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Chair: The Honourable Wayne Easter



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• (1605)

[English]

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

Welcome to meeting number eight of the House of Commons Standing Committee on Finance.

Pursuant to the order of reference of November 19, 2020, the committee is meeting on its study of the pre-budget consultations in advance of the 2021 budget.

Today's meeting is taking place in a hybrid format, pursuant to the House order of September 23, 2020. The proceedings will be made available via the House of Commons website. So you are aware, the webcast will always show the person speaking, rather than the entirety of the committee.

I think almost everyone is familiar with the rules, so I'll bypass them to save time. We're tight for time, with four witnesses in an hour.

I would like to welcome our witnesses. We have four with us today.

I want to first thank most of you in today's appearance who provided submissions prior to August 15. We appreciate that very much.

We will start with the Canadian Nurses Association. We have Mr. Villeneuve, chief executive officer.

Mr. Villeneuve, the floor is yours. Could you try to hold your remarks to about five minutes so we can have as much discussion as possible? Thank you very much.

Mr. Michael Villeneuve (Chief Executive Officer, Canadian Nurses Association): Thank you, Mr. Chair.

I'd first like to acknowledge the Algonquin Anishnaabeg peoples, from whose traditional lands I am speaking to you today.

My name is Mike Villeneuve and I am the CEO at the Canadian Nurses Association. I've worked in and around health systems for over 40 years, 37 of those as a registered nurse.

I would very much like to thank the committee for the opportunity to present recommendations from CNA, which is the national and global professional voice of Canadian nursing.

In this extraordinary global crisis, nurses, who in our country are the largest group of health care professionals, are playing an enor-

mous role across the country. We're alarmed by the growing number of cases now being reported and we are especially concerned with the spread to indigenous and isolated communities and to vulnerable people. They are disproportionately affected.

Throughout the pandemic, we have learned important lessons. We've seen challenges with pandemic preparedness across the country and have witnessed the devastating effects of the disease in long-term care homes. We've also seen our health care system quickly adapting to the expansion of virtual care.

While our August submission recommends a suite of actions, I'd like to focus on three of them.

First, we strongly recommend that the federal government take a leadership role in redesigning what it means to age in our country. Despite the devastating impact in long-term care homes during the first months of the pandemic, the second wave is rehashing vulnerabilities in the sector. Even with lessons learned, staffing, supplies and physical plant issues remain critical.

To address these challenges CNA has called on the federal government to lead the development of national standards for institutional long-term care. We were encouraged to see new investments in the fall economic statement and national standards reflected in the Speech from the Throne, as well as helping people to age in place. We strongly encourage the committee to support the development of these standards.

Furthermore, it's critical that federal health transfers meet the needs of Canada's aging population. It was estimated that aging would drive about 20% of increases in health care spending over the next decade. We urge the committee to support a demographic top-up to the Canada health transfer, as the pandemic has only exacerbated the challenges older adults face. This would enhance the ability of provinces and territories to deliver care in the longer term, investing in that whole trajectory of home and community care, long-term care, and palliative and end-of-life care.

Our second recommendation relates to further enhancing pandemic preparedness. We must all remain focused in fighting the pandemic. It's nowhere near over. Despite the promises of a vaccine on the horizon, we will be in a chronic emergency for months to come. In a recent survey, nurses identified the supply of personal protective equipment as one of their top three concerns during the second wave of the pandemic. Investments in 2021 must ensure availability of PPE, capacity to conduct viral testing and contact tracing, and an equitable distribution of vaccines, especially to vulnerable groups.

Finally, CNA encourages the committee to support expanding virtual care. The sudden acceleration in virtual care has been a long-awaited shift for our health system. This is good. While barriers still exist, the role of virtual care should be scaled up. Virtual care can lower costs and improve access to health care, particularly for indigenous people and others in rural and remote areas, and people who struggle in any way to access primary care. However, to expand virtual care, fast and affordable Internet access needs to be made available to all, and here we know the government can exert a strong and helpful influence.

In closing, the COVID-19 pandemic has caused unparalleled disruptions to social, health and economic systems around the globe, as I don't need to tell any of you. We now have an opportunity, though, to bring about some essential transformations to our health care system and create a safer, healthier and more equitable society for all.

Thank you, Mr. Chair. I will do my best to answer any questions.

The Chair: Thank you very much, Mr. Villeneuve. Again, thank you for your submission.

Now, from the Community Food Centres Canada, we have Mr. Saul, president and CEO.

Mr. Saul, the floor is yours.

Mr. Nick Saul (President and Chief Executive Officer, Community Food Centres Canada): Thank you, Chair. Good afternoon, and thank you for the opportunity to speak with you today. I hope you're all doing okay in these unsettled and unsettling times.

I am joined by my colleague Sasha McNicoll, who's our senior specialist on policy. We'll both be answering questions.

Community Food Centres Canada is a national organization that creates vibrant community food centres and programs in low-income neighbourhoods across the country. Through our more than 200 organizational partners, we support people living in poverty and food insecurity to eat well, find community and work towards social justice.

It will come as no surprise to this committee that COVID has exacerbated some of the deep social inequities that the communities we work in have grappled with for a long time. Food insecurity is up a shocking 39%, meaning that one in seven Canadians now struggles to put food on the table. This corroborates what we are hearing from our partners who have seen the needs in their communities skyrocket. For example, The Depot Community Food Centre in Montreal had to move into a hockey arena in order to meet the needs of people seeking support.

The federal government has responded to this emergency with a \$200-million emergency food security fund, which, along with other private funds, has helped us provide good food for half a million Canadians. In the long term, however, we know that providing food through charity will not solve this problem. Reducing poverty by boosting incomes is the key to reducing food insecurity in Canada. For example, the Canada child benefit has reduced severe food insecurity among families with children by 30%. Upon reaching the age of 65 and becoming eligible for seniors benefits like old age security, the guaranteed income supplement and CPP, people's risks of food insecurity decrease by a full 50%.

It is now time to build on these achievements in order to create a just recovery from COVID and to continue the work toward a 50% reduction in poverty, as laid out in Canada's poverty reduction strategy.

Our pre-budget submission proposes two ways to help us get there. The first is to make the disability tax credit refundable. To this end, Community Food Centres Canada was pleased to see a Canada disability benefit included in the Speech from the Throne. There are 2.7 million Canadians living with severe or very severe disability. These Canadians are more likely to be unemployed, and 30% live below the low-income measure. Because the disability tax credit is non-refundable, however, it only serves to decrease tax owing and is therefore of little use to people with disabilities living on low incomes who pay no or little income tax. Making the disability tax credit refundable would provide low-income Canadians with severe and prolonged disabilities with up to \$1,300 per year. This may not seem like a lot, but for a single person on disability support living in Ontario, it will represent a 9% increase in their income. The federal government should also look into increasing the disability tax credit.

Our second recommendation is to explore the creation of a tax credit for working-age adults. As I mentioned, the Canada child benefit and seniors benefits have decreased food insecurity among families with children and seniors, but for single adults, poverty has increased. They also make up 43% of all food-insecure Canadians. Working-age adults are increasingly being trapped in poverty by low-wage jobs and insufficient social assistance rates. Two-thirds of food-insecure people get most of their income from employment, but the kinds of jobs available do not pay enough to provide a comfortable and dignified life. Indeed, many of the top growing sectors over the last decade—including retail, accommodation and food services—provide the lowest-quality jobs in terms of wages and benefits.

Many low-income adults rely on provincial and territorial social assistance, which in no jurisdiction in Canada comes anywhere near the poverty line. In Ontario, for example, a single person on welfare receives \$733 a month, which is about one-third of the poverty line. In order to be successful in reducing poverty by 50% by 2030, Canada's poverty reduction strategy will need to provide more significant support for single adults aged 18 to 64. A working-age tax credit that would bolster incomes for low-wage workers and people living on social assistance would also create a higher income floor beneath which no Canadian could fall.

For moral and economic reasons, we want to build a society focused on thriving, but we also want to do this because greater equity will help inoculate us against future shocks. Creating an income floor that no one in this country can fall below is the right thing to do. Making the disability tax credit refundable and developing a refundable working-age tax credit will have a significant material impact on this goal.

Again, thank you for the opportunity to be here today to discuss how to reduce food insecurity and poverty in Canada. Sasha and I look forward to answering any of your questions.

● (1610)

The Chair: Thank you very much, Mr. Saul. You are all right on time. This is a good start.

We will turn to Skills Canada and Mr. Thorson.

Mr. Shaun Thorson (Chief Executive Officer, Skills Canada): Thank you, Mr. Chair,

Before I begin, I first want to acknowledge that I'm speaking from the unceded Algonquin Anishinaabe Territory.

I want to thank the committee for the opportunity to speak to you today.

Skills/Compétences Canada's mission is to encourage and support a pan-Canadian approach to promoting careers in the skilled trades and technologies to youth and their communities.

With Skills Canada member organizations in each of the provinces and territories, we're able to connect to more than 100,000 Canadian youth on an annual basis. With the help of our many public and private sector partners, including union training centres, technical institutes, polytechnics and community colleges, SCC is helping to address the skills gap issue that is touching many sectors across the country.

The activity that we are probably best known for is skills competitions. Through this activity, we put tools and materials in the hands of students in an effort to familiarize them with the many career options available. If you've not been to a skills competition, we demystify many of these occupations by hosting events in publicly accessible facilities where visitors can watch competitors prepare a four-course meal; build structures, including electrical and water services; repair vehicles; and create information technology networks, websites and much more. In addition, students from surrounding schools are able to participate in Try-a-Trade and technology activities.

As the country continues to deal with the impacts of COVID-19, we believe that a skills-based economy and skills-led recovery will contribute to the strengthening of our communities.

According to a national survey that we conducted in July, close to eight in 10 Canadians agreed that the COVID-19 pandemic brought to their attention the importance of the many essential workers in the skilled trades and technology sectors.

This increased awareness among Canadians of the many essential occupations in the skilled trades and technologies presents an opportunity to attract and create a diverse and inclusive workforce, which will strengthen the country.

Possible increases in domestic manufacturing, new infrastructure projects and the impact of technology all bring with them opportunities to return to pre-COVID-19 levels and see economic growth. To do this, Canada will require the right mix of skills to respond to these demands.

For these reasons, not only youth but—maybe even more importantly—career influencers such as parents, teachers and employers should be targeted with outreach. Building a diversified workforce for Canada requires parents to encourage their children to investigate many career options. It requires teachers and instructors to understand the apprenticeship system and Red Seal certification so they can provide relevant training, guidance and endorsement of these careers.

