



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

43rd PARLIAMENT, 2nd SESSION

Standing Committee on Finance

EVIDENCE

NUMBER 011

Tuesday, December 8, 2020

Chair: The Honourable Wayne Easter



Standing Committee on Finance

Tuesday, December 8, 2020

• (1600)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I call this meeting to order. Welcome to meeting number 11 of the House of Commons Standing Committee on Finance.

Pursuant to the order of reference on 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 by the House of Commons website. The webcast will always show the person speaking rather than the entirety of the committee.

To save time, I'll not go through the procedures, because most of us here are members of Parliament.

We're very fortunate to have the Minister of Finance and Deputy Prime Minister with us today. Minister Freeland, we'll ask you to keep your remarks as tight as you can, and then we will go to questions. I believe you are here for an hour.

Go ahead, Minister.

Hon. Chrystia Freeland (Minister of Finance): Thank you, Chair.

Let me quickly thank the fine public servants who are with me. I'm accompanied by Andrew Marsland, senior assistant deputy minister, tax policy branch; Nick Leswick, assistant deputy minister, economic and fiscal policy branch; Evelyn Dancey, from the economic development and corporate finance branch; Soren Halverson, financial sector policy branch; and Katharine Rechico, from the international trade and finance branch.

We have brought a full court press.

I'll just make some opening remarks then I'm happy to answer your questions.

[Translation]

Protecting the health and safety of Canadians is the government's top priority. As you know, last week, I released the government's fall economic statement for 2020, entitled "Supporting Canadians and Fighting COVID-19".

The second wave of the pandemic—

[English]

Mrs. Tamara Jansen (Cloverdale—Langley City, CPC): I have a point of order, Mr. Chair. My apologies, but the French and English are at even volume, and it's very hard to understand.

The Chair: Minister, can you check that at the bottom of the screen you're on the language you're speaking?

[Translation]

Hon. Chrystia Freeland: Yes, I did it. My apologies.

[English]

Mrs. Tamara Jansen: One more question, Mr. Chair; has Mr. Poilievre arrived?

The Chair: I don't see him.

Mrs. Tamara Jansen: I believe he's in the waiting room.

[Translation]

Hon. Chrystia Freeland: The second wave of the pandemic is aggressive. The winter will be challenging, but there is reason to be optimistic. Safe and effective vaccines are coming soon, and we have a plan to face the months ahead and kick-start the economy.

[English]

Mrs. Tamara Jansen: My apologies, Mr. Chair, on another point of order.

I mentioned as the minister was beginning again that Mr. Poilievre was in the waiting room. Is there somebody able to let him in?

The Chair: Yes, they will be looking after that. We had quorum, so we started.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): On the same point of order, Mr. Chair, if the member is unable to attend the meeting, this may actually be a strong matter of privilege. Can we ensure that Mr. Poilievre is permitted to join the meeting, because it's his privilege as an MP to attend this meeting?

The Chair: If he's had technical issues, I would agree, but Mr. Poilievre always comes in at the last second.

There he is now, so we'll wait for him.

Mr. Pat Kelly: He had been waiting for some time, according to the message I have here.

The Chair: Mr. Poilievre, do you want a sound test before the minister continues?

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

There was a problem in the waiting room, but I'm with you now, Mr. Chair. I know you were worried I wouldn't be here.

• (1605)

The Chair: The minister had started and introduced the senior officials from the department, so you didn't miss a thing.

Minister, please continue.

Hon. Chrystia Freeland: The fall economic statement details our plan to protect Canadian lives, Canadian jobs and Canadian businesses, and we are moving quickly to deliver on our commitments.

The legislation I tabled last week, Bill C-14, proposes to move forward with several urgent COVID-19 related measures in the fall economic statement that will help Canadians get through this pandemic and strengthen our health response.

For example, the legislation would provide low- and middle-income families who are entitled to the Canada child benefit with additional support of up to \$1,200 for each child under the age of six in 2021.

It would also help young Canadians by eliminating, for one year, the interest on their repayment of the federal portion of the Canada student loans and Canada apprentice loans.

[*Translation*]

Bill C-14 also sets out up to \$505.7 million in 2021 to help long-term care facilities prevent the spread of COVID-19. Under the bill, \$400 million in additional funding will also go to various measures including support for mental health, substance abuse, COVID-19 testing and telemedicine.

[*English*]

I hope all members will consider this legislation with the urgency it deserves. I know that we all know that Canadians are counting on us.

Mr. Chair, last week's fall economic statement also outlined a growth plan to jump-start Canada's economy once the coronavirus is under control.

[*Translation*]

The government will invest between 3% and 4% of Canada's gross domestic product, or GDP, over three years. The government will provide further details on its recovery plan in the months ahead leading up to budget 2021. The plan will be based on creating good jobs for the middle class.

[*English*]

This, Mr. Chair, is needed economic policy and this is smart economic policy. One of the lessons of the 2008-09 global financial crisis is that withdrawing fiscal support too soon after a deep downturn can hamper growth for years afterwards. Our government will not repeat that mistake.

That said, our stimulus, our growth plan, will be time limited and carefully targeted. Fiscal guardrails will help us establish when the stimulus will be wound down. When the economy has recovered,

time-limited measures will be withdrawn and Canada will resume its prudent and responsible fiscal path.

Uncertainties about the timing of the pandemic and global economic developments mean that the timeline for recovery should not be locked into a rigid, predetermined calendar. Instead, the government will track progress against several related indicators, recognizing that no one data point is a perfect representation of the health of the economy. These indicators include the employment rate, total hours worked and the level of unemployment in the economy.

Mr. Chair, I'm very glad the committee is beginning its consultations. The federal government will launch our own pre-budget consultations in the new year. We all very much look forward to hearing from Canadians about their priorities as we design our growth plan.

[*Translation*]

I look forward to hearing Canadians' ideas on what we can do to support families and businesses, kick-start the economy and keep Canada's strong fiscal position.

[*English*]

We Canadians have faced adversity in the past. We've faced tough winters, and we have always emerged stronger than before. I know that we will this time too.

I would be pleased now to answer your questions.

• (1610)

The Chair: Thank you very much, Madam Minister.

I assume the speaking list for the Conservatives is Mr. Poilievre first. If I'm wrong, you'll have to correct me, Mr. Poilievre.

We'll go to a six-minute round. Madam Minister, as on the night of the estimates in the House, we're following COVID-19 rules during this session. Try to keep your answers as close as possible to the time that they took for the questions.

Mr. Poilievre, the floor is yours.

Hon. Pierre Poilievre: With the government printing money to pay its bills, the cost of living is rising. Carbon taxes and other taxes are only adding to the problem. Groceries will go up by \$700 per family. With these higher costs and rocketing unemployment, why is the Minister of Finance proposing to raise taxes—carbon taxes, liquor taxes and payroll taxes—right at a time when Canadians can least afford to pay?

Hon. Chrystia Freeland: Thank you for the question.

Let me point out that jobs recovery in Canada, while incomplete, has actually been strong, in that 80% of the jobs lost in the depth of the coronavirus recession have recovered, and that compares to just around 60% in the United States. Canadians are going back to work, and I congratulate them.

On the tax front, Mr. Chair, let me also point out that we have frozen the level of EI contributions very much in recognition of the fact that the Canadian economy needs some work, and when it comes to groceries—

The Chair: I'll have to go back to Mr. Poilievre.

Hon. Pierre Poilievre: Will the minister commit to freezing all tax increases rather than raising them on January 1, yes or no?

Hon. Chrystia Freeland: Let me just say that when it comes to groceries, one of the reasons I singled out in my opening remarks the Canada child benefit was that we are very aware of the additional support that some families need.

Hon. Pierre Poilievre: The question is very simple: Will the government freeze taxes on January 1 or will it raise them, yes or no?

Hon. Chrystia Freeland: Mr. Chair, as you know, we have announced some additional taxes to level the playing field, such as the introduction of GST/HST on all Internet providers. I think that's fair for Canadians companies. It's the right thing to do.

The Chair: I have to go back to Mr. Poilievre.

Hon. Pierre Poilievre: Will the minister, yes or no, freeze the carbon tax, the payroll tax and the liquor tax, rather than fleecing Canadians?

Hon. Chrystia Freeland: Mr. Chair, I think it is quite wrong to use the term “fleecing Canadians” when it comes to the taxes we pay to contribute to our society and to our communities. As the member knows, we announced the introduction of GST/HST—

The Chair: Mr. Poilievre, there is a point of order.

Go ahead, Ms. Jansen.

Mrs. Tamara Jansen: Mr. Chair, on a point of order, I'm concerned that the answers are getting longer and longer. You've done a great job setting the precedent. I wonder if the minister could continue to match the time.

The Chair: I don't believe that's a.... Well, I guess it's a point of order.

I'm trying to keep them relatively the same. We're going back to Mr. Poilievre.

Hon. Pierre Poilievre: Very directly, will the minister raise carbon taxes, payroll taxes and liquor taxes right in the middle of a pandemic, yes or no?

Hon. Chrystia Freeland: Mr. Chair, we said what we had to say about tax policy. In the fall economic statement, we committed to introducing taxes on vacant property owned by foreign residents—

Hon. Pierre Poilievre: Then there's no answer to that question after five attempts. Maybe we'll have better luck here.

How much is the minister proposing to raise the borrowing limit?

Hon. Chrystia Freeland: Mr. Chair, we have outlined very carefully, and I believe very prudently, our plans on the borrowing limit. We believe the prudent level is \$1.8 trillion.

Hon. Pierre Poilievre: That would bring us how close, in debt-to-GDP numbers, to the level we reached in the 1990s when Canada almost defaulted on its debt? I'm just looking for the number.

Hon. Chrystia Freeland: Actually, Mr. Chair, it's an inexact question, because we are not proposing to borrow that amount of money. We are simply proposing to raise the limit, because that's the prudent thing to do.

