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# Standing Committee on Finance

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Chair: The Honourable Wayne Easter





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• (1605)

[English]

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

Welcome to meeting number 41 of the House of Commons Standing Committee on Finance. Pursuant to Standing Order 108(2) and the committee's motion adopted on Tuesday, April 27, the committee is meeting to study the subject matter of Bill C-30, an act to implement certain provisions of the budget tabled in Parliament on April 19, 2021 and other measures.

We're fortunate today to have with us the Hon. Chrystia Freeland, Minister of Finance and Deputy Prime Minister, and quite a number of officials from the department. We'll introduce those officials in the second round.

Madam Minister, welcome. We'll start with an opening statement from you. If you could hold it to not much more than five minutes, that would be helpful. That way we can get to questions faster.

For MPs, the question lineup after the minister completes her remarks is Mr. Fast, Ms. Dzerowicz, Mr. Ste-Marie and Mr. Julian.

The floor is yours, Minister. Welcome, green grass and all.

**Hon. Chrystia Freeland (Minister of Finance):** Thank you very much, Mr. Chair. I will leave it to you to introduce the officials later on, but let me say thank you very much to the officials for being with us.

[Translation]

Mr. Chair and members of the committee, thank you for inviting me to speak to you today about Bill C-30, Budget Implementation Act, 2021, No. 1.

After more than 14 months of uncertainty and challenges, Canadians are continuing to fight COVID-19, but we know there is light at the end of the tunnel. As we fight the third wave, more and more Canadians are getting vaccinated.

[English]

Bill C-30 is an essential piece of legislation that, once enacted, will allow us to implement our plan to finish the fight against COVID, create jobs and a swift recovery from the COVID recession and lay a foundation for robust, inclusive, green, long-term economic growth.

This budget is about helping middle-class Canadians, helping workers and helping more Canadians to join the middle class. It is

about embracing this moment of global transformation to a greener, cleaner economy. It is a plan that will help Canadians and Canadian businesses heal the wounds of COVID and come roaring back.

First, we need to finish the fight against this virus. This bill includes a one-time payment of \$4 billion to the provinces and territories to support their health care systems, support that is so essential as we fight the third wave. This is in addition to the \$1 billion to support the provinces and territories as they ramp up their vaccine campaigns.

We are making progress in our vaccination efforts, and I know that team Canada can vaccinate even more Canadians even more quickly, and we will. I was vaccinated with the AstraZeneca vaccine at a Toronto pharmacy 15 days ago, and I encourage all Canadians to get vaccinated as soon as it is their turn.

[Translation]

The pandemic has caused a recession, so we need to start by rolling out a comprehensive plan for jobs and growth, to address the disproportionate impact the recession has had on women, young people, racialized Canadians, low-wage workers and small business.

[English]

A cornerstone of our plan is a historic investment of \$30 billion over five years, reaching \$9.2 billion annually, in permanent investments to provide high-quality, affordable and accessible early learning and child care across Canada. Our goal is that within five years, families everywhere in Canada should have access to high-quality child care for an average of \$10 a day. Dear colleagues from all political parties, let's make a commitment together today to all Canadians. Let's get this done.

[Translation]

I want to take a moment to recognize Quebec's leadership, especially that of feminist Quebecers, who have led the way for the rest of Canada.

While we know better days are ahead, many families are still struggling. Around a million Canadians either remain out of work or are working significantly fewer hours than they were pre-pandemic. We must support hard-hit Canadians and businesses across the country so they can recover as soon as possible.

Bill C-30 includes emergency supports for Canadian workers, businesses and families.

[*English*]

The legislation extends the Canada emergency wage subsidy, the Canada emergency rent subsidy, and lockdown support through to September 25, 2021 which will help protect millions of jobs.

With this legislation, we are providing a bridge for people who are unable to work because of COVID by extending income supports, maintaining flexible access to EI benefits, and extending the EI sickness benefit from 15 to 26 weeks.

● (1610)

Bill C-30 also introduces a \$15 an hour federal minimum wage. It expands the Canada workers benefit, extending income top-ups to about a million more low wage workers, and lifting nearly 100,000 Canadians out of poverty. These are measurable concrete steps to help Canadians who need help.

[*Translation*]

We must also help small business, the backbone of our economy and every main street in the country. To do that, we need to improve access to capital and help businesses hire more workers, in particular, through the new Canada recovery hiring program.

Young Canadians have made tremendous sacrifices this past year to protect their elders, and now, they need our collective support.

Through Bill C-30, we will make college and university more accessible and affordable by extending the waiver of interest accrual on federal student loans until March 2023. This will mean savings for more than 1.5 million Canadians repaying student loans. We will not let young Canadians become a lost generation.

[*English*]

Mr. Chair, I have spoken today about just a few of the measures included in Bill C-30, measures which will make a tangible positive difference in the lives of millions of Canadians.

This is a plan for jobs, growth and the middle class. It is a plan built around helping Canadians recover, succeed and thrive.

I recognize the critical role parliamentary committees play in scrutinizing government legislation, and I'm grateful to all of you for your hard work.

[*Translation*]

Bill C-30 is a historic first step towards recovery and new economic growth for future generations of Canadians.

I would be pleased to answer any questions you have as you study this critically important piece of legislation.

Thank you.

[*English*]

Thank you very much.

**The Chair:** Thank you very much, Minister, and thank you to the officials for being here, as well.

The first round will be a six-minute round starting with Mr. Fast, and then a split between Ms. Dzerowicz and Mr. Fragiskatos.

Mr. Fast, please go ahead.

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

Thank you, Minister, for appearing before committee again.

I again want to congratulate you for being the first female finance minister to deliver a federal budget and, hopefully, it's the first of many to be delivered by women in the future.

I do note, however, that this is also the largest spending budget ever and creates the largest debt and deficits in our country's history. My fear is that future generations will look back on this budget as the one that created a financial burden that undermined their prospects of living the Canadian dream. I certainly hope that is not the case and that, in fact, Canadians still have the prospect of a bright future ahead of them.

With that in mind, I want to refer you to not only the fall economic statement, but also the budget that this BIA implements.

I note that in the fall economic statement you projected GDP growth at 4.8%, but the budget says that it's going to be better than that; it's going to be 5.8%. You projected in the fall that revenues would be around \$335 billion. Now, in the budget, you're predicting that it's going to be better than that, and we're going to have \$20 billion more. With more cash coming in by way of revenues and more economic growth predicted in this budget, you're still projecting a deficit that is higher than what you projected in the fall economic statement.

The same is true in 2022-23, which is the next fiscal year. Again, the projected revenues are going to be up by about \$20 billion, so you have more revenue coming in, more money in the bank account, and your growth is projected to be close to 1% higher than the fall economic statement had suggested, yet you're predicting a deficit that is \$9 billion higher than the fall economic statement.

My concern is this. We have better growth; we have higher government revenues in this year and the next, yet, for some reason, you're not only spending all of the unexpected additional revenue, you're also increasing the amount you're going to borrow each year. We're going backwards, big time.

For every extra dollar that comes in in revenue, you seem to think that you can spend that dollar and then borrow even more than you had initially projected, so how is that a sustainable fiscal and debt management plan?

• (1615)

**Hon. Chrystia Freeland:** First, Mr. Fast, thank you for your kind comments. You made a similar comment that I really appreciated when I delivered the budget. I will take this opportunity to recognize a woman who I think deserves the respect of all of us, and that is Kim Campbell, Canada's first woman prime minister. She was, of course, a Conservative, so I will take this opportunity in turn to congratulate you and your party for having broken that glass ceiling, and to congratulate Ms. Campbell.

You have addressed some questions broadly around fiscal sustainability in the budget and around debt and deficits, and around the FES projections and the budget projections. Let me make a few comments.

The first comment I would make is that when it comes to the growth projections, a long-standing practice, in fact one that dates back to 1994, is that the budget is based on the average of forecasts of private sector economists. I think this is a great example of institutional strength of Canadian institutions and I make that point to the committee to be clear about why the projections have changed. The projections of private sector economists have changed and that has been what we have used as the basis of our fiscal track. Now, I know that members of this committee are well aware of this, but I just want to be clear with all Canadians.

To the second point around the sustainability of our spending, I assure members of the committee that I am very confident that the spending in our budget is reasonable and sustainable. There are a couple of key markers that I would point people to. The first is that we show a declining debt-to-GDP ratio, falling to 49.2% in 2025-26, and likewise, a declining deficit, falling to 1.1% in that outer year. I would also point out that it is not merely my judgment that the debt and deficit track is reasonable and sustainable, it's also the judgment of some important outside validators. I would start by citing S&P. On April 26, they reaffirmed Canada's AAA credit rating, the highest there is, and said that the outlook was stable. That was after reviewing our budget.

I would also point to comments published today of former governor Stephen Poloz, who was, of course, appointed by Prime Minister Harper. He actually spoke about how in his view the assumptions in the budget were actually quite small-c conservative and that he did believe there was a sustainable path.

**The Chair:** I'm going to have to cut you both off there. We're over six minutes and that's hard to believe, but it was three minutes apiece.

We're going, then, to Ms. Dzerowicz, who will split time with Mr. Fragiskatos.

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

Thank you, Minister, for being here today. Thank you for your extraordinary leadership during this unprecedented time, and congratulations on being the first female finance minister to introduce a budget.

My first question is on the Canada emergency wage subsidy. As we all know, it has been a huge lifeline to businesses right across the country, including in my riding of Davenport.

How are we ensuring that Canadian companies that are receiving the emergency wage subsidy are using it only for employee salaries; and why did we not include a needs test in assessing which companies should be able to access the wage subsidy?

• (1620)

**Hon. Chrystia Freeland:** Thank you, Ms. Dzerowicz. It's nice to see you.

Let me just start by pointing out, as you have, that the wage subsidy has been providing, and continues to provide, absolutely critical support to Canadian businesses and, crucially, to Canadian workers. More than 5.3 million jobs across the country have thus far been supported by the wage subsidy. In the province where you and I are both members of Parliament, Julie, more than 1.88 million jobs have been supported by the wage subsidy.

As I know members of the committee are aware, the amount of subsidy a company can claim for its employees is based on revenue loss. The more revenue you have lost, the more subsidy you are able to claim. We think that is fair. It is a way of targeting the support to where it is needed the most. Of course, I know that members of the committee are aware that companies can only claim the wage subsidy for employee remuneration.

Bill C-30, which we are discussing today, includes a further—and I think important—condition for publicly listed companies. If we pass this important legislation, the remuneration of top executives in 2021... If it exceeds their remuneration in 2019, their companies will need to pay back the difference to the government, up to the total amount of wage subsidy they received. That is a new condition we're bringing in with Bill C-30, and I hope members will support that.

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

I have one more—

**The Chair:** Please be very quick.

**Ms. Julie Dzerowicz:** Minister, we will not be able to achieve gender equity if women continue to battle gender-based violence. Why was it important to include a substantial amount of money in budget 2021 for a national plan to end gender-based violence?

**Hon. Chrystia Freeland:** I do think this is a measure that all members of the committee will support.

This budget includes unprecedented investments for fighting gender-based violence, investments of more than \$600 million. I think that fighting gender-based violence has been an issue in Canada for a long time, but it would also be fair to say that the pandemic has made the situation more acute for many vulnerable Canadians. Being forced to stay at home has meant that some Canadian women have found themselves closed into a dangerous environment, so I'm really pleased that we have this major investment.

I see the chair nudging me to stop talking, so I will.

