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● (1410)

[*English*]

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

Welcome to meeting number 24 of the House of Commons Standing Committee on Finance. Pursuant to the order of reference of Tuesday, March 24, the committee is meeting on the government's response to the COVID-19 pandemic.

We have quite a number of witnesses here on this panel today, so without any formalities, I will start.

I ask that witnesses try to hold their remarks to five minutes, if they could. That will make it possible for us to get to most everyone during the questioning rounds.

We'll start with Jeffrey Booth, entrepreneur and author, as an individual.

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

Mr. Jeffrey Booth (Entrepreneur and Author, As an Individual): Thank you for having me.

These are obviously important times as a response to COVID-19 and what the economic situation will look like in the future.

Before we talk about solutions, we really need to understand the problem we're trying to solve. The inflationary economic system that we have relied on all our lives is breaking down. COVID-19 only amplifies the phase transition.

For some time, two opposing forces have been competing against each other, moving in opposite directions. These forces are, one, the exponentially deflationary aspect of technology; and two, an inflationary monetary policy that's trying to overcome it. While we might not like these facts, it does not change them.

Technology advances are sweeping across society. They have been hugely beneficial. Your smart phone is a compelling example. It was invented only 13 years ago, but it is no longer just your phone: it is your camera, virtual assistant, map, music device and flashlight. For me, it's my guitar tuner, and there are hundreds of other applications that I pay very little for or that I get for free. More for less, and that gets better every year—that is the nature of technology.

As technology accelerates, from your phone across every industry, we can expect that type of step change in performance versus cost everywhere—automotive, agriculture, energy, health care, it doesn't matter. It will reshape them all, and in doing so, provide far better outcomes for society at dramatically reduced prices.

If technology makes everything cheaper and more abundant and is moving into every industry at blinding speed, it is logical to assume that prices should go down and that society should enjoy increasing benefits everywhere. The problem with that logic is that deflationary pressure makes it hard to pay debt back. As a consequence, current economic dogma has us on a growth and inflation trajectory at all costs.

In a desperate effort to achieve growth and inflation, which we hear about every day, and in the face of a structural change brought to us by technology, central banks, not only here but also all over the world, through artificial low interest rates and monetary policy, have only added more pain. Incentives designed to make cash less valuable and to encourage spending do just that. In doing so, they also discourage savings and encourage individuals and companies to take on additional debt and risk.

Because of that, debt is being added to society at a rate that is really hard to comprehend. Since 2000 the world has added $185 trillion of debt to achieve $46 trillion of global growth per year. Each year, more debt is added to achieve smaller growth rates as technology pushes the other way. This was before our current crisis, which has seen an explosive rise in debt while the economy shrinks. In itself, that debt burden must slow future growth, because taxes need to go up on a range of industries and households that will have to pay for it, which further restricts demand.

Because that debt has grown so large, central banks and governments continually bail out the existing system, not by desire but out of fear of letting the system fail and go through a disorderly unwind. It might be a better alternative in a set of bad choices. By doing so, society is forced to run on a treadmill, requiring more work to support ever-higher prices, which themselves have been inflated through monetary easing, artificially low interest rates and bailouts. The devastating irony of the bailouts is that they artificially keep prices high. The government then needs to allocate more to social programs for those left behind by the same high prices that it created in the first place.

For the wealthy and those with assets that are artificially boosted by this leverage, it has played out well. Assets, including real estate and stocks, are the beneficiaries, having run up in value far beyond what they would have been without the easing. For every person on the winning side of those decisions, there are many others on the losing side. Their costs of food, shelter, gas and education are rising because of policies designed to make their cash and wages less valuable.

Paradoxically, COVID-19 actually speeds up the adoption of technology and is driving the trend to lower prices faster. Technology companies are the beneficiaries. Consider just one example, the system we are using right now, Zoom, going from 10 million users to 300 million users in just over three months. Those additional 200 million people might not occupy the same amount of real estate on the other side of this pandemic. If that happens, real estate prices will fall, as will rents, creating additional deflationary pressure.

Therefore, we stand at a crossroads, similar to the one in 2008, only bigger, with calls for massive bailouts of taxpayer money to save the same system that was so clearly failing in the first place. Policy response is required and justified because too many people are going to get hurt otherwise. However, we need a new set of rules, one that starts with a far deeper understanding of the risks in using the same playbook that worked for a different time. Looking forward, productivity gains from technology advancements, especially in AI, will become so large that it will be impossible for central banks to counteract their effect.

By understanding the key structural change that technology has enabled, governments can step in and provide a transition to a very bright future for all Canadians. Not doing so would be analogous to Kodak trying to retain its film business while competing against digital cameras, or Blockbuster adding candy aisles to their stores to counter Netflix. Massive money will be wasted, and it will fail regardless. If that happens, more people in the end will be hurt.

Thank you.

● (1415)

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

Turning to the Canadian Horticultural Council, Brian Gilroy, president; and Jan VanderHout, first vice-president.

Mr. Brian Gilroy (President, Canadian Horticultural Council): Thank you for the opportunity to be here. Thank you to the committee members for working under these extraordinary circumstances on behalf of Canadians.

My name is Brian Gilroy. I am the president of the Canadian Horticultural Council, which represents Canada's over 14,000 fruit and vegetable growers, producing over 120 different crops. I am also an apple grower from Meaford, Ontario.

As you can appreciate, our industry is very diverse. So, too, are the challenges we are facing in light of the COVID-19 pandemic. Certain subsectors in the fresh fruit and vegetable industry are facing very acute and immediate challenges. Some of them are potatoes and greenhouse vegetables, but I will defer to my colleagues to talk more about those specific challenges.

I want to start by saying that the CHC recognizes the safety of Canadians and the integrity of our health care system remains the government's number one priority. We appreciate the great efforts the government has made to keep us all safe, as well as the measures to keep our economy afloat during this difficult time. However, we are here today to point out that like most countries, Canada faces serious challenges on an issue that is essential to a strong health care system and a healthy population, and that is our national food security. We think this is an opportunity for the Government of Canada to continue to demonstrate how critically important our food supply and security is to Canada and to underline that governments have farmers' backs, to paraphrase the Prime Minister.

We are grateful to the federal government for its actions exempting international farm workers from travel restrictions. However, a number of obstacles have made the flow of critical workers untenable. Many farms will receive merely a portion of the workers they generally rely on. Without the guarantee of a reliable workforce, many growers are making decisions now as to whether it is practical, let alone possible, to plant crops or tend fruit trees.

Compounding these difficult decisions is the knowledge that they do not have a sufficient safety net behind them. Growing fruits and vegetables has significant input and overhead costs. Many growers just can't take on these costs without a guarantee that the risk will not push them into bankruptcy. Growers are not immune to risk and uncertainty. Year after year they take on the risks associated with Mother Nature, pest infestations and market volatility to make sure Canadians have an abundance of healthy fruits and vegetables, but in these extraordinary times, more than ever they need concrete assurance that the government will have their back.

The government has announced several measures, such as the emergency wage subsidy and the emergency business account. Unfortunately, many family farms will not meet the eligibility criteria. The $5 billion that went to Farm Credit Canada is not beneficial, as taking on debt will not help our growers recover or backstop their losses.

We understand that business risk management programs are there with the intention of protecting farmers from disastrous losses, but cuts to these programs and changes to the eligibility criteria have rendered the programs, namely AgriStability, ineffective for most farmers.

The CHC and the CFA have outlined their recommendations to the Minister of Agriculture and the Minister of Finance for immediate changes to business risk management programs to help see farmers through this crisis. We have requested that the AgriStability trigger be increased to 90% for the 2020 program year, or more generally the program year that covers the 2020 crop year for eligible horticulture farms, and that the program cover 85% of the losses below this trigger.

To cover any immediate extraordinary costs for growers, CHC has also requested an immediate injection of a minimum of 5% of a producer's 2018 allowable net sales into AgriInvest accounts and the waiving of the requirement for the grower to match the contribution. This would help give confidence to growers in the short term.

We have recommended that these emergency coverage measures should be coupled with the removal of the reference margin limit and that consideration be given to waiving the structural change provisions.

● (1420)

CHC is prepared to work with Agriculture and Agri-Food Canada to refine any of these recommendations and minimize the risk of any unintended consequences or moral hazard.

Again, I'd like to thank you for the opportunity to speak to you all today. I look forward to any questions you may have, and I will now turn it over to my colleague, Jan VanderHout.

Mr. Jan VanderHout (First Vice-President, Canadian Horticultural Council): Thank you for the opportunity to speak to you, and again thank you for your service to Canadians.

My name is Jan VanderHout, and I am the vice-president of CHC, as well as a greenhouse vegetable grower from Hamilton, Ontario.

As Brian mentioned, our sector is very diverse. While other crops are being planted in the ground, and tree fruits are starting to bloom, our greenhouses are in production. The majority of greenhouse operations are in full swing across the country.

While we grapple with other challenges associated with this pandemic, we have unfortunately seen how devastating an outbreak of COVID-19 can be on an operation. I'm sure most of you are aware of the situation at Greenhill Produce in Kent Bridge, Ontario. Despite taking all the necessary precautions recommended by public health, there has been an outbreak of COVID-19 among its full-time and temporary workers. Greenhill is now trying to salvage the harvest with a sliver of its regular workforce. The losses it will incur from this are not effectively covered under any business risk management program, and could amount to as much as $25 million lost on this one farm alone.

Simply put, we need your support for our growers to continue to take on these risks. We need to know you have our back as growers continue to serve on the front lines as essential workers. Canadian fruit and vegetable producers need assurances now that they should plant with confidence, and, in the event of a labour or supply chain issue caused by COVID-19, that they are not risking their farms.

We want to avoid situations where Canadian growers are forced to conclude that the economic and other risks to continuing operations are just too great. Canadians will be relying on our domestic growers more than ever, and more than ever our growers need meaningful safety nets behind them. As this committee examines ways to respond to this pandemic, we urge you to make our food security a top priority.

The federal government needs to make it clear that any grower who needs to isolate workers due to an outbreak, or has to scale back, shut down or curtail operations temporarily, will get the full support of the federal government during this pandemic.

Canadian fruit and vegetable growers are part of Canada's ongoing food supply solution. Help us to help you feed Canadians.

Thank you.

The Chair: Thank you both very much.

We turn to the City of Winnipeg's Scott Gillingham, councillor and chair of the city's finance committee.

Scott, the floor is yours.

Mr. Scott Gillingham (Councillor and Chair of the Standing Policy Committee on Finance, City of Winnipeg): Thank you very much.

Good afternoon from Winnipeg. Thank you for the opportunity to be with you, and thank you to each committee member for the ongoing work you do to serve Canadians at this most unique moment in our history. I'm particularly glad to be with my former Winnipeg city councillor colleague and now a committee member of yours, Marty Morantz.

I do appreciate this committee's interest in how COVID-19 is affecting Canadian municipalities. I will speak from my local perspective as Winnipeg city councillor and chairman of the Standing Policy Committee on Finance. In the five minutes allotted to me, I will break my comments into three sections: the impact that COVID-19 is having on Winnipeg's city services; our city's financial response; and what the senior levels of government can do to assist Winnipeg, and other Canadian municipalities, at this moment and in the wake of this pandemic.

COVID-19 continues to impact City of Winnipeg revenues, expenses and services. In keeping with Manitoba health guidelines, the city has adjusted the service levels to help flatten the curve. All city-owned and -operated recreation centres, pools, arenas, libraries, play structures, skateboard parks, athletic fields and the like are closed to the public. Winnipeg transit has instituted an enhanced cleaning program to help sanitize buses. Starting on Monday, May 4, transit service will be reduced across the city to an enhanced Saturday schedule. Transit ridership has dropped by 70% over the same time last year. Early numbers estimate a $6-million loss in transit this month.

Our assessment and taxation department and bylaw enforcement services have suspended all interior residential and commercial property inspections. Water meter inspections, removals and replacements and on-site meter reading by city staff have been suspended. With City of Winnipeg revenues down and expenses increasing in some departments, our burn rate currently is estimated to be at $12 million per month. To offer financial relief to property and business owners, city council in Winnipeg adopted a plan to waive penalties for unpaid property and business taxes for up to three months following their due date. The lost revenue to the city for providing these financial support options is estimated to be $5.2 million.

Let me move next to the City of Winnipeg's financial response to the impact of COVID-19. By mid-March it had become apparent that the pandemic would impact the city's finances, so Winnipeg's city council asked our corporate finance team to provide economic modelling of the pandemic's potential impact and to develop a corresponding crisis cash flow management plan. That plan was developed and made public last week. The cash flow management plan centres on maintaining the city's liquidity and effectively addressing any deficits in the general revenue fund. This will be achieved by a combination of financial levers to be pulled, including the reduction of expenses through service reductions and layoffs, the possibility of advancing the timing of planned debenture issuance, and the transfer from the financial stabilization reserve as necessary.

The cash flow plan has been set up with a series of financial levers that are categorized into three tiers. I won't go into those tiers right now. Suffice it to say that tier one levers have already been pulled, or soon will be pulled. That includes the temporary layoff of 674 non-permanent community services staff and the temporary layoff of 250 transit staff, mostly operators. Tier two and three levers will only be used if the pandemic drags on.

As a final comment about Winnipeg's cash flow management plan, I want to emphasize that we made the determination to proceed with the city's recently adopted 2020 capital growth program. The city's capital budget is set to invest $370 million in important projects. This investment will assist to stimulate the struggling local economy and is estimated to provide over 2,300 jobs. To make significant cuts to the city's 2020 capital budget would further exacerbate the challenges our local economy is facing. This capital program will also provide significant taxation revenues for senior levels of government at this critical time.

That brings me finally to the topic of what senior levels of government can do to assist Winnipeg and other Canadian municipalities at this moment and also in the wake of this pandemic. Right now cities are facing significant financial pressure on our operating budgets.

● (1425)

The federal government could assist municipalities with, first of all, cash funding that allows municipalities the discretion to direct those funds where needed, whether that's to operating or capital budgets. Winnipeg supports the call of the Federation of Canadian Municipalities for emergency operating funding for municipalities nationwide to keep essential services running and Canadians safe and supported.

The federal government could also ensure that the flow of federal funds, whether operating or capital, does not get hung up or slowed down at the federal or provincial level. If I may be so bold, the funds in existing federal programs for capital projects—for example, the investing in Canada infrastructure program—need to flow to municipalities faster.

In my experience—and I've been on council for six years—it takes too long for monies to get out the door and into the ground. By contrast, the federal gas tax program has been and remains an effective financing tool for municipalities, as the funds flow fairly quickly.

Looking ahead, in the wake of this pandemic, the federal government should see municipalities as vital partners in restoring Canada’s economy. The City of Winnipeg and all Canadian municipalities, I’m sure, want to be a key partners in the reopening and recovery of our local economies. We're willing to work with both the federal and the provincial governments to restore Canada’s economy.

My final comment is that the federal government should work with municipalities and provinces towards establishing a new long-term, predictable, growth-oriented funding model for the municipalities. Locally, for example, if the City of Winnipeg has base funding level certainty for present and future years from senior levels of government, it allows council to plan the delivery of city services and capital investment with a longer-term view in mind. That in turn enables council to provide a greater level of predictability to our residents and taxpayers and to our funding partners on taxation, fee and service levels for the coming years.

Once again, I thank you for the opportunity you've given me to provide comments today.

● (1430)

The Chair: Thank you very much, Scott.

Elizabeth May, you had put your hand up. Did you have a point you wanted to make?

Ms. Elizabeth May (Saanich—Gulf Islands, GP): I wanted to ask a question of Jeffrey Booth if that's all right.

The Chair: We'll wait until we get all the witnesses in and get you on later.

Ms. Elizabeth May: Thank you very much.

The Chair: We're turning to Imagine Canada, with Bruce MacDonald, president and CEO.

Go ahead, Bruce.

[*Translation*]

Mr. Bruce MacDonald (President and Chief Executive Officer, Imagine Canada): Thank you, Mr. Chair and committee members, for the opportunity to testify during this unprecedented and trying time of crisis.

As in most sectors, charities, non-profits and social enterprises have been seriously affected by the COVID-19 crisis. Organizations that have not been forced to temporarily suspend operations because of physical distancing measures are facing significant challenges. Revenues are declining while, in most cases, the demand for services has increased even for organizations not considered to be on the front line.

They have also had to drastically change how they deliver their services. We surveyed charitable organizations about their experiences during the pandemic. We are still analyzing the results, but preliminary data show that COVID-19 has had and will continue to have a significant impact on this sector.

● (1435)

[*English*]

Seven out of 10 charities report a drop in revenues, with the average organization's revenues dropping by 30%. This compares to the 2008-09 recession when less than a third reported revenue losses and a percentage loss was in the single digits. Nearly a third and more than a half anticipate they need to lay off more staff, or begin layoffs where they haven't already. Almost half of charities report difficulty in engaging volunteers because of reduced availability, significant programming changes or the lack of personal protective equipment.

More than half of organizations anticipate their financial situation will further deteriorate over the next few months. At the same time, between 35% and 40% of organizations and almost half of larger organizations have seen increased demand for their services. To meet this demand they have rapidly innovated and adapted. In-person sessions, where possible, have been moved online and a surprising number of organizations, almost half, have actually developed new programs to meet demand, despite the serious challenges they face.

To date, the federal government has invested a great deal in helping individuals, businesses and organizations weather the storm. Many charities and non-profits may qualify for the Canada emergency wage subsidy and some have been able to access the Canada emergency business account. Neither of these, of course, is available to the almost 50% of organizations that don't have paid staff.

It's too early to say how many might benefit from temporary rent reductions or the support the government has announced for arts, culture and amateur sport. Rather troubling, though, we've already heard from organizations whose landlords refused to participate in the rent assistance program.

