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Chair: The Honourable Wayne Easter



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• (1435)

[English]

The Vice-Chair (Mr. Pat Kelly (Calgary Rocky Ridge, CPC)): I will call this meeting to order.

Welcome to meeting number 46 of the House of Commons Standing Committee on Finance. Pursuant to Standing Order 108(2) and the committee's motion adopted on Tuesday, April 27, 2021, the committee is meeting to study the subject matter of Bill C-30, an act to implement certain provisions of the budget tabled in Parliament on April 19, 2021 and other measures.

Today's meeting is taking place in a hybrid format, pursuant to the House order of January 25, 2021. Therefore, members are attending in person and remotely by using the Zoom application.

The proceedings will be made available via the House of Commons website. The webcast will always show the person speaking, rather than the entirety of the committee. I'd like to take this opportunity to remind all participants of this meeting that taking screenshots or taking photos of your screen is not permitted. Interpretation services are available to all members. Just remember to ensure that your interpretation setting is set to the correct language when you are speaking.

I see that we have at least one guest member today. I want to welcome Mr. Fisher, who is substituting for Mr. Fraser.

With that, I will welcome our witnesses. Today we have Simon Telles, lawyer for *Force Jeunesse*. We have Susie Grynol, president and chief executive officer of the Hotel Association of Canada. We are expecting Alanna Hnatiw, mayor of Sturgeon County. Hopefully we will be able to connect with her and get her onto the call.

In the meantime, let's get under way and have opening statements from our witnesses. After that, we'll go to questions.

With that, go ahead, Mr. Telles.

[Translation]

Mr. Simon Telles (Lawyer, Force Jeunesse): Thank you very much.

I would like to thank all the members of the committee for inviting our organization to appear today. It is truly a pleasure for me to be with you. This is the first opportunity for our organization to be heard before you. I look forward to the opportunity to interact with you.

I would like to introduce myself. I am Simon Telles, president of Force Jeunesse. I have been involved with the organization for over

four years. Coming out of a crisis like the one we've been experiencing for a little over a year, it's especially important to get involved.

Force Jeunesse is a nonprofit organization that was founded in the early 2000s to improve working conditions for young people, but the organization's mission has expanded greatly over time. It is made up of young volunteers, mainly between 18 and 35 years old, who come from different backgrounds. Some are young professionals in the health and education fields and others are students. In short, Force Jeunesse is a coalition of young volunteers who want to get involved and present concrete proposals to improve public policy.

Our mission hinges on three main axes: defending the rights and interests of youth, ensuring a certain intergenerational equity in public policy, and promoting youth engagement and the place of youth in decision-making spheres.

On a daily basis, we hear a lot of prejudice expressed about young people. In my experience, however, our youth are quite supportive, determined, and engaged.

It is true that, coming out of the COVID-19 crisis, our youth are weakened. Therefore, it is important to show special concern for them in all policy and program decisions put forward. One need only think of the very significant job losses experienced by young people, who often work in more precarious fields. In addition, compared to the rest of the population, youth have much more worrisome mental health indicators and higher rates of psychological distress. In short, young people already face many barriers in their daily lives, and these are even higher for minority youth. The crisis we just went through only accentuates these inequalities.

We are not experts on all the areas addressed in the federal budget, but we looked at it through the lens of intergenerational equity. There were four items that particularly resonated with us, and those are what I'm going to talk about today. They are mental health, federal health transfers, the environment and climate change, and finally housing.

Let's start with mental health.

As I mentioned in the introduction, young people have been particularly affected. So we are pleased to see that the budget has provided \$100 million over three years for those most affected by COVID-19, including youth. The challenge now will be to get that money on the ground quickly and to increase access to psychological health care for young people, because that's what we're finding to be most lacking right now.

What we are concerned about is that youth group insurance, whether for students or workers, determines whether or not a young person has access to mental health care. For us, this situation is not acceptable. We must find solutions that will guarantee all young Canadians access to mental health care.

Many proposals are possible, but the one we favour is universal access to psychotherapy. In Quebec, we already have access to universal drug coverage. In Canada, we have access to universal health care almost everywhere. For us, it would be completely consistent and logical for mental health care to also be covered for all Quebecers and all Canadians.

The second topic that is of great concern to us is the issue of federal health transfers.

This topic has been the subject of much discussion in the news over the past few months. We note that across the country, the population is aging and health care costs are rising faster than other government spending and the economy. In addition, the COVID-19 crisis has exacerbated the situation and exposed the vulnerabilities of our health care system. Additional investments in health transfers are therefore urgently needed.

We note that health care spending is placing increasing pressure on provincial public finances. The federal government's share of funding for the system is declining, because the growth in federal transfers is not keeping pace with the growth in provincial health spending. We are therefore disappointed that the budget did not provide for an increase in health transfers, even though this is a unanimous demand from all provinces. There are few issues that bring us together to this extent, but this is one of them.

• (1440)

This is a real issue of intergenerational equity. You might think that young people are less concerned about health because, statistically, they have fewer health problems, but it's quite the opposite. If we don't take steps now to ensure that the health care system is adequately funded, it is our generation that will be faced with agonizing choices later on. Access to health care is one of the foundations of our social model.

The other topic I'm happy to talk about is the environment and fighting climate change.

When young people are asked what issues matter most to them, the environment and fighting climate change often come out on top. That really resonates with me. So we're very pleased to see that in the federal budget, a significant amount of funding has been dedicated to reducing greenhouse gas emissions. There is a \$5 billion investment over seven years. This is a step in the right direction.

That said, we believe even more needs to be done, particularly to reduce greenhouse gases, but more importantly to put in place eco-tax measures that will truly change consumer behaviour. In our view, we need to subject pollution to consequences, largely financial, and ensure greater accountability of stakeholders and polluters, whether consumers, citizens or businesses.

Finally, the last topic I would like to address with you in a general way is the issue of housing.

We are facing a real shortage of affordable housing just about everywhere in Quebec, and this phenomenon is not limited to the big cities as one might think. It affects young people in the job market particularly, because they generally have a slightly lower income at the beginning of their career. We find that the portion of their budget that goes to housing is continually increasing, which impacts other aspects of their lives and other equally basic needs.

We believe that the overheated housing market is jeopardizing the ability to afford home ownership. Young people can no longer afford home ownership, or they have to wait much longer than their parents to do so. So it's also an issue of intergenerational equity.

We find it interesting that the government, in its budget, has proposed a 1% tax to reduce foreign speculation in the market. On the other hand, for us, this is not the crux of the issue. It is a measure, but it is not the most important one. What the government should be doing is building more affordable housing, helping young people get into home ownership through tax credits and subsidies, directly assisting young people who are most in need and don't have enough income to adequately house themselves, and most importantly, re-thinking programs to make sure they meet the objectives.

One example I can give you is the famous HBP, the Home Buyers' Plan, which allows young people to withdraw a certain amount from their RRSPs as a down payment for their first home. Intuitively, we tend to think that this is an interesting measure, but most young people have not yet accumulated enough money in their RRSPs. So it is a measure that is available, but it only helps a small portion of the population. We thus need to find direct ways to make housing more accessible for all young people.

Of course, in its strategy, the government really needs to ask whether every person who needs housing assistance is actually receiving assistance. What we see in the budget right now is that there are several blind spots, and we think there should be more help.

There also needs to be more federal collaboration, in our view, with provincial and municipal governments to ensure that efforts are coordinated, to avoid duplication, and to ensure that no one is left behind.

In conclusion, we find it very interesting that the government is assessing the intergenerational impact of each of the measures in the budget. For us, this is a very inspiring exercise, because it makes us aware of the impact of our decisions on future generations. Provinces and municipalities should even take a similar approach.

That said, to make the exercise even more interesting, rather than simply identifying the target population, i.e., whether the measure is aimed at youth or seniors, we should ask what the real impact of the measures put in place is on intergenerational equity. We believe that this would allow us to go even further and implement more structuring and sustainable measures.

● (1445)

I'll close by saying that we young people want to contribute to the work of commissions, committees, and decision-making entities in general. Please feel free to consult with us in advance of the various programs. It will always be our pleasure to contribute to the work of the committee.

Thank you for listening. I remain available, should you have more specific questions.

[*English*]

The Vice-Chair (Mr. Pat Kelly): Thank you.

I had meant to ask our panellists to keep their remarks to about five minutes. We have a smaller group today, so if the next two witnesses want to go over five minutes, that's okay. However, we had just about 10 minutes there.

Thank you very much for the opening statement.

We'll move on to Ms. Grynol, from the Hotel Association of Canada.

Ms. Susie Grynol (President and Chief Executive Officer, Hotel Association of Canada): Thank you, Mr. Chair.

My remarks are only five minutes, so we'll buy some extra time for questions.

[*Translation*]

Thank you for the invitation to speak with you today.

[*English*]

My name is Susie Grynol, and I am the president and CEO of the Hotel Association of Canada.

Today I am here on behalf of the Coalition of Hardest Hit Businesses, representing more than 100 organizations in the tourism, travel, arts and culture, events and festivals, accommodation and hospitality sectors. A copy of coalition members was sent through to the committee in advance.

Because of necessary public health policies, we have seen thousands of festivals, concerts, conventions, indigenous tourism experiences, fairs, exhibitions, business and sporting events cancelled. Unfortunately, no major events are scheduled for this summer or fall.

When we are past the third wave, most industries impacted by COVID will revive quickly when the light-switch is turned on, ramping up operations the day after restrictions are lifted. For Canada's tourism, travel and events sector, our recovery will be more complicated, more like a dimmer switch that will build over the next year.

Opening up the international border is complicated. Planning large concerts and conventions in a new COVID world will take time, and today we have no information on what metrics would lead to a domestic travel restart, to the reopening of the U.S. border or to the welcoming back of international vacationers. We don't know how Canada plans to allow vaccinated Canadians to resume travel and what a phased reopening plan would entail.

The only thing we do know is that travel is not being recommended by public health officials this summer. Most Canadians will spend their summer in their backyards or at cottages and campsites. Our downtown cores will sit empty because no major events are planned, business travel will be non-existent and Canadians will likely spend their pent-up travel dollars down south this fall and winter, rather than in Canada. Simply put, our recovery is not imminent.

Where does this leave us? The federal budget did make some helpful investments into tourism. We saw marketing dollars and specific funds to bring back our events businesses and other business support programs, which may benefit the industry when the pandemic is over, but these investments cannot bring back the summer of 2021 and will not change the reality that the fall will be our toughest quarter of the pandemic.

How could it be worse than 2020 was? It's because the critical lifelines of our industry—CEWS and CERS—are being aggressively wound down for all sectors equally, starting in June.

How big a problem is this? According to our survey of coalition members from March, 60% of businesses represented will go out of business without an extension of CEWS and CERS to the end of 2021. This means that we could lose the critical infrastructure that supports our event businesses in Canada, the unique local attractions that enhance our visitor experience and the hotels that anchor our travel sector. It means that our post-pandemic nation will look a lot less vibrant and less Canadian. It puts the livelihoods of more than two million people at risk, mostly women, young people and immigrants.

The real tragedy is that this is a problem of timing and not a shift in human behaviour. Once it's allowed, travel will come back with a vengeance. We've seen it in other countries. Canadians will want to attend sporting events and concerts. They will want to go back to the theatre and attend in-person conventions. They can't wait to get married in a big, crowded room full of the people they love. Travel and face-to-face events will come back, but we need a plan for how the government intends to keep our sector intact until we can get to the other side of the pandemic.

Today we're asking the government for two things. First, the federal government must produce a clear reopening plan based on metrics and milestones that we can rely on to start planning large events and the return of travel. Other countries have tabled reopening plans, and we believe Canada should follow suit.

Second, we need a sector-specific support program in place for the fall to assist with wages and fixed costs so that we can survive to the spring and summer of 2021, when our true recovery will start. It is only the federal government that can disarm the ticking time bomb that faces our industry. If a sector-specific approach is not designed, it is not a question of whether that bomb explodes, only a question of when.

Thank you.

• (1450)

The Vice-Chair (Mr. Pat Kelly): Thank you for that statement.

Now we go to our last witness, Ms. Hnatiw, mayor of Sturgeon County.

Before I have her start, I have Sean Fraser as our first speaker, but I see he's not here.

The first questioner will be Mr. Falk, followed by Ms. Dzerowicz, Monsieur Ste-Marie and Peter Julian for the first round of questions.

With that, Ms. Hnatiw, go ahead with your opening statement.

Ms. Alanna Hnatiw (Mayor, Sturgeon County): Thank you so much.

In 2019 the Government of Canada released "High-Speed Access for All: Canada's Connectivity Strategy". Notably, the strategy commits to deliver the 50/10 service to the hardest reaches of Canada by 2030, which implies that rural and remote areas will be the last to be served.

Also, the recently announced \$1 billion for the universal broadband fund is insufficient to meet the current needs. Minister of Service Alberta, Minister Glubish, is on record as stating that Alberta alone would need \$1 billion to service all of Alberta with high-speed Internet.

The competitive grant model prioritizes higher population areas to the detriment of rural areas. The federal government's broadband strategy implies that the hardest-to-reach areas will be serviced last. Efforts should prioritize rural areas. Otherwise, the digital divide will only grow.

The eligibility maps used by the Government of Canada do not accurately reflect service levels and the criteria for challenging eligibility is next to impossible. This means that it will be up to municipal governments alone to service these areas as they continue to be ineligible for federal funding and the business case is not there for the private sector to invest.

The private sector has failed to meet the need for high-speed Internet service to rural areas because the economic business case does not exist. There is a higher return on investment to densely populated areas, where there are more subscribers, obviously, so when the Internet service providers do invest in rural broadband infrastructure, they usually suck the jelly out of the doughnut by serving only the most densely populated areas first.

Any government intervention must address this economic challenge while ensuring that Internet service is affordable to guarantee

high adoption rates and equity among urban Albertans and, I might say, urban Canadians.

Albertans are experiencing greater access to more affordable Internet. However, the Internet is more expensive in rural areas. In addition to an increased financial commitment, the federal government must also reconsider the current eligibility requirements for federal grants.

The eligibility mapping tool relied on by Innovation, Science and Economic Development Canada significantly overstates the level of Internet service actually provided in rural Alberta. This is supported by speed tests conducted in Sturgeon County as well as by the rural municipalities of Alberta and many other municipalities through the open-source Canadian Internet Registration Authority, otherwise known as CIRA.

Further grant programs must also provide more lead time for municipalities and Internet service providers to prepare applications. This will ensure that the right partnerships are formed and that public dollars are used as efficiently as possible.

Given the current supply chain issues, more time should be provided to execute broadband projects. Some grant programs require funds to be spent within a particular fiscal year, which rushes procurement processes, raises questions of supply availability and risks service quality at the expense of expediency.