**The Chair:** Mr. Fragiskatos.

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

Thank you for being here, Minister.

One of the points in the budget that has been overlooked in the public commentary that has taken place is the move towards initiating a public consultation on the criminal rate of interest in the Criminal Code.

As you know, Minister, currently that threshold is set at 60%, a very high number that has hurt a lot of people. This is on installment loans and lines of credit.

I want to ask you about the consultation. What are your thoughts on it? I'd like to know what it would examine exactly, when it might begin, anything like that.

**Hon. Chrystia Freeland:** This consultation in the budget is really important to me and I think to all Canadians. We've seen that the pandemic has had such an uneven impact on people. Some people are getting through okay or even doing well, but there are other people who are really struggling. We know that predatory lending and criminal rates of interest hit the most vulnerable Canadians. For many lower- and modest-income Canadians, predatory lending, including payday lending, can impose real hardship.

The consultation that we are launching is going to give us, as a government and as parliamentarians, a chance to talk to Canadians and really act on this issue, which can cause a lot of misery for a lot of people.

• (1625)

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

Mr. Ste-Marie, you have six minutes.

Gabriel.

[*Translation*]

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

Good afternoon, Minister. Thank you for being here.

Thank you, as well, to your team of officials.

Minister, the bill contains a slew of very positive measures. I have a limited amount of time, so I will focus on those I have questions or comments about.

I'll start with division 8 of part 4, which enacts the Retail Payment Activities Act.

I realize that legislation in this area is needed given the current void, so I applaud the measure. I will continue to examine how the legislation will interact with the Quebec Civil Code, which governs person-to-person transactions. I want to better understand why the federal government is regulating these activities.

Right now, though, I am mainly interested in hearing about your plans for the tech giants, major online retailers such as Amazon and Walmart. Does division 8 of part 4 allow them, either directly or indirectly, to provide services currently offered by financial institutions?

**Hon. Chrystia Freeland:** Good afternoon, Mr. Ste-Marie. I always appreciate your questions and comments.

Initially, I thought you were going to ask about the taxes we will be collecting from tech giants thanks to this budget.

As far as financial services are concerned, as you know and as you pointed out, we talked about engaging in a discussion, a consultation. That's what we are proposing.

**Mr. Gabriel Ste-Marie:** Once the consultation process for division 8—which enacts the Retail Payment Activities Act—comes to an end, you have no plans to give Amazon, Walmart and other tech giants the same ability that financial institutions have to provide payment tools.

**Hon. Chrystia Freeland:** No.

We realize three things.

First, we understand that Canada's situation is unique. The reality is that the Quebec Civil Code exists, as you said, and any actions we take must be acceptable to all the provinces and territories. That makes Canada's situation unique.

Second, we understand that this is the 21st century. Technology and the global economy are changing rapidly, so we need to pay close attention to those changes. Canada and Quebec want to—and must—be part of the modern economy.

Third, we must always protect Canadian businesses and citizens. That means ensuring the playing field is always level for Canadians and foreign companies.

**Mr. Gabriel Ste-Marie:** Thank you for clarifying your intentions as regards division 8. That makes me feel better.

The second issue I want to talk about relates to credit cards.

In the budget, you laid out your intentions to limit interchange fees, or to ensure small businesses are treated more fairly in relation to big merchants, which have the ability to negotiate lower credit card interchange fees. In the budget, you indicated that next steps would be outlined in the fall. Why did you not go ahead and implement the measure through Bill C-30?

I would remind you that a Liberal member, Linda Lapointe, brought forward a private member's bill to address this very issue in a previous parliament. Her bill was delayed twice, before she was appointed to a position within the government. She then had to abandon the bill.

As I see it, action is urgently needed, especially since the pandemic has hurt small businesses and deepened the inequity between small and large businesses. Why, then, did you not bring the measure into force now?

From what I gather, putting it off means it may not be implemented until after the election.

• (1630)

**Hon. Chrystia Freeland:** Thank you for your question.

My understanding is that, overall, you support the direction we've taken. That is a positive sign. Thank you for your support.

I agree with you that, from an economic standpoint, small and medium-sized businesses have been the hardest hit and greatly need our help. That's one reason, if not the main reason, why we made it clear in the budget that this was what we intended to do.

We understand that the COVID-19 recession hit small and medium-sized businesses incredibly hard, and we also understand that, because of the pandemic, they are now more dependent than ever on virtual transactions and credit cards. That is why we clearly signalled our intention to move forward on this. I hope we can count on your support.

**Mr. Gabriel Ste-Marie:** Of course, we would have liked—  
[*English*]

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

Mr. Julian, followed by Mr. Falk.

You have six minutes, Peter.

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

Thanks to all our witnesses for coming here today. That includes the departmental witnesses. We hope your families continue to stay safe and healthy.

Congratulations, Madam Freeland, for shattering that glass ceiling as the first Canadian woman to present a national budget.

Now, the context of that national budget is that Canadians are suffering through an unparalleled crisis. At the same time, we've seen Canadian billionaires increase their wealth by \$78 billion.

Hundreds of thousands of Canadians have not been able to return to work. Yet Bill C-30 slashes, in just a few weeks' time, as the third wave crashes on our shores—the most devastating wave yet—the CRB from \$500 a week to \$300 a week. At the same time, it does nothing to address the fact that Canadian students are having to pay back student loans during a pandemic.

Will the government accept amendments to ensure that the CRB is not slashed from \$500 to \$300 in the midst of a pandemic and that students get a debt moratorium so that they are not having to pay back student loans in the middle of this crisis?

**Hon. Chrystia Freeland:** Mr. Julian, thank you very much for the question and for your continued advocacy for low-wage workers and students.

Let me start with students. I do believe that this budget provides unprecedented support for students and young Canadians, with more than \$5 billion in support for young Canadians. It includes support in three things, actually, in the Canada student grant—in extending to 2023, as I said in my remarks, the interest moratorium and also in lowering the amount and raising the income threshold at which Canadian students need to begin repaying their loan after they graduate. That is real support for our young people, and they deserve it.

I'm happy to talk about the CRB later on, if you would like. I see that you're wanting to speak, Mr. Julian.

Mr. Chair, maybe I've run out of my time for an answer.

**Mr. Peter Julian:** Thank you very much, Madam Freeland. Yes, I want to get back to other questions. I'm taking your answers as “no”, for the moment, on both.

On the wage subsidy, it is very controversial. Billions of dollars have been misused for dividends, stock buybacks and massive executive bonuses. The government has acknowledged that by kind of putting in place something for June 5 that doesn't include dividends and doesn't include stock buybacks, and yet the government has been saying all along that money should not be used for dividends, stock buybacks and executive bonuses, that the money should go to the workers.

My question is very simple and twofold. First off, will the government insist that a company that has laid off its workers and paid dividends and executive bonuses pay the money back?

Second, we wrote to you on January 5 asking for the full list of amounts that companies have received under the wage subsidy. Will you release those amounts so that Canadians can actually judge for themselves how the wage subsidy has been distributed?

• (1635)

**Hon. Chrystia Freeland:** Thank you, Mr. Julian, and Mr. Chair.

Mr. Julian, let me start by emphasizing what from my perspective is the most important reality about the wage subsidy, which is that this program has allowed literally millions of Canadians to continue to be employed, 5.3 millions across the country.

There are 621,000 jobs, Mr. Julian, in your province of British Columbia that have been supported by the wage subsidy. That's important for two reasons. These are people who continue to have an income, and they are people who continue to have a job. Maintaining that connection to your employer is absolutely essential. It is something that only the employer can help do. It's not something the government can do. That's why for us providing support that would keep people having an income and keep them connected to their jobs was absolutely essential, and the disclosure requirements for the wage subsidy were detailed in the initial wage subsidy legislation, which all parties supported.

**Mr. Peter Julian:** Mr. Chair, I have two other questions.

**The Chair:** You have one minute left.

**Mr. Peter Julian:** I do thank you very much, Mr. Chair.

First off, Netflix is excluded from paying the much-vaunted new tax. Will the government disclose the secret agreement that took place in negotiations with Netflix behind the scene?

Secondly, concerning the Trans Mountain pipeline, how much does the government expect to pour into that pipeline? Given that the PBO has indicated that it will cost \$14 billion for construction and another \$4.5 billion for acquisition, at what point will this government step in to say enough is enough: we're not going to keep pouring money into this pipeline?

**Hon. Chrystia Freeland:** Mr. Julian, you and I sometimes disagree on policy outcomes, but rarely do we disagree on facts. Here, however, when it comes to Internet taxes, I must say that I disagree with your framing of what our government is doing. Let me just take a moment to outline what we're doing. First of all, there is no exclusion for Netflix or any Internet company.

Second of all, our government in this budget and in the fall economic statement is moving more clearly and more forcefully to introduce a level playing field for international and Canadian companies when it comes to the Internet space, and to impose taxes on digital service companies. We're doing that more forcefully than any Canadian government has ever done. We are doing that in three parts.

I now see the chair looking like he wants me to stop talking, so I will have to talk about those three different levels of tax that we are introducing in another answer, but I want to be clear that our government believes it is important to have a level playing field for Canadian companies in the Internet space, and it's important to be taxing the companies that are active in this space.

**The Chair:** We will have to end it there. I want to get as many people through on questions as we can. We're back to Mr. Fast who will be followed by Ms. Koutrakis.

Ed, you have five minutes.

**Hon. Ed Fast:** Minister, I do not want to rain on your parade, but many of us had hoped this would be a historic growth budget.

I sent a letter to you, suggesting that we needed comprehensive regulatory and tax reform. We asked you to address the flight of foreign direct investment from Canada. We needed a new comprehensive innovation strategy, not just the same old, same old.

As you know, many economists have lamented the fact that this budget is more about short-term benefit than positioning our economy for long-term success.

I am glad you referred to outside validators, because I have a few of those.

For example, Mark Carney, someone you know well, a former Bank of Canada governor, said, "What we're seeing in some other jurisdictions is that the focus is more squarely on the growth." David Dodge, also a former Bank of Canada governor, highlighted "a lack of growth-focused initiatives in the budget." Robert Asselin, a former top economic adviser to your government, described the new spending as "unfocused and unimaginative."

Finally, today, a former Clerk of the Privy Council, the highly respected Kevin Lynch, made so many different points. I will just summarize a few of them. He said that the budget "misses an urgent opportunity to rebuild our longer-term growth post-pandemic." He added that "It does not set a clear fiscal anchor." Furthermore, "Despite the extraordinary emphasis on stimulus, there is little focus and few measures to rebuild Canada's longer-term growth." He went on to say, "Our potential growth will drop...due to weak productivity, tanking competitiveness, and labour force challenges." He ended by saying, "This budget's intergenerational transfer of debt and risk is unprecedented."

Minister, your own fall economic statement and budget betray the reality that as you raise more money through tax revenues and otherwise, you're simply going to spend more and borrow more, but there is nothing to position our economy for long-term growth.

This is a huge let down. Why?

• (1640)

**The Chair:** Madam Minister, you will have equal time to respond, and then we're out of time.

**Hon. Chrystia Freeland:** Thank you, Mr. Chair.



Mr. Fast, as you know, I have a great deal of respect for you, as a person, and as a former minister, but I have to very respectfully say that I disagree very strongly with all of your contentions just now.

Let me take them in turn. First of all, when it comes to outside validation of the budget and of the fact that our budget is on a sustainable and responsible fiscal track, from my perspective, there is no better judge than the credit rating agencies, which are paid to assess the credit worthiness of borrowers.