Funds have also been announced to help organizations serving some of the most vulnerable Canadians. We appreciate the specific investments that have been made in organizations providing front-line services to the most vulnerable people and communities. But these measures aren't sufficient if we want to maintain the vital social infrastructure across this country. At the outset of the crisis we engaged voluntary private sector expertise to work with us to estimate the impact of three to six months of physical distancing measures. We projected a financial impact of between $9.5 billion to almost $16 billion for registered charities alone and layoffs of between 117,000 and 194,000 people.

As the crisis unfolds those early projections are proving to be, if anything, optimistic. The measures for which charities and non-profits are eligible are unlikely to fill even half of that financial gap. What we need from the federal government are measures that address the unique characteristics of charities and non-profits; things like counter-cyclical demand for services, revenue streams that greatly fluctuate throughout the year or the role that volunteers play. We also need a commitment to the social infrastructure in our communities, to the organizations that provide services that would otherwise fall to government.

I want to focus on a proposal for an emergency grant program that we submitted to the government. This would see the government commit sufficient funds to preserve the sector. Eligibility would be based on organizational need rather than government picking winners and losers. Delivery mechanisms would prioritize speed in getting funds to organizations. We estimate that around $6 billion in emergency funding is still urgently needed. This may sound like a great deal and in normal circumstances we'd be loath to suggest such a number. The cost of doing nothing is even greater. Canadians have spent generations building a sector that delivers services more efficiently and effectively than government, that provides good jobs in every community and contributes enormously to our quality of life.

Take a moment to imagine your communities without charities and non-profits; without the support for people with disabilities or chronic health conditions; without amateur sports, youth groups or other organizations for children; without food banks or services for poverty; without places of worship; without settlement services for newcomers; without museums, theatres or cultural festivals. I could go on.

What would it cost us to replace what we may lose? Because that's what's at stake here. If we lose significant parts of the social and community infrastructure we've built up over generations, it will take years and far greater investment to rebuild it than what it will take to preserve it today. The government has yet to decide on our proposal, but as members of the finance committee, as members of Parliament and as the voices in your communities, you can have an enormous impact on that decision. I urge you to use that influence.

Thank you very much.

The Chair: Thanks very much, Bruce.

We have, from the Migrant Workers Centre, Natalie Drolet, executive director and staff lawyer.

Natalie, five minutes, if you could.

Ms. Natalie Drolet (Executive Director and Staff Lawyer, Migrant Workers Centre): Thank you for the opportunity to appear before you today.

I wish you all a happy International Workers' Day. It is fitting that I will be speaking about the impacts of the COVID-19 crisis on some of the most vulnerable workers in Canada, migrant and undocumented workers.

I am representing the Migrant Workers Centre, a non-profit organization based in Vancouver that is dedicated to legal advocacy for migrant workers. Established in 1986, the organization facilitates access to justice for migrant workers through the provision of free legal advice and representation, public legal education, law and policy reform, and test case litigation.

Migrant workers grow the food we eat and make sure that it reaches our shelves. They build our homes, schools and workplaces, and keep these spaces clean and safe. They take care of our children, the elderly, those who are sick and those with disabilities. They are some of the heroes we have been applauding every night: the health care workers, and the grocery store clerks, the cleaners, the care workers, the truckers and the agricultural workers. The COVID-19 crisis has shown us how essential these front-line heroes are and the level to which our society depends on migrant workers to perform these low-wage jobs.

In order for temporary foreign workers to apply for a work permit in Canada, the temporary foreign worker program requires that they must first secure a job offer, employment contract, and labour market impact assessment from a Canadian employer. This process can take anywhere from seven to 12 months.

They receive work permits that authorize them to work for a single employer, in a single job and in a single location. If they lose their job, they have to start the process all over again. In the meantime, they can’t work.

This system makes migrant workers uniquely vulnerable to abuse. They often face low wages, unsafe working conditions and overcrowded housing. They don’t speak up, for fear of losing their job. The COVID-19 pandemic has only exacerbated their vulnerability.

Our organization has heard from hundreds of migrant workers since the start of the COVID-19 pandemic. These workers are at risk of becoming undocumented because of this crisis. To date, Immigration, Refugees and Citizenship Canada has failed to offer any solutions for migrant workers.

We're seeing more temporary foreign workers losing their jobs, and they can’t work because they have employer-specific work permits. These workers want to work. We have clients who are health care workers who want to be on the front lines of the crisis, but they can’t. We have clients who want to work on farms, but they can’t.

Temporary foreign workers who are losing their jobs can’t secure a new labour market impact assessment to renew their work permit.

If a migrant worker has lost their job due to COVID-19 and still has status in Canada, they can apply for the CERB. However, if their work permit expires, they lose status in Canada and they become ineligible for the CERB.

If they lose status, they are in an impossible situation. They can’t work to support their families, they can’t apply for employment insurance without status, they can’t apply for the CERB without a SIN, and they can’t leave Canada. We've had numerous workers in this situation approach our office and we've had to tell them that there are no viable legal options for them to work or to renew their status, or for income support during this crisis.

I will now turn to my three recommendations.

One, during the pandemic, every worker in Canada should have equal access to the CERB and health care. Open up the CERB to people with expired social insurance numbers. Issue a temporary SIN to anyone who applies for the CERB, which can be done by suspending the requirement for a work permit in order to get one.

All workers should be treated equally in our country regardless of their country of origin or their immigration status. All workers impacted by COVID-19 should be able to apply for the CERB.

Two, workers need an open work permit to be able to work in the jobs that are available during the pandemic and to maintain their status in Canada. Immigration, Refugees and Citizenship Canada should automatically renew their work permits to an open work permit.

Workers with secure status will be less afraid to speak up about any health and safety concerns in their workplaces, which will reduce the spread of COVID-19. Many COVID-19 outbreaks have been in workplaces that rely in part on temporary foreign workers. We’ve all seen the media reports about these continuing outbreaks.

Three, Immigration, Refugees and Citizenship Canada should create a new permanent residency program for migrant and undocumented workers and allow them to apply for an open work permit while they're waiting for their applications to process.

● (1440)

Even though they are performing essential work that Canadians depend on, many of these workers have no way of becoming permanent residents of Canada. The only way to come out of this crisis is to do it together and ensure that no one is left behind. Migrant and undocumented workers are the heroes doing the dangerous jobs and putting their lives on the line for us.

Thank you.

The Chair: Thank you very much, Natalie.

There are two more witnesses to go and then we'll go to questions.

With MTY Food Group Incorporated, we have Jason Brading, chief operating officer.

Mr. Jason Brading (Chief Operating Officer, Quick Service Restaurants, MTY Food Group Inc.): Hello, everyone, and good afternoon. I'm happy to be here with all of you today, and I thank the committee for listening to our concerns.

MTY is a Canadian restaurant company operating some 7,000 franchise locations around the globe under many well-known banners, with over half operating here in Canada, and proudly employing over 45,000 Canadians. As a franchiser of multiple brands operating multiple styles of restaurants, from full-service dining rooms to quick-service take-outs and everything in between, we are uniquely positioned to fully understand first-hand the impact COVID-19 is having on all manner of restaurant businesses during this pandemic.

Of our 3,500 Canadian locations, nearly two-thirds are fully closed and have seen more than 20,000 employees lose—

The Clerk of the Committee (Mr. David Gagnon): I'm sorry to interrupt, Mr. Chair, but we're having problems with the sound. It seems to be cutting out. Maybe we can start again to see if it's resolved. We had to stop interpretation.

● (1445)

The Chair: Okay.

Jason, could you speak a little more clearly? Interpretation wasn't picking you up.

Mr. Jason Brading: Of our 3,500 Canadian locations, nearly two-thirds are fully closed and have seen more than 20,000 employees lose their employment. Of the 1,400 that remain open, which are only able to offer take-out and delivery to our guests, sales are down a dramatic 50%.

It is no secret that our industry already functions on an incredibly tight profit margin, typically around 5% to 7%, and so no extravagant accounting is required to understand that without significant assistance, a majority of our small business owners are at serious risk of not surviving this pandemic.

While the reopening date for dining rooms and shopping malls is as yet unclear in most provinces, our focus today is to facilitate and promote a viable business case for our franchisees to reopen for take-out and delivery. For this to occur, we require governments to offer relief programs that will be flexible and accessible to as many restaurant owners as possible, but also extended beyond June to the months following the reopening of dining rooms and malls, where seating capacity will be restricted and traffic reduced.

Canada's emergency commercial rent assistance program, CECRA, while providing some hope to small business operators is clearly too narrow a program, relying on the voluntary participation of landlords, who must have mortgages to qualify, which eliminates some of the biggest landlords in Canada, who do not use mortgages as their financial instrument of choice. It is equally punitive to those business owners trying to keep their doors open, who, while working hard every day, run the risk of creating comparable sales in excess of 30%, a threshold for disqualification of CECRA, which is far too low, in our opinion.

We firmly believe that having small essential businesses open to the public, with proper safety protocols in place, serving their communities, is the best possible scenario for all Canadians. Penalizing anyone who is making that effort every day is simply wrong, and we ask that consideration be given to modifying the program so as to include these open and operating small business owners who manage through grit and determination to reach sales higher than the 30% threshold set to date in CECRA and to expand the qualifying criteria for landlords.

Another key issue for companies like Tim Hortons, Subway, Recipe and many other franchising and umbrella companies like our own, MTY, is the uncertainty of not having our franchisees qualify for CECRA assistance because we risk being considered outside the criteria due to our combined sales exceeding the $20-million threshold. Individual subtenants should be qualified for CECRA notwithstanding the size of their franchisor.

The other principal issue at play, which is preventing our progress, is the different emergency response benefits being offered to Canadians. While we fully support and appreciate all the aid provided in this critical time, we also want the committee to be aware that we have experienced first-hand in the emergency aid the negative effect of people being kept at home rather than accepting available employment. While the decree of isolation was the cornerstone of flattening the COVID-19 spread, one we fully agree with and support, if we want to see our economy reopen, then we must recognize the negative effect the emergency aid programs can have on Canada's productivity and its ability to move us economically past this pandemic.

Conversely, however, extending the Canada emergency wage subsidy program beyond the current cut-off date will encourage a swift return of staff to work and support the financial burden on restaurant operators in particular.

In closing, we want to impress upon the committee the severe impact and fragile state our industry finds itself in today as a result of this pandemic. We respectfully ask the committee to seriously consider modifications to the CECRA program as outlined and to closely consider extending the Canada emergency wage subsidy program to encourage rehiring of staff and financially supporting our small business operators for the benefit of our economy.

Thank you for your time here today and for consideration of our concerns raised.

● (1450)

The Chair: Thank you very much, Jason.

Before I go to our last witness, the second Jason on the panel, I will just give a heads-up that the first round of questions will be Mr. Poilievre, Mr. Sorbara, Mr. Ste-Marie and then Mr. Julian.

We'll turn to the Prince Edward Island Potato Board and Jason Webster.

Welcome, Jason. The floor is yours.

Mr. Jason Webster (Potato Farmer, Prince Edward Island Potato Board): Good afternoon, Chairman Easter and honourable members. I want to thank you for the opportunity to come to speak to you all today.

My name is Jason Webster, and I am speaking on behalf of the Prince Edward Island Potato Board today. Our board represents 180-plus potato farmers in our province, working together to ensure long-term profitability and sustainability, including the financial and environmental sustainability of our industry. We work with other potato organizations in Canada and the U.S., including the Canadian Potato Council, the United Potato Growers of Canada and the United Potato Growers of America, as well as other farm organizations here in P.E.I.

The board asked me to speak today because we wanted to share with you a farmer's personal perspective on the impact of COVID-19 on our farm and our industry. I'll also share with you some comments on the federal government's response to the pandemic to date.

I'd like to give you some quick background on me and our farm. Our farm name is MWM Farms Limited. We operate here in Middleton, Prince Edward Island. Our farm's primary source of income is potato production, coupled with rotation crops of grain, peas and mustard. We grow seed potatoes, table potatoes and processing potatoes, with the bulk of our production in the processing sector.

As a little background on our industry—we'd be happy to provide more details on this—in a nutshell, when COVID-19 hit, we went from a tight potato supply situation in North America to get through the rest of the marketing season, to a nosedive in the demand for frozen potato products and fresh potatoes that normally move through restaurants and food service channels. As a result, processors advised farmers to move potatoes they had grown under contract for them to alternate markets, if they could. Most of us could not find other market channels. However, just the notion of that additional volume of potatoes suddenly becoming available to fresh markets puts a downward pressure on prices in that market. The same thing is happening all over Europe.

Many of us were suddenly trying to figure out the financial impact on our farms. Those contracted potatoes were now worth little to nothing. On our farm, we currently have 17 million potatoes of contract in our warehouses that are worth over $2 million. We are also possibly looking at an environmental issue in terms of how to dispose of this 2019 crop of potatoes, plus any plant health issues if tons of potatoes were being piled outside for disposal or for livestock feed.

At this point in P.E.I., we think we have a possible solution to our processing of the 2019 volume, which is good.

If you add this to a high level of uncertainty on the part of the processors and everyone else in terms of what the demand might be for the 2020 crops, there are lots of major unknowns that impact the decisions we have to make on our farms late in the day when normally those cropping decisions are already made.

We learned yesterday that a processor only wants to plant 85% of the volume that we grew for them last year. That impacts us in several ways. We also grow seed potatoes, so we will need fewer of them to plant, with a lower contract volume. Other growers we normally sell seed potatoes to are also cutting back on their orders.

So far, we have 500,000 pounds of seed that will no longer have a home, with a value of close to $100,000. On our farm, we will have to carry the fixed costs on a smaller acreage over our production base. That puts us at a financial disadvantage even before we plant the crop.

In addition, who knows whether this pandemic will be over by this fall, or in a year's time or even in two years' time. There is a lot to deal with, including our preoccupation with healthily and safely helping our families and employees so that they can get the crop planted, grown and harvested while respecting all the public health advisories. It's been nerve-racking, and it's far from over.

We were asked to comment today on the federal government's response to COVID-19. There were positive measures, and I can share those with you later if time permits. Beyond those generic measures, there has been nothing specific to agriculture, and that's a major gap.

We fully support the request made to Minister Bibeau last week by the Canadian Potato Council, including processing potatoes and storage. We're wondering about assistance on an urgent basis to deal with the 2019 potato crop that was contracted with Canadian potato growers for use in processing plants, but for which markets have collapsed due to the public health-mandated closure of quick-service restaurants and other food services, resulting from the COVID-19 pandemic.

The Government of Canada is urged to consider the purchase of a significant portion of the remaining storage inventory of both processing potatoes and seed potatoes, and cover the disposal costs of the potatoes that cannot find a market.

Concerning assistance for seed growers, given major reductions in 2020 processing contracts and acres planted, seed potato sales have been reduced or cancelled. Seed growers are the foundation of our industry. A loss of sales this late in the season leaves them with no opportunity to seek alternative markets.

● (1455)

In terms of improvements to the business risk management programs available to Canadian potato farmers, the Government of P.E.I. stepped up last week with respect to the AgriStability program. They announced that they will pay the provincial portion of the cost to increase the coverage level from 70% to 85%, and they will remove the reference margin limit. They are offering interim payments of up to 75% to get funding into producers' hands in a timely manner. As well, under the AgriAssurance program—or “crop insurance”, as we call it—they are offering a 10% discount on the producer's share of insurance premiums.

The changes to AgriStability and crop insurance are being done for both 2020 and 2021. We'd like to see the Government of Canada at least match these commitments. Consideration should be given to waiving the structural change provisions in the AgriStability program for farms in the 2020 and 2021 program years if they have to reduce production acres as a result of the collapsed demand for processing potatoes, food service potatoes, fresh potatoes and/or an associated decline of seed potato demand.

Next is support to help farmers survive production cuts. As I mentioned earlier, potato farms' business plans are built around growing a certain number of acres sustainably. Overhead costs must still be covered, even if operating costs can be reduced via reduced production. We ask that government recognize this negative impact and seek ways to help farmers stay in business so that they continue to produce food for Canadians once the pandemic has ended and the demand returns to more normal levels.

For farmers in this situation of reduced production, could the Government of Canada also support them by covering the interest for those farms when they have to delay repayment of loans, whether that's with the FCC, commercial banks, credit unions and/or trade credits? Or, could the advance payments program become interest-free for the full $400,000, rather than the first $100,000, and could there be extended repayment terms for the advance?

While perhaps it is not as immediate a financial impact, we would also like to urge Agriculture and Agri-Food Canada to conduct field research in 2020. It is currently on hold due to COVID-19. We feel that AAFC, like farmers, can find ways to get the job done while putting measures in place to protect themselves and their staff. COVID-19 has shown us how fragile the food system is in Canada and the U.S. Decisions being made by farmers now in the midst of all this uncertainty will impact consumers in six to 12 months' time.

Our government has provided assistance to many segments of the economy and to vulnerable Canadians to help mitigate the financial hardships arising from the pandemic. That assistance has been needed, and we're glad our government has done that. We need similar consideration for the potato and agriculture sectors.

Thanks to all of you for the opportunity to address you today. We also thank you for the work you are doing on behalf of Canadians and our country in these difficult times.

The Chair: Thank you very much, Jason.

We'll hold all the rounds at five minutes, I believe, to get everybody on.

Mr. Poilievre, do you want to start, please?

Hon. Pierre Poilievre (Carleton, CPC): Yes.

Thank you very much to all the witnesses.

Mr. Booth, I want to start with you. I think you provided a very unique and interesting perspective. For the last several years, opinion leaders, bankers and government leaders have been telling us that the way to prosperity is through debt-financed consumption.

