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• (1505)

[English]

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

Welcome to meeting number 26 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.

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

In order to facilitate the work of interpreters and ensure an orderly meeting, I would like to outline the following. In order to avoid both languages being heard at the same time, it is asked that members and witnesses stay on the right channel. If you're speaking English, be on the English channel, and if you're speaking in French, stay on the French channel. This makes it a lot easier for the people interpreting in the booths. The use of the headset with the boom microphone is highly recommended, and when speaking, please speak clearly and slowly.

With that, we will go to our first witnesses.

I want to thank everyone for being here from your locations. It is certainly a new system we're operating under these days.

We'll start with the BC Seafood Alliance, with Christina Burridge, executive director.

Ms. Christina Burridge (Executive Director, BC Seafood Alliance): Thank you very much, Mr. Chair.

The Chair: I would ask everyone to try to hold their remarks to about five minutes, if you can. We have quite a number of witnesses, and we want to get in about three good solid rounds of questioning.

Go ahead, Christina.

Ms. Christina Burridge: Okay. I'll do my best to keep to that.

The BC Seafood Alliance is the largest commercial fishing organization on the west coast. Our full members are both harvester associations, representing the owners and operators of commercially licensed fishing vessels in most major fisheries in B.C., and processing companies, which process about 70% of B.C. salmon, herring, groundfish and some specialty products. We really appreciate the opportunity to give you a sense of the impact of COVID-19 on west coast fisheries.

Our experience started in the last week of January, when sales of geoduck, Dungeness crab and other live products ended when the important lunar new year markets in Asia shut down. Those products have a wholesale value of about \$150 million annually. We've since seen that extend to virtually all food service sales worldwide. That matters to B.C., because many of our species, though not all, were destined for the high-end global restaurant trade.

Some species are adapting reasonably well to a market that is now predominantly domestic and retail. That means lower prices to the processor because of higher retailer margins and so too to the harvester.

Some of our species—geoduck, herring roe, sea cucumber—will never have a domestic presence, so we need to figure out the air cargo and container problems that prevent our getting them to the Asian markets that are starting to recover. These species, with a couple of others in the same predicament, amount to almost half the west coast wholesale value.

With slow markets, we reduced processing production and then reduced it again to space out the line for physical distancing in the plants. We've been working with our plants to make sure that each has a COVID-19 plan. Since these are all federally inspected plants, we do need co-operation between the CFIA and the provincial health authority to review those plans and provide some reassurance that they are sensible and careful of workers' safety.

For both vessels and plants, access to PPE is essential. The funding that has been offered is nice, but access is proving difficult, and we fear that plants could run out, with serious implications for domestic food security.

Plants of course need fish to be able to operate at all, so we need to be able to go fishing, which means keeping our harvester crews and communities—often in remote parts of the coast—safe. We've been working with other B.C. harvesting organizations to implement fleet-specific guidance covering every aspect of a commercial fishing trip: fourteen days' isolation beforehand, on-board practices, in-port procedures and offloading and end-of-voyage procedures.

For almost all species, production has dropped 50% or more, and prices to harvesters have dropped as well, by about 25% for halibut, 45% for geoduck and perhaps as much as 75% for the prawn fishery when it opens next month. Across the board, whether for harvesting or processing, we are getting less money, while our costs have significantly increased.

On the emergency support measures, we appreciate the recent announcement of the seafood stabilization fund, although realistically this will not cover much more than PPE and the emergency costs of operating. Automation technology and capital expenditures on freezing capacity start at about half a million dollars. For instance, automated equipment for vacuum packaging for retail costs about that much.

The CERB has worked well in many fisheries, but not for salmon harvesters, many of whom had a disastrous season in 2019 as a result of poor returns. Most essential for us, however, is access to the CEBA and the CEWS, especially the former. The CEBA should fit us exactly—a program to help small to medium-sized businesses continue to operate—but the employment structure in the fishery sector differs from conventional business. In most fisheries, the crew are not wage-earning employees but co-adventurers who share in the value of the catch.

● (1510)

While they are hired and employed by vessel owners, crew are usually paid directly by fish buyers based on direction for the remuneration formula from the vessel owner or skipper. Each individual crew member receives their T4 with earnings in box 78 or 80, rather than box 14, from the fish buyer, but they're not actually employed by the buyer. The actual business, the fishing enterprise, therefore has no payroll according to the T4 and the current CEBA rules. We suggest that vessel owners be considered small businesses and all earned income from their crews submitted to the CRA on a T4, no matter the box and including dividends, be accepted.

Fish harvesters have many costs in gearing up for a season, including DFO licence fees, and often do not get fully paid until the product has sold, which can be months later. Normally they borrow money from processors or banks; neither source is readily available this year. For them, the CEBA would do exactly what it's supposed to do.

I want to leave you with a last message. Canada and B.C. have both recognized that fish harvesting and seafood processors are an essential service, providing food for Canada and the world and contributing to food security. There are many things that government can do to help, but perhaps the most important one, as we struggle to get fisheries open and operating safely, is for Fisheries and Oceans Canada to be open to creative and flexible temporary management measures that do not threaten conservation but help us operate, and in some cases, help us reduce costs.

Thank you very much. I appreciate the opportunity.

The Chair: Thank you very much for your presentation.

We'll turn, then, to the Canadian Independent Fish Harvester's Federation, with Melanie Sonnenberg, president; and Jim McIsaac, vice-president.

Melanie, I think you were going to give it a roll.

● (1515)

Ms. Melanie Sonnenberg (President, Canadian Independent Fish Harvester's Federation): Thank you, Mr. Chair, and thank you to the committee for having us appear today.

The Canadian Independent Fish Harvester's Federation is the national advocacy voice for over 12,000 fish harvesters and owner-operators that land most of Canada's seafood. We are the people who produce the most of Canada's crab, lobster, wild salmon, shrimp and groundfish.

Our seafood landings put Canada among the top fishing nations in the world and make us the single largest private sector employer in most coastal communities.

The seasonal nature of the Canada's fisheries sector has left it exceptionally hard hit by COVID-19 with the critical decisions forthcoming about the ability of harvesters to launch their vessels. Canada's fish harvesters may very well have to forgo critical fishing seasons due to the collapse in foreign markets and no support to pivot to local markets.

The federation has been closely following the various emergency support programs announced by the Government of Canada in response to the economic crisis caused by COVID-19. Of particular interest to our members are the Canada emergency business account, the seafood stabilization fund, Farm Credit Canada and the emergency wage subsidy. Unfortunately, due to the nature of our industry as well as the various restrictions and limitations on the programs, it is difficult if not impossible for fish harvesters to access the programs as they are presently structured.

Considering the unique nature of our industry and without having a fisheries-specific dedicated plan, we are proposing the following adjustments to the existing programs as well as some new ones for consideration.

In the short term, extend employment insurance benefits for a 12-month period for all fisheries workers, independent harvesters, crew and plant workers. That would include all B.C. salmon workers who qualify for EI based on the 2018 fishing season.

Adapt the Canada emergency response benefit and Canada emergency wage subsidy programs to the fisheries sector, so the 12-week program adopts seasonally appropriate timelines for this sector and has qualifying periods between May 9 and August 1, 2020, subject to extensions into 2021.

Wave or reimburse all 2020 federal fees related to the commercial fishery including but not limited to licensing fees, vessel registration, IQ fees, mooring fees, etc.

Introduce a program similar to the Canada emergency business account for fish harvesters, under which the maximum loan amount would be significantly increased from the current \$40,000 maximum and with the deadline for the forgivable 25% portion of the loan extended by two years to December 31, 2024.

Modify programs such as Farm Credit Canada and the business credit availability elements of the COVID-19 Canada emergency response plan to meet the unique challenges facing independent harvesters.

Defer payments and freeze interest on existing bank and provincial loans related to the fishing activity for a minimum of 12 months.

In the medium and long term, work with industry to develop a Canada purchase program to get healthy protein from fishermen to Canadians, institutions, local markets and food banks. This would support food security and stabilize seafood markets.

Support critical infrastructure required by the industry, such as loading and offloading facilities, shipyards, fuel docks, ice plants, etc., also incorporating the new requirements to deal with COVID-19.

It is important to emphasize how urgently these proposed measures are needed by our industry. This pandemic came at a sensitive time in the fishing season, making recovery throughout the rest of the year extremely difficult if not impossible. Without these supports, the future livelihood of many independent fish harvesters is in doubt, as is in turn the economy of many of Canada's coastal communities.

The challenges of this pandemic have demonstrated that now more than ever it is important to protect domestic and international food supply chains, and those include seafood.

We understand that the finance department designed these programs for a broad fit and is still working to adapt them to sectoral considerations. Recognizing that adapting these programs to the fisheries sector presents unique challenges, we stand ready to assist government to ensure that fish harvesters don't fall through the cracks. Please accept our offer of ongoing support and dialogue to protect the economic well-being of our vibrant coastal communities.

Thank you for your time and attention to this matter. By working together we can ensure that our Atlantic and Pacific fisheries remain intact at the other end of this and that they are ready to support in Canada's economic recovery.

In closing, I would again like to thank the entire committee for inviting us here today and for hosting this panel on fisheries, ensur-

ing that our vital industry is not overlooked. We're looking forward to your questions.

Thank you.

● (1520)

The Chair: Thank you very much for your presentation.

We'll now turn to Gulf Nova Scotia Fishermen's Coalition, Leonard LeBlanc.

Welcome, Leonard. The floor is yours.

Mr. Leonard LeBlanc (President, Gulf Nova Scotia Fishermen's Coalition): Thank you, Mr. Chairman. As I think everybody knows, we've known each other for quite a while.

Mr. Chairman, fellow board members and fellow industry reps, the Gulf Nova Scotia Fishermen's Coalition is thankful for the opportunity to be able to appear before you, the Standing Committee on Finance.

In the past, this industry has survived the collapse of the ground-fish stock in the southern Gulf of St. Lawrence in the late 1980s and early 1990s. The worldwide financial market crash of 2008 caused some of my members to withdraw money from their RRSPs to pay their crews and boat payments. The fishery is now facing a crisis that it has never witnessed before. We have very poor market conditions, if any at all. The COVID-19 virus, which is not the common cold or flu, has taken the lives of many Canadians and unfortunately will continue to do so.

Today, I appear before you to bring to your attention issues regarding the Canada emergency business account and the Canada emergency response benefit.

First, CEBA cannot be accessed by the majority of the members I represent. They have only one crew member and their payroll is under \$20,000. As was previously mentioned, some of the harvesters have the fish buyer pay their helper; therefore, they don't have a payroll number. One of my members was denied because his employee is an immediate family member. This is discrimination and probably unconstitutional.

Second, I will talk about the \$40,000 tax-free loan. Most harvesters are not registered with the provincial registry of joint stock companies. If their financial institution is a credit union, they will receive the loan, but if they are a client of the Royal Bank, they will not receive it. New entrants who recently bought a commercial fishing licence will simply not qualify. We would suggest that the government require that harvesters who need assistance only show proof that they have a GST number, a personal fisher registration or PFR, or a lobster licence number to qualify.

I will also mention the suite of points presented to Minister Jordan and other ministers by the Gulf Nova Scotia Fleet Planning Board for financial aid. I am secretary-treasurer of that board.

We wish to extend employment insurance benefits for all fishing industry seasonal workers: harvesters, crews and plant workers. For example, a harvester receiving \$576 a week and having his EI benefits ending soon would have his EI benefits automatically reactivated for a supplementary 12-month period until the next fishing season. Currently, harvesters are on EI before and after their fishing season. This request would add an additional 12 weeks at a cost of \$6,912 per harvester.

We are asking for help in deferring payments and freezing interest on existing bank loans and provincial board loans for 12 months.

Defer mortgage payments and freeze interest for 12 months through Canada Mortgage and Housing Corporation and other mortgage insurers. I know that the government does not have power over the private banks, but I think it could probably help them in this way.

Defer 2019 income tax payments and freeze the interest rate for 18 months.

Enable RRSP withdrawals, tax free, for 2020.

Special income tax credits could be used to stir the economy, because we're not only in a mess now but we have to come out of it sometime.

We ask for interest-free loans in the form of lines of credit of up to \$120,000 to fishing enterprises of which 25%, up to \$30,000, would be eligible as a subsidy, tax free, if the loan is repaid within five years.

A wage subsidy of 75% for fishing enterprises that may be able to fish for other species this year could be used.

As well, eliminate the fees for fishing licences for those who aren't fishing.

I will take the opportunity to thank the following MPs who have helped us greatly: Mike Kelloway, who is my MP; Dominic LeBlanc; Serge Cormier; Wayne Easter; and Sean Fraser, to name a few.

• (1525)

I will leave you with the following comment, which a processor from New Brunswick told me. He said that in 2019, 10 million pounds had no home and was bought by the processors in New Brunswick. He said that in 2020, 20 million pounds plus of lobster will have no home, period. We need help, and we need financial help quickly.

Thank you, Mr. Chair.

The Chair: Thanks very much, Leonard.

We'll turn now to Groupe MDMP, with Maxime Smith, commercial director.

The floor is yours.

[*Translation*]

Mr. Maxime Smith (Commercial Director, Group MDMP): Good afternoon, members of the committee.

My name is Maxime Smith. I am replacing Jean-Paul Gagné, the managing director of the Association québécoise de l'industrie de la pêche. The association represents sea product processors. Unfortunately, Mr. Gagné could not be here this afternoon.

We thank you for the opportunity to present today.

COVID-19 started in Quebec just as processing plants were getting ready for the new season. The fact that—

[*English*]

Mr. Sean Fraser (Central Nova, Lib.): On a point of order, Mr. Chair, I'm having an exceptionally difficult time hearing. It might be the same issue we've run into before with the speaker's language not mirroring the language that they're speaking. The issue is that I'm hearing both the translation and the speaker at identical volumes, which makes it difficult.

The Chair: That's strange.

Maxime, just check at the bottom of your Zoom screen and make sure you are on French. You need the symbol on the same language as you're speaking. Then it's easier for the translators.

[*Translation*]

Mr. Maxime Smith: Would you like me to start from the beginning, Mr. Chair?

[*English*]

The Chair: Just start from where you were. That's fine.

Mr. Maxime Smith: Okay.

[*Translation*]

COVID-19 started in Quebec just as processing plants were getting ready for the new season. The fact that the fisheries sector was quickly recognized as an essential service allowed a number of industry players to mobilize and implement measures to limit the spread of the virus. Protocols have been created for each segment of the value chain, and to date they have proven effective. The protocols have been developed in cooperation with other companies in the agri-food sector, whose common objective was to secure the food supply chain. In times of crisis, everyone working together is very important, and still today, we are offering to share the protocols that have been developed with all Canadian companies.

When Fisheries and Oceans Canada opened area 17 for the snow crab fishery on March 25, a clear message was sent to everyone that fishing would actually take place. We must remember that, at that time, opening the fishing season was uncertain. Most snow crab processing plants in Quebec were ready to take action in early April. We had asked that the opening date be April 10 for area 12, which is the largest in the gulf in terms of volume. This area is also affected by measures to protect right whales. The decision to postpone the opening of area 12 until April 24, to allow even more time for the plants that still had not completed their COVID-19 protocols, was very disappointing.

We must mention that other industries in the agri-food sector did not have the “opportunity” to obtain days, or even weeks, to implement new measures. Let me remind you that the objective of this season was to begin fishing in area 12 as soon as possible in order to limit interactions between fishers and right whales. The ice conditions were conducive to early fishing, which could have started on April 10. A lot of fishing could have been done before the whales arrived, at least by Quebec fishers.

Today, right whales are already in the waters of the Gulf, which is about two or three weeks earlier than expected. Fishing areas are already closed not far from the Quebec coast. To keep the U.S. market open for Canadian snow crab in the years to come, it is recommended that we review our protocol for opening the fishery to ensure that as much fishing as possible is done before the right whales arrive, in the interests of all Canadians. The economic consequences of closing the U.S. market would be devastating for our industry.

The lockdown in North America and internationally has clearly changed market conditions. Major segments of consumer sea products have completely disappeared, at least temporarily, which has created a great deal of uncertainty for many companies. However, to date, market conditions remain generally acceptable for frozen products. The workforce was very fearful at the outset. Processing plant managers have provided training to employees, who were reassured once they saw the measures put in place. Today, the feedback we are receiving from employees is very positive. They want to work and are proud to fulfill their social role during this crisis.

The new Canadian seafood stabilization fund has been well received. The processors have invested significant amounts of money to protect their employees. Since the program was announced, we have heard much less about the measures in the plants. The announcement may have had the effect of reassuring workers in some regions of the country. However, the absence of foreign workers will have a major impact on plant production capacity, particularly during the lobster season. The fact that the new measures are delaying the arrival of temporary foreign workers and that we are still uncertain as to when they will arrive is in itself a major problem.

Some companies will likely emerge weakened from this crisis. Unfortunately, we may well see more acquisitions of Canadian companies by foreign firms between now and the end of the year. In the medium term, this trend will be very harmful to the Canadian economy, because we will see a drop in the price paid to fishers for the resource, which means a lower GDP from the fisheries sector. Worse yet, our food security is at risk in the medium term.

• (1530)

Thank you.

[English]

The Chair: Go ahead, Mr. Irvine.

Mr. Geoff Irvine (Executive Director, Lobster Council of Canada): Thanks very much for having me join you today, Mr. Chair.

The Lobster Council of Canada is the only organization that includes all parts of the lobster value chain, including harvesters, shore buyers, processors, live shippers and first nations. We focus on market access issues, marketing and promotion of Canadian lobster, communication and encouraging collaboration in the most profitable seafood sector in Canada. The sector has annual landings of over 200 million pounds, representing \$2.5 billion in export sales.

This pandemic has had a dramatic impact on the lobster market around the world. Our challenge, just like Christina's, is focused on the fact that 75% of processed and live lobster is consumed in the food service sector. This sector has effectively collapsed over the last three months, beginning in Asia, Europe and finally North America.

I will now provide an update on the market situation starting with live lobster, a market that represents about 45% of our total lobster export value.

The live market collapse began in China in late January. The ensuing quarantines throughout the world, shutdown of borders, significant holdover of live inventory and cancellation of air traffic further depressed the live lobster market. It caused an immediate collapse in the winter shore price, which is the price paid to harvesters, from \$10 to \$4.

Beginning in early April, the live lobster market in China and the Pacific Rim began to slowly return, with consumers procuring their seafood from retail and e-commerce channels. However, this demand from Asia is a fraction of where we were pre-COVID, and is based on a much lower market price than we had enjoyed in January.

It is important to understand that volumes being harvested today, on May 7, given bad weather and actual effort on the water, are a fraction of what will be landed one week from now, when every season in eastern Canada will be open. At the end of April, landings were approximately 25% of where they'll be in one week's time, when all harvesters take to the water in all five eastern provinces.

I will focus now on the processed lobster market. The markets are quite significantly different but they're interrelated. The processed lobster sector represents about 55% of our total lobster export value.

Processed lobster buyers from the United States make up 75% by value, and include casinos, cruise lines, quick-service restaurant chains and independent restaurants. All buyers in our key markets, which include the U.S.A., European Union and Asia, are uncertain of business recovery timelines, the volumes they will require and what price level will work to bring consumers back. There's a lot of uncertainty in the food service sector, as we all know.