Alberta has the highest availability of high-speed Internet service at 94.7%. However, while over 95% of urban residents have high-speed Internet service with unlimited data, only 33% of rural households enjoy this level of service. Rural Canadians continue to identify unreliable and slow Internet connectivity as the most significant challenge, resulting in rural children often doing homework at local coffee shops or libraries to access the Wi-Fi and, of course, we all know those facilities have been closed for the majority of the past year.

The sudden need for Albertans to learn, work and access health care services and communicate with friends and family from home has brought the digital divide to the political forefront. This creates a unique opportunity and a policy window for governments to consider significant generational investments to improve the quality of life for rural Albertans and rural Canadians. Overwhelmingly, rural communities have identified the inability to access affordable high-speed Internet as the top issue impeding their economic growth.

Not only does the lack of Internet service drive workers and employers to cities, thereby reducing productivity in rural areas, but improved rural Internet service can play an integral role in Alberta's economic recovery. A recent situational analysis completed for the Edmonton Metropolitan Region Board in 2020 identified that improved broadband and connectivity across the region could enable economic recovery and increase GDP by up to \$1 billion per year, with approximately a 1% increase in the region's GDP.

• (1455)

There is also research demonstrating positive economic benefits when women are connected globally, including increased income opportunities, greater independence and individual empowerment.

Time is of the essence. The digital divide continues to grow at the rate of technology, and rural communities cannot afford to be left behind. Investment in rural broadband is an investment in Alberta's economic recovery. All parties need to be at the table.

I would say, with the digital commute faced by all of us, not having Internet to rural homes is tantamount to not having roads to homes or elevators in high-rises. This is a basic service that needs to be provided to all Canadians, much like natural gas and electricity have been over the previous decades.

Thank you for your time.

The Vice-Chair (Mr. Pat Kelly): Thank you.

Now for six minutes, we have Mr. Falk.

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

I think I'll start off with Ms. Hnatiw.

You're still probably in gear from your opening comments. I'd like to expand a little more on what you're hearing back from some of your rural business owners and how much they depend on the Internet. I know, from speaking to folks in my area, Zoom requires an awful lot of bandwidth. A lot of people are conducting meetings by Zoom. Too many people on Zoom slows the speeds down.

Do you have any feedback from any of your rural businesses?

Ms. Alanna Hnatiw: We have. In fact, when we did our CIRA study... We did one in 2018 and then another one in 2020, just to see if there had been any improvement, and there hasn't been. We are debenturing up to \$7.3 million for our first-phase rollout, because there are a number of industrial parks and country residential subdivisions that are in desperate need of increased connectivity to be able to operate their businesses.

For the last year the council has been meeting virtually. Because of spotty cell service on top of spotty Internet service, when we conduct our council meetings we can't have our cameras on. A number of councillors are dropped off of the call throughout the course of conducting business. We know that those are the very same struggles that our businesses are experiencing.

• (1500)

Mr. Ted Falk: Just like anything else, the rollout of rural broadband to acceptable levels will require a plan. Part of that plan will make sure that there are suppliers or providers in place that can actually provide the service infrastructure and also the bandwidth that you need.

Has that part of the plan been addressed? Even if the federal government has announced additional money for rural broadband, are the people in place? Have they been given adequate notice to actually provide the service?

Ms. Alanna Hnatiw: We have a number of service providers here. Currently, we've put out requests for proposals from those service providers to come up with a partnership so that we can perhaps

supply the infrastructure and they can supply the service. Of course we would prefer to be able to do business with more than one, because we are not interested in inviting a monopoly into the county or into the Edmonton metro region for that matter. It's a regional issue there as well.

I think the business case is not necessarily there, as we've mentioned, for more sparsely populated areas. For those companies that have provided service in the densely populated areas—as I said, sucking the jelly out of the centre of the doughnut—it would be nice if there were some spreading out of the business risk and the business case. It could be by having those Internet service providers that are providing service to the sweet spots in the city also having to provide a portion of service out to the smaller providers in rural areas to try to spread the risk.

Mr. Ted Falk: Thank you.

Ms. Grynol, you've testified here at committee before, most recently during pre-budget consultations. You gave very compelling testimony about the stress and the losses that the hotel industry in Canada is experiencing and in all likelihood will continue to experience for some time.

Do you have any communication with associations south of the border? How are they doing?

Ms. Susie Grynol: Yes, I do have communications with other hotel associations around the world. In particular, I'll reference the American Hotel and Lodging Association. They're faring a lot better than we are. I don't think that will be a surprise to anyone around the table.

Referencing occupancy levels in Canada last week, we were 28% versus the U.S. at 54%. In fact, their travel has come back so quickly that they are having to cap operations because they can't find enough staff. There has been so much pent-up demand. They are in a much different situation than we are. They will not miss the summer season, as we will in Canada.

Mr. Ted Falk: Okay. What would you attribute that to?

Ms. Susie Grynol: I suppose they have had different levels of restrictions in place.

Mr. Ted Falk: Yes. Both of our countries have experienced COVID for about the same length of time. The responses have been significantly different, by this Liberal government as compared with the American government, but they've also had a plan there to reopen the economy. They've had, as you indicated during your opening comments, specific benchmarks or thresholds where at that point certain things will happen and will open up.

How much of a missed opportunity do you think this government has had in doing that, as far as your association is concerned?

Ms. Susie Grynol: First let me say that the reason we still have an industry standing is because of the investments this government has made. We've had a very open working relationship with the government. They have certainly listened to our plight and have been responsive. We're grateful for that, but I will say that it is time for a plan. We need to get back to business.

In our sector, as I indicated in my opening remarks, it's not a flick of a switch. It is going to take a longer period of time to build back. Opening up a border is not an easy thing. We just need to know what we're dealing with so that we can start to organize these business events. We're not suggesting that we do this in a willy-nilly unsafe way. We're simply saying to pick some metrics and allow us to plan against those. We're not even saying it has to be this date versus that date. We're just saying to please pick a date and communicate it so that our businesses can start to plan these business events again. As you all know, they take a lot of lead time—several months, indeed—so the longer we wait.... Our recovery is not forecast until early spring for some of these larger events, at this stage.

• (1505)

Mr. Ted Falk: I would—

The Vice-Chair (Mr. Pat Kelly): I'm sorry, Mr. Falk. You're out of time.

We'll now go to Ms. Dzerowicz for six minutes.

Ms. Julie Dzerowicz (Davenport, Lib.): Thank you, Mr. Chair. You're doing a great job.

I'd like to start with Ms. Grynol and then continue with Mr. Telles, if that's okay.

I just want to start by correcting the record a little bit. I know that my opposition colleagues often say this, and I always want to correct it. In a world population of over seven billion people, everybody in the world is fighting to get those vaccines. I really feel very blessed, in our country of Canada, that we continue to rank among the top three in the world in terms of vaccinating, with a first dose, our whole population. I just feel that we should feel blessed as a nation, and privileged, that we get the chance to have so many vaccines come into this country. I'm just going to put that on the record.

Ms. Grynol, you've been wonderful. You've come here so many times. You're always professional. You always are right to the point and give your excellent recommendations. I have two quick questions for you.

Your first ask was to produce a plan with metrics, with milestones. Can you tell me what would be a model country for that? Is there a country or a couple of countries that have done a fairly good job right now? I'm wondering if you see countries where you would say, "Why don't you try this? If you follow this model, that would be helpful to us."

Ms. Susie Grynol: Yes. At this stage, I would point to the U.K. They probably have the best model in place. They're using a traffic light system. Green is for 12 low-risk countries. They'll open first to low-risk countries, where you have to test negative and then you have no quarantine. Amber is for countries that are moderate risk, so you must self-isolate for 10 days. Red is for countries that are high risk, where you would still need to have a hotel quarantine, as an example.

They have a system where they're going to open up to nations who have comparably low levels of risk. I think that would be the model we would recommend, but there are others too. I would be

happy to follow up with the committee on a few others as well, including Israel and others.

Ms. Julie Dzerowicz: That's very helpful. It's good for us to get a sense of what models you think are good models for us to look at.

Your second ask was for sector-specific support that would allow you to survive through 2021. Very specifically, are you asking for the wage subsidy and the rent subsidy to be extended until the end of this year? Is that what your direct ask is?

Ms. Susie Grynol: Yes and no. We don't want it extended for everybody. What we're saying is that it's time to tailor it to the sectors that really need it. I am not recommending that it be extended in its current form, because it's just way too expensive. Half of the businesses that are getting it right now don't need it.

We're saying to cut it off at maybe 40% or 50%—something that would demonstrate the business is still under duress—and do it strategically for the sectors that the government is choosing to support, understanding that our recovery is not within reach, not because of anything we've done and not because travel will not come back but simply because we will have missed the timing of the summer and because business events have a longer lead time.

Ms. Julie Dzerowicz: Thank you very much.

Thanks so much for being here with us again. I hope you don't have to come back, because then we will have been doing things to satisfy the industry.

I'm going to go to Mr. Telles.

[*Translation*]

Thank you for your presentation.

I don't speak French very well, so I'll speak to you in English.

[*English*]

I want to say thank you for being here. I have a nephew in university right now, and I follow his progress all the time. I want to say a huge thanks to you and, through you, to all youth for everything you do. I know it's the youth who step up in our coffee shops and who step up to help us in a lot of the short-term and more contractual jobs that are in our society, and I just want to say a huge thanks to you.

In our budget, we've put an additional \$5.7 billion. There's a very deliberate desire to make sure our youth are not going to be the lost generation. Mr. Telles, it's really important if you could let us know if the measures we've put in here are actually helpful or a complete miss.

For us, we have increased the threshold of when you actually have to start repaying the federal student loans to \$40,000. I've been told this is a game-changer. Can you let me know whether this is actually helpful to youth?

We've also doubled the Canada student grants, so that's an average addition of around \$2,600. Is that helpful? Also, we've continued to suspend the interest on the federal student loans until March 2023. Is that helpful? Last, we've put a lot of money into making sure we have a lot of job opportunities available for youth. Is that helpful? In my own riding, I have only 12 square kilometres, but I have 400 jobs available for youth right now. Is that helpful?

Perhaps you could address those, and then I'd like to talk to you about climate change.

• (1510)

The Vice-Chair (Mr. Pat Kelly): You have about a minute.

[Translation]

Mr. Simon Telles: I thank you for the question. I will respond to it briefly.

With respect to the massive investments that have been made in post-secondary education, these are welcome and impactful dollars. You may know that in Quebec we have a student financial assistance program. The money is transferred to Quebec and then they distribute it. These are important amounts for us. The federal government must continue, in our opinion, to invest in students.

On the other hand, these investments only affect students. We're concerned about what's happening with young workers between the ages of 18 and 35, who aren't necessarily in school anymore. The budget kind of forgot about that segment of young people, or at least devoted fewer measures to them.

You talked about job creation, which is one of the main concerns of these young people. There is a new generation coming out of universities, trained and ready to contribute to society. However, these young people are not necessarily able to find a job in line with their skills or their fields of interest. So, this is a particular concern to monitor.

[English]

Ms. Julie Dzerowicz: Mr. Chair, I just—

The Vice-Chair (Mr. Pat Kelly): I'm sorry—

Ms. Julie Dzerowicz: Do you have to cut me off?

The Vice-Chair (Mr. Pat Kelly): Yes, we're at six and a half minutes already.

Ms. Julie Dzerowicz: Thank you so much.

The Vice-Chair (Mr. Pat Kelly): We're going to move on now to Monsieur Ste-Marie.

[Translation]

Mr. Gabriel Ste-Marie (Joliette, BQ): Thank you, Mr. Chair. I want to begin by congratulating you on your masterful chairmanship of the committee.

Ms. Hnatiw, Ms. Grynol, and Mr. Telles, I welcome you and thank you for your presence and your presentations. You have addressed extremely important topics and critical issues.

My questions are for Mr. Telles.

What is the situation among young people? Since we've been in a pandemic for over a year, how is their morale and what are their

economic challenges? You were talking about mental health, for example. How are things on the ground, for young people?

Mr. Simon Telles: Thank you, Mr. Ste-Marie.

That is an important question. I can tell you that things are better than they used to be. The Canada Emergency Response Benefit and the Canada Student Emergency Benefit are among the things that greatly improved the situation for youth, of course, and provided direct financial assistance to young people and students in need. As I mentioned in my opening remarks, young people are often employed in particularly precarious fields, such as the service, restaurant and tourism industries. Young people have lost their jobs at a higher rate than the rest of the population, and needed this emergency federal assistance. This mattered a great deal in the lives of young people.

Vaccination prospects also make a big difference. For perfectly normal reasons, established by public health departments, young people are often among the last groups to get vaccinated. They are beginning to regain some hope for a return to normal life. On the other hand, the crisis has done significant damage.

There are two specific topics that I talked about in my speech where there is still work to be done: housing and mental health.

Already, under the mental health aspect, there was a sense on the ground that there was a lack of investment, long waiting lists, and a complicated process to access psychotherapy; only a small portion of the population had access. Now the demand is even greater. The pandemic has brought out problems, has brought out new, quite significant stress related to personal life, work, prospects, employment, the projects of young people, which have had to be put aside. So they need some extra help.

Housing is not just a one-time issue; it is a very pressing concern. Young people sometimes have to move from one area to another in order to get housing. Often, housing is going to make up more than half of a young person's total budget. It's too much. It prevents them from meeting their other basic needs.

There is still a lot of work to do. There are some positive things in the new budget, but we shouldn't stop to analyze the programs and measures that are being proposed and wonder how they will affect young people. They will certainly still need to be supported as they emerge from this crisis, to make sure they have all the tools they need.

• (1515)

Mr. Gabriel Ste-Marie: Indeed, the housing situation is appalling, given the explosion in prices. For a young person who needs to find housing or wants to buy a condo or a house, it's appalling. Many economists will say that what is needed is to build more housing, but in your presentation you named measures that could be targeted to help young people. Can you repeat those for us, with more explanations, please?

I think I have two minutes left, so you can take them to respond.

Mr. Simon Telles: Thank you very much. I will be happy to respond.

As you mentioned, new affordable housing needs to be built. In practical terms, the federal government could subsidize construction projects, along with the provinces and municipalities. Initiatives at all levels of government are being put forward to build housing. This is the case in Quebec and I am sure it is also the case elsewhere in the country. The federal government can play an important role in subsidizing these projects and coordinating with all the players to ensure that the projects are carried out properly, while ensuring that the housing remains affordable. The goal is not to build housing that will be subject to speculation, but to have rents remain affordable for young people and others in need.

With respect to home ownership, there is another idea, which I didn't have time to present. I think we need to start thinking about taxing or putting a tax on the sale of buildings, even those that are used as primary residences. There is still a lot of construction, purchase and renovation going on, and prices are rising so fast that young people are no longer able to buy a first property. So, we think that an interesting solution would be to tax the profit generated when selling a residence, even a principal residence. The money raised could then be reinvested to help young people buy a first property.