Last week, we had embarrassing testimony from the Governor of the Bank of Canada—thankfully, the outgoing governor—who, as you might know, has supported an unprecedented engorgement of debt-fuelled consumption during his time as governor and encouraged governments to take on more debt in so-called good times. That runs counter to the Keynesian theory that you pay off debt in the good times to have surpluses in the good times and buffer yourself against the bad times.

I asked the governor if he could tell us what the total debt was of Canadian households, businesses and governments in Canada, and he didn't know, which I found astounding for someone in his position. He is basically the top banker. You'd think he would know about—

● (1500)

The Clerk: I'm really sorry to interrupt here, Mr. Poilievre. I think the sound is not loud enough for the interpreters. I wonder if you can speak closer to your mike. I'm sorry about this.

Hon. Pierre Poilievre: All right.

I just found it astounding that someone who is supposed to be our top banker wouldn't know how much debt we have. It turns out that it's over $7 trillion, which is three and a half times the size of our economy, and that was before COVID-19.

Mr. Booth, now that the Bank of Canada is pumping over $300 billion of newly created money into our system, do you think the Bank of Canada should be audited by the Auditor General when all of this is over to find out who benefited and who suffered as a result of the bank's decisions?

Mr. Jeffrey Booth: I point this out because this is the same thing that happens in every company facing a structural change. It's logical that governments would be caught in the same loop.

I don't have an exact suggestion on your question as to whether they should be audited, but what I would say is that it's going to be hard to understand this if you don't understand all the connections to what's happening. It's a structural break, and nothing that governments do by playing by the old rules will solve it.

It's easy to point fingers and everything else, but the best businesses do exactly the same thing. When dealing with a structural break, they can't see that structural break and build to the future; they keep building to the past.

If you looked at all the economic models going back through history, they've never dealt with what we're dealing with going forward. It's logical to think that everybody who's sitting on top of that is sitting on top of the same problem. All of the advice that people are getting is sitting on top of the same problem.

If I had a stronger recommendation, I would put together a group of people who can see where this is going into the future, different thinking that can help the transition. Pointing fingers at the past, that's already done. It won't solve it. We need to think about how we can use this as an opportunity to build a better future for Canadians.

Hon. Pierre Poilievre: Absolutely. I think that, as we come out of the lockdown, we'll again hear the same voices telling us that we need to borrow more in order to consume more. That's the problem we're in now. We have the second-highest debt-to-GDP ratio in the G7, when you take total debt as a share of our economy. Only Japan is worse. Even France and Italy, which have almost collapsed under their debts, have a lower total debt-to-GDP ratio than does Canada. Yet, when we come out of this, I guarantee you there will be those voices that say that the only way forward is to pile more debt on the backs of our businesses, taxpayers and consumers in order to “get the economy going”. What that will do is make us more vulnerable to eventual rises in interest rates, which will impose incredible costs, unsustainable costs, on our economy.

What would you say to those who are continually advocating debt as the solution to all of our problems?

● (1505)

Mr. Jeffrey Booth: “It's worse than you think” is what I would say. That additional debt is driving up passive prices to stratospheric levels, which is driving the break in our societies. There are whole bunches of people sitting on both sides of that. The people who have been enriched by that don't know that they've been enriched by that. They think it's because of ingenuity, but it's mostly because asset prices were artificially raised. Then the government has to step in on the other side and protect all the people we're driving into the ground through the same solutions.

I would repeat what I would say. I would say that this takes different thinking. Entrepreneurs don't go and build the exact same business; they think about where that business is going. Why Netflix was built and Blockbuster was destroyed is the same function. They don't go and build on top.

There are a whole bunch of people sitting around the table and getting advice. I have tremendous empathy for a lot of the people asking for money right now on this call. People are hurting, and if we don't do that, there's going to be more pain. But if we just paper over this, it is going to explode, and you're going to drive society to the breaking point.

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

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

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

Good afternoon, everyone, and welcome on this Friday afternoon. Please stay safe, everyone.

First of all, I wanted to give a quick shout-out. This morning the finance minister announced the appointment of Tiff Macklem as the incoming Bank of Canada governor. I think that's a fantastic choice. We have someone with a lot of years of experience in the Department of Finance. I read in an article this morning that he was known as “the fixer” during the 2008-09 financial recession. I can see this transition being a seamless one at this very unique and critical time in our financial history and the world's financial history.

I also wish to point out that Governor Poloz has done a fantastic job for Canadians and for our economy in fulfilling the mandate of the Bank of Canada, for example with the inflation targeting of 2%. He was appointed by the former prime minister of Canada, Stephen Harper. Mr. Harper appointed Mr. Poloz and had faith in him. Mr. Poloz was there at critical junctures of our economy, and I applaud him and his leadership during the crisis we're in.

Switching gears very quickly, I will move over to the City of Winnipeg. We know the FCM. We know that cities out there—I live in Vaughan—are facing some financial pressures. What would you like to see happen in terms of getting some relief for cities, with the caveat that we know that spring construction season is going to be largely behind us? Getting those shovels in the ground, if we can do it quickly, is going to be a great solution.

What would you advocate for and ask for to give cities relief, both long-term and short-term?

Mr. Scott Gillingham: I'll maybe restate some of what I said in the presentation, as an answer to your question.

In the short term, cities are hurting right now financially and are facing significant financial pressures. I can only speak to the situation in Winnipeg. That's why we support the Federation of Canadian Municipalities' ask for some immediate relief for cities.

Looking at the longer term, though—and you mentioned getting shovels in the ground—one of the reasons why we have made the decision in the City of Winnipeg to go ahead with our capital program in its entirety is that it will provide much-needed jobs in our local economy, which is struggling like every other local economy.

Further, we're facing a $6.9-billion infrastructure deficit, so the longer we delay that infrastructure investment, the more those prices will continue to grow. We have needs that we have to meet.

In the longer term, we look for the federal and provincial governments to continue to see municipalities as key partners in reopening the economy and investing in our economy.

Finally, this idea of establishing a new longer-term, predictable, growth-oriented funding model for municipalities is key as well.

Mr. Francesco Sorbara: Yes. Our government's relationship, whether last term or this term, has been phenomenal with the cities and the FCM and all the comments coming out. Last year, we doubled the gas tax for cities, and I know they used those monies to invest wisely. We need to continue to work with cities—for example on infrastructure, with the $180-billion plan we rolled out and continue to roll out. We need to get that money on the ground, not only for today, but in the future.

Switching gears to the potato farmers, here in Vaughan there are tons of restaurants. Unfortunately, all these restaurants are closed right now. They use a lot of potatoes. I know they use a lot of Canadian homegrown potatoes, of course. I'm not an agricultural expert, but I wanted to get this on the record. Are any of the programs we have implemented to help agri-food and agri-food processors coming to assist the potato farmers? Is there anything we need to put on the radar screen of the agricultural minister that we can quickly do?

● (1510)

The Chair: Go ahead, Mr. Webster.

Mr. Jason Webster: The short answer, to my knowledge, is no. We don't have any specific one to do that. Currently, in our province, as I mentioned in my speech, we have come up with a plan to try to get all of the 2019 crop processed. That's a joint plan between our provincial government, our potato board and our processors to process the product and put it into cold storage—they've managed to supply that—and we're hoping to have it ready for later. That's great.

The real fear now, though, is that it's not quite so possible for the rest of the country. There isn't that much cold storage available. There are going to be a lot of potatoes that can't get processed. We certainly need something to deal with that, and of course our seed growers, with product that just can't be processed.

Mr. Francesco Sorbara: As we can all understand, and I think everyone appreciates quite well, we're in unique circumstances and time. No one could have predicted this scenario for potato growers or for whatever crop individual farmers grow across Canada. It's just a unique time. Obviously, we are listening quite concisely.

Chair, do I have time, or am I over?

The Chair: You are out of time. I was just going to interrupt you.

We have Mr. Ste-Marie, and then on to Mr. Julian.

[*Translation*]

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

I would like to thank all the witnesses for their very interesting presentations.

My question is for Mr. Gilroy. If Mr. Webster wants to comment as well, I would invite him to do so.

Mr. Gilroy, you mentioned existing crop insurance programs such as AgriStability. Can you explain to us why they are inadequate, what changes we should make and why this is urgent?

[*English*]

Mr. Brian Gilroy: The main program.... There's production insurance. Some crops have access to it, and some crops don't. We have 120 different crops in horticulture, and certainly the greenhouse sector does not have access to crop insurance. Even if they do, labour shortage or labour issues are not an insured peril in almost all areas of the country.

The main program for support is AgriStability. I believe that back in 2013 the coverage level was reduced from 85% of 85% to 70% of 70%—

The Clerk: Mr. Chair, I will have to intervene once again. I apologize for this, but we cannot interpret at the moment. I'm not sure what the issue is, Mr. Gilroy. I think it's because of the sound quality.

I don't know how you want to proceed, Mr. Chair. Maybe we can—

Hon. Pierre Poilievre: Point of order, Mr. Chair.

The Chair: Yes.

Hon. Pierre Poilievre: I just wanted to speak to the interpretation branch. I can hear the witness just fine. When I was speaking earlier, the interpretation said they couldn't hear me. In fact, I've had people message me since, saying that my audio was fine as well, so I think the problem might be in the interpretation branch. I think the witness's audio is just fine, as far as I can tell.

The Chair: I think it's about getting through to translation. I think it's in the booth.

Do you want to give us another try there, Brian? We'll see how it goes.

● (1515)

Mr. Brian Gilroy: Sure.

As I mentioned, back in 2013 the AgriStability levels were dropped to 70% of 70%, and that makes the program not worthwhile, not usable, for a very large percentage of farmers.

The Chair: Does Jason Webster want to take a stab at that question? Did you hear the translation of Gabriel's question?

Mr. Jason Webster: I think so, yes.

I'll echo what Brian was saying. The AgriStability program has been reduced considerably for several years now, and quite frankly, it's extremely complicated and difficult to predict. Most farms like mine, which are in a contract situation at a steady level going across, don't have the big up-and-down dips, so we don't have a whole bunch of years in a row when we can get our profit margin way up and then take a smash and get a payment. We're running at a low margin to start with, so when something like this comes along and hits us, it probably won't take us down to 70% of where we already were, but we're already on the edge.

We feel there are a lot of us out there, and we're just as important to the economy as everyone else. My farm operates with 10 people full time year-round, and 20 to 30 people in the seasonal times when we need more. We'd like you to consider ways to make these programs more effective, and try to target the people who need it.

The Chair: We'll now come back to Gabriel. We had a lot of fooling around over translation.

Go ahead, Gabriel.

[*Translation*]

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

My question is for Mr. VanderHout. Maybe his device's sound quality will be better than his colleague's, which will make things easier for the interpreters.

Mr. VanderHout, could the current situation result in food shortages this fall if nothing is done?

Also, is it true that a number of farmers are opting not to plant their fields because they are afraid they won't have the labour they need at harvest time?

[*English*]

The Chair: Jan, go ahead.

Mr. Jan VanderHout: Exactly how much that will impact the planting is a bit of an unknown. There are already farmers deciding to reduce the amount of crop they are putting in.

The crops being seeded today are the ones that will be harvested in two, three or four months, so lettuce seeds and broccoli seeds are being dropped. Their not being planted will certainly come out as a decrease in production in Canada. This is really our concern with the timeliness of getting the modifications made to AgriStability. These farmers should know that if things go wrong and they don't have a labour force or don't have market access, they're not going to end up losing their farms over this.

The Chair: Thank you.

Let's end that round there.

I don't know if anybody is working on Brian's sound from the interpretation booth, in case he gets asked a question again, but I would point out in this discussion, because I doubt finance committee members realize it, that one of the problems with AgriStability is the wait time before you get a payout. That's a serious problem. The situation in agriculture at the moment is that you can't wait a year for payment. The situation is immediate.

We will turn to Mr. Julian, and then to Mr. Cumming.

Peter Julian, are you there?

● (1520)

Ms. Elizabeth May: I could pretend to be him, Mr. Chair.

The Chair: We may get you in for a question.

I don't see Peter. I don't know what happened. I don't even see him here on the screen. We'll go on to Mr. Cumming—

Ms. Elizabeth May: He's back.

The Chair: There he is.

Peter, you're on.

Mr. Peter Julian (New Westminster—Burnaby, NDP): Thank you very much, Mr. Chair. I was kicked out. I'm glad to be back.

The Chair: You're not coming through too clearly, Peter. Speak up.

Mr. Peter Julian: Hopefully you can hear me now.

I thank all the witnesses for coming forward today. We certainly hope that your families are safe and healthy.

My first questions are for Ms. Drolet.

Ms. Drolet, thank you very much for coming forward today. You've raised real concerns about the impacts on migrant workers and undocumented workers.

Jenny Kwan, the parliamentarian, has written to the Minister of Immigration. Daniel Blaikie, another NDP parliamentarian, has written to the Minister of Employment. I've written to the Minister of Finance on this issue. There are very easy fixes, like providing temporary SINs, or extending SINs so they don't expire, and renewing work permits. These solutions are common sense, so I'm a little flabbergasted with why the government hasn't taken action.

Ms. Drolet, could you please tell us about how catastrophic the impact is on these workers themselves, as you've identified? Are front-line workers often working in long-term care homes? How catastrophic is the impact on providing health care and other supports to seniors and children, given the fact that the government has not yet taken any actions to actually ensure that migrant workers and undocumented workers are provided for through the CERB or other means?

The Chair: Go ahead, Natalie.

Ms. Natalie Drolet: There's no doubt about the impacts on the individual workers who are our front-line heros, the workers who are doing the work that's allowing our society to be able to access food, health care and clean buildings and workplaces during this pandemic. They will be impacted in a catastrophic manner if it's not possible for them to have their work permits automatically renewed, for instance, or to have their SIN numbers renewed or issued to them if their work permits have expired.

As I mentioned, these workers are completely stuck in Canada. They cannot leave the country. They can't legally work if they've lost their job. If their work permit has expired, they can't get any kind of income support, whether it's the CERB or employment insurance. If they can't work or access any benefits, they won't be able to support their families. They won't be able to pay their rent or buy food. They are facing multiple and cascading crises on many fronts.

In addition to that, it makes sense from a public health perspective to regularize the status of workers whose work permits have expired. As I mentioned, if workers have secure status in Canada, they will feel more confident to come forward and report health and safety concerns at the workplace. They will report to their employers if they are feeling ill and will take a day off work. If workers don't have status, they live in fear, and they may not come forward to report their own symptoms or to report health and safety concerns in the workplace. As businesses reopen, we need all workplaces to be safe in order to reduce the spread of COVID-19. In addition, if we allow migrant workers to renew their work permits and get status in Canada, these workers will enter the formal sector of the economy again. They will pay taxes and they will be able to access health care if required. They will be able to go to the doctor if they do have any medical concerns.

So it benefits workers, but it also benefits the economy and is important for our public health as well.

● (1525)

The Chair: You can ask a very quick question, Peter.

Mr. Peter Julian: Thank you.

Mr. Gillingham, last week Mayor Jonathan Coté and Mayor Mike Hurley talked about the impacts of the lack of supports for municipalities, and particularly for the transit system. If Winnipeg gears down on their transit system and there isn't federal aid forthcoming, what is the impact in the long term on the transit system in Winnipeg, in terms of trying to rebuild those routes and trying to rebuild passenger usage?

Mr. Scott Gillingham: It all depends on how long the pandemic lasts. We believe we can gear back up. We geared down, obviously, and reduced our service, but depending on how quickly the province reopens and how quickly universities get back in session and businesses get back up and running, we will meet the transit demands. We're watching that and monitoring that very, very closely.

The Chair: I'm sorry, but we have to end it there.

We have Mr. Cumming, and then Ms. Dzerowicz.

James.

Mr. James Cumming (Edmonton Centre, CPC): Thank you, Chair.

Thank you to all our witnesses today.

I want to start off with you, Mr. Booth. You've been involved with a lot of different businesses and are very entrepreneurial in nature. I see, too, that you're a member of YPO. I want to get your opinion or your thoughts around what everyone's talking about as the “restart”. What are you hearing from your business colleagues about when they're allowed to reopen? Is it business as usual, or do you see that they'll be looking for different ways to operate their businesses, lower their costs and behave differently, which is a lot of what I've heard from business people?

Mr. Jeffrey Booth: Yes, that's why this recovery is going to be a lot longer and is going to drive the technology trend faster. If you connect the dots to everything that's happening, it changes business radically. This is not going to be a V-shaped recovery.

Even if you open restaurants again, people are not going to go into them at the same rate. They're not going to travel at the same rate. The impact of what this looks like for business and how business changes as a result.... That's actually why the drive to technology is so fast. The companies that are driving to technology faster get more of the game.

There are a whole bunch of wins in that as well. Just about every company I'm involved with—I'm chairman of five of them and cofounder of a number of others—are actually seeing records right now, with massive growth and massive opportunity. I wrote the book *The Price of Tomorrow* for this reason. If our economic system doesn't change, then the winners are going to be fewer and fewer. We can still create winners, and there's lots of excitement about where the technology is going, but for the change in society, if you add that up across economies, it changes radically. This will not be a V-shaped recovery.

Mr. James Cumming: Thank you for that. I heard someone use the new economic term “tub-shaped recovery” in terms of how slow it may be off the bottom.

Mr. Brading, I'd like to go to you about the rent subsidy program. I've been hearing from a lot of landlords that one of the major flaws in this program is with the tenants having to pay 25% of their rent and landlords picking up 25% of the rent. The difficulty with it is that landlords already are suggesting that they're picking up common area costs and the utility costs. Also, in many cases, the businesses, because they've been closed, don't have the capacity to pick up the 25% rent.

What are you hearing from franchisees and other people when they've heard about how the program was introduced?

Mr. Jason Brading: Thank you for the question.