Due to typical seasonal buying and production patterns, processed lobster market prices began to retreat in February, a little later than the live sector. The price decrease has accelerated as the spring production periods approach and orders from customers worldwide are simply not there. With lower short-term shore prices and the expectation of further shore price drops due to expected fishing volumes that will exceed plant capacities, labour issues, which have been talked about, that affect plant capacity and a challenging market, exporters have seen a dramatic drop in the markets, resulting in writing down their high-priced inventory of lobster tails and lobster meat that they produced early in the winter.

There is some interest in Asia for in-shell whole frozen products at a price and volume that may or may not work for the harvesters and processors who produce these products. That's a bit of good news. Variables that could change the spring dynamic for both the live and processed sectors include the pace of return of key markets, harvesters' fishing decisions, bad weather and challenges with the North Atlantic right whales that Max just talked about. When all seasons are open, it is expected that experienced buyers will demand lower prices for all lobster products, which likely will cause the shore price to drop for all. In summary, the markets for both live and processed lobster are generally bleak, with some returning business but at a fraction of where we typically are in early May.

In an effort to help harvesters and the shoreside sector plan for this challenging spring season, the Lobster Council has developed what we call the "Canadian lobster model". We did some modelling. The model takes 2019 data on lobster volumes in the U.S. and Canada, processed and live exports values, as well as estimates of when we expect the key markets to recover. This data then provides us with an estimate of what we're calling "stranded" lobster, which is lobster without a home or market. I think Leonard talked about it a minute ago. We have that estimate for the end of every month and the end of 2020.

Our latest modelling estimates for this year show that at the end of 2020, if we do exactly what we did last year, we could have upwards of 90 million pounds of lobster stranded and without a home at the end of the year. I don't think any of us want that.

I will sum it up by saying that our challenge as a sector is to balance public health concerns on boats and in plants, and lobster season openings and plant production capacity, with slow and uncertain markets around the world.

• (1535)

We need some lobster, but as our model shows us, we don't need anywhere near everything that we can catch.

Thank you very much.

The Chair: Thank you, Geoff.

We'll turn, then, to the Maritime Fishermen's Union, with Martin Mallet, executive director.

Go ahead, Martin.

Mr. Martin Mallet (Executive Director, Maritime Fishermen's Union): Thanks again, Mr. Chairman, for the opportunity to speak today, and to the whole committee for also agreeing to this.

The Maritime Fishermen's Union represents over 1,300 independent inshore owner-operators in New Brunswick and Nova Scotia. Since its creation in 1977, the MFU's mission has been to represent, promote and defend the interests of inshore fishermen and their communities in the Maritimes. The MFU is also an active member of the Canadian Independent Fish Harvester's Federation, which is at the committee today.

Since the beginning of the COVID-19 pandemic in January, fishermen's associations across Canada have been assessing its impact on the livelihood of their members, the economic sustainability of the industry as a whole and the coastal rural communities that depend on it. In Atlantic Canada and Quebec, one of the most important fisheries in Canada is about to open within a week, the lobster spring fishery, and still no specific support programs have been announced to get our fishermen and crews through the impending crisis. The wait for an industry-specific program that takes care of its seasonal nature and other particularities is further damaging the industry by creating confusion and hampering the planning process as we move ahead with this fishery.

Indeed, to move forward in the current conditions, without a financial support program for harvesters and crew members, will severely affect the sustainability of fishing enterprises and coastal communities for years to come. Fishermen are questioning their ability to fish and cover their expenses this year, all the while supporting their families and crew members. Currently, they are not eligible for most of the recently announced federal programs to support businesses through this crisis. Therefore, the MFU, in collaboration with other groups, has this past month requested financial support measures, including a list of short-, medium- and longer-term support ideas, which I have included as an appendix to this talk today.

Here are a few key short-term items on that list, which would support basic income, operating expenses and business cash flow: one, an extended EI benefits program and a Canada emergency response benefit program adapted to all seasonal workers in the industry until the 2021 fishery; two, an adapted Canada emergency wage subsidy program and a waiver of all federal fisheries-related fees for 2020; and three, an expanded interest-free loan program, currently known as the CEBA, of up to \$200,000, with 25% being forgivable.

These emergency support ideas were put together rapidly and with the objective that they could also be rolled out rapidly by the federal government because they are based on existing programs. However, as mentioned earlier, the existing programs are currently not adapted to our industry and the majority of our harvesters are not eligible.

Here are a few industry particularities that need to be taken into consideration and addressed, but more details and ideas are available in another appendix that I have sent you for consideration, appendix B.

The first one is that the seasonality of the industry is extremely important to consider. For example, for the spring lobster fishery, fishermen hire their crews in mid-April for about 14 to 16 weeks. Many programs end before the end of the fishery and will not be available at all for the upcoming fisheries in August and later in the fall.

Furthermore, fishermen are not paid before they start fishing and selling product, so they cannot demonstrate any financial impacts of the crisis before they begin fishing. However, many operational costs need to be covered, including wages, several weeks before in order to get ready for the season. Finally, many fishermen have a very short, nine-week fishing window to make enough revenues to cover their fishing expenses and have enough net benefits left over for their living expenses until the next year's fishery. This year, this window has already been reduced to seven weeks for many, due to season delays, with low lobster shore prices and daily catch limits expected on top of this.

The second criterion that needs to be looked into is the fact that family enterprises are extremely common in this industry. For instance, the fisherman's crew will many times consist of his wife, brothers and sisters, or sons and daughters. The "no family relations" criterion needs to be eliminated for all wage subsidy programs in order to help this industry.

Third, fishermen's earnings and payroll structures are sometimes pretty complex and difficult to use as a benchmark for program access for many of the existing programs. If and when this criterion is used, there will be many who fall into the gaps because there exist many business structures and strategies in the fishing industry.

• (1540)

For example, many fishermen are not incorporated, nor do they have a business account with their financial institutions. Also, many pay their crews with catch shares, and are not paid through a regular payroll system, which is currently used as a criterion with the CEWS program.

New entrants to commercial fishing who have bought fishing enterprises at historically high prices within the last year, who, like many, are not incorporated and do not have the fishing revenue and payroll history before the start of the 2020 spring fishery are completely left out of most assistance programs. They are the most indebted fishermen, with many commercial fishing enterprises having sold for over \$1 million during the past year. They will not survive the next 12 months to 18 months before the next season without special consideration and support.

In conclusion, the MFU will continue to collaborate with the federal government, and applauds its continued efforts to ensure the health and safety of all citizens. We believe the current situation in the fisheries requires a broad and proactive approach from our federal and provincial governments, one which considers the usual fishery management considerations but also the economic impacts of this pandemic on the fishing sector as a whole. Financial support measures for the fishing industry need to be announced urgently to ensure that the sustainability of this economic pillar for coastal and rural communities in the Maritimes and across Canada can be assured.

Thank you very much.

• (1545)

The Chair: Thank you very much, Martin.

Before I turn to the last witness, I'll give committee members the speaking order for questions: Mr. Arnold, Mr. Fraser, Mr. Ste-Marie and Mr. Johns.

We'll turn now to the Prince Edward Island Fishermen's Association. Mitchell Jollimore is vice-president and Ian MacPherson is executive director.

I believe you're starting, Ian.

Mr. Ian MacPherson (Executive Director, Prince Edward Island Fishermen's Association): Yes. Thanks very much, Mr. Chairman.

The Prince Edward Island Fishermen's—

Ms. Elizabeth May (Saanich—Gulf Islands, GP): Mr. Chair, this isn't our last witness on this panel.

The Chair: Yes, it is. That's all I have anyway, Elizabeth.

Go ahead, Ian.

Mr. Ian MacPherson: We're the last ones in this segment, I think.

The Chair: Yes.

You're thinking of the next panel, Elizabeth.

Okay, Ian, go ahead.

Mr. Ian MacPherson: No problem.

The Prince Edward Island Fishermen's Association would like to thank the Standing Committee on Finance for providing the opportunity to present today on the impacts of COVID-19 on the fishing industry.

Prior to the virus being diagnosed in Canada, the impacts on the east coast fishery were already being felt. As many Canadians know, Canada has been a major supplier of seafood into international markets. Although domestic consumption of seafood is increasing, many offshore markets consume significant quantities of seafood on a daily basis.

Our reputation as a high-quality seafood provider is worldwide. We are proud of this reputation, and have worked very hard to diversify and keep markets in what is traditionally a very competitive environment. We are, however, facing an even more challenging environment with the impacts of the virus affecting restaurants, casinos, cruise lines, hotels and other travel-related industries.

On Prince Edward Island, we are very dependent on lobster as our primary seafood product. Most of our product is processed or shipped live on the island or in New Brunswick or Nova Scotia. Therefore, any slowdown in markets does have a direct bearing on our fishery. Our 1,270 members fish either a spring or fall lobster season of about two months' duration. This means that sufficient income must be generated during this compressed time to cover costs until the following year.

One very important point to make is that the men and women who harvest our seafood products are passionate about what they do, and fishing is what they want to do.

Today I'm accompanied by Captain Mitchell Jollimore. In addition to being our association's vice-president, he is an active harvester. Captain Jollimore is a knowledgeable resource in terms of identifying the challenges faced by younger captains in the industry. Although the past years have improved financially for a number of P.E.I. harvesters, there are additional challenges for those who have bought in over the past seven years to 10 years.

The fishing industry has been declared an essential industry in Canada. Over the past six weeks, all parts of the sector have worked tirelessly to create protocols that will keep plant and wharf personnel and boat crews healthy and safe. The best scenario is that harvesters are able to generate enough income to cover key expenses until 2021. In today's environment this will be challenging.

The PEIFA has therefore developed a proposal that will stabilize fleets with supports that will be activated if certain gross income levels are not achieved. We did submit our formal document, but Captain Jollimore has a written submission that he will cover. I apologize if it didn't make it in time for translation, but I think it's in a little more of an understandable format.

I'll turn this over to Captain Jollimore.

• (1550)

The Chair: We'll get that presentation in due course, Ian.

Mitchell.

Mr. Mitchell Jollimore (Vice-President, Prince Edward Island Fishermen's Association): Thank you, Mr. Easter.

Hello everyone. Thanks for taking time to hear our concerns today. While these times are uncertain, I'm proud to be Canadian and thankful that PEI is where my family calls home.

On Prince Edward Island there are 1,270 captains, myself included, as Ian alluded to. All of us are members of the PEIFA. I take this job today of speaking on their behalf very seriously.

COVID-19 has affected us all and our industry is no exception. Unpredictable markets and new health and safety protocols have created a lot of anxiety and added pressure for all the fishers across Canada. While it's anticipated that revenues to fishing enterprises will be down a minimum of 30% compared with 2019 across the lobster harvesting sector due to these conditions, this reduction in revenue is not sustainable for fishers as proud small business owners.

This drop in revenue will be extremely hard to demonstrate before we begin fishing. A modification to the Canadian emergency wage subsidy that would see all licence-holders qualify would have the same outcome as originally intended. This would continue and stabilize employment. Similar relief measures have been put in place for other self-employed persons in different sectors, and I commend your willingness to continue adapting these programs as the pandemic evolves. We all ask that you use that same forward thinking to help address some of these gaps.

We have requested, in our document that Ian has forwarded, an 18-month deferral of the 2019 income taxes that will be due. This deferral, at no added interest cost, would give fishers some more financial flexibility during this uncertain time. Once our gear is in the water, we can expect our expenses on P.E.I. to be approximately \$60,000 to operate. This doesn't include any capital loan payments. We've outlined a working capital loan program of \$50,000 similar to the CEBA as an important request for our members. This working capital loan would give us the financial ability to start our season knowing that we would be able to have our expenses covered. We want everyone to be safe and we want everyone to be able to fish.

We recognize that not all fishers might have the same level of demand for their product. Because of this, we have proposed that the working capital loan will have income targets: If a fisher cannot participate fully in the spring 2020 lobster season and is unable to generate \$50,000 in fishing-related income, the entirety of the working capital loan would be forgivable. Over \$50,000, 50% would become repayable, and then as our members continue to fish and generate revenues, the amount that is repayable would increase. This is going to get to people who need help.

The PEIFA and its members recognize that the marketplace is obviously the most appropriate source of revenue for the fishing industry. The assistance that we've outlined in our proposal and today would be instrumental in stabilizing our industry. It would allow those affected the most to get the help that they need and it would allow rural communities to get through this together.

Thanks again for the opportunity to speak today. We're more than happy to answer any questions you might have.

The Chair: Thanks very much to everyone for their presentations.

When questions are asked, there may be something that somebody wants to add even though somebody else answered the question. Raise your hand and I might see you. I don't have everyone on my screen, but I might see you.

We'll go to six-minute rounds, and we'll start with Mr. Arnold.

Go ahead, Mel.

Mr. Mel Arnold (North Okanagan—Shuswap, CPC): Thank you, Mr. Chair.

I'd like to thank all the witnesses who have made themselves available today for this finance committee session on fisheries. Fisheries are certainly an important sector of our economy. I think it's very relevant that we're taking a look at this today. I would like to point out, being from the west coast, that there is one part of Canada's fisheries that isn't being represented here today, and that is the recreational or the public food fishery on the west coast. It's certainly a massive input into the economy in western Canada which I think needs to be considered as well, not to take anything away from our Atlantic and gulf and Newfoundland fish harvesters, processors and marketers, which are all big parts of our economy.

I'd like to start by asking for yes and no answers from all of the participants. I'll go through the roll call after I go through my questions.

On April 25, the Trudeau government announced the \$62.5-million Canadian seafood stabilization fund, which they claimed was a support package for our fish and seafood sectors. Unfortunately, this support was delivered to one link of the fish and seafood supply chain, the processors. It delivered no support for the harvesters. I've heard from harvesters who are shocked the government would deliver support to one segment of the sector but not to others, especially when you consider the fact that harvesters and processors depend on each other.

Have any of you been provided with an explanation from the government as to why the government chose to exclude harvesters

from the Canadian seafood stabilization fund announcement, yes or no?

I'll start off with Ms. Burridge.

You can nod or shake your head. I can see you on the screen.

• (1555)

The Chair: You had it on mute, Ms. Burridge.

Ms. Christina Burridge: No.

Mr. Mel Arnold: No? Okay.

Ms. Sonnenberg.

Ms. Melanie Sonnenberg: There's been a little bit of discussion. It's an in between.

Mr. Mel Arnold: It's neutral. Okay.

Mr. LeBlanc.

Mr. Leonard LeBlanc: No.

Mr. Mel Arnold: Mr. Smith.

Mr. Maxime Smith: I'm here on behalf of Mr. Gagné, so maybe Mr. Gagné has, but I haven't.

Mr. Mel Arnold: Okay.

Mr. Irvine.

Mr. Geoff Irvine: Yes, I've had some explanations.

Mr. Mel Arnold: You have had some information?

Mr. Geoff Irvine: Yes.

Mr. Mel Arnold: Okay, thank you.

Mr. Mallet.

Mr. Martin Mallet: I'll answer as Ms. Sonnenberg did, yes and no.

Mr. Mel Arnold: You're neutral, okay.

Mr. MacPherson.

Mr. Ian MacPherson: Yes, we've had some, but again no specifics, and we're anxiously waiting for something.

Mr. Mel Arnold: Okay. Thank you.

I'm going to ask the same thing with a much shorter question this time.

Were any of your organizations or members consulted about the relief programs that were rolled out, whether that was the CERB, the wage assistance program or the business loan? Were any of you consulted on what would or wouldn't work for the fisheries sector?

Ms. Burridge .

Ms. Christina Burridge: No.

Mr. Mel Arnold: Ms. Sonnenberg.

Ms. Melanie Sonnenberg: No.

Mr. Mel Arnold: Mr. LeBlanc.

Mr. Leonard LeBlanc: No, sir.

Mr. Mel Arnold: Mr. Smith.

Mr. Maxime Smith: It's the same answer. Maybe Mr. Gagné has, but personally I was not involved.

Mr. Mel Arnold: Okay.

Mr. Irvine.

Mr. Geoff Irvine: Yes, there was lots of interaction about the big-picture issues but not specifically about that program.

Mr. Mel Arnold: Okay.

Mr. Mallet.

Mr. Martin Mallet: Specifically about the programs that have been announced now, no, we were not.

Mr. Mel Arnold: Mr. MacPherson.

Mr. Ian MacPherson: No, we were not.

Mr. Mel Arnold: Okay. Thank you.

As you know, the Canadian seafood stabilization fund is meant to help processors "comply with new health and safety measures for workers". Again, when we look at the supply chain that starts with the harvest, it doesn't make sense that the government would provide funding for the safety of workers employed by processors without providing support for the safety of workers on board harvest vessels and at the wharves and docks where catches are unloaded.

Have any of you been provided an explanation as to why the government provided support for worker safety only in the processing operation?

The Chair: Who wants to start? If anyone wants to give it a go, raise your hand or just push the microphone.

Go ahead, Leonard.

Mr. Leonard LeBlanc: No, we weren't.

Mr. Mel Arnold: If there are any positive affirmations out there, raise your hand or hit your microphones.

Obviously no, or apparently no, I should say.

The Chair: You have a minute left, Mel.

Mr. Mel Arnold: Okay. I have a lot more questions, so I'm glad we're going to get another round in here.

The loss of international markets has dealt a severe blow to fishermen and the seafood sectors. Have any of you received an explanation from the government as to why they have failed to deliver any resources or initiatives to move Canada's world-class fish and seafood products to high-value markets overseas?

• (1600)

The Chair: Go ahead, Mr. Irvine.

Mr. Geoff Irvine: I've had many, many calls with Ag Canada about support and many different options and ideas. We're involved with the Atlantic fisheries fund with our marketing strategy every day, so, yes, we've had some discussions for sure.

The Chair: Okay, we have to leave it there.

We'll turn to Mr. Fraser and then to Mr. Ste-Marie.

Sean.

Mr. Sean Fraser: Excellent. Thank you so much, Mr. Chair. Thank you to all of our witnesses.

I represent a constituency on the east coast that has a lobster fishery on both the Atlantic coast and the Northumberland Strait, so this panel is of particular import to the communities that I represent.

I'm going to target my questions initially to Mr. LeBlanc. To the extent that there are supplemental answers from others at the end, I would invite you to join in, but I'm going to try to cram a lot into the next few minutes. To the extent, Leonard, that you could keep things short, I'd appreciate it.

First is on the income support issue, which is a theme that came up throughout this panel. The challenge as I understand it is that typically, fish harvesters in our region earn 12 months of income in about two months, give or take, depending on the area they may fish out of. In addition to the income they get from harvesting, many fishers earn enough to qualify for EI, which provides additional income support through to the following fishing season.

In this current year, for either market reasons or health reasons, we may find ourselves in a position where fishers are without the income they normally rely on and are hit by a double whammy, so to speak. They may have a reduced catch, a lower price or may choose not to go out for public health reasons. Because of that, they will have lower earnings, which in turn will deny them access to EI. If they do qualify for the CERB, they're still going to be without income for potentially six months of the year.

Can you express to me why it is going to be so important to cover this gap? It feels like the black hole issue we became familiar with a few years ago on steroids, in some regard. Have I summarized the issue appropriately, and is the answer as simple as putting in place the CERB or EI during this period for harvesters?

