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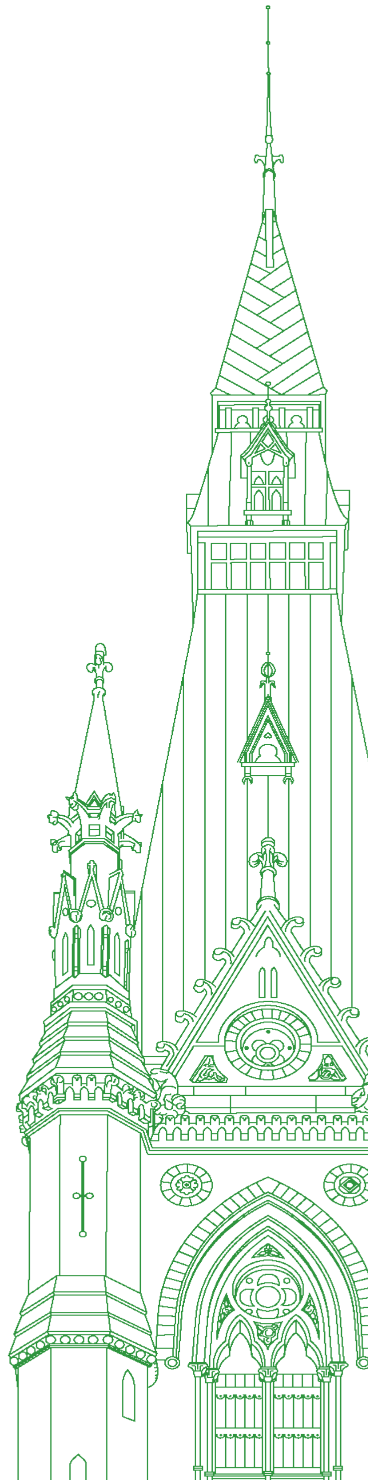

Chair: The Honourable Wayne Easter

Standing Committee on Finance

Thursday, February 25, 2021

• (1535)

[*English*]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I call the meeting to order. Welcome to meeting number 22 of the House of Commons Standing Committee on Finance. Pursuant to the committee's motion adopted on Friday, February 5 of this year, the committee is meeting to study all aspects of COVID-19 spending and programs.

Today's meeting is taking place in hybrid format pursuant to the House order of January 25 of this year. Therefore, members are attending in person in the room and remotely 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 would also remind folks that we're not to take screenshots, in accordance with the House of Commons rules.

I welcome the witnesses from across the country. If they could hold their remarks to about five minutes, that would be helpful. Then, after all witnesses have made their presentations, we will go to a series of rounds of questions with members.

I might point out as well that although the motion says "COVID-19 spending and programs", if you have any brilliant ideas on where we should be going on spending when we put COVID-19 behind us, we're always open to that as well.

Before I start with the first witness, I'll clear up a little confusion I might have caused at the close of the meeting the other day in regard to next week. I don't think the day is established yet, and it's a constituency week. On whatever day it is, we will deal with Bill C-224, which is Mr. Ste-Marie's private member's bill. We will start clause-by-clause on that. That will be followed by Larry Maguire's private member's bill, and that will complete the day. Anyone who has witnesses for Mr. Maguire's bill, please have your witness list in to the clerk by Sunday night to give time to have them appear the following week.

The other day next week, we will have a public meeting with the law clerk relative to the motion that passed in an earlier session of this committee.

Mr. Kelly and Ms. MacEwen aren't here yet, so I guess we'll start with Mr. Mike Cassidy, with Coach Atlantic Maritime Bus.

The floor is yours.

Mr. Mike Cassidy (Owner, Coach Atlantic Maritime Bus): Thank you, Mr. Chair, and good afternoon to all.

I represent an industry that is highly capital intensive, has low margins and is very fragile: the bus and motorcoach industry across our country. In the last 15 years, we've had a consolidation. We've had a rationalization within our industry, with fewer and fewer motorcoach and bus operators working within our Canadian marketplace. Unfortunately, in the context of that type of industry, we've had COVID-19 in the last year and we have COVID-19 with us for 2021.

It's been devastating, not only for my company but for the industry. To put it in perspective, when I compare our 2019 financial statement results to 2020 and our projections for 2021, it is a bleak picture. We feel in our industry that 2021 is not going to be any better than 2020 and could be worse.

In 2019, our best year in the business, we did $42 million in gross sales, 50% of which—$21 million—was directly related to the tourism sector, cruise ship arrivals and multi-day tours. We did not have, in 2020, cruise ship arrivals or multi-day tours. We do not expect cruise ship and multi-day tours for 2021, so we have thousands of motorcoaches parked across this country with no work, and it's going to be two years back to back.

We are essential to tourism. We are essential to passenger travel. I realize that today nobody really needs a motorcoach, but we have to realize that in May 2022—what we're considering the rebound year—our buses are going to be essential again, as we are an economic driver in our country. It's something to think about.

When I look at our Maritime Bus intercity division—which we operate here in Nova Scotia, Prince Edward Island and New Brunswick—and at our municipal transit on Prince Edward Island, I see that we are down by over 50%. That's better than having no business at all, and the gratifying element of intercity transit is that our buses are on the road. We are providing essential services. We have time-sensitive parcel freight each and every day that has to be moved. We do blood work to make sure hospitals within our Maritime provinces have the blood that is needed out of the Canadian blood supply in Dartmouth, Nova Scotia. At least the buses are moving. Operating expenses are higher than revenue in this stressed COVID environment, but they are moving.

From $42 million in sales in 2019, we lost $33 million in gross revenue in 2020 and we're expecting in 2021 another $30 million lost in gross revenue. You ask, how do companies like ours survive? We definitely have to give credit to the programs of 2020. They were rolled out quickly. They were shotgun—I realize that—but by being quick and by being shotgun, they got money into our bank accounts.

We have the wage subsidy. We have the rent subsidy. That was very effective for our industry and a company like ours. We had the RRRF—the relief and recovery program—which was put in place fast, with no charter bank involvement at all and done through our regional development organizations. It was a perfect program.

I think of our provincial and municipal transit, and the safe restart program to municipalities to help them with their transit operations. It was effective, and we hope that type of program will be extended on April 1. We hope the RRRF program will be extended on April 1. We are saying now that extending wage and rent subsidies for the hardest-hit industries has to be considered from June of this year. Those are the types of programs that got us to where we are now.

The huge losses we have experienced.... Last year, we had a six-month deferral with our chartered banks on principal, and that was a huge cash flow savings, but the industry has been decimated. It's devastating to look at the staff who are not with us. It's devastating to look at the financial results, but we have to be positive.

● (1540)

When I look at our industry, I look at intercity. I have always said that intercity is public transit on provincial highways, no different from public transit on municipal streets. Why can't intercity operators be eligible recipients of public transit infrastructure funds on a capital subsidy? Could we be recipients of safe restart programs? When we're in the rural areas, we are the public transit system for those areas. We were advocating, prior to COVID-19, that we should be eligible for similar programs to municipal transit.

Last week, we submitted for the preconsultations a brand new group called the coast-to-coast bus coalition, so we can re-establish intercity busing from the east to the west and throughout our country with a feeder system. I've always said that we need to reinstate the trans-Canada line. You need a trans-Canada bus line—companies aligning to move parcels and passengers. It's something we have to think about.

Then you get into these motorcoaches—the thousands that are sitting—and I ask you to consider this, please. When they are sitting, how do we get them ready, willing and able to go to work in May 2022? When it's the cruise ship ports, we all know that cruise ships don't dock if there are no buses on the wharf. Can we have a federal program of monies going into the ports? Can those ports have the discretionary power to administer those funds for strategic service providers to cruise ships? Could there be an arrival fee per passenger to help the ports administer funds for strategic service providers? Could there be a program put in place for motorcoaches? Could it be a $40,000 loan for each and every motorcoach? If you bring your buses back to work in 2022, 2023 or 2024, could it be forgivable? Bringing buses back ensures we are the economic provider that this industry has been so good at being: able to support many businesses but now asking for support.

I'll close by saying that—not just for my industry, the motorcoach industry, the tourism industry and highly impacted businesses, but for all industries—succession planning is something we are going to have to think about. Many of us in business are older. I am 67 this year. I did not expect that this was how I was going to finish my business career. I am committed to standing with my company and my three sons who are with me in this company, to make sure we get through and beyond COVID-19. However, with the stress, the strain and the responsibility, it's almost “enough is enough”. There should be good tax considerations for succession planning as we pass the torch on to the next generation.

Thank you very much.

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

Dan Kelly, I see you're here now. We'll go with you. You've been here lots of times. You know the process.

This is Dan Kelly, president and CEO of the Canadian Federation of Independent Business.

Dan, the floor is yours.

● (1545)

Mr. Daniel Kelly (President and Chief Executive Officer, Canadian Federation of Independent Business): Thank you very much, Chair and members of the committee. It's great to be with you again.

I want to share with you some new data from CFIB—we just put some out this morning. Of course we also have a few recommendations for you.

A deck was sent around in English and French. You should have that, members of the committee. I wanted to walk you through that.

Businesses in Canada remain really shut down. On average across Canada, only 51% of businesses are fully open at this stage. The number is lowest in Ontario, while some provinces, particularly Atlantic Canada and some of the prairie provinces, are doing better than that.

On the staffing side, only about 40% of businesses are at normal levels of staffing, meaning 60% of them have fewer staff than is normal for them at this time of the year. Most concerning of all, only 25% of business have normal or better revenues than they usually do at this stage in the game.

Small businesses are deeply concerned about the economic repercussions of COVID. Of course, this started out as a health care emergency and quickly morphed into an economic emergency, but there are a great many worries on the part of small business owners, such as economic repercussions, consumer spending concerns even following COVID, the sluggish vaccine rollout, their business cash flow, debt and stress. These are some of the things small business owners are telling us.

