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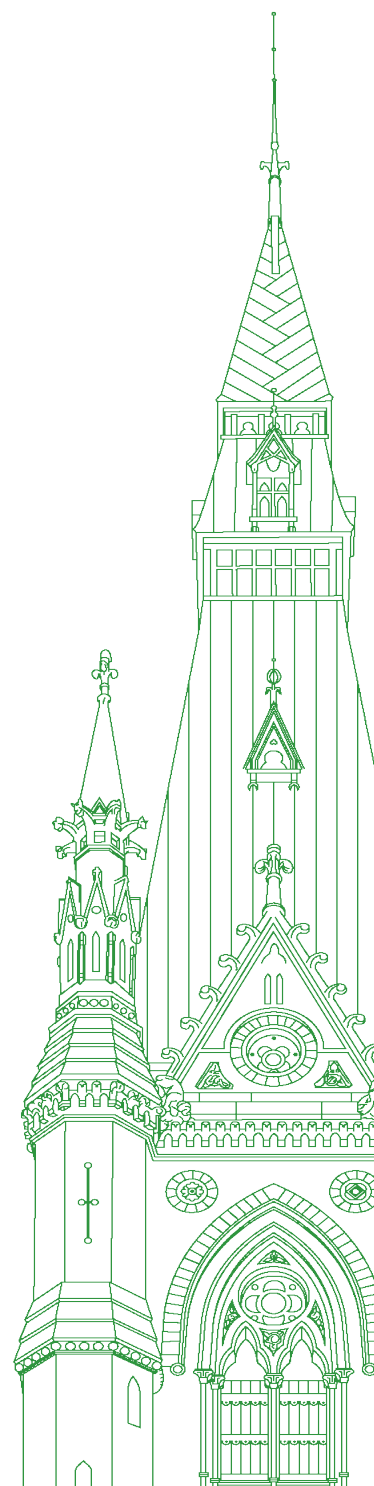
Standing Committee on Finance

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Tuesday, May 25, 2021

Chair: The Honourable Wayne Easter



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• (1600)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): We will call this meeting to order.

Welcome to meeting number 50 of the House of Commons Standing Committee on Finance. Pursuant to Standing Order 108(2) and the committee's motion adopted on Tuesday, April 27, the committee is meeting to study the subject matter of Bill C-30, an act to implement certain provisions of the budget, tabled in Parliament on April 19, 2021, and other measures.

Today's meeting is taking place in a hybrid format. Most people are using the Zoom application remotely.

The proceedings will be made available by the House of Commons website. Witnesses should be aware that the webcast will always show the person speaking rather than the entirety of the committee.

Before I go to witnesses, I should mention that there will be, if everybody shows up, seven witnesses on this panel, which is a little unusual. One witness called in and saw the need to speak, so we put them on this morning to make the seven. We have a two-hour panel, so we should be okay for time.

With that said, we will start with the tourism industry alliance of Quebec, with Mr. Paquet, senior director, public and governmental affairs; and Mr. Ryan, chairman of the board and owner of Ski Sutton.

Welcome to you both.

The floor is yours.

Mr. Éric Paquet (Senior Director, Public and Governmental Affairs, Alliance de l'industrie touristique du Québec): Thank you, Mr. Chair.

[Translation]

Good afternoon, honourable members of the Standing Committee on Finance.

Thank you for inviting me. With me today is Jean-Michel Ryan, chair of the board of directors of the Alliance de l'industrie touristique du Québec and owner of Ski Sutton.

We welcome the measures for the tourism sector in the 2021 federal budget, but with some reservations. I would be remiss if I did not mention the significant funding allocated to Destination Canada for tourism projects implemented via regional agencies, as well as

the funding for festivals and events, which will continue to play a major economic role in urban centres and regions alike, all across Canada.

We believe, however, that the relief efforts aimed at supporting the industry since the early days of the pandemic will not help keep key businesses alive should the financial support decrease in July and later disappear before the borders are reopened. The Canada emergency wage subsidy, or CEWS, and the Canada emergency rent subsidy, or CERS, have literally been lifelines for Canada's tourism businesses. The third wave of the pandemic has had significant repercussions. What's more, a plan to reopen the border is lacking, and restrictions governing public gatherings and travel are ambiguous. Tourism businesses remain at risk of having to rely exclusively on local clientele during the upcoming summer months, which will reduce their revenues significantly for a second consecutive summer.