Mr. Leonard LeBlanc: I think you summarized the problem exactly as we see it as industry representatives.

To the question you asked, there has to be something to fill the gap. We need a bridge. We need it from either CERB or from fishing to next year.

Mr. Sean Fraser: To supplement that, one of the issues that I've heard come up from some local harvesters is that they're not as worried about the guys who fish multispecies year round, or maybe who have a record year against the odds and might make a couple of hundred thousand dollars if they have a particularly good year. They're concerned about those people particularly who may have had a shortened season, may not get the price they want or may potentially, because of the pandemic, have to choose not to fish for health reasons.

Is there a way we can target those people who don't meet the income support thresholds that they usually need to qualify for without extending benefits to people who may not need them because they've had a successful year?

Mr. Leonard LeBlanc: They use the revenue they've earned to qualify or disqualify, but I think you have to target the area. I think in the southern gulf, the spring fisheries are the areas you have to target for aid. We know that we're going in at a deficit even before we set a trap in the water. I think that's the general area you have to target.

Mr. Sean Fraser: I'll pose my next question to Captain Jollimore just to get a harvester's perspective and to bounce the questions around. I know there are a number of people here with a lifetime of experience in the industry.

A couple of witnesses testified to the importance of liquidity. Essentially, the access to cash is what seems to be a major issue. I find in Ottawa, when we have our meetings in boardrooms, everyone has a pretty good concept of small business expenses like rent, utilities, phone and Internet. The thing that kills me here is that there are a lot of people, particularly earlier in their career, who may have taken on massive debt that they won't be able to service because the cost of a vessel, a licence or the gear is so expensive.

For the benefit of the public who might be taking this in, can you give us a sense of the kinds of things that your harvesters are going to actually have to pay for and which they don't have the cash flow to cover?

The Chair: Go ahead, Mitchell.

Mr. Mitchell Jollimore: Thank you for the question.

One of the big things is our hired help and ensuring that our crew all have access to EI, so they're going to have to have the earnings. That's one of the things. We have our bait and fuel and we do have expenses with gear. It costs about \$4,000 or \$5,000 a year to get your gear and your boat ready. As soon as you put your boat in the water, there's insurance for everything as well. When we say about \$60,000, that would be our expenses for the duration of the year.

One of the important things to remember is that for those people who are taking out those loans that are at high numbers, that money is going to retirement for some people; that money is spent back into the economy. We want to make sure that the value of those fleets does stay up at those price levels. We want to make sure that the people who are willing to take those risks on are going to be able to get through this kind of downturn and be able to continue to make their payments on those. It's important for the value to be high.

That money goes right back into rural communities when it's paid out.

• (1605)

Mr. Sean Fraser: I hear loud and clear that income support is going to be essential to fill that gap. Some sort of low-interest or interest-free loan to help with working capital would cover an additional problem.

I have a final question for the Lobster Council of Canada, if I have time, Mr. Chair.

The Chair: You do. You have a minute.

Mr. Sean Fraser: I'm concerned not only about the market challenges we face this year. Given the uncertainty facing the global marketplace, because of the unpredictable public health emergency facing the world community, I worry this industry which is strategically important to my communities might not be able to sell well into the future if we don't get this under control.

What recommendations do you have? Are there one or two quick pointers you can give to the federal government not only to preserve what's left of this market this season, but also to make sure there's a season to sell into next year?

Mr. Geoff Irvine: Yes, we need to continue to invest money in marketing and ensure the Canadian lobster brand is front and centre in the whole world. Some of the things we're doing to ensure that we can sell more into retail is a possible option. Those are a couple that quickly come to mind.

Mr. Sean Fraser: I would invite you to send any follow-up you have to the committee through the clerk.

Thank you so much to everyone for joining us.

The Chair: Thank you, all.

We are turning to Gabriel Ste-Marie and then we'll go to Gord Johns.

Gabriel.

[*Translation*]

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

My thanks to the witnesses for their presentations. My first questions are for Mr. Smith, but the other witnesses are of course welcome to add their comments if they have any. Before I ask my question, I'm going to make a comment.

Right now, the fisheries sector is experiencing a great deal of distress because of COVID-19. My understanding is that the programs the government has put in place are not well suited to the fishing industry. That has to change. It is urgent.

Just a few hours ago, my colleague Marilène Gill, the member for Manicouagan, on the north shore, raised this issue during questions to ministers. From what I have heard from the Prime Minister's answers, the government still needs to be pressured so that your industry can have programs that meet your current needs.

Mr. Smith, you mentioned the issue with the U.S. market. Could you elaborate on the importance of exports for your industry and the current issues affecting exports?

Mr. Maxime Smith: I was referring to snow crab in particular. The U.S. market represents more than 75% of our market. So if there were more right whale incidents and we had to close the fishery, we could lose the U.S. market, not only for this season but also for following seasons because of the Marine Mammal Protection Act. That would be very harmful. That is what I meant.

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

You also talked about the importance of temporary foreign workers.

What is the current situation? What are the difficulties?

Mr. Maxime Smith: Right now, applications for temporary permits for foreign workers have to be done. Our workers still have not had access to their work permits. So we still do not have a date for their arrival, at which point they will have to be quarantined.

To an extent, we have had some luck with snow crab, because we have been able to adapt our production, but as everyone here has mentioned, when the lobster fishery starts, that will be a different story. As Mr. Irvine said, there are fresh products and processed products, and the dynamics of the lobster market are completely different from the snow crab market.

• (1610)

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

According to your information, are foreign governments responsible for the current delays, or is there something that can be done here to speed up the process?

Mr. Maxime Smith: According to the information I received, we are waiting. Usually, there are no applications for temporary permits for workers, but because of COVID-19, this application has been added. I cannot comment any further. That is the information I have to date.

Mr. Gabriel Ste-Marie: Okay.

Mr. Maxime Smith: However, we still don't have a date of arrival and we would like to solve the problem. We would like to have workers so that we can process as much lobster as possible.

Mr. Gabriel Ste-Marie: So there is an urgent need for action.

The issue has often been raised: this is a seasonal industry that really goes hand in hand with employment insurance. The current crisis raises major questions about employment insurance. Could you remind us of the fishing industry's requests regarding employment insurance?

Mr. Maxime Smith: Are you talking about the industry's requests for workers?

Mr. Gabriel Ste-Marie: That's right.

Mr. Maxime Smith: Right now, we are trying to make sure that the workers in the plant can accumulate all the hours they can. That's why we wanted to start as soon as possible, so that workers can accumulate those hours.

The next step is what concerns us, because we are all sort of dealing with uncertainty here today. Once the lobster fishery starts, we are wondering what the dynamics are going to be for landing the catch, both in the plant and on the market. We know it's going to be a problem, but we don't know to what extent yet.

The labour shortage in plants will certainly impact the fishers. If our plants cannot process the catch, the entire process will slow down and fishers will have to reduce their catches. This will inevitably have an impact on their income.

Mr. Gabriel Ste-Marie: Thank you.

You talked about right whales. My understanding is that, as soon as you see right whales twice in the same fishing area, that area becomes closed to fishing. You mentioned that the whales arrived two weeks earlier than expected and that the start of the fishing season was delayed because of COVID-19. What could be done about that?

Mr. Maxime Smith: Let me use the example of the shrimp fishery, which starts on April 1. When sectors are ready to go out to sea, they can go. The same principle could be applied to other species, by opening the fishing season on April 1 and, as soon as a port has no more ice, let the fishers go out so that they can catch as much as possible before the whales arrive, which would limit their interaction with them.

I would like to take this opportunity to say that New Brunswick fishers are working extremely hard to develop ropeless fishing gear. So we are all making progress, although it's going to take time. Until we can have equipment specific to the fishery, however, we should let the fishers go fishing while limiting their interaction with the whales.

Mr. Gabriel Ste-Marie: Thank you.

[English]

The Chair: Okay. Thank you, all.

We're turning to Gord Johns for a six-minute round.

Mr. Gord Johns (Courtenay—Alberni, NDP): Thank you, Mr. Chair.

I also want to thank all of you for your important leadership in advocating for fishers, for fish harvesters, processors, all those who rely on seafood from coast to coast. Your testimony is very important. Your leadership is very important.

I want to start on the west coast. We know that the government—well, right across our country—has not come up with any relief in its emergency relief package for independent fishers. It came up with some funding for processors, which certainly was important for workers' protections. We know that on the west coast fishers are still reeling from the worst commercial salmon season in recorded history, and they were still waiting for help long before COVID hit.

Mr. McIsaac, can you talk about the economic importance of the industry to coastal communities, and the support the industry provides as an economic driver for coastal communities?

• (1615)

Mr. Jim McIsaac (Vice-President, Pacific, Canadian Independent Fish Harvesters Federation): Good afternoon, Mr. Johns. Thanks very much for the question.

The industry is incredibly important for coastal communities across the country. In Atlantic Canada the fishing industry is the backbone of the Atlantic Canadian economy. In the Pacific it is the backbone of the fisheries economy here for coastal communities. It is a huge part.

The benefits of fisheries go well beyond just the economic ones. There are huge intangible benefits. The connection to the ecosystem and the broadening of food security to communities are all part of the larger suite of values that fisheries bring to communities.

Yes indeed fisheries are hugely important, not just for the economy but also the intangible social values they bring.

The Chair: I won't take time away from you, Gord, but I will just interrupt for a second.

The lineup for the next series of questions is, first, Mr. Bragdon and then Mr. Fragiskatos.

It's back to you, Gord.

Mr. Gord Johns: I am hearing, from coast to coast to coast, that many independent fishers are locked into contracts with licence-holders. This could bankrupt them before they leave the dock because they bargained on a price that was what they expected the market to be.

Mr. McIsaac, can you talk about the impacts of COVID-19 on licence lease costs and the importance of fair distribution of benefits?

Mr. Jim McIsaac: Thanks again for the question.

This is an issue that is long-standing in the Pacific, where you have investors holding licences and quotas and then leasing them to fish harvesters and processing companies to prosecute the fishery.

This year, in the lead-up to the season, fish harvesters will make arrangements to lease licences and lease quota based on market prices that were received last year. For instance, the prawn licences were leasing anywhere from \$60,000 to \$70,000 in January of this year, and for harvesters now the season has been delayed for over a month. There are huge questions about what's going to happen in the market for prawns going forward. Those harvesters are having to cover those costs already, and cover interest payments on those until the fishery happens. There is a huge impact for those harvesters.

The other side of that is on quota leases. One of the things that has happened with COVID-19 and quota leases is there is the realization that harvesters and processors can't take the full risk of market conditions. There have been, across the board, harvesters and processors who refused to lease quotas at a set dollar price and a 50-50 sharing arrangement has been the one that's been put forward. That's what's been happening.

There has been a response from some of the licence-holders and quota holders on that, trying to extend a quota as a carry-over into next year so that they don't have to use it this year and can avoid the kind of market conditions that are happening right now.

Mr. Gord Johns: Thank you.

My colleague, Mr. MacGregor, from Cowichan—Malahat—Langford, and I have been pitching really hard for a national food procurement strategy. We sent a letter. We're glad to see the government support a \$50-million purchasing program for agriculture.

Can you talk about how important it would be to apply that to the fisheries sector so that Canadians, food banks and Canadian institutions get Canadian proteins, healthy proteins? Maybe you could also cite other jurisdictions that have done something similar.

Back to you again, Mr. McIsaac.

Mr. Jim McIsaac: We're obviously facing huge market issues given the majority, something close to 90%, of our seafood is exported. With the conditions in Europe and the United States and Asia, pivoting now to the domestic market is virtually the only option that's available for some fisheries. Helping support that, a purchase Canada program could help get our sustainable fish with high protein value onto Canadian plates and at the same time stabilize the market across the board.

The United States is doing a similar program with seafood. They have had a program in existence for some time to do that. You can look to them for examples on how to do that.

• (1620)

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

Mr. Bragdon, the floor is yours for a five-minute round.

Mr. Richard Bragdon (Tobique—Mactaquac, CPC): Thank you, Mr. Chair.

Thank you, everyone, for being on the call and to all the witnesses, thank you for your time.

The Minister of Fisheries, Oceans and the Canadian Coast Guard has repeatedly stated that the government response measures, including the emergency wage subsidy, the emergency response benefit and business credit availability program, the emergency business account and others, provide adequate support to assist fish and seafood operators to weather the storms they are facing today.

However, my Conservative colleagues and I have received many concerns from fishery stakeholders and even their accountants who have told us that the government's response measures are not accessible to fisheries operators and workers for a number of reasons.

Many fisher organizations have asked for clarification from Minister Jordan's office, as we have in writing. Sadly, no one seems to be getting a response.

Are your members sure that the response measures I just mentioned are indeed accessible for them and their employees? Do you have any answers or feedback on that?

The Chair: Are you directing that question to anyone specific, Richard?

Mr. Richard Bragdon: It could be for any of the witnesses who feel they have something to contribute to it.

The Chair: Go ahead, Mitchell.

Mr. Mitchell Jollimore: I can speak personally to that. My accountant says that we don't qualify for that as fish harvesters, and I have an incorporated company that holds my licence.

I don't qualify, and the majority of the licence-holders on the island, I think, would have a set-up similar to mine.

The Chair: Does anybody else want to come in?

Go ahead, Leonard and then Mr. Mallet.

Mr. Leonard LeBlanc: When the minister came out with that statement, we went to our accountant to make sure and verify with them. They told us from the very beginning that it doesn't fit. What we need for the fishery is something that's specific to the fishery. On land businesses and businesses for the water are totally different. Therefore, I don't know who advised her but obviously she was ill-advised.

The Chair: Mr. Mallet, go ahead.

Mr. Martin Mallet: I'll echo what Mitchell and Leonard just mentioned.

On several fronts the current programs are not adapted to the fishery. One good example is the fact that many fishermen have family members as their crews, so the program for wage subsidies, which is an important one, is not accessible to them.

The Chair: Okay. Thank you for that.

If I don't see you, just yell at me and we'll catch you when you want in.

Ms. Christina Burridge: Mr. Chair, I am back in.

The Chair: Okay.

Richard, go ahead.

Mr. Richard Bragdon: Thank you, Mr. Chair.

On April 2, the Trudeau government released guidance on its essential services and functions in Canada during the COVID-19 pandemic.

I joined our fish and seafood sectors in welcoming the federal government's acknowledgement of the essential role these sectors can play in supporting Canada's food security. One of the challenges our sector is facing is with retooling processing and logistics to provide essential support for Canada's food supply.

Another target of the government is the \$62.5-million Canadian seafood stabilization fund for processors for adding storage capacity for unsold product. This suggested to me that the freezer storage

on the Atlantic coast was maxed out. Another month before the announcement of the fund, it was reported that an estimated three million pounds of lobster was stranded in storage.

If the purpose of your sector being deemed essential was to allow you to support food security, I assumed that would mean Canadian fish and seafood would be made more available to Canadians, but now the government is funding storage so the stockpiles can be made even bigger.

Have any of you received an explanation from the government as to why they have not taken any action to promote or do more promotion of Canadian fish and seafood for Canadian dinner plates?

Does anyone want to take that one on?

The Chair: That would be more along the lines of Mr. Irvine, I would think.

• (1625)

Mr. Geoff Irvine: Thanks, Mr. Chair.

I did have a couple of calls with Ag Canada, which was supposed to be rolling out a buy Canadian program for all agri-food products before this happened. I think that COVID-19 has put that on the back burner.

We are talking to all the provinces about ensuring that lobster specifically is on the docket for buy local programming.

The Chair: Does anybody else want to come in with a quick response? We are just a little over time.

Mr. Ian MacPherson: Yes, I want to make a quick comment.

We need to remember that although lobster, for example, is viewed as a luxury product, it's a great protein. I think there are some awesome marketing opportunities for that. Maybe we'll have to change our market focus a little bit, but I think a focus on Canada is well warranted and will help us immensely.

The Chair: Ms. Burridge.

Ms. Christina Burridge: Thanks very much. I'm sorry that I got kicked off from my participation by Rogers.

We have certainly had some conversations with the Province of B.C. and we understand that the government is looking at that. The challenge for us is that to buy the kind of automated equipment that would allow a company that has, up to this point, been primarily in food service, would cost the best part of half a million dollars.

While I don't want to sound ungrateful for the \$62.5 million, when you look at the number of processors we have in B.C., that's really quite a lot of money.

The Chair: Thanks, all of you, for that round.

We're turning to Mr. Fragiskatos and then Mr. Cumming.

Peter.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Mr. Chair, and thank you to the witnesses.

This first question is directed to Mr. Irvine and Mr. Mallet.

Folks, I'm a member of Parliament from London, Ontario, in southwestern Ontario, which for the purposes of our meeting here today is another way of saying that I know very little about fish and I know very little about lobster, but that is not to say at all that I do not care about your sector. I think all of you have made a very persuasive case here today. I think Canada is strengthened when our fishers are doing well, and obviously it's a difficult time right now.

Could you speak to me in general terms and, I suppose, speak to the country as well, about the importance of supporting fishers right now? When we hear about fishers we think about the Maritimes, about Atlantic Canada, about the B.C. coast, but I think all Canadians ought to get behind the idea of supporting our fishers.

Could you make that general argument? How would you put this to Canadians outside of your regions about the need for the federal government to continue to provide supports?

Mr. Geoff Irvine: I would put it this way. In lobster, we have over 9,000 licence-holders who would have thousands of crew members, so I think that's about 30,000 harvesters, in literally hundreds of communities. If we don't have fishing revenue in hundreds and hundreds of communities, we don't have small communities, and that's what is really the lifeblood of the east coast. On the processing side, there are probably 30,000 people who work in processing plants that are also live shipping facilities. It's absolutely the lifeblood of the east coast. If we don't have the fishing industry, we don't really have an east coast.

The Chair: Mr. Mallet, I believe the second part was for you.

Mr. Peter Fragiskatos: That's right.

Mr. Martin Mallet: Very briefly, I'll echo exactly what Geoff Irvine just mentioned. Many small-town communities and rural communities in Atlantic Canada, Quebec and Newfoundland depend on the lobster fishery now. This is basically the most important fishery now, with the cod sector having gone down over 20 years ago, as well as other species. Between snow crab and lobster, that's pretty much it.

Mr. Peter Fragiskatos: Thank you very much.

The Chair: I think Mitchell wants in as well.

Go ahead, Mitch.

Mr. Mitchell Jollimore: Yes, if you don't mind. I want to also remind everybody about all the residual businesses that depend on these industries as well, from the boat haulers and the boat builders to the diesel trucks and the mechanics. It's not just the harvesters who are affected. When the fishermen are doing well, there are a lot of jobs created from that.

Mr. Peter Fragiskatos: It's a point that I think is very important. There's an entire chain of supply and support that's at stake here.

Mr. McIsaac, from a harvester's perspective, what are we talking about here in terms of long-term implications down the line, even in grocery stores? For people in my community—as I said, I'm

from London, but it's true of any community—you go into the grocery store and there's seafood prominently displayed, even in communities that are not fishing communities.

There are real implications, real consequences, I would think, from a food supply perspective if the sector doesn't see further support. Is that a fair argument?