I want to flag some brand new data that I mentioned we just put out today. One thing the committee should be very concerned about is the amount of COVID-related debt small businesses have incurred since the start of the pandemic. Right now, across Canada, it is $170,000 on average for a small firm in new COVID-related debt directly attributable to the pandemic. Bankers will tell you it's not that businesses have been rushing out and borrowing a whole bunch more money. It's typically unpaid bills that are the largest chunk of the debt. A lot of that is due to landlords, in part due to some of the failures of earlier rent relief programs. I agree with the previous speaker that the new rent support program is a much better version, but it's still not delivering in sufficient quantity to businesses that are being affected. That's $170,000 in debt, on average, across Canada.

Our estimate at CFIB, based on our member data, is that one in six businesses across Canada is at significant risk of closing. That means there could be 181,000 fewer small, independently owned and operated businesses across the country that go bankrupt or wind down permanently, directly as a result of COVID and the damage they sustained over the course of the emergency. That would represent 2.4 million Canadian private sector jobs being taken out at the same time.

Data from StatsCan will tell you that in fact business bankruptcies to date are actually lower than is normal. They too have been affected by the COVID emergency. Many firms are existing right now on government subsidies, and as those subsidies start to be taken out of the economy—and we all hope one day we can replace subsidies with sales—many business owners are worried they're not going to make it, especially, as I shared previously, due to the amount of debt they've gained over the course of the pandemic. That's one in six businesses, or 181,000, on top of the 60,000 Canadian businesses that have already gone bankrupt over the last little while. That means there could be a full wipeout of 20% of Canada's small and medium-sized businesses.

The government has created a number of very helpful programs, and I credit the finance committee and the government itself—with opposition parties, of course, contributing to this as well—for the creation of many of these programs. It was slow. It was incomplete. There remain hundreds and hundreds of different exemptions and rules that have made tens of thousands of business owners slip through the cracks of the program, but many have been helped. Sixty-five per cent of our members have used the CEBA bank account, which has now been topped up to $60,000 loans. Fifty-nine per cent of our members have used the wage subsidy—the CEWS program.

● (1550)

The Canada emergency response benefit—CERB—or the new one under EI has been used by entrepreneurs themselves. Twenty-eight per cent of business owners have used those programs. However, even now only 26% of small businesses are able to use the rent support program, because there remain a number of significant gaps.

We've put forward six major recommendations. We've presented these to Finance. Let me just run through them quickly.

We're asking the government to extend and expand COVID support until the entire economy can recover, including reopening Canada's borders. Really, the sign that government can start to scale back subsidies is when federal and provincial governments can stop telling Canadians to stay at home. Until we're at that point, we would not advise ratcheting back the subsidies that are provided to businesses to keep them alive, because so many businesses need that face-to-face interaction with a customer in order to make a living.

We're asking you—we're pleading with you—to put a moratorium on any new taxes and costs to small businesses. We just can't handle them. We're unhappy that CPP premiums went up at the beginning of this year, in the middle of this terrible time. We're asking you to delay further increases in CPP and the increases planned for the carbon tax—or at least to provide a full rebate to the businesses that are affected by it—and to freeze the liquor tax escalation.

We really think that forgiving more small business debt is a chunk of the solution here, and there are pathways in existing programs. One-third of CEBA is now forgivable if you repay the balance. Something similar to that could be adopted with the new HASCAP program, which we think has some potential.

A hiring incentive would be a good idea as we transition from a shut-down economy to a reopened one. Cutting red tape should be made a priority, as should holding off on any consumer stimulus. I'm really worried that the government may embark upon a big consumer stimulus measure. While that might be helpful to some, if we do that too early, businesses that rely on face-to-face transactions, which have been the ones that have been hardest hit, will not benefit from it, because of course that money will be going to the parts of the economy that have remained open.

As I close, I also just want to commend the finance committee on the great recommendations in its recent report. Many of the all-party recommendations, as well as some that were put forward by the parties, make a lot of sense.

One of the ones I want to highlight, which we love, is making good on the Liberal party promise to small business owners to eliminate credit card processing fees on sales taxes. That, we believe, would save small businesses $500,000 a year. It was a promise in the 2019 Liberal party platform, but we've seen no signs of that proceeding and we urge the committee to keep the pressure up.

We strongly support Bill C-208, which the Conservatives have put forward. That would allow for the same tax benefits for parents selling their farm or small business to a child or family member. That's a great move and would be welcomed by farmers and business people across the country. We have listed a few others there as well, but I know we're tight on time.

Thank you, again, committee. A lot of good work has been done, and I'm happy to take any questions at the appropriate time.

The Chair: Thank you, Mr. Kelly.

When we go to questions, I have a note here from the interpreters. Can you hold your mike up a little closer to your mouth so they'll be able to hear a little more clearly?

We'll turn to Angella MacEwen, with the Canadian Union of Public Employees.

Welcome, Angella.

Ms. Angella MacEwen (Senior Economist, National Services, Canadian Union of Public Employees): Thank you very much.

Thanks for inviting the Canadian Union of Public Employees to present to the committee. We're Canada’s largest union, with over 700,000 members. Our members work in a broad cross-section of the economy, such as health care, education, municipalities, libraries, universities, social services, public utilities, emergency services, transportation and airlines.

The current moment is unlike any previous economic recession or depression that Canada has seen. In this environment, it's essential that we continue to put absolute priority on the health of Canadians, which includes income supports to help households make ends meet and continued support of public services to meet their needs. This will not just help to contain the pandemic, but will also ensure that our economy, our small businesses and our communities can bounce back faster once the public health crisis has ended.

The federal government acted quickly to put supports in place at the beginning of the pandemic, such as the emergency response benefit, the wage subsidy and other liquidity programs. These made a real difference for millions of people in Canada. We think there is some room for improvement on the transparency, particularly of corporate supports. To ensure the effectiveness and fairness of public spending, we think the federal government should strengthen conditions and improve transparency and accountability.

Some of the ways in which you could do this include making public more information about how public money is being spent; include clauses that mandate labour protections for workers, including protections for benefits and the implementation of health and safety protocols; include penalties if these clauses are not upheld; and ensure protection for whistle-blowers. As well, where there is a union in the workplace, include them in the negotiations for wage subsidies and other supports. Also, for up to a year after corporations have received public subsidies or loans, we recommend that the government implement prohibitions on dividends, capital distributions and share repurchases and implement clear and transparent executive compensation restrictions.

In terms of stimulus, we think it's really important to prioritize spending. Even though the federal government is forecasting a significant deficit for this fiscal year, we don't think that's any reason to panic or pull back now. The rate for 30-year federal government bonds, as you all know, is at 2%, and 10-year bonds are below 1%. The Bank of Canada is supporting both federal and provincial governments by purchasing bonds directly and in secondary markets, ensuring that governments have a willing lender at low cost. This expands the supply of money that can be directed to public use. Arguably, the cost of borrowing compared to the return on the investment you make is a good fiscal guideline for this moment—better, perhaps, than debt-to-GDP ratio or other proposals currently on the table.

The federal government has the ability and the responsibility to shoulder the majority of the cost of the pandemic response and recovery, as well as a higher share of social spending going forward. Public investments in sectors such as health care, child care, livable communities and energy-efficient buildings will have a stronger impact on economic growth, alongside lower inequality and improved well-being. This recession is different. It has affected different industries, occupations and communities—especially women, low-income service workers, racialized workers and migrant workers—much more severely, so the federal government should take into account the ways that the pandemic has had an unequal impact and should design solutions in partnership with those hard-hit communities.

It seems clear to us that our economic recovery depends on the recovery of the care economy. Women’s economic participation plummeted to levels not seen in 30 years as COVID-19 shut down the economy and many workers were forced to leave their paid work to care for loved ones. Investment in the care economy, including health care, child care and social services, will have social and economic returns far higher than the current cost of borrowing. A vibrant, accessible care sector ensures that everyone can participate in the workforce, which will be essential throughout the economic recovery. Government investment in care improves labour market outcomes for women and improves productivity, allowing governments to recoup those upfront costs later on.

We note that quality public infrastructure is also essential for increasing the productivity of Canadian people and businesses. We strongly support increased funding for public transit, affordable housing and social, community and green infrastructure. All of these are important components of a healthy economic recovery.

• (1555)

We think the government, in order to fund the recovery, should consider tax fairness. Tax cuts since 2000 have reduced federal revenues by over $50 billion annually, and the major beneficiaries of these tax cuts have been large corporations and the wealthiest Canadians. These cuts have left a huge hole in federal budgets and had a ripple effect across provincial budgets as the federal government has stepped back from funding essential public services.

As an example, one of the first priorities of this government, after being re-elected in 2019, was to introduce another $6-billion tax cut that primarily benefited higher-income families. We recommend that the federal government reverse this regressive tax cut. That would save it $3 billion now and $6 billion per year when the cut was fully phased in.

The federal government, through the following fair tax measures, could increase revenues by over $50 billion without increasing tax rates on middle- and low-income Canadians. Restoring the federal corporate tax rate to 21% would raise $13 billion. Eliminating wasteful and regressive tax loopholes would raise another $14 billion. Cracking down on tax avoidance by taxing multinational corporations based on their real economic activities would raise over $8 billion. A wealth tax of 1% on estates over $20 million and an inheritance tax on estates over $5 million could raise another $8 billion. A financial activities tax on compensation and profits in the financial sector could raise $7 billion. As well, we recommend an excess profits tax to ensure that those who have been lucky enough to benefit from the pandemic, such as Canada’s big banks, which are announcing record profits, pay their fair share of the cost of supporting those who were not so lucky—those Dan Kelly was just talking about, who are about to go bankrupt.

Thank you very much.

• (1600)

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

We turn now to Michelin Canada and Andrew Mutch, president.

The floor is yours.

Mr. Andrew Mutch (President, Michelin Canada): Honourable Chairman Easter and members of the committee, my name is Andrew Mutch, and I'm the president of Michelin North America (Canada) Incorporated. It is an honour to appear before you today on behalf of my great company.

Dedicated to the improvement of sustainable mobility, Michelin designs, manufactures and sells tires for every type of vehicle, including airplanes, automobiles, bicycles, farm equipment, heavy-duty trucks and motorcycles. In addition to tires, the company also publishes travel guides, hotel and restaurant guides, maps and road atlases.