I was also talking about grants to people in need. We need to continue to directly target younger people with lower incomes to allow them to adequately house themselves. This can be done through the various programs already in place, but we really need to rethink our programs, like the Home Buyers' Plan. We really need to re-evaluate whether it is an effective tool, how many young people have used it and how it has contributed to home ownership. We need to try to re-evaluate the programs that are in place and ask if we could create new programs that would have a more direct effect.

Mr. Gabriel Ste-Marie: Indeed, these are good proposals.

Mr. Chair, I imagine my time is up?

[English]

The Vice-Chair (Mr. Pat Kelly): You have half a minute.

[Translation]

Mr. Gabriel Ste-Marie: I'll stop here.

Thank you very much.

Mr. Simon Telles: Thank you.

[English]

The Vice-Chair (Mr. Pat Kelly): With that, we have Mr. Julian for six minutes.

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

My goodness, you're putting fear into all of us with your rigorous adherence to six minutes, so I'm going to get right to it.

I thank our witnesses for stepping forward today. We certainly hope that you and your families stay safe and healthy during this dangerous third wave that is now sweeping across our country. Thank you for your testimony as well.

I'd like to start with Ms. Grynol.

The figures you gave, as I understood them, are absolutely shocking. Are you saying that if we don't have the supports in place for the hotel industry, 60% of those businesses will be out of business by this time next year—if we don't put in place that foundation of support?

Ms. Susie Grynol: That statistic is actually for the coalition. The number for hotels is even worse. It's 70%.

Mr. Peter Julian: That's unbelievable. It's just earth-shattering, yet we have a budget implementation act, as you well know, that basically does a victory lap, as if the government thinks that COVID has been soundly beaten, with a massive slashing of supports such as CERB and CEWS starting in just in a few weeks' time, the month after next.

When we're talking about 70% of the hotel business, what does that mean in terms of lost jobs and the economic impact that all of the communities will feel, not only with those hotels closing and the immediate loss but in the longer term, in the rebuilding afterwards and what it would mean for those communities?

Ms. Susie Grynol: It's absolute devastation. The hotel industry would be considered the anchor business of the tourism industry. It supports commerce and the movement of people, and it's critical for communities that rely on tourism. That's the first thing you do when you plan a trip—you book the hotel.

It impacts Canada's ability to bid on international events and bring them back to Canada, because we would not have the capacity. The downtown cores are hurting so deeply. They're sitting at 90% revenue loss, on average, over the course of the last 15 months. It's devastating.

Just for the hotel sector alone, we're talking about more than 300,000 jobs that would be at risk. Also, 70% of the industry going down means that for the northern and rural or remote regions of the country that have one or two hotels, which are required in order to get essential services up there, we now start getting into significant questions of access if we allow this infrastructure to break down.

I want to remind the committee who owns these hotels. Often people think it is the Marriotts and the Hiltons that own these properties. It's not. It's people in your communities. I'm sure you know them, because they've all been banging down your doors for the last number of months.

Most of this industry is owned by a small business, someone who has invested in the local hotel. They may have a chain that is referenced on the hotel. That's a marketing agreement. There's a true franchise structure in the hotel industry. These people have invested their livelihoods into the local hotel, and they're going to lose everything if we don't have a system in place or if we pull the system prematurely, before these businesses can get back on their feet.

• (1520)

Mr. Peter Julian: If the government does its victory lap and starts slashing all of these benefits within weeks and then eliminates them in just the next few months, and we see that 70% devastation across the country, I can just imagine what the impacts would be in my community.

How devastating is it and for how long? What I'm trying to get at is, to rebuild the infrastructure that we have now that would be lost by poor government policy and cutting off supports prematurely—for reasons that don't jibe with me, certainly, because the government is refusing to ask the companies and the individuals who earn the most during this pandemic to actually pay their fair share.... The resources are there.

If the government decides that they're just going to basically close the books on COVID-19 and not provide those supports, how long would it take to rebuild the infrastructure that we have in place now? What would it cost for our country and for regions to have to rebuild the infrastructure that the government has allowed basically to be crushed?

Ms. Susie Grynol: Speaking on behalf of the coalition, because it's a much bigger number, we're talking about two million jobs here if we lose the critical infrastructure that supports these businesses. Think about all of the IT systems, the HR, the training, all of the employees. Think about closing all these businesses, transferring ownership, then rehiring all of these people, retraining them all and putting all the new systems back in place. As it is, the forecast that came out yesterday from CBRE suggested that our true recovery starts in the summer of 2022, and we don't get back to pre-pandemic levels until 2025.

That's assuming that these investments come through. If they don't come through.... We haven't actually measured that number because I'm scared to measure that number, quite honestly. To put a dollar figure on it, speaking now just for the hotel industry, which is a \$22-billion industry, if we lose 70% of that—you can do the math—it's more than \$12 billion that would be lost.

Mr. Peter Julian: That would be more than \$15 billion in infrastructure, yes. That is absolutely appalling.

Government members really need to heed the message that you've been giving, and that so many others have been giving this committee, that this victory lap that would slash all of these programs is simply irresponsible and inappropriate when this third wave is at its maximum and still very dangerous.

Ms. Susie Grynol: I will say that it made sense. The programs to date have made sense and the slashing, as you refer to it, the wind-down, makes sense probably for 90% of the economy, assuming that we don't have a fourth wave. It just doesn't make sense for this one sector. It's been clearly documented that we are the 5%, and it is just going to take us longer, so we are asking for there to be a

plan of support tailored to the hardest-hit sectors, those I've just described, who will just take a few more months to get back on their feet so that we can avoid the business dislocation costs that we just discussed.

• (1525)

The Vice-Chair (Mr. Pat Kelly): Thank you very much.

In our next round it will be Ms. Jansen and Mr. Fragiskatos for five minutes each, followed by Mr. Ste-Marie and Mr. Julian for two and a half minutes each.

Mrs. Tamara Jansen (Cloverdale—Langley City, CPC): Thank you very much.

From my perspective, the hospitality and tourism industry was left behind from the very beginning of this pandemic. Too many programs have successfully failed your industry. Based on what officials said last week at committee, every program is designed very simply, or they can't manage the complexity, which leads to this one-size-fits-all approach that we've seen over and over.

As I understand from you, if we continue on the course we're taking in this budget, 70% of hotels will be forced to close, and 300,000 jobs will be lost. That's an absolute crime in my view, especially since slow vaccine procurement means we will only have one dose this summer, keeping us locked down tight longer than our neighbours to the south. Honestly, I don't know how I can vote in favour of this budget knowing that so many entrepreneurs and job creators will be losing the shirts off their backs if this passes as is.

Were you not included in any discussions with the government prior to the budget? Did they understand how desperate your situation is and what you need for survival?

Ms. Susie Grynol: Yes, we had many discussions with government leading up to this point. I will say that our industry has been one of the largest recipients of the funding to date because of the way the programs have been built. They are scaled so that the hardest-hit businesses do get the lion's share of the funding. We've been involved in the discussion and the design, and certainly there's been responsiveness from the government to extend those programs now multiple times. The 25% top-up I think was designed to support us.

I don't have any answers for you about why there's a wind-down for everyone. It was not what we asked for, and we are certainly hoping that there will be room to adjust that approach and continue with the supports for the hardest hit because the one-size-fits-all approach, I think, has worked up until this point, but it will fail distressed sectors in the fall.

Mrs. Tamara Jansen: Do you think that your industry would be in the same dire straits if we could have had a two-dose summer like the Americans, rather than just the one dose our Prime Minister has promised?

Ms. Susie Grynol: Because we're a seasonal industry, the majority of the revenue that we would make comes from this season, and it supports the businesses through the back half. The back half of the year will be incredibly difficult because we will have missed this revenue opportunity. Certainly the summer is incredibly important, yes.

Mrs. Tamara Jansen: Would it help your industry if the government could give you a defined target for reopening the border at this time?

Ms. Susie Grynol: Yes.

Mrs. Tamara Jansen: Can you tell me a bit more? How would it help?

Ms. Susie Grynol: It gives certainty. Right now we have all of these cancellations sitting on the books—all of these international conferences or local domestic conferences, or weddings. They all want to know whether they can book their wedding in the fall or plan an international event—is that going to be allowed?—with some degree of certainty.

Of course, everybody appreciates that there has to be flexibility built into the system if we have a fourth wave and things are not safe. We are looking, though, to see metrics that would say that if we get to this particular point in time, we will reopen the border.

Of course, if we don't reach those metrics and it's not safe to do so, then naturally we wouldn't reopen the border, but this would allow us to plan and to start to get business back on the books. Right now, everything is essentially on hold.

Mrs. Tamara Jansen: Would it save your industry if the government were to finally design a program that targeted your unique challenges?

Ms. Susie Grynol: Yes, because a program designed for our sector would give us the predictability we need to plan, and it would also give us flexibility around when the support programs end.

I would also just say that we're not recommending that everybody get support if they don't need it. Built into these programs is already a sliding scale, so if we see, let's say, that resort properties do well this summer, they wouldn't get support.

• (1530)

Mrs. Tamara Jansen: Right.

Ms. Susie Grynol: It's only for the businesses that are sitting in the downtown cores—there are many of them—who will not see anybody through their doors this summer and who are going to be facing a fall, and frankly another really difficult eight-month period of time, with absolutely no government support at that point and no ability to make any significant revenue, because the business events that would need to be planned need to start being organized now if we're going to have any of them in the fall. There will not be any sizable business events in the fall.

Mrs. Tamara Jansen: Thank you.

The Vice-Chair (Mr. Pat Kelly): All right.

With that, we move to Mr. Fragiskatos for five minutes.

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

I'll have to go back to the record afterwards. I think I heard Ms. Jansen say that she may not be voting in favour of the budget, which stunned me a great deal. I think we're all very surprised by that.

I would also point Ms. Jansen and Conservative colleagues, if they wish to take a look, to the most recent data, which has regular-

ly for the past several weeks put Canada in the very top tier—either first some days, second other days, third other days, but no worse than third—in the G20 for vaccinations per day being administered.

It's really something that I think needs to be corrected here. Yes, we can do better, of course, but we're doing extremely well right now. The effect of that rhetoric, Chair, is that it generates a sense of concern and I would say even fear that is not well placed. If we're going to be seized with issues at this committee, let's focus on the facts rather than contribute to these myths that opposition colleagues have been peddling recently.

It's a different issue altogether, but we've seen what has happened with Bill C-10, concerning which Facebook has been alive and well with conspiracy theories about censorship in recent weeks, and we all know they're not true.

I will, however, focus on the issue at hand here, Chair. I just wanted to put those points of view on the record.

Mr. Telles, thank you very much for representing youth here today. Thank you very much for being an advocate.

Ms. Dzerowicz took my question, unfortunately, which was to ask you about student debt. It was great to see that there were a number of measures put in place in budget 2021 to help students with debt. That matters a lot for me, because prior to taking on the role of a member of Parliament, I taught at Western for a number of years, where I saw students really impacted in such negative ways by student debt.

What I also saw was the mental health challenges that young people faced. I think we all know—we've heard the stories in our own communities—about the way the pandemic has exacerbated that challenge for young people. Could you speak to that? I know the budget provides a very sizable investment for mental health in this country and for improved services.

[*Translation*]

Mr. Simon Telles: Thank you so much for the question.

I would like to clarify that the assistance given to students was very welcome. However, the young people in the workforce, fresh out of college, seem to have been forgotten. In our view, this is the blind spot in the budget.

With respect to mental health, there is already a lot of awareness and taboos are being broken more and more, which is very positive. However, when young people ask for help, they are told that the waiting lists are long and access to professionals is difficult. I'm talking about the public system, of course. When they finally get help, their therapy is terminated after a few sessions, even though they still have needs, because the number of sessions is limited. Public access to psychotherapy is truly deficient. Additional support to improve funding for the public system would be more than welcome.

The other concern we have is that access to the private network is limited to young people who have insurance that covers psychotherapy, through their education or employment. We need to find a way to make that care available to all young people, whether they have insurance or not, and that's where provincial and federal governments can play an important role in increasing accessibility to care.

[English]

Mr. Peter Fragiskatos: I also saw that for my community in London—and I know we're at a distance, Mr. Telles—there is an investment that will secure placements and workplace opportunities for young people. I know university associations and other youth advocacy groups have been calling for this for a long time.

I have just 30 seconds with you, but could you put on the record your thoughts on that?

• (1535)

[Translation]

Mr. Simon Telles: Certainly.

We're very pleased with this investment. In the past, this sector has sometimes been forgotten. It's true that we need to create employment opportunities for young people. This isn't only about regaining opportunities lost during the pandemic, but also about creating new ones. We welcome this measure in the budget. We hope that there will be more of these measures in the future.

[English]

Mr. Peter Fragiskatos: Thank you very much.

[Translation]

The Vice-Chair (Mr. Pat Kelly): Thank you.

Mr. Ste-Marie now has the floor for two and a half minutes.

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

Mr. Telles, in relation to the bill under consideration, you addressed the issue of intergenerational equity in your presentation by focusing on four main areas. We've briefly touched on mental health and housing. I would now like to turn to the other two areas, which are health care funding and the environment and climate change.

The government is telling its provincial counterparts that it's ready to discuss health care funding, but after the pandemic. My party believes that now is the time to address the situation, while we're in the middle of a health crisis.

I want to hear your comments on this.

Also, I'll ask you a second question right away. What more could the federal government do to fight climate change and protect the environment?

Mr. Simon Telles: Thank you.

We share your concerns. It's difficult to understand why the government doesn't want to discuss health transfers at this time.

This issue has been around since before the pandemic. There's an imbalance between the federal and provincial governments in terms of health care funding. Health care spending is increasing more and

more, even in Quebec. Officially, we've spent more than half the amount planned for health care programs. Several studies show that, by 2030, and even afterwards, this spending will increase more and more. If nothing is done, other government obligations such as education or the environment will need to be sacrificed.

We should have had this discussion yesterday, not today. Let's take the opportunity to have this discussion. All provinces and territories have this concern. We don't understand why the situation prevents us from talking about it. We have the figures to back this up and the reality has been well established. We too are looking for answers to this question.

When it comes to the environment, we welcome the investments made. This is a change from past policies. The idea was to show the importance of the environment and the need to do more.

However, we believe that more should be done to encourage changes in individual behaviour. Efforts could be made to implement green tax measures such as a carbon tax. I know that this is another hot topic right now. In Quebec, this measure has already been in place for several years and it's effective. We need to stop burying our heads in the sand. If we want to reach our targets, we need to change individual behaviour. Financial incentives to encourage people not to pollute have been proven effective. We think that the government should show even more political courage and take this route. Of course, it will shake people up and require behavioural changes, but I think that we've reached this point.