For me, it is therefore really important to underscore for Canadians that S&P, a week after the budget, came out with a very strong endorsement, reaffirming Canada's AAA credit rating, and reaffirming that the outlook for Canada was stable. It really doesn't get better than that.

I would also like to refer members of this committee, and you, Mr. Fast, to the comments of the former governor of the Bank of Canada, Stephen Poloz, who was appointed by former Prime Minister Harper. He gave an interview, published today, in which he talked about the budget as being sustainable. He spoke about the conservatism in the numbers that he saw in the budget, and he spoke about the fact that this sustainable plan was put together without a meaningful increase in taxes of any kind. I couldn't agree more strongly.

When it comes to growth and innovation, let me point to three elements in the budget that, to my mind, are absolutely critical.

One is early learning and child care. We have heard from the IMF, Bank of Montreal, Scotiabank, TD, and from economists across Canada and around the world that investing in early learning and child care is a powerful long-term driver of jobs and growth. That is what this budget does. I think that is well understood across the country.

A second really important investment in long-term growth in this budget is the Canada workers benefit. In fact, BMO picked up on how that investment, which supports the lowest paid Canadians, is going to increase labour force participation.

Finally, I want to mention a third really important element, the unprecedented investments this budget makes in Canadian small businesses, allowing them to invest in themselves and giving them support to become more innovative.

• (1645)

**Hon. Ed Fast:** Mr. Chair, do I have time for one more question?

**The Chair:** No, you don't. We're well over the time. I'm sorry, Ed.

Ms. Koutrakis and Mr. McLeod will split the next five minutes.

[Translation]

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

Thank you to the minister and her team for being with us today.

Minister, as you have repeatedly mentioned over the past few weeks, this budget clearly focuses on jobs, growth and support for small business.

Could you name some of the specific programs you think benefit small business owners the most?

If I were a business owner, whether in my riding of Vimy or elsewhere in Canada, what key components of the budget would I want to pay attention to?

**Hon. Chrystia Freeland:** Thank you for your question, Ms. Koutrakis.

One of the key components of the budget is support for small and medium-sized businesses. Programs such as the Canada emergency wage subsidy and the Canada emergency rent subsidy will help them finish the fight against COVID-19.

The budget contains a number of other measures to help Canada's small and medium-sized businesses—the backbone of our economy—become more productive and competitive.

Quickly, I can point to three programs.

A new program will be available to small and medium-sized businesses between June and November to help them hire new workers.

The budget also includes measures to make it easier for small and medium-sized businesses to access credit.

Lastly, a newly introduced tax incentive will encourage small and medium-sized businesses to invest.

[English]

**Ms. Annie Koutrakis:** Mr. Chair, do I still have time? I think I'm splitting my time.

**The Chair:** You are out of time. We'll go Mr. McLeod. I'm sorry, Annie.

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

Thank you to the minister for joining us.

I want to ask the minister the following question. When it comes to fiscal flexibility, the Government of Canada has significantly more capacity than its provincial-territorial and municipal counterparts. This is certainly the case in the area I come from, the Northwest Territories. How will the measures in Bill C-30 help ensure that these other orders of government are able to provide the services and infrastructure that their residents rely on?

**Hon. Chrystia Freeland:** I want to start by thanking you, Mr. McLeod, and the people of the Northwest Territories for the exceptional job you've been doing in fighting COVID. It has involved some significant sacrifices, but you have seen the real results of that.

We are very aware that the territories in particular face particular challenges, so let me outline a few measures in the budget to support the Northwest Territories.

The Northwest Territories will receive \$1.4 billion this fiscal year through the territorial formula financing. That is an increase of \$103 million from the previous year. We also announced last year an increase to the Northwest Territories' borrowing limit to \$1.8 billion.

In addition, we have invested \$25 million, as you well know because you've worked so hard on this issue, to address housing priorities in the Northwest Territories.

I could say more but I see our chair leaning towards his screen.

• (1650)

**The Chair:** Okay, we are going to end it there.

Here's where we sit. We'll have a couple of minutes with Mr. Ste-Marie, a couple of minutes with Mr. Julian, five minutes with a split between Ms. Jansen and Mr. Falk, and then Mr. Fraser will wrap it up with five minutes. We'll be about 10 minutes over your time, Madam Minister.

Go ahead, Mr. Ste-Marie.

[*Translation*]

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

Minister, as you know, the greater Montreal area and other parts of Quebec are home to thousands of tech start-ups. At the beginning of the pandemic, they told us that the wage subsidy program was inadequate in terms of coverage. A start-up is, by definition, a business where someone puts up their own money while working towards a technological development, which, once ready, they can sell and reap the benefits of. The government turned to the innovation assistance program, administered by the National Research Council of Canada.

Now, some start-ups are asking why the program was not extended until September 25, like other income support programs. As we know, the innovation assistance program provides more than \$250 million in funding, largely to start-ups. Some have even warned that, if the program ends, they could go bankrupt by the end of the pandemic.

Why end the innovation assistance program when we are this close to the goal line?

**Hon. Chrystia Freeland:** Thank you for your question.

I must say, I certainly recognize how important Montreal's innovation ecosystem is. Toronto, where I'm from, has a similar ecosystem. Mr. Julian is here, and Vancouver, in his riding, has an ecosystem as well. The same is true of many other Canadian cities and municipalities.

Start-ups are a very important part of our growth plan. Canadian innovators will find quite a few measures in the budget that are meant to help them, especially small and medium-sized businesses wanting to make growth-oriented investments.

The budget truly focuses on growth and the future, with numerous programs that will be particularly helpful to these types of businesses. If you like, I can put together a list and send it to you.

**Mr. Gabriel Ste-Marie:** I would appreciate that because—

[*English*]

**The Chair:** Thank you. Sorry, Gabriel. We're out of time.

Mr. Julian, you have two minutes.

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

We're supposed to all be in this together, yet Canada's billionaires have increased their wealth by \$78 billion and Canada's banks have received an unparalleled package of liquidity support of \$750 billion from various federal institutions, with over \$40 billion in profits thus far in the pandemic. This is unprecedented that we've seen these massive levels of wealth, and yet most Canadians are struggling. As we talked about earlier, CRB is being slashed. Students are being forced to pay for their student loans. There's nothing for people with disabilities, despite the fact that half of the people who line up at food banks are people with disabilities.

Given all of that, it is perplexing beyond belief that there is no wealth tax in this budget. I know that there's a luxury tax. The spin is that this brings in a little bit of money. The PBO indicates that's about 1¢ on the dollar of what a wealth tax would bring in. There are no measures around cracking down on overseas tax havens that CRA has already indicated that they don't have the tools to take on, which is why there have been no convictions in the various Panama papers, Bahamas papers, that have come out that show tax evaders.

The question is very simple: Why no legislation to combat tax havens and why no wealth tax when 80% of Canadians support that?

**Hon. Chrystia Freeland:** I will try to go really fast. First of all, I want to speak to some of the assertions in that question.

Let me just point out, for Canadians who are listening, that the CRB continues to September 25. This is an important extension. The changes we made, the flexibilities we introduced to EI, are extended for an additional full year. We have also expanded the EI sickness benefit from 15 to 26 weeks.

On disabilities, let me point out that particularly for students with a serious but not permanent disability, we have significantly expanded support. That's something that I'm very glad we were able to include in the budget.

In terms of tax evasion, let me say that I believe this budget invests more strongly and more significantly in closing tax loopholes, in fighting aggressive tax-planning schemes and in going after tax evasion than any previous budget. I would like to also point out the measures here on beneficial ownership and shine a light on that.

• (1655)

**The Chair:** Thank you both very much.

Ms. Jansen is splitting time with Mr. Falk.

Tamara, you have two and a half minutes, if you could.

**Mrs. Tamara Jansen (Cloverdale—Langley City, CPC):** Mr. Chair, just before we get started, I wonder if we can make sure that we commit that the answers be the same length as the questions.

**The Chair:** They are pretty well. In fact, some of them have been shorter, if you can believe that.

**Mrs. Tamara Jansen:** Okay. Thank you very much.

Ms. Freeland, last night I visited with Dave Sidhu, a constituent who, along with his family, has run Elisabeth's Chalet, a German-themed restaurant in downtown Cloverdale for the past seven years. He is now in thousands of dollars of new debt with no hope of opening back up on the horizon and he's at the end of his rope, so he wants me to ask you a number of questions.

First, regarding CERB, he would like to know why his part-time staff, who normally made \$500 every two weeks, got \$2,000 from government. He wants to know if you realize how unfair this program is that people get paid more to stay home than go to work while he and his family are taking on enormous debt that they may never get out from under.

**Hon. Chrystia Freeland:** First of all, Ms. Jansen, I would like to say to this very entrepreneurial constituent of yours that I would disagree that he has no hope of ever opening up, no hope of opening up on the horizon. I myself am very optimistic of the speed of the vaccine rollout campaign. We are seeing the COVID numbers fall in British Columbia, and I am actually hopeful that there is light at the end of the tunnel.

When it comes to the CERB—

**The Chair:** Minister, we'll have to get back to Ms. Jansen.

**Mrs. Tamara Jansen:** Thank you.

I didn't get an answer to that one, so regarding the business support loans, Dave would like to know why your programs make no differentiation between those who were seriously impacted and those who were not. He wants to know why small business owners like him who were shut completely down were treated the same as ones that were open.

Why didn't you better target compensation for those who were much more impacted?

**Hon. Chrystia Freeland:** In fact, compensation has been very focused on where the need is the greatest. That is why programs

like the wage subsidy and rent support are actually based on level of income loss.

As well, I do want to go back on the CERB and to say that my government's view is that the millions of Canadians who lost their job in COVID through no fault of their own needed to be supported. We're glad to have been able to do that.

**Mrs. Tamara Jansen:** This is my third question.

Dave was very frustrated that the new HASCAP, a program that was supposedly created for highly affected businesses like his, is completely useless to him. Since he's in total lockdown, he doesn't qualify. He thinks it's ridiculous to expect a restaurant in lockdown to submit a revenue projection to qualify.

With no customers, there's no revenue, so how does that even make sense?

It's heartbreaking to see the damage these program failures have done to small businesses across the country that are in the exact same position as Dave.

**The Chair:** Minister.

**Hon. Chrystia Freeland:** Ms. Jansen, when it comes to Canadian small businesses, I would beg to differ with you and would say that extensive support is available. The CEBA loan is available. The wage subsidy is available. The rent subsidy is available, and for businesses like this restaurant that you're describing that is subject to lockdowns, an additional 25% top-up to the rent support.

Canada is offering the most extensive set of support measures for small businesses of any G7 country.

**The Chair:** We will go over to Mr. Falk.

**Mr. Ted Falk (Provencher, CPC):** Thank you, Mr. Chair, and thank you, Minister, for coming to the committee today.

In your opening comments you talked about the imbalance and inequality between different people groups and especially that it has been exasperated now during COVID between genders. Your \$30-billion early learning and national child day care program, which will provide subsidized government day care for \$10 per child per day, is going to be used by some women in my riding and across Canada, and others will make the choice of not using that.

How does your budget address the imbalance and inequality that will create between women?

• (1700)

**Hon. Chrystia Freeland:** Mr. Chair and Mr. Falk, every family will choose the child care arrangement that works best for them. As a baby, I was taken care of by my own Baba and I have very tender memories of that. My own mother retired six months after my first child was born and came and lived with us and took care of her. Those can be wonderful arrangements for families that have the resources.