Hon. Pierre Poilievre: If you're not proposing to borrow that amount, you don't need the authority to do so.

• (1615)

Hon. Chrystia Freeland: Mr. Chair, actually, that's not the case at all. A prudent government always creates buffers and creates fiscal space, but as the member knows, there is a very clear difference between borrowing authority and the amount the government has actually borrowed.

Hon. Pierre Poilievre: This is the biggest increase in borrowing authority ever sought by any government in Canadian history. It's a monstrous increase to \$1.8 trillion.

Why should Parliament give the government that authority if the government claims it doesn't even need it?

Hon. Chrystia Freeland: Mr. Chair, I did not say that the government didn't need the borrowing authority. What I said quite clearly is that there is a clear difference between borrowing authority and the amount the government actually borrows.

As for supporting this legislation or not, it's up to each member of the House to vote as they choose. I believe this is a prudent path that will support Canadians.

The Chair: Mr. Poilievre, this is your last question.

Hon. Pierre Poilievre: Mr. Chair, will the minister tell us if there is anyone to whom the Bank of Canada is accountable for all the money it's printing? Is there anyone—any officer, any minister, any human being—to which the Bank of Canada is accountable, yes or no?

Hon. Chrystia Freeland: Mr. Chair, the Bank of Canada is an independent institution. Its independence is one of the key reasons for the strength of the Canadian economy. I think the Bank of Canada is accountable to the people of Canada.

The Chair: Thank you both.

We will go to Ms. Koutrakis, who is splitting time with Mr. McLeod.

Go ahead, Ms. Koutrakis.

[Translation]

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

Minister, thank you for your opening statement.

I want to begin by congratulating the Prime Minister for putting together such an outstanding team at the Department of Finance to lead us through the remainder of the pandemic and into the economic recovery.

Minister Freeland, Minister Fortier, our colleague Sean Fraser and deputy minister Michael Sabia bring the experience, skills and leadership our country needs right now. I have no doubt that Canadians are in good hands.

Minister, would you give us an idea of the principles behind the \$70 billion to \$100 billion the government plans to put forward to support the recovery?

Hon. Chrystia Freeland: Thank you for your question.

I would like to first thank my fellow member for her hard work.

We all know the government and Canadians are doing a lot to build a resilient economy and get back on their feet, even as we deal with the pandemic. We also know, however, that, despite all that we are accomplishing, the pandemic has created a recession.

Earlier I said that 80% of the jobs lost have already been recovered. While that is a good thing, 640,000 people who lost their jobs because of the pandemic are still out of work. That is why we need a growth plan. The government must invest in the economy to ensure a robust and strong recovery. Let me reassure all the members: our primary target is jobs.

It is the government's responsibility to reassure Canadians and make sure they know we will continue to work for them, so that every Canadian who had a job before the pandemic has one after the pandemic. For that reason, we announced a growth plan that will invest \$70 billion to \$100 billion, as the member said.

I would be pleased to work with the committee on the plan.

• (1620)

[*English*]

The Chair: I will have to go to Mr. McLeod. Sorry, Annie.

Go ahead, Mr. McLeod.

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

Thank you to the minister for appearing before us.

I have a couple of quick questions. The first one is around housing.

One of the greatest areas of concern in the Northwest Territories—one that has been made even clearer during the pandemic—is access to safe and affordable housing. Is the government prepared to take further steps in budget 2021 to properly address the housing needs of northerners?

The second question is around an issue I've heard from territorial, indigenous and community governments. They're struggling to meet the cost-sharing requirements of existing federal programs, and COVID has made it even harder. Is the Government of Canada

open to providing greater flexibility to ensure that very important projects for our regions are able to move forward?

Hon. Chrystia Freeland: Thank you very much for the questions. I'll start with the second then move on to the first.

I do want to thank the deputy—I'm looking at you on the screen right now—for his hard work representing the north. I think we are all aware that the north faces particular challenges always, but especially now in fighting the coronavirus.

In terms of cost-sharing programs and government programs to support the north in the fight against the coronavirus, I'm really glad to be able to say that the Northwest Territories received \$30.7 million to support a range of measures that the territories have put in place to protect northerners. This includes, critically, the isolation centres, which are expensive but have—and I will be interested in the member's point of view—been, I believe, a critical element in the defence of the Northwest Territories against the coronavirus. Overall, in the fall economic statement we were able to say that the government has provided \$272 million to northern communities and businesses.

Let me just say quickly on housing that it is a key area and it's something that we very much support. We realize there is an acute need in the north. The coronavirus, which of course requires us to be able to have space, has drawn particular attention to the housing need and the housing gap in the north, and as the member knows, our government has also committed to a very strong program to support rental housing construction across the country.

The Chair: We will have to end it there.

Thank you, all.

We're turning, then, to Mr. Ste-Marie. He'll be followed by Mr. Julian and in a second round by Mr. Poilievre and Mr. Fragiskatos.

[*Translation*]

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

I want to begin by welcoming the minister and thanking her for appearing before the committee. I also want to welcome the members of her team joining us by video conference.

Minister, is your department, or the government more broadly, working on a program to support the aerospace industry specifically?

Hon. Chrystia Freeland: The short answer is yes, absolutely. I can share the details if—

Mr. Gabriel Ste-Marie: Take the time you need.

Hon. Chrystia Freeland: We are working on a program like that right now. We understand the crucial role of the aerospace sector in Canada. It drives job creation and Canada's export market. Our government is convinced that we need a plan to support growth, and the aerospace sector will most certainly be a part of the economic recovery plan.

We all agree that Canada needs to transition to a green economy, and helping the aerospace sector make that transition will be absolutely necessary. We are working on that with Minister Navdeep Bains.

• (1625)

Mr. Gabriel Ste-Marie: Thank you. That's very encouraging to hear. We eagerly await the details.

I imagine, from your answer, that you are taking a page out of France's book; the country put a condition on the financial assistance provided to Air France as part of its bailout for the aviation industry. The seven billion euros is conditional on the preparation of a plan by the airline to green in its fleet.

That works out well, because if the Canadian government had a similar program, it would secure sales for the Mirabel-built Airbus A220, developed as the C series. It is by far the most fuel-efficient and least polluting aircraft in its class. In Quebec, going green pays off.

I suggest the minister consider establishing a loan program for buyers. In the aerospace industry, airlines that own Airbus A220s put them in the air first because they use less fuel and are the only aircraft with the capacity to turn over all their air in flight instead of recycling it.

This is an invaluable asset for air carriers, something they have recognized, especially given the pandemic. Air carriers currently have no liquidity. They are not accepting delivery of aircraft they ordered so they don't have to pay the balance.

The area next to Mirabel is full of parked aircraft because the buyers aren't able to take possession of them now. Chances are they could take possession if they were able to get loans.

The last thing I will say is that the A220 aircraft is about more than just Airbus. It's about Pratt & Whitney engines, CAE flight simulators, Bombardier cockpits, landing gear, fuselages, Héroux-Devtek wheels and hundreds of other parts from small and medium-size businesses that are facing bankruptcy right now.

Minister, what do you have to say about that?

Hon. Chrystia Freeland: Thank you, not only for your question, but also for all the information and advice you shared.

These are unprecedented times, so it's extremely important and useful to talk to our counterparts in other parts of the world regularly. Yesterday, I spoke with France's finance minister during a G7 finance ministers' meeting.

You're right, Mr. Ste-Marie. We are looking at France's and Germany's growth plans, and we are studying them closely. There are always things we can learn, and there may be a few things they can learn from us as well.

During yesterday's discussion between Canada and France, we talked about the green shift and shared ideas. We have a lot in common, so we should work together closely.

I will just add that I wholeheartedly agree that we need to think about clean growth as we develop the growth plan. That approach is very appropriate for the aerospace industry. I also agree that Canada's aerospace sector is very well-positioned, as the member mentioned.

Mr. Gabriel Ste-Marie: Thank you.

Do I have any time left, Mr. Chair?

[English]

The Chair: No, I'm sorry. Thank you very much for that discussion.

[Translation]

Mr. Gabriel Ste-Marie: Thank you very much, Minister.

[English]

The Chair: We're going to Mr. Julian, who will be followed by Mr. Poilievre.

Mr. Julian, you have six minutes.

Mr. Peter Julian (New Westminster—Burnaby, NDP): Thank you, Mr. Chair, and thank you, Minister Freeland, for being here today. We hope you and your loved ones are safe and healthy during this pandemic.

Canadians are really struggling. A lot of them are struggling to keep a roof over their heads and a lot of them are trying just to keep their small businesses going.

It's very disturbing, then, to find out from journalists who have been investigating some of the distribution of COVID relief that dozens of large Canadian companies have been using COVID funds to issue dividends, engage in stock buybacks and even give executive bonuses [*Technical difficulty—Editor*]

• (1630)

The Chair: We lost you there, Peter, right where you said "executive bonuses". Could you back up to that point?

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

My question is very simple. How many companies have engaged in these practices? What is the total amount of what they have received?

Hon. Chrystia Freeland: Thank you very much for the question.

I do want to thank the member opposite for his advocacy for Canadian working families and for Canadian workers. I know that it is a very sincere concern.

Let me say a couple of things about the wage subsidy. The wage subsidy can, by very clear and specific design, only be used to pay employees. That money cannot be used for any other purpose. That is very important for Canadians to know, and that's something that the government needs to be very careful about and is very careful about.

The design of the wage subsidy was to encourage as many companies as possible to keep as many Canadians on the payroll as possible. So far, the wage subsidy has kept almost four million Canadians on the job. It has kept them employed. I think that is very important.

Mr. Peter Julian: Minister, other countries have understood that you can't have companies taking COVID funds and then engaging in issuing dividends, stock buybacks or executive bonuses. In fact, other countries are taking action against these practices.

A number of journalists have been attempting to get information from this government about where the COVID funds have gone. Over \$80 billion as yet has not been transparently accounted for. The journalists who are asking questions, like CBC and like newspapers, are not getting the answers.