Mr. Gabriel Ste-Marie: Thank you.

[English]

The Vice-Chair (Mr. Pat Kelly): Thank you.

Before we go to Mr. Julian, in the following round we will have Mr. Fast and Ms. Koutrakis for five minutes each, and Mr. Ste-Marie and Mr. Julian for another two and a half.

With that, we have two and a half minutes for Peter Julian.

[Translation]

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

My questions are for Mr. Telles.

Thank you for your very eloquent testimony.

For the first time in our history, in the middle of a crisis, the government is encouraging excessive profits. Billionaires have made over \$80 billion during this crisis. The banking system and the major Canadian banks received \$750 billion in liquidity support measures, while the banks made over \$40 billion in profits. These are huge amounts of money.

You're talking about extremely important issues that should be considered emergencies, such as housing and mental health. We should put youth first. Unfortunately, our government is doing the opposite. It's putting billionaires and banks ahead of youth.

Given the needs that should be met, do you find that young people are receiving crumbs?

Would you like to see a shift in the government's approach to helping young people thrive in our society?

• (1540)

Mr. Simon Telles: Thank you for the question.

While significant investments have been made in youth, these amount to a small portion of the overall budget. We can see and recognize the specific impact of the pandemic on youth. We appreciate what has been done, but we believe that it's possible to do even better.

Of course, taxing billionaires and companies more is one way to better redistribute wealth. However, we must try to target young people more in our strategies. My comment about intergenerational equity at the start of my presentation touched on this.

At this time, we assess the intergenerational equity of the various measures in the budget by specifying whether the measures affect youth or seniors. For us, this goes much further. We should be able to determine that a recurring investment made over several years is more robust, in terms of intergenerational equity, than a one-time investment made over one year. We believe that, by developing this type of tool and by further assessing the impact of the measures on intergenerational equity, the government could better target its investments in youth. In our view, this would be the real change in approach needed.

[English]

The Vice-Chair (Mr. Pat Kelly): Thank you.

Mr. Fast now has five minutes.

Hon. Ed Fast (Abbotsford, CPC): Thank you. I'll go first to Ms. Grynol.

Thank you for your testimony. I took note of four things in your opening statement.

You were asking for metrics that would lead to the reopening of our common border with the United States. You also wanted to know what a phased opening of our economy would look like. You talked about the fact that this fall is going to be even worse because the CEWS and the CERS programs are being wound down, and then you talked about sector-specific funding for your industry.

It just so happens that the letter we sent to the minister in the lead-up to the budget dealt with those four specific issues. We asked for a clear plan to safely reopen the border. We asked for a clear plan to safely reopen the economy. We wanted to make sure that emergency support programs would continue to support those businesses that hadn't made it through to the end of the pandemic. Finally, we asked for targeted, sector-specific support.

Let me ask you yes-or-no questions.

First, regarding the metrics you were looking for, did you find them in the budget?

Ms. Susie Grynol: As they relate to the international border?

Hon. Ed Fast: Yes. Did you see a plan to reopen the border safely in the budget?

Ms. Susie Grynol: No.

Hon. Ed Fast: Okay.

Did you see a plan to safely reopen the economy going forward?

Ms. Susie Grynol: As it relates to our sector specifically...?

Hon. Ed Fast: Yes.

Ms. Susie Grynol: No. In fairness to the government, we were in the middle of a third wave at that point in time, but no, we did not see that plan.

Hon. Ed Fast: Did you see targeted, sector-specific support for your industry? I'm talking about tourism and hospitality.

Ms. Susie Grynol: Yes, as a matter of fact, there was record spending on support for tourism, for Destination Canada, for marketing and for supporting some of the larger events to get back to business. There was a relief fund for tourism—not a large fund but a smaller amount of \$500 million—that will help some of the smaller businesses to pay for the hard costs that were associated with safety investments, so that was good. Those are very good investments.

The challenge is that we can't plan events right now, so those dollars are going to be more effective in the spring and next summer when we can really market events that are taking place. Today, we're hearing that travel is not being recommended, so those dollars are really helpful, but they're not going to be able to be used effectively and we will, I'm concerned, still miss the summer.

There was not sector-specific support as it relates to CEWS and CERS, which was another component of our ask, so we got the stimulus piece but not the support piece.

• (1545)

Hon. Ed Fast: Thank you. That's very helpful.

I'm going to go very quickly to Ms. Hnatiw.

The budget contained \$1 billion for additional broadband support. In my discussions with the Ontario government, they said that over the next three years their province alone is investing \$4 billion in expanding broadband. If you take \$1 billion and you spread it out over our huge country, it's not a lot of money to invest. Would you agree with me?

Ms. Alanna Hnatiw: Yes, I would agree.

Hon. Ed Fast: I'm assuming that you have a plan that you are willing to share with the government that would actually allow a ramp-up of broadband infrastructure investment, certainly in Alberta and probably across the country.

Ms. Alanna Hnatiw: We're currently phasing it out through Sturgeon County, and as I mentioned, the Edmonton Metropolitan Regional Board is a regional planning commission of 13 municipalities with a mix of rural areas, towns and cities. There's discussion there as to how to roll out a regional plan as well.

We are working, as I mentioned earlier, to try to find the sweet spot so that we can spread the associated risk for the Internet service providers but not take on the responsibility of being that service provider because that's not necessarily our strength. As was mentioned earlier, the complexities around the needs and existing infrastructure and gaps means that a one-size-fits-all is not necessarily something that needs to work or is going to work. It needs to be very specific to regions, based on what's there and what's missing.

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

The Vice-Chair (Mr. Pat Kelly): Zero...I'm sorry.

We're now on to Ms. Koutrakis for five minutes.

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

Thank you to all our witnesses for your presentations and your comments this afternoon.

I just wanted to put on the record that we're talking a lot this afternoon about the tourism industry, and perhaps there isn't one targeted program for tourism, but what I think is important to put on the record is that, through the CERS and the CEWS, the tourism industry has benefited with \$15 billion of support, so I think that's very important to put on the record.

My first question is to Ms. Grynol. In your organization's analysis of the budget, you note enhancements to the Canada small business financing program as a measure that will help support the competitiveness of businesses.

How many hotels will likely make use of the program given the expanded eligibility requirements, and how will financing be used by these hotels?

Ms. Susie Grynol: That's a great question that I don't have a one-minute answer to, but I would love to follow up with you directly on that because some of the details are still unknown as it relates to that program. We haven't had the opportunity to do an extensive consultation with our members to understand how many will be availing themselves of that, but I would be very pleased to follow up with you with something more concrete.

Ms. Annie Koutrakis: Mr. Chair, can we ask Ms. Grynol to send that response to everyone at the finance...?

The Vice-Chair (Mr. Pat Kelly): Yes. Can we receive that response and circulate it to the members of the committee?

Ms. Susie Grynol: It would be my pleasure.

Ms. Annie Koutrakis: Continuing with you, Ms. Grynol, what role do you see the new Canada recovery hiring program playing in the hospitality and tourism industries to transition back to normal operations? We do see some programs, as per your testimony, expiring by the end of June, but there are other programs in place that we could easily transition.

How do you see this program helping the transition back to normal operations?

Ms. Susie Grynol: This will be really helpful. You have to choose between the CEWS and the rehiring program, but it will be really helpful for any hotels out there that think they're going to see movement this summer, so probably some of the resort and maybe rural properties, if we end up seeing something similar to last summer. They may see Canadians move around, and it's probably more beneficial for them to use the rehiring, because they will be ramping up.

For the downtown core hotels, where there's nothing going on and there are no events planned, they're not going to be rehiring so they'll be relying predominantly on the CEWS program instead.

The rehiring grant does go until November, so you are correct that it does bridge a little bit into the fall. The challenge at that point is that we are.... We don't have any events on the books, so we're not rehiring at that point. In fact, many will be de-hiring at that point, which is why keeping these assets alive and fixed-cost support become really important. The one thing that you can manage is wages. That is a variable cost.

If you go into a turtle scenario in the fall, where the businesses are just going to try to buckle down and survive, the one thing they can manage is wages, which is why it's so critical to see a wage subsidy or a rehiring equivalent. It will be more important at that point to support the employees who are already on payroll as opposed to tying it to the need to rehire, because we just won't be rehiring at that point.

• (1550)

Ms. Annie Koutrakis: Thank you.

We touched upon it, and I heard some comments on the tourism relief fund. The budget proposes an investment of \$500 million through the tourism relief fund to help local businesses adapt their products and services.

How do you see your members making use of this fund to adapt and improve their operations?

Ms. Susie Grynol: The details have not yet been released on who can access it and for what reasons, so we'll have to wait and see what the details are.

I do hope that there is some benefit to our members, but when you do the math, it's a smaller investment. It's helpful, but it really doesn't solve the bigger problem that we're going to have an entire industry with very little movement in the summer and the critical support programs, like CEWS and CERS, are going to be winding down at that time. That's the biggest issue that we need to solve. We need a plan for how to address that in the fall.

Ms. Annie Koutrakis: I think we're going to do great with the vaccine rollout. We're going to ramp that up, and you're going to see that we're going to open up our economy a lot faster than what people think.

The Vice-Chair (Mr. Pat Kelly): All right. With that, we'll have Mr. Ste-Marie for two and a half minutes, and Mr. Julian for two and a half. Following that, we will have time for one question from Mr. Fast and one from Mr. Fraser, if he would like to ask a question. I think he wanted to get in.

That being said, go ahead Mr. Ste-Marie.

[Translation]

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

Far be it from me to question your decision. I'll be very happy to accept your decision if you stick to it. However, normally, unless I'm mistaken, I wouldn't have another turn to speak to this panel. I had an initial turn and then another two and a half minutes. The Conservative Party and the Liberal Party would then have the next turns until 4 p.m.

[English]

The Vice-Chair (Mr. Pat Kelly): I think you had a round following the Conservative and Liberal questions each time. This is going to be just the last single question we have for the last two minutes that follow Mr. Julian.

Mr. Sean Fraser (Central Nova, Lib.): I have a point of order, Mr. Chair.

I may be able to solve this problem. Having missed the opening testimony and most of the discussion because I was busy getting my vaccination, I feel ill-equipped to ask questions. For the sake of the additional minute, I will give my time to Monsieur Ste-Marie, if that would allow him to finish his questions.

The Vice-Chair (Mr. Pat Kelly): I think what we'll do, then, given that we've just burned about a minute.... The real point that I wanted to squeeze in the last bit was to make sure you didn't miss your opportunity for a question. With the few minutes we have left, we will have, as the last two speakers, Gabriel Ste-Marie and Peter Julian.

Go ahead, Mr. Ste-Marie.

[Translation]

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

I want to congratulate Mr. Fraser on his vaccination. We're on the right track.

Mr. Telles, a number of economists and analysts say that the economic recovery and the end of the crisis will be a K-shaped process. Some will come out ahead or will benefit from it, while others will have difficulty recovering or will take longer to do so. One example is the industry that Ms. Grynol represents, where it will take longer to get back to full employment levels. We need to provide all the support needed for this industry, because we can't do without such important industries.

Mr. Telles, it seems that many young people aren't part of the group that will emerge from the crisis the fastest. What are your thoughts on this?

• (1555)

Mr. Simon Telles: Thank you for the question.

I share your thoughts. I know of few, if any, young people who have improved their living conditions during the pandemic. Instead, we've seen young people who had to study remotely throughout the year; young people who lost their jobs; young people who had to temporarily put their life plans on hold, such as buying a house, starting a family and travelling; young people who lost job opportunities; young people who are struggling to find housing now; and young people who have mental health issues. That's the reality. Young people haven't benefited from the pandemic. On the contrary, the pandemic has exacerbated all the vulnerabilities that come with their life situation, where they're at a bit of a crossroads, facing many opportunities. All this has worsened over the past year.

So, no, the situation of young people hasn't improved. That's why we're asking for a particular focus on them and a targeted strategy to help them in all the programs implemented by the federal government.

Mr. Gabriel Ste-Marie: Let's hope that your message is heard. The committee can certainly invite you back, since you have a great deal to contribute to the debate. Intergenerational equity is very important.

Thank you, Mr. Telles.

Thank you, Mr. Chair.

[English]

The Vice-Chair (Mr. Pat Kelly): Thank you.

To take us home here, go ahead, Mr. Julian.

Mr. Peter Julian: Thank you very much, Mr. Chair, and thanks again to all of our witnesses for their very compelling testimony.

I haven't asked a question yet of Ms. Hnatiw.

I would like to come back to the issue of broadband and Internet telecommunications. The cost that Canadians pay is much higher than elsewhere in the world. A variety of other countries have brought the costs down. Sometimes it's by a combination of public investment and private investment. Sometimes it's by clear regulation around that.

First off, do you find the cost per person in your area, for example, daunting? I know that many of my constituents do. The cost to access telecommunications is through the roof.

Second, do you think that we should be looking at all possible solutions so that we can actually provide support for broadband right across the country and make sure that all communities can benefit from that and that Canadians have access to technology?

Ms. Alanna Hnatiw: Because of the diversity across this country in geography and density, we will be required to use a number of different technologies. Speaking from my own personal experience, I can drive to downtown Edmonton in 25 minutes and from parts of the county I can even see downtown Edmonton, yet after spending upwards of \$120 a month, I still couldn't get download speeds that were greater than seven. They were usually around two, and this was in off-peak hours.

Fortunately I was in the catchment area that was able to use the beta Starlink tests, so for an extra \$750 I got the equipment. I have certainly seen a remarkable increase in my connectivity. I have upwards of 80 to 150 download speed, which has been very beneficial for me in being able to work from home, although I wouldn't trust it enough to take this call from home. I drove in to the office in town for it.

However, I have a university-aged son at home who, along with his friends, had a very stressful year making sure that he was able to get his tests done. Sometimes they have an hour allotted to do their work and submit, and often the connection is lost and he can't submit the work. I know there have been a tremendous number of issues connected to the frustrations around Internet, and I know they feed into the growth of mental health issues, which Mr. Telles has spoken about.

In the last six months, we've had three suicides within 20 square kilometres. These people were between the ages of 16 and 18. One was in a rural community, one in a town and one in a city. Across the board it's critical that we get mental health and other health products to isolated people. I think the next pandemic will be around mental health, so we need to be able to meet people where they are and perhaps give them the ability through Internet to access mental health care, among other things. This is going to be so vital for our future.

• (1600)

The Vice-Chair (Mr. Pat Kelly): Thank you very much, Ms. Hnatiw, for that response.

We went a little over time with Mr. Julian, but that's all right. We have about a minute to spare and I think we're ready to suspend the meeting. I see that our chair has returned, so with that I will suspend the meeting and relinquish the gavel.

• (1600)

(Pause)

• (1603)

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): We will reconvene the meeting.

Thank you, Pat Kelly, for chairing the last session.