Michelin has a long and distinguished history in Canada. In 1969, Nova Scotia was selected as Michelin's first North American operation, establishing sites in Pictou County and Bridgewater, which opened in 1971. A third facility, in Waterville, opened in 1982.

Today, Michelin Canada employs approximately 3,500 employees across our three plants in the province. We also employ an additional 130 people at our marketing sales office, based in Quebec, as well as field and support sales positions across Canada.

Michelin plays a vital role in the economy of Nova Scotia in particular. We are the largest private sector employer, and our tires represent the second-largest export from the province. In an ordinary year, that's more than five million tires.

Michelin is deeply committed to Canada and to contributing to the economic well-being of its people.

As everyone knows, COVID-19 has had a devastating impact on our country and on the automotive industry as a whole. The impact of COVID on Michelin specifically was rapid and significant. For the first time in our 50-year history in Nova Scotia, we were facing a sizable potential layoff. In my 34 years with the company, I have never experienced a situation like this.

Throughout the pandemic, we've been guided by our strong Michelin values. We focused on three things: taking care of our people, taking care of our customers and our business, and taking care of our communities.

Since the beginning, we've had an unwavering focus on the safety of our people. Early in the pandemic, we developed and implemented numerous protocols to ensure our employees' health and well-being. These included mandatory masking, physical distancing, extra cleaning protocols, screening for symptoms and many more. We are extremely proud that our facilities have remained a safe place to work throughout this pandemic.

We also minimized the negative impact to our employees with the assistance provided by the federal government's wage subsidy program. This enabled us to keep our employees connected to the workplace during operational slowdowns, while also enabling them to retain their benefits and to continue their pension contributions. We are proud to report that we have been able to recall all our employees now and have even hired additional workforce since last July, bringing our total employment numbers above pre-COVID levels.

Commercially, we saw an unprecedented impact on our sales. Our overall revenue dropped and commercial signals were clearly uncertain, but we needed to ensure that we were in a position to rebound quickly in response to any market upticks. CEWS helped us ensure that we could bring employees back to work as quickly as possible when the market showed signs of recovery.

In addition to mitigating the economic impact as the largest employer in Nova Scotia, we also felt we had an important role to play from a community support perspective. Among other things, early in the pandemic, Michelin was able to donate 200,000 masks to frontline health care workers and long-term care homes in Nova Scotia and Quebec. We were proud to show our community leadership in this time of crisis.

However, COVID is not over. We are working diligently every day to keep our plants and communities safe while meeting the needs of our customers and contributing to Canada's economy. The CEWS program was crucial in enabling us to do that and to minimize the financial impact to our employees and their families. We sincerely appreciate the responsiveness of the federal government in delivering the program that enabled us to retain our employees and then to begin to ramp back our business to normal levels. I have no doubt this program was instrumental in allowing us to reduce the impact of COVID on our employees, on our company and on our communities. For this we are grateful.

● (1605)

Thank you for the opportunity to appear before you today. I look forward to answering any questions you may have.

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

Lauren van den Berg, executive vice-president of Restaurants Canada, go ahead. The floor is yours.

Ms. Lauren van den Berg (Executive Vice-President, Government Relations, Restaurants Canada): Thank you so much, Mr. Chair.

Good afternoon, everyone. Thank you so much for having me here today. It's lovely to see some familiar Zoom faces.

I'd like to use our time here to walk you through a quick overview of what the restaurant industry has gone through since the start of this apocalypse, as well as what we are uniquely situated to do to help kick-start Canada's economic engine as part of our proposed recovery plan.

A deck has been shared with you, which I will walk you through right now. If you turn to the slide labelled “Pre-Tax Profit Margins”, we can dive right in.

Restaurants and the many small and medium-sized businesses that make up the Canadian food service sector are a critical pillar of our culture, economy and local communities. Before the pandemic struck, our industry comprised over 98,000 establishments from coast to coast to coast, contributing 4% to the country's total GDP. We served about 22 million customers each and every day.

Most Canadians don't realize that even during the best of times, the average food service establishment keeps less than 50 cents of every $10 spent on a restaurant meal. The rest goes right back into the economy.

As we are now nearly a year into the COVID-19 crisis, we believe that now is the time to reflect on what's worked and also maybe what hasn't. We need to begin paving the way for a post-pandemic future that will ensure that as many restaurants as possible are still left in the picture, so that they can continue feeding Canada's recovery, both literally and figuratively.

Two decades of growth were erased in two months at this time last year. Essentially, our industry fell off a cliff and then broke both legs. The truth is, we're still struggling. Prior to the pandemic, the food service sector was Canada's fourth-largest employer. We directly employed 1.2 million people. However, our industry lost more jobs in the first six weeks of the pandemic than the entire Canadian economy lost during the 2008-09 recession. No other industry has come close to facing this level of shortfall. There are still more than 380,000 fewer jobs in the Canadian food service sector than there were in February 2020. Meanwhile, all the other industries have recovered at least 85% of their pandemic job losses.

I want to touch on the fact that we really believe that now, more than ever, is the time to make doing business as easy as possible. Because we were hit first and hit hardest by this apocalypse, we are uniquely situated to serve as that fiscal anchor to guide our economic recovery, because we are job creators. With investments in support programs specifically for employers, our industry can make every subsidy or grant dollar go that much further.

In our chart of recommendations, I'd like to highlight some of the key pillars of our recovery plan. This will be shared with you once it has finished making its way through the translation hoops. As we transition through the remainder of the COVID-19 pandemic and toward a strong and resilient recovery, there needs to be an evolution from emergency measures to a framework that supports business continuity and a favourable economic relaunch condition for the longer term.

With regard to the wage subsidy, we believe there are some enhancements and recalculations that should be made to the program to ensure that it's responding to the evolving economic and public health climate. Our restaurant relief model, which utilizes 2019 sales values as an essential and sustainable baseline, will allow our operators to stretch every dollar and truly invest in local communities by being a job creator across the country. Under this restaurant relief model, we're proposing that the wage subsidy equal 1.6 times the decline in 2019 sales, with appropriate adjustments made for new businesses that opened in 2020, up to a maximum of 75%. We are also recommending that the wage subsidy then be extended through April 1, 2022.

Looking at the rent subsidy piece now, we believe that the eligibility requirements for this subsidy program need to reflect the diverse and innovative food service business models. As currently drafted, the rent subsidy program does not capture the operational realities of multi-unit restaurants and, as a result, unintentionally leaves out many small and medium-sized business operators who are still struggling to survive this crisis. We are therefore recommending that the $300,000 cap on multi-unit operations across the country be eliminated and, instead, calculated on a per-location basis, again with appropriate adjustments made for new businesses that opened in 2020. We are also recommending that the rent and wage subsidy programs be extended through April 1, 2022.

● (1610)

Restaurant operators are resilient and resourceful, but they cannot continue to operate at a loss for months on end. If we want to build back a stronger, sustainable economy that continues to reflect our country's incredible diversity, our industry is the best place to start, and our restaurant relief model is the best way to do it.

I'll close by saying that, literally and figuratively, we believe restaurants are key to feeding Canada's economic recovery.

Thank you so much.

The Chair: Thank you very much, Ms. van den Berg. Those are shocking numbers, I will admit.

Before I turn to Teamsters Canada, I'll give you the lineup for the first rounds of questions. It will be Mr. Kelly first, Mr. Fraser second and then Mr. Ste-Marie and Mr. Julian.

Turning to Teamsters Canada, we have Mariam Abou-Dib, director of government affairs.

Mr. Clerk, did we lose the Teamsters?

The Clerk of the Committee (Mr. Alexandre Roger): She's in the meeting, but her camera's not open and she's muted, so I don't know if she's behind her screen.

The Chair: Just watch for her, Mr. Clerk, and when she comes back on we will let her in to make her presentation. You can have IT contact her and we'll go from there.

For a six-minute round, Mr. Kelly, you're up.

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

I'm going to start with the other Mr. Kelly on our call.

I will ask you to comment a little further on what your members are going through, particularly with the news that was reported today about the debt levels of small businesses. An average $175,000 debt per small business is a staggering number, and the fact is that a significant portion of this debt is not public aid money at low rates or forgivable. It's not bank debt at historically low rates, but is in fact unpaid commitments that may threaten to bring down tens of thousands of these businesses.

Could you comment on the details of what this debt crisis among small businesses really means at ground level?

● (1615)

Mr. Daniel Kelly: Pat Kelly is my grandfather's name too.

We are really worried about the levels of debt that businesses are incurring. As I was saying in my commentary, there is a growing sense that the momentum—in terms of getting government support programs amended, changed and fixed—seems to be evaporating in government right now. I think there's a sense that we've got the supports in place, so let's just keep them going a bit longer and then we'll be done.

The economic damage we've seen so far is a tiny portion of what we will be seeing in the days ahead, even with a robust recovery, COVID coming to an end soon and reopening happening. It's beginning to happen in most provinces other than in Ontario, where the government has done a terrible job. We're starting to see some signs of life, but I can tell you that businesses, when they reopen, are going to be looking at their bills and at their income in May, June and the summer, and they'll be lucky to be able to pay their current expenses, let alone trying to make a dent in the $170,000 in COVID-related debt that they will have inherited.

All those bills for back rent and for inventory that a restaurant has had to chuck or that, in a retail setting, they perhaps have had to sell at fire sale prices.... Those costs have not gone away. They're not going to be forgiven in most circumstances, and they'll be an anchor around the necks of the business owners, dragging them under as the economy begins to recover. Then we'll wonder what the heck went on.

Mr. Pat Kelly: You raised a really important point around the cracks in all the various aid programs. We've raised many of them right from the beginning. The government responded to many of the problems that the opposition raised and made many adjustments to things like CEBA and other programs, yet there remain businesses that have fallen through the cracks. We all hear about it in our own ridings, especially businesses that were maybe brand new, about to open in March 2020 having already drained all their savings and expended all their capital to get started.