What are you going to do about these practices that clearly contravene what Canadians would see as an appropriate use of COVID funds? Why is the government stonewalling on getting this information to the Canadian public?

Hon. Chrystia Freeland: Thank you again very much for the question.

As the member opposite knows, in designing these COVID programs, we had to balance, and we continue to have to balance, the need to get the money and the support out there to keep as many people as possible in their jobs—which is our first and clear priority—with the need for compliance, audits and rules. We're always trying to strike that balance, and I believe that with the wage subsidy, we've done that.

I do want to emphasize for the member opposite, but also for any companies who are listening, that the wage subsidy must be used to pay workers. That is very clear, and we expect companies to comply with that policy.

The Chair: We'll go back to you, Mr. Julian.

We lost Mr. Julian. There are two minutes left of his time, so we will come back to him later.

Mr. Poilievre, you're on for five minutes.

Hon. Pierre Poilievre: When will interest rates rise?

Hon. Chrystia Freeland: As the member knows, I neither have a crystal ball nor am I the Governor of the Bank of Canada.

Hon. Pierre Poilievre: Exactly. The minister has no control over when they rise and can't guarantee they'll be low for long. That's why she's claimed that she's locking in our debt for the long run. It's kind of like a homeowner who takes on a long-term mortgage rather than a variable rate.

She can tell us then, what share of the new debt that the government has added since March is locked in for more than four years.

Hon. Chrystia Freeland: We were clear in the fall economic statement and in our printed documents that 10-year and longer bonds make up 50% of the issuance in 2019-20. They're planned to make up 29% of the issuance in 2020-21.

• (1635)

Hon. Pierre Poilievre: That clearly contradicts the data on page 139 of the fall economic update, which shows that the combination of short-term treasury bills and short-term bonds of four years or less equals 75% of all of the debt that the government has issued since March, and that issues of 10 years and up represent a combined 25%. In other words, three-quarters of the new debt is short term and susceptible to sudden increases in interest rates.

Why are you contradicting the data that's in your own report?

Hon. Chrystia Freeland: Mr. Chair, I am in no way contradicting the data. In fact, the numbers I am citing come from table A2.2 from the fall economic statement. As I said, what that table shows is the reality, which is that 10-year and longer bonds make up 15% of the 2019-20 issuance. Our intention, our target, is that they should make up 29% of the 2020-21 issuance.

Hon. Pierre Poilievre: I will go back to the original question. What share will be for less than four years?

The Chair: Go ahead, Minister.

Hon. Chrystia Freeland: Mr. Chair, we were clear in the fall economic statement on our plan to push out along the curve, and that is a prudent plan. It's something that we have signalled clearly to markets, and that was an important objective of the fall economic statement.

Hon. Pierre Poilievre: What share are for four years or less?

Hon. Chrystia Freeland: I have been clear, Mr. Chair, about our government's intentions of moving to longer maturities.

Hon. Pierre Poilievre: Yet the data in your own report shows that almost all of it is on short maturities, and it's susceptible to interest rate hikes, which you admit could come at any time.

Even the CBC is reporting that of the \$240 billion of COVID spending, your government is refusing to release the recipient company names of that funding. Will you commit to publish all of the amounts and recipient companies of COVID-related spending before we vote on authorizing another \$700 billion worth of debt that you're now asking for, yes or no?

Hon. Chrystia Freeland: Let me first just take issue, Mr. Chair, with the little slur there implicit in the "even the CBC" reports.

As a former journalist, let me just say that the CBC is a fantastic news organization. I think it contributes hugely to the national fabric and the public discourse in Canada, so I couldn't let that pass.

When it comes to the information members of Parliament feel is necessary for them to be comfortable supporting our government's measures, it's going to be up to each member to make—

Mrs. Tamara Jansen: I have a point of order, Mr. Chair.

The Chair: What is the point of order?

Mrs. Tamara Jansen: It's the length of the answers.

The Chair: Mrs. Jansen, the minister still had two seconds left on that answer, to be quite honest.

We'll go back to you, Mr. Poilievre.

Hon. Pierre Poilievre: If the minister believes the CBC, is the CBC right to say that her government won't release the numbers and the recipients of the COVID spending data, yes or no?

Hon. Chrystia Freeland: Mr. Chair, our government absolutely understands and values the importance of transparency, and we seek to release all the information we can. I think people also understand that a tremendous job is being done by the CRA in supporting Canadians and Canadian businesses—

The Chair: Okay, we will have to go back to Mr. Poilievre, and this will be the last question in this round.

Go ahead, Mr. Poilievre.

Hon. Pierre Poilievre: I'll just ask the question for the third and final time, and hopefully this time we get a semblance of an answer. The government still refuses to release the names of the companies that have received public money, and how much.

We know this is exactly how we ended up with the WE scandal. We know this is exactly how we ended up with the Frank Baylis scandal. I have just a simple yes-or-no question. Will the minister publish the company names and the amounts of all the grants that have gone to companies under the COVID relief program, yes or no?

• (1640)

The Chair: You have 30 seconds for your yes or no, Madam Minister.

Hon. Chrystia Freeland: That's a long yes or no.

Just to be clear, Mr. Chair, the member is making some category confusions here. The WE Charity, after all, never did receive the government's support.

We published detailed breakdowns for every period of the wage subsidy. That's the right thing to do, and we'll continue to do that, Mr. Chair.

The Chair: Thank you.

Mr. Julian, you have two minutes coming to you. Are you ready for that now?

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

My thanks to House of Commons IT, and I apologize for leaving so unceremoniously.

I have to reiterate to the minister that transparency and disclosure is important. She has been asked repeatedly, but she has refused to say that this information will be given to the Canadian public, and I think that's unfortunate.

We've also seen, during this pandemic, an unprecedented \$750 billion in liquidity supports being given to Canada's big banks. There are no conditions, unlike in other countries, where the liquidity supports came with conditions.

What we've seen from Canada's banks is that they are imposing interest and penalties. Yes, they did defer mortgages, but ultimately people will pay more at the end.

The question is very simple. When you see Canada's big banks reaping \$29 billion in profits so far in this pandemic, why is this government not imposing conditions so that all of the supports that they have received from the federal government and federal government institutions also lead to people being supported in communities like mine, and others right across the country?

The Chair: Madam Minister, go ahead, and then Mr. Fragiskatos will be the next one up. Our list got jumbled.

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

Let me start by saying one thing about the Canadian banking system. We have just been through and we are still in a deep economic crisis, our greatest crisis since the Great Depression. One of the things that our country has been relying on to get through the crisis is a sound and stable banking system. As a reporter based in New York during the 2008-2009 financial crisis, I was able to observe the strength and the stability of the Canadian banking system, which really shone compared with other banking systems, such as the U.S. and the British banking systems, to take two examples. That's actually a strength for our country.

Having said that, I do agree with the member from the NDP that it is really important, particularly given the uneven impact of this financial crisis—it has hit the most vulnerable the hardest—that everyone pay their fair share. That's why our government introduced concrete measures in the fall economic statement last week to limit the stock option deduction for people working at big companies. That's a significant and important step, and I'm glad that we were able to take it.

The Chair: Thank you, all.

We will turn now to Mr. Fragiskatos, who will be followed by Mr. Ste-Marie.

Mr. Fragiskatos, you have five minutes.

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

Minister, it's good to see you. Thank you for your testimony today.

I want to put the following to you. As you very well know, particular sectors of the Canadian economy have been hit harder than others. When I talk to London restaurant owners and hotel owners, those whose business relies on tourism, they are, first of all, very happy to have received wage subsidy support, rent support and the CEBA. Those programs are sustaining those businesses right now.

One of the questions I also get is this: How long will these supports be available? We could see a situation in which the pandemic is addressed. We know that vaccines are on the way and that there is a silver lining here, but these businesses will be the last to come back. What do you say to those business owners who are wondering about how long programs will continue?

Hon. Chrystia Freeland: I think all of us could ask that question.

Let me first of all reassure all the Canadian businesses listening to us right now that the government has made clear that the wage subsidy and the rent support will be in place until next summer. We want businesses to have that certainty and to have that confidence.

Let me also remind people that in the fall economic statement, we committed to raising the wage subsidy back to 75%.

I do think it's important for us to appreciate that we are all working in an environment with a great deal of uncertainty. That's why, when we announced our intention to put in place a growth plan, we were very clear that we would be guided by fiscal guardrails, and those would be employment, unemployment and hours worked. We are committed as a government to doing our job until Canadians have their jobs back.

• (1645)

Mr. Peter Fragiskatos: It's a reassuring message, Minister.

I have two and half minutes left, and I want to ask you a question that actually picks up on something you said in your testimony, the point about the 2008 recession and lessons learned: What does long-term growth mean to you? How do we put in place measures...?

For the short term, that is obviously happening, but how do we look to the long term and try to put in place policy that encourages continued economic competitiveness that will benefit the Canadian middle class?

Hon. Chrystia Freeland: Thank you for the question. I think it's really, ultimately, the heart of everything we're talking about and everything our government needs to do.

I want to talk for one minute about scarring. As I mentioned earlier in my testimony, there was a G7 finance ministers meeting yesterday morning. One of the things that many of us reflected on was the experience of 2008-09. Economies experienced scarring, which made it harder for those economies to rebound after the immediate shock had passed. That historic experience is one of the reasons our government is so committed right now to supporting Canadian businesses and Canadian families. We know that if we do our job now effectively, Canada will be in a much stronger position to rebound once the vaccines have arrived and we're able to fully reopen the economy.

I very much agree with the direction of the question. I think what we need to focus on then, and begin doing our work on now—and I look forward to the committee doing this work—is to work on a growth plan that does two things. One, it immediately has projects and programs that help our country get back to work as quickly as possible and that help to close the output gap. We also need to be thinking about those projects and programs also contributing to our country's long-term growth. I think, and I am confident, that together we can do that.

Mr. Peter Fragiskatos: Thank you very much.