Our early learning and child care plan is about making it an option for every family across the country to have access to affordable, high-quality child care. This is an investment in long-term growth for the country, an investment in expanding labour force participation. High-quality child care, early learning and child care, is an investment in the youngest Canadians.

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

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

With regard to agriculture and carbon tax exemption, grain farmers get an exemption for diesel fuel that they burn in their equipment while farming, but many farmers are not necessarily grain farmers. They farm livestock—cattle, pigs, dairy, feathers—and also have greenhouses. The heating fuels that they use to heat their barns and facilities could have been addressed in this budget, as well, and you've chosen not to do that.

Could you explain to me why you created that inequality and imbalance in the agriculture sector?

**Hon. Chrystia Freeland:** We have actually addressed that very legitimate concern that farmers have. When it comes to greenhouses, actually, previous measures have made particular provision for greenhouses because of the competitive markets in which they operate. When it comes to use of the non-purple farm fuels and the impact of the price on pollution, this budget does actually have measures to answer the concerns that farmers have there.

**The Chair:** Really, you're over time, but we'll let it go.

What is your follow-up?

**Mr. Ted Falk:** May I have a follow-up, Mr. Chair?

**Mr. Ted Falk:** Some farmers use propane and natural gas to heat their barns, and that, apparently, is not covered. That's my concern.

**The Chair:** Madam Minister, do you want to add anything or just take note of it?

**Hon. Chrystia Freeland:** Sure.

I am very aware of the concerns that farmers have had, particularly but not exclusively around grain drying and use of the non-purple fuels. There are measures in this budget to address those concerns.

**The Chair:** Okay.

Thank you, both.

Mr. Fraser, the floor is yours for about four and a half minutes.

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

I wasn't expecting a question in this round, so I'll treat it as a bonus.

Before I do, let me just put on the record my extraordinary disagreement with our colleague Ms. Jansen's perspective on the CERB. I can tell you the feedback that I heard, Minister, in my own community. During a time when people were being forced to stay at home to protect the health and well-being of their families and members of their communities, this is a program that made sure they could pay their rent and mortgages and put food on the table.

I want to direct my question towards the measures targeting young people, particularly students, in this budget.

Before I got into politics—in fact, before I got into anything—I was a student president at StFX University. Go X Go!

I see Wayne shaking his head up there; I'm a homer.

I was one of the folks who went to Ottawa to lobby MPs for important changes. Some of the things in this budget around extending a moratorium on interest on student loans, not requiring students to pay back their student loans until they're earning \$40,000 a year, extending the doubling of the Canada student grant—which is going to cover, on average, 90% of the tuition for the lowest-income families in Canada—are all terrific measures. However, there is one in particular that I don't think has got the attention that it deserves. There is a new proposal in this budget that is going to ensure that students don't need to pay back their student loans if their monthly payments exceed 10% of their household income. I should say that they'll still be required to pay that portion back, but the amount beyond that 10% will be covered, both principle and interest, by the federal government.

In the case of students for whom, say, 10% of their monthly income is \$400 a month and whose monthly payments are \$650, this is going to extend hundreds of dollars every month to low-income students when they're trying to get their feet under them.

Could you tell me the motivation behind this policy and the importance of supporting young people? I'll add that the reason I care about this is that I think the next cure for cancer or the next business solution might be locked in the mind of some kid who can't afford to go to school. It's not just that kid who loses out when he or she can't get an education; it's every single one of us.

If you could highlight the importance of some of these measures to make sure that we can improve the affordability of an education, I would be grateful.

• (1705)

**Hon. Chrystia Freeland:** Thank you, Mr. Fraser.

I do want to start by underscoring, as I did in my reply to Ms. Jansen, the strength of my agreement with you about the CERB and the CRB. Our government really stepped in when literally millions of Canadians through no fault of their own were suddenly left without a job and without the ability to find a job. I am really, really glad that we took action to support them. I want to say to those Canadians that we will continue to be there. The support is there to September 25.

On students, again I find myself in violent agreement with you, Mr. Fraser. When it comes to the unprecedented support for students in this budget, let me offer three motivations.

I really believe that young Canadians have made a huge and very particular sacrifice during the pandemic. They have curtailed their social lives and many of them have had to learn virtually. They've really done it for us, for their parents and for their grandparents. I think we owe it to them to support them now.

There is a robust body of academic research suggesting that if you graduate into a recession, your lifetime prospects on everything from income to likelihood of having children to likelihood of marriage to even your health can be stunted. This budget really believes in supporting young Canadians. It does that through the measures to support students that you listed and through aggressive action to create work experience and job opportunities. About 500,000 work experience and job opportunities will be created in this budget.

**Mr. Sean Fraser:** Mr. Chair, is there any time remaining?

You're on mute, Mr. Chair.

**The Chair:** No, there isn't. I guess that's why I muted myself.

**Hon. Chrystia Freeland:** You'd like to do that to the rest of us, wouldn't you, Mr. Chair.

**The Chair:** We are out of time. There are always far more questions than we have time for, but we will have to turn to officials.

Minister, thank you very much for appearing and taking the time today. We wish you much future success in your duties, which are not an easy chore these days, that is for sure. All the best.

We will turn to officials, and I'll go—

**Mr. Sean Fraser:** I have a point of order, Mr. Chair.

**The Chair:** Yes, Mr. Fraser.

**Mr. Sean Fraser:** I'll be very quick.

I know we're at the beginning of a study. I tried to circulate, in advance of our last meeting, a proposal for how we should conduct it. I'll put everyone's mind at ease: I'm not trying to pull any fast ones or table motions on the floor right now, even though the rules would preclude that. I just want to give us an opportunity to have a very short discussion about the next steps in our study.

I'd like to thank each of the critics for taking the time to speak with me over the weekend, or as recently as this afternoon. I had initially envisioned that we would farm out some portions of this bill to different committees purely as a way to expedite matters. Certain members indicated they didn't wish to do that, and I'm happy to oblige if we want to do the entire study at the finance committee.

I've prepared a draft motion and circulated a copy of it to Mr. Fast and Mr. Ste-Marie. Perhaps the clerk can circulate a copy of that motion, if I send it momentarily, to you, Mr. Chair. It is a starting point for future discussions on what the shape of this may look like.

I spoke with Mr. Julian earlier today, and we haven't reached an agreement or anything like that. However, from a technical point of view, we will need to establish our next steps at some stage. Some

members have indicated a preference to do this at the steering committee. I'm okay with doing that, and technically speaking, I know you mentioned previously that you sought room for a steering committee meeting.

Given that we're supposed to hear from the officials on Thursday, I'm wondering if the committee would agree to one of two options. I'm happy with either, frankly. We can either adjourn a bit early to allow the steering committee to use the remaining time to develop the plan on how we should proceed, or set some of the meeting time aside for committee business to do the same thing, if that is technically a better option for securing meeting space.

With that, Mr. Chair, I'll have the clerk circulate my proposal, but I'm happy to accommodate feedback. My interest is less in the format of the meetings and more in making sure that we deal with the measures outlined in the BIA in a timely way.

• (1710)

**The Chair:** Are you going to send that proposal to the clerk so people can—

**Mr. Sean Fraser:** I can do that momentarily.

**The Chair:** Okay. Maybe we'll come back to that in the last five minutes, after the officials who are here, and talk about that a little further to see where people want to go, whether or not they want to farm sections out or try to do it all themselves and set a timeline.

Would it be okay to go that way? Then we can figure out what we're doing on Thursday.

I see some heads nodding, yes. Okay.

We have the officials from the Department of Finance. I'll give you the lineup for questions first. I have Mr. Fast, Mr. Fraser, Mr. Ste-Marie, and Mr. Julian.

We have with us Andrew Marsland, senior assistant deputy minister, tax policy branch, who is here a lot of the time; Nicholas Leswick, assistant deputy minister, economic and fiscal policy branch; Leah Anderson, assistant deputy minister, financial sector policy branch; Evelyn Dancey, associate assistant deputy minister, economic development and corporate finance branch; Katharine Rechico, assistant deputy minister, international trade and finance branch; and Galen Countryman, associate assistant deputy minister, federal-provincial relations and social policy branch.

Thank you very much for attending the first hour and the work you do in this struggle with COVID.

Mr. Fast, the floor is yours.

**Hon. Ed Fast:** Thank you very much, Chair.

To our officials, during the budget lock-up, one of your colleagues stated that all government spending is stimulus. Is that the department's position, that all government spending is stimulus, or did I understand that incorrectly?

**The Chair:** I have to interrupt for a minute. The clerk sent me a note that the phone lines are down in some quarters.

What's the situation there, Alexandre? Do we have to suspend?

**The Clerk of the Committee (Mr. Alexandre Roger):** There are phone lines that enable people to listen in real time. People who can listen on ParlVU have a 30-second to one-minute delay, but in real time they can dial into the phone lines. I am being told by the IT technicians here that we would have to suspend the meeting for at least 10 minutes to get the phone lines back up.

That is not my decision, and I put it to you as chair. I don't know how important it is for the people who are listening to be able to use the phone lines right now.

**The Chair:** I understand there will be a record of the meeting in Hansard anyway. Correct?

I think we will continue.

Mr. Leswick, we'll go to you.

**Mr. Nicholas Leswick (Assistant Deputy Minister, Economic and Fiscal Policy Branch, Department of Finance):** Very good. Thank you for the question, Mr. Chair.

I guess more precisely, all government spending feeds through into some real economic activity. Basic national income accounting would suggest that government spending would feed through and provide some sort of fiscal impulse into the economy—some more, some less, depending on the type of government spending.

Yes, it was probably I who answered that question, Mr. Member, and it was just to try to exemplify that a dollar spent by government feeds through into the economy in some way. Some of it leaks out of the economy, such as through exports, but it does find its way into either the pocketbook of a consumer or the income statement of a business.

• (1715)

**Hon. Ed Fast:** Nicholas, that wasn't supposed to be a "gotcha" moment. I didn't ask you to out yourself, knowing that you said that. I just wanted to confirm that.

**Mr. Nicholas Leswick:** It's quite all right.

**Hon. Ed Fast:** I did want to talk about stimulus, because in the fall economic statement, when the growth projections weren't as robust as they now are in the budget, the minister set aside anywhere from \$72 billion to \$100-billion worth of stimulus. She couched it by saying that the government would measure how much and how it allocated the stimulus based on economic growth and the needs at the time. Now we realize that revenues are up, economic growth is up, yet the full \$100 billion-plus has effectively been pumped into the economy.

Can you give me some justification as to why there wasn't a more graduated response to any economic headwinds that might arise?

**Mr. Nicholas Leswick:** Thank you again for the question, Mr. Chair.

I mean, there's no exact science. It is all a relative calibration. There was a whole lot of slack in the economy from the government's perspective as it was writing the budget, and we can see evidence of that even in the most recent labour market report, where you can still point to over one million Canadians who are unemployed or suffering from a severe reduction in hours. Likewise, business closures are hovering at anywhere between 3% and 5% of normal pre-pandemic baseline operations.

The justification is that there is still a lot of slack to absorb and, beyond that, there's some intent to make up for the potential scarring effects over the last year so that we don't get into a position where these businesses never reopen their doors and unemployed people never get attached and properly matched to a job that their skill sets are suited for.

In that context, the budget tries to make a strong case that part of the spending was securing the recovery and building our growth potential beyond the pandemic.