It also requires employers to hire apprentices and support the on-the-job training model that has been in existence since the Middle Ages.

Our survey in July also revealed that 46% of Canadians are mostly unfamiliar with the apprenticeship training system. This lack of knowledge undoubtedly contributes to our nation's challenge in recruiting people to these occupations.

Most Canadians understand how more traditional systems of education function, making it easier to endorse those learning models. Contrastingly, the apprenticeship model that encompasses 80% on-the-job and 20% in-school training is very different from the training education that is often based out of a single training institution.

In general, we are witnessing how the required skills in these industries are quickly changing, forcing us to contemplate the impact on our skills development strategy and how we can quickly adjust our training programs. In the context of the current pandemic and also due to our increasingly digitized world, skilled trades and technology occupations have never been so relevant and interesting.

As a result, it only makes sense for the federal government, through a variety of tailored approaches, to invest further in the awareness and promotion of such career paths. Along with its provincial and territorial partners, the federal government must look at supporting skills development and modern training opportunities that will realistically meet our future economic needs.

In closing, we recommend the following measures.

First, the federal government should fund the promotion and orientation of skilled trade and technology-based occupations, targeting under-represented youth and people in career transition, including women, indigenous peoples, persons with a disability, those from under-served communities and those who are part of the LGBTQS+ community.

Second, the federal government should fund national awareness initiatives aimed at engaging parents on how the apprenticeship training system in Canada works, on the importance of the essential skills and on recognizing the Red Seal endorsement acronym, RSE, as a standard of Red Seal completion in the skilled trades.

Third, the federal government should support the work required to identify current and emerging technologies and how those technologies are and will be applied in apprenticeship and technology-based occupation training models.

Last, the federal government should support the creation of a multisectoral skills strategy that links recommendations 1, 2 and 3 into an overall skills promotion and skills development approach linked to the skills that Canada needs now and will need in the future.

• (1615)

I will answer any questions the committee may have.

Thank you.

The Chair: We turn now to WaterPower Canada and Patrick Bateman, interim president.

• (1620)

[*Translation*]

Mr. Patrick Bateman (Interim President, WaterPower Canada): Good afternoon.

Mr. Chair, I would like to begin by thanking you, the clerk and the committee members for the opportunity to appear today on behalf of WaterPower Canada as part of the committee's pre-budget consultations.

[*English*]

Thanks also to the members of the committee and to all those contributing to this consultation for supporting and serving our communities during these challenging times.

I am coming to you today from the traditional unceded territory of the Algonquin people, and I'm very grateful to also have the pleasure to work and live here.

WaterPower Canada is the national trade association that represents the producers of hydroelectricity and their suppliers of goods and services. Electricity is an essential service, and water power represents 60% of our total electricity production in Canada.

Our sector's track record for more than a century has been playing a major role in keeping Canada's lights on. Thanks to the preparedness and response of our members and our workforce, we've overseen the reliable operations of more than 500 water power generation stations throughout the pandemic. These continue to power critical services such as hospitals, communication networks and food supply chains across the nation.

In early March, as the reality of the pandemic set in, our sector was deep in preparations for the freshet, the spring thaw that places increased demands and pressure on our infrastructure. By mid-March, pandemic response plans and protocols were rapidly implemented. Only works critical for the safe, reliable and optimal operation of the generation fleet proceeded. All others were deferred.

Workplace practices in the office and in the field were dramatically overhauled to assure the health and safety of our employees and contractors. We're proud of our role in supporting Canada's pandemic response.

The government is currently directing emergency support where it is most urgently needed. We're still in the thick of the pandemic. Once the greatest danger of this crisis has passed, the economy will need a serious boost, and that must accomplish two things: getting Canadians back to work and addressing the climate crisis.

Canada is one of the few countries in the world uniquely positioned to move toward and beyond a 90% non-emitting electricity supply. We have a competitive advantage through our abundant, diverse, clean and renewable electricity resources, including water power. Building on these strengths, leveraging these existing competitive advantages, and creating the right conditions for investment will support recovery efforts and reinforce clean growth priorities.

Investments made by our sector in refurbishment and redevelopment of existing assets provides additional generation and storage capacity at a very low unit cost and with a minimal incremental environmental footprint. New transmission capacity can connect regions with abundant clean and renewable energy supply to those that are phasing out coal. The water stored in our reservoirs can be leveraged as the battery that balances supply and demand.

Projects such as Pumped Storage Hydro, which uses water and gravity to store and generate electricity, and Green Hydrogen, for example, can ensure the reliable integration of variable renewable energy resources, such as wind and solar.

These potential investments represent tens of thousands of new jobs and the avoidance of hundreds of millions of tonnes of greenhouse gas emissions annually. As our brief submitted to the committee in August outlined, there are ways to create the conditions necessary to move clean and renewable energy projects forward.

One is designing and implementing strong measures for decarbonization of Canada's electricity supply. We welcome the introduction of Bill C-12 and references in the fall economic statement on the importance of strategic transmission interties.

A second way is to design and implement strong measures for fuel-switching, switching from fossil fuels to clean and renewable electricity in transport, industry and buildings. We welcome the measures in the fall economic statement related to electrification and we anticipate the clean fuel standard.

A third is to ensure that the implementation of federal legislation does not introduce any undue or overly burdensome constraints on water power producers so that the regulatory environment does not impede investments in existing or new projects.

Despite our abundance of clean electricity, only 20% of the energy we use is electric. Growth in demand for electrification, combined with stringent and stable long-term climate policy, is critical for our sector to maximize our investments in the coming years and to help power Canada's recovery, a recovery that will be durable, national and renewable.

● (1625)

Thank you again for the opportunity to appear. I look forward to addressing any questions the committee may have.

The Chair: Thank you all for your presentations and for keeping them so tight. We have your recommendations in the paper as well.

We'll turn to the first round of questions. I might remind committee members that because we're not in our usual one-and-a-half-hour hearing schedule and we have only an hour, there will be four six-minute questions and two five-minute questions. That will likely end it. If people want to split their time, just let me know.

We'll start with Mr. Kelly for six minutes.

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

Thank you to all of our witnesses. I'll see if I can get a question or two in with each of you. I'll start with Skills Canada.

Mr. Thorson, you spoke of skills deficits. Could you elaborate on some of the specific industries and needs that are not currently being met in the labour market and the skills most needed in our labour force that are not being supplied?

Mr. Shaun Thorson: I think when we're talking about skills gaps, we're talking about the correct skills that are required for the different occupations. Targeting that specifically across the country is sometimes difficult, because there are regional differences that really impact those occupations. For example, those occupations include steamfitters and pipefitters. Electricians are also in demand. For welders in particular, there are special welding level categories in which there are demands.

However, I think the more important element here is that we really want to make sure students, young people and the population in general understand that there are these different career options available.

As I mentioned, during the pandemic and especially in the spring, when we were really relying on transportation systems to get food to grocery stores, on people to repair those vehicles, and on our communication systems, and when we also had to make sure electrical grids were functioning properly so we could all function from our homes, it was very apparent to people that we definitely need people in these skilled occupations. It is challenging across the country.

Mr. Pat Kelly: You mentioned specifically that your recommendation was that the federal government provide funding, and then you went general and said it was for programs aimed at under-represented populations in various trades and the retraining of workers. Were there specific programs you wanted to elaborate on or mention in the time you have with us?

Mr. Shaun Thorson: I think we definitely need to identify success stories and individuals who are representative of diversity and an inclusive workforce. We want to make sure people in the community can identify with someone.

Mr. Pat Kelly: You're not identifying a particular program, though, that you're looking for?

Mr. Shaun Thorson: We're not identifying a specific program, but I think our goal when we're trying to engage these people is to put tools and materials in the hands of young people and parents.

Mr. Pat Kelly: I'll move to Mr. Saul, if I may.

You mentioned in your statement that aid measures alone will not cure food insecurity in the long run. I certainly would agree with that. Regarding the tremendous demands placed on your member organizations during the pandemic, I think no one will be surprised that returning as many people as safely and as quickly as possible to the workforce will undoubtedly alleviate some of this demand.

Moving to one of your specific recommendations on the disability tax credit, I'll let you comment a little further on that. In fact, I'll just turn that over to you, if you want to elaborate on that first recommendation and how you see that working, maybe in concert with existing funding for disabled Canadians.

• (1630)

Mr. Nick Saul: I'm going to let my colleague Sasha talk about the disability tax credit, but I'll first respond very quickly about our concerns around charity.

Food will not solve hunger; only income will. If you remember anything from our comments, it's that. We need to ensure people have enough money in their pockets to make the decisions they need to make. As I mentioned in my remarks, 65% of people who are food-insecure in this country have an attachment to the labour market, which speaks to how low-wage those jobs are and how precarious they are. Four and a half million Canadians struggle with food insecurity, meaning they're completely unsure and concerned about where their next meal is going to come from. The only way we're going to solve that is to focus on income measures.

I'll pass this quickly to Sasha to talk about the disability tax credit.

Ms. Sasha McNicoll (Senior Specialist, Policy, Community Food Centres Canada): I think, as Nick mentioned, people living on disability supports in Ontario.... If you're a single person, you're making about \$1,100 a month, which is clearly not enough to cover the cost of living, let alone the increased costs that often come with living in disability. Making the DTC refundable would be a huge help to people who are living on provincial and territorial disability support.

The Chair: Sorry, Pat, we're a little over time.

Mr. Pat Kelly: Was it not a six-minute round?

The Chair: Yes, it is. You've been six minutes and 20 seconds. How time flies.

We'll turn to Ms. Dzerowicz and Mr. Fragiskatos, who are splitting their time.

Go ahead, Ms. Dzerowicz.

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

Please cut me off at three minutes, although I have my timer. To everyone, please be as succinct as possible in your answers.

First I'll give a huge thanks to all of you for your excellent and important presentations. If we don't get to you today, know that your recommendations have been very much heard.

My first question is to Community Food Centres Canada.

Thank you once again for coming before our committee. I have two quick questions for you. I hear loud and clear your disability tax credit recommendation and your tax credit for a single working-age adult. Do you have a figure for us about how much each of these tax credits would cost our government and how many Canadians each one of those would help?

Mr. Nick Saul: I'm going to let Sasha take this.