The Chair: Thank you both.

We will go to two-and-a-half-minute rounds, first with Mr. Ste-Marie and then Mr. Julian. Then I need someone from the Conservatives for the next five minutes.

[*Translation*]

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

Minister, you mentioned that the government was currently working on a support program specifically for the aerospace industry. Can you tell the committee when we might expect the program to be introduced? Might it be announced in the next budget?

Hon. Chrystia Freeland: As I said, we understand how important the aerospace sector is. It must be a part of our growth plan, and it will be. We also talked about the importance of the green shift, which extends to every sector of the economy, including the aerospace sector. That means it must be a part of the green shift, and it will be. I believe that answers your question.

• (1650)

Mr. Gabriel Ste-Marie: We can expect the details to come out in the spring, when the next budget is tabled. Is that right?

Hon. Chrystia Freeland: I have the utmost respect for the member, who also asked me the question by email. I want to thank him for that. However, today is not the right time to announce the spring 2021 budget. We just presented the fall economic statement 2020, so we'll have to wait a bit before announcing the details of the next budget.

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

With the holidays around the corner—

[*English*]

The Chair: You have time for a last quick question, Mr. Ste-Marie.

[*Translation*]

Mr. Gabriel Ste-Marie: I was saying that I thought it was a good time to bring this up.

In terms of possible supports, I want to draw the minister's attention to the recycling industry. Many air carriers have retired aircraft from their fleet. For the time being, they are being sent to an airplane boneyard in the Arizona desert, but we have a company in Mirabel that disassembles and recycles airplanes. It's the only such certified company in North America. In one airplane, we are talking about 80 tonnes of aluminum alloy; some parts can be reused. It holds a lot of potential in terms of growing and greening the economy, not to mention building domestic expertise.

Hon. Chrystia Freeland: Thank you for your ideas.

You mentioned aluminum, another very important industry for Quebec and Canada. It can and must be a part of the plan. I think we should all highlight the fact that Canada produces the greenest aluminum in the world. We need to press home that advantage to promote our exports, especially products made with our green aluminum.

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

[English]

The Chair: Thank you both.

We will go just a little over time on your hour, Madam Minister. We will have two and a half minutes with Mr. Julian, five with Mr. Poilievre and five with Ms. Dzerowicz to round it out.

Go ahead, Mr. Julian.

Mr. Peter Julian: Thanks, Mr. Chair.

During this pandemic, we've seen banks earning \$29 billion and we've seen Canada's billionaires now increase their wealth by over \$53 billion. So far, the only reply that you've had for us, Minister Freeland, is a partial closing of the stock option loophole, and we know that is something the government has been promising now for five years.

The question is very simple. At a time when it should be a shared sacrifice, at a time when everybody should be paying their fair share, why is this government so opposed to a wealth tax like the ones other countries have put in place, an excess profits tax like we had in place in the Second World War to avoid profiteering, or even letting the web giants pay their fair share?

I know your reply will be that, well, the consumers will be paying GST/HST. The reality is that the web giants are not paying the corporate income tax. They are tax-free competition, undermining many of our Canadian businesses.

I still am struggling with why the government seems to be opposed to solutions that would actually provide more resources so that we can provide what Canadians need in this time of pandemic and in the important rebuilding that will last for years afterward.

The Chair: Madam Minister, you will have about a minute to round that out.

Hon. Chrystia Freeland: Okay. Well, a minute seems like a long time, but there were lots of ideas in there.

Let me first talk about the international Internet giants. As the member from the NDP pointed out, our government committed, in the fall economic statement—and this is something we will do—to implement the GST/HST on multinational digital companies. This

is a big deal, and it's an important move by the government. It will raise money for the government, and that's important.

From my perspective, it will do something else equally important, which is level the playing field between Canadian and international companies that are providing those services. I'm very glad that we're going forward and doing this.

The member asked another really important question, which is about international companies, particularly the digital giants that do significant business in Canada and do not pay corporate tax on the business that they do here. This is really a pressing issue. Canada always prefers multilateral collaborative solutions. It is the best way to work with our partners around the world, and so we are working with our partners through the OECD to reach an agreement on a tax approach. That being said, we announced last Monday that failing an agreement on a multilateral approach on taxing the Internet giants, Canada will move ahead unilaterally in January 2022.

• (1655)

The Chair: Thank you. I thought there was important information, so we went a little longer.

Mr. Poilievre, you have five minutes, sir.

Hon. Pierre Poilievre: The minister tells us that the Bank of Canada is accountable to the people. That is good news. The bank has bought \$180 million of corporate bonds. To be accountable to the people, it has to tell people where their money went, so will the minister commit that the bank will reveal which corporations got that money?

Hon. Chrystia Freeland: Mr. Chair, as I said earlier, I am a very strong believer in the importance that the independence of the Bank of Canada plays in our economy and in our financial system. I would urge members to ask questions pertaining to the Bank of Canada of the Bank of Canada.

Hon. Pierre Poilievre: The minister says the bank is accountable to the people. We are the people's representatives. Surely we should know. Where did the \$180 million go?

Hon. Chrystia Freeland: Mr. Chair, I want to be very clear with all members of this committee of the importance of an independent central bank in the functioning of the Canadian economy. I also want to be clear that it is an undermining of our economy to be raising questions in the minds of Canadians—

Hon. Pierre Poilievre: Oh, “raising questions”.

Hon. Chrystia Freeland: —about the independence of the Bank of Canada.

Yes, that is not responsible behaviour.

Hon. Pierre Poilievre: Well, I'm sorry to be raising questions about where Canadians' money is going. You might find that dangerous, but I'll ask one last time.

Will you tell us where the \$180 million that the Bank of Canada pumped into corporate bonds went? Where did it go?

The Chair: The floor is yours, Minister.

Hon. Chrystia Freeland: Mr. Chair, the Bank of Canada is ably and independently run, and perhaps members of this committee would like to invite representatives of the bank to come and speak to the committee and answer your questions.

The Chair: Thank you, Minister.

Hon. Pierre Poilievre: Who holds the shares in the Bank of Canada?

Hon. Chrystia Freeland: Mr. Chair, I cannot emphasize too emphatically the importance that our government attaches and that I attach to the independence of the Bank of Canada and—

Hon. Pierre Poilievre: Mr. Chair—

Hon. Chrystia Freeland: —I will always speak out against efforts to undermine that or cast doubt on the independence of this critical Canadian institution. Canadians trust the bank, and they're right to do so.

Hon. Pierre Poilievre: Mr. Chair, I have a point of order.

The Chair: Go ahead on your point of order, Mr. Poilievre.

Hon. Pierre Poilievre: This is eating into my time.

I have a simple three-second question: Who owns the shares in the Bank of Canada?

The Chair: I do think that when we're talking about the Bank of Canada, sometimes we may have to be a little more thorough. I will tag the time onto the end of your time, Mr. Poilievre. I've been noting that as we go along—

Hon. Pierre Poilievre: Thank you. Got it.

The Chair: —but when we're talking about the Bank of Canada and its impact on the financial system, we have to be very careful.

The floor is yours.

Hon. Pierre Poilievre: My question is, who owns the shares in the Bank of Canada?

Hon. Chrystia Freeland: I thought the chair had turned the floor over to me, and I would simply like to endorse our chairman's comments that the independence of the bank is important.

I would urge members who wish to ask questions of the Bank of Canada to invite the very able leadership and representatives of the bank to this committee.

Hon. Pierre Poilievre: Who owns the shares in the Bank of Canada?

The Chair: The floor is yours, Madam Minister.

Hon. Chrystia Freeland: Mr. Chair, as all Canadians know, the Bank of Canada is a Canadian government institution. It is, however, an independent institution, and its independence was a very important innovation at the time. It is something that I as finance minister prize and respect, and I think that all MPs should do likewise.

• (1700)

The Chair: Go ahead, Mr. Poilievre.

Hon. Pierre Poilievre: It turns out that the Minister of Finance owns the shares in the Bank of Canada. It's right in the Bank of Canada Act. That's the law.

The bank is accountable to the people, as the minister has admitted. It's the people's money. They don't get to do with it whatever they want. I have asked four times. Where did our money go? The \$180 million went into corporate bonds. Who got that money? The people deserve to know.

The Chair: Madam Minister, the floor is yours.

Hon. Chrystia Freeland: Mr. Chair, I didn't "admit" that the Bank of Canada was accountable to the people of Canada; I proudly stated it. I really cannot emphasize too strongly the importance of a respected and independent central bank to the functioning of our economy.

As a journalist, I had the privilege of quite often interviewing finance minister Jim Flaherty. I can tell you from personal experience that he respected the independence of the Bank of Canada. I would hope that today's Conservative Party would do the same.

The Chair: Mr. Poilievre, this is your last question.

Hon. Pierre Poilievre: The Bank of Canada, in addition to buying corporate bonds, which the minister wants to keep secret, is actually selling government bonds onto the market to raise debt for the government's spending and then buying those same bonds right back, sometimes within the same week—selling government bonds to investors and then buying them right back from those same investors, often at a loss.

Will the minister commit to reporting to Canadians how much they lost by selling government bonds to investors and buying those same bonds back, at a higher price and to the profit of private investors? Will she tell us how much taxpayers lost and rich investors gained, yes or no?

The Chair: Madam Minister, you have about 30 seconds to round out that round.

Hon. Chrystia Freeland: Okay.

Well, Mr. Chair, as I had to point out yet again that in question period, the member opposite and some of his colleagues seem to be making a habit of misconstruing my words.

In no way does the government seek to conceal or keep secret the activities of the Bank of Canada. The Bank of Canada is a highly transparent, highly responsible institution, and I have a question for the Conservative members. Do they respect the independence of the Bank of Canada as previous Conservative finance ministers like the late Jim Flaherty did? I hope they do. The Canadian economy depends on it.

The Chair: Thank you.

Hon. Pierre Poilievre: Can I answer the question, Mr. Chair?

