he falls behind on making his normal payments. The credit card company demands that he repay, but he cannot. His options are limited, and ultimately all the options are ugly.

In the above scenario, who's in a better spot? Obviously, it is Mr. Apple. For Canada, for whom do we want to be comparable? Obviously, it is Mr. Apple, with a plan and a path forward.

Do we have a plan with respect to the increased ceiling amount under section 4 of the BAA? If so, it is not obvious to me, and Canadians need that plan, let's say, at this point. I'll share Mr. Wudrick's comments about the fall economic statement. The information in it was lacking, in my view.

• (1625)

This leads me to my second and final comment. March 19, 2019: Does that date mean anything to anyone? Well, it should. That was 730 days ago. That was the last time the federal government released a budget. That's a record.

Our government continues to use COVID as the excuse for not releasing a plan. This is what former parliamentary budget officer

Kevin Page said in October of 2020: "Budgets 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 are needed. The recent November 30 fall economic statement is not that plan.

Esteemed economist Dr. Jack Mintz stated the following 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 back-slapping and cliché-laden phrases that few will bother to read.

I agree.

Kevin Page stated the following in a CBC News article on December 6, 2020, 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. Transparency and accountability are not luxuries. They are requirements for Canadians.

Thank you. I'd be happy to take questions.

• (1630)

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

Before I turn to the last panellist, the lineup for questions in the first round will be Mr. Fast, Mr. Fragiskatos, Mr. Ste-Marie and Mr. Julian.

We turn now to the independent workers of Quebec and Ms. Caroline Bédard, chairman and chief executive officer.

Welcome. The floor is yours.

[Translation]

Ms. Caroline Bédard (Chairman and Chief Executive Director, *Travailleurs autonomes Québec*): Good afternoon, everyone.

I would like to begin by explaining the mission of *Travailleurs autonomes Québec*. We are trying to get recognition for self-employed workers' rights, and to provide them with support and guidance in running a successful small business.

Another one of our missions is to get self-employed worker status legally recognized, as it is still not legally defined. The lack of a clear and precise definition is hurting many self-employed workers in all facets of their daily lives.

I just want to inform you that Canada had nearly 3 million self-employed workers before the pandemic. Unfortunately, we will certainly have fewer players after the pandemic, if that is not already the case. The pandemic we are going through very clearly shows a deficiency when it comes to that status, as no program is adapted to the reality of self-employed workers.

Let's start with the second version of the subsidy for commercial rent, the Canada emergency rent subsidy. The application form asks for the BN—business number—which is the GST number at the federal level.

Did you know that over 60% of self-employed workers in Quebec earn an income of less than \$30,000 and, therefore, have no GST number?

With this being the case in Quebec, we can get an idea of what is happening in the rest of Canada's provinces and territories. If the government was thinking of helping self-employed workers pay their commercial rent, that unfortunately won't happen, as six self-employed workers out of 10 don't have a business number.

Let's now move on to the Canada recovery benefit, or CRB. Once again, we are seeing that the application forms are not adapted to self-employed workers' reality. They are once again asked what their BN is, whether they are seeking employment, whether they left their job voluntarily, whether they refused a job, and so on. Did you know that a self-employed worker is not looking for a job, but is rather looking for clients or contracts?

When businesses are forced to close by our governments because of a lockdown, and they are not deemed essential, self-employed workers are still asked to seek employment. If they say they are not looking for a job when they apply for the CRB, their application is automatically refused. Asking a self-employed worker to look for a job is a lack of respect for their small business and a very clear message that they must be salaried to receive assistance. That is actually what most agents of the Canada Revenue Agency, CRA, are currently saying on the telephone to hundreds, even thousands, of self-employed workers.

Concerning CRA agents, we can imagine that talking to them is often a nightmare and causes significant psychological distress for thousands of self-employed workers, as there is no solution. Since January 18, CRA agents have been conducting mass verifications of taxpayers who have received the Canada emergency response benefit, or CERB. They are checking earned incomes of \$5,000 and more before the first CERB application. An announcement was made that it would take two to four weeks to carry out the verifications, but in reality, it is taking from six to 10 weeks and sometimes longer for some self-employed workers. We have seen it take as long as 18 weeks.

It should be pointed out that no CERB applications can currently be made while verifications are being conducted. Imagine the ordeal for those who have no other source of income during that period. Not to mention that the tone of some agents is disrespectful, to

put it politely. We agree with verifications being carried out. That is normal. However, can they be limited to \$5,000 of income, as stated in the messages?

Why is a self-employed worker who declared more than \$25,000 in income and is calling an agent to obtain information on their file suddenly being told that, in the end, the CRA will check a host of other elements in their file? This only excessively extends wait times. That said, we cannot do anything about it, as we are currently somewhat dependent on CRA agents.

When self-employed workers say that, during the verifications, they have no other source of income, CRA agents are telling them all sorts of things. For instance, they tell them there are food banks and social assistance in their province, that it's not the agents' problem they decided to be self-employed, or that they should find themselves a job if they don't want to have problems.

The basic issue is that this status is not recognized. Let's collectively ask ourselves a question: how can we help nearly 3 million self-employed Canadians in a crisis?

Thank you.

• (1635)

[English]

The Chair: Thanks very much, Ms. Bédard.

We will turn to the round of questions. We're going to cut this round back to five minutes so that we can get a few more people in.

Mr. Fast, you have five minutes.

Hon. Ed Fast (Abbotsford, CPC): Thank you, Mr. Chair.

Because my time is short, I'm going to cut to the chase here. I'm going to go directly to Monsieur Moody and Mr. Wudrick, or “Mr. Skinflint”, as he calls himself.

As you have rightly noted, Bill C-14 dramatically increases our debt ceiling by \$663 billion. That's historic, as you know. That includes a hundred billion dollars' worth of stimulus funding that is effectively unallocated. In other words, the minister has refused to tell us where that will be spent. There's another \$223 billion in unallocated borrowing capacity that she says she really won't need, but we know they blew past the last debt ceiling, and we fully expect that will happen again.