We would be very happy to pay 25%. Our franchisees would be very relieved to hear that they could pay 25%. The reality is that most landlords out there are not committing to the program. Many are disqualified by not having mortgages. Other franchisees are above the 30% threshold in sales, which makes a lot of them ineligible for CECRA.

As a franchisor, we would help our franchisees meet that 25% requirement if they had been closed 100% during COVID. That's a manageable amount for companies to work with. I'm sure independent restaurants that have been closed completely might feel differently here, but some help is better than none, so I think that would be satisfactory.

I think what you see out there, and what we're hearing, is that franchisees and restaurant companies are happy with CECRA if we can open up the eligibility. Landlords are not jumping on board as quickly. They do not see the benefit of giving up 25%.

● (1530)

Mr. James Cumming: On a wage subsidy program, what would be your recommendation? I know you want to extend it, but how do we make sure it doesn't become a dependency? Labour is a variable cost within businesses, so how do we make sure that it doesn't become dependent on that? Do you have any suggestions on that?

Mr. Jason Brading: It's a fair question. We have the same concerns with CERB and the student aid that goes out. We often hear that we have restaurants ready to open with no staff. The reality is—and it's unfortunate—that some staff are making just as much money by staying at home. That's a reality.

We do not want to take aid away from anybody. It's a difficult decision that the government has to make when it comes to who gets help and who doesn't, and not one that I envy, personally. I think the CEW has to be in place until we see the general economy start to pick back up, when we see that we can have dining rooms with patrons in them.

It was mentioned on this call that dining rooms will be empty for the short to medium term. I happen to agree with that assessment. Food courts in malls will be quite empty for the short to medium term. I think that until you see those segments of the restaurant business start to show some health, the CEW will be a necessary aid in order for restaurant operators to stay open.

The Chair: Thank you. We will have to end it there.

I would say to Mr. Brading that we have heard the same from the tourism sector—that just when they get rolling, hopefully for a smaller season, the wage subsidy will be gone, so they've asked for it be extended, too. We'll see where that ends up at the end.

We'll go to Ms. Dzerowicz, and then on to Mr. Morantz.

Julie.

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

I just want to say a huge thanks to all of the presenters. These were excellent presentations. I'm sorry I have only five minutes to ask questions, since I have questions for all of you. The first one is going to be directed to Ms. Drolet.

You mentioned that migrant workers have work permits, but they're tied to one job. Many of them have been laid off due to the pandemic, and they're often in areas that are essential services. I think you mentioned agriculture and health care. It seems a little odd that, at a time when they are in essential areas, they would be laid off. Can you clarify that for me?

Ms. Natalie Drolet: We've seen a lot of workers being laid off in the home care sector, particularly if their employers themselves have been laid off and are now at home and able to take care of the individuals those home care workers were taking care of previously, or if employers are working from home and are able to share the responsibilities of taking care of a child or a person with a disability or a medical condition at home.

We're also seeing layoffs, of course, in the restaurant sector and in the tourism sector. We know there are a lot of migrant workers who've lost their jobs in those sectors, but they are interested in continuing to contribute to Canada in some way and are inspired to work where there are labour shortages, such as on farms. Some of those workers might have a background in health care and could utilize that during the pandemic.

Ms. Julie Dzerowicz: Here's the other question I have for you. You mentioned that, if a work permit has expired, they don't have a choice. They can't work anywhere, so they become non-status here. My understanding is that, if there was an application for a renewal of the work permit that was expiring, if the application was put in before March 15, there's an implied status that the work permit is renewed. Did you know that?

● (1535)

Ms. Natalie Drolet: Yes. In order to renew a work permit, a worker has to have all of their ducks in a row. They have to have a new job offer, a new employment contract and a new labour market impact assessment from the employer. There are some workers who are on implied status waiting to change jobs. There are also workers who were on implied status waiting to change jobs, and their employers, who were hoping to hire them, have told them the jobs are no longer available. We're seeing that, of course, in the restaurant sector and the tourism sector.

These workers who were not able to submit the applications to renew their work permits or who have done so but lost the offer of employment are also stuck.

Ms. Julie Dzerowicz: I'm going to stay on this topic, but I'm going to pivot over to Mr. Gilroy of the Canadian Horticultural Council.

Mr. Gilroy, you mentioned that many farmers will get only a portion of the labour they need. My understanding is there were planeloads of migrants who were brought in to help support farmers. Is it that we didn't bring in enough? That's one. Two, was this a labour issue we had before the pandemic that's exacerbated now? Then, three, I'm assuming there haven't been layoffs on farms—to Ms. Drolet's comment about migrant workers—just because I'm assuming they're much needed. Could you respond to that? It seems like, on the one hand, we have some labour, but, in other areas, we don't.

Mr. Brian Gilroy: You're absolutely right. Some sectors of agriculture, floriculture for example, have been hit dramatically hard, and some of those workers have transferred to other farming operations. To the best of my knowledge, anybody who has come into the country to work in agriculture, if that position needed to be closed, another job has been found for them.

As for the percentage, just recently I saw some information that 85% of the workers who would normally arrive at this time have arrived, but some growers haven't received any of their workers. There are processing challenges that have made it extremely difficult. I know that in Quebec they use a lot of Guatemalan workers. I believe flights are just starting now, and workers had hoped to be in the fields a few weeks ago. The challenge is great.

The Chair: Thank you all on that point. For Julie's information, we had a lot of workers from Jamaica turned back by a decision of the New Brunswick premier this week, which puts New Brunswick in a bad position.

We'll turn to Mr. Morantz and on to Mr. Fragiskatos, and then to Ms. May.

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

My questions will be for Councillor Gillingham, chair of finance with the City of Winnipeg, a position I once held. For disclosure, I know Councillor Gillingham very well, and he's doing excellent work at the City of Winnipeg.

Councillor Gillingham, you mentioned in your presentation that you took the responsible path by asking corporate finance to implement a crisis cash flow management plan. You started off by talking about the first year, but I'm wondering if you can elaborate on the rest of the plan in terms of dealing with the cash flow crisis.

Mr. Scott Gillingham: Yes. There are three tiers in the cash flow management plan. In the first tier, we have already pulled a series of levers, including reducing discretionary spending. I mentioned the temporary layoff, unfortunately, of 675 community services staff and 250 transit staff. We've also implemented a freeze on the acquisition of fleet. We're looking at a hiring freeze for the remainder of the year as well.

We're about to pull other levers soon, if necessary, and that's replacing our cash-to-capital funding with other financing, perhaps transferring unallocated equity from our land operating reserve. One of the other things we're looking at is the possibility of advancing our planned debenture issuance timing, which we're looking at probably doing in the fall. We may move that up if necessary, but if we wanted to do it right now, the markets are not open.

Then there are levels two and three, those other tiers, and that gets into extending our line of credit and some other measures, which would possibly look at more reductions of service across the board.

● (1540)

Mr. Marty Morantz: Thank you very much.

I know that just before the crisis hit you had been working on getting the first-ever multi-year balanced budget plan passed, and it just passed before the crisis hit. I'm wondering if you can talk about how that has positioned the city to weather the storm better than most.

Mr. Scott Gillingham: Yes, Winnipeg did adopt our first-ever multi-year balanced budget this year, when we balanced four operating years. Up to that point, we had only balanced our budgets on an annual basis. Of course, municipalities are required by legislation to balance their budgets; we cannot run deficits, so we followed what several other Canadian cities have done in balancing multiple years.

To your point, Mr. Morantz, I believe that this has really positioned the city to weather the financial storm of the pandemic much better. Had we not done the difficult work of balancing several operating years, not only would the city of Winnipeg be facing the crisis in our cash right now in the impact of the pandemic, but we'd also be staring down a $120-million deficit for 2021 that we would have to balance.

I think the timing has been somewhere between fortuitous and prescient to have this multi-year balanced budget, and it puts us in a much better position to effectively manage the crisis we're facing.

Mr. Marty Morantz: Thank you for that.

I want to touch on one additional point. Contrary to what my colleague Mr. Sorbara said on the $180-billion ICIP, that program is riddled with problems. In fact, Parliament voted a couple of months ago to have the Auditor General audit the whole program, because the Parliamentary Budget Officer asked for information on it, and no information was available to him.

My recollection is that the last major.... Remember, major capital projects are going to be fundamental to helping cities and Canadians come out of this crisis. The last major capital projects funded in Winnipeg, there were two of them, both funded before the Liberal government took power in 2015. I'm wondering where the missing $180 billion actually is, because there hasn't been a single major intergenerational capital project announced in Winnipeg since 2015. That's five years, so I'm wondering if you can comment on your frustrations in accessing federal infrastructure dollars.

Mr. Scott Gillingham: I did mention that one of the things the federal government could do is to assist in expediting the money and, speaking very plainly, getting it out the door and into the ground at the municipal level. You mentioned two major projects that did come on stream: bus rapid transit in Winnipeg and the Waverley underpass, both under the previous government.

Under the current federal government, an accelerated regional roads program has been announced, which we are much appreciative of, with federal, provincial and city governments all participating in that funding. That's been very important, and that's running right now as well.

Right now we have two.... We have an application in on the ICIP program for four projects within the city of Winnipeg. The bulk of them are related to a north end sewage treatment plant that has been upgraded to meet provincial licensing requirements, so we obviously hope for assistance and funding partnerships from both the federal and provincial government. I repeat that we need to see those monies flow from those programs much more quickly.

Mr. Marty Morantz: [*Inaudible—Editor*]

The Chair: We'll have to end there. Sorry, Marty.

You have five minutes, Peter.

Mr. Peter Fragiskatos (London North Centre, Lib.): Mr. Chair, if Mr. Morantz is worried about infrastructure spending in Canada, I would just direct him to the testimony given by former Conservative MP Ed Holder, now the Mayor of London, Ontario. As you know, he spoke quite eloquently to our committee about infrastructure spending and how it's benefited London, Ontario...certainly want to see infrastructure utilized by the government, going forward, as we engage in the economic rebuilds. At some point, I would like to compare this government's record since 2015 on infrastructure and programs actually completed with the Harper government's record on infrastructure projects completed. Those numbers exist. The gap is enormous. Mr. Morantz and all the Conservative members on the committee can consult the record on that.

However, I digress. I do want to focus on COVID-19 and direct some questions to Mr. MacDonald and the not-for-profit and charities sector.

Thank you very much for the work that Imagine Canada is doing, Mr. MacDonald. We have Pillar Nonprofit Network in London, Ontario, as you know, with its executive director, Michelle Baldwin, and not to mention countless charities and not-for-profits in the city of London. You said something that was quite poignant, I think, when you asked all of us to imagine what our communities would look like without not-for-profits and without charity organizations. I certainly do not want to imagine my city without charities and not-for-profits. They do fill important services. They carry out vital services that government simply isn't capable of carrying out.

With that said, I do want to ask you about the figures you presented. My understanding is that you're asking for around $10 billion. You gave us a projection of between $9.5 billion and $16 billion as the projected loss over six months. Is that correct?

● (1545)

Mr. Bruce MacDonald: That's for 2020 revenues.

Mr. Peter Fragiskatos: Okay. So you're asking for in and around $10 billion. I'm just seeking clarification on how that figure was arrived at. More to the point, how exactly would those funds be distributed? What exactly would those funds go toward? How would they be spent?

Mr. Bruce MacDonald: In terms of how the figures were calculated, together with a private sector volunteer, our chief economist sat down and took a look at total revenues for the sector in previous years and then started to assign some assumptions based on the revenue lines that this sector sees. Then we tested those assumptions with charity leaders. We know right now that special events revenue is almost gone by 100%. Those with events in March, April, May and even into June have had to cancel them. Those revenues are gone, and in many cases the organizations also had to pay for the costs.

This was done methodologically. We're happy to send the calculations for that. They provided a pretty good snapshot. It was done early. As I said, we think they maybe were a little bit optimistic at the time.

Mr. Peter Fragiskatos: If you could provide that methodology, that would be quite helpful, I think.

Mr. Bruce MacDonald: Yes.

Mr. Peter Fragiskatos: The second question was around how the money would be spent.

Mr. Bruce MacDonald: I think it's important to acknowledge that with regard to the initial $10-billion stabilization fund ask, we subsequently removed $2.5 billion, which is the estimate we have for the contribution of the emergency wage subsidy program and some of the other targeted investments. The ask is now sitting at around $6 billion.

This would be in the form of a grant. We're proposing three delivery systems. One is that the organizations that have existing relationships with the federal government would access those conduits. Two, look at organizations that have a core capacity in granting, those like the United Way or Community Foundations, that can deliver with speed. The third are the national federated bodies. These are the ones that already know the local communities the best and already have a core competency in doing flow-through dollars. That way, those monies can get to the local communities as quickly as possible so that charities can keep the doors open.

Mr. Peter Fragiskatos: I have a last question for you, Mr. MacDonald. How do we avoid federal dollars going towards charity and/or not-for-profit organizations that prior to the crisis simply were not operating efficiently and probably would not have had much of a future?

I've put on record what I think of not-for-profits and charities, but there are organizations out there that have not been well managed. How do we avoid throwing good money after bad, so to speak? What safeguards has Imagine Canada proposed to the federal government to avoid this? Could you elaborate on those safeguards?

Mr. Bruce MacDonald: First of all, I think it's important to note that the accountability in the charitable sector is actually quite high. First of all, we—

Mr. Peter Fragiskatos: I understand that. I appreciate that.

Mr. Bruce MacDonald: I think it's an important point to make, because I don't want there to be an inference that the charitable sector is not professionally or well managed. Whether it's reporting to government on an annual basis or having community volunteers on boards of directors, our standards of accountability are high. In fact, Imagine Canada operates a standards program whereby we accredit charities.

I think one of the benefits, though, of having the kind of delivery system we are proposing is that those organizations and funders know the community organizations best. It's basically impossible to have one metric to determine the worth of any organization—quite frankly, it has been frustrating for society to use costs of administration as the sole determinant of worth—but if you are empowering a community foundation to grant to organizations it already knows, it has a pretty good sense on these things. It's built into the mechanism.

● (1550)

The Chair: I am sorry, but we'll have to end it there.

We'll go to three single questions and then we'll probably close.

Elizabeth May, you had one. Then we'll go to Gabriel and then to Peter.

Ms. Elizabeth May: It's tough to ask one question, but Jeffrey Booth, your book, *The Price of Tomorrow*, seems to me to have been arguing, way before the pandemic, that this was a global problem, that we have to embrace deflation. You're the ultimate iconoclast of any finance panel I've heard. In that context, everything is going to cost less. We have to embrace it. It changes society. AI is coming at us. What's the role of social programs and do you favour a guaranteed livable income?

Mr. Jeffrey Booth: I think you're going to need social programs to make this transition, and I do favour support for social programs, but not pretending.... Again, governments can't stop this with monetary policy. It's coming anyway. By not recognizing it, you make the problem worse. You just tax people. On the top, people think they got a gift, and then you have to tax them more for social programs.

John Maynard Keynes wrote in his 1930s essay that we would be working 13 hours right now, and the reason why we haven't been, why we haven't followed this progression of technology down, is that we're on a hamster wheel, pulling asset prices up. Both sides of government—and this is not their fault—are talking about the same system instead of a systematic change. They're yelling at each other on both sides of the aisle and it's creating more division throughout society out of that yelling, because they're missing the fundamental point. Technology makes everything cheaper.

We're asking the wrong question. How do we support more.... I just heard about the infrastructure projects. That's awesome. Why infrastructure projects? Because you get a longer-term GDP gain, and they have always worked to get people back to work and produce longer-term GDP gain because roads got faster, right? People would shorten their commute time and you'd get a longer-term GDP gain.

Today, the superhighways of the future are all digital. The faster roads are the ones we're on right now—Zoom—and without recognizing that, the money is going to go into the wrong areas and we're going to make the problem worse.

The Chair: Elizabeth is pretty neat. She gets one question, but puts three in the one. It's something that Peter Julian does as well.

Gabriel Ste-Marie, you're on.

[*Translation*]

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

I have just one question, and it's for Mr. VanderHout.

With respect to temporary foreign workers, is it true that there's still a lot of red tape despite the crisis and the urgent need for that labour force?

[*English*]

Mr. Jan VanderHout: There is a bureaucratic hurdle, and a lot of it has to do with the things that are going on in the source countries.

For example, the workers need to go through biometrics in Mexico, and then they need to get a visa before they can travel. This has been ironed out to a large degree; that is very much the case in Mexico. Unfortunately, Guatemala is still a bit of a challenge, although it is starting to open up.

As I wanted to say earlier, I was expecting 13 workers in the month of April and I've received four, so although many workers have been coming in, there is quite a backlog. There is quite a delay.

The Chair: Okay. Thank you for that.

Mr. Julian.

Mr. Peter Julian: Thanks, Mr. Chair.

My question is to Mr. MacDonald.

I find it a bit rich that the government members are pressing charities and non-profits to make sure that every cent is well spent, and the federal government is shovelling money at the banks saying, “If you're indulging in overseas tax havens, you're still eligible for corporate bailouts with public money.” I think that's a bit rich, and it's an important comment.

Very simply, if the charity and non-profit sector does not receive the $6 billion, what are the impacts; and with that money, what are the actual positive ramifications for the Canadian economy and Canadian society?

● (1555)

Mr. Bruce MacDonald: It's important to note that we are predicting that there are going to be organizations in the sector that won't reopen. This funding that we're asking for is critical to recognize the unique differences in the revenue model. For many organizations, there's this difference between deferred and destroyed revenues. This isn't just a matter of deferring revenues coming in. A $1-million gala or $500,000 gala that has been cancelled means that....

Many organizations are operating with skyrocketing demand. It's interesting that many of the comments from people here today mean that when their sectors are under stress, they're coming to the charitable sector for support.

We're seeing domestic abuse cases rise because of social distancing, when people are now told to stay home. We're seeing mental health cases rising because of the challenges of these times.