The Chair: No, you can't.

Hon. Pierre Poilievre: It's only fair.

Hon. Chrystia Freeland: The time's up. I'm sorry. It's called a rhetorical question.

Hon. Pierre Poilievre: A rhetorical question? I ask factual questions.

The Chair: You can make a statement in the House, maybe an S. O. 31, on that tomorrow, Pierre.

Hon. Chrystia Freeland: That's a great idea.

Hon. Pierre Poilievre: I'll be delighted.

The Chair: Ms. Dzerowicz, the last five minutes are yours, and that will round it out.

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

I want to thank you, Deputy Prime Minister and Minister of Finance, for being here today. Also, thank you to you and your tremendous team for the enormous work that you've done on the fall economic statement.

The first question I want to ask is about child care. For almost too long—as long as I can possibly remember—we have been talking about some sort of national child care, and we all know that women have been disproportionately impacted during this pandemic. Also, we know that the only way we are going to have a strong economy in Canada moving forward is if we have full participation in our economy.

Can you please explain what steps have been taken in the fall economic statement to address the national child care plan or to move us towards one?

Hon. Chrystia Freeland: This is an issue very dear to my heart, and I really believe it's an issue whose time has come.

Yesterday was the 50th anniversary of the tabling of the report of the Royal Commission on the Status of Women in Canada. That report, among other things, called on the federal government to urgently begin negotiations with the provinces and territories on building a universal national child care system. That was 50 years ago. It has remained something that Canadian women, Canadian mothers and, I would say, Canadian parents have been hoping for and pushing for over those 50 years.

I think there are two things that make now a moment when we really can have a breakthrough.

The first is the coronavirus and the impact of the coronavirus pandemic. The spring particularly, when so many schools and day cares were closed down, was when I think many business leaders became more aware than they had been of the necessity of child care to keep women in the workforce.

We're seeing now that women's labour force participation has really taken a hit because of this pandemic. One of the things I am so struck by right now is that it's not just the usual suspects—early learning child care advocates and feminists—who are talking about child care; it is also corporate leaders. People are talking about child care as what it is, which is a driver of economic growth.

Early learning and child care can help parents participate in the labour force, and it can also create a better labour force when those well-educated little children grow up. I think we need to see it, of course, as a feminist issue, but we also need to see it as a real growth driver. I think our country is starting to look at it that way.

The second really important thing, Julie, is that we now have the example of Quebec, so talking about early learning and child care is no longer a theoretical exercise. It's no longer like some of the debates that we have in the House of Commons or at committee where everyone has their pre-baked, entrenched, ideological positions. When it comes to early learning and child care, we can look at Quebec and say that it works.

Labour force participation in Quebec, particularly of mothers of children three and under, is off the charts. It's one of the highest in the world. This has been a major contributor to economic growth in Quebec. It's worked in Quebec. It's time for us to learn from la belle province and to find ways to make it work across the rest of the country.

• (1705)

The Chair: Ms. Dzerowicz, you'll have to split a minute and a half.

Ms. Julie Dzerowicz: No problem. I have a question that I know the Deputy Prime Minister can answer very quickly.

After all the questions around child care and about emergency supports, the number one question that the people of Davenport always ask is about a green recovery. They care passionately about our moving as quickly as possible on climate change.

Could you please tell us what measures have been included in the fall economic statement in our aggressive support to continue to fight against climate change?

Hon. Chrystia Freeland: Of course. We put in some measures on climate change in the fall economic statement as a down payment on the growth plan we were discussing earlier today. They include grants for home retrofits, grants of up to \$5,000 to help people make their homes more energy-efficient. That's sort of a double win, because it will put people to work retrofitting your home and at the same time help our whole country to become more energy-efficient. Maybe it's even a triple win, because it will lower your electricity bills.

We also announced investment in the infrastructure for zero-emission vehicles across the country. Again, it's a double win there, because we'll create jobs in building that infrastructure and will make it easier for people to shift to zero-emission vehicles.

There are significant investments in nature-based solutions to climate change. Again, building those nature-based solutions is also a job creation program.

Ms. Julie Dzerowicz: Thank you.

The Chair: With that, we will have to end it there. Thank you, Minister, for coming before the committee and answering our questions. I would say we had some interesting exchanges, some suggestions and certainly some food for thought going forward. We leave those ideas with you and we thank you for your presentation.

Thank you very much.

Hon. Chrystia Freeland: Wayne, can I just offer one final final thought?

The Chair: Yes.

Hon. Chrystia Freeland: It's something I meant to say, which is that we have some of Canada's hard-working public servants from the Department of Finance here with us. They have been working just like Stakhanovites to prepare the fall economic statement, and they were working really hard before that to support Canadian businesses, Canadian families and the Canadian economy through this crisis. I think this is a good opportunity. Maybe all of us will agree on one thing and only one thing—all members of this committee—that Canada is very lucky to have such fine, smart, hard-working and dedicated public servants.

Thank you very much, ladies and gentlemen.

• (1710)

The Chair: Thank you, Minister, and you'll get no disagreement on that point.

We now will turn to the department officials. I believe most of the ones you named are on our list, and we can see them on the screen. Members have the names of the department officials on their notice of meeting.

Andrew, do we turn to you? I don't believe there's an opening statement, or is there?

Mr. Andrew Marsland (Senior Assistant Deputy Minister, Tax Policy Branch, Department of Finance): There's no opening statement, but we'd be happy to—

The Chair: I've known you too long, Mr. Marsland. I probably shouldn't be calling you Andrew.

We will go to the first round of questions in the six-minute round. Mr. Kelly and Ms. Jansen will be splitting that round, followed by Mr. Fraser and Ms. Koutrakis on a split.

Mr. Kelly, I believe it's you.

Mr. Pat Kelly: Thank you, Mr. Chair.

I'd like officials to comment on what an interest rate increase of one percentage point would do to Canada's finances and how it would affect its ability to service debt.

The Chair: Who wants to take that? This is one of the difficulties with operating virtually. Whoever's answering that question will just have to click on and go from there.

Who's going to take that question?

Mr. Soren Halverson (Associate Assistant Deputy Minister, Financial Sector Policy Branch, Department of Finance): It's Soren Halverson from the financial sector policy branch.

Thank you for the question.

The answer to that question is a little more complicated than it would appear to be, in the sense that you have a debt stock, and it depends on how the debt matures.

Mr. Pat Kelly: It's mostly short term. We heard that in the opening statement in the opening round. We heard that most of it is short term.

Mr. Soren Halverson: At a very high level, just to do an abstraction of that, you've got about \$1 trillion in debt, and so you're looking, on a steady-state basis, at 1% of \$1 trillion.

The Chair: Mr. Kelly, I'm going to give you four minutes and Ms. Jansen three, because we took some time here.

Go ahead.

Mr. Pat Kelly: Okay. Thank you.

The concern is that we've just heard in the opening panel that the government has no ability to gauge when interest rates are going to rise. The minister admitted to not possessing a crystal ball, and I don't think anybody expects she does.

What has your department built into its expectations around interest rates? Are you expecting that 1% addition to our debt service cost, or is it 2%, 3%? At some point rates are going to go up, and we need to know what that's going to do to the Canadian economy and Canadian public finances.

Mr. Soren Halverson: If the question is focused on federal debt management, the answer is that the approach the department takes in terms of providing advice on debt management strategy is looking at a range of scenarios. It's an approach that is robust under a range of different interest rate conditions, and it's also mindful of smooth market functioning.

In the context of the crisis, the front end of debt, the short-term debt, was where the shock absorber was located. It's the easiest part of the market to place debt in, and then over time, there's a plan that has been communicated in the fall economic statement that involves terming out that debt. You're seeing a substantial increase in issuance in the 10 and 30-year range, in accordance with that approach.

Mr. Pat Kelly: How long will it take to shift the majority of that into longer terms?

Mr. Soren Halverson: You are looking at a multiple between 450% to 600% increase, if you're looking at the 10- or 30-year issues right now, year on year from where they were last year. Those are big increments of debt going into specific sectors. If you were to maintain that, if you kept doing that for four years in a row, you would see a very large percentage of your overall debt burden reflected in that long end. You're sort of moving to that trajectory, but it's not a switch you can flip overnight.

• (1715)

Mr. Pat Kelly: Can somebody answer the question the minister failed to answer—will the government freeze existing taxes and agree to not impose new taxes next year?

The Chair: That's probably a policy question they can't answer.

Mr. Pat Kelly: They can answer whether it's been contemplated and whether their plans may have assumptions around that.

The Chair: Does anybody want to take it? I believe we're into a policy area that's really the minister's responsibility.

Mr. Andrew Marsland: Mr. Chair, the question was posed to the minister and the minister responded. As you say, it's a policy question.

Mr. Pat Kelly: She responded without answering.

The Chair: Ms. Jansen, you have three minutes.

Mrs. Tamara Jansen: Thank you.

Mr. Marsland, back in July, CMHC awarded a \$250,000 grant to UBC's School of Population and Public Health, which appears to be studying the idea of a home equity tax. This money was provided to a project called "Generation Squeeze", and it has complained:

Many Canadians bank on profits from home ownership to secure their financial future and gain wealth. We need to make it so that no Canadian relies on gains in housing wealth to feel secure, and we need to rethink policies that, by encouraging financialization of housing, push the costs to buy or rent a home even further out of reach.

The UBC grant choice is noteworthy, since in 2019 UBC researchers called homeowners lottery winners with an unfair tax advantage.

Audrey-Anne Coulombe, a CMHC spokeswoman, was quoted as saying, "The objective is to identify solutions that can level the playing field between renters and owners."

Unfortunately, these sorts of statements do not acknowledge that homeowners pay a huge portion of their income in taxes to three levels of government before they can even save for a down payment. There's no acknowledgement of the cost of owning a home, like maintenance, repairs and insurance, let alone any renovations that enhance the value of the property. We also know that government itself adds hundreds of thousands of dollars to the cost of a new home by way of zoning regulations, development charges and housing limits. The C.D. Howe Institute did a study here in Vancouver in 2018 and said it constitutes a total additional \$644,000 added cost to a single detached home.