Therefore, to the two of you, Messieurs Moody and Wudrick, given that this comes at a time when we haven't had a budget tabled for two years, would you comment on the merits of increasing the debt borrowing capacity of the government so dramatically at a time when we don't even have a budgetary framework in place to assess what this means for our country?

The Chair: Who wants to start? Mr. Wudrick?

Mr. Aaron Wudrick: Sure. Thank you for the question.

Look, it's troubling, to say the least. This would be troubling even if we did have a budget. We don't. I think the very fact that the minister has committed to spend money without knowing what to spend it on is getting the entire budgetary process backwards.

In a policy debate or discussion, normally you figure out what you want to do, you figure out how much money you need for it, and then you make your case for it. That's not what she has done here. She has already committed to spending money, but she doesn't know what she wants to spend it on. That is a recipe for trouble.

What's also curious.... I cited some of the statistics earlier about overspending, and again I am not suggesting that the government had to get it perfect. I understand that they were in a hurry and that not everything was going to be perfect, but by their own admission.... I believe the term she used was "pre-loaded stimulus". We have seen that even into the lower income deciles, a lot of Canadians are banking a lot of this money, so the minister has said, "Well, we've preloaded this stimulus, so hopefully when things turn around, people will go out and spend." However, she also wants to spend the \$100 billion in the name of stimulus.

I don't understand. She has spent more than she planned to, but she says, "Don't worry, that will turn out to be stimulus", and she also says that we still need to spend \$100 billion; we just don't know on what.

Look, if the minister has a plan, I think she's entitled to make the case for that. She should do it in a budget. She should not be asking Parliament to increase the debt ceiling unless she can present a budget and explain what she wants to spend the money on.

The Chair: Mr. Moody, if you want in, go ahead, but be fairly quick so that we can get in another question.

• (1640)

Mr. Kim G.C. Moody: I wholeheartedly agree with Mr. Wudrick, and I wholeheartedly dismiss, for a whole variety of good logic, the assertion that trickle-up economics works, that there are tax loopholes to close down and that we can just go offshore and grab all that money. That's nonsensical and it just will not work as a way to deal with this increased ceiling, and I hope it's not increased spending. That's probably all I have to say.

The Chair: Ed, we'll go back to you.

Hon. Ed Fast: Thank you.

The government has also recently abandoned the idea of fiscal anchors, even though the finance minister's mandate letter actually references fiscal anchors. In fact, they've instead used "fiscal guardrails", which relate to the stimulus spending.

I ask you to comment on whether fiscal anchors are necessary, especially in a critical time like this, when we've just come through the worst pandemic of our lifetime. Mr. Wudrick, with the massive fiscal management challenge we're going to have, how important is it for this government to put in place fiscal anchors that will guide the government when it comes to the management of our national finances?

Mr. Aaron Wudrick: I would actually disagree that they "recently" abandoned them. They abandoned them very early on,

when they came into office. They promised a balanced budget. They didn't deliver it, and then the debt-to-GDP ratio started to creep up, so it's not a new phenomenon.

On the minister's insistence on fiscal guardrails, she says she's going to impose them, but she doesn't want to do it until later on. It's a bit like saying, "Well, we don't want to put guardrails where the cliff is, so we're going to wait until we get back down on level ground, and then we'll put up some guardrails." I think it's important to have something to measure your level of risk, and not having any anchor at all....

I recognize that today a balanced budget would be a pretty aggressive one, but you need to have something. There's a similar reason that we need a budget. I think that not having one is very worrisome.

The Chair: Okay.

Mr. Fragiskatos, you have five minutes.

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

Before I turn to the witnesses, there was, in the previous panel, if colleagues will recall, a point raised about rapid tests, I believe by Mr. Kelly. It could have been Ms. Jansen. I'm not sure. I think it's an important question to raise, but I think the record should reflect the actual situation.

Colleagues can find this online. It's available on the Government of Canada website. The federal government has helped to facilitate the shipment of 31.2 million rapid tests from four different companies. Unfortunately, the deployment is where the challenge is. Of those 31.2 million tests that have been shipped to provinces for distribution, we've seen only 5.8 million distributed to communities and to local health agencies specifically.

I don't think this is an opportunity, and I wouldn't want to point fingers. I don't think that's appropriate. Provinces have a very difficult time right now. Health care is their area of jurisdiction. However, if there's a concern about rapid tests being distributed to communities, let's face facts and recognize what the actual situation is, with a view to improving it.

My first question will be for the Canadian Taxpayers Federation.

There are things in the fall economic statement that are expressed now in Bill C-14. This is what we'll see go forward as the vision of the economic statement. There are certainly things in there, Mr. Wudrick, that focus on COVID-19, but also on other priorities that are central to the challenges of our day, such as climate change.

If you look at it—and I hope you've had a chance to read the bill—there's money to help homeowners make energy-efficiency improvements to their homes. There's funding for charging and re-fuelling stations. These are things that my constituents have certainly called for. It's great to see those put into place.

Do you have a challenge with this sort of approach? Climate change is, I believe, the central challenge of our time. Wouldn't you agree?

Mr. Aaron Wudrick: It's certainly one of the biggest challenges of our time. I don't dispute the reality of climate change. I don't have strong views on most of the rest of that bill. The main focus we have, the main concern we have, is with the debt ceiling.

I would note that there is an easier way to get these measures passed: produce a federal budget. We would welcome seeing a robust federal budget, and then we could debate the validity of the policies contained in it.

• (1645)

Mr. Peter Fragiskatos: A budget is going to be presented, Mr. Wudrick.

Mr. Aaron Wudrick: That's great.

Mr. Peter Fragiskatos: Does that mean, then, that the view of the Taxpayers Federation has changed?