Could you comment on these specific failings? Here's your chance; you have the parliamentary secretary for finance on the call. Go ahead and tell the government what the problems are with their aid programs.

Mr. Daniel Kelly: I agree with your assessment. The government has been moving to fix, based on feedback, in real time. I don't fault government for not getting these programs out. I fault it for the slowness in some of them, but I don't fault it for not getting them all right the very first day. This is a new emergency and there has been an open avenue and lots of dialogue happening—far more than was the case prior to the pandemic.

That effort has slowed completely. New businesses were promised by the Prime Minister in May 2020 that they would be given access to government support programs, and there's not been a single movement on that to allow small firms to access CEBA, CERS, the wage subsidy, or HASCAP. That needs to change. New businesses with $500,000 or $600,000 in investments to start up a restaurant came on stream in April, were shut down, opened for a couple of months, then shut down again. They've been ineligible for every single one of the federal programs, and while there's been talk about fixing that, there's been no action at all.

There are other program failures: with the rent subsidy, for example. One of the requirements to use the rent subsidy program is that as a business owner, you have to pay your entire rent bill. Let's say your rent is $10,000 a month, and the rent subsidy is going to deliver you $4,000. That's great; you're happy to get that. It will help you address some of the gap, but if you don't have the $6,000 to pay your landlord you cannot use the rent subsidy in its current structure. We've raised this with government. Even landlords are saying to allow the tenant to get the $4,000 and pay them with that, because it will reduce the debt they're experiencing. There's been no movement on that.

Just yesterday the government fixed a couple of small details of the rent subsidy—some of the problems we were facing with comparator months—but there are a lot of gaps there. The same problems exist with the wage subsidy. Tons of businesses have slipped though the cracks in the CEBA loan program. Some of them are too small, so the micro-sized businesses have been squeezed out. There is a list as long as my arm of businesses that unfortunately, while anxious to get some of these useful programs, cannot because the rules don't allow them to do that.

● (1620)

The Chair: Thank you, both.

We'll go on to Mr. Fraser for six minutes.

Mr. Sean Fraser (Central Nova, Lib.): Thanks very much.

Given the local connection, I'll start with Mr. Mutch, who is here from Michelin North America. Andrew, thanks for being here; we really appreciate it. You spoke a bit about the importance of the wage subsidy program, not just to your company but to the people who work there. I remember those early days, starting to talk about the EI work-sharing program, and eventually seeing you guys on the wage subsidy.

In your remarks you highlighted the importance of the wage subsidy, and you mentioned there would have been more severe impacts had it not been there. Have you considered any of the potential scenarios to give you an idea of where you would be today, or the impact it would have had on your business, had the wage subsidy not been there for you?

Mr. Andrew Mutch: You're exactly right; the impact we saw was unprecedented in our history in Nova Scotia, for sure. Our revenue dropped precipitously, and we knew we had to act. Early in the process we looked to see what was available to us. As CEWS became more available and was rolled out, that looked like the program that would help us maintain our viability and keep our employees engaged with our company; we could manage our way through that one.

The potential for the significance of it was unprecedented, and we were very concerned about our ability to keep pace with this and not to get into layoffs and all the ramifications they would have on our employees and our families and our communities. We were happy to see the program become available to us and that it could work out.

Mr. Sean Fraser: I'm curious. You mentioned you're now back to better than pre-pandemic employment levels because there's been some new hiring.

One of the things that jump out at me when I look at the province-to-province job statistics from Statistics Canada is that Nova Scotia is back to about 95% of pre-pandemic employment levels. I'm curious to know whether the cases of job growth you've experienced would be the same if you were in an area where the public health situation maybe didn't allow you to ramp back up as quickly.

Has your presence in Nova Scotia, because of the public health response, allowed you to rebound more quickly?

Mr. Andrew Mutch: Absolutely. The infection rate in Nova Scotia has been among the lowest in the world, and has very much been under control. That has become a strategic advantage for us.

We're a worldwide company. Look at other areas of the world and you can see how impacted they have been by much higher infection rates than we are seeing. We have been greatly advantaged by the way the pandemic has been under control in Nova Scotia. That absolutely has helped us to recover and be where we are today.

Had infection rates been much higher, it would have been much more difficult to recruit and hire people and have the operations that we have today.

Mr. Sean Fraser: Thanks very much.

I have a quick question for Mr. Cassidy.

One of the things I couldn't help but notice is that you kind of presented an easy fix for us. We announced a lot of money recently for transit. If we allowed intercity provincial highway transit, as you framed it, to be eligible in the same way that municipal transit systems are for the recently announced funding for public transit, would that more or less solve your problem?

Mr. Mike Cassidy: Yes, there is no question. I saw nods when I was speaking. Public transit on provincial highways is no different from public transit on municipal streets. We took delivery of municipal transit buses this week. They're $550,000, on average, for a typical municipal bus. A motorcoach today is $610,000.

We have always said that you could have a capital subsidy for your operating rolling stock—a one-time subsidy where those buses have a 10- to 12-year useful life. We all know how hard it is to ask for operating subsidies each and every year. With the capital subsidy, if we could mirror that in intercity transit in a way that is similar to municipal, we could be in a position as owner-operators where we would not have to pay monies and cash flow for principal and interest. We would have monies available for operating costs.

We feel that having eligibility under the public transit infrastructure fund include intercity transit is a perfect recommendation.

• (1625)

Mr. Sean Fraser: Thank you.

Mr. Kelly, thank you for the work you've done through this pandemic. Despite certain criticisms, which I appreciate and have jotted down, I really appreciate the advice that CFIB has provided from the outside of this pandemic. You focused heavily on solutions to small and medium-sized business debt.

Obviously government subsidies can't carry on in perpetuity. The private sector is going to play an important role at a certain point in time.

I'm curious whether you have any thoughts on the role that could be played by an equity tax credit of limited duration to help with the economic recovery—to help some of these businesses that may not otherwise survive not just get back on their feet but grow in a healthy way once it's safe to do so.

Mr. Daniel Kelly: I'm not sure that I understand what you mean by an equity tax credit, but the idea of some support as we move from lockdowns to ending of stay-at-home orders and advice and then into an open economy.... That transition is going to be a really delicate one and different for every sector of the economy. As was noted by my friend from Restaurants Canada, we are going to need a variety of measures.

The one I would advocate most strongly—to move us towards recovery with the pool that the Deputy Prime Minister has already suggested she's allocated for this purpose—would be to try to find some ways to relieve small business debt. The CEBA model, with the current one-third that is forgiven, could be ratcheted up. We've suggested that be expanded to a $80,000 loan that is 50% forgivable. The other is to move a forgivable component into the HASCAP loan for the highly affected sector.

If you did that, we think businesses would be helped. If equity implies perhaps government partial ownership of the business, I'm not sure that would be something we would support, but—

Mr. Sean Fraser: To be clear, that's not what I'm interested in. I'm wondering if we can make it easier for investors within communities to help invest in businesses within their communities as they transition to reopening.

I expect I'm out of time, so if you have thoughts on that, perhaps we could have a follow-up conversation.

The Chair: You are out of time, but that was a very good discussion.

We are back to Ms. Abou-Dib with the Teamsters.

We'll allow you to make your presentation, and then we'll go to Mr. Ste-Marie on the question list.

Ms. Mariam Abou-Dib (Director, Government Affairs, Teamsters Canada): Thank you so much, Mr. Chair and members of the committee. I apologize. Like many of us, I think, I have a love-hate relationship with technology. Thankfully, it's working again, so here we go.

On behalf of the 125,000 members of Teamsters Canada, the vast majority of whom work in the transportation industry in rail, road and air, as well as a significant and important number of members who work in the hospitality, tourism, trade show and sports entertainment sectors, I would like to thank you for inviting us to present before this committee.

Allow me to begin by stating that Teamsters Canada is of the firm belief that saving lives, protecting public health and containing the coronavirus outbreak must remain the federal government's overriding priority. In the short term, this includes continued income support for individuals unable to work due to COVID-19, as well as proper personal protective equipment, workplace health and safety precautions, training for workers, appropriate testing and, of course, vaccinations.

However, the number of workers who are currently facing the prospect of an end to their benefits in the coming weeks—yes, we just heard, thankfully, about the temporary move to extend the EI provisions—is still quite staggering. When you think of the number of workers who have been receiving the CRB, in late January that number was 844,000. There are 129,000 workers who were receiving the Canada recovery caregiving benefit in late January and, of course, there are the 2.3 million people who are currently receiving EI benefits.

Having said this, it's clear that Canada is in the midst of an economic crisis. No one is disputing that, but this crisis has has disproportionately affected low-paid and vulnerable workers in precarious employment, especially women, young workers, newcomers, workers of colour and workers with disabilities. Federal fiscal policy measures must prioritize helping Canadians return to decent jobs. For Teamsters Canada, this especially means expanding access to training and apprenticeship opportunities.

As public health measures permit, fiscal policy measures responding to the recession and unemployment crisis will need to prioritize helping Canadians return to good jobs. Accordingly, the plan for economic recovery must be gendered and must be inclusive, inequality-reducing and sustainable.

As we know, Canada's low-wage workers were hit the fastest and the hardest in this pandemic. They would have received little from EI even if they had qualified for benefits. Canada got it right by fixing this issue and creating programs such as the wage subsidy program for employers, as well as the CERB. As we head into this recovery, workers will need an inclusive, streamlined and simplified EI program that doesn't disadvantage low-paid workers in non-standard employment. As government moves to reform EI, a clear timeline should be set for a broad review of the program with full public participation.

Equitable investments in critical social infrastructure are also needed to ensure that no one will be left behind in Canada's recovery efforts. I think saying that we endorse the recommendations outlined by Angella MacEwen from CUPE is somewhat fair.

I want to stress one particular area here, which is that the pandemic proved that care work and care jobs are critical and remain vital to broad-based recovery. Therefore, we support the establishment of a coordinated plan for strengthening Canada's care economy. This includes working with provincial and territorial governments to regulate long-term care. It should implement high standards for long-term care work, mandate high staff-to-resident ratios in order to ensure quality care, and provide caregivers with full-time jobs with benefits such as paid sick leave.