**Hon. Ed Fast:** Has the department done any modelling as to the impact that household and corporate savings could have if those savings were injected into the economy? There are impacts from all over the place. You have massive infrastructure and stimulus spending on the American side, you have corporate and household savings and you have fairly robust economic growth right now. Have you done modelling that would help you understand and also measure how the stimulus is actually applied?

**Mr. Nicholas Leswick:** Thank you again for the question, Mr. Chair and Mr. Member.

Of course, we do that kind of modelling. There are three significant tailwinds. One, as you said, is just the spillover of potential U.S. stimulus into Canada. Number two is just this kind of release, this kind of post-pandemic euphoria effect, where consumption patterns snap back to normal. On top of that are these accumulated savings, this so-called pre-loaded stimulus, which we try to factor in.

The honest answer is that it's all just very extremely uncertain: The timing of U.S. stimulus as it works through Congress in the U.S., the actual attitudes, and consumer and business confidence and at what pace those will snap back so that we can resume normal savings and consumption patterns.... The analysis we do is no different from what the Bank of Canada and other economic shops do—like the commercial banks.

**Hon. Ed Fast:** Mr. Chair, how much time do I have?

**The Chair:** You have one more question, Ed.

**Hon. Ed Fast:** On the stimulus that's injected, one would think that at some point in time you're going to do what the minister suggested she would do, which is to withdraw it. Tell me what you mean by the word "withdraw", because you can't take back the money that has been committed in the budget. When the minister speaks about withdrawal, is she simply saying that she won't add any more to the stimulus that she's already committed to, which is the \$100 billion plus?

**Mr. Nicholas Leswick:** Thank you again for the question.

Yes, I would assume so. What we printed in the budget was a normalization path from both an economic and fiscal policy perspective. As the economy strengthens, you see employment and output get back to trend. Likewise along that path, there are these support programs and the stimulus-type spending, which start to wind down over the three-year fiscal horizon. In terms of the word "withdraw", I think it's relative to what was printed in the budget and that wind-down of government spending over the near term.

• (1720)

**The Chair:** Thanks, both of you.

We'll go to Mr. Fraser, who will be followed by Mr. Ste-Marie, Mr. Julian and then Mr. Kelly, who will be first up in the next round.

Go ahead, Sean.

**Mr. Sean Fraser:** Thank you very much, Mr. Chair, and thank you to officials.

I have the neighbour mowing the lawn just outside my window, so I apologize for any noise pollution.

My first question relates to the proposed investments in Canada's national early learning and child care framework that were included in the budget. Obviously, to the first point you made, Mr. Leswick, around government spending finding its way into the economy, I see this as a major opportunity. I see the investments that will create affordable access to child care and in particular will allow more parents, predominantly women, to take part in the economy compared to the rate at which they do today.

One of the knocks that I hear about the program from folks who are opposed to it is the sticker shock they have when they see that this is a \$30-billion investment. I'm curious to know if you've done an analysis on the anticipated economic return associated with this investment. Forgetting for the moment that I think it's the right thing to do from a gender parity point of view, just from a crass economic point of view, what do the numbers show us in terms of the anticipated economic return for dollars spent on this measure?

**Mr. Nicholas Leswick:** We tried to print a short brief of this type of analysis in the budget. In today's terms, modelling the impacts of what we've seen in effective early learning and child care programs in Quebec, which feed-through to increased labour force participation, if we just apply that on a pan-Canadian basis, we would equate that to roughly 240,000 jobs. Those are new entrants into the labour market equivalent to about 240,000 new workers, which would then feed through into an increase in output of roughly a little over 1% in the level of real GDP.

Hopefully that gives you some benchmark indicator.

**Mr. Sean Fraser:** Yes, I think that's really helpful. To find opportunities to boost GDP by 1% year over year is a great thing. I'm curious if you have a similar assessment on the actual government revenue that would be generated from that increase in GDP or employment. Do you have any estimates as to what the increased government revenue is?

I'm trying to figure out whether this measure will pay for itself or come close to paying for itself.

**Mr. Nicholas Leswick:** There's a broad literature on this exact question. Of course, we do our own analysis within the department. Personally, I'm not in the camp of a "this thing pays for itself" type of conclusion. Depending on how you calibrate your models and expect feed-through into the economy, there is some literature out there that suggests that, dollar for dollar, it would pay for itself.

I think the bottom line is that, in terms of things you could be doing to generate either labour force participation or increased productivity, this is one of those things that's at the very top of the list in terms of return on investment from a government perspective. With either conclusion, there's a real payback here.

**Mr. Sean Fraser:** Excellent.

Mr. Chair, do I have time for an additional question?

**The Chair:** Yes.

**Mr. Sean Fraser:** I want to talk about the Canada workers benefit. Aside from a passing reference from the Bank of Montreal, I've seen fairly few third parties pick up on this particular investment. It's designed, obviously, to assist low-income workers through direct support. The measures we've done have essentially extended the net, so to speak, to make sure it catches more people who may be earning more than what the current program provides.

I'm curious if you can give a similar assessment for the Canada workers benefit in terms of the estimated impact, both in terms of the number of people who will be impacted by this change and the extent to which they'll be impacted. The minister testified that it would have a positive impact on labour force participation.

Do you have any assessment as to the impact the proposed changes to the Canada workers benefit is going to have on the working poor in Canada?

• (1725)

**The Chair:** Who's taking that one?

**Mr. Andrew Marsland (Senior Assistant Deputy Minister, Tax Policy Branch, Department of Finance):** Maybe I'll take that one. I have a couple of comments in response.

The proposed changes to the Canada workers benefit do extend out the range to essentially provide benefits to full-time, minimum wage workers. It also includes a mechanism to ensure the potential disincentive effects, particularly for secondary workers—who are women, more often than not—are mitigated. It excludes the first \$14,000 of that secondary earner's income, which is an important aspect in terms of looking at this.

In terms of effect, we estimate that about a million additional workers would benefit from this.

In terms of the broader economic effect, I don't have an estimate of that. There is a considerable amount of literature with reference to the earned income tax credit in the U.S., which demonstrates that this has a positive effect on labour market participation, which of course is a key driver of economic growth.

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

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

[*Translation*]

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

Good afternoon everyone.

I want to echo what the chair said and thank you for all your hard work since the pandemic began. Please pass on our thanks to everyone on your team. I commend you.

I would like clarification on the industry support to address climate change. I'm looking for details on the various programs that were introduced or announced to help economic sectors reduce their carbon emissions.

Could someone please list the programs that were introduced and tell me how much funding went to each? I'd also like to know which votes were approved and have already been spent, as well as which ones have been announced but have yet to be approved.

[*English*]

**The Chair:** Ms. Dancy.

[*Translation*]

**Ms. Evelyn Dancy (Associate Assistant Deputy Minister, Economic Development and Corporate Finance Branch, Department of Finance):** Good afternoon. Thank you for your question.

A number of the details you asked for are difficult to provide today, especially as regards expenditures to date. I recommend following up with the committee in writing. That way, we can provide more detailed information.

The budget contains numerous measures, as does the strengthened climate plan, which was launched in December. There's quite a bit of information to cover. For instance, the budget includes a few major initiatives related to the strategic innovation fund. In addition, at least three or four climate change measures are intended to help farmers cover the additional costs.

Given the amount of information, I would prefer to provide the committee with a written answer.

**Mr. Gabriel Ste-Marie:** Thank you, Ms. Dancy. Yes, we would very much appreciate it if you could provide us with an overview and, if possible, indicate how much has been spent to date, how much has been approved as well as what hasn't been approved. You mentioned agriculture, so I'm wondering whether you could break down the information by province and sector.

I'm not sure whether you can answer this next question now, but I'd like to know whether any programs provide support for small modular nuclear reactors in relation to reducing greenhouse gas emissions.

**Ms. Evelyn Dancy:** Clearly, I'm not familiar with the ins and outs of all the federal programs, but I do know that support is available for research and technology through the granting councils. The industrial research assistance program, or IRAP for short, is available. Some new programs were just introduced, but the details have yet to be released.

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

If you happen to come across more specific information, it would be appreciated if you could send it to the committee. Thank you again.

I want to follow up on something I was asking the minister about.

I'm referring to division 8 of part 4 of Bill C-30, which enacts the Retail Payment Activities Act. Can you confirm for me that nothing in the act will make it possible for Amazon, Walmart or other tech giants to provide services currently offered by financial institutions?

• (1730)

[*English*]

**The Chair:** Ms. Anderson, go ahead.

[*Translation*]

**Ms. Leah Anderson (Assistant Deputy Minister, Financial Sector Policy Branch, Department of Finance):** I hope my mike is working.

You're right, that part governs—

[*English*]

**The Chair:** Ms. Anderson, the interpretation service can't make you out. We are getting an echo with the mike. Would it be possible to get an answer to that question in writing, perhaps?

[*Translation*]

**Ms. Leah Anderson:** All right.

[*English*]

**The Chair:** Okay. I'm sorry about that, Ms. Anderson. It's just not coming through.

We will have to end that round there and go to Mr. Julian.

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

Thank you to our witnesses for being here.

I will be a bit repetitive. I didn't get answers in the first round, so bear with me.



My first question is about the slashing of the CRB. We have the third COVID wave. The variants are tragically taking hold. I'm wondering what the analysis of the finance ministry has been of the impact of reducing the CRB from \$500 a week to \$300 a week in July. How many people, at this point, do you assume will be on CRB if the third wave increases? What is the range—the highest level, with a tragic escalation of the third wave, and the lowest level?

That's my first question.

**The Chair:** Is it Ms. Anderson on this one, as well? Who's up on this one, the Canada recovery benefit?

**Mr. Galen Countryman (Associate Assistant Deputy Minister, Federal-Provincial Relations and Social Policy Branch, Department of Finance):** It would be me, Mr. Chair.

**The Chair:** Mr. Countryman, welcome.

**Mr. Galen Countryman:** Thank you for the question.

I'm afraid I don't have on hand the estimates of the projected number of people who we think would qualify for the CRB in the coming weeks. Obviously, there's a great deal of uncertainty on that. I could take that back to see what, if anything, we can provide you.

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

I'm looking at the analysis of the range. We're in the midst of a third wave. It's growing in parts of the country, as we know. The CRB is not something that should be slashed without having given it a great deal of thought. The analysis done by the finance ministry would be very helpful.

My second question, then, is on the wage subsidy. I wrote to the minister on January 5, and we're still awaiting a reply. When will the actual figures for the wage subsidy provided to companies be released? When will the public actually know? It's the public's right to know, of course.

What is the finance ministry and the CRA doing in the case we've already seen through the *The Globe and Mail*, the *National Post* and a number of other intrepid reporters for CBC, CTV and Global? They've already identified companies that have laid off their employees while getting the wage subsidy and providing dividends. They are doing stock buybacks and providing massive executive bonuses.

What procedure is the finance ministry or the CRA taking on that, when there is clear evidence of a misuse of the wage subsidy funds? What steps will the finance ministry be taking?

When are you releasing the figures and what steps are you taking, when, clearly, abuse has been identified?

**Mr. Andrew Marsland:** With respect to the first question, the wage subsidy, as I think the committee is aware, is delivered through the Income Tax Act. That act has provisions precluding the release of information. There is an exception with respect to the wage subsidy. With respect to the names of recipients, those names are available on the CRA website. That is, in essence, my response to the first question.