I'm quoting one of your directors, Kevin Gaudet, who said on behalf of the federation, speaking for the group, that “We don't believe there's such thing as man-made climate change”, adding that initiatives such as cap and trade are in no way proved to reduce CO2 emissions.

Does that mean the organization now believes that climate change is a human-made phenomenon, predominantly?

Mr. Aaron Wudrick: Yes. Yes.

Well, you say that he's speaking “on behalf of” the CTF, we don't actually have a corporate view on those issues. We're not an environmental organization. I personally—

Mr. Peter Fragiskatos: I don't mean to interrupt you, but I'm running out of time. I think any organization worth its salt, even those that are focused on the economy, and especially those focused on the economy, will recognize, Mr. Wudrick—

The Chair: Peter, we'll have to allow Mr. Wudrick to respond. Go ahead, Mr. Wudrick.

Mr. Aaron Wudrick: I absolutely agree that man-made climate change is real and it is a serious concern.

Mr. Peter Fragiskatos: Okay. Well, that's good to know, but it's interesting that one of your directors is of a different point of view. I don't mean to—

Mr. Aaron Wudrick: That was 12 years ago, so with respect—

Mr. Peter Fragiskatos: It's good to see that things have evolved.

Mr. Aaron Wudrick: Certainly.

Mr. Peter Fragiskatos: It's not an attack here, but I take issue—

Hon. Ed Fast: I have a point of order, Mr. Chair.

The Chair: Mr. Fast, what's your point of order?

Hon. Ed Fast: Relevance: we're not talking about climate change. We're talking about Bill C-14. Then—

The Chair: That's not a point of order. In fact, in Bill C-14 there are some things that relate to climate change.

Go ahead, Mr. Fragiskatos.

Mr. Peter Fragiskatos: That's true, but why am I not surprised that—

The Chair: Let's go to the question, Mr. Fragiskatos.

Mr. Peter Fragiskatos:—Conservative colleagues haven't read the part of the bill that focuses on climate change, while we've had—

The Chair: No, no, no. Don't accuse anybody of anything. Let's go to the question.

Mr. Peter Fragiskatos: This is to Mr. Cochrane, because I'm wrapping up on time here.

The Chair: You are.

Mr. Peter Fragiskatos: I take your points, but at the same time, are you making the argument that government can spend endlessly?

I do agree that the programs were put in place by the government were in an emergency situation and were needed to respond to a crisis. They were expensive, but they were absolutely necessary and they keep the country going. Still, there should be fiscal responsibility as an overall guiding approach. Isn't that the case?

The Chair: Can you keep it fairly tight, Mr. Cochrane?

Mr. DT Cochrane: Yes.

First of all, I spent eight years getting it, so I'm going to correct you: It's “Dr.” Cochrane.

As I said in my presentation, the fact that the government has access to unlimited financial resources doesn't mean spending is unlimited, because those financial resources have effects in the material economy. That's where the concern needs to come in.

I will specifically respond to the comments from Mr. Wudrick and Mr. Moody about the debt ceiling. Focusing on this as a blunt instrument—Mr. Wudrick referred to other policies as “blunt instruments”—is just inviting disastrous brinkmanship, as we saw in the U.S. around the debt ceiling. The debt ceiling is a meaningless thing that really just serves to make us feel good, considering that every dollar the Canadian government spends into the economy becomes someone else's asset in the non-federal economy.

Mr. Moody wants to equate the federal government with households. I don't know about Mr. Moody, but I don't have my own bank. The federal government has its own bank. That's how it's able to spend money into existence. The concern is what happens when it's in the economy.

The Chair: Mr. Cochrane, I don't want to get into a debate between witnesses, although we might have to go there. If the others want to respond at some point, go ahead.

We'll turn to Mr. Ste-Marie, followed by Mr. Julian. You have five minutes.

[*Translation*]

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

Good afternoon, everyone.

I want to say to Ms. Bédard and Ms. Laurin that I found their testimony heart-wrenching. Their testimony was about sugar bushes, reception halls, the reality of self-employed workers and the fact that the programs provided during the pandemic were poorly adapted to reality, to put it mildly. The least we can say is that their testimony was really touching. I hope their members will manage to overcome the terrible crisis they are going through.

My first questions are for Ms. Laurin.

Going from 240 sugar shacks to fewer than 140 has a devastating effect. As you mentioned, last year, you mobilized \$300,000 in goods. That money was lost, as receptions and weddings were not held during the summer. The season was lost. The scenario is the same for the second year: everything is being lost.

I would like to know whether the measures and criteria implemented meet the needs of your members and of your sugar shack.

• (1650)

Ms. Stéphanie Laurin: Thank you very much, Mr. Ste-Marie.

Indeed, we invested \$300,000 to prepare for the season. However, in 2020, my establishment incurred nearly \$1 million in debt, taking fixed costs into account. Every establishment that is a member of the association is currently in the same situation.

Are the available programs adapted to our industry? The answer is definitely no. Unfortunately, our businesses have been closed for 12 months. The wage subsidy will come to an end in June 2021, and we won't have resumed our activities. In that sense, the wage subsidy is not adapted to our industry. I am adding to all this the loan system of the regional relief and recovery fund, RRRF. That system provides interest-free loans. We are extremely grateful for it, but a question remains: how can we repay that loan without an income?

We are currently struggling to pay our bills. Some owners had to sell their home and are living in their establishment, as they lack cash flow. The situation is truly disastrous for those business owners.

The only assistance systems available to them are repayable, interest-free loans. We are grateful for those, but we will unfortunately not be able to repay the loans over the medium term. If we consider the Canada emergency business account, CEBA, we see that it's a loan of \$60,000, \$20,000 of which is subsidized. Thanks to the assistance systems available to our industry, every establishment can receive \$20,000 through CEBA. Otherwise, the money provided through other assistance programs is repayable.