Why on earth would the government even consider the idea of implementing a capital gains tax on the homes of Canadians? Can you assure Canadians that there will not be a home equity tax implemented in order to pay for COVID-19 spending?

Mr. Andrew Marsland: I'm afraid I'm not going to comment at all, one way or another, on a policy question. Those are questions for the government. In terms of the particular grant, as was observed, that was from CMHC, and it is probably better placed to answer that question.

The Chair: Ms. Jansen, if you have a follow-up, you have about 40 seconds here.

Mrs. Tamara Jansen: I'm trying to find out whether or not that would be considered. Have you spoken about the idea of a tax on home equity? It's a really big concern for Canadians, and that's what I'm trying to get at here.

The Chair: You're on mute, Andrew.

Mr. Andrew Marsland: I'm usually clearer that way.

Thank you again for the question, but again, I'm not going to comment on that policy question. Thank you.

The Chair: It might be a question for somebody at CMHC at some point.

We will now go to Mr. Fraser and Ms. Koutrakis, who are splitting three minutes each.

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

I think Mr. Halverson will be best positioned to answer my question. I want to dig in a little on the cost of borrowing, given the nature of the conversation we've had to date.

The policy rate of the Bank of Canada, which is at the effective lower bound, is currently at 0.25%. The Conservatives keep raising fear about a potential 1% increase, which would represent a 500% increase if it were to shoot to 1.25% overnight. In any event, the Bank of Canada, during the testimony before this committee, has explained that there is no plan to do that for potentially the next few years, and in any event, the conditions that would justify such a radical increase would essentially tell a story that the economy is doing very well.

Mr. Halverson, to come back to this question, you explained previously that even if there were a short-term hike in the interest rate, the existing debt would need to term out first. I assume you mean that the term for each debt that's owed would have to pass before that would become due.

In your view, does this window of time, given the remaining term on debt that we hold, create an opportunity for us to effectively refinance our debt at a much lower interest rate, given what's happened in the world, so we can save significantly on borrowings that may be required to finance spending in response to the pandemic?

• (1720)

Mr. Nicholas Leswick (Assistant Deputy Minister, Economic and Fiscal Policy Branch, Department of Finance): Mr. Chair, can I just make one contribution to the discussion?

The Chair: Yes, go ahead.

Mr. Nicholas Leswick: Thank you, Mr. Chair.

I wanted to point out that the fall economic statement prints a forward-looking expectation for the yield curve. It prints an interest rate path through to 2025. You can most clearly see that, if members want to jot notes, on page 121. The department surveys 14 private sector economists as a group and takes the straight average of their macroeconomic variables, which include a path for both short- and long-term interest rates. In that context, as the economy strengthens, there is an expectation that there will be a backup in rates across the yield curve, across three-month rates all the way through to 10-year rates—

The Chair: Mr. Leswick, can you slow down a little bit and speak right into your microphone, if you can? The translators are not translating at the moment.

Mr. Nicholas Leswick: I will cut to the chase. A path for interest rates is published in the fall economic statement. That path and the cost are imposed on the term structure of the debt and the debt management strategy and brought into the fiscal framework that's presented in the document. It is explicitly outlined that there is an expectation of a backup in rates, and those costs are brought into the fiscal framework as published in the document.

Mr. Sean Fraser: That's very helpful. That was going to be question number two.

I'll skip to question number three. A lot of fear has been raised on this committee around the potential that we're going to fall into a position similar to the one that the federal government saw in the 1990s before significant measures were taken to erode the debt.

Obviously this is not the 1990s; the interest rates are not the same. Can you give a sense—perhaps Mr. Leswick or Mr. Halverson would be positioned to answer this—as to what percentage of the total expenditures of the federal government is expected to be used to service debt, as compared to the 1990s?

Mr. Soren Halverson: I can offer an answer.

Mr. Nicholas Leswick: You go right ahead, Soren.

Mr. Soren Halverson: I'm not sure it's as good as yours. Essentially what I can point to is that the maximum point in the data that I've seen in terms of federal debt charges would have been in the early nineties, and at that time you were looking at a multiple of six times what we have today. It was a number just over 6% of gross domestic product, whereas today the overall federal debt charges represent 1% of gross domestic product. There's a pretty significant interval between those two.

Mr. Sean Fraser: Mr. Halverson, that includes spending that was part of the government's COVID-19 response to date.

Mr. Soren Halverson: Those are the debt charges that we are paying today on the debt that is currently being issued, which would include the debt that was issued to support the government's COVID-related activities.

The Chair: Okay. We will have to move on to Ms. Koutrakis.

Annie, that Fraser fellow only left you two minutes. Go ahead.

Ms. Annie Koutrakis: Thank you, Mr. Chair; and thank you to all our witnesses.

I'm not sure to whom to address this question, so I'll just ask it and leave it open.

Benjamin Tal, the deputy chief economist at CIBC and an ex-colleague of mine many moons ago, recently pointed to significant savings of Canadian businesses and households as a potential source of massive economic growth as people regain confidence in the economy and return to normal spending habits.

Would you agree with Mr. Tal's views, and is there any reason to be concerned with the savings Canadians have collected during the pandemic? Would this, in the long run, help our economic recovery?

• (1725)

The Chair: Who's on? I believe it's Mr. Leswick.

Mr. Nicholas Leswick: Yes. Thank you, Mr. Chair.

Following the release of the Canadian economic accounts for the third quarter, we saw a significant buildup of savings, added onto savings that we started to see emerge in the late summer and early fall, which in nominal terms is roughly \$150 billion of savings sitting in deposit accounts, liquid accounts, at Canadian financial institutions.

Indeed, a lot of economists are pointing to that and using the term “pre-loaded stimulus”, because when the economy gets back to normal and virus risks are contained—whenever that is, because we don't have a crystal ball—consumers and businesses would be more willing to re-engage in the economy with those lower risks and would start to draw down on those savings. Therefore, they could provide a significant boost to the economy if some of those savings brought consumer spending back to its pre-pandemic levels, or even beyond if people have pent-up demand that they're going to release because they're sitting on all these cash accounts.

We'll see, but that's the general theory.

The Chair: Okay. We are going to move on to Mr. Ste-Marie, followed by Mr. Julian.

Mr. Ste-Marie, you have six minutes.

[*Translation*]

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

I, too, want to welcome all of our experts from the Department of Finance. Thank you for being with us.

To start, I want to follow up on something I asked you about when the committee met in camera on the economic statement. It was about the employment insurance fund. Correct me if I'm wrong.

As far as I know, the employment insurance fund has a mandated break-even point. Contributions and benefits have to even out over a period of seven years. This period, however, we can expect a considerable deficit. Has the government introduced any legislation to transfer the exceptional deficit to the consolidated revenue fund, or does the employment insurance fund still have to adhere to the mandated seven-year break-even horizon as things currently stand?

[English]

The Chair: Who wants to take that?

[Translation]

Mr. Nicholas Leswick: Thank you for your question.

[English]

Indeed, the government has done a couple of things. One, it has frozen EI premium rates for the next two years, and two, it has made whole the EI account for costs related to the Canada emergency response benefit.

That said, the pressure on the account to take on just status quo financial pressures related to employment insurance benefits just because of the weakness of the labour market will likely leave the account in deficit over the medium term, and this puts upward pressure on premium rates.

That said, legislation constrains those EI premium rate increases to 5¢ per year, but I don't want to predetermine any policy decision on the part of this government or future governments in terms of how they might want to treat those premium rate increases in the context of pressure on businesses and workers who are trying to get back on their feet.

[Translation]

Mr. Gabriel Ste-Marie: Thank you.

If I understand correctly, then, the issue could be resolved and legislation could be introduced. Since it hasn't been done as of yet, we can expect an increase in premiums to balance the deficit in the fund over seven years. Is that right?

[English]

The Chair: Go ahead, Mr. Leswick.

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

That is the policy setting right now, but I just want to emphasize that the government has been sensitive to the pressure of rising EI premium rates. It has frozen the rate for the next two calendar years, giving itself some runway to consider the recovery path and where workers and businesses may be in, let's say, 18 months, before it sets premium rates in stone beyond that time frame.

• (1730)

[Translation]

Mr. Gabriel Ste-Marie: Thank you very much. That was very clear.

My next question is about something else entirely.

After the pandemic began, the government introduced a measure to help seniors with registered retirement income funds, or RRIFs. A registered retirement savings plan, or RRSP, is converted into a

RRIF when the individual retires. Through the measure, the government is allowing seniors with a RRIF to withdraw only 75% of the minimum amount normally required. The government gave seniors the gift of a 25% reduction, if you will, saying that the measure was introduced to help them.

However, a number of seniors have told us that, like everyone else, they had no idea the pandemic was coming and had withdrawn 100% of the minimum amount at the beginning of the year, as they had been accustomed to doing.

The measure was introduced in March. Those seniors should not be worse off than other seniors who have to withdraw from their RRIFs and who are able to take advantage of the 25% reduction. For that reason, the seniors who withdrew 100% of the minimum amount would like the option to repay, before the end of the year, the extra 25% they withdrew but didn't need to. They want to have the same opportunity as seniors who were able to withdraw just 75% of the minimum amount once the measure was in place.

I appreciate that it's obviously a political issue, but do you see any technical barriers to a measure that would allow seniors to repay that 25% so they don't end up with the short end of the stick?

[English]

Mr. Andrew Marsland: Thank you for the question.

You're correct in that earlier in the year, the government announced a temporary reduction in the minimum registered retirement income fund withdrawals in recognition of the circumstances that existed then.

I must admit that I don't know the answer to the question. I would like to take it away and consider the technicalities associated with it. Perhaps I could return to the committee with that answer.

The Chair: Thank you.