• (1630)

Mr. Jim McIsaac: That's certainly a fair argument. What happens if we're not supporting the Canadian harvesters and making sure that harvesters survive this year and into next year and get to a place where we can rebuild access to export markets or build more domestic markets? We will have the sector completely controlled and bought up from outside, and then you won't be seeing Canadian seafood on food shelves across Canada.

Mr. Peter Fragiskatos: Ms. Burrige, I could be wrong about this, but it looked like you were interested in replying as well. I'd like to give you an opportunity.

Ms. Christina Burrige: Yes. I'd just say that Canadian seafood is a particularly high-quality sustainable protein source. We're seeing that retail demand for certain kinds of products is definitely growing. We really want to make sure that we can supply that demand, but it is going to take changes in the way we do business.

The Chair: Be very quick, Peter, if you have another one.

Mr. Peter Fragiskatos: Sure.

I do see Mr. Smith anxious to offer a response as well.

The Chair: Okay.

[*Translation*]

Mr. Peter Fragiskatos: Mr. Smith, please go ahead.

Mr. Maxime Smith: Thank you.

Fisheries are extremely important to our regions of course, whether in the Maritimes, Quebec or British Columbia. For the regions, this sector represents at least 33% of the GDP. We must also remember that there will be no tourists this year, which will make fisheries that much more crucial for our regions.

Since you were talking about details, I also wanted to say that, for the rest of the year, we are very likely to have problems in the food chain, particularly for meat, as we are already seeing. Our fishing season will therefore probably help to support the protein category as a whole. If no help is provided to the fishing industry today, we are all going to suffer the consequences.

[English]

The Chair: Leonard, do you want in for a minute? You probably bought a truck from Peter's area there.

Mr. Leonard LeBlanc: I might have.

Mr. Peter Fragiskatos: Why not? There are lots of trucks down here.

Mr. Leonard LeBlanc: Actually my niece lives in London. She's a nurse. She's on the front lines.

Mr. Peter Fragiskatos: Thank her for me. That's truly appreciated.

Mr. Leonard LeBlanc: I sure will.

I think the lobster fishery is the backbone of communities along the coastline where I live. I fished for 33 years. My father fished before me, and I come from a family of 19, so we ate a lot of lobster over time.

It's worth billions of dollars to the Nova Scotia economy every year. It's one of the main economic drivers in the province, so we need to make sure it gets through the hard times and we need to make sure it comes back during the good times.

The Chair: Okay. Thank you.

We turn now to Mr. Cumming.

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

Thanks to all of you for taking the time to be here today.

I'll start with Ms. Burridge. I'm a critic on the small business and export promotion portfolio. I did hear you loud and clear that the CEBA program lacks flexibility. I'm very interested in how it has impacted the fisheries. We're hearing that from a lot of small businesses, especially a lot of small businesses that have contractors or who may be paid through contract workers or through dividends.

Your suggestion to just consider their income to be box 14 employment income seems to me like a pretty simple method to allow these people access to CEBA and the same thing goes with the dividend: submit your T5.

Can you elaborate a little more on that?

• (1635)

Ms. Christina Burridge: Yes, that's exactly why we suggested it, because it's the one thing that I think could be done really very quickly to allow box 14 to count.

Getting access to the CEBA, as far as my members are concerned, would be the most helpful thing we could do. With fisheries just beginning to gear up, fishermen have to go out and buy a licence. When I look at the salmon seine fleet last year, let's say for a chum salmon, which was probably worth about \$9 a fish, the licence fee took up \$7 of that. This is a very significant cost. There's all the cost of paying the crew to get the boat ready, doing the maintenance, all of that. Normally a fisherman would go and borrow that money, possibly from the bank, more likely from a processor, and processors don't have any money this year either. Banks certainly don't want to lend to fishermen, so if we could just fix that, it would be one thing that could be done immediately that

would work for just about every small business vessel owner on the B.C. coast.

Mr. James Cumming: Great. Thank you, Ms. Burridge.

Mr. LeBlanc, you mentioned something in your presentation about members who have had to take money out of their RRSP. They need the money—you have to have the cash to be able to operate—so they removed their RRSP and paid tax on the money coming out of their RRSP.

Would you be amenable to the idea that you could withdraw from your RRSP tax-free as a loan and then at some future date, maybe down the road two or three years, you could inject it back into your RRSP?

Mr. Leonard LeBlanc: I mentioned in my presentation that our members should be able to withdraw from their RRSPs tax-free for this year, due to the crisis, but I think we're open to flexibility as to how it would work if that's not palatable for the Department of Finance. I think there's capital there that could be withdrawn to help harvesters in this crisis.

Mr. James Cumming: Thank you.

I want to shift to you, Mr. Jollimore. You've completely impressed me. You're a small business guy. You're out there fishing. I had a client who now is in the business of selling versus harvesting. It's called Effing Seafoods. I admire him so much because he's such an entrepreneur. He came from being a fisherman off the coast of Vancouver.

It has to be frustrating for you that every program we've talked about today has virtually ignored the position you're in. Can you give me some feedback from you and your peers on how it feels when most of these programs have exempted you?

Mr. Mitchell Jollimore: First of all, thanks for the kind words.

I know who you mean. I know Rob Tryon. He's got Effing Seafoods.

Our family has two retail outlets and a lobster pound too. We buy as well, so the hustle's there.

Right now, the sense among the fishermen is that the programs are there, and in the way that was worded, they don't want to create new funds for us. We're not asking for new funds. We're just asking for modifications to what is already out there. It is frustrating that it has already come to this point on the calendar.

We were supposed to already be in the water at this point. We have missed a very important part of our season pre-Mother's Day on the Atlantic coast. In P.E.I. last year, we landed 39.9 million pounds. Around seven million of that was sold before Mother's Day. A big part of our lobster is caught and sold before now.

By missing out on that and not having access to capital, hired men are missing out on weeks of employment right now. Our boats are in the water. Our gear is on the wharf. Everything has been prepared and is ready to go. It is frustrating that it is getting to this point.

We'd like to have something announced so that everybody can make plans accordingly. At this point, when everybody is going to be set for the 15th, people are ordering bait tomorrow. It's that kind of thing. This is something that needs to happen quickly now.

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

I'll turn to Ms. Dzerowicz.

• (1640)

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

I want to say a huge thanks to all the amazing presenters. My riding is in downtown Toronto. I grew up in downtown Toronto, but believe it or not, my mother's first job when she immigrated to Canada from Mexico was actually in processing salmon. That went on until the late seventies. I remember always having a houseful of salmon and always loving it.

Thank you for your presentations today. You all have been very clear about what the needs are right now and what some of the weaknesses are in our current support programs. You've come up with some excellent ideas about some of the adjustments and programs you might be looking for. I want to say that it has come across loud and clear. It has been an excellent dialogue and discussion.

I want to focus my question on one of the things the Prime Minister said this morning in response to questions from the media after his daily update. He said that one of the things the federal government is doing is looking at how we "build back better". A lot of our discussions focus very much on this year. How are we going to get through this year? How are we going to pivot into 2021? I think the reality is that the world is going to look a bit different when this pandemic is over and as we get through this pandemic. I'll also say that sometimes crises like these actually allow us to see weaknesses in our current business models.

My question is open to anyone who would like to respond. I'd like to hear from the different coasts and the different parts of the fishing sector. How can the federal government start investing in the fishing sector in a way that's going to help the sector build back better?

I think Ms. Burridge mentioned that there are some things we could be doing, but they would require a huge investment in a particular type of technology. I would love to hear a little bit of that, because not only do I think that we need to invest right now to help you survive, I also think that we need to be investing to help you actually thrive moving forward.

Who would like to start to respond to that?

The Chair: Ms. Burridge, do you want to start?

Ms. Christina Burridge: Yes, I'd be glad to start with that.

We talked a bit about how we think the world is going to look different. We have to figure out how to get our export markets back. We have to look at the domestic market. I think one of the challenges is going to be that it's not just us who will have to do things differently, it is government departments as well.

I very much want to encourage dialogue with DFO on collaborative ways in which we can make things better, in which we can manage fisheries in a world, as someone put it, where their might not be so many humans on the water [*Inaudible—Editor*] government people, really, rather than our own harvests.

The Chair: Mr. MacPherson.

Mr. Ian MacPherson: I'm not pointing fingers at anyone, but I think we're in a classic situation where more doesn't always necessarily mean better. We've become so export-focused on our seafood that I think we need to walk it back and make sure that the return to the harvesters, which is the start of the whole supply chain, is adequate.

I think we have an opportunity to reset that, as Captain Jollimore has pointed out. We have some challenges for this year, but it doesn't need to be the template of millions of pounds going and there not being a sufficient return to the harvesters.

We want people in the middle to make money too.

I think it's a good chance to reset that, be it a marketing program, selling more in Canada—closer markets—whatever. I think there's some room there, for sure.

The Chair: Go ahead, Jim.

Mr. Jim McIsaac: Definitely for the last 30 years in the west coast—this is happening somewhat in the east coast as well—we've let our fishery be owned and controlled offshore to a greater extent. Pivoting back to the Canadian focus, the standing committee on fisheries last year put a set of recommendations forward to try to address these issues.

Those kinds of things need to happen so that we have ownership of access in Canadian hands and we have a program to focus on domestic markets going forward.

• (1645)

The Chair: I'm sorry, Julie. We've run out of time.

We will go to one question each from the following: Mr. Brunelle-Duceppe, Mr. Johns, Mr. Arnold and Ms. Koutrakis.

Go ahead, Alexis.

[*Translation*]

Mr. Alexis Brunelle-Duceppe (Lac-Saint-Jean, BQ): It will be Mr. Ste-Marie's turn, Mr. Chair. I will wait for the next round.

[*English*]

The Chair: Go ahead, Gabriel.

[*Translation*]

Mr. Gabriel Ste-Marie: Mr. Chair, I will ask the question and Mr. Brunelle-Duceppe will have his turn in the next round.

My question is for the Fédération des pêcheurs indépendants.

If not all seafood products are sold this year, we could end up with a significant increase in frozen stocks. Are you concerned that this will affect prices for fishers next year?

What should the government do?

[*English*]

The Chair: Who wants to take that on?

Ms. Sonnenburg.

Ms. Melanie Sonnenberg: I'll start it.

This is a concern. We've heard Mr. Irvine from the Lobster Council talk about it. It's to have that kind of reserve.... To have stranded lobster, for example, with no place to go will be very difficult for the industry.

That's why some of the suggestions we've made in our presentation today are not just for the one year. In 365 days, we're going to have to look at this for the long haul, to see what kind of things can be done as we go forward.

It's concerning, for sure. I think harvesters, buyers and processors are trying to work through how to control the demand right now and work through the challenges we have. However, certainly it would be a very difficult situation if we have too much product.

The Chair: Jim, did you want to add something else?

Mr. Jim McIsaac: One of the things that harvesters have been doing is trying to change the fisheries management plans, the operational plans, to slow down the harvest so that it can be absorbed into the domestic market.

Those kinds of things going forward can help on this. Instead of having a large harvest at one time being stuck into cold storage, to distribute it out slowly so it's going out to fresh markets domestically.... That's happening here on the Pacific.

The Chair: Thank you.

Mr. Johns.

Mr. Gord Johns: I'm hearing from many of you about lack of access to capital and, of course, the Canada emergency bank account. This is something that we're hearing from many small business people, whether it be people who own a yoga studio who are contracting people out, or builders. Of course, fishers, we're hearing from you that you can't access the Canada emergency wage subsidy.

We hear from small business people that they can't access the Canada emergency commercial rent program. We're hearing from people who can't access the CEBA. In fact, in B.C., 49% of businesses can't access any of the government programs. The small business people feel that the system is rigged against them.

My question is for you, Mr. LeBlanc. Can you talk about how important this financing is for independent fishers and for small business people, and how important it is to the supply chain if independent fishers don't get financing?

Mr. Leonard LeBlanc: I think what we've proposed in our \$120,000 interest-free loan would go a long way, not only in giving some needed financing to individual harvesters, but also, it would be good for communities and the contributing business that harvesters deal with. This would be an availability of funding that they could use to buy a motor or to buy something else to make their enterprises more efficient. It is also critical that we have this to support our local communities.

The Chair: Thank you for that one.

You might want to look, in the fishing sector, at the advance payments program that is in place in the agriculture sector. There's a very good program that really is a marketing tool, whereby money is put out interest-free until the product goes to market.

We're going to Mr. Mel Arnold.

Mr. Mel Arnold: Thank you, Mr. Chair.

I had multiple questions, but I will have to narrow it down to one. I also wanted to ask about the effect of the extra storage on next year's prices and about the effect of the right whales being spotted in the gulf and how that may impact on and shorten seasons that have already been shortened on the early opening end of it, but I'll direct my question to Mr. Jollimore, and perhaps Mr. LeBlanc, about the way that seasons have been opened.

The early seasons in the south were open on time as usual and the access to markets was there, with the best access and probably the best price. How has that impacted harvesters in the gulf and those that still have their seasons delayed until mid-May now?

• (1650)

Mr. Mitchell Jollimore: Well, one of the issues that we're going to face by delaying three seasons to open simultaneously on the 15th is that it's a Friday, and people will go back out and fish that afternoon and Saturday as well, so there's going to be a lot of lobsters hitting the market at the same time.

Before this pandemic reached our shores, area 33 set in November, and they have continued to fish despite calls from the Nova Scotia processors to maybe pause the season. The PEIFA feels that it's important that maybe that area could close down on the 15th when we do set, to give us a little bit of an advantage toward that market that they've been able to capitalize on since pre-COVID. It stands to affect us greatly with the delay and having everybody start at the same time.

Mr. Leonard LeBlanc: I think I might give a different version, a different take. Our association did actually ask for the delay for two factors. One was that because the COVID was increasing we were very nervous about putting more pressure on our health care by having more people out in public. We were quite worried about that. Secondly, the market was telling us that there were issues with sales at that time.

Since then, as Mr. Jollimore mentioned, the price went berserk down south. Before that, we were told that it was going to go down. That caused pressure, with my members asking, "What are we doing tied up when the price is going up?" But then, we're also being told that from the 15th on we can expect a major dive in the price because of the glut and also the lobsters being caught so far. It's being received in a mixed way by my members, but I think we have the 15th to deal with and we need to move on and make the best of it.

The Chair: Okay.

To wrap it up, Annie Koutrakis, you're on.

[*Translation*]

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

My question is for all the witnesses who wish to answer it.

If there is a surplus of seafood products not being exported or sold in Canada this year, what is the industry's plan? For example, does the industry intend to participate in programs such as the surplus food purchase program, announced on May 5 by the Prime Minister, with an initial funding of \$50 million?

[*English*]

The Chair: Who wants to take that on?

Mr. Mitchell Jollimore: I think we're going to feed the finance committee.

The Chair: Do you you think so, Mitch? The finance committee can't handle that much lobster.

Does anybody else want in?

Mr. Geoff Irvine: I'll jump in.

In the industry, most of the sellers are private companies and they will probably try to keep the product into next year. I don't know; it depends on how much is produced. There are so many variables. There are 115 different things that can happen and we just don't know what that's going to be.

The Chair: To your point, Mr. Irvine, and you have mentioned it before, there was some discussion of a domestic marketing program with Agriculture and Agri-Food Canada prior to COVID. It's more important now than it was then, so somebody needs to be moving on that.

There's certainly a theme running through each and every one of the presentations today, everything from EI for captain and crews through to hopefully next season, to the adaptation of access to the CEBA so people are able to get the wage subsidy.

We keep hearing, even on the government side, about a package for harvesters. What is the critical timeline for a harvester package to be put in place? You're hitting the water on the 15th. Is it something like 40,000 boats that hit the water that day? What is the critical timeline for that package to be there and available?

• (1655)

Mr. Gord Johns: It's yesterday.

The Chair: Leonard.

Mr. Leonard LeBlanc: My answer will be short: It's yesterday. We needed that before now, because some people might have avoided going fishing and would have avoided major expenses.

The Chair: Mr. Mallet.

Mr. Martin Mallet: I was about to say exactly the same thing as Leonard. I think a few weeks ago would have been nice because many fishermen have had to make some very difficult choices already, like hiring some deckhands or not. On the health and safety side, there's also the question of whether to go fishing or not.

Many of our fishermen are over 60 or 65, and some of the deckhands also, so in some areas there is a clear and present risk of this pandemic affecting some of our members and their crews.

The Chair: You can wrap it up, Mitchell Jollimore.

Mr. Mitchell Jollimore: Thank you.

The reality is that there are members who have concerns with the health issues surrounding us right now. If this is an adequate package, there may be people who decide not to fish. That in turn will help some of the issues with the stranded lobster. We need to know this.

I know the past is behind us, but this needs to come out very soon, in the next day or two. I would be very surprised if you haven't already had discussions on preliminary stuff, but you guys really need to use what was presented today and come up with something. We need to get it out to harvesters so they can make their decisions.

The Chair: Yes, there have been preliminary discussions, but the package needs to get out there, whatever it may be.

On behalf of all the members of the committee, I want to thank each and every one of the witnesses for taking the time. I think there were very thoughtful presentations and very thoughtful answers to our questions. We're of the hope that a package could be announced forthwith, each and every one of us.

We have another panel following this, so we will suspend this meeting.

• (1655) _____ (Pause) _____

• (1705)

The Chair: We'll call this meeting to order, which is panel 22 of meeting number 26 of the House of Commons Standing Committee on Finance. We're operating pursuant to an order of reference of Tuesday, March 24. The committee is meeting on the government's response to the COVID-19 pandemic.

Today's meeting is taking place by video conference, and the proceedings will be made available via the House of Commons website. We won't go through any more preliminaries.

We have a selection of eight witnesses on this panel, so I would hope that people can keep it to five minutes. It gives us more time for questions and to draw out the concerns and potential solutions.

Thank you to the witnesses for coming.

We'll start with the Association of Canadian Publishers, Kate Edwards, executive director.

Ms. Edwards, the floor is yours.

Ms. Kate Edwards (Executive Director, Association of Canadian Publishers): Thank you, Mr. Chair, and thank you for the invitation to present to you today.

The Association of Canadian Publishers, ACP, represents 115 Canadian-owned, English-language book publishers. Along with our francophone counterparts, we are responsible for 80% of the new books written by Canadian authors each year and contribute to a \$1.6-billion industry.

We are creative partners in the development of books of all genres and are active exporters. Publishers are at the centre of the book supply chain and have direct business relationships with authors, illustrators, printers, distributors, bookstores, libraries and the education sector.

The continued relevance of books for information, education and escape has come into sharp focus over the last two months. Teachers are reading books online to their students, recreating classroom storytime. Festivals and reading series have put their programming online, matching authors with readers across Canada and around the world. Demand for e-books and audiobooks through public libraries has skyrocketed, and independent bookstores have quickly changed the way they serve their customers, offering curbside pick-up and home delivery.

Despite continued demand for books, our industry has been hit hard by COVID-19. Some printers have temporarily closed, publication dates have been postponed and in-person promotional events have evaporated. Literary festivals and trade events are cancelled or tentative. Export travel is suspended indefinitely. Wholesalers and retailers are returning books and delaying payment.

For the seven-week period ending May 3, sales through physical bookstores are down 63% year over year. Overall, the market is down 39% in both dollars and unit sales compared to the same period last year, a decline of \$45 million. When we look further out, 40% of publishers anticipate losses of 50% or more over the course of 2020.