It's no secret that not all workers, including many teamsters, will be able to go back to their pre-pandemic jobs. Many of those jobs, especially for our members in the hospitality, trade show and sports entertainment industries, for example, could be lost. More and more workers need retraining, and this means investing in training programs and mechanisms to ensure workers can access them and survive at the same time.

We believe that to enhance the ability of low-wage workers to upgrade and acquire portable skills, especially now, the new EI training support benefit should be expanded from four weeks to a minimum of 16 weeks in order to allow for acquiring certifiable and transferable credentials. Also, the replacement rate for the EI training support benefit really should be set at least at 85% of the average weekly earnings, rather than the currently proposed 55%.

● (1630)

The government must prioritize broad access to vocational education, training and apprenticeship opportunities for women, men and especially disadvantaged groups, including youth, lower-skilled workers, workers with disabilities, newcomers to Canada and racialized workers.

This pandemic has provided us all, but especially decision-makers, with an opportunity to pause and reflect on what is right and what is wrong with our economy, and on how to ensure that we're ready for any disasters in our future and that of our future generations.

As labour, we believe that getting Canadians back to work and fully employed in decently paid, productive work—along with public investment in infrastructure and renewal and expansion of social and public services—must be the priority. That will lead us along the path of an economic recovery that's gendered, inclusive and sustainable.

Thank you very much.

● (1635)

The Chair: Thank you very much for your presentation.

We turn now to Mr. Ste-Marie for six minutes, followed by Mr. Julian.

[*Translation*]

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

My best regards to all the guests.

I thank them for their very touching testimony. I especially appreciated Mr. Cassidy's testimony.

We feel that you are very knowledgeable about that specific sector. You communicate very well what you are experiencing and you are introducing solutions, which is greatly appreciated.

My questions are for Ms. van den Berg first and then Daniel Kelly.

I would like to hear your thoughts on restaurants and small businesses, which are often independent and generally owned by self-employed people. They are often family affairs. They are the soul of our downtown areas and small towns that gives colour and texture to each of those cities and communities.

[*Technical difficulties*] businesses or presentations have been very eloquent [*technical difficulties*] after the pandemic. At the pace things are moving, I really fear that, after the pandemic, perhaps in a year—a bit less or a bit more—those businesses and restaurants, which are the soul of those cities, will simply close. That concern persists despite the significant investments and major programs implemented by the government, even supposing they will be extended until the end of the pandemic.

What must be done to ensure the survival of those restaurants and businesses?

[*English*]

The Chair: Would you like to start, Ms. van den Berg?

Ms. Lauren van den Berg: I would. Thank you, Mr. Chair.

[*Translation*]

Thank you for your question.

[*English*]

One of the key points is something I touched on. Independent operators in restaurants and small business centres across the country are really the heart and soul of local communities. They anchor local communities.

We've seen restaurant owners have no choice but to add debt to their balance sheets in order to survive and to remain open, but the amount of debt is no longer sustainable for many, if not most, and it absolutely cannot be a long-term solution for our industry. That's why we're calling for the subsidy programs to be extended through April 1, 2022, and to be tied to a baseline of 2019. As well, you'll see in our recovery plan that we're calling for a larger portion of the loan programs, like HASCAP, to be forgivable, because asking small business owners to take out debt to pay down debt to pay down debt is a vicious cycle in which, honestly, no one is going to win.

I want to touch quickly on a couple of key points here and point out that as an industry, we employ more people per dollar than any other sector. Again, when you spend $10 in a restaurant, the average establishment keeps less than 50 cents, and the rest goes back to the economy in the form of jobs, food and beverage purchases, contributions to local charities and much more.

There is also a very real taxation difference that translates into a significant return on investment for governments in exchange for supporting restaurants. Every $100 that Canadians spend on groceries generates about $1.20 in taxes. Meanwhile, that same $100 spent at a restaurant represents $13 in taxes that go back to the government, so when I talk about restaurants feeding the recovery, I'm not being facetious. It's generally our best way forward to bring back half a million jobs for women, for visible minorities and for new Canadians, and to ensure that our youth still have access to invaluable first job experiences.

Mr. Daniel Kelly: If we broaden the discussion to small businesses, many of the things that Lauren shared are very relevant for all the sectors. Keep in mind the sectors that have been hardest hit by the pandemic. We've talked about the groups of employees who have been hardest hit, but the sectors include restaurants and hospitality more broadly; arts and recreation businesses, which have been eviscerated by the pandemic; the retail sector, which has been desperately hard hit; and service businesses—hair salons, nail salons and others. All those businesses that rely on face-to-face or in-person contact, and often physical contact with their customers, have been really hard hit, and many of them are not going to survive this.

We are getting more stories of business owners calling us, often in tears, saying they have been a successful business for 50 years and have nothing left. They're done, and they're asking to whom they turn in the keys to their business.

As I've mentioned at committee before, an increasing number of calls from business owners to the CFIB's business help lines are turning into suicide prevention. They are that desperate, because they see their life's work, their income and often their homes, which they have remortgaged to support the business, potentially disappearing before their eyes. These are desperate times, and they add a huge amount of richness to the Canadian economy. We need them and we need them to stick around.

As committee members know, my organization opposes business subsidies, often advising you against creating subsidy programs for business, yet I have somehow become Canada's leading advocate for business subsidization right now. The reason is that these are often good, solid businesses, but they cannot survive with the requirements for physical distancing we have right now, the lockdowns or the advice to Canadians to stay home. That's why I think government needs to support them, fix the gaps in the programs and fix them quickly so Canadians have jobs to come back to when this is all over.

● (1640)

The Chair: We are over time.

There is something that might be worth considering in that area, Dan. When we went through that situation in a farm crisis years ago, we put farm debt review boards in place, which also helped with the mental pressure. That might be worth looking at for the small business community, because you're right that when your house is on the line, it's no fun.

We will now go to Mr. Julian for six minutes and then to Mr. Falk.

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

Thanks to all our witnesses for being here today and providing their very valuable testimony. We hope you and your families continue to stay safe during this pandemic. We're now in the second wave and, tragically, anticipating a third wave coming soon.

My first questions will be for Ms. MacEwen and Ms. Abou-Dib.

I want to ask you this because you both spoke about the issue of inequality and addressing inequalities in a meaningful way. We went through the Second World War and had a crisis that was similar in many ways, being both economic and social. At the same time, we had in place wealth and excess profit taxes.

The banks this week have announced massive profits, now clearing $40 billion and going towards $50 billion, during the pandemic, and they received $750 billion of liquidity support in the same period. That happened within days. We've seen Canada's billionaires increase their wealth by over $60 billion. The web giants, the largest corporations in Canada, don't pay taxes.

How important is this issue of dealing with tax fairness? How essential is that to putting in place the other measures you're both speaking to, which help to address the growing and obscene inequality in our country?

I'll start with Ms. MacEwen.

Ms. Angella MacEwen: This is a question I've been thinking a lot about. I know the federal government can continue to borrow money to fund the stimulus we need right now, but eventually we'll need to increase tax fairness. The federal government will need to increase revenue. You have public sector workers at all levels who have seen this game play out before, and they're all afraid of the coming austerity. They're all worried about the eventual story we're going to hear, that we all need to tighten our belts and that governments are like households, which they aren't. A government budget is completely different from a household budget.

We should absolutely not be worried about going into deficit, but we need to think about inequality in terms of the way our tax system fosters increased inequality and changes the decisions corporations make on where they're spending their money. We've seen a bunch of corporations take money from the federal government, continue to pay out dividends and have huge share buybacks, because what they want to do right now is to boost their share prices, which boosts executive compensation. In the middle of this crisis, which is already hitting low-income workers and small businesses the hardest, our tax system is structured in such a way that the biggest and the wealthiest can leverage that and make even more money.

We need to start changing the legislation in the system so we can both improve the structures that create inequality—so that we'll reduce it—and fund the types of things Mariam and I were both talking about to create a more equal and more prosperous economy going forward.

● (1645)

Ms. Mariam Abou-Dib: Of course I agree with Angella on the points she raised. The other thing to consider is closing the loopholes that benefit mostly large corporations and the very wealthy. We're not talking here about small businesses and the local businesses that are represented here. We're talking about large corporations. These large corporations have a great ability for tax avoidance. That's something we need to really look at and consider. There have been tax cuts for large profitable corporations spanning the last 20 years, which we should really be re-examining.

Finally, we also need to look at how to generate additional revenue as we transition into a recovery, by implementing something like a wealth tax, again for the very wealthy. Restoring corporate tax rates to even 2010 levels would make a significant difference. Those are the kinds of things we should be examining when it comes to fair taxation.

Mr. Peter Julian: Thank you so much.

I'm going to go back to Ms. MacEwen.

You talked very passionately about the care economy, about universal child care and about how we need public universal pharmacare. Yesterday the government rejected the only legislation before Parliament calling for public universal pharmacare. How important is it for the caring economy, Ms. MacEwen, that we put in place these universal programs that everybody can benefit from?

Ms. Angella MacEwen: Pharmacare is a great example, because many people lost their coverage when they lost their jobs. They couldn't afford their medicine because they didn't have money and they didn't have coverage. Universal pharmacare would make sure they were always covered, whether or not they had a job. That's called an automatic stabilizer, something that reduces the impact of recessions on individuals and companies. It makes it easier for companies, because they don't have to provide that benefit to employees. It's cheaper. Companies would save a lot of money if we could do it in the same way we do with universal medicare. It would be a group insurance type of program. That would provide cost savings to the whole system and stabilize people's income. That's also really important in terms of inequality, because it tends to be the lowest-income people who never have access to that.

The Chair: We will have to move on to Mr. Falk, followed by Ms. Dzerowicz.

Mr. Falk, you have five minutes.

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

Mr. Mutch, you are the biggest private job creator in the province of Nova Scotia. You saw a dip in your business revenue this past year. You were able to use some of the CEWS program. I'm curious about your response to some of the discussion at this committee. I don't think you would be considered a small business. You would probably be considered one of the larger businesses or bigger corporations.