With respect to the second question, I think the minister responded to this, to a large extent. As the committee is aware, the objective of the wage subsidy is to support the retention and rehiring of workers by firms affected by the pandemic. The way it does that is by a month-over-month comparison of revenue drop. These are the requirements to qualify for a wage subsidy, and that wage subsidy is created by the level of revenue decline in any given month.

• (1735)

**Mr. Peter Julian:** Mr. Marsland, does that mean there will be no action taken against companies already identified by intrepid journalists as having clearly violated the conditions around the wage subsidy?

**Mr. Andrew Marsland:** My response to that, Mr. Chair, would be that the CRA, of course, administers the Canada emergency wage subsidy. The CRA has programs in place to ensure that the provisions and the requirements, by law, to obtain the wage subsidy are respected in the making of claims, so the CRA will be doing that.

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

**The Chair:** You have time for one last question.

**Mr. Peter Julian:** It's a doubleheader.

First, the minister is saying that Netflix is not excluded from the proposed digital services tax. Evidence has shown the contrary. Could the finance ministry provide the information that shows Netflix is not excluded from the proposed tax?

Second, in terms of tax havens, given that CRA officials have said before this committee that they did not have the tools to take action against massive tax evasions that we're seeing, when will the finance ministry be tabling legislation that would actually provide CRA officials with the tools required to take action?

**Mr. Andrew Marsland:** With respect to the first question, I think it's important to understand what the proposed digital services tax is about and what it's not about. It's not about taxing consumption in Canada. As you know, Bill C-30 includes measures to require the collection of GST by non-residents who are providing certain services.

What the proposed digital services tax is about in a corporate taxation context is making sure that where value is created in Canada, it's subject to tax. The value that's created—which is novel in the digital environment—is essentially the monetization of user data, meaning the data we all provide when we participate in social media, search engines, and so on. That data is often monetized and that value is created in Canada, and it's appropriate that it be taxed.

That's what it's about. There is no exclusion for any particular enterprise. There is a scope proposed for the tax, and that scope would not normally include the sale per se of goods or services. It may include situations where there is data harvested through that activity. That may be within the scope of the proposed tax.

**Mr. Peter Julian:** So you're saying that Netflix—

**The Chair:** I'm sorry, Peter. You're way over the time. These doubleheaders put you over.

**Mr. Peter Julian:** I'm just asking for clarification. Netflix is not included then in that tax.

**Mr. Andrew Marsland:** I'm not in a position to discuss particular enterprises. What I was trying to explain was the scope of that tax. Any particular enterprise would be included to the extent that it was involved in the monetization of data and the other requirements of the proposed tax were met.

**The Chair:** Okay. We will have to leave it there.

We will go to Mr. Kelly, followed by Ms. Koutrakis and Ms. Dzerowicz on a split.

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

To the officials, is there currently a projected date for a return to a balanced budget?

**The Chair:** Mr. Leswick, or Andrew.

**Mr. Nicholas Leswick:** There is no return to balance printed in the budget.

• (1740)

**Mr. Pat Kelly:** Outside of the budget, from your own research do you have a date or a year that you're projecting?

**Mr. Nicholas Leswick:** We don't do more tangible fiscal projections beyond the forecast horizon 2025-26.

**Mr. Pat Kelly:** So your \$30 billion deficit projected in 2026 is as close as anything we have on the horizon?

**Mr. Nicholas Leswick:** Correct. We do long-term fiscal sustainability analysis, but it's subject to a fair degree of sensitivity.

**Mr. Pat Kelly:** Thank you.

When the minister appeared at committee to discuss the fall economic statement, she admitted there was nothing in the fall economic statement, or the Speech from the Throne, or any of the previous measures to assist small businesses that opened their doors in, say, late 2019 or the early months of 2020 and do not meet the criteria of the existing support measures.

Is there anything in this budget that would address this problem? This was something that has been widely acknowledged now by the government as a shortcoming in the support measures.

**The Chair:** Ms. Dancy.

**Ms. Evelyn Dancy:** Sure. I can start.

**The Chair:** Just yell if I don't see you.

**Ms. Evelyn Dancy:** I was pausing to see if my colleague, Mr. Marsland, wanted to reply as well, but perhaps we can share in our response if we have different things to say.

There are actually new or enhanced program announcements for Budget 2021 that will be available to new businesses or those that have been launched since the beginning of the pandemic.

With respect to my area at Finance of economic development, there is the Canada digital adoption program to support the acquisition of technology to help the digitization of business. There is the expansion of the Canada small business financing program, which includes a number of elements that are included in Bill C-30 for further detail, but both expands the range of assets that can be financed as well as the different types of financing available.

There also has been an expansion of the government's suite of entrepreneurship measures for women entrepreneurs, Black entrepreneurs, and other equity-deserving entrepreneurs.

**Mr. Pat Kelly:** For the entrepreneur who has spent all of their life savings in 2019 to build a new restaurant with an opening date of March 15, 2020, there's really....

With all due respect, I think many of the programs you've described, or some of them, will decline those businesses, and for the same reasons they don't qualify for all of the existing programs. Is there really anything for a business such as I've described?

**Ms. Evelyn Dancy:** The elements that I've described are available to new businesses.

**Mr. Pat Kelly:** Okay.

When the government launched the CECRA program.... Let me put it this way. In the transition from CECRA to the Canadian emergency rent subsidy, there was an additional provision added prohibiting related parties. Certainly nobody wants related parties to be able to game the system to obtain access to a subsidy, but it is normal for small businesses with commercial mortgages to have separate entities, a corporation that will own the property and have the mortgage on the property, versus the operating company. Small businesses complain that they are denied access to the rent subsidy program, which is supposed to also help businesses that own their premises.

Can someone explain whether or not this shortcoming has been addressed or whether this has been flagged as a problem? We've been hearing about it for months.

**Mr. Andrew Marsland:** Mr. Chair, perhaps I can take that one.

**The Chair:** Go ahead, Andrew.

**Mr. Andrew Marsland:** It's correct that there are provisions relating to rent paid to related parties.

In terms of the specific question, perhaps I could look into that and get back in writing to the committee or come back to it in a subsequent meeting on the bill. I apologize that I don't have a specific answer to hand.

**Mr. Pat Kelly:** Okay.

Do I have any time left, Mr. Chair?

**The Chair:** This is your last question, Pat.

**Mr. Pat Kelly:** All right.

The new hiring credit involves much of the same criteria as the wage subsidy and rent subsidy. As I mentioned in my second question, the requirement of a loss in revenue compared with early 2019, or a year-over-year loss, excludes many businesses, including new businesses. Was this a deliberate exclusion in the hiring program? Will new businesses be able to access this program? If not, why not?

• (1745)

**Mr. Andrew Marsland:** It's correct that for the proposed hiring program one of the criteria is that the employer has suffered a revenue decline. That is correct. Essentially, the program is focused on recovery from the pandemic and provides an alternative calculation to the wage subsidy. The proposal is that it would not apply where there's no revenue decline as defined under the wage subsidy.

**Mr. Pat Kelly:** So a newer enterprise would not qualify.

**Mr. Andrew Marsland:** That's correct.

**Mr. Pat Kelly:** Thank you.

**The Chair:** We'll have to end it there. We are considerably over.

We have Ms. Koutrakis and Ms. Dzerowicz on a split.

Annie.

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

I have two questions. In the interest of time, I'll ask them both.

First, on the disability tax credit, can you outline the steps taken in Budget 2021 to improve access to the DTC and comment on the benefit this will have on both Canadians living with disabilities and their families?

Second, how does the new Canada recovery hiring program compare with the wage subsidy, the CEWS? Why was it necessary to introduce this new program in addition to the existing wage subsidy?

**The Chair:** Who's on?

**Mr. Andrew Marsland:** Mr. Chair, that would be me.

Essentially, with regard to the disability tax credit, there are two proposed measures. One is to clarify the criteria applicable to qualify with regard to the mental functions necessary for everyday life—and really, that's to make it clearer under what circumstances one would qualify. Again, this is in response to feedback that we received in part from the disability advisory committee of the Minister of National Revenue.

The second area relates to life-sustaining therapy, and this is, of course, where an individual has to undergo ongoing therapy. There have been issues in the past with how to determine the time re-

quired to be spent on such therapy. The proposals in the bill essentially expand, to some extent, the qualifying amounts of time that would be required under that to meet the requirements—again in response to feedback the department has received.

In terms of the Canada hiring program and how it relates to the wage subsidy, you look at the reference. You take a reference period in March or April, a one-month reference period, and then apply a percentage to the incremental hiring from that reference period over the months of the program, and an employer can calculate the wage subsidy that the employer would be entitled to or the amount in the hiring program, and take the better of the two.

Essentially, the objective of that is to support firms that have been significantly affected—employers who have been significantly affected—during the pandemic as they enter that recovery phase, so it supports the rebuilding of the business and the workforce in that period.

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

Go ahead, Ms. Dzerowicz.

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

I want to thank all of the officials for being here today and for your extraordinary hard work on this huge, huge budget.

My question for you is about skills and training. There's a substantial amount of money in the budget for skills training and retraining, and my question is for whomever is best able to respond. I think it is important for us to be spending this money, but I want to know whether there was an analysis done of why it was important for us to invest so heavily at this time in training and retraining. I think we have about 500,000 new training opportunities in the budget, and I think it's over half a billion dollars that has been allocated.

Has there been an analysis of the need for this and how extensive this support needed to be?

• (1750)

**The Chair:** Who's on it?

Go ahead, Mr. Countryman.

**Mr. Galen Countryman:** Yes, I'll take a stab at that.

You're correct to say that there is an extensive amount of support in the budget for skills and training development. I think it goes without saying that these are all important investments that can help young people in particular build skills for the future and help grow the economy in the future. There is an extensive set, a suite of measures, which I'm sure you're already familiar with, in the budget for those things.

**Ms. Julie Dzerowicz:** What's different about the investment this time? I know that we typically give about \$3 billion to provinces and territories just for skills and training on an annual basis. What's different in this budget? It seems like there's more money been allocated to innovation and economic development as well as to the ESDC. I think that they're spending the money under the programs. Could you talk about the difference in how we're investing this money?

**Mr. Galen Countryman:** Yes, I think, with the flagship measures, there is a new sectoral workforce solutions program that will be led by ESDC, and it will work primarily with sector associations and employers to help better tailor those skills and training opportunities.

**The Chair:** I'm sorry, but you're out of time.

Here's the situation. We have a little extra time. We can take an extra 20 minutes from the time this panel's done. I'll go to one question from Mr. Ste-Marie for two minutes and two for Mr. Julian. Ms. Jansen and Mr. Fragiskatos will have about four minutes each, and then we'll have a little discussion on that motion to see where people are at.

Go ahead, Mr. Ste-Marie.

[Translation]

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

I believe Ms. May would also like to ask a question at the end.

[English]

**The Chair:** We can add her in. I think we have time.

[Translation]

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

My first question is for Mr. Marsland.

As I understand it, the government intends to charge tech giants a 3% tax or royalty on their operations. The contribution would be equivalent to the taxes other companies have to pay. However, an international company that provides an online streaming service where users can watch movies or television series would not be subject to the 3% royalty or tax. Is that correct?

[English]

**Mr. Andrew Marsland:** As I explained in my earlier response, the proposed tax will apply on certain revenues associated with value creation in Canada. That value creation typically comes from the monetization of user data in Canada, in such a respect the proposed tax is really quite similar to those in place in other G7 countries, for example, in France, Italy, and the United Kingdom. In a similar fashion, the proposal is to get at that value creation in Canada. Companies that fall within the scope of that would be required to pay it on a certain portion of their revenues that is associated with that value creation, which is typically the monetization of user data.