In addition to plummeting sales revenue, demands from the education and library sectors for relaxed copyright provisions and free digital content have grown more intense. Publishers have responded to these requests with flexibility and generosity, but are proceeding with caution and concern for the long-term sustainability of their businesses. Publishers' intellectual property is their key asset, and current demand for their books demonstrates its value. The ability to monetize this IP will be essential to our recovery.

For publishers, the impact of the crisis will extend beyond this spring. Credit is already stretched and future financing is uncertain. Publishers' ability to pay off royalties, printers and wages may be compromised.

The Canada book fund and the Canada Council for the Arts have accelerated this year's grant payments in response to the crisis. This is greatly appreciated, but it is a stopgap measure and does not represent new or emergency investment.

Prior to the crisis, it was widely acknowledged by industry and government, including by this committee, that the Canada book fund is under-resourced. Early grant disbursements will relieve some short-term pressure, but lower sales, higher returns and slower collections mean that cash flow challenges will persist. Those publishers ineligible for these programs have even less capacity to respond to this unprecedented crisis.

ACP commends the government for its quick and direct response through universal programs. Though some publishers' short-term needs will be addressed by the emergency measures that have been announced, our sector is not universally served by programs like the Canada emergency wage subsidy and Canada emergency business account. Many book publishers use staffing models that rely on contract and freelance staff rather than full-time employees and are not covered by the wage subsidy. Others are owner-operated and publishers do not draw a salary or meet the minimum payroll to apply for these benefits. As public sector entities, university and museum presses are not eligible for these programs but are experiencing the same decline in sales as other publishers.

We are encouraged by last month's announcement of \$500 million in emergency support for arts, culture and sports organizations, and eagerly await further details of this investment, hoping it will fill some of these gaps.

As the industry shifts from an immediate crisis response to planning for stabilization and recovery, a strategic combination of financial support and policy tools is needed to ensure Canadian publishing infrastructure remains intact to continue to serve Canadian readers. With that in mind, ACP makes the following recommendations:

Provide an emergency supplement to this year's Canada book fund grants to respond directly to the COVID-19 crisis.

Introduce a broad and flexible benefit similar to the wage subsidy for those whose staffing models, company structure or revenue patterns make them ineligible for the universal benefit.

Provide an immediate increase to the permanent budget of the Canada book fund, as recommended by this committee in 2016.

• (1710)

Finally, implement ACP's long-standing recommendations for copyright reform, put forward during the 2018 review of the Copyright Act.

Thank you for your time and for your efforts in responding to the COVID-19 crisis.

I look forward to the discussion and your questions.

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

We're turning to Commissioner Ambrosie from the Canadian Football League.

The floor is yours.

Mr. Randy Ambrosie (Commissioner, Canadian Football League): Thank you to the committee for your invitation, to all MPs for their leadership and to our essential workers for their courage. I have never had more sleepless nights, and I have never been prouder to be Canadian. I'd also like to acknowledge my fellow panellists. They all work to make Canada a better place.

I appear here on behalf of the Canadian Football League and the Grey Cup, which has been a source of Canadian unity and celebration since 1909. The CFL is a valuable and integral part of Canadian life, and its future is very much in jeopardy. It would be terribly sad if this pandemic were allowed to take it away.

Ours is a big brand, but not a wealthy business. Collectively, our teams lose between \$10 million and \$20 million a season. We survive because of the passion of our fans, the dedication of the volunteers who guide our community-held clubs and the civic philanthropy of the people who own and subsidize our privately held teams.

Our players are world-class athletes and first-class people. Their devotion to charity and community is second to none, but the salary of NBA superstar Steph Curry is equal to the salaries of all our players combined.

Our product is football, but what we really do is bring Canadians together. Two million Canadians buy tickets to our games each year. When our players go into the community to talk about violence against women, or bullying, or food banks, they draw a crowd.

Bringing people together makes us great, but in a pandemic it makes us vulnerable, because the first thing to go and the last thing to come back is large gatherings, and large gatherings are the lifeblood of the CFL. Unlike large U.S.-based leagues, our biggest source of revenue is not TV. It's ticket sales.

For reasons of public health that we totally support, governments coping with COVID-19 have made it impossible for us to do what we do. Our best-case scenario for this year is a drastically truncated season, and our most likely scenario is no season at all.

We are currently operating on the money that our fans and, to a lesser extent, the broadcasters and sponsors pay us in advance for games. The day is fast approaching when we will have to cancel several games and perhaps the season, and then our fans and partners will have every right to demand their money back. At that moment, our financial crisis will become very real and very big.

The spirit and substance of our ask to the federal government has been obscured somewhat by the power of a headline, something that I'm sure all of you in public life are very familiar with. We have told the federal government that we need \$30 million in working capital this summer to keep operating and to keep as many people as possible employed.

It is very challenging to be precise on what additional help we might need, because COVID-19 has literally created a world of uncertainty. Will we have games this fall or no season? What about 2021? Can we pack our stadiums then or not?

One of our most famous Grey Cup games was called the Fog Bowl because the players couldn't make out what was in front of them. A friend of mine says that we're all operating in a fog bowl right now.

We did our best to consider what might be ahead of us, and we estimated that we could need as much as an additional \$120 million over the next two years if the most negative scenarios—all of them—come true.

But here is our bottom line. We want the support we need to get through this crisis and not a dime more. We support the decisions governments have made, but their effect on our business is devastating. We just don't want it to be fatal.

A ban on large gatherings means no revenue and no business for us, and we want to ensure it does not mean no CFL for the future. We want to earn this money and pay taxpayers back by delivering real value through a partnership with government.

We can share our in-stadium, online and broadcast assets so government can deliver important information, and we can build on our track record of service to the community. For example, we could expand the award-winning Be More Than a Bystander program we deliver with the Ending Violence Association of B.C. and train boys and men across the country about consent and respect for women.

I don't mind telling you that this is humbling, but the fact is, we need your support so we can be there for all the community groups that depend on us, so we can continue to deliver \$1.2 billion in economic activity each year, and so the CFL can continue to be one of those things that connects us as Canadians—something uniquely ours.

Whenever it comes, we want our next Grey Cup, Canada's 108th, to be the place where we can all celebrate what we did to get through this and that Canada is back.

I thank you very much.

• (1715)

The Chair: Thank you very much, Commissioner.

We are turning now to Corus Entertainment Inc.'s Troy Reeb, executive vice-president.

Go ahead.

Mr. Troy Reeb (Executive Vice-President, Broadcast Networks, Corus Entertainment Inc.): Thank you, Chairman Easter. I will say, just off the top, that as a local broadcast partner with the CFL in several markets, we have strong sympathy for and a strong understanding of what the league is going through.

Good evening, committee members. My name is Troy Reeb. I serve as executive vice-president, broadcast networks, at Corus Entertainment. On behalf of our company, and our 3,500 employees across Canada, I want to start by thanking this committee, your par-

liamentary colleagues in the House and Senate, and all federal public servants for the tireless work you are doing to protect Canadians and support our economy.

I am pleased to be here tonight to discuss the impact that COVID-19 is having on our company and on our programming for Canadians, and to share our thoughts on government responses to this crisis.

First, I will say a few words about Corus. We are Canada's leading pure play media and content company. We operate 15 Global television stations; 34 specialty networks including such leading brands as HISTORY, W, Showcase, HGTV Canada and Food Network Canada; and 39 radio stations across the country. Our subsidiary, Nelvana, is Canada's premier animation studio, and Corus-owned Kids Can Press is Canada's largest independent children's book publisher.

[*Translation*]

In Quebec, we operate Historia, Séries+, Télétoon and the Disney channel. Toon Boom, our Montreal-based division, creates software for international studios.

[*English*]

We work closely with producers to create thousands of hours of Canadian programs every year. All told, our programs and our products are exported to 160 countries around the world.

Every part of the Corus Entertainment family has been affected by COVID-19 in some way. As is the case for so many other businesses, our supply lines have been disrupted, our customer demand has fluctuated, our employees have had to adjust to working from home and we just don't know when things will get back to normal.

Uniquely, we have continued to provide an essential service to Canadians throughout this crisis. Global News, as you will know, is one of Canada's largest journalism organizations. We employ approximately 1,000 journalists and technicians in the news division and spend roughly \$140 million per year to provide local and national news from coast to coast. Since March, we have proudly maintained all of our local newscasts. More than that, we have added special COVID-19 news broadcasts to our schedule, provided round-the-clock updates on all our radio stations, interrupted regular programming to air news conferences and health briefings daily, and launched a 24-7 online news streaming service. We have done this while navigating significant logistical challenges and having to invest in new equipment and technology to protect our news-gathering staff.

Audiences have responded. Ratings for Global News broadcasts have risen significantly since March, and Global News has solidified its place as the number one private-sector online news brand in Canada. In this time of uncertainty, Canadians are gravitating to reliable news and information sources, and we are very pleased to be one of them.

However—make no mistake—the news business is challenging. It was challenging before COVID-19, and it is more challenging now. It is challenging for journalists, like Caryn Lieberman, who last week spent a day behind the scenes, telling the stories of life and death in one of the country's busiest COVID-treatment wards at Toronto's Humber River Hospital. It is challenging for our business, which has needed to invest even more in gathering the news while pre-empting the commercials that pay our bills.

Our news content is delivered almost entirely on radio, TV and online platforms, all of which are entirely dependent on advertising. Since social distancing restrictions were enacted in mid-March, and with many businesses closed entirely, we have seen significant disruptions to our advertising revenues. Because news, and local TV and radio more generally, operates on a fixed-cost structure, the bottom line has significantly worsened.

Corus is extremely proud to be a news provider. We want to continue to provide this essential service to Canadians for years to come. Crises like COVID-19 have a way of clarifying what we as a society cannot take for granted. We believe broadcast news is one of those things. It is vital; it faces challenges, and it needs support.

What can the government do to help?

First, I want to recognize certain helpful measures the government has already taken. On March 31, Minister Guilbeault announced that the CRTC will not request payment for part I broadcasting licence fees for the current fiscal year. This measure will provide roughly \$30 million in savings to the broadcast industry.

• (1720)

While that amount is relatively small and will not nearly cover the news broadcasters' shortfalls, it is a start.

We would strongly urge the government to place news broadcasters in a stronger position to sustain their operations now and going forward. That would entail measures such as waiving additional fees, such as broadcasters' part II licence fees, which are more sub-

stantial, as well as things like reimbursing certain costs, such as the 600 megahertz transition costs that have been forced onto broadcasters not through the will of their own, but by government decisions. We believe it ultimately entails ensuring that private broadcasters are able to cross-subsidize news with other, more profitable parts of their businesses.

While COVID-19 may be consuming a great deal of Corus' current organizational focus, we intend to emerge from this crisis on a solid footing. Our news division and the dozens of communities it serves with public-interest journalism require our future success.

That is why broadcasting policy reform remains so crucial. Before understandably shifting its focus onto COVID-19, this government pledged to table new broadcasting legislation in Parliament by the end of the year, and we certainly hope that's still possible. The government recognized that a rapidly changing, competitive environment has made broadcasting policy reform an urgent priority, and we would say that COVID-19 has made it more urgent still.

While almost every other business in Canada has been making rapid adjustments to deal with the new economic environment, broadcasters are not treated like every other business. Corus' licences require us to spend 30% of last year's revenues on Canadian program supply this year, regardless of what has happened to this year's revenues. Our licences prescribe not just what kinds of programs we need to spend our money on, but the time of day we have to run them. All of this limits our ability to adjust for COVID-19 in the short term as well as remain competitive long term with foreign streaming giants.

Thank you again for the opportunity to appear tonight. I would be pleased to answer any questions.

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

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

Welcome, Mr. Roy. The floor is yours.

[*Translation*]

Mr. Martin Roy (Executive Director, Festivals and Major Events Canada): Good evening, Mr. Chair and members of the Standing Committee on Finance.

Festivals and Major Events Canada, also known by the acronym FAME, has over 500 direct and affiliate member organizations of all sizes in nine provinces.

[English]

The Chair: I'll interrupt you for a minute, Mr. Roy. Just check at the bottom to make sure that your interpretation is set to the language you're speaking. If you're speaking English, you need to be on English. If you're speaking French, you need to be on French. Otherwise we hear the interpreters and your voice at the same level in our ears.

The panel beside “participants” will likely have the two languages on it if you touch it.

• (1725)

Mr. Martin Roy: It doesn't appear. It's not there.

The Chair: David, is there a technician who can make sure we don't get both languages at the same time?

Try again, Mr. Roy, and we'll see where it goes.

[Translation]

Mr. Martin Roy: Festivals and Major Events Canada, also known by the acronym FAME, has more than 500 direct and affiliate member organizations of all sizes in nine provinces. The coalition works closely with REMI, the Regroupement des événements majeurs internationaux, which, in Quebec, has about 30 events.

[English]

Do you hear me okay? Is it okay for everyone?

The Chair: I'm hearing both languages at the same level.

We'll go to the next witnesses and come back to Mr. Roy. Let's see if he can sort that out.

We will turn to the Fort Edmonton Management Company, with Darren Dalgleish, president and CEO.

Darren.

Mr. Darren Dalgleish (President and Chief Executive Officer, Fort Edmonton Management Company): Thank you, Mr. Chair.

Good afternoon, everybody. I'd like to thank the committee for the opportunity to speak to you today.

I'm joining you from Edmonton, Alberta, home of the Oilers, the Eskimos and Canada's largest living history museum, Fort Edmonton Park.

The overall tourism industry in Canada is worth \$90 billion of economic activity and 1.7 million jobs. It's an enormous industry, with tentacles in every community.

My experience in the cultural tourism sector includes Ontario and Alberta, so my comments will apply to both provinces, but the challenges are generally uniform across the country.

Cultural tourism organizations such as museums have been fighting a steady decline in visitation over the years. Declining interest, the state of the economy and reduced government funding for cultural institutions have all of us on the edge of sustainability. Tourism attractions are under a strain as well, due to declining discretionary spending, and because the market can only absorb so many tourism offerings where the industry has filled the void from lost industrial and manufacturing activity.

I tell you this just to illustrate how fragile this sector was before this public health crisis. Some organizations, including the Fort Edmonton Management Company, started to focus on expanding their product mix to a more market-aligned portfolio. Why is this? Well, it supports the sustainability of the core product, and it helps preserve the social value that these organizations were created for.

Now, with this health crisis, tourism and cultural organizations find themselves in dire circumstances, because the very nature of tourism relies on visitation and volume. The disruption of travel has impeded our industry as well, and this issue will affect us well beyond the pandemic, because consumer behaviours are likely to linger.

Think about this for a moment. Cultural tourism is one of the only industries where there is no shipping cost or supply chain for your product. Rather, your customers come to you to get it. This was once a strong tailwind for our industry, and it has now become a crippling headwind.

Further, when people travel to our locations, they create an economic impact and multiplier that generates demands for many other businesses. This entire model is now drowning, and it needs to be reimagined so that maximum social and commercial values can be realized.

I remember SARS. Toronto was just a few hours away from our home in Kingston, Ontario. SARS devastated the tourism industry in Toronto, but something remarkable came of it. Prior to SARS, the idea that you would see competitors in hospitality, tourism, theatre, music and culture, etc., collaborating to attract people to their city was not well rooted in the industry. After SARS, the constraints in capacity utilization among these sectors demanded collaboration, and ultimately this collaboration and innovation became the epitome of what we now call destination tourism.

We learned from that, and we need the same approach today—a harmonious response and a clear focus on what's next, not when we can get back to normal.

How does the government's response support this? Wage subsidies and student emergency funding are important and help provide some interim relief, but that doesn't fully address the structural problem here.

Yes, of course, we need to take care of people. We need to support students so they can return to university or college and industry workers so they can support their families, but we should reserve some of this allocated funding to incentivize innovation, growth with new products and infrastructure that supports it, and productivity improvements.

We need to be holistic about what the government provides incentives for with these funds. Subsidies, grants and loans that provide a return to my typical business practice will not force innovation in this evolving market. We need more ROI-driven and market-driven initiatives incentivized.

I'm not sure how that looks, but it needs to drive innovation and growth. Constraints in business drive innovation. When constraints are removed, you go back to yesterday, so I would ask the government to be careful to not fully remove all of these boundaries. As with SARS in 2003 or the collapse of the automotive industry in 2008, business models changed out of necessity because they were constrained.

• (1730)

My question for my friends and colleagues is this: How do we look at this as a generational shift—for a segment of funding anyway—in how we support this industry? What does next-generation destination tourism look like?

We need to redefine our product and service offerings to address the new social and economic environment, because I fully expect these new consumer behaviours and expectations to remain well after the pandemic. We need to take care of employees, we need to take care of our guests and we need to take care of our bottom line. If any of these three legs fail, sustainability is simply dissolved. In short, we have to innovate.

The existing government programs to respond to this crisis in our sector are a great start. They will help position organizations to hit the ground running when we emerge from this crisis. But if I'm being completely honest, I'm less worried about when we'll hit the ground running than I am about how we'll hit the ground running. It's possible that we won't be running at all.

I very much appreciate the opportunity to speak with you today. I definitely acknowledge the immense challenge of supporting this very diverse industry. I thank you for that.

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

We'll come back to Festivals and Major Events Canada, and Mr. Roy.

Mr. Martin Roy: I'm sorry, they are still trying to settle the problem. We're not done yet.

The Chair: Okay. We'll go to the end of the line, then, and you'll be the last stop.

Mr. Martin Roy: Perfect. Thank you.

The Chair: Sorry about that, Martin.

We'll turn to One Voice for Arts and Culture, and Brad Keast, the acting chair.

Go ahead, Brad.

Mr. Brad Keast (Acting Chair, One Voice for Arts and Culture): Mr. Chair, members of the committee and distinguished guests, thank you for receiving these remarks this afternoon and for dedicating time to this important topic.

In our race to act, have we fully taken into account the significance of the moment that we're in? History will judge us, judge us on this period and what comes next, judge us on how we either stoke the flames of our culture through this crucible or how we let them falter.

The Prime Minister recently noted that the arts allow us to dream. More than that, the arts ignite innovation and drive positive change. We must all decide today how history will judge us while under threat. We cannot shrink from this responsibility. We have an opportunity to lead the world and grow and bolster national pride in a transformative way for future generations.

I am a proud Canadian. I am a former combat systems engineering officer, having spent nine years across Canada with the Canadian navy. I am now a real estate executive at Dream Unlimited Corp. in Toronto. I'm also board chair of the Museum of Contemporary Art, and more recently—and the reason for my appearance today—a co-founder and chair of a new effort, One Voice for Arts and Culture.

Currently representing nearly 100 organizations across eight provinces and three territories, OVAC aims to understand and advocate for the arts and culture sector, most broadly defined. I acknowledge here my co-founders, Brady Wood and Paul Bain, and a small group of volunteers helping to organize our work.

The arts and culture sector is a major contributor to the economy, with some \$58 billion in output and directly employing 640,000 people, but the not-for-profit funding model is broken. Most organizations are in a precarious situation at the best of times. There is a drive to maximize programming with the funds available, and this drive for output has all but eliminated resiliency. The current crisis has exposed these weaknesses very clearly. We need to investigate these root causes and repair the model.