Welcome to meeting number 46 of the House of Commons Standing Committee on Finance. We are meeting on Bill C-30, an act to implement certain provisions of the budget tabled in Parliament on April 19, 2021 and other measures, and we're meeting in the hybrid format.

With that, we will go to our first witness. If you could keep your comments to around five minutes it would leave plenty of time for questions. We'll start with Nancy Wilson, founder and chief executive officer of the Canadian Women's Chamber of Commerce.

Ms. Wilson, you're on. I believe you've been here before as well.

Ms. Nancy Wilson (Founder and Chief Executive Officer, Canadian Women's Chamber of Commerce): I have, yes. Thank you, Mr. Chairman and members of the committee.

I did appear before this committee about a month ago, just prior to the release of the federal budget. When I appeared the last time, I

articulated the need for our government to reinvest in the women entrepreneurship strategy and direct significant funding to support the recovery of women-identified business owners.

In my comments today, I want to touch on three things in particular: child care, program design issues and, of course, the women entrepreneurship strategy.

I know that I'm here to comment on and answer questions about child care. The early learning and child care program announced in the budget certainly has the potential to advance gender equity and equality in Canada if it is implemented thoughtfully. To truly move the needle, the program must be designed in a way that supports all types of workers of all genders and, of course, contributes to a healthy and safe start for children.

As I've said before and said the last time I appeared before this committee, affordable and accessible child care is critical for advancing gender equality and equity, but it is not a panacea. If a national child care program had been implemented 50 years ago, per the recommendation of the Royal Commission on the Status of Women, the pandemic would still have sent children home and closed child care centres. What might have been different, however, if we entered the pandemic with 50 years of universal affordable and accessible child care?

We may have had different gender norms, a greater percentage of women in senior management roles and perhaps a different value assigned to women in the economy. It is these systemic and cultural changes that would have mitigated or even prevented the "she-cession" that we face today, not the existence of child care alone. What I'm trying to say is that there is more to be done.

When I read through the proposed budget, unfortunately I see many of the same missteps and errors that occurred in 2020. The financial supports and programs being put forward to support recovery are simply not designed to include women and racialized business owners.

An example is the Canada recovery hiring program. The purpose of this program is to help small businesses recover and grow, as well as increase employment opportunities for individuals. Many women-owned businesses in the service sector have few or no employees and instead engage in contracts of varying lengths with freelancers. If the Canada recovery hiring program was expanded to include this type of independent contract or arrangement, it would support more businesses in their recovery and provide self-employment opportunities to freelancers. This is just one example of how accessibility and design are critical at the planning and implementation stage and why women, racialized and other underserved businesses are becoming more marginalized and left out of recovery.

With respect to the women entrepreneurship strategy, it is my opinion that the 2021 federal budget fails women-identified entrepreneurs by allocating an incredibly small amount to the women entrepreneurship strategy. It is approximately \$150 million over the next four years, which is less than \$40 million a year. This is following a year in which all evidence indicates that women, including women business owners, have been hit the hardest, have been excluded from financial supports and have been forced to take on additional care responsibilities, reducing the time they can spend on their business. After a year when so many women have been so significantly impacted, I expected a significant sign of support from our feminist government.

The stated objective of the women entrepreneurship strategy announced in budget 2018 was to double the number of women entrepreneurs by 2025. By launching this strategy and announcing this goal, the government encouraged women to take the personal and financial risk of becoming an entrepreneur. When an unexpected global disaster struck two years later, where was the support for these two-year-old businesses' owners? Where is the support now to rebuild and recover those businesses?

• (1605)

When one of those business owners has to claim personal bankruptcy and the corporation shares or the sole proprietorship net assets are sold as part of the bankruptcy, will the government intervene? When that woman's personal credit is reset to the lowest score, and securing housing or an automobile is a challenge, let alone achieving her entrepreneurship and business ownership goals, what is the government's responsibility to support that individual?

We are seeing women close their doors or walk away from their businesses at rates we cannot accept. I challenge the government to take action, to do better and to support these business owners.

Thank you.

• (1610)

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

We'll turn to Kim Moody, CEO and director, Canadian tax advisory with Moodys Tax Law LLP.

Welcome back, Mr. Moody.

Mr. Kim G.C. Moody (Chief Executive Officer and Director, Canadian Tax Advisory, Moodys Tax Law LLP): Thank you, Mr. Chair, and good afternoon committee members. Thank you for the opportunity to discuss Bill C-30.

As introduced, I'm Kim Moody. I'm a CPA and the CEO of Moodys Tax Law and Moodys Private Client in Calgary, Alberta, although I'm in snowy Edmonton today. I have a long history of serving the Canadian tax profession in a variety of leadership positions, including chair of the Canadian Tax Foundation, co-chair of the joint committee on taxation of the Canadian Bar Association and CPA Canada, and chair of the Society of Trust and Estate Practitioners, to name a few.

Given the limited time that we have this afternoon, I'm going to keep my opening remarks rather short and briefly comment on three matters: the size of the projected deficit; the length of the bill,

which is 366 pages; and the amount of time it took to produce the federal budget.

Let's start with the projected size of the deficit.

While I'm not an economist, I feel compelled to comment on the size of the projected deficit as projected for the upcoming year. It will be an astounding \$155 billion, after a record deficit of roughly \$354 billion in the previous year. While proponents of modern monetary theory, MMT, may not have any concerns about such deficits, I think the more rational and reasonable person has issues with the size of the deficits and what the future implications of running such high deficits might be for our country. Count me and 74% of Canadians in the camp of those who are concerned, according to a recent poll conducted by Nanos for The Globe and Mail.

While some argue that current low interest rates make such deficits and lending possible, should inflation and interest rates increase, Canada can expect significant negative implications. In my view, control over the deficit, meaning reducing the size of the deficit, should be an immediate priority so as to reduce risk that future borrowing costs do not compromise essential government services.

Next, let me quickly comment on the length and content of the income tax measures contained in Bill C-30.

Some of the measures have been previously announced, such as the stock option measures, and are consolidated in this large bill. Some of the measures are welcome, such as the accelerated capital cost allowance deduction for certain depreciable capital property. Some of the measures are unwelcome, such as the amendments to the absolutely horrible Canadian journalism tax credit regime. Other measures are technical amendments, such as the amendments to enable the conversion of health and welfare trusts to the employee health and life trust regime. All told, there are 30 income tax measures in the bill, which is not an insignificant number of amendments, and they're all packed into a 366-page document.

With such a massive bill, I query whether any parliamentarian can realistically understand every proposed amendment and intelligently comment, and thus vote, on its contents. In my view, to intelligently understand a bill, such measures should be broken up into bite-sized pieces in order to accommodate proper understanding and passing of laws. Having said that, I do appreciate that the business of government needs to proceed for the benefit of Canadians.

This leads to my third and final comment. March 19, 2019, was the last time, prior to April 19, 2021, that the federal government released a budget. That's a record, as we all know, and our government used COVID as the excuse for not releasing a plan. As I've stated at this committee before, former parliamentary budget officer Kevin Page said in October 2020, budgets "are fiscal plans. And to say that, 'because there's too much uncertainty, we're going to manage without a plan', is kind of bizarre.... The reason we have plans is because there is uncertainty."

I absolutely agree. In this day and age of uncertainty, prudent fiscal budgets and plans are needed. After reading the 700-plus pages in the 2021 budget, it's difficult to see a prudent plan other than massive spending. Canadians deserve more than just a massive spending budget. They expect timely and well-thought-out budgets accompanied by intelligent plans that encompass possible shock factors such as high interest rates and inflation increases.

Never again should Canadians need to wait two-plus years for a budget. In fact, it would be my recommendation to make the timely delivery of a budget a law. Fixed budget days should also be considered.

Finally, as many presenters have told you in the past, this country needs comprehensive tax review and reform. Your committee has recommended this very thing and so has the Senate finance committee. Perhaps there is something to all the smart people who have appeared before this committee. Rather than wading through a 366-page bill with 30 income tax amendments, Canadians expect and demand real and comprehensive change.

• (1615)

Forget the cries for patchwork quilt fixes like those contained in this bill. In my opinion, it is critical for our country's fiscal future to engage in comprehensive tax review and reform. The time could not be better.

Thank you.

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

We'll now turn to the Public Service Alliance of Canada, with Mr. Aylward, the national president.

Mr. Chris Aylward (National President, Public Service Alliance of Canada): Thank you, Mr. Chair and members of the committee.

My name is Chris Aylward and I'm the national president of the Public Service Alliance of Canada. We represent 210,000 workers across Canada, most of whom work in the federal public service, but we also represent workers in the broader public sector and in the private sector.

Bill C-30 covers a lot of ground, as it should. These extraordinary times require extraordinary government intervention. The pandemic exposed many fault lines. Seniors became infected and many died in long-term care facilities because of numerous government policy failures. Low-wage workers, the majority of whom are women, Black, indigenous, Asian, racialized and people with disabilities, have suffered tragically and disproportionately because government policy has failed to address inequities embedded in every one of our systems. Now is the time to correct the mistakes of the past.

We welcome the promise of national standards for long-term care, although we regret that funding will be delayed until 2022. Despite its absence in the legislation, we hope the government will reconsider its efforts to improve long-term care by working to end the public sector pension plan's ownership of Revera Incorporated. Instead, let's put the second-largest Canadian network of for-profit long-term care facilities under public ownership and control. Revera is a wholly owned subsidiary of the Public Sector Pension

Investment Board, which manages the investments of the pension plans of the federal public service, the Canadian Armed Forces, the Royal Canadian Mounted Police and the reserve force. PSAC made the call for a change in ownership of Revera as a result of mounting evidence that the incidence of death and illness attributable to COVID-19 is disproportionately large in private, for-profit long-term care facilities.

We are glad to see that workers will continue to see temporary support during the pandemic, but we also need far-reaching permanent improvements in income programs such as employment insurance. A federal minimum wage is a very good thing, but \$15 an hour is still a low wage. Workers deserve a budget that creates conditions for decent jobs, paid sick leave and decent pay and benefits in every jurisdiction.

Also, the budget does not deliver the national pharmacare program that the government's own commission recommended. This will undoubtedly continue to create financial hardship and will lead to worse health outcomes for millions of Canadians. Nobody should choose between paying for critical medicine and paying for groceries, or have to skip prescription refills to pay the rent.

The transformative element of budget 2021 is the promise of a Canada-wide system of early learning and child care, backed by \$30 billion over the next five years. Bill C-30 authorizes transfers to the provinces and territories of \$2.9 billion in 2021-22, to be paid according to terms and conditions set out in bilateral agreements. PSAC started campaigning for federal action of this magnitude 40 years ago. Lowering parents' fees to an average of \$10 a day while expanding the number of licensed child care spaces will bring down the obstacles stopping mothers from participating fully in the paid labour force. It will increase the social and economic security of women and will especially help those who now suffer the greatest inequity.

Furthermore, increasing women's access to paid employment will give the economy a huge boost now and in the future. The global pandemic has demonstrated this without question. When child care disappeared during multiple rounds of lockdowns and outbreaks, women were the ones most impacted and forced out of the workforce. The economic loss was immeasurable.

However, to realize these benefits, the federal government must use its \$30 billion to negotiate meaningful changes in how child care is delivered. The economy needs a secure supply of publicly funded and managed child care. It should be predominantly not-for-profit or public. The quality must be high, and those who work in child care must be qualified and paid accordingly. The project is ambitious and expensive, but if done right it will pay for itself. We urge you to support it and hold the government to account for building the child care system Canada needs and wants.

Lastly, despite some gaps, we applaud the government's efforts to continue to work at increasing equity for all Canadians. We support the commitment to combatting systemic racism and anti-Black racism, both in the federal public service and across Canada.

• (1620)

We're encouraged by the funding dedicated to ensuring the rights of those living with disabilities, funding in support of the work of the LGBTQ2 secretariat and the development of an action plan, as well as continued funding to address long-standing issues in indigenous communities.

Mr. Chair, thank you for your time. I look forward to any questions.

Thank you.

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

We are turning to another witness who was here not too long ago. From the Tourism Industry Association of Canada, Beth Potter is president and chief executive director.

Welcome, Ms. Potter.

Ms. Beth Potter (President and Chief Executive Director, Tourism Industry Association of Canada): Thank you, Mr. Chair.

[Translation]

Mr. Chair and committee members, I want to thank you for inviting our association to appear today.

[English]

Yes, I've been here before, and I'm here again. The Tourism Industry Association of Canada, or TIAC, is the national voice of the tourism industry and has been actively calling for sector-specific support for the tourism economy since the onset of the pandemic.

We were pleased to see specific mention and support outlined for tourism in last month's budget, and we are here today to discuss the work still to be done if we want Canada's tourism economy to regain the momentum we had prior to the pandemic.

The budget proposed many supports that impact our sector, but today I will focus on a few pertinent measures, including the tourism relief fund and the Canada emergency rent and wage subsidies.

The \$1-billion package of tourism supports over three years is very promising, but we are still working to understand the details around these supports and how they will be administered to truly recognize the help they provide to tourism. The same understanding applies to the proposed funding for the festivals and events. We need to make sure the unique needs of our industry are met. The \$500-million tourism relief fund through the regional development agencies will be a great help to businesses if this money is grant funding and if we encourage a national approach to the administration so that RDAs follow the same policies across the country.

We want to ensure that all sectors within tourism have access to these funds, including business events, anchor attractions and fly-in fishing camps. We cannot ask businesses that have been forced to

close and that have generated little to no revenue over the past 15 months to blindly undertake more debt without any road map to recovery and with no ability to forecast.

We continue to work with government on these details and we ask that the tourism industry be consulted prior to the details being finalized. As we have seen with HASCAP, there are unique situations for tourism businesses that must be accounted for. The HASCAP program was an extremely welcome program; however, industry feedback suggests that the program has not been utilized as predicted due to challenges like debt service ratio issues, which are prevalent in our sector, with large capital assets like boats and float planes. We ask that this issue be looked at and remedied before the deadline.

We have seen that the lack of access is exacerbated with regard to indigenous tourism businesses, and we must make sure, moving forward, that the necessary financial support for indigenous tourism businesses also rolls out effectively and ensure that access through aboriginal financial institutions is secured.

The emergency wage and rent subsidies have been a lifeline to so many of our businesses, and while we welcome the extension of the programs, the impending fall timeline and the decline in support levels are big concerns for our industry. Our businesses will not be in a place where support is no longer needed as of September or even November. Some sectors such as the cruise industry are completely shut down until at least spring of 2022. In addition, many of our members are seasonal businesses that must be accounted for with support programs. Their means and timing of revenue generation are different from those of most others, and they are looking at a second summer season being lost.