[Translation]

**Mr. Gabriel Ste-Marie:** Thank you for your answer.

I need some clarification. Let's say a person buys something online from a tech giant and pays \$20 Canadian for a product made in China. The company making a profit on the transaction will not

have to pay a royalty since there was no value creation in Canada, the product having been made in China.

Is that what you said? Do I have that right?

• (1755)

[English]

**Mr. Andrew Marsland:** In a sense, Mr. Chair, that is what I'm saying. If you think about that analogy, a Canadian exporter who exported, for example, an agricultural product to China would not be subject to tax in respect of that economic activity in Canada unless they had a physical presence in the destination country and had a branch there and added value there. In a sense it's like that. As I mentioned earlier, the bill does include measures to ensure the appropriate taxation of the consumption through the GST or HST in Canada.

[Translation]

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

[English]

**The Chair:** Mr. Julian.

**Mr. Peter Julian:** Thank you very much, Mr. Chair. I understand now why the minister was stepping so gingerly around this, and I understand why you, Mr. Marsland, are stepping so gingerly around this.

Netflix is out of scope, so my question to you is what percentage of the overall web giants are excluded—"out of scope" would be the words you used—from the actual application of the digital services tax?

While I have the microphone, my second question, which the minister also avoided answering, is, at this point, how much money has been spent on Trans Mountain? We were told last year it's the Canada account of the EDC that is used to basically launder the money and take it. The PBO tells us it's \$14 billion for construction and another \$4.5 billion for purchase. We're at roughly \$18.5 billion for Trans Mountain. What are the finance department figures on how much has been actively spent so far?

Those are my two questions—the percentage of digital services that are excluded or web giants that are excluded because they are out of scope, and then the cost of Trans Mountain.

**The Chair:** Mr. Marsland.

**Mr. Andrew Marsland:** Thank you for the question, Mr. Chair. I always step gingerly at this committee.

I can't really answer the question, because I'm not sure how to apply a percentage to what. What I can say is that the scope of this proposed tax is very similar to the scope of equivalent taxes in other G7 countries and elsewhere in that they typically apply on the types of revenues that I described earlier.

I'll turn it over to Ms. Dancey for the same questions.

**The Chair:** We have Ms. Dancey for the second of the double-header. He gets more time that way, you see.

Ms. Dancey, you're on.

**Ms. Evelyn Dancey:** Thank you.

With respect to expenditures to date on the Trans Mountain expansion project, the best source of information is the publicly available reporting by the Canada Development Investment Corporation. It is actually the parent Crown corporation of Trans Mountain Corporation. They have just released their 2020 annual report. If it's helpful, we would be happy to write up the latest information with respect to the pace of spending and construction, in response to that question.

**The Chair:** We'll ask you to send that to the clerk as well. We're pretty nearly going to have a book here before we're done today.

We have Mrs. Jansen for four minutes, followed by Mr. Fragiskatos for four and Ms. May with a question.

**Mrs. Tamara Jansen:** Thank you, Mr. Chair.

I'm guessing this is for Ms. Dancey. It's with regard to the HASCAP. In the previous hour with Minister Freeland, she dismissed my assertion that the HASCAP, which was apparently designed specifically for highly affected sectors, isn't actually working. Somehow, in her mind, it's working well; and yet, at a recent meeting with the tourism industry, it was made crystal clear that HASCAP is so poorly designed that only 4% of the tourism sector has been able to access it. How is it possible for this to be considered a success? Is Ms. Freeland unaware of the problems with the program?

**The Chair:** Who's on that?

Go ahead, Ms. Dancey.

**Ms. Evelyn Dancey:** Sure, I'm happy to take that question, although I'm not sure I'll have a more satisfactory response. The HASCAP is delivered by the Business Development Bank of Canada, so information on the take-up of that program, its application pipeline and its traction in the business community is best addressed to that Crown corporation implementing the program. I have not heard that degree of concern that you've underlined, so it's certainly something I would like to follow up on and understand better.

We're already providing a number of written replies. Perhaps we could work with our colleagues at the Business Development Bank of Canada to provide a more fact-based response.

• (1800)

**Mrs. Tamara Jansen:** I have a follow-up to that question, then. The Tourism Industry Association of Canada says that the Canada recovery hiring program will be yet another failure, just like the HASCAP. It doesn't take into account seasonal industries, which a

huge majority of the tourism business is, and doesn't reflect the fact that they need a longer recovery window than others do. One official stated emphatically that an industry that employs one in 10 Canadians should not be an afterthought.

Why on earth do we keep seeing such massive program failures? Why does this continue over and over?

**The Chair:** Mr. Marsland.

**Mr. Andrew Marsland:** I guess I'm struggling a little to respond to the question. The hiring program is specifically designed to support recovering businesses. It runs off the same kinds of revenue comparisons as the wage subsidy, which have flexibility inherent in them by way of a reference period to measure the decline in revenues. I think it is designed to provide support to recovering businesses, but....

**Mrs. Tamara Jansen:** I'm curious, then. Why would TIAC be saying that it is absolutely not working for them and will not work for them because it didn't take into consideration their special circumstances?

**Mr. Andrew Marsland:** Mr. Chair, I guess I'd respond by saying that these programs of broad application have to have common and easily administrable parameters. In this respect, I'm not aware of the specific points raised by the Tourism Industry Association, but the program is designed to be widely available and responsive.

**The Chair:** I think we will be hearing from them as a witness next week, and we can get more details on where the problems are. I understand some of these things can be changed by regulation, and everything's not quite fixed, if that's the problem.

Tamara, go ahead.

**Mrs. Tamara Jansen:** No, that was it. Thank you.

**The Chair:** It's Mr. Fragiskatos and then Ms. May.

**Mr. Peter Fragiskatos:** Thank you, Chair.

Thank you, officials, for being here. I know your hard work has been mentioned today and in previous meetings, but genuinely, I have so many constituents who have benefited because of people like you. I know you have really been there from the very beginning, working all hours of the day and on weekends and being kept away from your family because of it, and the sacrifices you've made are genuinely appreciated.

Mr. Chair, before I ask a question to officials, Trans Mountain has come up here, and in particular Mr. Julian has raised it a few times. It's important to note that in July of 2020, there was a profit reported on Trans Mountain of \$29 million, and just today, a profit of \$40 million was reported.

Naturally, there will be those who say that those profits are modest, but a profit is a profit. Most importantly, I think for anyone who cares about the environment, these—

**Mr. Peter Julian:** On a point of order, that is prior to interest and depreciation, so it's actually a loss.

**The Chair:** I think that's more debate than a point of order.

Go ahead, Peter.

**Mr. Peter Fragiskatos:** Well, it is a point of debate, certainly.

Just to put my colleague's concerns at complete ease, all of those profits are invested in green projects that benefit the environment, so I think it's important for that to be on the record, and I can see on my screen how excited Mr. Julian is about that.

To the officials, I had a question when Minister Freeland was here, about predatory lending and the consultation process that will take place, specifically on the criminal interest rate that currently sits at 60%.

Officials, do you have any information about the number of Canadians who have accessed what would be considered predatory loans, during the pandemic in particular but also in general terms over the past few years? Is there anything you can provide the committee on that point?

• (1805)

**The Chair:** Ms. Anderson, we'll see what it sounds like.

**Ms. Leah Anderson:** I don't think my translation will work. It's my browser, but I am happy to provide a written response to that question.

**The Chair:** Yes, I don't think the translators could get it. There really seems to be an echo.

Go ahead, Peter.

**Mr. Peter Fragiskatos:** Thank you, Chair.

That would be great. I won't ask another question on it, but I will ask, whether from Ms. Anderson or another official who works on that, if the committee could also be provided with information about what other jurisdictions and other countries are doing to address this. That would be quite welcome as well.

Can officials comment on measures in the budget that would help housing affordability? What is in there that can be highlighted?

There is the tax on foreign buyers, for example. I'm just wondering if that could be discussed more.

**The Chair:** Who is there on tax on foreign buyers?

Andrew.

**Mr. Andrew Marsland:** Yes, Mr. Chair.

The proposal in the budget is a proposal for consultation, but it's a consultation on a new national 1% tax on the value of non-Canadian-owned residential real estate in Canada. The proposal is that it would apply subject to certain exceptions, and that it would apply beginning in 2022.

There is work to be done in developing that. The budget indicated that we would have some engagement on framing that tax, but in essence that's how it would work. The idea is to essentially apply the tax to underused housing in Canada. Again, there are more details to be worked out in respect of how it would apply in resorts or tourism communities, or not apply in that case in those areas.

We will be consulting on that and coming out with further details following the consultation.

**The Chair:** This is your last question, Peter.

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

On that, if I could go back to Mr. Marsland, has there been an analysis done on the extent to which that measure will tangibly impact housing affordability in a positive way?

**Mr. Andrew Marsland:** I'm not aware of specific analysis on that, but certainly the experience has been that in certain parts of the country that, at the margin, there's been a sense that participation in the markets by non-resident owners has had an effect on house prices.

**The Chair:** Okay, thank you, both.

Ms. May, you'll have to wrap it up.

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

I'll try to be brief, but the question for the people from Finance Canada is of a higher level of generality. It comes from my experience of having been in every budget lock-up since 1997, when budgets were shorter but contained more information and were more readable and understandable to Parliamentarians, who are, of course, in theory.... Parliament controls the public purse.

We used to have at the back of a budget the departmental breakdowns. You could compare department by department, last year to next year and so on. I'm wondering if anyone.... There's been a very consistent criticism, by the Institute for Fiscal Studies and Democracy and others, that we don't really know where the money's going in any real sense from reading the budget.

I'd love to hear from any of the senior civil servants here if there's any discussion of going back to the way budgets used to be under finance ministers like Paul Martin and Ralph Goodale. I don't think I've seen a budget in the budget since around that time.

• (1810)

**The Chair:** Does anybody want to take that one?

I will say that I agree with Elizabeth on that one. You used to be able to see what a department spent the previous year and rolled out for the next two. Now all we see are the increases or the declines.

Does anybody want to take it on?

**Mr. Nicholas Leswick:** Thank you, Mr. Chair. I'll take a shot at it, because I really do sincerely appreciate the question.

I feel like we have gone through these ebbs and flows where we've tried to provide more and less information and gauge the utility of such information to Parliamentarians and other commentators, Canadians, and folks like the Institute for Fiscal Studies.

I can't comment much on the seventies, eighties and nineties. In the early 2000s, we transitioned between cash and accrual, so we have found ourselves in this weird space where we budget on accrual now. We have that difficult intersection between our accrual communication of what we're spending versus what you see on a cash basis in the estimates.

There is that confusion. It is at times a very difficult translation. Lending that's done on a cash basis has a different profile on the accrual basis that we demonstrate in the budget.

We work with the PBO to try to add a degree of precision so that our documents are usable to Parliamentarians and understandable. We've tried to create crosswalks between the budget and the estimates so you can see the numbers coming out in the budget and how they crosswalk into estimates, which are the appropriation acts parliamentarians approve for departmental spending.

I'm not trying to ramble, but we would be happy to seek your feedback on how we may.... It's a 750-page document. We're taking all the space we need to try to make sure that we're communicating appropriately and that there's real accountability for where the dollars are going.