So I am confirming that this is not adapted to our needs. \$20,000 is equivalent to the fixed costs we have to pay to run the establishment for about two weeks.

Mr. Gabriel Ste-Marie: Thank you.

What I hear you saying is that the government is going to have to come up with programs that meet your needs. Providing low-interest or interest-free loans is fine, but you can't survive for two years earning next to nothing. Thank you.

I don't have a lot of time, so my next questions are for Ms. Bédard. I'll try to come back to you later, in the next round.

Ms. Bédard, some three million people are self-employed. The programs the government has introduced since the pandemic began have been ill-suited to their needs. Your members are falling through the cracks, so you are constantly working to keep them from being shut out, but it's not working. It is ridiculous what your members are being told by people at the Canada Revenue Agency, or CRA; they are suggesting your members go on social assistance or walk away from their businesses. It's utter nonsense.

Before you comment on the situation, could you give us examples of people who are self-employed? What businesses do they run? What do they do? Give us a clearer sense of the people you represent. Then, feel free to make your comments.

Ms. Caroline Bédard: They are active in a wide range of sectors. We represent actors, singers and groups, as well as aestheticians, hairstylists, manicurists, social media managers, website creators, business coaches and accountants.

Since a self-employed worker is not clearly defined, there is often confusion among someone who runs a business through a corporation, someone who has no employees and someone who runs a registered or soon-to-be registered business. A self-employed worker is not someone whose business is incorporated. The category is very broad and even includes people who do domestic work. They are people who provide services we all need but whose work is not recognized at the end of the day.

Now I will make a few comments.

What constitutes a self-employed worker is not clearly defined, and that is why our members run into problems with the CRA. Conversely, a wage earner is clearly defined. When a wage earner calls the CRA to find out about the status of their application, they get a clear and specific answer. The person knows what they can and can't do. However, the answers are not as clear when a self-employed worker is asking the questions.

Self-employed workers have to satisfy a number of requirements. Some have been denied access to program benefits outright. In those cases, we have to help them appeal the decision. We manage to win appeals, but the excessive wait times are onerous. If 18 weeks have already gone by and we have to file an appeal, that means the person has to wait weeks longer. When a self-employed worker's business closes and they aren't eligible for the Canada recovery benefit, they have absolutely nothing in the way of supports. They are not eligible for the Canada emergency wage subsidy because they don't have employees. They do not qualify for the Canada emergency rent subsidy because they don't have a business number. All they have access to are the interest-free loans, but that measure is no help either.

They have no options other than the Canada recovery benefit or the Canada emergency response benefit, which were available last summer. It's incredibly hard on these workers, who experience a high level of distress. I am aware of three suicide attempts since January 18. We do not want things to get to that point.

We would really like to see these workers receiving help. I know full well that some self-employed workers applied for benefits they were not entitled to. However, those who were eligible for benefits really needed them to buy groceries and pay the rent. In 80% of cases, they work from home.

• (1655)

Mr. Gabriel Ste-Marie: Thank you.

[English]

The Chair: Thank you, Ms. Bédard.

Just on that point, could you send the clerk a letter explaining what I think you feel is harassment from CRA toward self-employed workers? Send it to our clerk, and we might talk about it and see if we can send it on.

[Translation]

Ms. Caroline Bédard: Yes, I would be happy to.

Mr. Gabriel Ste-Marie: That's a good idea.

[English]

The Chair: I do hear the same. It's a lack of understanding of what a self-employed worker is.

We will go to Mr. Julian, followed by Mr. Kelly.

[Translation]

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

I want to thank Ms. Bédard for her poignant remarks. We will certainly look into the matter.

I will have questions for her a bit later. Now, though, I want to welcome the witnesses.

We hope you and your families are staying healthy and safe during the pandemic. Thank you for appearing before the committee.

[English]

My first questions will go to you, Dr. Cochrane.

We are dealing with Bill C-14, which is linked to the fall economic statement. As I'm sure you're aware, the fall economic statement forecasts significant cuts in program expenses for this next fiscal year, which begins in a couple of weeks. There is great concern, I think, that the government is looking to reduce supports at a time when a third wave is hitting Canada, tragically, yet in the fall economic statement and in Bill C-14, in the face of a third wave, there is absolutely no reference to measures that would help bolster the resources available to provide supports for Canadians.

I know that Canadians for Tax Fairness has talked about this, about the importance of establishing a fair tax system and putting in place, as other countries have, a wealth tax, responding to the pandemic in the way we did to the Second World War, when we put in place an excess profits tax. Instead, the government seems to be basically giving a blank cheque to companies that are profiteering during this pandemic. Billionaires have increased their wealth by over \$60 billion. Canadian banks are reaping record profits, with government liquidity supports at a record.

In that context, how do you feel about the government's refusal to put in place a wealth tax and a pandemic profits tax so that we have the resources and the wherewithal to provide all the supports for people that you spoke of so eloquently during your presentation?

Mr. DT Cochrane: I think it's incredibly misguided not to have these as part of what I call the "fiscal tool kit".

I voiced some disagreement from Mr. Wudrick and Mr. Moody, but I will echo their call for a budget. I know that one is coming, but I agree that it's unacceptable that we've been two years without a budget. A budget should have come out, even though it was early days of the pandemic, to state that although there's a high degree of uncertainty, here's what we think we're actually going to do.

There was a lot of goodwill on the part of Canadians for the government muddling its way through, as long as it was doing what it could to support people. If the government does not maintain those supports going forward, it risks letting a lot of people start to fall through the cracks. Even as the economy, the macroeconomy, looks like it's recovering, there will be lot of people left behind in that recovery.

We've heard talk about this K-shaped recovery, in which some people are weathering the situation just fine. As a report from Canadians for Tax Fairness showed, through the first three quarters of 2020, 34 of 100 corporations that we looked at had record profits, so while the economy for most people was not great, for some it was excellent.