This funding is intended to recognize and help make sure that the sector is positioned for recovery and that those critical services, which are growing in demand, are there for people as the private sector recovers, because we are also thinking that it's going to be bit longer for the charitable sector to recover.

The Chair: Okay. Thank you.

We are going to move on because we have another panel, but I have just a couple of points.

Mr. Brading, you mentioned the impact on franchisees, and actually, I've received some complaints from many of them. They operate as independents to a great extent, but they don't qualify for programming.

Do you want to expand on that a little? Am I right, or am I wrong?

Mr. Jason Brading: Yes. In CECRA, there are a couple of criteria that would negatively affect the franchisee who works under an umbrella corporation such as ourselves. The biggest and the most obvious is that they're our subtenant. We really are the lessee and they are our subtenant.

If we are considered as the lessee, because of the size of our company and the decline in sales of only—I say “only”—50%, they all would not qualify, and we're talking about thousands of subleases.

If they're considered as their own entity, as they should be, they would then qualify. They're under the $20-million threshold and a vast majority are under the 30% threshold, so they would absolutely qualify, but we're concerned that if they're considered as part of our company they would be excluded unfairly.

The Chair: Okay. Thank you for that.

I do know that the Prince Edward Island Potato Board and the Canadian Horticultural Council have sent letters to the Minister of Agriculture; I've seen them. Could you send a copy of that correspondence to the clerk as well so that it can be distributed to committee members?

It is a little unusual for the finance committee to be meeting with so many different sector groups as we are now, but we are operating under a mandate, under a House motion, that basically tells us to deal with COVID-19 issues. That certainly involves a lot of sectors that we don't normally meet with, so can you do that, please?

With that, I thank the witnesses on behalf of the committee. Thank you for taking the time and giving your presentations. I can clearly tell you that your points will be well considered and taken up the line as we try to deal with the issues that this pandemic is causing us all.

Committee members, we'll suspend for a few minutes to allow the clerk to test the microphones of the new witnesses.

● (1559)

(Pause)

● (1609)

● (1605)

The Chair: Thank you very much, Clerk.

First of all, I want to thank all the witnesses for coming.

For official purposes and to start the audio feed, I'll officially call the meeting to order.

I certainly welcome everyone to meeting number 24, the second panel of today, of the House of Commons Standing Committee on Finance.

We are operating under an order of reference of Tuesday, March 24. The committee is really meeting on the government's response to the COVID-19 pandemic. I'll not go through any more formalities than that, in order to save time.

I want to welcome the witnesses. Thank you for coming. If you can, please try to keep the presentations as close to five minutes as possible so that we have more time for questions.

We will start with the Canadian Airports Council, Joyce Carter, chair; and R.J. Steenstra, VP.

Ms. Carter.

● (1610)

Ms. Joyce Carter (Chair, Canadian Airports Council): Mr. Chair, members of the committee, thank you for the opportunity to present to you today.

As was mentioned, my name is Joyce Carter. I'm the chair of the Canadian Airports Council, but I'm also president and CEO of Halifax International Airport Authority. I'm joined today by RJ Steenstra. RJ is our vice-chair, as you mentioned, but also president and CEO of the Fort McMurray International Airport.

It's nice to see some familiar faces that have joined us today on the committee. Hello to everybody.

You might recognize behind me what is a very empty departures hall at Halifax Stanfield. We would normally see 11,000 travellers a day, and today, on average, we see just 200. So, certainly Canada's airports have seen a significant drop in their passenger traffic.

We are an essential part of our transportation network. Airports enable economic development in communities large and small, they facilitate trade and immigration and they bring visitors to Canada's $90-billion tourism sector. We connect Canada to the world.

Pre-COVID-19, Canada's airports supported nearly 200,000 jobs, resulting in $13 billion in wages and $7 billion in taxes to all levels of government.

Along with our airline partners, Canada's airports have seen a tremendous drop in traffic and revenue since the crisis began. In fact, in April, passenger traffic is down by more than 90% from normal levels. While we are preparing to restart some of our operations as travel restrictions get lifted, we don't expect recovery in our sector for many years. The passenger flights that are still operating today are quite empty. Some communities like Saint John, New Brunswick, and Prince Rupert, B.C., have lost scheduled passenger service altogether. You can appreciate this situation is not sustainable.

It's important to remember that airports must remain open to safely move goods and essential workers and facilitate medevac and other important services to Canada's economy and recovery. Airports moved quickly to help with the repatriation of Canadians, and then to reduce our operating expenses, including closing sections of our facilities, as you see behind me, and cutting wages and cutting staff. But many of our costs are fixed. Costs related to safety, security and runway maintenance, for example, cannot be cut in proportion to reduced traffic. In fact, while Canada's airports anticipate revenue for the year to be down almost 60% of what we expected to see, costs cannot be cut by nearly as much.

We want to thank the government for ground lease rent relief for the 22 airports that this is applicable for. This initiative is helping preserve some cash flow in 2020, particularly for Canada's eight busiest airports, which pay 95% of the rent. Airports must also continue to meet their capital debt obligations and, with few or no passengers, the airport improvement fee that typically covers these costs has vanished.

Managing airports is more than just about passengers. We must maintain buildings, runways, taxiways, lighting systems and other services that are all part of what makes airport operations safe and efficient. We must also conform to ongoing regulatory changes related to runway safety and accessible air travel, with price tags in excess of $350 million. We do not oppose these requirements, but we do wonder how we'll pay for them based on our current financial situation.

Boosted funding for smaller airports through the airports capital assistance program and new funding for safety and security through the national trade corridors fund would be helpful. But infrastructure funding is really a long-term solution to help airports recover over the coming years.

Airports are struggling now to cover their costs based on severely reduced revenues. Over the past few weeks, we have seen positive discussions with officials from transport and finance about a series of measures to help airports of all sizes sustain operations in the coming months. Permanently eliminating airport ground lease rent would be very helpful, given recovery of our industry is expected to be slow and arduous and there's a good chance we will see a second or third wave. This would allow airports to preserve cash, focus on operations during the recovery and pay off incremental debt acquired during the pandemic. Loan or bond guarantees and preferred payment designation for airport lenders would relieve the cash pressure caused by current debt obligations and allow airports to continue to borrow at favourable rates.

● (1615)

Additional debt and interest would have to be repaid, and airports are concerned about what this will do to future rates and charges to airlines and to our shared passengers. This is why interest-free, longer-term loans would provide much-needed cash without unduly burdening future customers who ultimately have to shoulder any additional costs placed on the industry.

The financial model for Canada's smallest airports is barely sustainable at the best of times, but for many rural and remote communities, these airports provide the primary means for access to people and goods. For smaller airports, a funding stream to cover essential operating expenses would be tremendously helpful so that they can continue to connect their communities to much-needed goods, workers, medical supplies and emergency services.

The health of the entire air transport system is not only essential to serving communities and Canadians through the crisis but also key to our economic recovery once we begin to reopen the economy.

Thank you for your time, and I look forward to the questions.

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

We will turn now to Mark Scholz of the Canadian Association of Oilwell Drilling Contractors.

Mr. Mark Scholz (President and Chief Executive Officer, Canadian Association of Oilwell Drilling Contractors): Thank you very much, Mr. Chair and the rest of the committee, for the opportunity to be here today.

I represent Canada's drilling and well-servicing contractors from across the country. These are the hard-working women and men who help produce the energy that Canadians rely on every day.

Since 2014, over 200,000 Canadians in our industry have lost good-paying, long-term jobs, from the seismic crew to the drilling rig floor to the supply warehouse. For the past six years consistently, many Canadians have been losing their careers, their livelihoods and their small businesses.

In the drilling and well-servicing sector alone over that same period, we have lost 22 companies and nearly 600 rigs. These companies are the backbone of rural communities in many Canadian provinces. Every working rig provides direct and indirect employment for approximately 200 Canadians.

Today, Canada has only 515 drilling rigs left. Only 20 of those rigs or 3% of the entire fleet, and only five companies, are working today. However, there are 25 drilling rig companies in Canada. This means that 20 drilling rig companies, or 80%, cannot generate enough revenue to pay the bills. The future outlook for drilling activity is frightening, and the impact will be severe.

We believe that nearly 70% of our annual drilling activity was already completed in the first quarter of this year. It means that in 2020, we may have fewer rigs working in Canada than in any period of reported history.

A few weeks back, you may have seen Dennis Day, one of our members from Carnduff, Saskatchewan, talking about having to lay off nearly 250 people in a rural community of only 1,000 people. Many of these people he has known for his entire life. After walking through his local grocery store and seeing one of his former employees buying a 10-pound ham and three loaves of plain white bread, and knowing that was all this man's family would have to eat for who knows how long, Mr. Day purchased $50,000 of grocery gift cards with his family's savings and handed them out to those in need. Although Dennis's story is not uncommon, it is not shared nearly enough.

Our industry allows many Canadians to work, play and raise their children in small communities across the country, but this way of life is in jeopardy. We appreciate that the federal government is providing much-needed support through the Canada emergency wage subsidy. This means that many layoffs will be avoided, and it will help organizations withstand the sudden and hopefully short-term shock of the pandemic. However, without a quick economic recovery and rebalancing of commodity prices, the program will have to be extended to prevent future layoffs.

The government's $1.7-billion investment to remediate orphan and inactive wells will support Canada's struggling service rig sector and workforce and employ 5,200 people. However, to provide a true picture, the 5,200 jobs saved must be seen against the 200,000 jobs lost. Even amongst our association's own member companies, it's important to understand that most will receive little or no benefit from the well remediation funding, as welcome as that support is.

The damage done to Canada's energy resource services sector puts them in a category of their own. We urgently require additional government support if we are to survive. Our association has written to the Minister of Finance urgently calling on the federal government to implement the following policies to save our beleaguered industry.

Firstly, we recommend that the government introduce additional liquidity measures through unsecured and subordinate financial instruments.

Secondly, we recommend that the federal government purchase income tax losses from drilling and service rig companies, less the government's cost of capital.

Thirdly, we recommend that the federal government purchase accounts receivables from Canadian drilling and service rig companies at a discount.

Finally, we recommend that the federal government defer Canadian drilling and service rig companies' GST and payroll and remittance interest-free for six months instead of the current June 30 program.

● (1620)

Mr. Chair, I ask the committee to carefully understand the value of Canada's oil and gas industry to the entire country. I ask you to help us pick it up from the ashes and turn it into what it can and must be—a pillar of strength and a natural advantage for every Canadian citizen in good times and bad.

Thank you for your time today. I look forward to answering the panel's questions.

The Chair: Thank you very much, Mark. We do remember Dennis's presentation.

Turning to the Canadian Dental Association, we have Mr. Jim Armstrong, president.

Dr. Jim Armstrong (President, Canadian Dental Association): Thank you, Mr. Chair, and good afternoon to the members of the committee. It's my pleasure to present to you today on behalf of the Canadian Dental Association.

By way of introduction, I'm the new president of the association, having been on the job for a whole six days. Coincidentally, I have served on the board of the CDA for the past six years, and I am the managing doctor for a dental co-operative with 10 practices and 150 team members throughout Vancouver. As well, I'm an adjunct professor at the Sauder School of Business at UBC and the former chair of the economics committee at the British Columbia Dental Association.

I've been a student of strategy in public policy for over 40 years. My academic interests are econometric models, disruptive innovation and AI. From that perspective, I can tell you that the COVID-19 outbreak and the ensuing shutdown have had a particularly negative impact on dentistry. This pandemic has brought two unwanted hitchhikers, which other speakers have already referenced—first, a liquidity crisis and, second, a solvency crisis.

Dentistry is almost entirely a fixed-cost business, and the debt to finance our dental practices is significant. Thus, when people have no money, all dental practices, like other businesses, have a liquidity crisis. Given the magnitude of the problem, many dental practices, as many of the other speakers have pointed out, now face a solvency crisis.

When the pandemic hit, dentistry was shut down under the orders of the regulatory bodies in the respective provinces. Early in the pandemic, all hospitals were critically short of PPE, and dentists across the country stripped their offices of PPE to donate to their local hospitals. Most critically, in order to keep patients out of hospital emergency rooms, dentists, as essential services, provided emergency procedures to patients in pain, with swelling or with infection. There was minimal billing of patients or no charges for these important services. Importantly, though, these few procedures are not nearly enough to sustain a dental practice.

I am deeply appreciative of the government's support of both liquidity and solvency issues for small business. The challenge has been historic. The programs that have been made available to businesses and to workers affected by the shutdown have helped to mitigate some of the worst possible outcomes.

There are obviously difficulties that arise in trying to create programs that cover many different businesses, as we've heard, and then having individual businesses attempt to understand how they fit their particular situations. There are more than 18,000 dental offices across the country, and they operate in a multitude of business models.

There is no road map back from a pandemic, nor is there a playbook as to what should be the stimulus packages to ensure Canadians have companies and jobs to return to. Given the circumstances, we greatly appreciate the government's willingness to be flexible and to adapt programs based on the feedback it receives.

At this point, I think it is important that we begin to pivot and to look ahead at what comes next. Programs that were rolled out were intended to protect Canadians on the supply side to keep the economy afloat through a critical period. This is a Keynesian moment if there ever was one. Now we must consider what we will need to help us through this next phase as the economy reopens.

In the coming weeks, dental offices across the country will begin to open in accordance with the guidelines set out by the provincial regulators, but it will be anything but business as usual. Dental offices are essentially mini hospitals. Like any hospital, we follow strict infection control procedures and practices. As dental offices begin to provide services again in the coming months, they will need to take on a multitude of new and additional costs. These costs include enhanced PPE for staff, and they may require physical changes to the office as well. We're still grappling with some of these questions.

These new costs cannot be defrayed by adding to the costs of services. Furthermore, in order to maintain safety, we will not be as productive as we were in the past. We will not be capable of seeing as many patients per day as we did previously. Moreover, we are greatly concerned that these new costs will come at a time when some patients may not return to dental offices. Some people will be more reluctant to visit any health care provider, for either health or financial reasons. Consequently, they may postpone treatment until a pain or infection requires that they go to the hospital emergency room.

As we look ahead, dentistry would be most appreciative if the Government of Canada would consider the following.

The first is an extension of the eligibility period for the Canada emergency wage subsidy. Many dental offices will be reopening only in the upcoming weeks and we will need to bring staff back slowly over the coming months. An extension of this program would be a significant help to dental practices.

● (1625)

Second, recognize the challenges of retooling and re-establishing dental offices to ensure that we have the ability, through grants or tax credits, to defray some of these costs to help us better serve the public and keep Canada healthy.

Third, give government support to help more Canadian businesses to provide extended health care benefits. This would be a substantial help to Canadians in accessing needed dental, psychological, vision, chiropractic and physiotherapy services at a time of the most extreme stress I can ever remember. The lockdown has taken a toll on our oral health as well as on our physical and mental well-being.

Fourth, currently during this pandemic, governments cover the costs for PPE for public hospitals. It would be greatly appreciated if provincial dental associations could have access to a guaranteed supply of PPE at no cost for distribution to their members.

Like the previous speakers, I thank you very, very much. I would be happy to take any questions in the future.

The Chair: Thank you very much, Jim.

Turning to the Canadian Mushroom Growers' Association, we have Mr. Koeslag and Ms. Krayden.

The floor is yours.

Mr. Ryan Koeslag (Vice-President and Chief Executive Officer, Canadian Mushrooms Growers' Association): Thanks for this opportunity to speak on behalf of the great Canadian mushroom industry.

We contribute $1 billion to the Canadian economy and create 4,000 jobs. We employ 900 workers from the temporary foreign worker program agricultural stream for jobs that we advertise on an ongoing basis but Canadians do not apply for.

Canada's mushroom growers have high-tech and state-of-the-art facilities with the most advanced growing techniques in the world. We produce nearly 200,000 tonnes of mushrooms and export 40% of our production to the United States.

Members of the committee, we come before you today with grave concerns. Our farmers, who are the front lines of Canada's food supply, are struggling to produce food and keep our workforce safe. They are heroes, but they're being left out. The programs do not work for them, neither the Agriculture and Agri-Food Canada business risk management programs nor the emergency COVID-19 measures.

The Canadian Federation of Agriculture reports that the cost of COVID-19 is $2.6 billion. The cost to the ornamental horticulture industry alone is $955 million.

Our farmers can't get their truckloads of mushrooms to market because the restaurants have been closed down and, because of this, our farms have lost 30% to 50% of production. Due to the mandated restaurant closures and spiralling COVID-19 expenses, we estimate a cost of $6.5 million for mushrooms. Going forward, this will be $400,000 per week.

Today we need to report that our P.E.I. mushroom farm member is no longer growing and had to lay off Canadian workers. If our sector is not included in emergency aid, more layoffs could be imminent.

How can we say Canada's food supply is secure when our essential farmers are being forced to cut back on production and forced to lay off essential farm workers? Committee members, it is disheartening to see funding announced in the billions of dollars for many groups, while at the same time Canada is failing to prioritize funding for farmers, the front line of our food supply.

We cannot find relief in any of the Agriculture and Agri-Food Canada programs. AgriStability is irrelevant. The farmers have to fall below 70% revenue and be topped back up to 70% of previous farm incomes. If that's the situation, it's too late. Could you live on two-thirds of your income, especially with the expectations that farmers can't lay off anyone and have increased expenditures for COVID-19? AgriInvest only works for those who previously participated.

Farmers are not requesting more debt through the Farm Credit Canada loans. We are already highly leveraged. We cannot access the $50-million Agriculture and Agri-Food housing announcement for incoming seasonal workers during the two-week quarantine because our workers are already here, and they're not in quarantine.

Additionally, mushroom farmers are now subject to the carbon tax, for which we have asked for a rebate or exemption, which some agriculture commodities have already received, even though studies show mushrooms are some of the lowest carbon and water footprint crops.