The new Canada recovery hiring program is positioned as somewhat of a bridge from the declining subsidy programs; however, the timing requires that businesses be reasonably financially sound by June in order to take advantage of the program. Additionally, as most tourism businesses now have limited or no cash flow or reserves, they may simply not be able to afford workers even if the 50% subsidy is in place. That being the case, we are strongly recommending that the CEWS and CERS programs continue for tourism businesses at existing levels for as long as they are needed, taking into account that these are seasonal businesses; that the tourism relief fund be administered through the RDAs under a national approach as grant monies; and that HASCAP be amended to allow for tourism businesses with debt service ratio implications to qualify.

As we look ahead, our number one priority is getting back to business at full capacity. When we compare proposed supports in the budget to the timeline of proposed declining supports for businesses, we see that they don't match up. We are asking government to put a line in the sand and to name a target date for border reopening, which will include a definitive plan for proof of vaccination for international travel, testing requirements and elimination of quarantines. Our businesses do not turn on with the flip of a switch. We need time to recontract, remarket, retool and rehire, and we need time behind the scenes to do things like test the rides at the amusement parks that have been closed for a year, fill the splash park pools and retrain pilots.

TIAC recommends that Canada work with counterparts on solutions to ensure that we are on board with the global system and that we remain part of the seamless traveller experience.

• (1625)

We are also advocating for a “one Canada” travel policy. We ask the government to work with the provinces and territories to open their borders and avoid interprovincial travel testing and quarantining, which will provide confusion to both domestic and international travellers.

Finally, changing the narrative and supporting consumer confidence will be a critical piece. As we see case counts decline, we are asking government to lead the way to the return to travel and to encourage Canadians to travel within Canada. When restrictions are adjusted, our businesses will be ready to offer services and experiences while following all of the necessary health and hygiene protocols.

Much investment and creativity has gone into preparing for a recovery. The tourism economy is ready to put Canada back on the map as a competitive destination.

[Translation]

Thank you.

[English]

The Chair: Thank you very much, Ms. Potter, and thank you to all witnesses who made a presentation.

We'll start with a six-minute round, and Mr. Kelly will be up first, followed by Ms. Dzerowicz, Mr. Ste-Marie and Mr. Julian.

Pat.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): Thank you. I'm going to try to use my time as efficiently as I can and maybe get several witnesses involved.

I'm going to start with Mr. Moody. Since you singled out the journalism tax credit regime for criticism and did not have time to elaborate, I'll let you go for it. Tell us what's wrong with that tax credit.

Mr. Kim G.C. Moody: How much time do I have?

Mr. Pat Kelly: Take a minute or a minute and a half and tell us what you think about it.

Mr. Kim G.C. Moody: I've written extensively about this and have been quoted a lot in the media about it. The short answer is

that there's a much better way to support media than through the tax system. I think we have a media credibility problem in Canada as it is. To have our tax system, already compounded with huge amounts contributed to the CBC, used to fund otherwise private businesses—notwithstanding that this is an important part of a democracy—is foundationally wrong. I'll just leave it at that.

Mr. Pat Kelly: I'll ask you one more question before I move to other witnesses.

Explain why, as simply as you can.... I completely share your concern over how deficits threaten the long-term viability of government programs, government expenditures and programs that Canadians need. Tell us why it's so important that we get a handle on the deficit and reduce it much more quickly than.... Well, there really is no schedule in this budget for a proper reduction of the deficit. There are only references to an eventual debt-to-GDP ratio several years down the road.

• (1630)

Mr. Kim G.C. Moody: Frankly, it's a lot of common sense. Talking to my economist friends, like the esteemed Jack Mintz and others.... Some economists don't like it when I use a simple example, because apparently households are different from governments. Clearly they are, but I think the basics are the same: revenues and expenses. If revenues are less than expenses, there is a deficit, whether it's in a household or government. If you accumulate debt, you're going to have to pay somebody interest costs. When those interest costs rise to the point that they achieve a significant amount of the spending budget, whether it's in a household or a government, something has to give. In the household, if it's my household, that means my grocery bill goes down or my kids' discretionary spending goes down. In government, service programs go down.

I've heard some witnesses today say—and have listened to others—they want the government to spend lots of money. Of course everybody wants to receive money, but there's only so much money to go around. The short answer to your question is that I'd like to see the government continue to provide essential services that aren't compromised.

Mr. Pat Kelly: Ms. Wilson, you talked about the challenges of independent contractors, and I'm really glad you mentioned them. I've been one and have been in a business that engaged independent contractors. They were failed initially by many of the government support programs. It took quite a while, amid criticism from the opposition, for the government to make some changes. In some cases they helped independent contractors, but many are still falling through the cracks of government support measures for businesses that have been adversely affected by COVID-related business closures and lockdowns.

Could you comment further about independent contractors and support for them?

Ms. Nancy Wilson: Sure. Thank you for the question.

The bulk of the financial support is through a couple of different programs. I'm sure this committee knows this well. I'm not telling anybody what they don't know. We have CEBA loans and the wage subsidy. Those are the two big ones for business supports. Then, of course, we had CERB, which is now the recovery benefit, focused more on individuals, although that does address self-employed individuals as well.

Originally the eligibility was very much focused on employers, so traditional-style businesses that employ employees. It is a great design because it is quick to apply, with a very straightforward document showing what your payroll costs were as an employer in the past year. The problem is that if you are not an employer or if you employ a few people and your main source of labour is through independent contractors or you are an independent contractor yourself, CEBA is off the table and the wage subsidy doesn't apply.

Mr. Pat Kelly: You're right.

Ms. Nancy Wilson: The wage subsidy is still not applicable to freelancers. They work for themselves and contract with other folks. In terms of CEBA, if they have a certain amount of fixed costs, they can access that, but it is a long, hard road to get access to that CEBA, in terms of this preliminary questionnaire showing this fixed cost and that fixed cost. It's tough.

Mr. Pat Kelly: It looks as though I'm out of time. I would have liked to hear from—

The Chair: You have time for one more, a quick one, Pat.

Mr. Pat Kelly: Okay. That's great.

Ms. Potter, you mentioned the HASCAP. The government has pointed to that program and others for businesses that have fallen through the cracks in terms of measures, yet what your members have told you I've also heard from many other small businesses. It may be that they're allowed to apply but they still don't get approved.

Could you talk about challenges your members have with that or with other programs?

• (1635)

Ms. Beth Potter: Thank you very much for the question. One real challenge with the HASCAP goes back to where businesses are getting their funding from.

The tourism industry is an unusual industry in that we buy strange things that traditional banks don't really appreciate—things like float planes and boats. We are a seasonal business, and that often scares away traditional financial institutions as well, so using third-party lenders is quite common in the tourism industry. Unfortunately, the debt service ratio and the third party lenders immediately create a black X on applications for HASCAP. There's a challenge in getting that sorted out. We have taken it to the folks at ISED and to the folks at the Department of Finance. We're trying to work through it, but it is certainly one of the challenges.

The other challenge we're having is that we're asking businesses to take on more debt to cover fixed costs that aren't going away. Some flexibility around repayment is going to be, I think, something we're going to have to get into down the road. As far as how

we do that goes, similar to the case with the CEBA program, there is a forgivable portion if you pay back within a certain time frame. The challenge for many businesses is that they're taking on a disproportional amount of debt and they're going to need longer than the 10 years to pay it back. I think we're going to need to see, perhaps, a little bit of leeway in that realm.

Mr. Pat Kelly: Thanks. This chair is more generous than the last one was with time. I'll tell you that.

The Chair: Thank you very much to you both.

We'll go to Ms. Dzerowicz and then Mr. Ste-Marie.

Ms. Julie Dzerowicz: Thank you so much, Mr. Chair. I agree with Mr. Kelly's comment. You were very generous, but I think it was good.

To all the presenters, I really thank you for being here today. I really appreciate your presentations.

Ms. Wilson, I'll start with you. Your disappointment comes across very clearly. I really appreciate your honesty. I want to dig a little bit more into some of your comments around support for women entrepreneurs, because I'm hoping we can get that right, moving forward.

I want to talk for one minute about national child care. I agree with you that it's not a panacea. I do believe, though, it's a huge announcement. I know that for people in my riding of Davenport, they see this as a game-changer for them. For many of them, they want to start businesses. For many of them, they really just want to focus on some of their life's work and for their career.

Would you agree that, while this is not a panacea, if implemented as stated it would be of huge benefit to your members?

Ms. Nancy Wilson: Absolutely. I want to state unequivocally that the child care announcement in this budget is historic. The investment is historic. It is absolutely what our community has been asking for and looking for. Although I have complaints, and I don't hesitate to air those complaints when I have the floor, I commend this government on moving forward on a national child care program. Of course, I have a couple of bones to pick with how it's being implemented. I think that can come out as we move forward.

But absolutely this is a fantastic move forward, yes. The answer is yes.

Ms. Julie Dzerowicz: I really appreciate that, Ms. Wilson. Thank you.

I want to get to women's entrepreneurship. I know that our government's been seized with this. Since 2018 the government's support to the women's entrepreneurship program has been close to \$5 billion. It includes \$1.4 billion through the Business Development Bank and \$2 billion through Export Development Canada. You're right. In this budget we have \$146.9 million over four years. You're saying, "Julie, that's just not enough. It's just not enough. It's not going to be helpful to us."

I know that you made some recommendations around the Canada recovery hiring program. I really appreciate your comments around the contractors. I'm wondering if there are one or two key recommendations where you would say, look, if government only does these one or two key things for women entrepreneurs, it would be a game-changer for us. What would those be?

• (1640)

Ms. Nancy Wilson: What do women entrepreneurs need? They need grant funding. They need financial support directly in their pockets to help them with rebuilding and recovering their businesses. As things go back to normal, as their children go back to school and back into child care, however that is organized, they can turn their attention back to their business. They can try to go out and generate sales.

They need cash. That's what they need. They need cash. It can't be debt, because that's what they've been accruing over the course of the pandemic. They haven't been able to access financial supports in the same way that other groups have been able to—period. We need money.

Ms. Julie Dzerowicz: Thank you. I really appreciate that. I thank you for being here again today.

Ms. Potter, thank you for being with us here again. Thank you as always for your very thoughtful and very measured presentation. It was very thorough as well.

Toward the end of your presentation—it might be just because sometimes when people are saying things, I'm kind of thinking about what they said before, so I don't hear clearly what they say after—you made some very thoughtful comments around some of the things that need to be done to encourage interprovincial tourism and also to build confidence within the population to travel. I wonder if you could repeat those. I just think it's really important for us to hear them.

Ms. Beth Potter: We want to make sure that we have a seamless traveller experience for everyone, domestically and internationally. We're asking the federal government, when it's at the FPT tables, to really take on a leadership role and encourage the provinces and territories to come together and unite on a domestic travel policy so that there's one travel policy for Canada, which is the way it has been in the past, and not different requirements among the provinces.

It's the same with going international. We also want to make sure that we are lining up with what is happening and the requirements that are needed, around the globe. If the consensus at the G7 and G20 tables is that proof of vaccination for international travellers is required to enter a country, we'd like Canada to participate in that regime.

Ms. Julie Dzerowicz: Okay. For interprovincial—

The Chair: Please ask a very quick supplementary.

Ms. Julie Dzerowicz: It's not even supplementary. It's just a clarification. I just want to make sure of something.

Ms. Potter, you're saying that for the interprovincial side there should be just one rule, with no vaccine passport. We should all have rules of engagement for travel, but they should be very clear

and consistent among all the provinces and territories. That's what you're asking for.

Ms. Beth Potter: Exactly. We're asking for no travel passport within Canada.

Ms. Julie Dzerowicz: Perfect. Thank you.

The Chair: Thank you all.

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

Gabriel.

[*Translation*]

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

I want to acknowledge the witnesses. I would like to thank them for being here and for their presentations.

My questions are for Ms. Potter.

Thank you again for your presentation.

I'll start where Ms. Dzerowicz left off. You would support the use of a vaccine passport for foreign tourists entering Canada. Is that right? Could you clarify your position on this issue again?

Ms. Beth Potter: Thank you for the question. I'll respond in English.

[*English*]

Our position is that in order to enter the country.... We want to make it easy for travellers to enter the country, so there needs to be a process in place for those who have been vaccinated and travellers who have not been vaccinated.

Globally and in the work I've been doing at the World Travel and Tourism Council's table, it's proof of vaccination in the form of a health certificate, a vaccine passport or a green check, which the EU is using. It's some kind of indicator that a person has been fully vaccinated and they can enter a country, carry on and travel within it as usual.

For those who have not been vaccinated, we are suggesting that you will still want to test, using a PCR test before departure and a rapid test on arrival. Then they can carry on. Only introduce quarantine should there be a positive test result.

• (1645)

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you.

I now want to talk about the income support measures for businesses in your industry included in Bill C-30. I'm thinking, of course, of the Canada emergency wage subsidy and the Canada emergency rent subsidy. In your presentation, you said that the measures included in Bill C-30 were insufficient, given the reality of your industry, which is largely based on seasonal activities and jobs. I gathered that the next step for the Canada emergency wage subsidy and the Canada emergency rent subsidy set out in Bill C-30 was insufficient. Is that what you said?

[English]

Ms. Beth Potter: The proposed reduction of the wage subsidy and the rent subsidy starts in July, and this is the wrong time for the tourism industry. It's like this: Either we open the borders and allow travel to resume so that businesses can get back on track, start generating revenue and not have to take advantage of subsidies, or we subsidize them at the level they're being subsidized now until such time as we open the borders and people can get back to work and start generating revenue.

Some are going to take longer than others. I mean, Transport Canada has banned cruising until March 2022, so some businesses will be shuttered until next spring. It's not right to cut them off at this point in time.

[Translation]

Mr. Gabriel Ste-Marie: So you're suggesting that the support measures be maintained at a sufficient level for a longer period for the most affected sectors.

If this isn't done and the bill is passed as it stands, what do you think the economic impact would be on the members of your industry?

[English]

Ms. Beth Potter: Prior to COVID, we were a \$105-billion-a-year industry, contributing 2.3% to the nation's GDP. We know that 60% of tourism businesses across the country have told us that the access to the wage subsidy and the rent subsidy is why they are still in existence, are ready to welcome guests back and are ready to contribute to the economy again. If we lose 60% of \$105 billion, that's over 60 billion dollars' worth of contribution to the GDP.

It also represents hundreds of thousands of jobs. We have displaced 500,000 people over these past 15 months, many of whom we've lost to other sectors. They've had to find additional work. We want to get back to employing almost two million Canadians.

[Translation]

Mr. Gabriel Ste-Marie: The situation that you're describing is no laughing matter. I appreciate the information. I understand that it will take more than the current content of Bill C-30 to support your industry, which contributes so much to the economy. Duly noted.

You also spoke about cyclical sectors. For example, you referred to festivals, for which there are tailored measures. The issue with festivals is that they generate most of their annual revenue in one or two weeks, if not in a few weeks. I gather that the support measures for these sectors should be extended until the companies or events generate their normal revenue. Is that right?