How do you feel about getting whacked with a tax increase once you return to profitability, after you've provided all of those jobs for the province and created wealth, not only for yourself but for many of your employees?

● (1650)

Mr. Andrew Mutch: Obviously, as a large employer in the province, we want to make sure we can sustain that and be here for the present. We can be, and have been, a real backbone for our province, and the sustainability of that is what's interesting to us.

At a global level, we're all aware that we compete internationally. We don't compete just within Canada. About 75% of our product is exported. In order to compete at a world level, we have to have the appropriate environment here to be viable for the long term. If we are to stay sustainable, we have to be competitive, and being competitive is paying the competitive tax rate. In order to grow—and we are always interested in looking at ways we can grown and build our operations—we have to compete with solutions all around the world.

Mr. Ted Falk: I can't imagine you would eagerly anticipate a tax increase once your company has turned the bend and returned to a profitable status where you're going to be contributing to the province, to the community and also to the livelihoods of your employees. As a personal user of your on- and off-road product, I would certainly hate to see you go.

Thank you for the good work you do, and the excellent product you produce.

I would like to ask Ms. van den Berg a few questions. One of my constituents approached me this morning about what I was doing for them. They happen to own five Smitty's restaurants. I was asked what I had done for them lately. I said, “I'm going to be doing something for you this afternoon. Your industry is presenting at the finance committee. I'm going to ask them some good questions and give them an opportunity to toot their horn.”

One of the biggest problems that has been communicated to me by restaurant businesses is that the provincial lockdowns and restrictions have prevented them from running their business. Does your industry have any stats at all as to COVID transmission rates in the restaurant industry?

Ms. Lauren van den Berg: Thank you so much. I'm happy to help everyone's horn get a bit tooted here.

One of the really frustrating aspects of this particular apocalypse is the inconsistent application of restrictions, lockdowns, rolling restrictions and ongoing lockdowns, and how they vary from province to province and from region to region.

Dan and I have probably yelled ourselves hoarse at the Ontario government for some of the frustratingly short-sighted policies that are being implemented, because businesses need continuity. We are being told we can open and then, at the drop of a hat, we need to close for an unspecified amount of time. In Toronto alone, we've been shut down since mid-October. That's over 200 days that many businesses, mainly restaurants, have been shut down with little to no source of revenue.

Mr. Ted Falk: My understanding is that the CERB has negatively impacted some of your businesses, because many of your employees are part-time. The CERB ends up paying them more than they would have received had they taken the work that was available to them. I would like to put that on the record as a way of confirming that for you.

Ms. Lauren van den Berg: Yes, absolutely. I appreciate the CERB comment and remarks regarding transmission rates. One of the frustrating points about the Ontario government is the lack of transparency in terms of sharing its data. Right now, we're working off the numbers from Dr. Henry in British Columbia, which has been the only region to share numbers so far, and restaurants clock in at less than 0.1% of transmission data. We are the safe alternative to private gatherings. Our members have invested $750 million in PPE equipment and staff training to ensure you can come and eat a meal with family and friends.

Mr. Ted Falk: Mr. Cassidy, I've been listening closely to your comments. Would a refundable investment tax credit on new capital purchases address your concerns?

Mr. Mike Cassidy: That's a very good question. For a refundable, what I would be scared of is the amount. When you take a $600,000 motorcoach, for example, what would the percentage be? When we look at the public transit infrastructure fund, in many cases there's the 40¢ federal dollars in this program. In many provinces, it's matched by 33% dollars. I'm a bit worried, with a refundable tax credit, about whether we would have enough actual cash dollars for the purchase of a motorcoach.

When you are buying your motorcoaches, you also have to understand that with the capital cost allowance, many times—depending on the number of motorcoaches you have—you get your taxable income lowered through the CCA. If you then had the refundable, I don't think it would give you the amount of cash that a capital program would for your operation.

● (1655)

Mr. Ted Falk: That's what an investment tax credit would be. If it would be refundable, it would be on the purchase of a new capital asset. Years ago, there was a program that offered 10% on the purchase of any new capital asset. That's right up front. That would be a huge stimulus to your business.

Mr. Mike Cassidy: Yes, it would be a start.

I don't mean to just use the 10% example. With the total operating costs and the revenues that we need have for sustainability, I do not feel.... Within our industry, that 10% would be welcomed, but in the intercity component, it would not be sufficient to carry us. It would not be enough assistance.

Mr. Ted Falk: Thank you for your comments.

Thank you, Mr. Chair, for your flexibility.

The Chair: It's not a problem.

We'll now turn to Ms. Dzerowicz and Elizabeth May, who I know is here somewhere. Gabriel is going to give you his two and a half minutes, so you'll be next after Ms. Dzerowicz.

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

I want to thank everybody for their presentations and for their contributions to our deliberations today.

My first questions are for Mr. Kelly.

Mr. Kelly, I believe that Bill C-14, which is trying to find its way through our House right now, is going to at least partially address the issue you raised about rent having to be paid up front. Whether my recollection is correct or not, could you just tell us, what is the impact on small business of Bill C-14 being held up in the House?

Mr. Daniel Kelly: I don't think Bill C-14 helps us at all on the rent subsidy program, but it is important legislation nonetheless. We ask all parties to work quickly to get it across the finish line. My understanding is that this legislation also helps us significantly with refunding some of the RRRF measures—the regional relief and recovery fund. The dollars are running out in some of those programs, and some businesses that were unable to access other government programs like CEBA have depended on these regional funds to get some support. Time is of the essence, and we're urging parliamentarians to pass that quickly.

Some changes to the rent support program were just announced yesterday, I believe, but I think that is separate.

Ms. Julie Dzerowicz: Thanks so much. I'm a little tired today, so I might not be recalling correctly.

My next question is about your first chart, entitled “Businesses fully open”. There's a difference between Nova Scotia at the top and Ontario at the bottom. My colleague, Mr. Fraser, suggested that perhaps public health measures have a bit of an impact on the number of businesses that are open. I think it was verified by Mr. Mutch earlier.

First, do you agree with that? Second, what other factors might be impacting this wide difference across our country?

Mr. Daniel Kelly: The biggest difference is how far and for how long governments have needed to lock down the business community. Of course, Atlantic Canada took a different approach by basically sealing off the borders quickly and then preventing much of the lockdown that might otherwise have been necessary. It's not that they haven't used them at all, but most Atlantic provinces have had to use lockdowns of short duration for some sectors of the economy, which has lessened—not eliminated, of course—the impact on some of those factors.

The biggest effect on those provinces that have had to use widescale and long-term lockdowns.... Just to give a bit of colour here, Toronto and Peel now have likely—and I stand to be corrected on this—the longest lockdowns in North America. Businesses have been locked down, depending on the sector, for 220 days since the pandemic began. Ontario has been the worst-responding province in the country by about a mile in terms of addressing the impact of COVID-19 and protecting small and medium-sized businesses from the problems. It's been one of the only provinces that has also allowed big box stores to remain open while shutting down small firms, which is a policy I can't understand.

The Ford government should be deeply ashamed of itself for the way it's treated the small business community.

● (1700)

Ms. Julie Dzerowicz: Thank you so much. I appreciate that, Mr. Kelly. I might come back to you if I have time, but I'm going to pivot over to Ms. van den Berg.

I will make a comment and ask a question, and I would like you to respond to both, Ms. van den Berg.

You've indicated that restaurants right across the country have been the fastest to lose jobs. Would they also be the fastest to regain jobs if we are going to restart the economy? In looking at it on your charts, we can see that it went up and then went back down again. That's the comment. I wanted to know whether you agreed with that.

Second, the question I have is this. I mentioned this a bit in my earlier question. We've seen in different regions in Canada, such as Atlantic Canada and British Columbia, that with reduced public health measures, they have lower case numbers. Can you talk about whether restaurants in regions that allow in-person dining are seeing enough income to run their businesses without supports?

Ms. Lauren van den Berg: Yes, we were hit first. We were hit hardest. As I mentioned, we lost more employees in the first six weeks than the entire Canadian economy lost in the 2008 recession. That also means we stand ready to rebuild those jobs exceptionally quickly. The caveat to that, of course, is the fact that we need to survive long enough to have a place to create those jobs, so for us it really comes down to the key pillars of the wage and rent subsidies.

I don't want to keep beating a dead horse, but taking out debt to pay down more debt is not sustainable for any cohort or pillar of our economy. Restaurants in particular stand ready, having made significant investments—even over the course of this apocalypse while we were shut down—in the health and safety of not just our staff and employees but of Canadians and all guests who come into our establishments.

In the regions where we have been fortunate enough to reopen, with limited capacity, for indoor dining, it has been a challenge. For many of our smaller independent operators, limiting their capacity to, say, 50%—as that percentage seems to be what most governments rely on—means you have two people at a table. That's for your entire restaurant. The staff required to turn over the table, the cooks required and the additional labour we have to bring in to make sure we can sanitize everything on a regular basis in shifts means our labour expenses are even higher when we're able to serve only 50% capacity.

For many people, and many small business owners and restaurants in particular, it's extremely difficult to make the case to stay open, which is why it again comes back down to those subsidies. They are crucial for our survival.

Thank you so much.

The Chair: We will have to move on.

We'll now go to a round of two and a half minutes, first for Ms. May and then for Mr. Julian, followed by Ms. Jansen for a five-minute round.

Ms. May, you have two and a half minutes.

[*Translation*]

Ms. Elizabeth May (Saanich—Gulf Islands, GP): Thank you.

I will begin in French to thank my colleague Mr. Ste-Marie.

You are so nice.

[*English*]

My question is for Mike Cassidy.

It is an honour to speak with you, sir. I've watched your valiant work on behalf of Maritime Bus Lines from the other coast, where I'm working with Wilson Bus Lines. I want to give you the time to explain the coast-to-coast bus coalition vision.

Parenthetically, before the transport committee last week, I put to the deputy minister of transport the question of what we were going to do to save our ground transportation outside of the inner city buses, between cities. He said, “We're working on it, but we think it's mostly provincial jurisdiction.”