Members of Parliament, we call on you to step up to the plate and help fix this problem.

I'll invite Janet Krayden to speak for the remainder of our time.

● (1630)

Ms. Janet Krayden (Workforce Expert, Canadian Mushrooms Growers' Association): Thank you.

Chair, members of this committee, farmers need help right now. They are the front line of our food supply. We have a $2.6-million oversupply of mushrooms due to the closure of the restaurant market. We need $3.8 million for emergency COVID measures to protect our workforce by providing such things as extra housing, extra transportation, protective equipment and more space in the workplace.

We also need a fair program to provide a safety net in case a positive COVID case is found. Farmers need help, the Financial Post said this week, or else Canada could lose up to 15% of its farms this year. Farms closing because of layoffs does not make sense as our grocery shelves are emptying.

In the United States, farmers are dealing with the exact same processing and production issues. Their food supply is breaking, an article this week said. There's not going to be as much food in the stores. What does this mean in the U.S.? Recently, we know the U.S. did not want to sell us face masks from American companies. That was being prohibited. How is it going to be any different when farmers in the U.S. are dealing with the same issues and Canada is trying to get the same imports? Both the public safety and the finance committees need to think through our food security at this time.

We've reviewed all the COVID programs and we find that none of them are working for our farmers. The reason is that the parameters are for small businesses, but the modern Canadian farm has a high capital investment, particularly for mushroom farms, and also a lot of employees, so they're not qualifying for the programs for small businesses.

In contrast, the U.S. has released $19 billion for its farmers, $3 billion of which is for oversupply. That's why we think the Canadian Federation of Agriculture's $2.6 billion is very accurate. It's because we know it's from surveys we all did last week, and we also feel it is proportionate compared to the food produced in the U.S., and it is a real need for the farmers.

We're also calling on Agriculture and Agri-Food Canada to please step up to the plate. Let's roll out that Canada brand campaign. Ag Canada has had $25 million sitting there since January. We need to move that out now. We need to promote Canadian products in the stores, so we're also asking the Retail Council, which we hope is testifying here on this panel with us. We had a meeting with representatives two weeks ago. Let's get a working group together: the farmers, the processors, the grocers. Let's fill the empty grocery shelves with Canadian products and let's put a Canadian flag up there so people know where to buy Canadian products first.

This is what we're asking for, and we're hoping you can help us with this and get this prioritized because we really can't wait anymore.

Thank you very much.

We're looking forward to questions.

● (1635)

The Chair: Thank you, Janet. The Retail Council of Canada representatives are not on today, due to a scheduling problem for them, but they will be on next week. I'm not sure if it's Tuesday or Thursday.

We'll turn now to the Chartered Professional Accountants of Canada. We have Joy Thomas, president and chief executive officer, and Bruce Ball, vice-president for taxation.

Go ahead.

Ms. Joy Thomas (President and Chief Executive Officer, Chartered Professional Accountants of Canada): Thank you, Mr. Chair and members.

I'm Joy Thomas. I'm the president and CEO of the Chartered Professional Accountants of Canada. With me today is Bruce Ball, our vice-president of taxation. I'd like to thank you for your invitation. It's a pleasure to be virtually with you today.

The federal government has acted swiftly and decisively through its COVID-19 economic response plan to provide direct assistance, tax payment deferrals and liquidity support at a time when support was most urgently needed. The accounting profession appreciates that we need to take these measures now, while at the same time we're very cognizant of the work ahead to manage the nation's finances. We've been asked by the committee today to speak to the theme of support for Canadians who are not eligible for existing measures.

We'll start by saying CPA Canada supports the federal government's plan. Unfortunately, when the response is of such historic magnitude and is under extreme time pressures, certain individuals and businesses will be overlooked among the initial stimulus measures. This has happened, and the government deserves credit for making adjustments to assist some of those who have fallen through the cracks and are not eligible for government supports. We've seen enhancements to the Canada emergency wage subsidy program, the Canada emergency response benefit and the Canada emergency business account. We've also seen additional support provided to vulnerable Canadians, students and graduates, essential workers who are keeping us safe and seniors who helped to build this great country.

Please note that we have attached an appendix to our remarks to highlight gaps in support. It's vital that existing gaps be addressed, and we understand that some of these issues are being actively considered by government now.

CPA Canada welcomes the opportunity to participate in the discussion that's happening today. As always, we are appearing here to support Canadians, our businesses and our society at large. Our organization maintains good working relationships with parliamentarians and senior government officials. In particular, we'd like to acknowledge the commitment and the dedication of the Canada Revenue Agency and Finance Canada. Extending numerous tax deadlines and providing greater clarity around the wage subsidy program are appreciated by tax professionals and their clients, including small to medium-sized businesses and individual taxpayers.

The key issues that we're hearing from members around shortfalls in support relate primarily to the Canada emergency wage subsidy program. Some specific issues include certain partnership arrangements that are not eligible, such as private-public partnerships and partnerships involving pension funds. Some cost-sharing or paymaster arrangements do remain problematic. The monthly revenue test does not work in some situations, such as for seasonal businesses or other businesses whose revenue does not occur on a consistent monthly basis. As well, a number of technical issues that need to be worked through on the wage subsidy.

We're also hearing that extensions to other tax deadlines are needed, as outlined in our appendix. We're currently discussing those issues with CRA.

I'm very proud of the CPAs who are making a positive difference by helping individuals and businesses across our country, and this includes those CPAs who are supporting front-line health care workers by offering to prepare their returns free of charge through the Accounting for Bravery program that is running in Ontario and Manitoba. Elsewhere there are other initiatives, such as virtual tax clinics to help low-income and vulnerable Canadians with tax filings. CPA Canada is also doing its part by developing financial literacy and other resources to support members in helping Canadians and businesses survive through the COVID-19 pandemic and, importantly, to prepare for recovery.

We're all rising to the challenge, and collectively we will get through this crisis. The talks around a gradual reopening of the economy are promising; however, as leaders gradually start to ramp up our economy, there are many considerations at play and much at risk. Any reopening needs to ensure that the health of Canadians is protected, that workers are supported and that decisions are data driven and evidence based. Ultimately, Canada will need a plan for recovery towards a sustainable economy with resilience for the future.

I'd like to thank you. Bruce and I look forward to taking your questions.

● (1640)

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

Before turning to our last witness, I'll give members a heads-up on the speaking order for questions. Mr. Morantz will be first, followed by Ms. Koutrakis, Ms. Larouche and Mr. Julian.

We'll turn now to the Réseau FADOQ and Ms. Gisèle Tassé-Goodman.

[*Translation*]

Ms. Gisèle Tassé-Goodman (President, Provincial Secretariat, Réseau FADOQ): Good afternoon, Mr. Chair.

I would like to thank the members of the Standing Committee on Finance for inviting me to appear.

With over 535,000 members, the Réseau FADOQ is Canada's largest network of seniors. As the president of an organization that advocates for seniors' rights, I have to say that this crisis is tragic and certainly very alarming. The Réseau FADOQ believes that, sadly, many seniors have been left out of the government's measures.

As you know, people whose sole income consists of old age security benefits and the guaranteed income supplement have to live on barely $18,000 per year. Living on that amount was tough even before the pandemic.

The public health crisis is exacerbating people's financial distress because the cost of essential goods has gone up. In addition, isolation means that many older people have temporarily lost their support network, and that means added costs as well. Delivery services, for example, come at a price. In addition, many organizations have suspended their activities, forcing many seniors to use private services, also at an extra cost.

This is also the time of year when leases are renewed. That's another cost of living increase seniors have to absorb.

That's why the Réseau FADOQ is once again calling on the federal government to increase the financial support available to seniors through old age security or the guaranteed income supplement. Seniors should not have to choose between buying food and buying medicine.

When it comes to protecting people's financial assets, I have to say that reducing the minimum RRIF withdrawal by 25% has been given a lukewarm reception by our members. Not a day goes by that seniors don't contact us about this. Many investors feel that mandatory RRIF withdrawals should be abolished altogether for 2020. In addition, many are suggesting raising the age at which people must convert their RRSPs into RRIFs.

People are proposing these measures to minimize the impact of the stock market crash on the financial assets of many Canadian seniors.

Lastly, as president of the Réseau FADOQ, I see myself as the elephant in the room. A lot has been said about seniors' homes. The fact is that provinces are struggling because the federal government has been underfunding health care for a long time.

According to the Conference Board of Canada, in 2018-19, federal health transfers amounted to $38.5 billion while total spending for all Canadian provinces and territories was $174.5 billion. Health care costs eat up 40% of the provinces' and territories' budgets, but the Government of Canada covers just 22% of those expenses.

Also according to Conference Board of Canada data, the current rate of increase means that the federal share of health care costs will dip below 20% by 2026. That's why the Réseau FADOQ is calling on the federal government to reinstate pre-2017 indexation and increase the Canada health transfer by 6% annually.

The current Canada health transfer formula should also include a variable representing population aging by province and territory. Seniors deserve to be treated with dignity, and the provinces and territories must have the means to achieve that.

I'd like to thank the committee members for listening to our requests on behalf of seniors and taking them into consideration.

● (1645)

[*English*]

The Chair: Thank you very much, Gisèle.

We appreciate all of today's presentations from the witnesses, some of them on fairly short notice, and we thank you for appearing.

I think we can go to the six-minute rounds in our usual time frame. I think we have enough time to do it that way. We'll start with Mr. Morantz.

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

I want to direct my first questions and comments to Ms. Carter, of the Canadian Airports Council.

My riding has the transportation hub of Manitoba: Winnipeg Richardson International Airport. By the end of 2019, they had handled 4.5 million passengers and over 100 daily flights to more than 60 destinations. In Winnipeg, 18,500 families rely on airport operations to put food on their tables from the jobs created at the airport. By March, our airport's traffic had plummeted 60% almost overnight. Outbound traffic declined by more than 80%. As of the beginning of April, boarded passengers were down 92% from the previous year. Nearly all retail and food and beverage offerings are now closed, and parking lots are empty.

Speaking with president and CEO Barry Rempel, it seems the grim reality is that without further targeted assistance, many parts of the aviation sector could shut down. He believes the airport in my community will be facing reduced annualized revenues in 2020 of 63%.

Given all this, given the financial strain that the COVID crisis is having on airports, could you comment on whether the existing programs offered by the federal government have been of any assistance?

Ms. Joyce Carter: Thank you for the question. I very much appreciate it.

The situation you described exactly mirrors all of the airports across Canada. The significant drop in revenue because of the loss of passengers is exactly as you've described, including at the Winnipeg airport.

The Canada emergency wage subsidy has been helpful to us. I'm going to ask our RJ Steenstra to comment on that program and its relevance to the airports across Canada.

The Chair: Go ahead, Mr. Steenstra.

Mr. Roelof-Jan Steenstra (Vice-Chair, Canadian Airports Council): Thank you very much, Joyce.

The Canada emergency wage subsidy is hugely important to our entire economy, as well as to our airports. We've just confirmed in the last 24 hours that Canada's 21 privately operated airport authorities are eligible for this program. However, the delay in this confirmation has unfortunately meant that airports have already laid off employees. It's going to be difficult for us to bring those workers back.

At least 12 of the CAC member airports are ineligible for this wage subsidy program based on their governance structure as municipal and/or territorial airports. Therefore, it is a mixed review in terms of who is able to access that program and who is not currently able to do so.

● (1650)

Mr. Marty Morantz: Thank you.

To continue, I want to have either of you address the issue of supply chains.

In Manitoba, the airport in Winnipeg services many northern communities. A lot of these small airports play an essential role in the critical supply chain for indigenous, northern and remote communities. Winnipeg's airport is a critical part of the supply chain that keeps the north connected and receiving the supplies required to sustain life.

What is your view on whether these programs are of assistance in maintaining that supply chain, especially for northern and indigenous communities?

Ms. Joyce Carter: Perhaps I'll start, and then I will get RJ, as the chair of our small airports, to speak specifically to your question.

Before I do, I just want to add one thing about the Canada emergency wage subsidy.

The recovery for the aviation business is going to be extremely long. While we very much appreciate the program put in place today, it is currently scheduled to expire in June. Ending it in June is simply going to push the ball down the court in terms of when airports need to lay off employees, for those that haven't already done so, because our recovery is going to be so long delayed. Therefore, we very much would like to see that program extended.

As for northern communities and the supply chain, in particular in the smaller communities, I'd ask RJ to comment on that.

Mr. Roelof-Jan Steenstra: Thanks again for the question.

I think it's important to recognize that smaller communities and smaller airports are vital links for these areas, including indigenous communities. They are important for access to food, supplies, health care and people.

In some cases, of course, small airports or regional airports even play a role in removing barriers to job opportunities for indigenous populations who commute by air to and from their communities to remote job sites in the NWT, in northern Alberta and throughout the north.

Small airports are an essential service for safety and economic and social prosperity, but I think what's really important for airports like this is to access liquidity. With fewer sources of revenue and without an ability to service their debts, these airports need capital to offset the cost of their operations, especially for regulatory compliance.

While there's a federal program for small airports through ACAP, the airport capital assistance program, this program has long been underfunded and does not currently meet the industry's needs at the best of times, let alone during a crisis of the kind we're going through with COVID-19.

The Chair: You can have a short supplementary question, Marty.

Mr. Marty Morantz: I have a quick one for Ms. Thomas from the accountants' association.

My role is shadow minister for national revenue. I'm interested in your suggestions in terms of the extension of tax deadlines. I know a number of them were extended. I thought I heard you say that you had additional suggestions and I was wondering if you could elaborate on those for a moment.

Ms. Joy Thomas: Yes, we do have some specific additional suggestions. If you would allow me, I'm going to ask my colleague Bruce Ball to respond.

Mr. Bruce Ball (Vice-President, Taxation, Chartered Professional Accountants of Canada): Thanks, Mr. Chair. Thanks, Joy.

We do have some suggestions. What we're finding is that with the work on the subsidy programs and advising clients, and also the extensions that have happened already, a lot of our members, and I think tax preparers generally, are finding that a lot of the work they would do before the end of April has been pushed out. They will still be working on personal tax returns throughout May, probably right to the deadline of June 1.

The concern is that some of the other work is going to have to be deferred because they are working on other things. Of course, as everyone's trying to cope and people are working at home and that sort of thing, things aren't running as smoothly as they were.

What we're asking—and we've been in discussion with the Canada Revenue Agency already—is if something could be done with the June 15 deadline for self-employed individuals. Also, there are a lot of corporate returns due at the end of June. We're looking at those two things.

The other thing we've asked for is perhaps a little more clarity that could be given to taxpayers and their advisers around logistical issues. For example, a tax adviser may not have been able to meet with a client to get the person's information. We're hoping a little more information could be given on the taxpayer relief program and how that would operate at a time like this as well.

● (1655)

Mr. Marty Morantz: Thank you.

The Chair: Thank you all.

I will say, Bruce, on the deferrals, my own accountant told me in no uncertain terms the exact same thing. There need to be some deferrals or they won't be able to handle the work.

I'll turn to Ms. Koutrakis, who will be followed by Ms. Larouche.

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

Can you hear me? I seem to be having some technical difficulties.

The Chair: You're crackling. We will get the technicians to have a look at that.

Ms. Larouche, are you ready to roll? We will go to you and then come back to Annie. We will see if we can fix that technical problem.

Go ahead, Ms. Larouche.

[*Translation*]

Ms. Andréanne Larouche (Shefford, BQ): Good afternoon. I am here today in my capacity as the Bloc Québécois's critic for seniors.

My questions are for Ms. Tassé-Goodman of the FADOQ.

Ms. Tassé-Goodman, you explained what kind of assistance various groups receive. Billions of dollars have been invested so far, but there have been very few measures for seniors.

You also noted that their expenses have not gone down during the crisis. In some cases, even for those receiving the $2,000, rents are not the same in rural and urban areas. Those costs vary. Groceries cost more too, and people have other services they need to pay for.

Given all that, isn't boosting old age security and the guaranteed income supplement a necessity rather than a luxury? Why aren't the measures implemented so far helping seniors get through this crisis?

Ms. Gisèle Tassé-Goodman: Ever since the beginning of the pandemic, and well before, we've been saying that there's a critical need. This government promised to raise old age security by 10%. People are expecting that. We want higher pensions, be it the guaranteed income supplement or old age security.

As everyone knows, the pandemic means that seniors are in lockdown and can't be out and about. They can't even leave their homes. They are totally isolated. They have to call on outside services because they can no longer rely on their families, loved ones and friends for help.

Seniors have to buy things over the phone. Basic groceries such as bread, butter and flour are more expensive; flour is hard to find. People also have to pay delivery fees. Those are added costs they never had to cover before, added expenses.

We sincerely hope the government will take a close look at this and increase the guaranteed income supplement or old age security as announced last year.

● (1700)

Ms. Andréanne Larouche: You mentioned this briefly, but the stock market crash is also impacting seniors' RRIFs. Higher grocery prices are hitting them hard, but so is the declining value of the savings many of them spent a lifetime building up. The stock market crash is really affecting them.

As such, is it too late to protect RRIFs from the stock market crash? If not, how might they be better protected?

Ms. Gisèle Tassé-Goodman: Seniors' portfolios are losing value. The investments they spent years building up are shrinking before their very eyes. They want it abolished for this year.

Also, as I said, seniors want the age limit for converting RRSPs into RRIFs raised to 75. Seniors who enjoy good health want to work. They want to help address the current labour shortage, and working improves their quality of life too. It is a fact that seniors who work spend less time at the doctor's office. Plus, when they work, they can transfer their knowledge to others.

Deferring RRSP conversion to age 75 would enable seniors to keep contributing to their RRIFs and participate in the labour market.