Ms. Sasha McNicoll: For the disability tax credit, the Canadian Centre for Policy Alternatives has estimated that it would be about \$370 million a year in order to make that refundable for the people who are currently receiving it, which I believe is about 1.2 million Canadians. However, if it were made refundable, it's likely that people who could apply for it and haven't applied for it who are eligible would then apply for it. With some behaviour change, it might be more expensive than that, but it's somewhere around \$370 million a year.

For the working-age tax credit, this is not something that there's a lot of research on, so we don't have a figure for that, although it's something that we are about to do research in, and we'll update you with a figure when we have one.

Ms. Julie Dzerowicz: Thank you so much for that.

I'm going to turn my attention to Mr. Thorson.

Mr. Thorson, about 600,000 Canadians are still looking for a job right now. Almost 80% have gone back to their old jobs, but we have also heard that there are a number of jobs in areas like construction, health care, food processing, agriculture and a few other areas. There seems to be a skills mismatch. Would you agree with that? Why do you think that is, and how do we correct it?

Mr. Shaun Thorson: I would agree that it is a skills mismatch or a skills gap. I think one of the reasons, as I mention in my brief, is that the apprenticeship system—how the system works and how that training takes place—is not necessarily understood by most Canadians, and parents and many influencers are still a little reluctant to promote skilled trades occupations to young people and to present them as a viable career option and a first-rate career option.

• (1635)

Ms. Julie Dzerowicz: Thank you, Mr. Thorson.

I think that's my three minutes, so I'll go over to you, Peter.

The Chair: Go ahead, Mr. Fragiskatos.

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

My questions are for the CNA.

Mr. Villeneuve, thank you for your work, the work of the organization and the work of all nurses across Canada. I especially have in mind all the local nurses in London, Ontario, especially those at LHSC and St. Joseph's, but all nurses beyond that too.

I wanted to ask you about this, sir. I read the statement that the CNA put out yesterday in response to the fall economic statement that Minister Freeland read in Parliament. I did see that the organization spoke positively about long-term care and what the government said about that, about all the work the government has done to procure PPE, and on public health when it comes to indigenous communities. That work is ongoing and positive.

I did see a couple of points that stood out to me in the press release and that the government can further act upon. One is the mental health of nurses. Could you speak to that issue and your concerns there?

I wonder if you would elaborate upon something else that you mentioned today: virtual health care. What would you want to see the federal government do to address that possibility?

Mr. Michael Villeneuve: Thank you very much for the question.

The mental health state of nurses has been a concern from early on, first because of the fatigue, which we projected. Then, because of the moral decisions that were being made in other countries, they were pretty concerned about the challenges they were facing at points of care—physicians and others, too, but since we're speaking about nurses....

We did a survey at CNA of a group of nurses who reported before COVID that their mental health was rated as good or excellent. Eighty per cent of them rated that. It's down to about 45% at this point in the pandemic, so that's a serious change.

We're hearing every day about unbelievable fatigue. Also, there's the burden of watching people die with their families on the other side of a window. It's just compounded levels of grief and fatigue. There's no buffer in the system. There's no other group to come in and help take over, so I think they're pretty pressed.

One of the challenges we all face in this country is that you have to wait a long time for a lot of mental health treatment and you have to pay. We certainly hope that governments will do all they can to support access to mental health treatment for all health care providers—we can talk about society later—at rates they can afford or, if not that, then free.

On your second question about virtual care, as you know, there has been this giant barrier since time immemorial, and suddenly it was freed up, which is a very good outcome of the pandemic. Now we need to understand.... It seems to be working pretty well. In some places, 76% of primary care is delivered virtually.

Who is it working well for? Who has broadband and who doesn't? That's a serious problem. In my beautiful home in farm-

land here in eastern Ontario, I sometimes might as well be in Iqaluit. It's hit-and-miss. Even on these sorts of appearances, I worry if I will have broadband. If we want people to work at home and send pictures and videos of their problems to their doctors and so on, we really need a strong hand in expanding the access to broadband—

The Chair: Thank you very much. I hate to end it so quickly.

Mr. Lemire, you have six minutes, and you will be followed by Mr. Julian.

[*Translation*]

Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ): Thank you, Mr. Chair.

I would like to thank all the witnesses for their sensitivity to vulnerable members of society. It's an issue that came up in many of the opening statements.

My first question is for Mr. Villeneuve, of the Canadian Nurses Association.

The House of Commons is currently debating a motion put forward by the Bloc Québécois. The motion reads as follows:

That the House:

- (a) acknowledge the extraordinary work of health care workers (including doctors, nurses and orderlies) during the COVID-19 pandemic, particularly with seniors but also with the general public;
- (b) recognize the courage and sacrifices required from them and their families in order to be on the front lines;
- (c) highlight the work of Quebec and the provinces in responding to the health crisis and note the direct impact on their respective budgets; and
- (d) call on the government to significantly and sustainably increase Canada health transfers before the end of 2020 in order to support the efforts of the governments of Quebec and the provinces, health care workers and the public.

On September 18, the provinces jointly called on the federal government to significantly increase funding to help cover the escalating costs of delivering health care, particularly as a result of the pandemic. They are requesting an increase of \$28 billion, which would raise Ottawa's share of health care funding from 22% to 35%.

Mr. Villeneuve, if health care ceased to be underfunded, would that address the bulk of your recommendations?

● (1640)

[*English*]

Mr. Michael Villeneuve: Certainly we would think it would go a long way. We believe it's about 22% now, and as you all will know, that has dropped through the years. What we're facing across society that concerns us the most in the short term is just the huge number of older folks.

I'll be honest: I'm the back end of the baby boom. I'm 62. There are a lot of folks who are 75-plus now who are going to need care soon, and there's no way, ever, that we're going to build what they estimate is 300,000 new beds. We're going to need to find some funding and great thinking to imagine how we are going to care for all those people. Where is that going to happen? Hence our recommendation, which is to take 22% of the \$93 billion recommended by the Conference Board of Canada as a top-up to at least help to transition and provide better care in the long term—not just long-term care—for people in homes, communities, church basements and so on, so that we can try to get something of a handle on this, because it's happening right now. It's not a theory anymore; it's right now.

I hope that helps.

[Translation]

Mr. Sébastien Lemire: Thank you.

My next question is for Mr. Saul, of Community Food Centres Canada.

Mr. Saul, are seniors representative of the clients who use food banks or community food centres across the country?

Let's say the government permanently increased the old age security pension by \$110 a month beginning at the age of 65 and adjusted the guaranteed income supplement to avoid penalizing anyone. Do you think those are essential steps in reducing the use of your services by the senior population, to say nothing of reducing the poverty, anxiety and rejection experienced by seniors?

[English]

Mr. Nick Saul: I'll quickly respond, but I can't speak for the food banks. Community Food Centres Canada has a very different model that is more upstream and preventive.

About 27% of people who use our community food centres across the country are seniors. We're very concerned right now about them feeling isolated and lonely. There is no question that if we continue to put money into GIS, OAS, CPP, etc., it will have a very important impact on their status in terms of vulnerability. The data is really clear on this. If you put money into programs like the child tax benefit and seniors programming, it materially impacts food insecurity and reduces poverty in this country, which is what we should be doing. We're talking about using the current infrastructure that's out there, although we're also talking about building a refundable tax credit for working-age adults, but we have these systems in place, and if we put money into them, they reduce food insecurity and reduce poverty. It's pretty simple. There's a direct correlation between income and reducing food insecurity.

[Translation]

Mr. Sébastien Lemire: My last question is for Mr. Bateman, of WaterPower Canada.

Right now, the House of Commons is studying Bill C-12, which does not set out any mandatory targets to reduce greenhouse gas emissions by 2030. The bill concerns Canada's commitments under the Paris agreement.

Mr. Bateman, do you think the federal government is taking the electrification of transportation seriously enough? What measures would you like to see in place to promote the industry's growth?

Mr. Patrick Bateman: Thank you for your question, Mr. Lemire.

[English]

It's an ongoing question, I think, with the fall economic statement and with the bill progressing through the House. It's something that we're watching very closely. Long-term, stable climate policy and electrification are two factors that are very important for our sector, and I think we'll continue to watch how that unfolds with great interest in the coming months.

The Chair: Thank you all.

I'm turning to Mr. Julian.

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

Thanks to all our witnesses for being here. We hope that you and your loved ones are safe and healthy during this pandemic. It's very good of you to give testimony today that will hopefully form some of what we should see in a spring budget.

I'd like to start with you, Mr. Villeneuve. First, our thanks go to all the front-line workers and nurses across the country who have shown such courage during this pandemic.

I have three questions.

What you're calling for is an investment, the demographic top-up transfer, that is slightly less than the cutbacks we've seen over the last five years. I'm wondering whether that demographic top-up is in addition to restoring the full health care funding that was slashed by the former Harper government and continued by the current government. We've seen the impacts of that.

My second question is around long-term care. What do you think is needed? Should long-term care really come under the Canada Health Act as part of ensuring that there is publicly administered long-term care and long-term-care standards across the country to avoid the nightmare that we have seen repeated numerous times, often in private long-term care homes, over the course of the last few months?

The third is on the issue of pharmacare. We have Bill C-213 before the House of Commons, the Canada pharmacare act. MPs will be voting on it in February. It would provide the legal framework for universal, publicly administered access to medication. To what extent do you think, and do Canada's nurses think, it would be a good idea to have universal pharmacare to add to and strengthen our health care system?

Those are my three questions to start. Thank you.

• (1645)

The Chair: I will interrupt for a second, Mr. Villeneuve.

Mr. Falk, you'll be next up after this round.

Mr. Michael Villeneuve: Thanks, Chair, and I'll do my best to answer the questions quite quickly.

CNA has a long-standing position in strong support of universal pharmacare and would be very pleased to see that go forward as a key piece of medicare.

I'll work backwards. You're asking a lot of me to remember three things.

With regard to long-term care, that whole sector has been not well treated at best, and at worst has been neglected. We have watched over several decades as the amount of acuity inside those places climbs at a level that, if you've not been in one, I think would shock you.

When I graduated, many of those patients would have been in a hospital with a registered nurse. As we've moved care out to homes and communities and long-term care, we have not shifted budgets, interests, professional supports, funding, leadership, training and all those pieces. Now we have a very well-intended workforce that is largely made up of unregulated providers doing their very best. We need a really big multi-billion-dollar investment in that sector to cast it anew. That would start with staffing, wages, physical plants. What happens in some of those places would never be allowed in a hospital.