I think your vision solves that problem. I want to give you the time to explain it.

Mr. Mike Cassidy: Thank you very much, Ms. May.

It dates back to the summer of 2012, when we had one of the largest transportation companies in the world, Keolis, which owns Orléans in Quebec and used to own Acadian Lines in Nova Scotia, Prince Edward Island and New Brunswick. They stated in the summer of 2012 that they were going to surrender their motor carrier rights and leave the maritime provinces, because they were losing $2 million a year. They provided evidence to the Nova Scotia and New Brunswick boards of public utilities.

At the time, I did not understand intercity. I had a very good understanding of municipal transit, which is completely different from my motorcoach operation. Transit is one of need. Normally, in the motorcoach business of groups, it's a want. The need is different.

We stepped up to the plate and said our region was going to have intercity transportation. We need it.

In 2018, when Greyhound made the financial decision to surrender its motor carrier rights from Sudbury, Ontario to the west, that was the same feeling I had in 2012.

I spent 2019 providing data to Transport Canada, waiting for their study to be issued, talking about intercity across this country. I was in the media constantly in those early times, when Greyhound pulled out of the area and the region, talking about what I call my trans-Canada bus corridor network. It is so important to have a bus corridor across this country, and feeder routes into the actual corridor.

Now we have a chance where there are four companies. It's ironic that it's Wilson's on the west coast and Maritime Bus on the east coast. We have Pacific Western's Ebus in Alberta, and then we have Kasper Transportation in northern Ontario—four companies coming together with the same dream.

Intercity regionally is important, but we know we have to cross provincial borders. Once we start to cross provincial borders, we need all stakeholders. I do not want to be able to say that the province says it's federal, and the federal government says it's provincial jurisdiction. We're in this together, and when you look at the airlines or you look at Via Rail in the pandemic, most of us in this country would agree that buses have remained. We have been reliable and we have got the work done.

I will cherish the day we can have a cost-effective—and it has to be cost-effective—bus corridor, with a feeder system for our country. We do not have to have large international corporations telling us we cannot successfully run bus companies in Canada. We have proven the opposite, Ms. May, and I still think we can prove we can make this happen.

● (1705)

The Chair: We are going to have to cut it there. We're a little over time.

Next is Mr. Julian, followed by Mrs. Jansen.

Mr. Peter Julian: Thank you very much.

Ms. van den Berg and Mr. Kelly, you both indicated very passionately and eloquently the importance of providing supports for the small business sector.

I see first-hand here in New Westminster—Burnaby what the impacts have been on small businesses and restaurants in our area. They are really struggling to get through this pandemic, and they are very apprehensive about a third wave.

In its summary statement, the fiscal update that was presented in November has massive cutbacks in government supports over the course of this year, from April 1 to March 31. Basically, program expenses are slashed in half.

I want to ask the two of you, because you have spoken about providing those supports for a pandemic that will certainly be lasting for another year. How important is it that we put supports in place for the restaurant industry and for small businesses, so as many of those businesses as possible make it through the pandemic?

Ms. Lauren van den Berg: I don't think I could possibly overstate how desperate the picture is for restaurants, local communities and small businesses across the country. These supports are absolutely crucial. We can't even begin talking about recovery until we start talking about survival first.

While we are sensitive to the fact that money doesn't grow on trees and the government probably can't keep printing it, the reality is—as one of the other witnesses said here today—that a government budget is not the same as a household budget. It is to our detriment to keep making that analogy, because restaurants are a critical pillar of our culture, our communities and our local economy.

We contributed four per cent to the country's total GDP. Without the support of a government in return, the heart and soul of so many communities will be bereft.

I want to make sure Dan has some time to speak to this as well, as I know he has some thoughts and feelings to share.

● (1710)

Mr. Daniel Kelly: I will take a slightly different tack, with the same end point as Lauren. I am really worried about the amount of money the government has been racking up in federal debt over the last little while, and I know we're passing the bill to future generations, including my 12-year-old son. I can also say, though, that businesses have been shut down in order to protect society. While subsidies do not work in ordinary times, they are absolutely necessary right now. These businesses need to be there to help us get out of this. If we want a chance of growing the Canadian economy once again and getting back to robust GDP growth in the future, we're going to need every single entrepreneur to keep working and to keep moving.

Businesses will fail, for sure. Many will be taken out by this, but we can minimize that amount if we get the program supports right and if we extend them until such time as governments can tell Canadians to return to work. The signal to the governments that they can start pulling back from subsidies is when we can say, “Canadians, go back to the office. Canadians, go back to the restaurants. Start dining again. Start going to the theatres. Start taking trips, including international trips.” When that happens, we can slowly start to reduce some of the supports that are there, but if we do that too quickly, these businesses will die and thousands of Canadian jobs will be taken out with them.

The Chair: Thank you, all.

We'll divide the rest of the time among the four last questioners, with about four minutes apiece.

We will start with Ms. Jansen and then Ms. Koutrakis.

Mrs. Tamara Jansen (Cloverdale—Langley City, CPC): Thank you, Mr. Chair.

It has broken my heart to hear about the many small businesses that have been completed decimated by the continued COVID restrictions and lockdowns. It's terribly frustrating to see our hard-working job creators and service workers who have been so hard hit and who continue to suffer due to the slow procurement and use of rapid tests and vaccines that could have provided a road to recovery much earlier.

Mr. Kelly, I'm hearing from business owners in my riding that if we have to wait until September for the government to finally stop telling Canadians to stay home, they will not be able to hang on. What's the expected loss of businesses and jobs if vaccinations are slow and we do not fully open up until September?

Mr. Daniel Kelly: I'm super worried about the slow rollout of vaccines—especially as Canadian entrepreneurs look at what's happening in some of our major trading partners, as in the U.S.—and getting tourism back. The U.S. is allowing those who are vaccinated to return to the U.S. without having to go through quarantine requirements. We're going in the opposite direction, with further restrictions.

Rapid testing, I completely agree, has been a giant missed opportunity for us. Provincial governments have relied almost exclusively on lockdowns as a way of solving this. Most of the Conservative governments have been awful through the whole pandemic on that front.

I will say that if we can get rapid testing sped up even now—Ontario is finally starting to come around to that, while unfortunately the B.C. government seems out to lunch on that front—and can get some of the provinces to pick this up, we think we may be able to have a chance of using that as a tool to guide us through COVID without locking down.

Mrs. Tamara Jansen: Thank you. Here in B.C. we have an NDP government, which is still not letting us get out and go.

You mentioned in your presentation that your calls with your members have begun to be suicide prevention interventions. How will we even be able to quantify the impact on the mental health of your members?

Mr. Daniel Kelly: We've tried to do some of that. I think it was in my deck today that about half of business owners are saying that this is having a mental health impact on them as business owners.

It's pretty bad. My little not-for-profit association took 78,000 calls from business owners last year to try to provide them with guidance and support. That's 78,000 calls, and these calls are dark. Business owners are really at their breaking point. Every day and every hour that the program gaps and supports don't get fixed, more business owners are making the decision to hang it up forever. That's a shame. We're all going to suffer for that.

Mrs. Tamara Jansen: Absolutely.

I'd like to ask Ms. van den Berg a question. You mentioned that there is really no evidence to show that COVID protocols that small business owners had put in place were failing. That is incredibly shocking, considering how many small businesses are shutting permanently across the country every day. Would you agree that if Canadians continue to be told to stay home until September due to slow vaccine rollouts and lack of rapid tests, restaurants across the country will continue to go broke?

● (1715)

Ms. Lauren van den Berg: Absolutely. One hundred per cent. It is a terrible and depressing likelihood. We are staring down the barrel of a gun here.

A slow vaccine rollout is frustrating and disappointing from a Canadian perspective, but I also think pinning all our hopes on a vaccine rollout isn't a strategy for reopening. With the rapid testing—again, a missed opportunity—and waiting for vaccines, how do we live in the meantime? What do we tell the countless restaurant operators across the country who are struggling to make ends meet, even when they can open indoor dining, after they have made these unbelievable investments in protecting the health and safety of their teams, their people and their guests? It's a growing concern, and my fear is that we don't have any good answers yet.

The Chair: Thank you, all.

We'll turn to Ms. Koutrakis, followed by Mr. Fast, and then Mr. Fragiskatos will wrap it up.

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

Thank you to all the participants in today's meeting.

It's heartbreaking to hear this testimony. In my riding in Vimy, Laval, there are many small and mid-sized businesses, predominantly restaurants. I am the daughter of a former restaurant owner, so I've lived it. I know exactly what the challenges are and what it takes, and it breaks my heart to see how many small businesses, particularly in the hospitality industry, are suffering.

I have a question for Ms. Abou-Dib.

In the riding of Vimy is the headquarters of Teamsters Canada. I saw the building being built not too far from my office, and I was proud to see your building go up in my riding.

Ms. Abou-Dib, your president, Mr. Laporte, in response to the fall economic statement, said that the federal government is "dead serious about supporting working-class and middle-class Canadians" and that "continued government spending will be the only thing keeping millions...from total ruin".

How would you respond to criticism from the opposition suggesting that the federal government should ease its emergency spending, and what specific elements of the FES demonstrate a commitment to ensuring continued support for Canadian workers and families?

Ms. Mariam Abou-Dib: I think President Laporte was saying that our government has taken the right steps right from the beginning to respond as quickly as possible to a crisis situation. Ensuring that working-class and middle-class families were the priority was the right way to approach this pandemic. It doesn't mean that everything was done perfectly right from the get-go, but it does mean that the government was reacting and responding as quickly as it possibly could.

Easing the supports is not the responsible response at this time. We're not there yet. I don't believe that easing the supports is going to solve or resolve any of the problems that have been outlined, whether it's on individuals or on the small businesses that are all in crisis at this time. As long as we have a pandemic, as long as people are asked to stay home and as long as businesses and organizations are closed, then people have to survive, and we have a responsibility, as a society, to take care of one another. The government is the facilitator of that care.