That's my last question.

● (1650)

[English]

Ms. Beth Potter: Yes. That is correct. We are looking for ongoing support for the festivals and live events sector, support not only for the people who put on those events but also the artists and vendors who participate in the events.

[Translation]

Mr. Gabriel Ste-Marie: Thank you.

[English]

The Chair: Thank you, all.

Mr. Julian is next, followed by Mr. Fast.

Peter.

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

Thanks to each and every one of our witnesses for coming forward today. Your testimony is very important. We all hope that you and your families continue to be safe and healthy during this devastating third wave that is sweeping the country.

I'd like to start with you, Mr. Aylward. Thank you so much for coming out today. Thanks to your members for being frontline heroes through the course of this pandemic in a variety of different occupations. You have Public Service Alliance of Canada members who are serving despite the dangers. I think that's one of the elements Canadians will remember—the courage, commitment and dedication of frontline workers, of health care workers, of first responders.

I think Canadians will also continue to be shocked by the profiteering that is taking place during this pandemic—banks with \$40 billion of profits, hundreds of billions of dollars in liquidity supports and billionaires with over \$80 billion in profits. In the long-term care sector, there was unbelievable profiteering during this time, with executive bonuses, dividends and stock buybacks taking place while people were dying in these homes. Just a few blocks from my home, on the traditional unceded territory of the Qayqayt First Nation and Coast Salish peoples in New Westminster, B.C., is a Revera home where over 30 people died. It was kept quiet for well over a week.

These are the kinds of stories and tragedies that I think Canadians will remember. Is this not a profound wake-up call for how we treat our seniors and the for-profit motive in the long-term care sector that has led to so much devastation and death and tragedy during the course of this pandemic?

Mr. Chris Aylward: Thank you, Mr. Julian.

Absolutely. As you know, Revera, as I said in my statement, is a wholly owned subsidiary of the public service pension plan, which we find absolutely appalling. It's worth quite a bit of money, actually. Yes, we want our members' pension plan invested in the best interest of the members, but we also want those monies invested in the public interest as well. When we have pension plan money invested in Revera, which has an absolutely appalling record of health care, we find it shameful.

We've called on the government, and I personally have called on the President of the Treasury Board, to start having discussions around transferring that to the provinces, having those bilateral discussions with the provinces, with the health authorities in the various provinces and territories, so that we can transform that into publicly owned rather than for-profit privately owned. As I said and as you stated, the record is absolutely appalling. To have a Crown corporation of the government investing in those kinds of things, we just can't understand it, to be quite honest.

Mr. Peter Julian: Isn't it a broader question as well? If we're talking about health care, what we've basically established as a society is a strong health care system. There are still lots of holes. I'll come back to that in a moment. The issue of long-term care is making sure that long-term care is not-for-profit and that the primary focus isn't executive bonuses and dividend payments but rather the care of the seniors who are entrusted to those homes.

Isn't this a broader question that goes beyond your very valid and eloquent point about having Revera being taken in as a publicly managed facility and network? It also goes to the whole long-term care network for profit that has not distinguished itself—quite the contrary—over the course of this pandemic, with so many cases of misplaced resources that have led to bonuses and dividends on the one hand and tragedy and death on the other, not only for residents but also for workers.

• (1655)

Mr. Chris Aylward: Absolutely. When you see that, when you see bonuses being paid out, when you see executive bonuses and performance bonuses being paid out in the tens and hundreds of thousands of dollars, and you have thousands of people dying in those facilities, I can't see how we as Canadians would be able to continue with this.

It's not only that. Revera is also involved in tax havens in the United Kingdom. That's a well-known fact as well. Here we have a Crown corporation investing monies into Revera and also involved in tax havens in the United Kingdom. It's absolutely astounding to us. We're calling on the government to start having those bilateral discussions with the provinces and territories—

The Chair: This is your last question, Peter.

Mr. Peter Julian: Thank you for that. I mentioned the holes in the health care system. The Public Service Alliance of Canada has taken a strong stand to put in place public universal pharmacare. This bill basically betrays an election promise Mr. Trudeau made in 2019. There's no provision for public universal pharmacare.

How important is it for Canadians to have in place public universal pharmacare?

Mr. Chris Aylward: It's extremely important. Even our own members say it: When are we going to get this pharmacare? I mean, there was a commission installed by this government. That commission said we need a national pharmacare program in this country, and unfortunately....

Look, I know that the provinces and territories are not quite on board with this ship, but the longer we delay any kind of implementation of a national pharmacare program, Canadians will suffer. As I said in my statement, no one should be made to try to make the decision of whether they will be paying their rent today or picking up their prescription.

The Chair: Thank you, all.

Mr. Fast is next, followed by Mr. Fraser.

Ed, you have five minutes.

Hon. Ed Fast: Thank you, Mr. Chair,

Mr. Moody, you quoted Kevin Page as saying that budgets are fiscal plans. Is this a sustainable fiscal plan?

Mr. Kim G.C. Moody: I presume you mean the budget.

Hon. Ed Fast: Yes.

Mr. Kim G.C. Moody: The short answer is that I don't believe it is. Certainly the economist friends I have don't believe it is. If there is, I'd like to see it. Frankly, I'm a little frightened by the fact that this, presumably, is a plan.

Hon. Ed Fast: Is there anything in the budget that you see would suggest that there is any kind of plan to return to balance?

Mr. Kim G.C. Moody: Not that I've seen, no. As a matter of fact, I see red ink for many years to come. Again, that frightens me as a plan.

Hon. Ed Fast: Did you have a chance to look at the fiscal anchor, which is basically a return to the old debt-to-GDP ratio but without any firm target attached to it?

Mr. Kim G.C. Moody: I saw it briefly. As you know, Mr. Fast, I'm not an economist, so I don't fuss on that as much as I do on tax policy. Certainly the ratios I saw in the document frighten me and concern me. Even as an average Canadian, I really have no idea how we're going to get out of this hole.

Hon. Ed Fast: Mr. Steve Poloz appeared at our committee earlier today. He suggested that the inflationary pressures shouldn't be something we should be too concerned about because, in his mind, they are transitory in nature. Do you have any comments on whether those inflationary pressures are transitory, and whether we should be taking them seriously or generally not worrying too much about them?

Mr. Kim G.C. Moody: “Transitory” is an interesting word, isn't it? My understanding of the definition of “transitory” is temporary or not permanent.

I guess I'd respond to that and use my own life as an example. When I go to the grocery store, do I see my groceries more expensive today? Yes. Do I see toys that are more expensive? Yes. As an example, I wanted to buy my wife an electric bike, just so that we can get the hell outside and do some fun stuff. Last year that bike was \$2,500. Do you have any guesses on how much that bike costs today, Mr. Fast, anybody?

Hon. Ed Fast: I have no idea.

Mr. Kim G.C. Moody: It's \$3,700, and guess how long it takes for me to get it? Twelve months. By any definition that's inflation. Do I consider that transitory? I don't consider that transitory.

It might be transitory for certain other items, but for the average thing, when I go to the grocery store, buy my wife a bike or even other toys, maybe some real estate, everything that I touch these days is more expensive. I don't consider that transitory.

• (1700)

Hon. Ed Fast: Great.

I'll go to Ms. Potter. Ms. Potter, I was intrigued to hear you mention the number of things you're looking for. First, you suggested that you're looking for a road map to recovery. Second, you were also concerned that the HASCAP design challenge has not been addressed, especially as it relates to the debt service ratios that are required. The third was flexibility for repayment. Then fourth, you were looking for a plan to safely reopen the border.

Have any of those four items been specifically addressed in this budget?

Ms. Beth Potter: Not specifically, no. We are working very closely with ISED and with the BDC on the HASCAP issues. The ongoing support for the wage subsidy and the rent subsidy were addressed in the budget, but are not at levels that we think are sustainable for our industry.

Hon. Ed Fast: Did you see the budget as representing a road map to recovery per se?

Ms. Beth Potter: There was certainly mention of a road map in the budget, but there is no plan at this point.

Hon. Ed Fast: Okay, and was there a plan to safely reopen the border?

Ms. Beth Potter: There was mention of it, but there was not a plan included in the budget.

Hon. Ed Fast: Okay. Thank you.

The Chair: Okay, we'll have to move on from there to Mr. Fraser, followed by Mr. Ste-Marie.

Mr. Fraser.

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

I'll start with a very brief question to Ms. Potter. Thank you for your testimony and thank you for the work that your sector is doing. I think it's going to help sustain the recovery, particularly in Atlantic Canada.

That brings me to my question about the Atlantic bubble. You mentioned that you hope there will be a uniform set of rules for

Canada, for interprovincial travel, and it will minimize barriers. I think, when the time is right, that will be very important.

Certainly our region has managed, from a public health point of view, the COVID-19 pandemic more effectively when you look at the caseloads. If there's an opportunity for us to reinstate an Atlantic bubble, I certainly wouldn't want to wait until the public health situation in other provinces would allow them to join us. I would love to have the tourism operators in our side of the country benefit from free travel within our region so the tourism operators can potentially make some cash this summer that will sustain them.

I just want to give you the chance to clarify. Are you suggesting there should be uniform rules right away, or do you think we should wait until the situation is completely under control across Canada before we have that uniform set of rules?

Ms. Beth Potter: We would like to follow the guidance of Dr. Tam, the public health authority who says that once 75% of Canadians have one vaccine and 20% of Canadians have their second vaccine, we can see an easing of restrictions that will not impact our health care system.

All the modelling suggests that will happen this summer and that we can reach that first milestone in June and that second milestone in July. I have spoken to tourism operators in Atlantic Canada. I spoke to somebody in New Brunswick, and 100% of their bookings are from Quebec. Right now she's going to have to turn them all away.

I was talking to another operator on Prince Edward Island. This is an operation that normally employs four people year-round and up to 200 seasonal staff. In an average year, they have a net profit of about \$300,000. With the wage subsidies and other supports, last year they lost \$300,000. With the decline in the wage subsidy as it is depicted in the budget, they will lose an additional \$80,000. They will be in the hole \$380,000 this year on top of the \$300,000 they lost last year. This is not a sustainable model. We need to get the bubble opened.

• (1705)

Mr. Sean Fraser: I don't disagree. I only mean to suggest that if we have the potential to do it sooner in the Atlantic region, I hope we take that opportunity, and as soon as public health allows, quite rightly, as you point out, we should be allowing travel within Canada.

I will try to be quick. My comments are directed towards Mr. Moody. I share his concern about needing to manage the fiscal situation in Canada in a prudent way. I think we have disagreement—although I found his testimony interesting—with regard to what that looks like. I point out that we had Kevin Milligan, a professor of economics, testify before the committee in April of 2020. He pointed out that incurring debt was not a choice. It was just a question of where we would allocate that debt. He pointed out that it would fall on households and businesses to bear that debt. If they went bankrupt, the banks would bear that debt, but moreover, the cost of not supporting them would have been a restriction on the growth opportunity at the back end of the pandemic.

I've seen only one group actually do a counterfactual analysis of where we would have been had we not made these investments, and it was the IMF. I'm going from memory here, so I may be off on the statistics. They projected there would have been a decline in GDP in the ballpark of, I think it was, 7.8% and an increase in the unemployment rate of 3.9%. If I can critique your household analogy, there are certain things governments can do that will allow them to either experience a rate of growth greater than the cost of that debt or prevent a loss that would be far greater than the cost of that debt. If we take that to the extreme end of the logic, if we didn't invest in any public health measures and we forced everyone to shut down because the virus was so rampant, we would have spent less. However, the IMF actually found that our debt-to-GDP ratio would have been the same, but our growth opportunity would have been severely hamstrung by that course of action.

I'm curious as to whether you recognize that there may in some instances be a need to spend more and that doing that could be the fiscally responsible thing because of either the growth opportunity it would represent or the losses that we would avoid.

The Chair: Mr. Moody, be fairly quick in your answer since we're going to be well over time on this one.

Mr. Kim G.C. Moody: I don't think I ever said in my testimony today or previously that there wasn't a need to spend. I never did. Frankly, I've been complimentary to the government for its quick rollout of spending. Where I disagree with Mr. Milligan, with you and with a whole bunch of other economists and people who think that what is coming out of the tap is endless is with regard to where that “endless” stops and where it get restrained. That's where we foundationally have a disagreement.

Thank you.

Mr. Sean Fraser: If I can only clarify, I don't think anybody is saying that what is coming out of the tap is endless, and for what it is worth, the minister herself has disabused the public of the thought that the government is behind modern monetary theory. However, I think that degree is a subject for a future conversation.

Hon. Ed Fast: Point of order....

The Chair: What's your point of order, Ed?

Hon. Ed Fast: My point of order is exactly what he just did. Mr. Fraser can't keep on responding to Mr. Moody. He gave Mr. Moody an opportunity to respond.

The Chair: We're a little over but not too bad on his time. Mr. Moody was fairly quick. I gave Kelly more time in the beginning, Ed.

We'll go to Mr. Ste-Marie, Mr. Julian, Mr. Falk and then Mr. McLeod.

Mr. Ste-Marie, go ahead.

[*Translation*]

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

I have another question for Ms. Potter.

You said that your association would be very happy if the government gave you the best possible plan for the way forward. I'd like to hear your comments on this.

I'll give you an example that pertains more to artists and festival organizers. Some of them are calling us to say that they're organizing their summer. Some artists are making arrangements to go and perform in the United States or across Canada. However, festival organizers are telling us that they're trying to invite artists, but that, for now, the 14-day quarantine is still required for people who cross the border. The organizers are asking us whether it's possible to find out when these measures will be lifted. Of course, the public safety people are telling us that they don't have that information. We're asking them when they'll receive it.

That's why I want you to talk about the importance of transparency in terms of the game plan for lifting the lockdown. I also want to know whether you've faced situations like the ones that I just described.

• (1710)

Ms. Beth Potter: Thank you, Mr. Ste-Marie.

[*English*]

We are looking for opportunities to travel without quarantine. This will be incredibly important. When you think about the resumption of travel, whether it's travelling for leisure, going to a music festival or an art festival or travelling for business, the cost of quarantine is going to be too prohibitive for us to see a resumption of travel at the levels we need to see.

The United States is resuming business travel now. I was speaking to a hotel operator this morning out of the United States, and they are back to 60% capacity across their suite of properties. At 60% capacity, a hotel starts to make a profit. We need to get people moving around the country to allow businesses to start standing on their own two feet again.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you.

[*English*]

The Chair: We'll go to Mr. Julian and then Mr. Falk.

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

I'm going to come back to Mr. Aylward.

I know that many members of the Public Service Alliance of Canada work within the CRA. We've heard from CRA employees at this committee that they have never been given the legislative tools and resources to really crack down on overseas tax havens, which we know cost us \$25 billion in taxes every year. It's a national shame that gets far less media coverage than it should. We know about the billionaires with no wealth tax, and the huge profits for corporations with no excess profits tax.