The whole sector needs a discussion. We need to frame what we expect as Canadians to get as we age, starting at home so that we don't have to go to those places, and right through to end-of-life care.

On your first question, I'll try to be as quick as I can. If I understand you correctly, we took the figures calculated by the Conference Board of Canada, which was the \$93 billion over 10 years, and took a 22% cut of that, so it's somewhere around \$13 billion in the first five years, up to a total of \$21.1 billion over 10 years. We approached it that way, if that helps answer your question.

Mr. Peter Julian: What I hear you saying as well, as many people have said, is that we need to work on the revenue side to build up the resources to make these investments. That means taxing billionaires, tracking down overseas tax havens, making the giant web companies pay their fair share of taxes. That's how we create the fiscal ability to do these things.

Thank you very much for that.

Mr. Saul and Ms. McNicoll, I have two things regarding the disability tax credit and people with disabilities generally.

What percentage of people going to the community food centres are people with disabilities? You stated very clearly that we need to make the DTC refundable. The reality is that most people with disabilities aren't on a DTC. Do you have any recommendations about how to increase access so that everybody with a disability across the country can actually access the disability tax credit?

• (1650)

The Chair: Give a fairly tight answer if you could, folks.

Ms. Sasha McNicoll: About 22% of people who go to community food centres are on disability support.

It's quite a difficult credit to get. Sometimes you have to do your taxes and then you get a tax credit. A lot more is involved in this. Anything the federal government can do to simplify that would be great for these people.

I think you'd find a lot more people signing up for it if they could get that \$1,300 a year. I think about 1.5 million people could potentially get it, but they don't. Those two things would help: simplifying it, and then making it refundable.

The Chair: Thank you all.

We are turning to Mr. Falk, who will be followed by Mr. Fraser. We're into a five-minute round.

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

Thank you to all our witnesses for your presentations and for the good work and advocacy that your associations represent.

Mr. Villeneuve, you've talked about the mental health of your front-line workers, of nurses in particular. That concern is ongoing, especially with COVID. They're concerned if they've caught COVID or they're going to get it, and they're working on the front lines.

If we had rapid testing, how would that help the mental health of your nurses and of your front-line workers? What do you see for its future?

Mr. Michael Villeneuve: I think we're learning a lot about that; it's a very promising practice.

I think for sure it would help workers on all the front lines, including the grocery store, to have a test that we could turn around quite quickly. There certainly is a concern from nurses about getting COVID. In reality, places like hospitals, where things are pretty tight now around PPE, are some of the safer places to be. It's more on the margins. It's in home care and some of those places that we hear that concern.

The mental health issues we're hearing are somewhat bad—there's no question—but it's an awful lot about compounding grief and absolute fatigue. There are nursing homes where people haven't left for 14 days in a row of 12-hour shifts. It's a human fatigue issue. A lot of the fear around wondering if they're going to catch it is the fear that they are going to transmit it to their family. We're hearing those issues. I think everything governments can do to get us rapid testing as quickly as possible would be good.

Mr. Ted Falk: Great. Thank you for that answer.

Mr. Saul, you spoke briefly about the work you do with your community food centres. I know you're not working on the front line, but maybe you've heard stories from your front-line workers. Could you comment on the benefit that individuals have received with the CERB, or how that has impacted the people who service your facilities? What has the impact been? Has it been a good thing or has it been a negative thing? From what you're hearing, how has that money been used?

Mr. Nick Saul: CERB has been a lifesaver. We would have been hit with a tsunami of desperate people in our community food centres.

The irony of CERB is that it's completely highlighted how inadequate our social support systems are. CERB is about \$2,000 a month, as you know; if you get that over a year, that's the poverty line: \$24,000 a year for a single person. As I mentioned in my remarks, CERB gives you two or three times more than any social assistance rate across this country. You'd have to be making about \$21 per hour full time to get the same on CERB as you would on EI. I think CERB has been very important in stabilizing people's lives to be able to land in an okay position and then start to try to figure out how to rebuild.

It has been critical for our work. I think we would have been completely smashed if there hadn't been those kinds of income supports. There has been a bit of emergency relief via food, but without those income supports, it would have been trouble.

Mr. Ted Falk: Thank you.

Mr. Bateman, you mentioned in your brief that the regulatory burden is significant for your industry. We know that hydroelectricity is the cleanest, greenest power we have here in Canada. Could you comment a little on the regulatory burden from the Fisheries Act and also from the Navigable Waters Act?

• (1655)

Mr. Patrick Bateman: Yes, for sure. Thank you, Mr. Falk, for your kind words.

With respect to the limited time you have here, I'll undertake to follow up that question with a written response, because the answer is probably much longer than the time you have today.

Mr. Ted Falk: Fair enough. I think I'm out of time.

The Chair: Thank you for your offer, Mr. Bateman, and we look forward to that somewhat detailed response.

For the last five minutes of this panel, we will turn to Mr. Fraser and Mr. McLeod, who are splitting the time.

Mr. Fraser is first.

Mr. Sean Fraser (Central Nova, Lib.): Thank you very much. I will start with Mr. Saul.

For what it's worth, to me it is unconscionable that in a nation as wealthy as Canada we still have questions about our neighbours being able to afford food.

You have quite articulately pointed out that food won't solve hunger, but that income will. You cited the Canada child benefit as one example of a visible and meaningful reduction in food insecurity when we simply got money to people who didn't have it before.

For what it's worth, to pick up where Mr. Falk left off, I'm hearing from food banks in my community that when CERB landed on people's kitchen tables, they didn't go to food banks as often as they did before the pandemic. This indicates the magnitude of the problem to me.

You made a couple of specific suggestions, but I'm thinking more broadly. Can you comment on the importance of finding people who don't have money and who might be going through the demonizing process of applying for social assistance where their life choices are judged.... When people are given money, in your experience, do they spend it on things like food and housing and basic needs, or do they fall into the tired old trope of people who spend it on vices, whether it's drugs or alcohol?

The answer is clear as day in my community: People spend money on what they need.

Mr. Nick Saul: I'm going to echo what you're saying. Poverty is not about a lifestyle choice or a character flaw or poor budgeting; it's about low wages. It's about inadequate social supports. People want to work. People want to contribute. People have things they want to get done in their lives. They want to make sure their kids are safe and healthy and move well.

It's very clear that if you support people, they contribute. They keep those dollars in the economy and they keep the economy going.

We probably put out about \$10 million in grocery gift cards so that people had that income to keep the economy going. When those grocery cards disappear, but they have income, it keeps the economy going.

We are signatories to an International Covenant on Economic, Social and Cultural Rights around the right to food. It is our duty to respect, protect and fulfill the right to food. It is unconscionable to me that four and a half million of our fellow citizens, about 12% to 14%—

Look, if you look at that number, you see that if you're white, it's about 11%; if you're a new immigrant, it's about 17%; if you're black, it's 30%; if you're indigenous, it's about 30%. If you go north to Nunavut, it's over 50% of people who are food insecure.

We have a lot of work to do on this issue. I want to be really clear and underline this: It is not about charity. It's ensuring that people have good jobs that aren't precarious, so that they have good incomes and they can go home to a full fridge, not an empty fridge. The kinds of recommendations we're making here are about putting income in people's pockets, and then they spend it in their communities.

Mr. Sean Fraser: Thank you, Mr. Chair. I think that's my time.

The Chair: Thank you. Yes, your time is up.

We will go to the north now. Mr. McLeod will wrap it up.

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

I have a question to Skills Canada.

Your first recommendation addresses the promotion of skills development for indigenous people. We saw in yesterday's statement by Minister Freeland a commitment of \$144.2 million in the next fiscal year towards the ISET, the indigenous skills and employment training program. Would you consider this a good start towards meeting your recommendations, and where would you like to see the government go from here?

Mr. Shaun Thorson: Yes. It's absolutely great to see that direction and that announcement. It definitely supports what we're talking about. As I mentioned earlier, we really want to put tools and materials in the hands of youth or indigenous youth so that they have the best understanding possible about the career options in skilled trades.

Definitely we support the announcement from yesterday.

• (1700)

The Chair: Thank you.

We will have to end it there. I hope within a couple of weeks we can get back to our hour-and-a-half schedule. This is pretty fast and rapid.

To the witnesses, thank you very much for your presentations and submissions, and thank you for appearing as a witness today. I know it was on fairly short notice for some. If there is something you think you have missed, drop the clerk a note. Mr. Bateman, I believe you are going to provide a little further information as well.

Thank you for your presentations again, and we wish you well. Stay healthy.

With that, I will suspend for the next panel.

The meeting is suspended.

• (1700)

(Pause)

• (1700)

The Chair: We shall reconvene.

I'd like to welcome the second panel to the finance committee for our continuing hearings on pre-budget consultations in advance of the 2020-21 budget.

I'll not go through all the preliminaries, because we're going to be very tight on time. I would say to the Conservatives that you wanted the second panel to be the same as the first in terms of questioners. Because we're only going to get two people on or you can split your time, you can think about if you want to change that and just let me or the clerk know.

First up on questions will be Mr. Kelly, followed by Ms. Koutrakis.

We'll start with our witnesses. From the Canadian Produce Marketing Association, we have Mr. Lemaire, president. You have five minutes.

• (1705)

Mr. Ron Lemaire (President, Canadian Produce Marketing Association): Thank you, Mr. Chair and honourable members of the committee.

On behalf of the Canadian fresh fruit and vegetable supply chain, I welcome the opportunity to share our recommendations for budget 2020-21.

Since the start of the pandemic, the fresh fruit and vegetable supply chain has seen massive shifts in our markets, changing retail sales patterns, the rise of e-commerce and major disturbances in food service. We recognize there will be winners and losers as we emerge from 2020.

Today my comments will focus on the need for a financial protection mechanism for produce sellers in Canada, which is a tool that has long been a priority for our sector and has only been intensified by the COVID-19 environment. Other programs and tools that also require consideration include the swift deployment of the universal broadband fund and other critical infrastructure; targeted tax credits for essential services to support required changes in COVID business practices, including the purchase of new equipment and PPE; and more effective programs to support our domestic food supply as an essential sector and to bolster food security in Canada.

Our recommendations can be found in our submitted brief. More information is in our comprehensive report, which outlines 24 recommendations for government action to support our sector in COVID recovery.

We have an immediate need for a Canadian limited statutory deemed trust to effectively protect produce sellers during buyer bankruptcy in Canada. This is at no cost to the government and would provide an avenue to reinstatement of protection in the U.S. for our exporters.