The initial federal emergency programs for both individuals and organizations have been positive first steps, but we do need to do more. Ways to improve this would include reducing the time between program announcement and details; clarifying how to apply; finding a way to provide liquidity to this sector; ensuring sector and government collaboration; finding ways to encourage more private and philanthropic giving; seeing culture as infrastructure, not just the occupied buildings but the larger ecosystem the sector strengthens; strengthening Canada's cultural diplomacy strategy; and using this period to lay the groundwork for the national museum policy.

As an example, the \$500 million announcement for the arts, culture and sports sectors was made three weeks ago. We're not sure yet how these funds will be distributed in terms of amounts, criteria, mechanism or timing. We look forward to reviewing the details when they are released.

Even with the government's aid packages to date, our work has only just begun. After extensive research in April, the Canada Council for the Arts determined that up to 40% of Canadian arts and culture organizations would not survive without immediate emergency funding.

How the aid packages impact this outcome, as one example, will require deep research and dialogue. For example, one OVAC member is projecting a \$10.6 million decrease in revenues. The wage subsidy that has been announced will provide about \$700,000 in relief, so there's a very large gap. Depending on how the \$500 million is distributed, our organizations may not survive without further funding.

The next challenge will be how we reopen. How do organizations that rely on crowds and gatherings plot a course to confidently re-establish our common experiences? This is a prime example of how the sector will need multiple approaches. An art museum has a very different traffic patterns than a theatre with densely packed seats and a set curtain time. Of course, these organizations cannot do it alone. Being open does not necessarily mean that people will visit if they don't feel safe in crowds.

An important observation that should drive all of our efforts is the need to ensure that there aren't winners and losers in our industry. Help must be equitable, and that will require better data, as opposed to stronger voices winning the day. We cannot forget the smaller organizations and efforts that represent smaller subsets and diverse cultures in Canada.

● (1735)

Instead of an either-or, we should strive for a "both and more" strategy where all organizations have a path to survival. We would like to enter into a formal process with Canadian Heritage and other partners so that the sector may better understand and exert more agency in how support is meted out. We want to be active partners in navigating towards a shared vision of the future, not simply recipients of aid.

We are at a strategic inflection point in our history. We need to seize the opportunity before it passes and we revert to our old habits. Arts and culture are vitally important to Canada. Despite the tragic dimensions, today represents a rare opportunity for us to remind Canadians of our proud identities and heritage, in particular

the tenaciousness and optimism that unite us all. The arts will amplify every industry and boost national pride. The arts tell our stories, and emerging from this crisis we need to be uplifted, inspired and given hope. This is exactly what the country is crying out for. With so much fear, uncertainty and disconnection, we need trust, reunion and hope.

I thank you again for the opportunity to make these comments. I invite your questions.

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

We'll turn now to Ms. Baldwin, executive director of Pillar Non-profit Network.

Ms. Baldwin.

● (1740)

Ms. Michelle Baldwin: Thank you for the opportunity to illustrate the urgent need to support non-profits, charities and social enterprises, because none of us can afford the collapse of this sector. We need it now and after. I want to acknowledge our MP, Peter Fragiskatos, London North Centre, for his support of our sector.

Pillar Nonprofit Network is a regional network in southwestern Ontario that supports more than 610 members including individuals, organizations and enterprises. We operate a 32,000-square-foot shared space in London, Ontario called Innovation Works and we invest \$4 million in our region through our social finance program, Verge Capital. I'm also the board chair of the Ontario Nonprofit Network.

Our work at Pillar is driven by the belief that having the three pillars of non-profit, business and government working together is essential for our communities to thrive. We believe in the collective power of networks and the federal government as a key partner within this network. We need you; you need us.

Non-profits, charities and social enterprises are uniquely positioned to be invaluable partners for government to develop programs, services and policies that incorporate diverse perspectives and are responsive to community needs. Their significance has been amplified by the extraordinary resilience and adaptability they have shown in response to COVID-19. That said, there's a harsh reality we're now facing in the non-profit sector. Organizations have had to lay off staff and temporarily suspend operations. Across Canada, an estimated 117,000 to 194,000 people have been laid off. Revenues are declining quickly, as you heard from Imagine Canada, which projected financial losses of \$9.5 billion to \$16 billion for registered charities alone. Demand for services has, in many cases, increased even for organizations that are not on the front line.

In addition to measures needed to respond to COVID-19, there are many other issues that are being exacerbated by the pandemic: homelessness and housing, addictions and mental health, violence against women and children, and other health issues not treated. We must work to limit and prevent the downstream costs from the deterioration of health and well-being caused by this pandemic. Take, for example, a local board I serve on, Atlohsa Family Healing Services, that supports indigenous-led programming, including a women's shelter and resting spaces that have seen an increase in demand for services. We anticipate even greater demand once we come through this crisis.

To date, the federal government has invested a great deal in helping individuals, businesses and organizations. Regrettably, many non-profits, charities and social enterprises simply do not qualify for some of the economic response measures. Fifty per cent of our sector does not have paid staff, but their finances are still taking a hit. Many sports leagues are fuelled by volunteers, but they contribute to the economy and to our health and well-being. We appreciate the investments that have been made in organizations providing front-line services for the most vulnerable people and communities, but these measures are not sufficient if we want to maintain vital social infrastructure across the country, including arts, culture, sports and faith.

Sunfest, a cultural music festival that attracts 225,000 attendees annually and our Home County Music and Art Festival have both cancelled their summer events. This is a \$6-million loss in revenue for local businesses. In addition, organizations that may fall through the gaps of the already announced funding include many non-profit social enterprises, including YMCAs, Habitat for Humanity ReStores, as well as courier services, catering and child care. These non-profits rely on earned income to supplement government funding streams. In fact, 45% of revenue for the core charitable sector is from earned revenue. They are suffering the loss of sales of their goods and services just as small businesses are. Goodwill Industries, Ontario Great Lakes has had to lay off 850 staff, many of whom already face barriers, and the organization has seen the loss of \$125,000 per day. That represents 90% of its funding.

A broad fund for the sector would alleviate the challenges I've outlined today. That is why we, along with the thousands of organizations and people you have heard from, are supporting the sector resilience grant program proposal submitted by Imagine Canada. It will manage the multiple requests from various sectors. It will save

the government time, including the time spent by staff and elected officials with each subsector. It will save the government money in the long run.

• (1745)

We estimate that around \$6 billion in emergency funding is still urgently needed. This number was not brought forward lightly. It illustrates that our sector is a significant economic and social driver in this country. Most importantly, the cost of doing nothing is even greater. Canadians have spent generations building a sector that delivers services more efficiently and effectively than government, provides good jobs in every community, addresses equity and inclusion and contributes enormously to our quality of life.

Take a moment to imagine your community without support for people with disabilities and mental health issues, without shelters, without organizations rallying for the eradication of diseases, without supports for those new to Canada and seniors, without places of worship, without amateur sports and community centres, without community theatres, festivals, and museums and so much more. It would take years and far greater investments to rebuild this sector than it will take to preserve it today.

While you consider our proposal, I ask you to pause to imagine the organizations you personally support and engage with. Pause to imagine if they no longer existed. Every single person in this country benefits from this vital sector. We cannot afford to let it collapse. This is the moment for your support.

Thank you for listening. I am happy to answer any of your questions.

The Chair: Thank you very much, Michelle.

Before I go to our next witness, I'll give you the lineup for questions, so that MPs will know where they are on the list. First up will be Mr. Waugh, then Ms. Dzerowicz, Mr. Brunelle-Duceppe and Mr. Julian.

Turning to The Royal Conservatory of Music, we have Mr. Peter Simon, president and CEO.

Welcome, Peter.

Mr. Peter Simon (President and Chief Executive Officer, Royal Conservatory of Music): Thank you, Mr. Chair, and also to the members of the committee, for allowing us to be here.

I'm the president of the Royal Conservatory of Music. It's an iconic Canadian cultural organization that I think many of you will know because either you or a friend or someone in your family took music lessons or examinations. We have about four million-plus alumni.

I want to inform the committee of the impact of COVID-19 on the Royal Conservatory but also on Canada's music education sector, and to make the case for government assistance to prevent what might be lasting damage to the essential infrastructure in our nation for music education.

The study of music is important, because it offers an avenue for our children not only to unlock their imaginations and to be introduced to the world of creativity and self-expression, but through the habit of deliberate practice daily, to develop the qualities of discipline, focus and concentration, which are essential to success in all fields.

The conservatory provides the educational systems and infrastructure for 30,000 independent teachers, who teach over half a million students in Canada and represent a billion-dollar sector. We are the engine that makes these developments possible. When you listen to music played by Canadians, chances are you are listening to an alumnus of the Royal Conservatory. Whether it's Glenn Gould or Oscar Peterson or Gordon Lightfoot, Paul Shaffer, Diana Krall, David Foster, Burton Cummings, etc., those are just a few of the people in the music industry from the conservatory.

The conservatory's capacity to provide extensive cultural opportunities at the grassroots level is supported by our work in other areas, whether it's online teaching or the Glenn Gould School, which provides our most gifted young people with an opportunity to receive training at an international standard. Koerner Hall is a national cultural asset. It's described by many of the world's greatest artists, including superstar pianist Lang Lang, as probably the finest concert hall in the world today. It is also a platform for many Canadian artists and international artists.

Ultimately it's the breadth of the impact of our programs on all Canadians in every community that is really important. Today, after decades of steep cuts to music and arts programs in public schools across Canada, the educational infrastructure created by the Royal Conservatory and its network of community-based teachers has never been more needed than it is today. However, the current crisis threatens to undermine this nationally important infrastructure.

Recently we surveyed 2,500 independent music teachers and found that, on average, half of their studio was gone and half of their income was gone. The median teacher now earns between \$1,000 and \$2,000 a month, which is below the cut-off for CERB, but certainly not a living wage. Many teachers rightly fear for their future.

The conservatory itself must generate 95% of its budget from earned revenues and contributions. Government support for us represents less than 5% of our budget. We face a cash operating shortfall of \$5.3 million through to August 31. The shortfall is a result of total revenue loss of \$9.2 million, which we have reduced through expense cuts of almost \$4 million.

We have applied to the Canada emergency wage subsidy program. However, we project that we will still be short by \$4.1 million of what we need to survive and to keep our core programs going.

Our board of directors has committed to funding half of this amount, in the hope that matching support from the Government of

Canada and the Government of Ontario will be in place. We're seeking an investment from the Government of Canada of \$1.1 million to help us sustain our core programs through to August 31. We also urge the Government of Canada to consider a means to providing income support, through CERB, to the country's 30,000 independent music teachers. In the absence of some degree of income support, many will be forced out of music education. I think this would lower the quality of life dramatically in many communities and weaken one of the key pillars of cultural leadership in our nation.

● (1750)

Thank you very much for your time and attention.

Mr. Marty Morantz (Charleswood—St. James—Assiniboia—Headingley, CPC): You're on mute, Mr. Chair.

The Chair: There we go. I hit "video". Oh, what a system.

Okay. We'll go back to Mr. Roy, who is with Festivals and Major Events Canada.

Are you there, Martin?

Mr. Martin Roy: Yes. It seems that the problem is with Apple. I'm now using a [*Technical difficulty—Editor*] PC. I just managed to switch. [*Technical difficulty—Editor*] I'm going to go ahead in French.

[*Translation*]

Good evening, members of the Standing Committee on Finance.

Festivals and Major Events Canada, also known by its acronym FAME, has more than 500 members across the country, both direct and affiliated members, of all sizes and in nine provinces. FAME works closely with REMI, the Regroupement des événements majeurs internationaux, which, in Quebec, brings together some 30 major events.

Because they are both extremely social and extremely seasonal, because they have one foot in tourism and the other in culture, these events are in the eye of the storm.

The reality is that festivals and events spend year-round but generate revenue from activities that last only 3 to 10 days a year. Over 80% of this revenue disappears when events are cancelled for public health reasons. Depending on the location in Canada, this leaves 10% to 20% of the revenue, consisting of grants from cities, provinces and the federal government.

This was in fact the first request put forward by REMI and FAME, which asked all levels of government to maintain their grants, even if events were cancelled, so that they could cover some of the expenses already incurred since last fall, in salaries, for example. For the most part, this has been promised, not only by the Department of Canadian Heritage, but also by Ontario and Quebec, and we are pleased with that.

Our second request concerns the emergency wage subsidy. For many festivals, it will be difficult to demonstrate a 15% to 30% drop in revenues over the identified period if they are generally non-existent at that time, but it will be very easy to demonstrate one in the order of 80% or 90% for another period. A great deal of flexibility will therefore be required in that regard; failing this, another way will have to be found to maintain the teams and expertise in place, with the help of Canadian Heritage, unless a fourth reference period is added for June, a fifth for July, and so on until September.

Also, we know that the subsidies will not cover all the costs already incurred and the costs related to the cancellation. Most festivals and events will run a deficit this year. The size of the deficit will depend on the size of their budget, but also on when organizers made the decision to cancel their events, or when they were asked to make that decision in certain cities or provinces.

Considering that the organizations are non-profit, without provision or capitalization, their survival is at stake. The crisis could lead to the disappearance of many festivals and events.

If the sales of all festivals and events in Canada represent between \$1.5 billion and \$2 billion, a deficit on the order of 10% will require loans or grants of between \$150 million and \$200 million. That is why we are asking for financial assistance, as are other sectors of the economy. That is our third request.

Every day we see event cancellations, from the Calgary Stampede to the Quebec City Summer Festival to the Ottawa Bluesfest, that make headlines, cause great sadness among festival-goers and cause consternation among hotels, restaurants and many other businesses, which normally rely on festivals and events for a large part of their annual sales. This is to be expected, since a third of festival-goers' spending goes to restaurants and a quarter to hotels.

We will have to focus on festivals and events in the post-crisis period. This will allow their revival, of course, but also their participation in what will be called "social healing". It will also help get these economic and tourism engines back on track, with all the benefits that this will bring to a host of other players revolving around the events, including, of course, the artists themselves, in a myriad of disciplines. This is our fourth and final request.

In this regard, we submitted the example of the Marquee Tourism Events Program, or MTEP, which, after the 2008 crisis, injected close to \$100 million over two years into events and is still positively evaluated on the Canadian government site today. We believe that a new version of this program, an "MTEP 2.0", can be designed and we are obviously willing to participate in its development.

• (1755)

If we moved quickly on this issue, with a relaunch in 12 or 18 months in mind, we would have enough time to ensure that the effect of this investment is maximized, while keeping the teams in place.

In the meantime, we'll be working on two projects. One is to imagine events that can be put on next year in compliance with public health directives, and the other is to make innovative addi-

tions to the programming, all in the hope of making our industry a little more COVID-19-proof.

Thank you.

[*English*]

The Chair: Thank you very much.

I certainly thank all of the witnesses for those in-depth presentations that crossed quite a lot of sectors. I will say, before we go to questions, that as the finance committee we hold pre-budget hearings across the country. We hear from many, many different sectors. But from the 150 or so witnesses we've now heard from on COVID-19 in the last couple of weeks, I think we've gotten a real lesson from all of the diverse components of the economy and how each and every one of them matters.

We'll turn to Mr. Waugh now, and then Ms. Dzerowicz. It will be a six-minute round for the first four. We'll have to stick very tightly to the six minutes.

Mr. Waugh.

Mr. Kevin Waugh (Saskatoon—Grasswood, CPC): Thank you very much, Mr. Chair.

Welcome, everyone, on day 52 of COVID-19. It gives me great pleasure to be on the finance committee for this special meeting. I actually sit on the heritage committee, and have for years. I'm back on it again this year. I want to wish all the arts, culture and sports organizations all the best as we move forward. This is an unprecedented time, I know, for all eight of you. How we come out of this will be the big story.

For full disclosure, I spent 40 years as a sports broadcaster at CTV Saskatoon. I covered the Saskatchewan Roughriders for decades. I was involved in the early 1970s when the club was nearly bankrupt, and took part in many telethons to keep the team floating. In 2015 I became a member of Parliament for Saskatoon—Grasswood. Obviously, my first set of questions will go to the CFL commissioner, Randy Ambrosie.

Thank you, Randy, for testifying today in front of the finance committee. Unfortunately, some of your comments today had a lot of holes in them. First of all, is it a bailout or a loan that you're asking for from the Government of Canada in terms of the first \$30 million?

• (1800)

Mr. Randy Ambrosie: Mr. Waugh, thank you very much. The answer to your question is that we're really looking for a partnership with government. We're really anxious to sit down and talk. I should say, by the way, that we've had great conversations with your colleagues and various ministries. What we really want to do is sit down and talk about a way to work together so that we get through the crisis.

Our fundamental position is that we are looking for financial support that we want to pay back to Canadians. If it's in the form of a loan, perhaps we will pay back some of that loan through programs. I think we're almost legendary there. Our players are legendary for their ability to be in the communities and make a difference in the lives of children and young adults. There's our work in the northern communities.

Essentially, we want to sit down with government and build a partnership, one that will make sure that we are responsible Canadians to Canadians. We don't want to stand in front of other Canadians who have serious needs. We're really looking for a business relationship—

Mr. Kevin Waugh: Yes, I take that.

Mr. Randy Ambrosie: —that will be good for Canadians in the long run.

Mr. Kevin Waugh: So what you're really looking for is gifts in kind, where you would be the league's spokesman for several government agencies coming forth. I get that. It would be more or less the gifts in kind that would go along with this agreement if you do get it from the federal government.

I was surprised because there was no proposal. When you brought this forward last month to the federal government, you didn't bring the players' association on board. It was almost a proposal by Randy Ambrosie himself. Many of the teams in the CFL are doing very well, the community-owned teams in particular. The Saskatchewan Roughriders made a profit of \$1.5 million in their latest disclosure from 2018, Winnipeg \$2.6 million, and Edmonton \$2.8 million. The rest are privately owned, as you know, with big deep pockets, such as Maple Leaf Sports & Entertainment, a \$4-billion organization; and Calgary Sports and Entertainment. You have Roger Greenberg, who is connected with the Ottawa franchise. You have Bob Young, David Braley.

Really, Commissioner, there was a lot of public skepticism when you came forward last month wanting a partial bailout, we're going to call it, of \$30 million, when many of your league's teams right now are taking the Canada emergency wage subsidy. That will total about \$5 million, and it runs out next month. The public and the media itself—and I've seen a lot of comments in the last month—are skeptical because when you look at the deep pockets.... I've covered the CFL for over four decades. I think it's the most stable it has ever been, yet you come out with a \$30-million ask, and another \$120 million if the season doesn't go ahead, at a time when the unemployment rate in Calgary is 8.6% and we have businesses all across this country that are suffering.

Yesterday I did a newsletter...and you should take this really seriously. The province of Saskatchewan bleeds green. We all know that. I did a poll and overwhelmingly people did not want any support being provided to the CFL. That's coming from the best franchise you have today.

Therefore, how do you go about this today, in front of the committee, with your hands out for \$30 million, and maybe another \$120 million? I get it. I know that your league is driven by fans. The TSN deal certainly helps, but as you said, the advertisers and the TV deal is just money that you're going to have to pay back if the games aren't held.