We need to use all of the tools that are available to us—like wealth taxes, like excess profit taxes—in order to keep the money moving and ensure that the support exists for those who otherwise will fall through the cracks.

• (1700)

Mr. Peter Julian: Thank you for that.

We have the singular illustration of the Spanish flu. We have seen, in all the analyses done after the Spanish flu, that for lower-income people in that period a century ago, it took over a decade for them to have in place the financial resources they had before the Spanish flu pandemic hit. We're dealing with a situation in which people are struggling to put food on the table, struggling to make ends meet, and yet the federal government seems absolutely unwilling to put in place even the rudimentary foundations of a fair tax system.

My second question goes to that.

We've had people come before this committee and kind of brush off the idea of tackling overseas tax havens. The parliamentary budgetary officer projects that we'll lose \$25 billion this year. These are in tax revenues that go to overseas tax havens. That could provide so much support for people. You mentioned child care, affordable housing—all these things that Canadians are forced to struggle without. Pharmacare, of course, the Liberals and Conservatives said no to, but I think Canadians will come back to them on that in the next election.

All these things that are essential for Canadians, the government brushes aside—

The Chair: Let's have a quick question here, Peter.

Mr. Peter Julian: —and yet there has been no action on ending tax havens.

How important is it to make a concerted effort against overseas tax havens in order to provide the foundation that you spoke of in your presentation?

Mr. DT Cochrane: It's incredibly important.

These tax havens are used by the wealthiest of the wealthiest of the wealthiest. This is not an instrument that's available to you or me. The very use of it is automatically raising questions about why this is being done. This is implicated in issues with what's called “base erosion and profit shifting”, meaning that companies are able to move profits to offshore low-tax havens even though the profit-making work is actually happening here. It's just a way of exploiting the rules. Often they're operating right at the edge of what's legal in order to just maintain their pools of wealth, again, as I described, because of our trickle-up economy. They didn't work harder for it. They didn't earn it through any sort of virtue or contribution to society. It's just a function of the fact that they own an asset and they want to hold on to as much of it as they possibly can, and then they will spend it in ways that have distorting effects on society.

How many people earn incredible incomes that help them figure out how to massage the rules so they can get away with parking their money in a low-tax tax haven, while also enjoying all of the benefits that come from living in Canada?

The Chair: Okay. We're going to have to go to Mr. Kelly, followed by Mr. Fraser.

Mr. Pat Kelly: Actually, Mr. Falk is going to take this round, and Ms. Jansen will take the final round.

The Chair: All right. Thank you. Mr. Falk is first.

Mr. Ted Falk: Thanks, Mr. Chairman, and I'm sure you didn't give me a heads-up there so I wouldn't step on Mr. Julian again. Sorry about that, Peter.

Thank you again, witnesses, for your testimony. I appreciate it very much.

You know, the fall economic update provided Canadians with the information that they could expect a \$381-billion deficit this year, with maybe another \$100 billion more of post-COVID spending. Those are monumental numbers.

Now, this bill we're debating today is asking us to increase our debt ceiling. To use the words of Mr. Moody, I would hate to be considered Mr. Orange's credit card authorization person, the person who's going to authorize an increased spending limit to get us into further debt levels that are possibly unwarranted and certainly unjustified.

I would like to point out that former Parliamentary Budget Officer Kevin Page, who reads financial statements and updates for a living, made the comment that he was unable to follow the money in the fall economic update statement. Now we're being asked to provide approval for increased spending outside of a budget. It is actually budget time. It was budget time over a year ago, and we haven't had a budget.

Mr. Wudrick and Mr. Moody, you both rightly said that it's time for a budget, and if some of these measures would be included in a budget, there would be the opportunity to show Canadians in a transparent way where the money is going to go. As it is, there's a lack of transparency, and Canadians just don't know where the money is going.

Could you comment any further on that?

• (1705)

The Chair: Go ahead, Mr. Moody.

Mr. Kim G.C. Moody: Sure.

I can't disagree. Canadians really want to see where this money is going. I've tried to piece the puzzle together and I just can't. It's shocking to me to see how much money is going out the door. I do agree that a lot of it was necessary, for sure, at the front end, but there need to be accountability and transparency.

I don't know if I have much more to say, other than that we need a budget. Certainly the answer is not in offshore monies, as Mr. Cochrane says. That's just fantasyland stuff, but all in all, we need transparency and accountability.

Mr. Ted Falk: Mr. Wudrick, what would be your opinion on that?

Mr. Aaron Wudrick: I think it's mostly all been said here. I think that perhaps what's most alarming about asking for the increase in the debt ceiling and the planned \$100-billion spending when we don't know what it's going to go to is that it has been explicitly stated as being for after the pandemic.

I think the government has a strong case that when the pandemic hit, there was pretty much unanimity across the country that this was an emergency and that it had to send money that it didn't plan on. We get that. I think everybody gets that.

After the pandemic is a different story. I think it's a very different argument for the government to propose permanent new spending without any debate. It's essentially saying, conveniently, that all the things it wants to spend on with new permanent spending miraculously aligned with the things it wanted to do before the pandemic but didn't have the money to do. If the argument is that we didn't have the money before the pandemic, it's very hard to now say that suddenly, after the pandemic, we're able to spend money on these things that we couldn't find the money for beforehand.

Mr. Ted Falk: Thank you.

The Chair: This is your last question.

Mr. Ted Falk: Could you offer any practical suggestions for areas where the government could make life easier for Canadians by reducing red tape or providing tax cuts during this time?

Mr. Aaron Wudrick: Well, first of all, when it comes to stimulus, the minister, as she herself has pointed out, has preloaded the stimulus if Canadians want to spend money. If Canadians are feeling good coming out at the other end of this pandemic, obviously they will want to travel. They will want to spend. That will be a large part of the stimulus, so the idea that we need to spend more should maybe be set aside.