Growing, harvesting, packing and selling fruit and vegetables comes with a number of risks. COVID has only created greater challenges, as overhead and capital costs continue to rise, while returns are delayed until the product is sold and payment is collected down the supply chain, usually long after the farmer or produce seller has shipped their product.

We know bankruptcies are coming. Federal support, loans and credit have created a false sense of security. Economists have already coined the term "zombie companies". These companies are leveraging federal programs or tapping banks for more credit. Over the next two years, the pandemic will drive Canadian produce companies into bankruptcy. We anticipate company failures, especially among hard-hit food service businesses. These closures will be felt by urban Canadians, who will miss their favourite restaurant, but they will be felt the hardest in rural Canada, where farmers will be forced off the family farm.

In the case of an insolvent buyer, the current super-priority provision for farmers fails to effectively protect our sector, as the terms of payment for fresh produce sales regularly extend beyond the 15 days between delivery and buyer bankruptcy as prescribed in the act. Sellers of fresh produce are rarely able to recover their product, as other commodities are most often able to do under the BIA.

Canadian fruit and vegetable farmers have already begun to identify a growing concern related to their accounts receivable and delays in payment due to COVID. Compared to the same period in 2019, the industry is seeing 25% or more of their accounts overdue. For some, this equals over half of their estimated annual income. These delays put an increased burden and strain on the sector and are clear indicators of financial turbulence and potential bankruptcies down the line. Our lack of financial protection for produce sellers also means we can no longer access protection tools in the U.S. without incurring significant cost. For Canadians to file complaints in the U.S., we now must post a bond twice the value of the claim.

The effects of the COVID-19 pandemic are already being felt south of the border. Over the first three quarters of this year, the value of complaints filed under the U.S. Perishable Agricultural Commodities Act for non-payment has risen by 52% in 2020 compared to 2019, and this is expected to rise even further in Q4.

We urge the government to implement a Canadian limited statutory deemed trust to effectively protect produce sellers during bankruptcy in Canada. It would be fitting for a financial protection mechanism to be included in the budget implementation act, as it would support one of our critical sectors and strengthen our own food sovereignty and security. This no-cost tool has been supported by this committee and the AGRI committee twice, most recently in recommendation 15 from its report of November 2020 on enhancing business risk management. More importantly, the tool would protect sellers domestically, remove complications in cross-border trade in the U.S. and reduce potential costs imposed on Canadian consumers.

In closing, thank you to the members for the opportunity to share our comments today. I will be happy to answer questions.

• (1710)

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

We'll now turn to Festivals and Major Events Canada and Mr. Roy, chief executive officer.

Go ahead, Mr. Roy.

[*Translation*]

Mr. Martin Roy (Chief Executive Director, Festivals and Major Events Canada): Good afternoon.

Festivals and Major Events Canada, also known as FAME, and the Regroupement des événements majeurs internationaux, or RÉMI, represent over 500 festivals and events across the country. Together, the coalition has a direct and affiliated membership active in the tourism and culture sector, which is responsible for generating over \$1 billion in revenue a year. That attests to our members' significant contribution to the country's GDP.

These associations have joined the coalition of the hardest-hit businesses and are calling for an increase of the Canada emergency wage subsidy for the category of businesses most affected by the pandemic, as well as greater support for fixed costs and better access to liquidity.

FAME and RÉMI welcomed a number of the measures announced yesterday, particularly the enhanced wage subsidy. I want to take this opportunity to thank the many members from all parties who supported us, as well as the government. I will, of course, share a few of our reservations and talk about what still needs to be done, but overall, we find the measures encouraging. The measures announced yesterday are a step in the right direction, and I want to make that clear.

It is important to understand that the emergency wage subsidy needs to provide considerable flexibility while taking into account the hyperseasonal nature of our business. Asking an event operator to compare their summer revenue to their January revenue would be pointless. When it comes to liquidity, we still believe the government needs to intervene financially through a fund to reduce the deficits of cultural organizations, including festivals and events. That financial support cannot be limited to loans; it must also be subsidy-based.

The majority of festivals and events are non-profit organizations, with no loss provisions or capitalization. According to a survey, FAME estimates that festivals and events currently have a combined deficit of at least \$150 million. Why? Because, in the six months before the pandemic, event organizers made the usual expenditures in anticipation of the 2020 installments of their events, but were prevented from generating any revenue during the three to 10 days of the event or festival, as they normally would have.

We had called on the government to immediately renew investments in the two main programs that support festivals and events. The investments were made in 2019, but only for a period of two years. Thankfully, the government renewed that funding yesterday. My only concern is that the funding is yet again limited to one year. At some point, we will need predictable funding to operate. It's incredibly challenging for event and festival operators to cope when the government reduces funding to later cancel it outright. Ideally, agreements would cover multiple years.

Until 2018, approximately \$31.5 million of the \$50 million in funding delivered through the two main programs for presenters was divvied up among more than 1,050 festivals. That figure jumped to around \$42.5 million in 2019-20. The government provided an additional \$10 million or so in 2020, in response to the pandemic, bringing the government's spending on festivals and events to more than \$50 million. In 2021, the investment will once again total at least \$42.5 million, but the fear that it will drop back down to \$31.5 million in 2022 looms. That worries us.

Furthermore, we recommended that the government establish a transition fund for green digital events, and in yesterday's economic statement, the government set out funding to support the planning and presentation of COVID-19-safe shows and events delivered both live and digitally. Once the details are released, we will know whether that funding aligns with our recommendation.

As far as the recovery goes—which, I know, is what the committee is keen to hear about as part of its pre-budget consultations—we urge the government to set up a program modelled on the former marquee tourism events program, which the Conservatives introduced after the 2008 crisis. The program would require a \$225-million investment over three years. No doubt that is what the Minister of Canadian Heritage was referring to when he appeared on the television show *Tout le monde en parle* and said that he was having discussions with the Minister of Economic Development. The marquee tourism events program was administered by Industry Canada.

We are proposing that the new iteration of the program be managed by Canada's regional development agencies. In yesterday's economic statement, the government recognized the importance of providing events and festivals with unique support. In our view, such a program would go a long way towards providing the support the sector needs. The new program would deliver stimulus while attracting more tourists through festivals and events. Initially, the program would support domestic tourism, but would help draw international tourists when the situation allows.

A quarter of festival goer dollars are spent on hotels and accommodations, and one-third on restaurants. By helping festivals and events as part of the economic recovery, the government would be providing indirect support to restaurants and hotels, which have been hard-hit by the crisis, as well as transportation operators, artists and performers.

The government needs to act swiftly so the sector can keep its teams in place. The sector must prepare now for festivals and events in 2022.

Thank you.

• (1715)

We recommend moving quickly to keep the teams we have in place. To put on festivals and events in 2022, we have to start getting ready now. Thank you.

[English]

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

We turn now to Food and Beverage Canada and Kathleen Sullivan, CEO.

Ms. Sullivan, the floor is yours.

Ms. Kathleen Sullivan (Chief Executive Officer, Food and Beverage Canada): Thank you and good afternoon. My name is Kathleen Sullivan, and I'm CEO of Food and Beverage Canada, an association representing Canada's food and beverage manufacturers.

Food and beverage is the largest manufacturing sector in this country. It includes 7,000 companies. They employ 290,000 Canadians and generate close to \$120 billion in annual revenue.

Unfortunately, it is also a sector that is often overlooked. Most of our food does not go straight from the farm to the grocery store. Instead, agriculture products are shipped to Canadian food plants, plants that turn wheat into flour and then bread, turn cow's milk into yogourt and cheese, and turn potatoes into perogies.

Food manufacturing is a critical component of Canada's domestic food supply. Our 7,000 companies buy over half of Canada's agriculture output, add value to crops and livestock production and, most importantly, ensure that Canada maintains its food sovereignty.

We should all be very concerned that with COVID-19, Canada's food system has experienced a series of shocks: the collapse of food service, the disruption of supply chains, the impact of border closures, the additional costs to protect our workers and, most recently, the fees imposed by some of Canada's largest grocery retailers. These shocks have destabilized not just my sector but the entire food system.

In 2018, Dominic Barton and the agri-food economic strategy table tapped agri-food to drive economic growth in this country. To achieve this, we will need to address some fundamental issues. Today I'll focus on three—resolving agri-food's labour problems, rebalancing relationships across the supply chain, and ensuring that our front-line food workers are recognized as a priority and continue to be protected throughout COVID-19.

With respect to labour, even before COVID-19, labour was the biggest issue and the most limiting factor facing our entire agri-food sector. We simply do not have enough people for the jobs we have, and we do not have the right people with the right skills. On any given day, this, Canada's largest manufacturing sector, is short 10% of its workforce. By 2025, we expect to be short 65,000 workers.

This is a missed opportunity for our economy. There is demand for Canadian products here at home and abroad, but until we address the industry's labour problems, our ability to invest and grow will remain constrained.

We are therefore encouraging the federal government to work with industry to develop a labour action plan for Canada's food and beverage manufacturing sector, and I would say for the entire agri-food sector.

The second issue is to rebalance the supply chain. Canada's grocery sector is over-concentrated. We have just five retail companies controlling 80% of Canada's grocery market. This circumstance has allowed retailers to regularly impose arbitrary transaction costs, fees, and penalties on their suppliers. Most recently, in the past few months and despite the pandemic, major retailers have announced even more new fees. This simply can't continue. Other countries have faced this challenge and have addressed it by implementing a grocery code of conduct. We, along with 33 other industry associations and producer groups, are encouraging Canada to do the same.

We are pleased that at their meeting last week, the federal, provincial and territorial agriculture ministers committed to striking a working group to look at this issue. We encourage the federal government to continue to prioritize this and to commit to having a code in place by the end of 2021.

Finally, I would like to talk about our front-line food workers. Even in a pandemic, Canadians need to eat. It is thanks to the efforts of our front-line food workers that Canada's food plants have continued to operate through COVID-19. This has been no easy feat. As companies, we have invested an estimated \$800 million to keep our workers safe. We have also spent countless hours reinforcing with them the importance of their contribution. It is critical that governments also reinforce with our front-line food workers the essential nature of their work. As we move forward, in particular we are asking that governments consider the importance of front-line food workers in any rapid testing and vaccination programs.

• (1720)

Despite the measures we have put in place to mitigate risk, food plants remain congregate settings, and it is on all of us to do what we can to ensure our food workers remain healthy while they produce the food that allows us to eat.