We are out of time, so it would be great if you could provide that information in writing, Mr. Marsland.

We are turning to Mr. Julian for a six-minute round.

[Translation]

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

Thank you to our witnesses for being here today.

With the pandemic going on, I hope their loved ones are safe and healthy.

I have a series of questions, and I'd like short answers.

My first question is about companies that received financial assistance during the pandemic and paid out dividends, gave out executive bonuses and bought back shares.

When will that information be made public?

[English]

Mr. Andrew Marsland: Thank you for the question.

I don't know the answer to that question. The wage subsidy is provided under the provisions of the Income Tax Act, and the act generally prohibits the disclosure of taxpayer information.

There is an exception with relation to the name of those employers who receive the wage subsidy, but it's just the name, just to identify them. That's the way the law stands, and as to when that information is made public, I don't have that information.

Mr. Peter Julian: Okay.

My next question, then, is around some of the issues we talked about with the minister: the wealth tax that other countries have put into place to pay for COVID relief and COVID supports; the excess profits tax, which we had in the Second World War, which helped to ensure there wasn't the profiteering that we're certainly seeing through this pandemic; and also the web giants who are living a tax-free holiday right now while so many Canadians are suffering.

I'm wondering if the Department of Finance has done projections or an evaluation of what amounts would be brought in so that we can invest for the benefit of Canadians through those three measures.

Certainly the PBO indicated that wealth tax, on the model that the NDP proposed in the last election, would be \$5.8 billion in year one, moving to \$11 billion.

I'm interested if the Department of Finance has done evaluations of the impacts of each of those measures, which would help to shore up the revenue side and ensure that we have the wherewithal to provide supports to people through the pandemic and in the period afterwards.

• (1735)

Mr. Andrew Marsland: Thank you for the question.

The department does all kinds of analyses all the time, but in terms of costing particular models, I'm not aware that we have costed any specific model. Of course, the revenue implications of any particular policy depend very much on the design of that policy and the parameters put forward.

The Chair: If any others with the department want to come in, just either yell or raise your hand. We're working under different circumstances.

I will not take this time from you, Peter, but I forgot to give a heads-up for those following this round. Mr. Falk and Mr. Kelly will be splitting the next round.

Go ahead, Mr. Julian.

Mr. Peter Julian: Thanks, Mr. Chair.

I gather from the response that there hasn't been an evaluation done by the Department of Finance, and I find that somewhat disturbing, given the situation we're in and the important investments that have to be made to support Canadians.

I am also wondering about companies that are listed in the Bahamas papers, the Paradise papers and the Panama papers, and to what extent the Department of Finance tracks those companies. These are companies that have obviously used offshore tax havens. I know this is also a responsibility through CRA, but does the ministry track any of those companies that have been listed in these publicly listed papers?

Mr. Andrew Marsland: Again, thank you for the question.

I think, as was identified, it's really an issue for the Canada Revenue Agency, which has used resources that the government has devoted to the whole issue of international tax avoidance and evasion. There have been resources and efforts in that area over recent years, and recent budgets have dedicated funds towards those efforts.

Mr. Peter Julian: Thank you for your answer.

CRA came before this committee and threw up its hands and said that it didn't have the tools to actually crack down overseas tax havens and the very profitable companies that use them. Again, it's a bit disconcerting that we're not thinking of the revenue side for resources.

My final questions are around evaluation of costs for programs that are needed and supported by the Canadian population. Has the ministry done an evaluation of what the cost would be of putting in place a universal, publicly administered pharmacare program?

The PBO has done its cost estimates. I'd like to know whether the finance ministry has done the same for full implementation of national child care over a number of years and what the cost implications would be for that.

The Chair: Ms. Williams, go ahead.

Ms. Tushara Williams (Associate Assistant Deputy Minister, Federal-Provincial Relations and Social Policy Branch, Department of Finance): Thank you, Mr. Chair.

In terms of the costing that has been done for pharmacare, budget 2019 announced the costing that has been done to date. This was \$500 million to set up a drug agency and a strategy for high-cost drugs for rare diseases. The fall economic statement announced that Health Canada will start consultations soon in terms of the development of the strategy.

That's the costing that has been undertaken to date on pharmacare.

• (1740)

The Chair: This is your last question, Peter. We're a little over.

Mr. Peter Julian: Thank you.

The other question is on child care and the full implementation of national child care. Child care advocates have talked about \$2 billion that would need to be made available immediately as the first step to putting in place a national child care program. Has there been an evaluation by the ministry of finance to show the amount of investments required to ensure that we do have a national child care program in this country?

Ms. Tushara Williams: The department that's responsible for child care is Employment and Social Development Canada. I believe that work is under way in that department right now. There were initial investments announced, as the minister mentioned, in the FES last week, but the ongoing costing and analysis for an early learning and child care comprehensive program has been undertaken by ESDC.

The Chair: Thank you.

I have on my list, folks, although I could be wrong, Mr. Falk for three minutes, and then two and a half minutes each for Mr. Falk and Mr. Kelly.

Mr. Ted Falk (Provencher, CPC): Mr. Chair, just as a correction, I will take four minutes and Mr. Poilievre will take the final minute.

The Chair: Okay.

Mr. Ted Falk: Thank you.

Thank you, officials, for joining us here today. Thank you for the answers you have been providing.

The Bank of Canada is your bank. Can you tell us what guidance the bank has provided you in drafting your budget?

The Chair: Go ahead, Mr. Leswick.

Mr. Nicholas Leswick: Thank you, Mr. Chair.

Thank you for the question. I can be brief. We don't consult the bank in terms of what the government's program and fiscal policy—

[*Translation*]

Mr. Gabriel Ste-Marie: I have a point of order, Mr. Chair.

No interpretation is coming through.

[*English*]

The Chair: Mr. Leswick, could you hold your mike closer and start over? The translation didn't come through.

Mr. Nicholas Leswick: I apologize for that disruption. I will get a new microphone.

The Department of Finance does not consult the bank on program or fiscal policy dimensions of what it intends to publish in the budget. Obviously the Bank of Canada is our fiscal agent and operationalizes the government's debt management strategy, but I think that's entirely different from the thrust of the question, if I understand correctly.

I can turn it over to Mr. Halverson.

Mr. Ted Falk: Mr. Halverson, did you want to comment further?

Mr. Soren Halverson: I think Nick has said it.

The government uses the bank as its fiscal agent, and as it puts together the debt management strategy, as it undertakes consultations with the market, it works with the bank on that aspect of the plan and questions around debt management.

Mr. Ted Falk: Okay, very good, but they've not provided the department with any specific guidance.

Mr. Soren Halverson: I'd ask a question of clarification, if I might. Is it more on debt management or more on the matters that my colleague Mr. Leswick was surfacing around the fiscal plan?

Mr. Ted Falk: It would be on debt management. What kind of guidance do they provide you?

Mr. Soren Halverson: The Bank of Canada works as our agent. They provide us with intelligence in terms of what they are hearing from the market. Our officers work in conjunction with theirs on consultations.

Mr. Ted Falk: Okay.

In the economic update, the government indicated that they will return to "a prudent and responsible fiscal path" based on long-term fiscal anchors "when the economy is more stable". What are the indicators the department is looking for that would confirm to you that the economy has stabilized?

Mr. Nicholas Leswick: Thank you for the question.

As the minister outlined, the—

[*Translation*]

Mr. Gabriel Ste-Marie: I have another point of order, Mr. Chair.

The interpreter is indicating that they can't interpret what's being said.

[*English*]

The Chair: Mr. Leswick—

Mr. Nicholas Leswick: I apologize again. I'll try not to forget a third time.

I'm sorry about that, Mr. Chair and members.

On the so-called fiscal guardrails, as they've been titled in the document published last Monday, the nexus of those is really around the labour market: total hours worked in the economy, the unemployment rate and the employment rate and using those as barometers for the strength of the recovery and how to appropriately calibrate and unwind fiscal stimulus over the recovery phase.

● (1745)

The Chair: This will be your last question, Mr. Falk.

Mr. Ted Falk: Thank you.

When the carbon tax scheme was hatched, it was proposed that farmers would be exempt from paying the carbon tax. For the most part, that works, but there have been situations that arise when heating fuel is being used either for heating the barn or for heating grain dryers, and propane and natural gas have not been carbon tax-free for farmers.

I believe that was an oversight. Will that be corrected in the next budget?

The Chair: I'll turn that over to Mr. Marsland, but I believe it's a policy question.

Mr. Ted Falk: Okay.

Mr. Andrew Marsland: It is a policy question. I'll note the question.

In terms of clarification, I think the exemption from the fuel charge applies to fuel used in farm machinery, which is typically oil and diesel.

The Chair: Okay. I would refer you, Mr. Marsland, to a debate in the House the other day on that subject, in which that came up very vividly in terms of the added cost of drying grain and heating barns.

Mr. Poilievre, we're a little over, but I said I'd give you a minute. You have a minute.

Hon. Pierre Poilievre: I'd like to get the officials to tell us how much debt the government will add this year and how much the Bank of Canada's holding of government debt will increase in this fiscal year.

While they are searching for those numbers, I'll just answer the minister's question to me as to whether Conservatives believe in the independence of the Bank of Canada: Of course we do.

She cites Jim Flaherty. Not only did he believe in the independence of the Bank of Canada, but he also never funded his deficits by having the Bank of Canada print money to lend it to the government.

In fact, throughout the entire great global recession, we never relied on the bank to print cash to fund our operations. That is something that this minister and this government are doing. They are dependent on the bank, and therefore cannot be independent from it.

To go back to my question, how much will the debt grow this year, and how much of that debt is being newly held by the Bank of Canada?

The Chair: You've pretty nearly used your minute for your little speech there, Mr. Poilievre, but I'll give them time to answer.

We'll go to Mr. Marsland or whomever. Is it Mr. Halverson?

Mr. Soren Halverson: What I have in front of me.... I don't have the growth in debt. I have the gross issuance. Is that of value to you informationally?