I can point to instances—I've been in this job for six years now—where we've tried to provide supplementary information and annexes, having got a lot of endorsement from the PBO and other people who read it. In all honesty, we'd would love to try to find that sweet spot so that the financial information in the budget is usable and understandable.

If you have of examples from generations past of budgets that served more of a practical function, then we'd happy to connect with you and your office and take that feedback on—absolutely.

**Ms. Elizabeth May:** I would love that, because I haven't seen a real budget. I call it “the big, fat spring brochure”. I would love to give you more feedback. Thank you.

**The Chair:** Okay, I think, Nicholas, you'll be getting some feedback on that.

Thanks to the officials for coming. We will have to have a quick discussion on whether it's on the motion, or what we will do. We'll see in a minute.

However, on behalf of all committee members, I want to sincerely thank you for your efforts.

Look, we know there are a lot of demands on Finance. If there are demands on Finance, that means there are demands on officials, and during these kind of times, working from home isn't all that easy. There are long days and short nights. We know that.

We certainly thank you, as the programs rolled out over the last year, for showing a willingness to adapt some them.

Go ahead, Ed.

**Hon. Ed Fast:** If I could echo your very fine comments, Mr. Chair, the questions we ask of our officials are sometimes tough, and sometimes they reveal that we don't understand the finances of the nation perhaps as well as we should, but we know that all of you work tirelessly to serve Canadians. You should know that as an opposition we do appreciate that.

Again, I echo Wayne's comments. Thank you for the work you do for us.

**The Chair:** Thank you. I think everybody is of the same opinion.

Thank you very much, folks. You're released.

Turning to committee members, Sean has sent a motion through the clerk, but I'll just make this statement. We have eight meetings lined up, starting in the week of the 17th. We have eight meetings lined up based on the earlier subcommittee agreement and motion.

On the motion that Sean has put out, whether we deal with it or not, we certainly need to make a decision on witness deadlines. The motion is saying that it's noon on Thursday, May 13. With eight meetings, we're going to need a lot of witnesses. We will have officials here and we'll get the chance to question them again.

The clerk will need time. What makes it more complicated, as well, is that the clerk has to try to send out these headsets so that the translation can work. That's one quite serious problem.

The motion doesn't mention farming this out to other committees. I've talked to other committees. In the system, there just isn't time available. The only committee that has time booked on the so-called break week is HUMA. There are 10 divisions in the budget implementation act that apply to them, if we want to farm that out to them.

We have to make some decisions on whether we want to deal with the motion as is or leave it to the next meeting. I don't know, but we definitely have to do something on a deadline on witnesses and priority lists in order to be ready to roll next week, because it's going to be a busy week.

I'll wait until I get participants up here on my Zoom screen. I'm not sure who was the first in.

We have Peter Julian, Pat Kelly and Sean Fraser.

Go ahead, Peter.

• (1815)

**Mr. Peter Julian:** Thanks, Wayne.

I have a question before I make comments. I understand that at this point we only have department officials scheduled for Thursday. Is that true?

**The Chair:** That's true.

**Mr. Peter Julian:** Okay. What I'd like to suggest.... I just got a copy of the motion and I'd like to consider it, of course. I don't want us to make a decision today. I would suggest that it would be useful to have the steering committee meet on Thursday, at least in a portion of the time that we have allotted, so that the steering committee can make decisions.

In the meantime, I'm certainly open to—I'll see what my colleagues say—having an initial list of witnesses by this Thursday so that the clerk can get going on it, but I'm not prepared for a final list of witnesses because I think we need to map out the coming weeks.

Thank you.

**The Chair:** I'll go through the list.

On the steering committee, Peter, I'll just mention that one of the difficulties there is that if the steering committee meets and we pass a motion or we decide what the steering committee decides, then it really has to go to the full committee to be official. That puts us in to Monday. That's the difficulty with that process versus the full committee meeting to deal with it on Thursday. That's just a technicality.

I have Pat, Sean and Gabriel.

**Mr. Pat Kelly:** I agree more or less completely, I think, with Peter. I don't think we should debate the motion right now. If necessary, if there's no other way to get a steering committee meeting together, then, yes, devoting a portion of the Thursday meeting to it.... I might even say, just as possibility, that we could have the steering committee at the beginning of that meeting, if that helps us get toward passing a motion earlier.

I don't know.... I'm in the room with the clerk. I'm not sure if there's a possibility of extending that meeting, or if we were at a hard stop on it. If not, we could extend that meeting and have the

steering committee meeting at the beginning of Thursday's meeting. Those are just my suggestions.

**The Chair:** We can have the clerk check it out. I do know we tried everything to get a steering committee meeting, and this is what complicates things so darn much; we can't get time slots available.

Sean.

**Mr. Sean Fraser:** Thank you, everyone, for looking for flexible solutions.

I'm just wondering if there's any concern about having to have the whole committee effectively ratify the steering committee's report. Would it be more advantageous to take Peter's proposal and make a decision on this on Thursday when everybody's had time to review it, but to do it by setting aside committee business time where we can all be part of that discussion and decision?

I don't feel that strongly about it, but I do recognize, Wayne, the challenge that you've flagged about the potential of spilling into next week. I also just got a flag here, and I think I know where people stand on this. If the committee wanted to refer portions of this to HUMA, I think we've got to make that decision pretty quickly because we're going to lose the ability for them to take it.

As I mentioned before, I'm agnostic as to whether we do that or not. If other members of other parties feel differently, then I would be more than happy to accommodate that point to avoid the pitfall that Wayne flagged. We might be able to take Peter's approach to deal with it in committee business for the first chunk of the Thursday meeting, or something like that.

• (1820)

**The Chair:** Okay.

Gabriel.

[*Translation*]

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

I agree with what Mr. Julian and Mr. Kelly are suggesting. The Subcommittee on Agenda and Procedure could meet Thursday, at least for the first part of the meeting, and the committee could adopt its report afterwards. That would allow for a full discussion of the work plan going forward.

I do appreciate Mr. Fraser's efforts to find a solution, so I want to thank him for his constructive input.

I'm in favour of having the Subcommittee on Agenda and Procedure meet during the first hour on Thursday. Between now and then, we could submit our preliminary witness lists.

[*English*]

**The Chair:** Sean.



**Mr. Sean Fraser:** I have one more point here. The one fear I have right now is that if there's a steering committee meeting at the outset of the Thursday meeting, and the remaining members of the committee have ideas or issues that the subcommittee may not have addressed, it could end up taking over a significant portion of the meeting. I hope that will not be the case.

I would invite feedback from all of the critics from the other parties. I think you all have my cellphone number, and I'm accessible at my P9 address. To the extent we can work this out informally going into that meeting, I think it will save all of us a major headache.

I have a slight preference to do this through committee business for that reason, rather than having a steering committee meeting and then having the whole committee having to revisit the decisions of the steering committee. Obviously we're going to need the preference of at least one other party to land on that. It's not my most important thing. I just want to solve this problem.

If folks are willing to chat with me over the next 48 hours, I would relish the opportunity to make sure that everybody knows what we're getting into from all perspectives in advance of that meeting, so we don't have things going off the rails on Thursday and we can make the most of our time we have for witnesses.

**The Chair:** Pat.

**Mr. Pat Kelly:** I understand Mr. Fraser's concern about being efficient and trying to avoid a protracted debate with the entire committee on Thursday. I don't share his concern. I think there are reasons we have these steering committees, and the presumption is that the steering committee can hash out an agreement with the support of caucus members of the parties on that steering committee. I think from our side, as the member on the steering committee, I don't think that should be a problem. I think if we have a proper steering committee meeting, we should be able to have committee business ratified very quickly, at least from our side.

**The Chair:** The option is certainly open for a discussion on the side with Mr. Fraser, as well.

I think where we're at is that we've agreed that the parties will submit a reasonably extensive preliminary list of witnesses to the clerk for the week of the 17th. It would be really helpful if we could have those by noon on Thursday. That gives us a day and a half to contact witnesses for Monday, Tuesday and Wednesday. I think we're agreed on that.

We'll have the subcommittee at the beginning of the meeting. The clerk will scour the time available to see if we can get squeeze another half-hour out of that time frame.

The one problem we haven't dealt with is whether to farm those 10 divisions out to HUMA. I think we have to decide today or we'll end up doing it all ourselves. If there is another committee meeting, that will allow more witnesses to be heard because we're not going to be able to hear them all. I counted them up and there are 10 sections that could apply to them, but we really need to make them that offer today. They can accept or refuse; it's entirely up to them. If we do it on Thursday, they won't have time to organize it.

What are your thoughts?

Ed.

• (1825)

**Hon. Ed Fast:** I had made my thoughts clear to Sean that I believe it's in our best interests to keep all of this with the finance committee. Just so you know upfront, we haven't changed our minds on that. I don't know about the other members. On our side, that's certainly our position.

**The Chair:** Okay.

Peter.

**Mr. Peter Julian:** I have two points. First off, I agree with Ed. Let's keep it all with the finance committee. I would prefer not to parcel any of it out. I also wanted to pledge the support of the entire NDP caucus on the finance committee. Any decision made by the steering committee will bind all of the New Democrats on the finance committee. I want to make that very, very clear.

**The Chair:** Peter Fragiskatos.

**Mr. Peter Fragiskatos:** Thanks, Chair.

It's more of a question for you, actually. What has been the practice in previous years? It's my understanding that parts of the BIA have been delegated to relevant committees apart from ours, but I would be interested to hear your view on that.

**The Chair:** I guess what makes me kind of keen on it is that I think the decision has been made. We're not farming it out. However, I really regret at a previous finance committee meeting that we didn't farm out one section to the justice committee. We should have. It related to the SNC-Lavalin issue. In any event, it's been done both ways. Sometimes it's farmed out to four or five committees because they may have more knowledge of a particular section of the budget than we do at the finance committee. It's been done both ways—farmed out sometimes and sometimes not. It's always the decision of the other committee whether they want to accept it. Then there are reporting-back deadlines, as well.

I see that people are not wanting it to be farmed out, so we'll do it ourselves.

Gabriel.

[*Translation*]

**Mr. Gabriel Ste-Marie:** I just wanted to second your point.

[*English*]

**The Chair:** Okay. Thank you, Gabriel.

Peter, did you have something else?

**Mr. Peter Fragiskatos:** Yes, I did, Chair.

Based on what you said, I would urge my colleagues to think carefully here. We want to do good work, we want to be serious about that work, but it's been a standard practice of the committee to "farm out" sections—if we're going to use that expression again—to other committees. It could help us here in the sense that we'd be able to complete the work efficiently and effectively. It would also open the door to other work that we've considered in the past, including studies that members have suggested.

Mr. Chair, you did say that you were hoping that the committee would lean in the direction of delegating parts of the bill to other committees. I would just urge colleagues to think about that.

**The Chair:** All right.

Peter, I'm sorry that I didn't see your hand there. Go ahead. The last comment goes to you and then we'll close debate.

You have one minute.

**Mr. Peter Julian:** Thanks, Wayne.

About Peter's comments, the trend has been that when there's a majority government, the finance committee parcels it out because that's the direction from the majority government, but in minority governments—and certainly we lived through a lot of them a decade ago—it has not been the practice. It really depends on what the composition of Parliament is, and this Parliament is a minority Parliament.

**The Chair:** Could parties have their preliminary lists to the clerk by noon on Thursday. We will hold a subcommittee meeting at the beginning of committee on Thursday. The finance committee will go it alone on all parts and divisions.

With that the meeting is adjourned.

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