You've got about a minute left, if you don't mind, Commissioner, to talk about how you can come to the committee today asking for the \$30 million, and then later maybe another \$120 million.

• (1805)

The Chair: We'll give you whatever time you need, Commissioner.

Mr. Randy Ambrosie: Thank you.

I'd start by thanking you for your question and pointing out the fact that those numbers you quoted relating to our three community teams refer only to part of the CFL story. Of course, while those numbers were positive in 2018, as you referenced, are going to be dramatically different in 2020 as we face the very real scenario of, at best, a truncated season, and then possibly a completely lost season.

In the face of essentially a zero-revenue model, all of our teams, including our community teams, are going to suffer significant losses that will be hard to recover from. We have great strength in those community teams, but again, it's only part of the story because we've got private owners and corporate owners who have invested not for the sake of a great return, but they've really invested in Canada and Canadian culture and Canadian sport. I call them sports philanthropists, but there is a limit to the amount of support they and their families are prepared to give. The real issue is that this crisis is essentially going to quadruple, or more than that, the financial losses our teams will take in a season that could potentially be lost altogether.

Again, I want to be clear on behalf of my league and our owners, our board of governors, that we are not looking for a handout. We're not. We're really looking for a partnership with government. We're looking for a solution. We believe that we can sit at the table and talk about a way to work together that will get us through the crisis so we can resume our activities, working with our players as partners. We've resumed our discussions with the players. We know we have work to do there, but ultimately I think everyone associated with our league can agree on one thing: everyone wants this league to survive.

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

We are turning to Ms. Dzerowicz and then Mr. Brunelle-Duceppe.

Julie.

Ms. Julie Dzerowicz: Thank you, Mr. Chair

I want to thank all the presenters for their excellent presentations. They were varied and, as the chair said at the outset, you really learn a lot through these sessions in terms of the diversity and the importance to Canada of so many of the industries.

I'm going to focus most of my questions on the arts and culture sector. I want to first acknowledge the role of our artists/creators and those working in the cultural sector in terms of helping Canadians through the pandemic.

I think many of us are very aware of some of the public things that have been done, such as the artists who performed in Nova Scotia Remembers in commemorating the mass killing in Nova Scotia, and the 86 artists who participated in Canada's Stronger Together, which not only raised money for food banks across Canada, but also put a lot of dance, song and hope into our lives.

I also want to say that even locally I have little bands performing on balconies. I have people sending out songs, stories and poems. I think all of this helps us digest our grief, helps us get us through our days and helps us with a bit of joy and hope moving forward. I want to acknowledge that.

My first question is for Mr. Keast, who is part of One Voice for Arts and Culture.

I know that you represent 100 organizations. It's actually an unbelievable list of organizations across this country, Mr. Keast. Thank you for bringing together a lot of the voices.

You've talked about the \$500-million emergency support fund that our government introduced about three weeks ago. I just want to acknowledge the extraordinary leadership of Minister Guilbeault and our parliamentary secretary, Julie Dabrusin. They worked really hard. It has taken a little while, and I know it's because we have such an extraordinarily diverse arts and culture sector that they're taking a bit of time, but I'm hoping to hear some good news soon.

When I look at your 100 organizations, a lot of the organizations tend to be some of the smaller and medium-sized museums and galleries. If there's something very specific within the emergency support fund that you would like to see, could you articulate what that might be?

• (1810)

Mr. Brad Keast: Absolutely, and I as well would definitely like to acknowledge all of the work that went into putting together the \$500 million. I recognize that a lot of the efforts are to first let everyone know there is work under way through the announcement and, of course, for something like this, something that large in a sector as diverse as ours, that will take a lot of time.

In the small and medium-sized institutions, again, there is a lot of variation from group to group. A lot of them really have focused on their staff in trying to adapt to what is changing right now in terms of the unknown between when we can come back, what they're going to do with their programming, how they're going to adjust and what new requirements would be on them from a public safety standpoint for people who come back into their spaces.

In general, I think what they really seem to need is.... Again, that first bit is that stability, to just make sure that they can get to the other side. A lot of fixed costs are absolutely key. If there is a rent payment, it's about making sure that is available; I know there is the new emergency program for rent relief. That does work. Some organizations do qualify, but some do not. It depends on how much your revenues have dropped—

Ms. Julie Dzerowicz: Mr. Keast, unfortunately, I don't have a lot of time. I'm going to ask a question that's a bit more specific.

A lot of organizations have started moving a bit more online. Do you think some support around a digital strategy would be helpful?

Mr. Brad Keast: The online piece is really interesting. There's definitely a lot of moving towards that. I think we're in 1.0 or 1.5, call it, of this iteration. Right now, I haven't seen anything where there is an opportunity to bring in any revenue from the online piece. At this point, for a public museum to have a paywall is very challenging. I think that would be off-putting, especially in this time. Definitely, there is a way to engage and, interestingly, as we've talked about with our—

Ms. Julie Dzerowicz: Sorry about that, but unfortunately I have two more questions.

Mr. Brad Keast: Okay.

Ms. Julie Dzerowicz: I'll shift over to Corus Entertainment.

Mr. Reeb, you mentioned that you have to provide 30% of your revenues to Canadian content. I like that, because I like that the dollars are going to Canadian artists, producers and writers. If anything, I'd like to see a level playing field with some of the online foreign streaming giants. I want to hear your recommendations or thoughts on taxing these streaming giants.

Mr. Troy Reeb: Thank you for acknowledging Nova Scotia Remembers and Stronger Together, which we were certainly proud to be a part of bringing to Canadian audiences.

You raised an excellent point about the disparity between the Canadian broadcasters, which face a myriad of regulations around the content they produce and air in their contributions to the Canadian sector, and those they compete against from outside our borders, whether it is Netflix, Disney+ or others. They don't pay taxes in Canada, don't employ Canadians, by and large, and they are free to drop programming into the Canadian marketplace and take dollars out of it without the same kinds of restrictions.

We think there needs to be a level playing field when it comes to taxation. We also think there needs to be a level playing field when it comes to the kinds of regulations that are placed upon the foreign streamers so that they need to compete under the same kinds of rules that we do. We're proud to contribute to the Canadian entertainment and information ecosystem, but we're doing it with one hand tied behind our back in that there are big foreign companies that are incredibly well capitalized that don't face the same kind of regulatory burdens that we do.

The Chair: Sorry, Julie, but we'll have to end it there. We're a little over time.

We'll go to Mr. Brunelle-Duceppe and then to Mr. Julian.

Alexis.

[Translation]

Mr. Alexis Brunelle-Duceppe: Good morning, everyone.

I want to thank all the witnesses for coming to make a presentation. I also want to thank the House technicians, who made it possible for Mr. Roy to speak in French before us.

I don't see Mr. Roy anymore. Can he confirm that he's in fact here?

• (1815)

Mr. Martin Roy: Yes, Mr. Brunelle-Duceppe. Hello.

I'm still having trouble with interpretation. You're going to hear me, but I don't think there's going to be any interpretation.

Mr. Alexis Brunelle-Duceppe: I understand. Could we continue anyway?

Mr. Martin Roy: Just give me two minutes, Mr. Brunelle-Duceppe.

[*English*]

Are you okay?

The Chair: Yes. We're able to hear the interpreter, so we're fine now, I think.

[*Translation*]

Mr. Alexis Brunelle-Duceppe: I also hear the interpretation, fantastic.

Thank you, everyone. Congratulations to the technicians. Once again, you're great.

I have worked in the cultural field for 19 years and I know the importance of this industry for our culture, of course, but also for our economy. It's very important to point that out. Often, we are seen as people who live on subsidies alone, whereas culture brings in a lot of money for many stakeholders and entrepreneurs.

My first question will be quite simple, Mr. Roy. I wonder if the emergency wage subsidy is adequately meeting the needs of your industry. Are there any blind spots that this subsidy does not cover?

Mr. Martin Roy: Thank you for your question. I hope you will all hear and understand my answer.

The problem with this wage subsidy as it is designed is that it is targeted at specific time periods. For non-profit organizations, as is the case for most festival and event organizers, having 15% or 30% less revenue when their revenues are already at zero, let's put it this way, makes little difference.

First we need to see if the wage subsidy will be extended. That's what we're hoping for. Culture is about more than festivals and events. I can't imagine the situation recovering before June 6, when the wage subsidy ends. I see a big problem with that.

Then, beyond that, ways will have to be found, perhaps with the Department of Canadian Heritage, to ensure some flexibility in the payment of the wage subsidy. If not by making changes to the program itself, Canadian Heritage or other departments could provide flexibility for different presenters in the cultural community, particularly those who put on festivals and events. This may be desirable.

Mr. Alexis Brunelle-Duceppe: Thank you very much. I have another question for you.

You just talked about the Department of Canadian Heritage. In your opinion, what role should Economic Development Canada or the Canadian Tourism Commission play with regard to festivals and events in the context of a possible recovery plan?

Mr. Martin Roy: For the time being, the role played by Economic Development Canada and Minister Joly mainly involves the regional economic development agencies. This includes Canada Economic Development for Quebec Regions. That said, this relationship could be further developed.

Last year, the agencies began to manage the Canadian experiences fund, which is aimed at tourism, primarily cultural tourism, indigenous tourism, winter tourism and other sectors, but not festival-related event tourism. We would very much like event tourism to be recognized, in general, as a pillar of tourism. The problem is that, at the moment, festivals and events are often considered to be part of the cultural sector. However, we forget that they are important economic and tourism engines. That is what needs to be recognized.

Earlier in my speech, I mentioned the Marquee Tourism Events Program, which was introduced in 2009-10. We hope that a version 2.0 of this program will be implemented to revive not only the events and festival sector, but also everything that revolves around it. Obviously, this would target artists, but also restaurants and hotels, which will be in great need of such an intervention after the crisis.

Mr. Alexis Brunelle-Duceppe: Thank you.

In your opinion, will it be possible to return to normality fairly quickly, or will this be done in the medium or long term? What path should we take to return to that normality?

• (1820)

Mr. Martin Roy: In my opinion, the period we are now entering will be transitional. Normalcy will not return until there is a vaccine, treatment or herd immunity. Within 12 or 18 months, we will have to find a way to get together, attend shows and festivals while adhering to public health guidelines. We, as festival organizers, are going to see if it is possible to hold events in the context that we know, especially at outdoor venues which, obviously, are larger and allow for some physical distance.

In addition, the creators we know, in Quebec and in Canada, may be able to add original events, completely unusual and innovative performances. In such cases, physical or social distancing will not be necessary. We therefore hope to be able to reinvent the festival and events sector, as it were, by the time this crisis ends and the public wants to attend festivals and events again.

Mr. Alexis Brunelle-Duceppe: In that respect, we're lucky—

[*English*]

The Chair: Thank you.

I'll go to Mr. Julian. Following Mr. Julian in the second round will be Mr. Poilievre and then Mr. Fragiskatos.

Peter.

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

Thanks to all our witnesses. You've offered very compelling testimony about the importance of supporting arts and culture as well as non-profit organizations. We certainly hope that your families are all safe and healthy.

My questions, to start, will be for Mr. Ambrosie, from the CFL.

I am a big supporter of the CFL. I support the BC Lions. I have supported other CFL teams, too, when I have lived in other parts of the country, and I have had legislation, as you probably know, to support the CFL.

I'm a bit perplexed by your testimony today. Why are you not here today with representatives from the players' association? These are the world-class athletes, as you've said, who actually are the heart and soul of the CFL.

What would they be saying if they were before the committee? How much of the financial support that you're requesting would be going directly to the players of the CFL?

Mr. Randy Ambrosie: I'm here representing the CFL today and not representing the players, yet I would tell you that I wake up every day thinking about those players and their families, as I do the league employees, coaches, football operations people and our fans.

Look, we're meeting with the players again tomorrow afternoon. It's Thursday today, and we're meeting with them again tomorrow afternoon to talk about our approach to government, to see how we can work better together to approach government and have a conversation about how we protect this great league of ours. We expect to do that and to try to harmonize our thoughts.

As for how much will go to players, we have to work that out. That's why we want a conversation with government. We want to talk about how we can work together. We know, for example, that our players and our alumni could be a potential solution in the healing of Canada, but we need to talk to the players about that; we need to talk to government about that, and then together work out a strategy.

Our approach was that we simply wanted government to know that we need help. The details of how it all comes together are yet to be decided. That has to be done with our players, and it has to be done with the government as partners.

Mr. Peter Julian: Thank you for your answer, but the reality is, as we know, it's the CFL players who are at the heart of CFL football.

Mr. Chair, I think there's a compelling argument to have the CFL Players' Association before our committee. I think it's important that we hear from them as quickly as possible.

Mr. Ambrosie, as has been pointed out, Maple Leaf Sports & Entertainment has \$4 billion in assets. The Edwards family has over \$1 billion in assets. The Greenberg family has \$1.5 billion in assets. These are all part of the ownership group around the CFL.

Many Canadians are suffering a lot and are really struggling to put food on the table. They are struggling with minimum wage front-line jobs and keeping a roof over their head. I'm sure they would be asking the question: Why are these owners, who are ex-

traordinarily wealthy in Canadian terms, not stepping up to provide supports for the CFL at this critical time?

• (1825)

Mr. Randy Ambrosie: Well, in fact, all of those groups and people that you've mentioned have been stepping up.

Our league lost somewhere in the neighbourhood of \$20 million last year, and those losses were funded by those individuals and those groups you're describing. In fact, I call them sports philanthropists. Maple Leaf Sports & Entertainment did not buy the Argos because they believed they would have a great financial windfall. They bought the Argos because they love Canada, they love the CFL, and they wanted to help rebuild the team.

Their losses were substantial, so the question, really, for us is: How many losses can these owners take when they've been losing approximately in total \$20 million a year? There is now, of course, a dramatically accelerated level of losses that will come with a truncated season or a lost season altogether. I don't think it would be fair to question the motives of our owners, because I think they are remarkable Canadians who have given tremendously to our league and our sport.

Again, we're not looking for a handout. We don't want to stand in front of Canadians with real needs. We're looking for a partnership with government where we can sustain this league through the crisis. We want to pay the government back and taxpayers back.

We think our ask is different from what it may be reflected, but really what we want to do is sit down and have a conversation with all of you and figure a way through to the other side.

Mr. Peter Julian: Thank you.

Mr. Reeb, you talked about the web giants and the uneven playing field. We've certainly seen this right across the country, where Canadian businesses are competing with web giants that aren't paying income taxes, as you mentioned, and aren't making contributions to Canada.

How important is it for the Canadian government, coming through this pandemic and after this pandemic, to establish a level playing field so that Canadian businesses aren't competing with web giants that don't pay taxes, don't have payroll deductions and aren't contributing to Canada?

Mr. Troy Reeb: Well, it's incredibly important, and the urgency of dealing with that file has only been heightened by the COVID-19 crisis, which is not only affecting Canadian broadcasters, but is affecting Canadian producers as well.

As you know, the independent production sector, the film and television production sector in Canada, is worth \$12.8 billion a year. I have seen some estimates that tens of thousands of jobs are at risk in that production sector if things cannot be rectified. Some of that production certainly does come from Hollywood studios that do contract production in Canada, but they are producing American content in Canada. That's important economically, but it's not important culturally.

To rectify and level that playing field culturally will take an urgent overhaul of the Broadcasting Act, which the government had committed to. We would like to see it put back on the table as soon as possible, if not this year.

The Chair: Thank you.

We will go to Mr. Poilievre.

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

Mr. Reeb, the government keeps telling us how much we need Canadian content. Corus is actually a gigantic Canadian content factory. You produce not only news but also documentaries and historical productions. You have one of the most, if not the most, impressive animation studios in all of Canada. You are literally cranking out an endless supply of Canadiana through your enterprise at Corus. Yet far from helping Corus, this government, and governments historically, are imposing massive regulatory and other governmental costs on your operation, costs that your inevitable international competitors do not face, in the form of heavy regulation, restrictions on the types of investments you can take, and the requirement that you give some of your air time to content that your viewers and listeners don't want to hear or see.

Some on the left would simply say the solution to that is to impose all of these massive, cumbersome regulations, rules and taxes on your global competitors, but of course, there are some things that we cannot do beyond our borders, and it is impossible to stop the leakage of entertainment and other content across our borders because Canadians have the freedom—thank God—to watch and hear whatever they want. In other words, it's not possible to pick up this monstrous regulatory apparatus that we impose on Corus and impose it on the whole world.

Can you describe the enormous costs and disadvantages that Corus faces as a result of the governmental apparatus that you must navigate just to provide Canadians with the content that they want to receive?

● (1830)

Mr. Troy Reeb: Thank you for the question, Mr. Poilievre. You're quite correct in that there are two ways you can address the imbalance that we have with the foreign Internet companies. One is to take the same kinds of historical, and we would say rather onerous, regulations that we face as a company and try to transpose those to international companies. We've seen other jurisdictions attempt that with great difficulty. The other is to try to reduce the regulatory burden that companies like ours face and give us more flexibility to be able to program to the tastes of our audience and produce programming to the tastes of customers both foreign and domestic.

There's been plenty of controversy—just look at the news space—over the government's extension of tax credits to the newspaper industry. I should make clear that broadcasters do not benefit from those tax credits, and we're not here with our hand out for those kinds of things.

What we would say is that there's another way to reach those kinds of goals and allow us to continue to produce content and that's to reduce the regulatory burden on our business overall.

Hon. Pierre Poilievre: I would point out that there are 37 million content regulators in Canada. They're called citizens. They regulate what they decide to watch, read and hear, and we ought to maximize their freedom to choose whatever it is they want to see. In many cases they choose Corus and your abundance of content outlets.

Can you describe how the cost of government regulation is actually reducing your ability to produce and transmit Canadian content?

Mr. Troy Reeb: We're very proud to be creators of Canadian content, but by and large, Canadian content creation is not a money-making business. If it were, you wouldn't need regulations forcing us to spend money with certain kinds of producers on certain kinds of content. You wouldn't need to hand the CBC \$1.2 billion a year in order to create Canadian content.

Choices have to be made about what kind of content you can make with the resources you have, and we are obviously prepared to accept certain regulatory obligations and privileges. We think it's a privilege to be able to provide local news, and we touched on the need for us to do that. That is absolutely core to our licences and both local and national news. However, there are a whole handful of other regulations, whether it's the mandated spending of 30% of last year's revenues on Canadian content this year, or the mandates on what kind of genres we have to spend it on—we have to spend it on certain categories of programming as opposed to those that we feel have the best opportunities with audiences and with overseas buyers. There are mandates as to what times and what kinds of stations we have to air it on. So there are a lot of complications that are far from free-market realities when it comes to how we run our business.

Our only point would be that there are two ways to improve competitiveness for the long term. Either try to regulate the foreign guys and have your domestic companies ask for more handouts or try to bring down the regulatory burden so there's a more level playing field that way.

Hon. Pierre Poilievre: I like the latter.

The Chair: Thank you.

We'll turn to Mr. Fragiskatos and then to Mr. Morantz.

● (1835)

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

I didn't realize my friend Pierre is such a champion of media and Canadian content, but we learn a lot of things these days.

Witnesses, thank you very much for your presentations. Because of time constraints here, I'm going to direct my questions to Ms. Baldwin and to Mr. Ambrosie.