I thank you for the opportunity to present to you today, and I look forward to your questions.

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

We are turning to Mr. Smith, with the Canadian Arts Coalition.

Welcome, Mr. Smith. The floor is yours.

Mr. Charles C. Smith (Spokesperson, Canadian Arts Coalition): Thank you, Mr. Chair and members of the committee. It's an honour to be speaking with you this afternoon.

As you may know, the Canadian Arts Coalition is a body of arts organizations across the country. It is non-partisan and collaborative and is made up of major arts organizations that are either service organizations or presenting organizations, and so on.

We had a number of concerns that we presented to you because we were really concerned about the way that COVID-19 has effectively upended the day-to-day life of Canadians and those around the world. We're particularly concerned about that in the arts, which obviously have been put on hold, as we heard just a little while ago from FAME.

We are concerned about how the arts and the broader Canadian society will rebound and how we need to work together to build a truly inclusive society, one in which the arts play a prominent role, as they have during these past few months, with many Canadians turning to the arts as a way to get through their days and to enjoy the moments they have while being in isolation or whatever it may be.

We're aware at the same time of the economic benefits of the arts, culture and sports. For example, we understand that in 2016 they contributed about \$1.7 billion in our economy. You've heard already from FAME about issues with hotels and restaurants, and we would underscore that, but we also think it's really important in terms of our demography—in terms of indigenous peoples, persons who are deaf or disabled and the racialized populations—and how we build our sense of Canadians in this way.

To give you a sense of the recommendations that we've brought forward, we did a survey of our members and found a number of startling things that we put into the recommendations. In the recommendations you have in front of you, which were submitted back in June, there have been some changes.

Number one is that funds need to be dedicated to enable a safe, green reopening of arts venues and to encourage the public to return to the live arts. This is a challenge that we're going to face as people feel confident about going into rooms that are sizable and have more than, let's say, five, 10, 15 or 100 people.

Second, it's really important at this point in time to address some of the systemic issues, particularly issues around systemic racism in arts funding, by providing funds to ensure enhanced interim ongoing operational and project funding for indigenous, racialized, deaf and disabled, and community-based arts organizations.

Third, we feel it's really important to extend income support programs, including EI and CEWS and to begin to consider quite seriously a universal basic income.

Also, there really is an important aspect—FAME mentioned this earlier—about investment in digital technology, as that is the way many of the arts programs that are out there right now online are being presented to the public.

We were very happy when we saw that the economic statement yesterday addressed some of the issues that we put forward in our paper. We want to congratulate the government on these steps.

It's important that increasing the maximum wage subsidy rate to 75% be extended from the end of December on to March 13 of 2021.

Also important, as we see it—and we support it—is the providing of a top-up of \$500 million to regional development agencies, as FAME mentioned, and community futures networks. Those bring in tourists, as we know, and the arts are rather critical to that. We have a great advantage, given the diversity of our arts programs that bring people in from around the world to see art by indigenous people, by people of colour and so on, and also in our regions across the country. Arts are very important here.

We are very pleased to see the addition of \$181.5 million in the 2021-22 budget for the Department of Canadian Heritage and the Canada Council for the Arts. The safeguard that we would wish to make clear is that those funds should also be used to ensure that there is an inclusive arts ecology, and that, for us, means paying particular attention to indigenous artists, artists of colour, the deaf and disabled, and small and regional arts organizations, as well as community-based arts organizations.

We think it's very important to work across the sectors and also to work across governments as they are beginning to look at how best they can marshal their energies to support the arts to come through this and into the future. Those are the concerns we bring forward to you. We want to see how our community can be included in terms of involvement and implementation, particularly our organization in the arts and other organizations, so that we can tailor this response.

• (1725)

We've been pleased to see that the recommendations we made to you back in early July, I think it was, are now becoming a reality. That's because of the attention the government is paying to people who are in the field, who have their finger on the pulse and who are able to channel that information to you so you can consider it. I think the expression is you're building it as you're flying. We're on that plane with you and we want to be able to construct as you move along as well.

I think that's what I really want to say this afternoon, other than that we look forward to remaining involved with the government as it moves forward on this timely matter to ensure that the arts are essential in Canadian lives and that the arts ecology is inclusive, as I have mentioned, and that it builds the social cohesion and identity of who we are as Canadians.

Thank you.

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

I neglected to thank people in the beginning for their submissions prior to the middle of August, which seems like about half a century ago, but thank you for your written submissions as well. What is in those submissions will be considered as part of the consultation.

We'll turn to a six-minute round first. We'll start with Mr. Kelly, who will be followed by Ms. Koutrakis and Mr. Fragiskatos, who will split their time, and then we'll go on to Mr. Ste-Marie.

Mr. Kelly, the floor is yours.

Mr. Pat Kelly: Thank you.

My first question is for Mr. Roy.

Many countries are planning to commence vaccinations as early as next week and plan to have, in some cases, their vaccinations completed by June. What would the impact of having vaccines out and completed to the majority of Canadians early next year have on next summer's festival industry?

[*Translation*]

Mr. Martin Roy: A vaccine would obviously change everything for us. It would probably be the key to resuming normal operations, to the extent possible. It's not all about a vaccine, though. It's also about predictability. We know vaccines are coming, but we don't know when exactly, at least not for Canada. The process of getting people vaccinated could stretch into June, but we need to make decisions about whether or not to hold events and festivals many months in advance. Basically, we need to decide in the next month or two what we are going to do in July. It is important to understand that we really need a clearer sense of the vaccination timetable so we can plan accordingly for events and festivals.

In addition to the vaccine issue is rapid testing, of course. If rapid testing were to be deployed on a large scale, we could, for instance, set up checkpoints at festival entrances not just to ensure the safety of the items being brought onto the grounds, but also to rapidly test festival goers for the virus.

• (1730)

[*English*]

Mr. Pat Kelly: Indeed, having the ability to rapidly test people would undoubtedly improve the ability to hold festivals as well.

I come from Calgary, home to one of the premier destination festivals in the country. It was heartbreaking to Calgary to lose the Stampede last year. The Stampede takes place the second week of July.

You mentioned the calendar. We've been trying to get answers from the government repeatedly about the vaccination calendar and when vaccines will start, when they'll be available and when the majority of Canadians might expect to receive a vaccination.

Would it help your industry to know when vaccinations would begin and when the majority of Canadians would be vaccinated? Would it be more helpful to have vaccines done by June or by September for the summer festival circuit?

[Translation]

Mr. Martin Roy: If we're going to save the summer 2021 festival and event season, a big chunk of the population would have to be vaccinated by the summer. You mentioned the Calgary Stampede, which takes place in July. That's just it. Being a northern country, we tend to hold our festivals and events between June and August. That would mean that as many people as possible would have to be vaccinated before the summer if we are going to have anything resembling a "normal" season in 2021.

[English]

Mr. Pat Kelly: Do any of your festivals and members of your association currently have access to rapid tests at the entrance to a festival? Does that exist?

[Translation]

Mr. Martin Roy: No. We still do not have access to rapid testing, and it's a long way off. We are, however, keeping a close eye on how things are going at the Calgary airport. We are eager to see how it all turns out.

If rapid testing were to become widely available, it could be used not just at festivals and events, but also in restaurants and other recreational spaces. From what we have heard, the use of rapid testing will be limited to health care facilities for the time being. Our understanding is that rapid testing will not be available to the entertainment industry.

Conversely, the culture and entertainment industry would benefit immensely from access to rapid testing.

[English]

Mr. Pat Kelly: Do you have interaction with counterparts in other countries around their planning for summer festivals?

[Translation]

Mr. Martin Roy: We have had some discussions with associations in Europe. In particular, we are working with an association in Europe by the name of De Concert! The festival organizers who make up the federation have resolved to hold their events in 2021. In the past few days, they put together something of a manifesto in which the federation proclaims its belief in 2021 festivals and events; the manifesto is signed by the organizers of 120 festivals and events. That means festival organizers in Europe are firmly intent on holding events in the summer of 2021.

[English]

Mr. Pat Kelly: Are their decisions driven by the availability of vaccines in their own countries and/or rapid testing?

[Translation]

Mr. Martin Roy: Not necessarily.

The public health guidelines vary from country to country and from province to province. This many months into the pandemic, we now know that the risk is relatively low outdoors and even lower when people wear masks.

Would it be possible for people to attend an outdoor festival while wearing masks? Would the public health authorities in different jurisdictions here allow it? That's a question worth asking.

All kinds of innovative options exist. Festival goers don't necessarily have to be packed together like sardines. It is possible to physically distance when the size of the space allows.

We have all seen various solutions being deployed, including drive-ins and the drawing of circles on festival grounds to keep festival goers two metres apart. That kind of thing is possible in a large outdoor venue.

• (1735)

[English]

The Chair: We will have to end it there.

Ms. Koutrakis, you have about three minutes, split with Mr. Fragiskatos.

Ms. Annie Koutrakis (Vimy, Lib.): Thank you, Mr. Chair, and thank you to all our witnesses for your presentations this afternoon.

In the interests of time, I will address all my questions to Mr. Lemaire.

I listened carefully to your testimony, especially your comments on the perishable agricultural commodities act, PACA. My understanding is that the lack of a Canadian equivalent is a major barrier to our Canadian producers.

What would a Canadian version of PACA look like? How would it compare with the U.S. PACA? Do you know if at this moment we're working on putting something like that in place?

Mr. Ron Lemaire: The quick answer is that we have one more piece of a three-legged stool to put together, and that is the implementation of a financial protection tool that would protect produce sellers and farmers in the event of a bankruptcy. That would be the statutory deemed trust.

With regard to other tools that exist within the perishable agricultural commodities act, under the leadership of the Liberal government with Minister Vanclief, back in 2000 there was a model put in place that operates now under the dispute resolution corporation. Similar to the way claims are handled through PACA in the U.S., we have a similar model here for dispute resolution. The only piece that we're missing is the bankruptcy tool.

The federal government had the best of intentions in terms of protections for farmers under the BIA, the Bankruptcy and Insolvency Act, but unfortunately it does not protect fresh fruit and vegetable farmers and sellers because of the unique attribute of how we grow, sell and market our products. We're outside of the tent relative to the protections in our current regulations.

Ms. Annie Koutrakis: Once a limited statutory deemed trust similar to the PACA is in place, can we expect preferential treatment for Canadian producers? How quickly do you think that could be reinstated, if quickly at all?