In terms of tax relief and looking particularly at small businesses and offering them relief, we proposed last year, for example, a temporary suspension of the small business tax rate, say for a year or two. That would allow some businesses to get back on their feet over time and would make up for a lot of the struggles they've had to go through over the course of the pandemic.

Mr. Ted Falk: Thank you.

The Chair: Thanks, all of you.

I will turn to Mr. Fraser, who will be followed by Mr. Ste-Marie and Mr. Julian.

Go ahead.

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

I'll take a different view from that of our chairperson when he said that he didn't want a debate between the witnesses. I thought it was one of the most engaging conversations I've heard in committee in quite some time.

Maybe I'll go right to the points of disagreement between—I was going to say “Mr. Cochrane”, but I think you corrected the record and I should acknowledge that—Dr. Cochrane and Mr. Moody. Although I think Mr. Wudrick may have something to add to this debate, I'll limit it to the first two just in the interests of time.

Dr. Cochrane, you've given essentially one of the most concise explanations of modern monetary theory that I've ever heard, in the sense that we can spend money into existence, as you've described, and that the limit is really on the real economy's ability to soak it up.

Mr. Moody, I'm curious, and the first question will be for you.

The Bank of Canada usually sets an inflation target of 2%. We haven't seen inflation to that magnitude in years. In the evidence before the committee over the course of the summer, I think it was

former governor Poloz who indicated that deflation represents a very real risk during this pandemic.

I'm curious as to your thoughts on Dr. Cochrane's submission. If you don't agree that MMT is the way to go, which I expect you don't, is there a problem with...? Particularly since we're at the effective lower bound of interest rates presently, is the inflation target wrong or is there a different way to get there?

• (1710)

Mr. Kim G.C. Moody: I'll just say that I'm not an economist. I'm a tax expert. I've spent many years studying tax, and I practise tax.

I will say that after talking to my economist friends, I do think there's a concern about inflationary pressures. Am I the guy to ultimately say with certainty that this opinion is right? No, I'm not, but am I concerned about it? Sure I am. That said, I'll end it there.

Mr. Sean Fraser: Sure.

Before I go to Dr. Cochrane, I'll say that I think we all have to be looking at long-term risk, including inflationary pressures, but I can't ignore the elephant in the room. To me, the deflationary risk is enormous. When I see the shock to our economy that COVID-19 represents, the risk I remember in the early days in particular was that there wouldn't be businesses here to support an economy on the back end because their customers wouldn't be there because the businesses were shut down. It was a sort of a supply shock and a demand shock at the same time.

I'm curious, Dr. Cochrane, though, to know if I've poorly articulated your submission. Why do you think that although it won't be necessarily endless spending, we can manage with the government's ability to print money into existence, so to speak, and this is really the right way to do it? When would you put the brakes on and how would you put the brakes on if the real economy failed to soak up some of the cash?

Mr. DT Cochrane: Thank you very much for inviting this discussion. I will acknowledge that I learned much of this through MMT. The basics of what I described don't actually require MMT. A lot of it is just a straight-up basic Keynesian understanding of how the monetary system works.

When I was first exposed to the ideas of MMT, which I found shocking, I wanted to confirm whether this is how Canada's monetary system works. In the course of that, I found a document from the parliamentary library, entitled *How the Bank of Canada Creates Money for the Federal Government*, that I would highly recommend to everyone. It describes how, when the federal government is running a deficit, the Bank of Canada creates its liability, the assets of the Government of Canada, and also creates its asset, in the form of the securities it holds, the treasuries. It can then sell a portion of those off to the public while holding on to a certain portion.

During the pandemic, the portion that the Bank of Canada has held has risen, which has allowed the Government of Canada to spend the money it needs to spend.

Now, how do we decide when enough is enough? I will actually affirm in this area something that Mr. Wudrick said, which is that we need more study. We need more understanding of the things that are happening in different parts of the country and in different sectors. Where are prices rising? Where are they falling? The inflation level, this 2%, is a statistical artifact. It doesn't tell us what's happening to the price of toilet paper or the price of houses or the price of something in Calgary. We need more understanding of what's happening in different parts of the country.

That was another key component of conducting the economy during World War II. We had extensive study to understand where actual materials were moving and what prices were being attached to those materials. That then allowed the government to identify where there was profiteering going on or where there were legitimate price increases because of whatever other reasons.

We need to disaggregate our understanding of the macroeconomy and understand the economy through many more lenses. That—

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

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

Mr. Ste-Marie.

[*Translation*]

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

Ms. Laurin, you made it very clear that the current suite of programs fails to meet the needs of sugar shacks and banquet halls.

What are you looking for from the government? What can the government do to help you?

Should it make existing program benefits available to you, such as the emergency wage subsidy or the emergency rent subsidy?

If not, do you need a specific program tailored to your sector?

If so, what does the program need to do?

• (1715)

Ms. Stéphanie Laurin: Thank you, Mr. Ste-Marie.

We want to see the Canada emergency wage subsidy extended so we can take advantage of it when we resume operations in 2022. We have nothing on our calendars until the summer of 2022, so we would really like to access the wage subsidy then. We'd also like the regional relief and recovery fund to provide support in the form of a loan where a percentage is subsidizable, given how difficult it will be for our members to repay the loan. Lastly, we would like the Canada emergency business account to be fully subsidizable, so businesses don't have to repay the \$60,000 loans.

Of course, an emergency fund would have been most welcome since business owners will remain without revenue for another 12 months. Countless facilities all over the country offer venues for large gatherings, such as hotels and banquet halls, but they have no bookings to speak of. Events that were postponed until 2021 are

now being postponed until 2022, and that is having a devastating impact on our industry. Large banquet halls in Canada's major urban centres have been without revenue since last spring and have not received any bookings for the next 12 months. The situation is dire.