Ms. Andréanne Larouche: You mentioned federal health transfers. There's no escaping that right now given the public health crisis hitting seniors' homes and support for community groups, which often comes from the health budget. These groups need to make do with temporary, unstable funding that has not gone up for far too long despite growing needs.

You said it was critically important and crucial, but how could higher federal health transfers have helped seniors get through this crisis and beyond?

Ms. Gisèle Tassé-Goodman: According to Statistics Canada, 5.1 million people in Canada will turn 65 over the next 10 years, which is a significant number. We're not experts, but we believe the Canada health transfer should be increased by 6%. It was reduced in 2017, which we know full well has had an impact on the labour force in both the provinces and the territories. Employment income and tax revenues have declined. That is what has happened and will continue to happen. So we're asking that it be restored to 6% for all provinces and territories.

Ms. Andréanne Larouche: You also addressed the issue of seniors' isolation, which is a health determinant. The current crisis has made it clear that Internet access is essential for everyone, including seniors. Now that Service Canada offices are closed, people have to apply over the phone, but the phone lines are often busy when they need help fast. They can use the Internet, but that's extremely difficult in some places.

On the other hand, we're hearing more and more about the importance of maintaining connections. Initiatives such as video calls help family members stay in touch with our seniors.

How essential do you think high-speed Internet access is for seniors?

Ms. Gisèle Tassé-Goodman: It is absolutely critical, Ms. Larouche.

The Government of Canada must do more to connect all Quebeckers and all seniors to the Internet. They must have Internet access, and it must be quality access. In some regions, it's much more difficult to access the Internet, and it's also not affordable for all seniors. The less fortunate are therefore less likely to get the service and use it to communicate with their loved ones.

Ms. Andréanne Larouche: Okay. Thank you.

[*English*]

The Chair: We are out of time, Ms. Larouche. Thank you.

We will go back to Ms. Koutrakis and then on to Mr. Julian.

Are you there, Annie?

Annie must be off the system, so we will go to you, Mr. Julian, and then to Mr. Cumming if we don't get Annie back on.

Go ahead, Mr. Julian.

● (1705)

[*Translation*]

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

I would like to thank all the witnesses for being here today. We hope their families are safe and healthy.

I would like to start with a few questions for Ms. Tassé-Goodman.

Thank you for being with us, Ms. Tassé-Goodman. You are absolutely right about seniors needing more support during this crisis. On Wednesday, the NDP got a motion passed that will make the government provide more support to seniors in the coming days without delay.

You were also right about funding shortages for the health care network and the situation in nursing homes.

To what degree do you think underfunding of the health care network by several billion dollars has exacerbated the current crisis?

Ms. Gisèle Tassé-Goodman: As the media have reported, we are trying hard to make the point that more must be done for seniors, for those who built our society, for our wise elders. Seniors say that the guaranteed income supplement sure doesn't cover Internet access.

This government promised a 10% increase but hasn't yet followed through. We talked about that when I appeared before this committee in February. Seniors are feeling left behind during the pandemic. As you know, Mr. Julian, there are desperate needs. The Réseau FADOQ would very much like to see measures for seniors. We would like the government to think of them. They are isolated, and this isn't an easy time for them.

We hope you will listen to this appeal on behalf of all seniors because many of them receive the guaranteed income supplement.

Mr. Peter Julian: Thank you very much.

[*English*]

I'd like to direct my next question to Ms. Carter.

Ms. Carter, you've very eloquently put the case of the importance of providing support to our airports across the country. Obviously we have to keep pushing to make sure that the municipal airports that are operated municipally are also part of that equation. You've spoken about the capital investments, the operations and the regulations. One thing that we haven't yet spoken about is the workers.

There are, of course, supports that should be brought to bear for the airport sector, but we want to make sure that the workers who were there prior to this crisis are not going to see a marked deterioration in their quality of life coming out of this crisis.

Can the Canadian Airports Council confirm that in terms of the wage subsidy, it would be 100% of wages and benefits that would be provided to workers? Also, as you mentioned, it's going to be a very long climb back up, so can you confirm that the airports are willing to give 24-month recall rights so that airport workers have the opportunity to come back into their jobs and then contractors at Canadian airports will be considered as successor employers so that new contractors can't use this crisis to lower wages and eliminate benefits?

Ms. Joyce Carter: Thank you for that. I appreciate your comments very much. Certainly, from a Canadian Airports Council perspective, the emergency wage subsidy is very helpful, as I mentioned. All except 12 airports, as we understand, qualify because of the municipal consideration. Although we're told by CRA that this measure is still under review, it's excellent.

As for how the wage subsidy applies to each airport authority, it is up to those airport authorities to decide whether they will continue with full employment and compensation of those employees. I do know I am not aware of any airport that has gone to a reduced compensation. As you know well, the subsidy provides, I believe, up to something over $850 a week, and this certainly will compensate additional wages for the employees we have here at the airports today.

At the Halifax airport we employ 5,800 workers, which is the size of the town of Kentville, so we are very much an employment generator in everything we do. Like the other airports, we will continue and ensure we have the employment of all of the sectors that support airports, and the wage subsidy is a big part of that. It allows those employees to continue to be paid, as you say, wages and benefits.

I do worry a lot about the end point of that program and what it means as the businesses start to recover, if it only goes until the end of June.

● (1710)

The Chair: We'll have to move on to the five-minute round. There may be time for another question later, Peter.

We will turn to Mr. Cumming and then go on to Mr. Sorbara.

Mr. James Cumming: Thank you, Mr. Chair, and thank you to all the witnesses today.

Before I go through my line of questioning, I have a comment to Mr. Steenstra. Our thoughts are with the people up in Fort McMurray. If there is a city that has taken it on the chin, it certainly has been Fort McMurray, with fires, the reduction in the resource sector and now the flood, so our thoughts are with you.

I want to direct my first questions to Mr. Scholz. I think he's still on the call.

We heard from the Governor of the Bank of Canada about how important the resource sector is to the Canadian economy and how important it will be to the recovery.

From your perspective and your members' perspective, how critical is it that we see some form of a package from the finance minister? I know he promised that it was days, and then weeks, away. It's been a month now. Can you offer any kind of comment as to how your members are feeling about that situation and how big the crisis is for them?

Mr. Mark Scholz: I would say this: We certainly are very worried about the future of the sector without additional liquidity measures. We've seen some very prudent investments, and we're certainly incredibly thankful to the federal government for including measures like the wage subsidy, but we have been reviewing the BDC liquidity programs, and unfortunately they don't go far enough, I think, to ultimately ensure the survival of the sector.

On the drilling rig side, for example, there's very little incentive or desire to put this equipment to work, given the current commodity prices today. You will recall that in western Canada we were at negative commodity prices, which meant that Canadian producers were literally paying someone to take barrels of oil and their resource away from them to put it somewhere.

In that sort of environment, we cannot see a reason a that a drilling rig would be required until two things happen, and we think we're at least 12 to 18 months out before this materializes. One is that we need to see a significant increase in overall demand. Keep in mind that we've had a 30% reduction in overall crude demand around the world. The world used to consume about 100 million barrels per day; today it consumes about 70, and that 30% reduction in demand certainly impacted pricing. The second thing is that we have had the supply shock as foreign powers, which produce their products in much less environmentally conscious states, flood the North American market, and this has added to the crushing of pricing for our commodity.

That's a long way of saying that we believe the industry is in a very precarious state. Without additional support measures, it is very unclear as to how many participants are going to get to the other side. With that, there will be a blow to critical service infrastructure for the oil and gas industry, and it will not allow us to produce high-quality Canadian oil and gas.

● (1715)

Mr. James Cumming: Mark, what do you say to the naysayers that we hear from time to time, saying that prices are down, so why are we even in this industry? We hear that from time to time from people. Living in Alberta, I know how critical this industry is and I know that this sector will come back. What are your thoughts on that?

Mr. Mark Scholz: Well, it's very difficult to replace one of the largest portions of a country's GDP. Quite frankly, it has been one of the largest industries, I would say, if not in this kind of market but certainly in years past. It was the largest portion of the publicly traded market, such as the TSX, which trades around 20% within the energy sector. When you look at things like retirement plans, taxation and employment, you see that all of these things are significantly impacted by an industry that isn't running on all cylinders.

The second point I would make is that we are so proud of our people. We're proud of our technology. There is no question that the oil and gas industry in Canada is the best in the world. The world is going to consume energy in the form of fossil fuels for a very long time, and that energy needs to come from Canada. In fact, one of the MPs—I believe it was Elizabeth May—mentioned that we need to ensure that Canadians consume responsible energy from Canada, and we agree with that. In fact, we want to make sure of it, but we need infrastructure to do that. We need to ensure that every Canadian, coast to coast to coast, does not have to rely on the Saudis or Nigeria or the Russians.

It is in our national strategic interest as a country, as Canadians, that our energy resources be produced here in Canada and be distributed in Canada, and that we get full price for our products, full stop. We can get there, but we need to ensure that we have the leadership and the will to get us to that strategic point.

Mr. James Cumming: Thank you.

The Chair: We're substantially over time. We'll get to Elizabeth at the very end.

While we're with you, Mark, I do want to ask you one question related to your proposal. You said that point two was to purchase income tax losses less the government's cost of capital. Point three was to purchase receivables, etc. What process would you see for doing that?

Mr. Mark Scholz: On the income tax, our industry has been in a position where we have had sizeable tax losses for the last five years, particularly in the oilfield service industry, which has not had positive earnings for the better part of five years. There are sizeable tax losses that will ultimately delay when our industry and sector will be taxable in the future. Therefore, what we're saying is to allow us to monetize those tax losses today, and we certainly would be prepared to give the government the cost of its internal borrowing so there would essentially be no cost to the government. What that would do is actually put instant liquidity into these struggling companies that will then be paying income taxes earlier than if those tax losses had been taken into future years. We believe there's about $460 million in potential liquidity just from the federal government through a program like that.

Secondly, with the receivables, we believe there is in excess of half a billion dollars in potential receivables. One of the things we're very worried about is that if some of the oil and gas companies we work for, the producers, go under, they will take service companies along with them, which will be completely disastrous for the oilfield sector.

The Chair: Thank you, Mark.

I'll go on to Mr. Sorbara, and then back to Annie, who still missed the first round.

Go ahead, Francesco, for five minutes.

Mr. Francesco Sorbara: Thank you, Mr. Chair.

Welcome, everyone, and thank you for your testimony.

This pandemic is challenging our societal norms. For these witnesses this afternoon, whether it's the airlines and airports, who need to get people flying again and whose passengers obviously will be be sitting close together again, whether it's the folks from the mushroom association—and my riding has a mushroom processor and a grower—who with all the banquet halls and restaurants shut down, there's obviously no demand for mushrooms, and we can't get them going until we figure out a way to get people in there safely and have them sitting beside each other.... For the dentists, I think every Canadian will be going to see their dentist when their offices open up, when the province allows them to. We know there has to be a time and place and, hopefully, we can get to that sooner than later.

My first question is for the Airports Council. Air Canada has come out, I think I read today, that it expects airline traffic to pick up again by the end of the year for the Christmas travel season. I surely hope so. Does your association have a view on that? I'd like to go out to visit P.E.I. this summer—just to put a plug in for Wayne—with my family. Do you have a view on that?

● (1720)

Ms. Joyce Carter: Certainly, from a domestic perspective, we expect air travel to start to open up towards the end of this summer. From an international perspective, it's going to be much longer. Certainly to your point, and thank you for summarizing it so well, the social distancing is going to be the biggest challenge. As people fly, as they make their way through airports, they have to feel healthy and safe doing that. We have to provide them with an environment where they feel healthy and safe to do that.

Domestic air travel will definitely pick up first, and I saw Air Canada's post today, which was really great to read. People will start to move within Canada initially, but not between provinces until we're able to start to remove some of the quarantine measures there.

Mr. Francesco Sorbara: Absolutely, the issue with the airlines is that once they start operating again, their load factors and occupancies aren't going to be very high. There may be a need for liquidity on that front, because when they're shut down it's one thing, but when they start operating again, if I'd like to go visit my parents out in Vancouver, you know, you're used to having a full Air Canada or WestJet plane, and you may not see that, so they'll need some assistance.

To the mushroom sector, the agri-food sector here in Ontario, to a lot of people's surprise, is actually one of the largest industries. It's actually bigger than the auto sector. With regard to the time frame of the support and assistance you need, you said that some of the programs aren't helping. Obviously, you can put your employees on the CEWS, and 86,000 firms in Canada have taken advantage of the CEWS, but at the same time, you can't sell your product right now.

What other forms of assistance would you be looking for or have requested, if you could just sum it up in 30 seconds?

Mr. Ryan Koeslag: Essentially what we're looking for is a cash infusion into our industry in any way that they can at this point. Our request is for the $6.5 million that we have already experienced as a loss or cost to the industry. If they could provide that to our industry by any means that they can, that's what we need now in order to avoid more layoffs and to avoid shutdowns.

Mr. Francesco Sorbara: Okay. Thank you.

I just have another sector to go, Chair.

The Chair: Take your time.

Mr. Francesco Sorbara: For the energy folks, I was looking at the GDP data for Canada, at the components. To get to the contribution that energy does with mining, you have to add about six or seven sectors to get to that 10% mark and the 500,000 or 600,000 jobs—good-paying jobs—that we have. I've always been a big supporter of the energy sector. In another decade, when energy prices were high, a lot of folks from the east coast of Canada went to Alberta. They moved there, made quite a good living and supported certain regions of Canada during that time. We have to remember that in this period of time.

We know that there has been demand destruction, and we also know that there has been a supply issue, which came to my attention in early March when I was paying attention to the global oil markets. With that, in terms of liquidity, I'd like to ask if there are certain sectors in Alberta that we can refer to—even though it might not be yours—where there is some positive news. I think about the petrochemical and chemical sector, especially in the Alberta industrial heartland, where there are ongoing billion-dollar projects.

I'd love to just get some colour there, because I don't think it's all doom and gloom. We have a vibrant oil sector in Canada. As you know, it may structurally change, but we need it to continue. As you say, 80% of Ontario's energy's needs are satisfied by non-renewable resources, and for the other 20%, 60% is nuclear energy. It's going to be very hard to replace for many years to come, and it's going to be a large component.

Any comments on that front would be great. Thank you.

Mr. Mark Scholz: On the good news front, one of the areas that we are taking a very particular keen interest in is looking at redeploying our drilling rigs, which have traditionally been used 95% of the time in oil and gas. We are looking at deploying those same assets, along with other oilfield services, in the geothermal industry. This a budding industry. It has huge potential in Canada. The reality is that it will not save the drilling sector, but it certainly is a huge opportunity, I think, for Canada to look at renewable baseload technology and to redeploy drilling assets that would typically have been used in oil and gas.

I would say that we have looked at this, and we have met with different federal officials to get different funding provisions for exploration and to look at the feasibility of geothermal. I would say that is a pocket of good news for the industry in its challenging times right now.

● (1725)

Mr. Francesco Sorbara: Thank you.

The Chair: Thanks, all of you. If you want to see geothermal, go to Iceland for sure.

We'll go to Ms. Koutrakis now and then to Mr. Poilievre, if your sound is working, Annie.

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

Can everyone hear me okay?

The Chair: Yes.

Ms. Annie Koutrakis: I was asked to use the microphone on my laptop.

I want to say thank you very much to all of our witnesses for their presentations this afternoon. It has been a great exchange of comments and insight. I'm sure that all of us are going to walk away today feeling a little smarter. I know that I will.

I'm hoping to get two questions in.

My first question is for Mr. Armstrong. I want to begin by recognizing the concerns raised by dentists, including dentists in my own riding in Vimy, in Laval, primarily around the need for appropriate PP equipment. They note that without that, nothing happens. Of course, our government, as you know, is doing everything it can to procure everything we need, but I do note your concerns.

The CDA has noted that while professional dental corporations and self-employed dentists will likely have no issue accessing the Canadian emergency wage subsidy, questions were raised around whether cost-sharing arrangements or partnerships would be eligible to receive this support. To your knowledge, have dentists employed in cost-sharing arrangements and partnerships experienced any challenges when applying for the CEWS?

Dr. Jim Armstrong: Thank you very much for the question.

The short answer is yes. About 26% of dentists function in some sort of cost-sharing partnership. Sometimes for both partners, their wage bill is too high or they're having other issues. Being able to take a look at some of those things would be excellent.

You mentioned the PPE. You know, I think what we heard today is that everybody has had this massive collapse in demand and we're all facing liquidity and solvency issues. One of the things I have to really compliment my Premier Horgan in B.C. and the federal government for is that they both have identified companies that can manufacture PPE but they don't have the high-tech equipment. They've been able to get them capital to buy this high-tech equipment, and then they've been the purchaser of primary supply. I think that's one thing all Canadian companies are going to have to do, with the pivoting of the oil and gas industry going into geothermal.

I think if we can continue to have programs that support all of us in these new ventures in bringing some of the supply chain back to Canada, that would be great.

Ms. Annie Koutrakis: Absolutely. I think that would be a really great way to stimulate our economy as well and work towards self-sufficiency.

Based on feedback also from your members, will the CECRA program sufficiently cover the cost of rent for dental practices, or will additional rent supports be required?

Dr. Jim Armstrong: Thank you again for that question.

If the retail council is on here, I'm sure we would have the same issues. That program...and again, it's anecdotal. I don't have data from across Canada, which bothers me, but what we've heard out in B.C. is that very few landlords are going to take advantage of it. They don't want to take a 25% haircut. I find that disappointing. At this point that doesn't seem to be that beneficial to us.

Ms. Annie Koutrakis: Any suggestions...?

Dr. Jim Armstrong: Yes, you know I've been thinking about this one.

We've all talked about extending the wage support for employees. If that was extended, some of that money could also be used towards rent support. The program as it is I think looks on the government to pay 50%, the renter to pay 25% and the landlord to pay 25%.