Mr. Ron Lemaire: Most definitely we could. It doesn't require any presidential intervention in the U.S. to reinstate our access. It's a letter from the Perishable Agricultural Commodities Act team—basically, from their administration—saying that they recognize the equivalency and that Canadian farmers exporting to the U.S. have preferential access again.

We are the only country that had that access prior to 2014, when it was taken away. They've identified that their intent is ideally to have it back in place.

Ms. Annie Koutrakis: Do we know why they took it away, Mr. Lemaire? I understand that we perhaps didn't hold our side of the bargain or we didn't offer something similar to the U.S. producers. Am I correct?

Mr. Ron Lemaire: You're correct.

It's been in the ballpark of 30 years of talking about getting there. We got very close with creating the DRC, the dispute resolution corporation, and the program within that model. Without the bankruptcy, they finally said that they needed that last leg of the three-legged stool to make it work. It's inspection, destination inspection, dispute resolution and bankruptcy.

The Chair: Thank you both.

Go ahead, Mr. Fragiskatos.

Mr. Peter Fragiskatos: Thank you, Chair.

Mr. Lemaire, you talked about the connection between the family farm and restaurants. Like all MPs on this committee, I'm very concerned about the future of restaurants beyond the fact that I have many in my community, as we all do. I grew up in that sector. My father was a restaurateur before his retirement. The same is true of his brother and sisters. Every relative that we have in Canada, actually, is involved in the restaurant business.

I want to ask you to elaborate on the connection between restaurants and the family farm. I think we're all concerned about family farms, as we naturally should be. They're so central to the well-being of Canada. I wonder if you can elaborate on the fact that the family farms in this country require restaurants to be strong and vice versa.

Mr. Ron Lemaire: Definitely, I can. Imagine the way produce is sold. While there are larger farms, the majority of the product is grown by small farm operations and then consolidated. It is then sold through maybe a dealer, which is another farmer, to wholesale, or even through jobbers. The jobber is a small operation. It could be one truck that picks up product either right from the farm and/or from a wholesale market that distributes to restaurants in the Toronto, Montreal, Vancouver or Calgary markets.

The complexity of the procurement and distribution to food service trickles right back to the family farm. We have a term in produce: "sell it or smell it". It's extremely perishable. You need to move the product quickly when it's pulled out of the ground, put into the system and sold to the end user. Through that system, if you

are moving product and the restaurant is not able to pay, it may have to go through two or three other hands before it goes down to the farmer. In some cases there's a direct line, but as Ms. Sullivan mentioned, there are many pieces in our food system between the farmer and the end point of food. Any break in that system could cause a dramatic impact to the farmer himself.

• (1740)

Mr. Peter Fragiskatos: These challenges are all the more pressing in the context of COVID-19. Thank you very much.

The Chair: Thank you both.

Ron, I don't know why we can't get it over the finish line. We've recommended a couple of times at the finance committee that it be done. I understand the agriculture committee has just recommended that it be done. If anybody's listening from finance, let's get this damn thing done.

Mr. Ste-Marie is next.

[*Translation*]

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

I want to thank all the witnesses in this afternoon's panel.

My questions are for Mr. Roy.

Mr. Roy, you talked about how you understood yesterday's economic statement and what needs to be done in the months ahead. Can you tell us what morale is like among your members? What do they need?

You mentioned recommendations. Would you mind explaining them again?

Mr. Martin Roy: As I said, we are encouraged by a few measures, but the discouragement felt by FAME and RÉMI members is fairly widespread and profound. A few months ago, people were telling me that they had lost a year and it was hard but that 2021 would be even harder. A normal festival and event season won't be possible in 2021. We aren't expecting things to return to normal until 2022. That means we have to rethink our business models. We have practically no self-generated revenues. The only thing keeping us somewhat afloat right now are the subsidies. Otherwise, we would be completely lifeless. That's the reality on the ground.

We made recommendations regarding the emergency wage subsidy, which has come a long way. It is essential that the subsidy remain tailored to the culture and tourism sectors, to account for the hyperseasonal nature of our business, as I mentioned earlier. The funding for Canadian Heritage has increased. We feared a decrease, but it has been postponed. The problem has not been fixed; it still exists, and if nothing is done, come 2022, we will be negatively impacted again when funding levels drop back down.

We believe the sector's economic recovery hinges on the marquee tourism events program, version 2.0. It was introduced in response to the 2008 crisis by the Conservative government at the time. The Conservatives invested \$100 million over two years to stimulate the economy through events-based tourism. That would be the ideal solution for us right now. It would, however, require more than the 2009-10 investment, which is why we are recommending \$225 million in funding over three years—so \$75 million times three. There would be an indirect spinoff for hotels.

I would also draw the committee's attention to the recommendations that were made further to the evaluation of the program in 2011, when it ended. There were three lessons learned. First, applicants needed time to develop project proposals, second, it was necessary to take the time to develop a data collection system, and third, time was of the essence.

For some people, summer 2022 is a long way off. For us, now is when we have to start planning for festivals and events that will take place 12, 15 or 18 months down the road. That is why we are calling on the government to include the program in its next budget. The recovery of the event and tourism sector would then truly be possible.

• (1745)

Mr. Gabriel Ste-Marie: Thank you. This should be clear.

It's sad to see that summer 2020 was cancelled for your members. I gather that things will be much the same next summer. These decisions obviously fall under public health jurisdiction.

The government announced an extension of the emergency wage subsidy and the Canada emergency rent subsidy until next June. I understand that, if the public health authorities maintain the health restrictions, the government will need to extend its support measures. Isn't that right?

Mr. Martin Roy: Mr. Ste-Marie, you're absolutely right. There must be a balance between the health crisis issue and the government's response. We're currently hearing that assistance programs will be extended until June. However, if there are no festivals this summer, at the very least, the hardest hit businesses will require assistance.

That's why we're working with the Coalition of Hardest Hit Businesses. Some 3% to 5% of businesses are still really struggling, including festival and event organizations, hotels and other businesses. These businesses must be assisted on a priority basis, even if it means adjusting the government assistance. The model doesn't need to be one size fits all. Some businesses are harder hit than others. This must be acknowledged. Programs must be designed to take this reality into account.

I believe that the emergency wage subsidy may be needed well past June 2021, perhaps for a few specific sectors and businesses that we could focus on together. Festivals and events are an obvious example.

[English]

The Chair: Gabriel, you'll have to split 30 seconds between the question and the answer.

[Translation]

Mr. Gabriel Ste-Marie: Okay.

Mr. Roy, you have one minute to make additional comments.

Mr. Martin Roy: I've been to Joliette quite often, in your constituency, Mr. Ste-Marie.

The Festival de Lanaudière is incredible. It's the largest classical music festival in Canada. The event organizers received some good news yesterday. The reduction in their grant was cancelled. They were technically supposed to lose \$30,000 this year. The correction made through the economic statement is good news not only for this particular festival, but for many festivals across Canada.

Mr. Gabriel Ste-Marie: Yes. The festival's new director is also very dynamic.

Thank you.

[English]

The Chair: Thank you both.

We'll turn to Mr. Boulerice, who will be followed by Mr. Falk.

Mr. Boulerice, you have six minutes.

[Translation]

Mr. Alexandre Boulerice (Rosemont—La Petite-Patrie, NDP): Thank you, Mr. Chair.

We're all very aware of the pandemic's impact, not only on health, but also on the economy. In this meeting, we've already discussed the somewhat harder hit sectors. We've talked about the restaurant and hotel sectors. I'd add the tourism, air transportation and aerospace industries.

I'll talk about the cultural sector. My first questions will be for Mr. Smith.

Mr. Roy, don't worry. I'll turn to you later.

Mr. Smith, what's the situation for the members of your organization, the Canadian Arts Coalition?

Do you think that yesterday's announcement in the economic update will breathe new life into your sector?

[English]

Mr. Charles C. Smith: Yes.

The situation for our members is rather precarious—like fame, in a way, but perhaps at a different level.

Artists are basically unable to perform. In many cases they cannot rehearse. Their income predominantly comes from performing, creating, rehearsing, etc. Without that, they have a rather bleak time at the moment and are very concerned about what the future will hold.

While the wage subsidy is in place and CERB continues, there are questions about what will come after that, and whether that's a sufficient supplement during the current crisis.

We've seen small, medium and large venues that are closed right now. As a result, it's not just the loss of revenue but also the sense of what opportunities there are for the public to see live performing arts.

One question that was asked earlier, which I think needs to be underlined, is that even with a vaccine, we still don't know the level of confidence the public will have in going into venues for live performances. How comfortable will people actually feel? Will they wait to see how effective the vaccine has been, and so on?

Those are really big concerns. We are very concerned about the more marginalized artists—that is, indigenous artists, artists of colour, and the deaf and disabled. They are already hanging on by their fingernails, and now they're finding it incredibly difficult, because they were last in to the funding system, so to speak. As a result, they have hit more difficult times than others.

• (1750)

[*Translation*]

Mr. Alexandre Boulerice: Thank you, Mr. Smith.

Yesterday, additional assistance was announced. Mr. Roy spoke about this earlier. Several months ago, I wrote to the Minister of Canadian Heritage to ask for funding for performance and cultural activities. I'm pleased to see a step in the right direction. We pushed for this as well.

Mr. Smith, you brought up a good idea for everyone from artists to craftspeople to technicians. It's the concept of a guaranteed minimum income, or basic income, which would provide some form of social safety net. We in the NDP are interested in this idea and we're looking into it. My colleague from Winnipeg Centre tabled a motion on the issue.

I want to know how this could apply to your members. How could this provide more security for the cultural community as a whole, meaning for artists and craftspeople?

[*English*]

Mr. Charles C. Smith: I haven't seen the particular motion, but I suspect that if it's about a universal basic income, it would be strongly supported by the arts community. There have been a number of surveys, including our own, showing that artists see it as a real requirement to sustain ourselves through not only this time but into the future.

We really don't know how long this pandemic is going to have an impact on our society. We could be losing some great workers and some sectors of the arts ecology. We have to remember that we

agreed with saying that art is also about bringing people together. It's about tourism. It is also about restaurants and hotels and the impact it has on the economy. We think that because of the diversity of our population, we have a unique gift that we can offer Canadians and the world. We really should be investing in that as much as possible to ensure that we can offer it into the coming months and into the future years.

[*Translation*]

Mr. Alexandre Boulerice: I have one last question for you, Mr. Smith.

I don't know whether this is a reality in all the provinces, but the guidelines are sometimes a bit difficult to follow at the moment.