If we are going to start to think about an evolution in how we're going to be approaching benefits like the CRB, or other benefits under the employment insurance program, for example, looking at them from the perspective of how the recovery is going to take shape in the economy is going to be the way to do this.

One way of doing that, which is really key here, is for sectors that have been devastated and are looking at a whole transformation.... Workers in those sectors need to be transformed as well. How do we move people? How do we transition them from benefits like the CERB into employment that's meaningful? Training and investing in training—I think the government is looking at ways of doing that through the EI program—are really key here.

● (1720)

The Chair: I'm sorry, Annie. We're going to have to move on to Mr. Fast for four minutes, followed by Mr. Fragiskatos.

Hon. Ed Fast (Abbotsford, CPC): Thank you, Mr. Chair.

I have two questions, both for Mr. Kelly.

It's nice to see you again, Dan.

You mentioned that rent support is still not doing the job. You referenced that about 26% of small businesses can use the program. Have you been able to quantify how many additional businesses will or should be able to access the rent support program, and what criteria would have to change to allow them to access this program so they can survive?

Mr. Daniel Kelly: First let me say that the rent support program is a heck of a lot better than the earlier version. The new CERS program is leaps and bounds ahead of the failed CECRA program that was put in place at the beginning of the pandemic. When the Deputy Prime Minister took up her role in Finance, she listened to some of the recommendations that we and others were putting forward and adopted several changes, including putting it on a sliding scale.

There needs to be more promotion of the program, because there are still business owners who don't know. I found a few today in my emails. They tried the earlier version of the program, failed, and now have just given up on trying to access it, so that's a portion of the problem.

First, we have a letter outlining about a dozen different gaps that exist in the rent support program. One is that it doesn't apply to newer firms. If you don't have comparison years from 2019, you're out. You can't access it.

Second, the big one I mentioned earlier is that if you can afford to pay only a portion of the rent with the money you're getting from the subsidy, you're not allowed to use the subsidy at all. That needs to be fixed.

Third, there's a real gap for businesses that have both a holding company and an operating company. For that, even the previous CECRA program was more flexible than the current version, and we've been asking the government to make some changes. It did announce a tiny portion of the fix just yesterday, but there's a much more fundamental one that is necessary.

To answer your question about the scope of the program, it's not going to be available for everyone; it's only for those who have had losses.

I really like the fact that the government added the lockdown support. That was a smart move of Minister Freeland to put that in place for those who are shut down again as part of the second wave.

I would be comfortable if we saw 50% to 60% of small firms that have had losses applying for the program. That would put it in the range of the CEWS program for the wage subsidy and the CEBA loan program. That's where it should be. Unfortunately, it's less than half of that right now.

Hon. Ed Fast: You also mentioned that new businesses were promised they were going to get access to more support programs, and that was in fact never delivered. How many new businesses have been left behind because of lack of access to these support programs? Which specific programs, if you can do it very quickly, do you believe they need immediate access to?

Mr. Daniel Kelly: We've been begging governments to look at the plight of new business owners. I know they're sensitive to it and they're thinking about it, but, for goodness' sake, we're a year into the pandemic and these businesses have had no support at all. I don't have an exact number. There are thousands who reach out to the CFIB asking for help—people who have spent their entire life savings of half a million dollars to open a restaurant that has had no income and been shut down all of last year because of technicalities regarding their environment. This needs to change. It is desperate.

First, the program they need the greatest access to is CEBA—getting them a loan quickly. That $40,000 to $60,000 loan would help a great deal.

Second, we need to fix the wage and rent subsidy to allow them access to those two programs, because they have been real lifesavers for a whole bunch of businesses.

● (1725)

The Chair: Thank you all.

Mr. Fragiskatos.

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

Thank you to the witnesses.

My apologies. I had to disappear for an hour on a previous commitment, so if my question has already been answered, then I especially apologize.

I have a question for Mr. Kelly.

Mr. Kelly, in your introduction, you talked about the number of businesses that continue to be affected by debt taken on during the pandemic. If I'm not mistaken, the average small business has taken on 170,000 dollars' worth of debt. Is that right?

Mr. Daniel Kelly: You got it. Seventy-three per cent of businesses have taken on new debt at an average of $170,000.

Mr. Peter Fragiskatos: What are some creative ways forward for those businesses to be relieved of that debt? I think of the post-pandemic period, and I know we're heading there, but we're not there yet. That's an enormous weight for those businesses and the economy as a whole, so I'd love to hear any thoughts on that.

Mr. Daniel Kelly: The good news is that the government has laid the rails for really good programs that could deliver with some minor modifications.

I wasn't a huge fan of the CEBA loan program at the beginning, I have to admit, but Minister Morneau, who hated my guts, put in place a good program before he left office. The CEBA program provided a $40,000 loan, of which $10,000 was forgivable. Minister Freeland expanded that to a $60,000 loan, of which $20,000 is forgivable. That should be expanded to $80,000, in my opinion, with 50% of the overall loan being forgivable. That would take away some of the debt load that businesses have faced.

The other one is HASCAP, the good program that Minister Ng and Minister Freeland put in place. There has been a terrible rollout so far, just to let you know; some of the banks have just now started to offer it. That HASCAP loan for those who have been highly affected, including those in the restaurant and hospitality sector, provides a loan of up to $1 million at low interest rates. The idea of providing a forgivable component—let's say a quarter of that loan would become forgivable upon repayment of the balance—sends the right message to the economy.

You need to be a going concern in order to get the forgiveness, but it relieves some of the debt. Businesses can't afford to keep taking this on the chin, and this, remember, is not their fault. We're privatizing societal losses on independent businesses that can't afford them.

Mr. Peter Fragiskatos: Thank you.

I have not very long remaining. I hear what you're saying on the rent program not being available for new businesses. I wonder if you could speak to that. I think it's a vastly improved rent program. This is on top of all the other programs that have been introduced, which are really sustaining the economy right now in so many ways, or at least sustaining small businesses.

There is always room for improvement. We can always do better. I'd love to hear your thoughts again on the importance of getting that rent support to new business owners. I have a situation in my constituency where a restaurant just can't get that support right now. I'd love to get your thoughts on the record there.

Mr. Daniel Kelly: We have a whole separate letter about new businesses and how to fix all the programs, including on rent, and make it available to them. I get the government's concern about having these programs leak like a sieve and allowing fraudsters to create fake businesses in order to access government subsidies. It's a legit concern. I take it seriously.

There are a couple of things. You require them to have a business number before March 1 for some of the programs. I think that for the rent program it's September 1. If you didn't have that beforehand, you are ineligible. Also, you have to compare to 2019. If you don't have a similar month in 2019, you're ineligible. There's a whole host of rules that need to change. My suggestion is that the government allow the average for the industry in that province to be used as a calculator to determine the size and scope of the subsidy for, say, a restaurant in Ontario, in order to do the comparison.

We put all of this in a letter to Minister Freeland. The government knows what to do. We need to get them to move on this, because these businesses have been without any support for the entire pandemic.

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

Dan, can you send a copy of that letter to the clerk as well, please?

Mr. Daniel Kelly: Yes, for sure.

The Chair: I have a quick question for Mike Cassidy, and then Peter has a quick motion.

Mike, you know where I live, in the riding of Malpeque. A business just up the road here brings in about $300,000 a year just from the cruise ships. I see your charter buses going by there.

You said at the beginning that your charter buses will have been idle for pretty well two years. I farm. I know what it's like when you leave a piece of equipment idle. You don't hop in and start it up. You said in your remarks that you need to be ready, willing and able to roll those buses when they need to run. How are you going to do that? What do you need to do to have them in shape to go? What does the government need to be doing?

● (1730)

Mr. Mike Cassidy: In our industry, if you sit with a motor vehicle, especially after two years, we're estimating that it's going to be $20,000 to $25,000 per motorcoach to get that coach up, willing and able to go to work in 2022.

If there was a loan that could be put in place per motorcoach, that amount of money could get help us get our coaches ready, willing and able. It's no different when we talk about HASCAP and a forgivable portion, or $80,000 with a forgivable $40,000 for small businesses. It's the same concept in the motorcoach business. If we bring our buses to the dock, and if the person up the road who depends on $300,000 from cruise ship arrivals.... We would bring our buses to the dock in 2022, 2023 and 2024. Have a portion, or all of the loan, forgivable.

It's not just your business up the road. We have hotels and small motels that are for sale now because our motorcoaches are not stopping at their doors and people in our motorcoaches are not paying for the rooms. They're not getting their meals there. It's a trickle-down effect, but it's very dangerous.

The Chair: I'll release the witnesses before we go to Mr. Julian's motion.

Thank you to all the witnesses. These are extremely difficult times. We know that. On the positive side, the ideas that come forward from the entire community always amaze me. There are good ideas here today from the unions, operators, businesses, etc. There are tremendous ideas out there. We welcome them at this committee, and we welcome the constructive criticisms as well. We try to work across party lines to see what we can do.

Thank you very much for your presentations. We understand the heartfelt concern in your area.

Mr. Julian, you had a quick statement.

Mr. Peter Julian: Yes, Mr. Chair, thank you.

Thanks to our terrific witnesses. They were amazing today, and we learned a lot.

For subsequent weeks, as we talked about in the motion I presented a couple of weeks ago to start this study, the parties will need to provide their witnesses and schedule their witnesses.

I want to be clear that this is the intent and we will be submitting a list for next week or the week after. I understand that next week we will have more targeted sessions, but for the following week, of course, we want to ensure we get the witnesses we want.

I just wanted to flag that.

The Chair: Next week is tied up with the law clerk and Bill C-208. The following week, there will probably be another session on Bill C-208. That's Larry Maguire's bill. We'll have to see what comes at us from Parliament after that.

Our intent is to keep going with witnesses on COVID-19. You can see the good ideas that are coming forward. We can be helpful to everyone in terms of providing that information up the line. That's the intent.

I'll ask the clerk to confirm, but we already have 40 or 50 witnesses on the lists from the parties. We'll have to sit down as a steering committee and set some priorities after we get through next week.

Thanks to all.

The meeting is adjourned.

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