I do want to thank you, though, because the Canadian government has done a lot to help our businesses. Without the support of the Canadian government, I would not have been able to appear before the committee today because my business would have unfortunately gone under. I am extremely grateful to the government for how quickly it took action at the beginning of the pandemic.

At this stage in the game, I think the existing programs need to be adapted to industries that were especially hard hit. Since last spring, entire sectors have experienced a 95% drop in revenues, and those losses will continue until 2022. The impact on business owners is devastating. Dozens, if not hundreds, have already closed their doors. The pandemic is taking a great toll. Speaking on behalf of sugar shacks in Quebec, specifically, I can tell you we've already lost 100 of the 240 we had. Had I not worked for free to save them, we'd have no more than 50 or so. I am proud to say I played a part in saving some 100 businesses. I am fighting very hard, but unfortunately, I need help.

Mr. Gabriel Ste-Marie: Thank you.

Mr. Chair, can I—

[*English*]

The Chair: Thanks, both of you.

We're turning to Mr. Julian, who will be followed by Ms. Jansen.

[*Translation*]

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

I'd like to thank Ms. Laurin and Ms. Bédard for their compelling accounts.

Ms. Bédard mentioned suicides and Ms. Laurin talked about the closing of businesses. What I find worrisome is the fact that the federal government plans to significantly scale back the support being provided to individual Canadians and businesses to help them cope with the COVID-19 pandemic.

As of April 1, in two weeks, the federal government is planning drastic cuts for the next fiscal year. Nearly half of all spending on current support measures will be cut across the entire federal government. With that in mind, I want to ask each of you the same question. What do you intend to do if no other assistance is made available to Quebec's self-employed workers, and banquet hall and sugar shack owners?

Ms. Laurin, you said you had saved 100 or so sugar shacks. Only 140 of 240 remain. How many will be left if the federal government withdraws its support and fails to provide further help?

Ms. Stéphanie Laurin: Ms. Bédard, do you mind if I go first?

• (1720)

Ms. Caroline Bédard: No, not at all.

Ms. Stéphanie Laurin: I can tell you it would be devastating to the industry if the federal support programs came to an end. Unfortunately, the industry has already been devastated.

I can't say the support measures are truly tailored to our needs. As I mentioned, none of the programs are. The business owners I represent really haven't received any assistance. A few applied for the regional relief and recovery fund, but others, unfortunately, did not want to because of the personal liability requirement. That's a huge challenge for business owners. If the support programs ended, it would not be any worse than what we are facing now, since we don't have access to any real support. I am being very honest here. There is no question that our industry needs saving.

[English]

The Chair: I believe—

[Translation]

Ms. Stéphanie Laurin: The industry needs a bailout.

[English]

The Chair: Thank you, Ms. Laurin. We seem to be having a little trouble with the sound.

Could you give a quick answer, Ms. Bédard? Then we'll have to move ahead.

[Translation]

Ms. Caroline Bédard: As people get vaccinated, things will pick up, of course. The Canada recovery benefit was extended until the end of June, which gives self-employed workers some relief.

What we want is for hairstylists, massage therapists and all those with a small commercial rent payment every month to be able to apply for the Canada emergency rent subsidy without needing a business number. That would make it a lot easier for them to access the subsidy.

As for the Canada recovery benefit, I agree that the CRA should verify the information—as I said earlier—but the agency should stick to the announced validation process, not conduct further validation.

[English]

The Chair: Thank you, all.

Just on this discussion, I know that this hearing is on Bill C-14, but a lot of this discussion really relates to our COVID-19 expenses and potential solutions. Let's keep that in mind as well. Maybe members of the committee need to carry this forward over to the other discussion, in some way.

We are rapidly going to run out of time. I'd like to hold Mrs. Jansen and Ms. Dzerowicz to four minutes each, and then give Elizabeth May the opportunity for one question.

Mrs. Jansen, go ahead.

Mrs. Tamara Jansen: Thank you.

Mr. Wudrick, the Business Council of Canada said, "The pandemic ignited an explosion in public spending and debt." The federal debt-to-GDP ratio before COVID was 30%. Now it's 50%. Since we were told by the finance minister that the stimulus package was "preloaded", which I'm assuming is meant to explain why they spent the most out of all the G7 partners, and now, looking at what appears to be a plan in Bill C-14 to get permission to spend another somewhere in the range of \$700 billion, with a \$100-billion slush fund and a \$600-billion debt ceiling increase, should Canadians be worried that the Liberal government is out of control?

Mr. Aaron Wudrick: I think Canadians definitely should demand and expect to have a budget. When a government wants to spend money, it's very simple: You come forward, explain what your plan is, and make your case for it. They're not doing that. They are using the pandemic as an excuse to not present a budget.

I was forgiving of that last year. I think most people were. But if you look around the world, all of our G7 peers have managed to present budgets. Every province in Canada except Nova Scotia has been able to. In fact, Ontario will present three budgets. Since their 2019 budget, which was after the federal budget, they'll have presented three budgets before the federal government has presented one.

Just in terms of accountability and transparency, I think it is irresponsible. They're out of excuses. They need to present a budget as soon as possible.

Mrs. Tamara Jansen: Thank you very much.

Mr. Moody, the finance minister has talked about a preloaded stimulus plan to explain the overspending we've seen so far. We're being asked to vote on this \$100-billion stimulus spending and a debt ceiling increase of over \$600 billion with Bill C-14. Without even a budget in place, do you think we as parliamentarians can truly vote responsibly on this bill? I mean, I personally feel that I have a gun to my head, since they're tying these figures to the support that Canadians and small businesses need to survive the pandemic.

Mr. Kim G.C. Moody: Well, I think the short answer is "no". How do you vote on something when you don't really know what the plan is? I agree with Mr. Wudrick as well that we need a budget. We need a plan.