Mr. Aylward, in your statement you referenced the growing inequalities that we're seeing in this country. How important is it to have in place a fair tax system where everybody pays their fair share so that we have the resources and wherewithal to provide supports to everybody in the country and we stop the growing gap between a very small number of very wealthy people and everybody else?

Mr. Chris Aylward: My home department is the Canada Revenue Agency, and a lot of the inequities we see in the country are economic inequities. Until we get a good grasp of that and make sure that all loopholes are closed, the wealthy are going to keep getting wealthier and, unfortunately, those who are struggling will continue to struggle.

A wealth tax is long overdue in this country. It would ensure that the wealthiest pay their fair share. They're not right now, and until we get a good grasp of that, unfortunately it's going to continue that way. The numbers will continue to go in the opposite direction, which is not going to be good for the economy, nor for Canadians.

Mr. Peter Julian: I have a quick question for Ms. Potter.

We heard from Susie Grynol that we will lose 70% of our hotel sector if supports are not put into place. For the tourism sector overall, if the targeted supports you're talking about are not put in place, how many years would it take us to rebuild the tourism infrastructure, and particularly the hotel infrastructure, that will collapse as a result of the government not providing supports in a timely way?

Ms. Beth Potter: It's most likely a decade. We are looking right now at numbers that say that, with supports continuing, it's going to take us until 2024-25 to get back to 2019 numbers, as it stands right now. If we open the border in October, that number might stay at 2024. The longer the border stays closed, the longer it's going to take us to recover. If we lose 60% of businesses across the board, we're looking at a minimum of a decade.

The Chair: Thank you all.

We have about four minutes each for Mr. Falk, Mr. McLeod, Ms. Jansen and Mr. Fragiskatos.

Ted, you're up.

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

Thank you to all of the witnesses. I enjoyed hearing your various comments and testimonies.

I'd like to ask Mr. Moody a few questions. You indicated in your opening comments about the size of the budget—724 pages—with this bill being 366 in all, how extremely extensive it is and that to give it an adequate study it would take a lot more time than what we're doing.

You also talked about inflation, and I've had the same experience you've had. I know that when I go to the grocery store groceries cost more. They're telling me a sheet of OSB for building houses was \$8 a year ago. Today there's a limit on it at \$80 a sheet. A homebuilder, on the weekend, told me it costs an average of \$40,000 more this year to build a home than it did a year ago. RVs and autos are more expensive. Housing and even the cost of everyday goods and services have seen, for the most part, a significant increase. We know that inflation is happening, and we know when inflation happens interest rates are going to increase.

Have you done any calculations as to what size of a rate shock Canada can afford on its debt?

• (1715)

Mr. Kim G.C. Moody: Thank you, Mr. Falk.

The short answer is no. I personally have not. I spend all of my time in tax stuff and tax policy more than in inflation and economics. I leave that to my economist friends. I think common sense dictates that it's not going to take much of a rate increase in order to have a huge economic shock.

Mr. Ted Falk: Then let's switch to taxes.

The national early learning and child day care program that's being suggested by this budget is going to use Canadian tax dollars to subsidize the parents who make a choice to take advantage of a national day care program. There are parents, men and women, who are going to make a difficult and sacrificial choice to raise their children at home.

What do you think about the fairness of subsidizing some parents and not others?

Mr. Kim G.C. Moody: It's foundationally unfair. I don't share the enthusiasm of some of the witnesses and members of the committee with respect to the deployment of a national child care program, notwithstanding the fact that ideally we would have one. I'm concerned about the cost. I'm concerned about the inequities. Yes, I appreciate that some parents, my family included.... I have four children, and certainly we struggled with finding child care cheaply as well. Having said that, do I think this country can afford it? I think ultimately the short answer is no. I don't share the enthusiasm.

Mr. Ted Falk: Okay.

From your perspective what is the most glaring omission in this budget?

Mr. Kim G.C. Moody: I said it in my opening remarks, and I'll say it until it happens, which might ultimately not be until I die or sometime after I die: the lack of a comprehensive tax review and reform. That has not happened in this country since 1962, with the Royal Commission on Taxation. This committee recommended a comprehensive review and reform, and so did the Senate finance committee. All of these asks....

I noticed the member from the NDP calls for a wealth tax. Maybe a wealth tax is a good idea—who knows?—but it shouldn't be done in isolation. It should be part of an overall comprehensive review and reform. We're long overdue. That to me is the glaring omission from this budget and many budgets previous.

Mr. Ted Falk: Can I have one more question, Mr. Chair?

The Chair: You can make it 30 seconds.

Mr. Ted Falk: No, I don't want to rob Tamara.

The Chair: Mr. McLeod, you have roughly four minutes.

Mr. Moody, I believe we made that recommendation twice on this committee.

Mr. McLeod.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you for giving me some time, Mr. Chairman.

First of all, thank you to all the presenters. It's a very interesting discussion.

My question is for the tourism association, Beth Potter.

I represent the Northwest Territories and over half of the Northwest Territories is indigenous, so it was very important to us to see the Indigenous Tourism Association finally set up an office here in the Northwest Territories. I know, by your presentation, that they are part of your organization.

For us, they serve a very important purpose. They play a really important role in the north, and it's a different role from most of the other agencies that deal with tourism, because we have different challenges here in the Northwest Territories—and the Yukon and Nunavut, for that matter—but we have huge potential. Our communities are small. Getting professionals is very difficult, and getting consultants or accountants to deal with the small communities and the people who live there is a real challenge.

I find that a lot of our operators struggle to get even insurance or permits, things of that nature, where you have to go to the regional centre to get them, and the Indigenous Tourism Association plays a big role in helping them and guiding them.

This year we've seen the Indigenous Tourism Association in the budget; it got money. I want to ask you if you feel that is something we should be encouraging to do better, to get more money for indigenous tourism, so they can have more staff on the ground and more people to help things move along and move forward.

• (1720)

Ms. Beth Potter: Indigenous tourism is an incredibly important product as part of Canada's overall offering. We've seen huge growth in the level and the quality of indigenous product and the number of businesses and experiences that are being offered. Yes, we need to continue to foster the development of these great experiences, make sure that they are market-ready and take them to the world.

Of course we would always encourage the continued work with indigenous tourism as a sector.

Mr. Michael McLeod: Yes. Thank you for that.

I would also like to ask you—and I am not sure if you're aware of this—but there are real challenges when it comes to getting indigenous people formally involved in tourism development. In our communities, and I believe it would be the same in the tribes in the south, it is really important to have things structured in a way that you don't step on somebody's toes when you go into a different area of one tribe's traditional lands or a family's traditional lands. A lot of the communities are working on and have been talking with Indigenous Tourism to develop tourism development plans so that the tourism industry knows where they need to stay away from—important burial grounds, sacred sites or environmentally sensitive areas—and the plans have to fit into land-use plans.

I don't know if you've ever had a chance to talk about a big picture strategy that indigenous people need to have versus everybody else who just gets a licence, a permit and whatever they need to sell their product, but I think it needs more. Maybe you could talk about that.

I also think that a lot of the money that came for tourism relief left indigenous people out. I know many hunters on the northern coast along the Beaufort Sea, the polar bear hunters, the ecotourism operators or single operators like a father and son or a couple, just closed their doors. They didn't bother to try to get some of the money to provide relief because they don't have access to people who can package that stuff.

I'll just leave that with you to comment on. It's a different world when it comes to indigenous tourism, and I think you're aware of some of that.

The Chair: Please be fairly quick, Beth.

Ms. Beth Potter: Yes, no problem.

There are many indigenous tourism organizations across the country that work very closely with their local businesses and will continue to do so, and we would encourage them to continue to do that and to continue to work with the different levels of government as well.

We've certainly been encouraged to see funds available to indigenous tourism businesses through the aboriginal financial institutions that make sure that there is a way for them to access those funds.

The Chair: You have a tightened four minutes, Ms. Jansen, followed by Mr. Fragiskatos.

Mrs. Tamara Jansen: Mr. Speaker, I'm hoping you'll be generous with me, as you have been with so many other members of the committee.

The Chair: We're getting close to the end.

Mrs. Tamara Jansen: Yes, I know, but come on, don't cheat me out of this one.

Mr. Moody, in 2018 CPA Canada put out a report that stated the following:

Canada needs to ensure we continue to create jobs, attract investment and remain competitive. But, on these vital measures, our current tax system is falling short, and Canadians and their businesses risk falling ever more behind their global peers.

Especially after the pandemic, more than ever we need to be an attractive place for investors and job creators. Do you see any serious attempts in this budget to tackle the challenge of creating a competitive taxation environment that would attract business to Canada?

• (1725)

Mr. Kim G.C. Moody: No. The only exception to that would be the compliment I gave in my opening remarks, which was a bit of a surprise, for the immediate expensing of certain capital assets. That was unexpected and welcome, but outside of that, no.

Mrs. Tamara Jansen: The C.D. Howe Institute has stated, "High personal taxes disadvantage Canada in the competition for global talent." Watching the recent exodus happening in the U.S. from the highest-tax states, like California, to lower-taxation states, we should recognize that we face the very same risk as a nation. Tesla, Hewlett-Packard, Charles Schwab, SignEasy, QuestionPro and others have all moved out of the state. Canada isn't immune to the impact of high tax rates, both personal and corporate.

How does this budget tackle the problem of Canadian business leaving the country for more supportive countries?

Mr. Kim G.C. Moody: Frankly, it doesn't. That's the blunt answer.

If anybody doesn't believe me, why don't you hang out in my office in my hometown of Calgary and see the hollowing out of the oil and gas sector? Although the media reports 30%, the real effective downtown vacancy rate is close to 50%. It's horrible to see all the oil and gas companies and other companies moving down south or elsewhere with their jobs. It's horrifying.

I also challenge anybody to hang out in my office. Obviously, solicitor-client privilege and confidentiality restrictions apply, but I'll show you all the files I'm working on, on a no-names basis, with high-net-worth job creators moving. It's a flurry. I can't wait until Statistics Canada catches up with it. I'm not seeing any media or Statistics Canada reporting on it, but it's a massive problem. It goes to a whole variety of issues.

Mrs. Tamara Jansen: It's absolutely devastating, for sure.

Stimulating business activity, job creation and growth should be the key objectives underpinning the design of our tax system. SMEs were responsible for creating 95.4% of private sector jobs in Canada between 2005 and 2015. As of 2015, SMEs employed 10.5 million, or 90.3%, of private sector workers across Canada, yet the taxation of SMEs has been subjected to layer upon layer of complex changes over the years. They're having trouble keeping up. As well, costs for compliance are increasing.

Why does the taxing of small business continue to be so punitive when they are the source of new jobs in Canada?

Mr. Kim G.C. Moody: I wish I had an answer. The 2017 private corporation debacle was a prime example of thinking that SMEs are

some kind of evil rich people who can withstand complex legislation. The tax on split income regime is the perfect example.

If any of you members can make sense of the tax on split income regime, I want to hire you. I'll pay you very well. That sounds arrogant and condescending, but it's the truth. It's one of the most difficult pieces of legislation I've ever seen hoisted on a group of people who can least afford to pay for it. What do they need to resort to? They need to resort to expensive tax specialists like me.

That's foundationally unfair. That's one of the reasons that people like me, and there's a whole host of people like me, have been calling for comprehensive tax review and reform and simplification for years and years and years. I hope that happens.

The Chair: We have to end it there.

Mr. Fragiskatos, you have four minutes at the most.

Mr. Peter Fragiskatos: Thank you, Chair.

Ms. Wilson, thank you for being here today. Of course, I extend that to all the witnesses.

Ms. Wilson, what would the impact have been on Canadian women entrepreneurs if the various emergency supports had not been introduced by the federal government when COVID-19 first began and obviously continued?

I ask that because, as you have pointed out here and elsewhere, the pandemic has had a negative and disproportionate impact on women entrepreneurs and women in general.

• (1730)

Ms. Nancy Wilson: Yes.

Mr. Peter Fragiskatos: I know I'm asking you to answer a hypothetical, but if those emergency supports had not been introduced, what would have happened to women business owners in the pandemic? I suppose that's the question.

Ms. Nancy Wilson: To the extent that a woman business owner was or is eligible for that financial support, that hypothetical woman business owner benefited from that program or intervention. In this hypothetical scenario, without that financial support, that woman business owner would certainly be worse off.

The problem with those financial supports is that the way they were designed excluded many women and racialized business owners. I certainly can't guesstimate what the net effect would have been without those financial supports. Certainly some women business owners benefited from having those supports, and to that extent, they would be worse off without those supports.

Mr. Peter Fragiskatos: It's not entirely hypothetical, though.

Ms. Nancy Wilson: No, of course not.

Mr. Peter Fragiskatos: I don't mean to cut you off. I have limited time. It's not entirely hypothetical, because there were many thousands of businesses that benefited, including many businesses I know from my own community run by women and owned by women that did see support.

Ms. Nancy Wilson: Yes, no doubt.

Mr. Peter Fragiskatos: I think it's good to think in terms of counterfactuals here. If we hadn't had these emergency supports introduced, we would have had entrepreneurs, including women entrepreneurs, left on their own to fend for themselves.

I take your point. I won't go into the substance of what you articulated earlier. We have limited time, again, but I do think that we need to acknowledge that these programs have helped people, including women business owners, in a very real way. They have provided a lifeline. I've seen in my own community where women business owners have utilized the wage subsidy. Their workers have utilized the CERB and later the CRB. Would you acknowledge that?

Ms. Nancy Wilson: CERB, absolutely. CERB and CRB, 100%. CERB was very much designed for individuals and self-employed individuals. CERB and CRB were a real lifeline. If you want me to acknowledge that those financial programs helped businesses, including some women-owned businesses, it's acknowledged, absolutely acknowledged. It's on the record.

I am not arguing against those programs. I'm not saying that they shouldn't exist. I'm arguing about including, adding or extending programs and designing programs that will help the most number of business owners.

The Chair: I hate to be the bearer of bad news, but we are going to have to end it there. We are a few minutes over.

Ms. Nancy Wilson: That's fine.

Mr. Peter Fragiskatos: That's no problem.

The Chair: I want to thank all the witnesses on this panel and previous panels today. We had a fairly extensive day with four panels.

Thank you to all the witnesses for your presentations, and for answering our questions on Bill C-30.

I am hearing quite a number of complaints from members about Zoom on their eyes, because we are on Zoom a long time, so if anybody has any magic solutions, whether it's eye drops or something else, let the rest of us know. I see Annie has the eye drops up there, but I know my own eyes are starting to get bothered by the amount of time we're on Zoom.

We'll look for magic solutions coming forward at the next meeting maybe.

With that, thank you to everyone. The meeting is adjourned.

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