Hon. Pierre Poilievre: The growth in the debt of the Government of Canada is what I'm looking for.

Mr. Soren Halverson: Okay.

Hon. Pierre Poilievre: The published deficit is \$380 billion. Would it be fair to say that it's \$380 billion?

Mr. Nicholas Leswick: I'm sorry, Mr. Chair. I think what we're searching for....

Thank you to the member for the question. I think what we're trying to zero in on is what you would like to use, Mr. Member, as the definition of debt—

Hon. Pierre Poilievre: It's the growth of the federal debt.

Mr. Nicholas Leswick: On an accumulated deficit basis, it's exactly as you said. It's the value of the deficit, which is \$387 billion—

Hon. Pierre Poilievre: Okay. That answers my question.

How much has the Bank of Canada purchased in government debt securities in the same time period?

Mr. Nicholas Leswick: I don't have that number at my fingertips, but depending on the Bank of Canada's buyback operations over the course of the year, it's going to be within some vector of between \$300 billion and \$400 billion, I would assume.

Hon. Pierre Poilievre: So it's basically the same amount that you're borrowing—

The Chair: Pierre, you're way over time. I've been kind today.

Mr. Fraser will split time with Ms. Dzerowicz.

Mr. Fraser, you're up first.

Mr. Sean Fraser: Thank you very much, Chair.

I'll ask only one question so I don't eat into my colleague's time this go-round.

The question really comes from a line of argument that I've seen the NDP making in the House of Commons and earlier at this committee, and that's the effort to conflate the direct support measures that have targeted Canadian households and businesses with the liquidity support that's been provided to the financial sector.

Obviously the direct support has involved money that the federal government is spending to help particular initiatives, mostly to keep households whole and to allow businesses to keep their doors open or keep workers on the payroll. Would one of the witnesses care to distinguish the direct support provided to households and businesses from the liquidity support and demonstrate that it's not, in fact, the federal government cutting cheques to big banks, as the NDP has suggested?

• (1750)

The Chair: Who wants to take it?

Mr. Peter Julian: I would say, on a point of order, that that's a complete deformation of what I've been saying. I could certainly rebut him.

The Chair: That is debate, Mr. Julian.

Does somebody want to take that question? It relates to the liquidity issue.

Can anybody take it? Mr. Marsland, I believe you were....

Go ahead, Mr. Leswick.

Mr. Nicholas Leswick: I'll try my best, but I don't know what value my response could add.

There are various tranches of liquidity support that the government has put in play in the eight months over the course of this pandemic. One is liquidity support in the form of tax deferrals, such as corporate tax deferrals and remittances of GST or HST for corporations.

A second one is the liquidity support that was operationalized through the Office of the Superintendent of Financial Institutions, providing capital relief, which in theory would allow financial institutions more capital space in order to effect lending.

Third is the straight-up liquidity programs that the government has put in play through a whole menu and catalogue of credit programs sponsored through our Crown financial institutions.

Those are the three tranches of liquidity support. Hopefully, that provides some added substance.

The Chair: We'll turn to Ms. Dzerowicz.

Ms. Julie Dzerowicz: Thanks so much.

Thanks to all of you for being here today and for all of your hard work in answering all of our questions.

You know, for the average Canadian it's really hard to digest a lot of our numbers: the 80% jobs coming back, the 8.9% unemployment rate, 52% debt-to-GDP ratio, one trillion dollars in debt, or the \$381-billion deficit. Do we loosely track ourselves in terms of our progress compared to that of other countries? If so, who do we do that with? If no, just tell me no, and I'll go to my next question.

Mr. Nicholas Leswick: Yes. In the fall statement that was released last week, we tried to showcase some of the progress we've made in the pure output and employment indicators, compared to that of some of our G7 partners. What we've shown is that the rebound in Canada was quite strong over the second quarter and early parts of the third quarter.

As the minister said, we've recovered over 80% of the jobs lost, and output has bounced back to within 4% or 5% of pre-pandemic levels. Clearly, there are still output gaps and labour gaps, but I think this puts us slightly ahead of some of our G7 comparators in terms of the strength of the recovery. The hand-off is to this so-called recovery phase, where additional fiscal and other policy support are clearly necessary to get the economy back on track.

Ms. Julie Dzerowicz: Great.

If I have time for one more question—

The Chair: You do. You have time for two if they're short.

Ms. Julie Dzerowicz: Okay, that's great.

My next question is—and I know I've done this—we've really encouraged our businesses to move online. Are we losing federal tax dollars because we have more businesses moving into the digital economy?

Mr. Andrew Marsland: Perhaps I'll answer that, Mr. Chair.

The Chair: Go ahead, Mr. Marsland.

Mr. Andrew Marsland: Clearly, the digitization of the economy poses challenges for the tax system, and as I'm sure you saw in the fall economic statement, there were three measures proposed in that statement to address some of the sales tax challenges of digital goods and services of non-resident, non-registered suppliers supplying through Canadian fulfillment warehouses and the use of platforms to supply short-term accommodation.

I think the minister commented on some of the income tax challenges and the efforts that are under way at the OECD to find common ground to revisit the international tax architecture, which is predicated on a physical presence in a jurisdiction, to have it adapt to the digitization of the economy and the government's proposed next steps in relation to that.

• (1755)

Ms. Julie Dzerowicz: Then we're looking at it both from a domestic and an international perspective, right?

Mr. Andrew Marsland: I think the essence of the problem is it's neither domestic nor international, but there is value created in Canada that isn't necessarily created by entities with physical presence in Canada, and that's really the nub of the problem in terms of both the allocation of tax revenues between countries and ensuring that businesses operating in Canada through the virtual space appropriately pay or collect tax.

The Chair: Okay, thank you all.

We'll go to Mr. Ste-Marie for two and a half minutes, and Mr. Julian will get to wrap it up with his two and a half.

[Translation]

Mr. Gabriel Ste-Marie: I will start with a comment for the finance officials.

Over the spring and summer, the Minister of Finance provided 10 biweekly updates, the last of which was dated August 6. They were extremely useful and informative because they made it possible to track each of the policies and provided an overview. I want to thank you for that.

I have another comment, this one for Mr. Fraser, a government member on the committee. When Parliament was prorogued, those updates stopped. It would help us assess the policies if the government were to bring back a similar reporting mechanism. I have a question for the witnesses about that.

According to your latest data, where do things stand with the Canada Recovery Benefit, the Canada Emergency Wage Subsidy and the Canada Emergency Rent Subsidy?

Are the programs effective? We are hearing about some of the failings, especially in relation to the Canada Recovery Benefit and artists, people in the entertainment and cultural industries, and self-employed workers.

[English]

Mr. Andrew Marsland: Perhaps I'll start with the second question and ask colleagues to respond to the rest.

The CRA publishes data on the wage subsidy on, I think, a weekly basis, and clearly many firms and, as I think the minister mentioned, up to four million employees have been supported, or jobs have been supported, through that. In that sense, the support is going out, and I think the committee is very much aware of both the original program and the adjustments that took place in the summer.

On the rent subsidy, it's early days. I think the latest data I saw was that applications are coming in and being paid out, but we'd expect a little bit of a lag.

I think it's successful in the sense that it's been successfully launched and many businesses are applying for it. I think it's probably too early to tell just how many, but I would expect that the pattern would follow that of the wage subsidy.

The Chair: Does anybody else have anything they want to add? We're a little over on Gabriel's time, but we'll take the time.

Is that it?

Mr. Julian, wrap it up.

Mr. Peter Julian: Thanks, Mr. Chair.

First, I have a bit of a rebuttal to Mr. Fraser. What I've been saying all along is that when you provide \$750 billion in liquidity supports, you're socializing the risk. The \$29 billion so far, during the pandemic, that Canada's big banks have earned is privatized profit.

That is my objection. There are absolutely no conditions banks need to respect, unlike other countries where there are strict criteria for this magnitude of support.

I also remind Mr. Fraser that the Liberals were critical when the Conservatives provided \$160 billion in liquidity supports back in 2008-09. That is my rebuttal there.

The other element today, in terms of the financial practices of the government, is the PBO's report on Trans Mountain. It indicates that the most likely scenario now is rising prices, again, with \$13.9

billion for construction. The Parliamentary Budget Officer estimates it could go well beyond that. It's not a viable project, and ultimately it will lose money unless the government doesn't proceed with any further plans to combat climate change. Only one out of 18 scenarios shows that Trans Mountain can ever earn money.

Given the size, scale and magnitude of the money involved in this project, has the Department of Finance been consulted to do an analysis of the viability of the project and the impacts on climate change? Is it advisable for the federal government to spend \$14 billion of taxpayers' money now to construct this project that will almost certainly lose money?

• (1800)

The Chair: Ms. Dancey, go ahead.

Ms. Evelyn Dancey (Associate Assistant Deputy Minister, Economic Development and Corporate Finance Branch, Department of Finance): With regard to today's PBO report, we actually took some pride in the conclusions made by the PBO. It found that the government has continued to act in terms of this project on a commercial basis, and that the likely outcome is that the government is looking at a net present value for its efforts of about \$600 million.

The report did talk about certain scenarios, future scenarios, that were tested. These are not necessarily the most likely scenarios. We would also debate some of those future assumptions lying behind the demand forecasts and the usage of the pipeline. Overall, we were comfortable with the PBO's methodology and certainly with its finding regarding the commerciality of the project.

The Chair: We will have to end it there. Thank you for that thorough answer, Ms. Dancey.

Thank you to the officials from the Department of Finance for their very intense work over the last year, as well as for appearing before the committee and answering whatever questions you could. Some of them reflected into policy decisions, I know.

We even had the odd debate today, and a few suggestions, so there's lots of food for thought for the department to go forward with as well.

Committee members, we will meet again on Thursday.

Officials from the department, thanks for coming, and thank you for the efforts you make for Canadians.

The meeting is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>