That's why I used the simplistic example of Mr. Apple and Mr. Orange. One of them has a plan and one doesn't. The one who has a plan typically will follow that plan—you hope—and make logical steps. If you don't have a plan, I don't know how, logically, you can vote on something like this.

That's just my personal opinion.

• (1725)

Mrs. Tamara Jansen: Mr. Wudrick, would you agree that we as parliamentarians basically have a gun to our heads at this point in time?

Mr. Aaron Wudrick: Yes. I would also point out that the government had a recess at Christmas. If there was such great urgency, it would have been perfectly acceptable to extend the sitting of Parliament and to have debate on the bill, not to demand that you roll everything together now and essentially frame it as "If you don't support this bill, then you don't care about Canadians."

Mrs. Tamara Jansen: Thank you.

The Chair: Thank you, Tamara.

We'll go to Ms. Dzerowicz.

Ms. Julie Dzerowicz: Thank you so much, Mr. Chair, and thanks to everyone for this important conversation.

My first questions are actually for Mr. Cochrane.

Mr. Cochrane, I think you would get most Canadians to agree that tax fairness is important, not only to people in my riding of Davenport but to Canadians right across the country. It's one of the top issues we all talk about.

Just based on the conversation today, I'm not quite sure if you know this. Our federal government, since we were elected, has spent over \$1 billion to fight tax evasion or to close down tax loopholes. Did you know that we've committed that money and that we've been spending it?

Mr. DT Cochrane: Yes, and my organization gave your government kudos for doing so. There's just much more that needs to be done and can be done. There are many more tools in the fiscal tool kit that your government's just not using. It has made hints that it will use some of them, but it has not said concretely what that will actually look like, despite widespread calls to implement these kinds of measures to create the fiscal space that's needed to address both the pandemic aftermath and the climate crisis going forward.

Ms. Julie Dzerowicz: The second part of my question for you is this: Did you know that we've also committed an additional \$600 million to continue to tackle tax evasion in the fall economic statement?

The other thing I wanted to make sure that you were aware of, and it's important for everybody to be aware of as well, is that there are some additional measures that we've promised, like taxing digital giants like Google and Facebook, limiting stock option deductions for high-income individuals, and taxing non-resident foreign owners of Canadian real estate.

Are you aware that all of that has been committed to in our fall economic statement as well?

Mr. DT Cochrane: Yes, I'm aware of those. The digital giants taxation is again something that we gave big kudos for, although a thumbs-down for delaying the implementation for a year, which is costly.

Actually, I would pose a question that we have, if I could. Will that tax apply to Uber and Lyft? We aren't clear if they are considered digital services.

Ms. Julie Dzerowicz: Mr. Cochrane, I'm so sorry, but I'm not going to be able to answer your question. It's my four minutes.

Mr. DT Cochrane: Okay.

Ms. Julie Dzerowicz: I do want to make sure that you know, and that all Canadians know, that we've put a substantial amount of effort into this. It's important to us, and we'll continue to fight tax evasion.

Mr. Peter Julian: I have a point of order, Mr. Chair.

There hasn't been a single conviction from the Paradise papers, the Panama papers or the Bahamas papers.

The Chair: That's not really a point of order. It's a point of debate.

Go ahead, Ms. Dzerowicz.

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

The Chair: You have one minute.

Ms. Julie Dzerowicz: The second thing I would mention is that there seemed to be some indication that the emergency supports we've been giving haven't been positively impacting those on the lower end of the income scale.

Mr. Cochrane, I wonder if you could maybe respond to this. A recent Statistics Canada report indicated that households in the lowest income quintile increased their share of disposable income from 6.1% in the first quarter to a high of 7.2% in the second quarter of 2020, while those in the highest income quintile decreased their share of disposable income from 40.1% to 37.7% over the same period.

Would you comment on this?

Mr. DT Cochrane: That just shows what can be done through government action. We have seen unprecedented levels of spending that had this unexpected positive impact—and I mean unexpected to many commentators. There were a lot who said, "Put money out there and it will help address inequality."

I'm here to say, go further and do more. It's great. We need to lift everyone fully out of poverty. A cut to poverty levels is great. Go further. Do more. You have the fiscal space to do it. Increase the fiscal space by implementing tax measures that keep the money moving, so that it doesn't remain the power of the wealthy.

• (1730)

The Chair: Thank you, all.

Ms. Julie Dzerowicz: Thank you.

The Chair: The last question goes to Elizabeth May, and then we'll have to close.

Ms. Elizabeth May (Saanich—Gulf Islands, GP): I have to say thank you very much, Chairman, for this kindness, and to all my colleagues. The witnesses were so interesting today.

My question is for Dr. Cochrane.

Given that we need to have, I believe, new sources of revenue to ensure that, as the economy picks up post-pandemic, we're able to bring in social programs that address the inequities that have become so apparent through COVID, given the choice, if you had to pick one measure, which one do you think you would most like to see in Chrystia Freeland's next budget? Is it the wealth tax? Is it the excess profits tax?

Mr. DT Cochrane: Absolutely, it's the wealth tax. It would bring in more revenue, and it would have some of the same effects as an excess profits tax. We are alone among many of our allies in not having some form of wealth tax. It's in the fiscal tool kit. We just need to make use of it.

The Chair: Thank you to all witnesses for their presentations today—a very sincere thank you. I think we had an interesting discussion that covered a lot of angles.

To you, Ms. Laurin, congratulations on setting up an organization during this crisis to get your point across. That's critical. I think it shows what Canadians can do when they come together to try to push their point with governments at all levels. We may not always agree, but getting that information out there is critical.

Thank you all for your presentations today. We wish you well.

For committee members, we have a meeting tomorrow at 10 o'clock. It was originally at 11 o'clock, so remember that we're starting at 10 o'clock Ottawa time tomorrow. The Conservatives get to go to their convention after our meeting, so they'll have a good send-off.

That being said, thank you all, once again.

The meeting is adjourned.

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