Ms. Baldwin, Michelle, we've known each other for some time. Thank you very much for your commitment and dedication to London and to the sector at large. I know you're supporting not-for-profits, social enterprises and charities right across the country.

Something stood out to me in your testimony, and I want you to confirm. You said that 50% of the industry, meaning not-for-profits, social enterprises and charities, do not use a payroll system. Is that correct?

Ms. Michelle Baldwin: That's correct. We have 170,000 non-profits and charities across this country and 50% of them only have volunteers so they wouldn't have a payroll system, and even those that have a payroll system, such as the Museum of Ontario Archeology for example, don't have a payroll number because we've encouraged shared services and partnerships where they might lean on somebody else for a payroll number. So there are barriers to some of the programs that have been offered and to people having access.

Those are important things to consider as these programs are rolled out, to make sure that our sector is able to access them the same as any other sector.

Mr. Peter Fragiskatos: In your presentation you said Canada needs social enterprises, not-for-profits and charities now more than ever.

Last week we heard from Bruce MacDonald and Imagine Canada. Imagine Canada, as you know, has put out a public statement on this, describing the sector as a need-to-have, not a nice-to-have, but a need-to-have, especially now and going into the economic and social recovery to follow.

We take that on one hand. On the other hand, and I think this is, if not unique to the not-for-profit, charity and social enterprise sector, it certainly stands out to me as peculiar, as interesting, because while in other sectors we see a decrease in demand and revenue, for the sector you represent, we see a decrease in revenue but a dramatic increase in demand.

Could you speak about the challenges that poses for the sector at large?

Ms. Michelle Baldwin: Absolutely. We did a membership survey within two weeks of this happening, and just in the London area we saw millions of dollars were lost in just two weeks.

There has been a very quick reduction in donations, in events and fundraising and it is impacting us in a big way. There's a real urgency to what we're asking for at this moment because we are stepping up in big ways, whether it's with women's shelters or food banks, and of course some of things you've supported out of the gate. As you've heard from some of my other colleagues here, there is arts and culture, sports and heritage as well. It's a broad sector, and we want all of us left standing as we come through this.

We have been seeing an increased demand for much of what we're doing, and we need to be paying attention to those who are seeing the decrease as well. They might not be having the big numbers they would normally have, but we're going to want them here afterwards because they are essential to a vibrant and healthy economy and community.

We contribute 8.1% to the gross domestic product. That is a huge economic driver in our country, \$151 billion. Therefore, we request that this be looked at urgently because people are having to make these decisions about their organizations now.

Thank you.

Mr. Peter Fragiskatos: Thank you very much.

Mr. Ambrosie, thank you for your testimony. Like my colleagues who have spoken, I too am a CFL fan, converted from an Argos fan to a Hamilton Ticats fan by my father-in-law, but that's a long story. I grew up admiring Rocket Ismail and Pinball Clemons. However, I'm an MP and represent constituents, and ultimately we're accountable to the citizen, to the taxpayer. Why hasn't the CFL asked for assistance from banks? I think that's an obvious question that hasn't been asked yet: why the federal government and not banks?

Mr. Randy Ambrosie: Well, I think the answer lies in the fact that as a league last year we lost approximately \$20 million.

First of all, some of our teams are community teams and, by virtue of their structure, can't take on traditional commercial credit—

• (1840)

Mr. Peter Fragiskatos: Mr. Ambrosie, I don't mean to cut you off, but I'm under time constraints. I have to ask you, if banks won't support the CFL, why should the federal government support the CFL?

Mr. Randy Ambrosie: Well, it's not a question of whether banks would support us. The issue is that you're now taking a \$20-million loss and you're almost certainly making that loss bigger in future years.

Our challenge is that we have a situation where we are going to see our losses grow as a result of not being able to play games. If you add traditional consumer debt to our financial statements, all you are going to do is bloat our losses, not make our losses reduced.

The Chair: Okay. We are going to have to end it there.

We're turning to Mr. Morantz, followed by Ms. Koutrakis.

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

In my hometown of Winnipeg, there are currently two major projects going on in the arts community. One is the Inuit art gallery, and the other is the Diversity Gardens project at beautiful Assiniboine Park in my riding. Both of these projects are multi-million dollar projects that have government grants. I was on Winnipeg City Council, in fact, when we were asked to contribute. One of the major things we were looking for as elected officials was buy-in from private donations, from the private sector, and they stepped up. Millions of dollars were raised for the Diversity Gardens at Assiniboine Park, and millions for the Inuit art gallery.

We hear a lot about asking government to contribute, and government is certainly part of the answer in a crisis of this magnitude, but they can't do everything. There are a number of policy areas that I'm wondering about—I think I'm going to direct my question to Ms. Baldwin, at least initially—that I think government could do and that wouldn't involve direct subsidy.

For example, we have heard the policy option of increasing the charitable tax credit to drive more donations. Our party has floated the idea. In fact, it would be the subject of my private member's bill, if we ever get back to Ottawa. It would be the old Don Johnson policy, Mr. Chair, about allowing private capital, private shares in corporations, to be donated to charities.

Third, I mention this because foundations are a key part of this as well, and I mention it last because they would also benefit from an increase in the tax credit and the donation of private shares. Right now, under the Income Tax Act, which is my critic area portfolio in opposition, foundations are regulated, in that they have to disburse at least 3.5% of their assets every year. Foundations currently hold over \$80 billion in assets, and government certainly has it within its power under that act to increase the amount that foundations contribute. If they were to increase it to, say, 4.5%, that would be another \$800 million.

These are private sector, non-government policy solutions, so I'm wondering if maybe we could have a discussion about that as well.

With that, Ms. Baldwin, it was a long introduction, but I'll let you have at it.

Ms. Michelle Baldwin: Sure. What I would concur with is that there are other measures and policies that we could be looking at. The reason for the \$6-billion ask is the urgency and also the efficiency that comes from being able to share that out.

I would agree that business is stepping up in incredible ways. In our community, our local credit union, Libro Credit Union, partnered with our regional innovation centre, and we're doing a design challenge to find products, services and solutions. I think it really is the three pillars coming together to support this.

The tax credit would be welcome. The \$6-billion number is the number that is needed in order to really hold and lift up this sector, so if that is a piece of the way you're doing it.... But we need to know that something is happening, because we've been waiting, and right now we're having to make tough decisions during this time.

The other piece I would add is that social finance is another piece that you're looking at. There are loans that are available. In our own community, we have Verge Capital, so some of the money that has been delegated towards that to get that moving quickly could be another solution, but I go back to the urgency and the reason for the sector resilience grant program.

Thank you.

Mr. Marty Morantz: Thank you.

Mr. Simon, you haven't been asked any questions. I don't want to leave you out. I have the same question for you. What do you think about policy options outside of direct subsidies? I know you've said that your members have stepped up big time, and I think that's a

lesson that all of the panellists could take from today, but what do you think of these policy options of tax credits, private shares and foundations?

• (1845)

Mr. Peter Simon: Without commenting on something that obviously has different political perspectives, I would say that anything the government could consider that would stimulate donations from individuals would be a big plus for not-for-profit organizations.

I certainly know about Don Johnson's suggestion, as he's been quite active on all of these fronts, but I think the government has a range of options on this. I would just encourage you to explore all of those, because it really does stimulate donations, and we are 25% donation-dependent.

Mr. Marty Morantz: Yes. That's why I'm asking. I've seen how the charitable sector... Ms. Baldwin talked about the partnership with the private sector as well, and I really appreciate that. This is a way to partner with the private sector in a major way that could help charitable organizations without a direct government subsidy, or as big a one, because I think we recognize that it's necessary across a wide variety of sectors.

While I have you on the line, Mr. Keast, I'll ask you the same question. What do you think about the three policy options I outlined?

Mr. Brad Keast: To Mr. Simon's point, definitely, I think anything we could do to encourage more giving would be incredible. As per some of the previous comments, there have been people stepping up, and individuals and foundations have been honouring their gifts. I will note, though, that right now a lot of donations are either tied to programming or are coming from sources, be it foundations or individuals, that rely on the markets. As we know, the financial markets right now are not the most predictable, so I think that is a challenge.

From a foundation's point of view, for the preservation of capital.... I know that to mandate a higher amount would obviously help us as a sector. I just want to make sure we're also balancing the preservation of the capital there for the foundations, especially vis-à-vis the drop in interest rates. So you have a spread there, which is something we need to consider—

The Chair: Sorry, Marty, but we're a little bit over—quite a little bit.

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

The Chair: We'll go to Ms. Koutrakis. Then we'll go to a series of single questions from Mr. Ste-Marie, Mr. Julian, and Mr. Manly, I expect.

Ms. Koutrakis.

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

This is a great conversation this afternoon, and I'm happy to be part of it. I'd like to thank all the witnesses.

First, Mr. Ambrosie, in addition to the financial support you have requested from the federal government, has there been any discussion with the provinces? Is there any role that the provinces can play during the COVID-19 pandemic? Are there any discussions on that front?

Mr. Randy Ambrosie: Yes, we've started an outreach to the provinces to talk to them about our situation. Much like today, we're saying to the provinces, as we've said to your colleagues in the federal government, that we are looking to be creative. We are willing to be creative to find solutions. Obviously, we want to protect jobs, which is a priority for us. We want to help our players. We want to look after the future of our game.

So the answer is, yes, we've started those conversations with the provincial governments as well.

Ms. Annie Koutrakis: Your initial request for funding is \$30 million right now. I know you said that no decision has been made as to how it will be paid out, but do you have an idea of where that funding will go? Has it targeted any group?

Mr. Randy Ambrosie: The first big category is to keep as many people employed as we possibly can. Of course, we don't know whether the wage subsidy program will be extended beyond the June 6 expiry date. That's a question that is overhanging all of us. The big category is that we'd like to keep as many people employed as we can. We want to talk to the players about how we work with them and find a way to get them funding.

Of course, the other thing is that we take in ticket revenue from our fans, who in this case are essentially serving as creditors. We expect that we will have to pay back some of those fans, Canadians with real financial needs.

Really, our big bucket is to keep as many people employed as we can, as we see whether or not we can actually get a football season in during 2020.

• (1850)

Ms. Annie Koutrakis: I also have a question for Mr. Keast.

Mr. Keast, your organization sent a letter, dated April 14, to the Prime Minister and to a number of ministers, recommending alternative deployment of infrastructure funding in support of the arts and culture industry.

Can you offer examples of the projects that this funding should be targeted toward?

Mr. Brad Keast: I'd be happy to.

Often infrastructure funding will go to the buildings themselves. Of course, it is very important to have a home for the arts and culture, but we see arts and culture more broadly, as infrastructure to fuel beyond the sector. Often what happens is that an organization will receive money, and they have the building. That's the upfront capital, but there are ongoing operational costs with a lot of these that are very tough to deal with.

Is there a way for some organizations that are paying rent, for instance, to prepay a long rent so that the organization has secured the space for a long term and doesn't have to worry about those ongoing operational costs? That money can then go into programming, which is, of course, the entire reason we exist. It's not just to pay rent.

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

The Chair: I'll steal a little of the minute that you have left, Annie.

Ms. Edwards and Mr. Dalgleish, does either of you have anything you want to add to the discussion we've had so far? If you want to make a couple of points, go ahead. There have been no questions sent your way.

Ms. Edwards.

Ms. Kate Edwards: Thank you, Mr. Chair.

I think that with a lot of the themes that have come up through the questions—there were all different sectors—the challenges are shared. With regard to the discussion around policy change versus funding support, for our industry, we really need both. We need funding to maintain capacity to ensure that the industry survives to continue to do the work it does so well when we're past this crisis, but also to ensure that the market can continue to function. For us, a big part of that is a functioning Copyright Act.

I would reinforce that policy and direct support will be needed as we move towards recovery from the immediate crisis.

The Chair: Mr. Dalgleish, do you want to add anything?

Mr. Darren Dalgleish: Sure, I'd be happy to. Thank you, Mr. Chair.

I share much of the same perspective as my colleagues testifying today.

My perspective on cultural tourism and industry, where there is social value being provided to a community, is that the sustainability of an organization to continue to provide that service or their typical function is really a function of tomorrow, not today. When I think about the programs that exist—and the government has been bold in assigning a great deal of taxpayers' money to the response to COVID-19—I think about what's next. Although we'll get past this pandemic, I really believe that the consumer patterns and behaviours are going to struggle for many, many more years.

I'd like to see some kind of incentive that puts the burden on us as organizations to provide products, initiatives, whatever, where we can provide new explanations for our industries in the future, things that will be generally tied to new markets, maybe evolving markets, ones that require less volume. Maybe organizations across the country are seeing it a little differently, but I believe that when you constrain an organization, you create an incredible amount of innovation.

When we fund things like wage subsidies and the student relief program, these are typically variable costs for organizations in cultural tourism. I'm very thankful for these relief opportunities, and we take full advantage of them, but I don't think we want to remove all of the constraints. I think we need to burden the organizations, such as the ones on this panel, to find new and innovative ways, and incent that through an ROI program, loans or whatever from the government. Allow us to create something new and different. It's not about our industry; it's about the consumer and what the consumer wants to buy.

I would leave the committee with one thought: We're going to look a heck of a lot different a couple of years from now. I don't think we want to struggle and fight to stay the same. That's my only concern, and that's what I'll leave you with.

• (1855)

The Chair: Thank you.

Now we'll go to a series of single questions. We'll have Mr. Brunelle-Duceppe, then Mr. Julian, Mr. Cumming and Mr. McLeod.

Go ahead, Alexis.

[*Translation*]

Mr. Alexis Brunelle-Duceppe: Good day.

My question is again addressed to Mr. Roy.

Mr. Roy, I would like to hear your opinion on a measure I'm going to suggest to you that could help both major events like the Quebec Summer Festival and smaller events like the Festival de la Gourgane d'Albanel.

I was talking to some people from Festivalma recently. Bryan Adams was due to perform there and the organizers had paid a deposit on his fee. However, the ticket service they're dealing with won't give the money back until the show has taken place. This is a problem, because the show has been postponed to next year.

Do you think it would be a good idea for the government to offer an interest-free guaranteed loan to support this burden up to the amount of the total deposit, until the show takes place? Once the show has taken place, the government will be able to get its money back fairly quickly since the box office will pay out the proceeds from tickets already sold. At the end of the day, it will not have cost anyone anything, because the financial burden will have been borne by the government.

Mr. Martin Roy: Thank you for your question.

I think that interest-free loans will certainly be useful, whether they come from Quebec, the other provinces or Ottawa. I know that in Quebec, the Société de développement des entreprises culturelles, or SODEC, offers a number of loans. If we could indeed have access to interest-free loans from the Canadian government, I think that would be a fairly appropriate solution.

Mr. Alexis Brunelle-Duceppe: Thank you, Mr. Roy.

[*English*]

The Chair: Mr. Julian.

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

You all represent important organizations, so I'd love to ask each one of you questions, but I'll go to Ms. Edwards for Canadian publishing. It is so vitally important for Canadians to tell stories to each other about ourselves.

Ms. Edwards, what is your fear if the supports that you've requested today are not provided? What would that mean for Canadian publishing in the medium term and the long term?

Ms. Kate Edwards: At the best of times, Canadian book publishers are incredibly challenged by the structure of our marketplace. The market is dominated by international titles that are imported into the market. Given American media, which Canadians have access to, the bestseller lists often look the same in The New York Times and in The Globe and Mail, at least for the international

lists. We have a concentrated marketplace, with one major retail chain in English-speaking Canada and a dominant online bookseller, and the risk for small independent book publishers is that those structural challenges will become more entrenched and more acute.

The companies publishing Canadian writers and communities are right across the country. We have members in all provinces. We have members in Nunavut. It's coast to coast to coast. When that infrastructure erodes or is weakened, the ability to bring those books forward to the public and share them to have a national dialogue, and bring those stories forward internationally, is diminished.

Our concern in the immediate term is maintaining the capacity to see through this period of retail shutdown and slowing that I described in my testimony. In the medium term to long term, if those structural pieces are entrenched and amplified, the uphill battle we were fighting before will become all the more steep.

• (1900)

The Chair: Thank you.

Mr. Cumming.

Mr. James Cumming: Thank you to all the witnesses.

Mr. Dalgleish, you have a park that is expanding. It's going to be a fantastic asset for Edmonton.

You're probably aware that the government has just brought out a program to help students with getting over this period, because it's a hard time for them to find work. If that program were tweaked and some of these students were available, how valuable would they be to you to help with your relaunch? They could help with marketing programs and a variety of things that they're very talented at doing. Could you put them to work?

Mr. Darren Dalgleish: Thank you, Mr. Cumming, for that question.

Absolutely. We have to look at this thing a little differently than just keeping people employed. What this has taught Fort Edmonton Management Company is that.... This pause, due to the pandemic but also to this big construction project under way, has allowed us to reimagine what's possible. To be prepared for a market in 2021 and 2022 really relies on the next generation of leaders, and students fit right in there.

We are looking at various partnerships with the schools here in Edmonton. NAIT, for instance, is working with our culinary department. The Canada summer jobs grant is very valuable to us. Again, we'll take full advantage of that.

I'll just say one last thing. It's not particularly easy to find students to work right now. Many of them are finding themselves receiving a wage benefit and can't work more than a couple of shifts a week. I'm not sure what it would look like, but maybe we need some consideration for how we would employ students and not impact the benefit they're receiving.

The Chair: Thank you.

Now we go to the Northwest Territories and Mr. McLeod.

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

Like all of you, we expected 2020 to be a big year for festivals and events up in Canada's north. We were very excited for the 50th anniversaries of both the Arctic Winter Games and the Northern Games that were going to be held in Inuvik and Tuktoyaktuk. Yellowknifers were going to be celebrating the 40th anniversary of Folk on the Rocks and the silver jubilee of the Snowking winter festival. Of course, all of these were cancelled and closed due to the pandemic. It was heartbreaking to see the many athletes and performers, who worked so hard getting into top form, having to go through this news.

As national organizations, have any of your organizations heard from northern or indigenous organizers? What measures should be considered to support these types of festivals and events?

Mr. Darren Dalglish: I'll pipe in here for a moment and share with you a really exciting project that all three arms of the government have supported here in Fort Edmonton Park. That's a \$50-million world-class indigenous peoples experience. That's led our organization to enter into MOUs with the confederacy and the Métis Nation of Alberta. It has kind of spread our wings a bit, in terms of collaborating with first nations.

There is tremendous opportunity with indigenous tourism. It's the number one sought-after experience by international travellers, and

the only way to do it right is to have the indigenous communities tell the story and provide the content, and we just step out of the way.

The Chair: I don't see Paul Manly. Paul, are you there? You're not showing up on my screen.

Okay. We are a couple of minutes over, in any event.

Just for committee members, before we close, next week we will have the Parliamentary Budget Officer, the Auditor General, and the minister and finance officials. We won't be on a general list next week, unless we can find room in there somewhere, but I don't think there's room with those three.

On behalf of the committee, I want to thank all the witnesses who have come forward. You gave us your testimony, your opinions, your suggestions and your constructive criticism. We appreciate that. We are, as many people say, in unprecedented times. We have to find a way of coming out of this COVID pandemic and strengthening our country at the end of the day.

I thank each and every one of you, and I thank committee members for their endurance for another week.

With that, we will adjourn.

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