For example, here, the malls are open. However, the theatres, movie theatres and museums are closed.

How does this affect the cultural community? What do people think about this? I imagine that there may be some frustration.

[*English*]

Mr. Charles C. Smith: It's incredible frustration. It's not so much that malls and stores might be open, because obviously people are passing through those. However, there's a similarity with those museums and galleries. It's the concern about the venues for performing arts in particular, where people would be sitting next to each other. In our research, for example, we noticed that in Germany a symphony orchestra, I think, tore up half the seats in their theatre in order to get live performances. Of course, that was very heavily subsidized by the German government as well.

There are real questions about when performing arts spaces will be able to open safely. Will that vary based upon the size of the performing arts centre—small versus medium versus large, such as a 3,000-seat proscenium, for example, versus something that holds 100 people?

I want to underline that one thing we brought forward is that there needs to be a marketing strategy to convince Canadians that things are safe, or to encourage Canadians to try. We think government and arts organizations should collaborate to say, "Yes, we are working together to make sure that the environment is safe, and we encourage you to take the chance, because the PPE is in place, the sanitizers are in place, foyers have been taken care of, the front of the house is taken care of, etc."

The Chair: Thank you both.

We'll turn to Mr. Falk for five minutes, and we'll close off with Ms. Dzerowicz for the last five.

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

Ms. Sullivan, I'd like to ask you a few questions about your presentation.

You've indicated that one of the ongoing challenges in your industry is the labour shortage. We know that the federal government has been doling out billions of dollars, paying people to stay home. How has this affected your industry?

• (1755)

Ms. Kathleen Sullivan: It's certainly been a contributing factor in our labour challenges. We went into COVID-19 with a shortage of labour and we're now at about 10% vacancy rate on any given day, so it has been difficult. In some circumstances companies have felt that they have had a challenge in filling positions because of some of the support that has been available. Certainly the problem is more complex than that, though, so I wouldn't chalk it all up to that. However, we are definitely seeing this dichotomy between such a high vacancy rate in an industry when we're also facing such high unemployment in the general economy.

Mr. Ted Falk: Correct.

From our previous panel, we heard of the employment levels being up and people looking for work for high-paying jobs, and I know your industry is actually very good at creating high-paying, full-time jobs for people.

Ms. Kathleen Sullivan: We employ about 300,000 people, and it runs anywhere from executives to food scientists to marketing experts. The vast majority of our workers, in fact, are what we call front-line food workers, meaning the people you think of on the assembly line, the butchers. Those well-paying, stable jobs are quite accessible to people who may have just fundamental skill levels. However, we have vacancies across the board. One of the biggest areas where we have a problem is in fact in the skilled trades, where we see a huge deficit across the entire manufacturing sector. I will say that all of Canada's manufacturing industries are at great risk if we don't start to address that deficit.

Mr. Ted Falk: Yes, we need to do some better pairing of the workforce and the demand.

A lot of your manufacturers, your processors, have had to shift focus from providing to a restaurant industry to providing to a retail industry. Can you talk a little bit about the complexities that this shift has caused for your industry? They've obviously had to retool. They have to create and manufacture different packaging. What kind of stress has that put on the industry?

Ms. Kathleen Sullivan: It's been very stressful. You have to remember that from the day the pandemic was declared back in March, the food companies didn't shut down. Suddenly 7,000 food companies across the country became experts in epidemiology and how to keep workers safe from a pandemic. The cost of all of the measures we've put into place—PPE, plexiglass barriers, additional cleaning, slowing down production lines so you can space people apart—has been about \$800 million, so it's had a massive impact on the sector.

Mr. Ted Falk: The government has talked about providing financial assistance to businesses that need to retool and all that in exchange for an equity position. How many of your association members want to give up equity in their companies for financing?

Ms. Kathleen Sullivan: I don't think I would be able to find one that would.

Mr. Ted Falk: I think you're right; I don't think one of them wants that proposal.

My constituents have told me that food prices in the grocery stores have increased significantly this past year. Would your pro-

cessors and manufacturers vouch that their clients, the retail sector, have increased their prices substantially?

Ms. Kathleen Sullivan: I can only speak to the prices that we are paid by the retailers, and I think what we have found is that there has been a flatlining of prices. In fact, some of our companies have said that retailers say to them not to even try to pass on a price increase, which obviously just puts food manufacturers in the middle. Ultimately, those cost pressures can get pushed down to farmers as well, which I don't think is of any benefit to Canadians or to the security of our food supply.

Mr. Ted Falk: That's what I suspected. I thought, too, from the manufacturing perspective, that the pricing was pretty flat. We know from the retail side that the grocery store chains have certainly been opportunistic in raising their prices, yet we still have the government giving them \$12 million to upgrade refrigerators. It just seems a little strange.

Ms. Kathleen Sullivan: A bigger concern for us right now, one that I know most of you have been following, is that retailers have arbitrarily increased fees on food processors and suppliers. We're in a position where our costs have gone up almost a billion dollars. We can't pass any price increases on through retail, and retailers, in the middle of a pandemic, are asking us to pay them in order to make their capital improvements. We're seeing incredible pressures on the food supply chain. It's just not something that's sustainable.

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

The Chair: Thank you.

On that last point, I can tell you that what one food chain did in Prince Edward Island cost our small dairy \$2 million out of their bottom line. That's how serious this is, and that's not a big dairy co-op.

The last five minutes will go to you, Ms. Dzerowicz. You're on.

• (1800)

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

I want to thank all the presenters for their excellent presentations today. Everything you've talked about is very important.

I'm going to start off where Mr. Falk left off with Ms. Sullivan.

Ms. Sullivan, thank you so much for being here. I spend a lot of time on skills and labour, as well as on immigration, as you may know. I think when people talk about food and beverage, they're either thinking agricultural workers or they're thinking about the front line that is selling the products, but there are a whole bunch of other labourers. Can you give a few more examples of who else we're talking about, particularly the ones we're short of?

Ms. Kathleen Sullivan: We are talking about entry-level positions in food companies. In any manufacturing facility, if you think about the quintessential assembly line, we're looking at people who might be working along that line—adding the hazelnut in the Ferrero Rocher, for example. You are looking at technicians. More and more our plants are automated, so we need computer technicians to calibrate all of the equipment. We need skilled tradespeople, electricians, millwrights, food scientists, marketers and executives. We are probably one of the most diverse industries in terms of hiring, and we frankly need people right across the board. We're right now short, as I said, about 30,000 people, and the companies are all hiring.

Ms. Julie Dzerowicz: I have two more questions for you, and then I have to get to a couple of other people.

Do you think this is a labour issue or a wage issue?

Ms. Kathleen Sullivan: It's complex; it's a number of different things. Certainly what we find is that most jobs are probably above minimum wage, but these are lower-level, lower-paid positions, for sure. One of the big challenges we have is that when you're in an industry that has all of this pressure on your costs and on what you can pay, it makes it very difficult to increase wages.

Also, a lot of our plants are in areas where the wages would be good, but if you're on the outskirts of Toronto, it makes it very difficult for people. There are complex factors that are at play here that we really need to get into. I think the big challenge is that we have the largest manufacturing sector in the country, and we're not tackling this.

Ms. Julie Dzerowicz: As my last question, how do you think we can address the issue? Do you think it's all going to be addressed internally? Minister Mendicino mentioned an increase in immigration levels. Do you think we're going to be addressing it from some of the internal immigration numbers, or do you think it's a mixture?

Ms. Kathleen Sullivan: It's both. Part of it is looking at Canadians and seeing if there are under-represented groups in our workforce—women, people of colour, people with disabilities, people from first nations. We can take a look at what the barriers are for them in actually entering the workforce so that we can draw on them. It's also about re-skilling people.

At the end of the day, though, going into COVID we had a labour deficit in this country. We absolutely need to look at our immigration programs and understand how we look not just at the global number of people we're bringing into the country but at what skills we're bringing in. Remember, we don't just need doctors and computer scientists; we need people from across the spectrum. We need to welcome these people in, because we are desperate for them.

Ms. Julie Dzerowicz: Thank you so much.

My next comment, and maybe slight question, is for Mr. Smith.

I just want to say that because I'm blessed to be in a riding where there are tons of artists and people in the cultural sector, I very much appreciate your presentation and your recommendations. You were very clear. You spoke to us about your recommendation one, about reopening. I think two, three and four are quite clear in terms of what you talked about.

Maybe you could spend 15 seconds just on your last one, engaging the private sector and increasing the charitable tax credit. Maybe you could give us a couple of seconds about that, and then I have one last question.

Mr. Charles C. Smith: Sure.

A number of the arts organizations do work with Business / Arts, which attempts—and quite successfully—to get businesses to invest in the arts. This is really another way of providing funding to the arts: to encourage businesses to do so. There are many benefits for them in terms of sponsorships and so on. Also, some of our artists do workshops within business organizations that really do inspire their workers to be better colleagues and so on and so forth.

Those are kinds of interesting things that we think would be really quite important—not just the reliance on government funding, but the ability to access private sector funding more readily than we currently can.

• (1805)

Ms. Julie Dzerowicz: Thank you so much for that.

My last question is for Mr. Roy.

The Chair: Be very quick, Julie. We're going to take time from another committee.

Ms. Julie Dzerowicz: It's very quick, so no worries.

Mr. Roy, there are 15 live venues that have closed in my city of Toronto. Do you have a specific recommendation on how we can address that at the federal level?

[*Translation*]

Mr. Martin Roy: I'm not sure whether I understand the meaning of the question. You're talking about locations. The meaning may have been lost in translation.

[*English*]

Ms. Julie Dzerowicz: Fifteen live venues have closed in Toronto. How would you suggest that we address the problem?

[*Translation*]

Mr. Martin Roy: It's a disaster.

I think that one of FAME's recommendations is to address the deficits of cultural organizations. It's good to have loans. We welcome them and we appreciate them. However, we also need the government to step in and support cultural organizations. The government must erase their deficits.

[*English*]

The Chair: Okay. We will have to end in there. I know time is tight. Under our new situation with Zoom, we can't dig into another committee's time.

On behalf of all the members of the committee, I would like to thank the panellists who appeared before us on fairly short notice.

Also, thank you for your submissions in the spring. Both your testimonies today and your submissions will be taken into consider-

ation as we try to make some recommendations for the budget in 2021.

With that, we will see everyone at 3:30 on Thursday for a couple more panels.

Thank you very much. The meeting is adjourned.

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