If that 50% could be delivered in a program similar to the wage subsidies, directly to the renters, then we'd be able to do something like that.

● (1730)

Ms. Annie Koutrakis: Thank you for that.

Mr. Chair, do I have time for a quick question?

The Chair: No, I'm sorry, Annie. You're out of time.

Ms. Annie Koutrakis: Okay. I tried.

The Chair: Thank you all.

We will go to Mr. Poilievre, and then on to Mr. Fragiskatos.

Hon. Pierre Poilievre: Thanks very much, Chairman.

My question is for the agricultural and farming representatives on the panel today.

I have some great farms in my riding. I represent the beautiful Carleton countryside, south and west of Ottawa. I have some great dairy, cash crop and horticultural operations. One of them is Carleton Mushrooms, which is one of the biggest mushroom producers in Ontario, if not in Canada. It employs about 50 people and produces an incredible product.

The farm groups have come up with a request for $2.6 billion of rescue assistance to get through the COVID lockdown. Obviously our food supply is essential to our survival. Without agriculture, there is no human life.

I'd like to ask any of the farm representatives on the panel today: How did you come up with $2.6 billion? Why will that number allow our farmers to get through the COVID lockdown and come out the other side strong enough to continue supplying our population with nutritious and delicious food?

Ms. Janet Krayden: I'll just speak very quickly then hand off to Ryan.

First of all, on a point of clarification for the other member of Parliament, currently I would say the majority of mushroom farmers in Canada do not qualify for any of the emergency COVID measures, and the other agriculture programs are not working, either. We qualify for nothing right now.

Now I'm going to hand it off to Ryan. Thank you.

Hon. Pierre Poilievre: Wow.

The Chair: I will interject there before you come in, Ryan. To Pierre, the mushroom industry seems to be outside of being able to qualify for the regular farm programming. I don't know why that is, but that is basically the bottom line here. I'll not take the time from you. They're in a different situation from the general farm community with so many of the farm programs.

Maybe Ryan can give us a good answer. Go ahead.

Mr. Ryan Koeslag: Partly it's because we grow 365 days a year, but we also have a large workforce, including temporary foreign workers. That puts us in a position that's unique to temporary foreign worker programs. Traditionally, they're under the seasonal ag worker program.

To answer the question about the $2.6 billion, that was a number gathered by the Canadian Federation of Agriculture from all its membership. We included our numbers there, which included not only production losses but the costs of just having to supply the equipment that provided double the amount of transportation, to install the barriers in the lunchrooms in the packing facilities. There are a number of different things that have taken place that have increased the costs significantly in order to provide the foods in grocery stores.

Again, I can't help but think that, with all these issues being brought forward about costs of living and other industries struggling, we all eat three times a day, if not more. I just want to express the importance of how we need to make sure this food supply is domestic. We need to make sure we have these industries sustaining themselves and not running into these situations where they have liquidity issues and are having to lay off. We don't want to be importing our food, just like we don't want to be importing our oil. We want to be supplying ourselves and getting these foods to the grocery stores, and making sure places like Carleton Mushrooms are doing well, staying open and providing our food.

● (1735)

Hon. Pierre Poilievre: Janet, if I could follow up, I have two questions for you. One, explain why farms don't qualify for the COVID rescue packages that have come out so far from the government. Two, what will be the impact of the carbon tax on non-exempt fuel costs for producers across the country?

Ms. Janet Krayden: Thank you, Pierre.

Basically the COVID measures do not work for the farmers, and I would say this would be for all farmers in Canada. That is because we do not qualify as small businesses. Farms have a lot of capital investments and machinery. We're not small businesses that way. Also, we have a lot of workers. Because of those two criteria that are within the small business programs, we are not qualifying for anything.

I have to explain to the committee that we are also not qualifying for any of the agriculture programs. It's not just mushrooms. There are some serious problems with the agriculture suite of programs that exist currently. Unless the parameters are fixed—and the Canadian Federation of Agriculture explained how they need to be fixed—then we cannot access any funding, either, through the agriculture programs.

Those are our two issues. We have no access to any funding right now. That's why we're asking for this committee's help to get this fixed.

Now I'm going to hand it back to Ryan to talk about the carbon tax.

Mr. Ryan Koeslag: The carbon tax is becoming a big issue for our farms. Like I mentioned, we go 365 days a year. That means our buildings have climate-controlled facilities. They use a lot of gas. They use a lot of electricity—very efficiently, however. The costs from the carbon tax are weighing on them. The number one cost is labour. Following that is energy input. If we increase those costs significantly, we're going to be seeing increased costs in food.

There are other industries that we know of, like the greenhouses, that received an exemption or rebate for the carbon tax. We're looking for that alleviation from the carbon tax too, just like other fellow ag commodities.

The Chair: Thank you, everyone, for that round. We will now be going to Mr. Fragiskatos and then on to Ms. Larouche, unless Gabriel wants in. There will be one question to Ms. Larouche and then one to Mr. Julian.

Go ahead, Peter.

Mr. Peter Fragiskatos: As I understand it, Mr. Chair, Ms. Carter is actually a constituent of Mr. Fraser's. I'm not one to stand in the way of democracy, so I'm going to just pass along my time to Mr. Fraser.

The Chair: Sean, you're on deck.

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

Thank you to my colleague for being so generous with his time.

Welcome to all of our witnesses, and in particular Ms. Carter, who is joining us not only in her national capacity but as the CEO of the Halifax International Airport Authority.

Ms. Carter, thank you for being with us. I have two areas that I'd like to explore if the time allows.

First, we heard through your testimony about some of the importance of the direct economic impact that your airport provides to our region, and airports more generally. In addition to whatever direct impact there may be, obviously airports can be remarkable economic enablers for communities and for regions as well, as is the case with the Halifax Stanfield International Airport.

I want to get your thoughts in particular on one of the industries that's of strategic importance to the Atlantic region: the tourism sector. It is going to be particularly hard hit this year. In the testimony previously, and in my conversations with tourism operators, we've heard that this season in a lot of ways feels like a lost one. So many of our operators are just hoping they can hang on and preserve the tourism networks that exist for the next season.

I'm curious if you can shed some insight on how the airports could play a role in the recovery for the tourism sector, and how the federal government might be able to facilitate a contribution from airports to the tourism sector's recovery.

● (1740)

Ms. Joyce Carter: Thank you for your question, Sean. It's nice to see you.

For sure, as you know, historically Halifax Stanfield has played a significant role in the tourism industry in Nova Scotia. Two out of every three tourists who come to Nova Scotia come by way of the Halifax Stanfield airport, and those stats are similar across the country.

We have been working closely with all of the industries because it is so important that the airport be here and ready when the industry rebounds, and certainly this summer will be very difficult for the tourists. We talked earlier on the call about transportation and travel being mostly within Canada in 2020. What we have to do is we have to be financially sound and we have to be ready when that business is ready to come back.

When you think about the tourism industry itself and you think about the airports.... Some of the comments I made earlier about the financial position we're in, perhaps one of the ways we may get out of that is through fees and charges. We're a non-share capital corporation. It will only be able to be absorbed by the system if it is passed on through to the travellers.

The last thing we want to do as an association, as an airport or as an industry is increase our fees into the future to allow us to come out of this. Some of the items that I talked about in my presentation will be helpful in helping us maintain those fees at a low level, because they will be passed on to the consumer.

Mr. Sean Fraser: What kinds of fees would consumers potentially be looking at, and how would their travel experience be impacted in the event that you do need to pass these costs on? Give me a practical example of what travellers might be looking at, from the booking process right through to the time they board their flights.

Ms. Joyce Carter: The airport improvement fee is a key one that may get passed on. As we know, that's paid directly today by travellers. That is paid for the capital improvements at airports. When you look at the airports across Canada and they model out their financial stability over the next five years, they don't have enough revenue. We get revenues only from passengers, generated to sustain the costs that are here. That airport improvement fee, in some cases, has to go up 40% and 50% to be able to sustain our operations through the most critical period, and that's a direct pass on to the passengers.

We do not want that to happen. We do not want to borrow, as our models show us we would need to do, so much that we're not in a strong financial position to be able to support the tourism industry, coming out of this.

Mr. Sean Fraser: I'm actually curious about one of the comments you made during your initial response, about most of the travel in 2020 being domestic travel. In some of the conversations I've had with tourism operators, they've asked for the federal government to put some sort of a push on to encourage domestic travel once the public health advice suggests it's safe to do so. Are there things that you think we can do to help airports facilitate domestic travel, so tourism operators may see a mitigation against some of the worst economic consequences of this outbreak?

Ms. Joyce Carter: For sure, when you think about travel, even between provinces right now, one of the main things that has to happen before that can happen is that the provinces have to open up their borders when it is safe to do so. When you look in the Atlantic region, you see those borders are all closed, even to interprovincial travel. That's the first thing that has to happen to allow people to travel safely, and to allow the carriers to be able to carry the passengers between those provinces.

The second thing we need to do, which we've started to do now, is to work really closely with the industry to ensure that we have all the procedures, processes and equipment in the airport to allow those travellers to feel safe. They're still not going to travel even domestically if they don't feel safe. I think about what happened after 9/11 when huge investments for security needed to be made.

Today, with the pandemic, that investment is going to be around technologies, the touchless processes that passengers can go through. Innovation is a big example, Sean, that will allow them to feel safe as they go through the airport. We need to preserve the cash we have today to allow us to make those investments, to then be ready to facilitate the growth in tourism that's going to happen when we start to come out the other side of this.

● (1745)

The Chair: Thank you both very much for that, Sean and Joyce.

We will go to one question in the following order: Ms. Larouche, Mr. Julian, Ms. May, Mr. Morantz, if he's still on, and Mr. Fragiskatos.

Ms. Larouche, the floor is yours.

[*Translation*]

Ms. Andréanne Larouche: Okay, thank you.

I have some more questions for the FADOQ representative.

I hear from a lot of people who are worried about protecting pension plans, especially given that many companies are likely to go bankrupt. Does the current situation make you worry about protecting workers' pensions? I know you submitted an excellent brief to the Standing Committee on the Status of Women about the challenges older women in Canada now face.

Could this threat to purchasing power and pensions have a disproportionate effect on older women?

Ms. Gisèle Tassé-Goodman: We talked about that in February when we appeared before the committee, and it's still relevant in the context of COVID-19. We expect to see bankruptcies in the coming months, and workers' pensions will probably be slashed as a result.

There are two measures the federal government could implement using two federal acts: the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act. These two laws could be amended to raise pensioners to the same level as priority creditors like the banks.

We asked the Quebec government to create an insurance plan for pension funds, and it did. For its part, the federal government could demonstrate benevolent leadership by amending the two acts I just mentioned. This would have an impact on women because any shortfall would affect those who are business owners or workers. People working for some companies, which I will not name, have lost a significant portion of their pension plan.

Ms. Andréanne Larouche: Thank you very much.

[*English*]

The Chair: We'll have to end it there. Thank you, Andréanne.

We'll go to Mr. Julian, and then on to Ms. May.

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

My question is for Mr. Armstrong.

You've been very clear in the common-sense recommendations that come from the Canadian Dental Association. I don't think anyone would disagree with them, but I want to drill down a bit more on point three where you talk about government support for expanding health care benefits. Of course, in the United States, insurance companies eat up a lot of the health care dollars. In fact, it's twice as expensive in the U.S. and many people aren't covered. I know that the Canadian Dental Association has taken a position on national dental care, but doesn't it make more sense, rather than putting public funds into insurance companies to enhance their profits, to make sure that we're expanding public coverage of dental care and making sure in that way that it adds to your other three points about ensuring the country's dentists come through this pandemic and the economic crisis that's part of it?

Dr. Jim Armstrong: Thank you for the question. I think, actually, we are going to be part of a panel on health coming up whenever we get past this economic crisis and the COVID-19 health care crisis.

Given what we've all gone through, and this collapse in demand, we're all looking at a totally new environment where we're going to have to innovate and pivot. I know we'd be happy to be part of any conversation and we would be happy to look at any alternatives. I will say that, right now, the product that's out there is the extended health benefits, and Canadians are really stressed. The mental health issues right now for Canadians are huge, and that's part of that. My back's killing me from my home office. My patients are chipping teeth left, right and centre. That's at least a quick vehicle. There may be better vehicles long term.

Thank you.

The Chair: Thank you both for that.

Elizabeth May, you have a question.

Ms. Elizabeth May: Yes, it's really hard to know with so many compelling witnesses...and thank you all for being here.

One theme that seems to come through is post-pandemic and what we've learned about our globalized supply chains. We might want to be looking at more energy security, more food security and more of it being done locally.

I wanted to return to Mark Scholz. I agree that we should be more energy secure as a country and I'm very supportive of your comments about turning to geothermal as having potential. I wonder if you have any reflections on the funding that the federal government is providing for cleaning up orphaned wells. I understand about 10% of those orphaned wells might have geothermal potential, and I wonder if you have any thoughts on that.

● (1750)

Mr. Mark Scholz: Sorry, Ms. May, could you just repeat the question again?

Ms. Elizabeth May: Yes, the question is related to the cleanup of orphaned wells where I understand about 10% of those wells might have enough heat at depth for turbines for actual geothermal electricity.

Mr. Mark Scholz: I wouldn't be the subject matter expert on that piece of the business, but certainly what I would say is that there is huge potential to go back to existing wells and assess the viability for geothermal. At the end of the day, a geothermal well is drilled in the exact same way as an oil or natural gas well, so maybe I'll just leave it at that. As I said, I don't know the percentages or what that would look like. I just know that it is possible.

Ms. Elizabeth May: I didn't want Peter Julian to get the only drilled-down question, so we're going from dentists to—

The Chair: Thank you, Elizabeth, and welcome to the committee.

We'll go to Marty Morantz and then we'll wrap it up with Peter Fragiskatos.

Marty.

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

To the chartered professional accountants, I've been hearing from some of the firms in my riding—and I've made a point of this in the past—that there are many gaps in these emergency programs. One of them that I found interesting was among the professional accountants. Many of them can't show a required revenue loss year over year because in February, March and April they're busy processing their clients' tax returns and they leave their billings until after tax season. Apparently this is a widespread problem and CPA firms are struggling because they can't maintain their staff because they don't have the revenue.

I'm just wondering if you've been hearing reports of this, and if you have any comments on it.

Mr. Bruce Ball: I could take a run at it. I don't know if Joy wanted to or not.

The Chair: Whoever wants to answer.... The two of you can answer, for that matter.

Ms. Joy Thomas: Go ahead, Bruce.

Mr. Bruce Ball: All right. I'll go first.

From what I'm hearing it really depends on what the firm does, too. A fair bit of work for our profession has slowed down, so insurance work has slowed down a bit because a lot of that does require more than working at home. I think for tax people, they've been kept pretty busy dealing with the compliance, so I think it really depends on the nature of the firm.

The other thing I've heard is that it has hit smaller firms probably worse than larger firms. I think the larger firms were set up better for working from home and that kind of thing. Like many smaller businesses, I think they were hurt as well. Some practices focused on elder care as well, and I think that's been an issue. It's very difficult to work with those clients right now.

The Chair: Joy, do you want to add to that?

Ms. Joy Thomas: No, I think Bruce has really covered it.

I was going to say that what we are hearing does seem to come more from small and medium-sized practitioners. Their revenue is more specific to certain parts of the year, whereas the larger firms across the country offer a number of advisory services, audit services and tax services, so it's more spread out.

There definitely are some issues with variations in revenue, whether it's in the accounting profession or across the country. I think that's one area we have identified in some of the issues we are discussing with the government now.

The Chair: Okay. Thank you both.

We will now turn to Peter Fragiskatos to wrap it up.

The floor is yours, Peter.

● (1755)

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

My question is for Ms. Carter.

Ms. Carter, you've done an excellent job encapsulating for us during this testimony the economic footprint that airports contribute to communities. In London, Ontario, we're fortunate enough to have the London International Airport. It's done a tremendous job in terms of its growth in recent years. The number of commuters they were seeing pass through the airport was 500,000 just a couple of years ago. I think that number is around 650,000 to 700,000 now. It's really important to our city, and I know that's true of cities in regions across the country.

Taken to its very core, what is your key recommendation to the federal government? You've said a number of things here today very eloquently, but what would you say is at the top of the list as far as your concerns go and how the government can assist at this time?

Ms. Joyce Carter: It's a timely question. Thank you so much for your question.

Really key, at the top of the list, we asked for cash. We were told that cash isn't going to happen, so I would say elimination of ground lease rent. That doesn't help all airports, but most importantly, we're looking for loan bond guarantees and preferred payments to our lenders.

What's going to happen to airports—I talked about the debt—is that they're going to start to trip the covenants in their debt, and that will have a number of serious consequences. We need to get some relief around upcoming debt covenants and debt payments to get us through this really important time, and frankly, to allow us to do some of the borrowing I spoke of earlier, that necessarily we would prefer not to do, but we know we're going to have to do. As long as we're in a bad position with our borrowers, airports are not going to be able to continue to operate in the future the way they have done in the past. Those have been our main requests from the federal government to date.

Mr. Peter Fragiskatos: Thank you.

The Chair: With that, I certainly want to thank the members and thank the witnesses for their forthright answers, and for taking the time and giving their presentations.

I would say as well that I think there are a couple of people on here who have connections to Fort McMurray. I would send our best regards to the citizens of Fort McMurray on behalf of all committee members. You've had some tough times on top of difficult times, and all parties and all members pass on their best regards.

As a last point, it's been a long few weeks. I want to thank the clerks, the analysts and the technicians, who are working with quite a number of committees to make this system work as well as it can in these difficult times.

With that, we'll adjourn the meeting. Thank you, all, and we'll see you all next week.

The meeting is adjourned.