Already overburdened with debt in an effort to keep their heads above water and facing a sharp decrease in cash flow, or lack thereof, businesses will not be able to generate enough cash during the summer season—just a few short weeks—to make it through another winter. How will CEWS and CERS support seasonal tourism businesses if the subsidies are reduced in July and eliminated in the fall? Seasonal businesses will need the support more than ever in the fall. Would it not be more appropriate to extend the programs as needed, since they will no longer be available to businesses once revenues return to normal?

The federal government has been there from the early days of the crisis, offering relief to Canadian businesses. The relief was helpful but remains as essential as ever. We are asking the government to maintain the existing programs in response to the unique needs of hard-hit tourism businesses.

First, the government should extend CEWS and CERS for as long as they are needed by the tourism industry. It should keep the same program conditions in place and make lockdown support available to tourism businesses that are most affected. We believe that keeping the current terms and conditions of these programs in place exclusively for tourism businesses represents a low risk for the government. Over 95% of the economy has recovered, and only sectors that are the most hard hit—like tourism—would remain eligible for these programs. To further mitigate the risk for the government, we are also proposing that the eligibility threshold based on lost revenues be increased to 30%, as was the case when the programs were initially implemented.

Second, the government should adopt an exit strategy for these programs based on a border reopening plan. Tourism will gradually pick up as soon as an announcement is made regarding reopening the border. However, a period of preparation will be necessary to bridge the gap between the reopening of the border and the gradual return of tourists in the context of business meetings, cruises, international events and the like. These relief measures will remain indispensable and should be available to cover the transition period, providing the predictability required for a successful recovery.

Thank you.

Mr. Ryan and I would be happy to answer questions.

• (1605)

[English]

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

We'll turn to the Canadian Business Aviation Association, with Mr. Norejko, president and CEO.

Mr. Anthony Norejko (President and Chief Executive Officer, Canadian Business Aviation Association): Good afternoon, Mr. Chair.

Thank you for the invitation to appear before you today to discuss the implications of Bill C-30 on Canada's \$12.1-billion business aviation sector. While this is our first appearance before the finance committee, the Canadian Business Aviation Association has been representing this sector for a long time. In fact, this is our 60th anniversary. Today we represent over 400 members across the country, including corporate flight departments, flight management companies and entrepreneurs who use aircraft to conduct and grow their businesses.

I would like to share a few facts about business aviation and how it contributes to Canada's social and economic well-being. Despite the myth that business aviation is used exclusively by the 1%, the reality is that our sector is essential to a wide range of individuals in everything from business suits to construction boots. The reality is that business aviation is a significant driver of economic growth and jobs across Canada and can be an anchor in our economic recovery.

Given Canada's vast size, complex geography and small population, aircraft have been a niche tool to deliver personnel, food and supplies, equipment and other essential services to communities of all sizes, many of which have only the most basic airstrip for landing and taking off.

Business aviation employs a wide variety of aircraft from four-seat, propeller-driven aircraft to long-range, Canadian-made Bombardier Global 7500s as well as Boeing 737s. These time machines are used to serve our communities, get workers to remote job sites and ensure that people can travel by air safely, efficiently and with all health protocols firmly in place. Today, with Canada's major carriers having cancelled flights to dozens of Canadian communities, business aviation has become even more important to delivering cargo, personnel and supplies and ensuring that commerce and trade can continue to support local jobs and businesses.

Our sector, which represents over 50,000 Canadian jobs in highly skilled and well-paying professions, gives Canada's entrepreneurs and corporations a much-needed competitive advantage. Moreover, supporting the use of these aircraft also supports Canadian aviation research, development and manufacturing giants such as Bombardier, CAE, Pratt & Whitney Canada, De Havilland and Diamond Aircraft, to name just a few.

While there are many aspects of Bill C-30 we'd like address, the chief among these is the luxury tax on private aircraft. The first critical point you need to know is that very few aircraft fall into the personal luxury category. They are nothing like yachts or high-end cars. They are not a lifestyle choice, but rather a safe, reliable and efficient mode of transportation. The imposition of such a tax on aircraft used for business purposes will have a number of downstream negative implications for safety, sustainability and for the people, businesses and communities that rely on our aircraft.

With the cost of a new tax to consider, operators will be incented to hold on to aircraft that are older and less sustainable. This would be unfortunate, as business aircraft are the most technologically advanced and sustainable aircraft in production, and this would add to Canada's overall effort to reduce their carbon footprint. Moreover, this tax would have the perverse effect of incentivizing operators to purchase and register aircraft in other countries. Dampening demand for new, made-in-Canada aircraft sales also has an implication for Canada's aviation talent pipeline, as you will hear from my colleague from the Canadian Owners and Pilots Association.

The negative impacts will also be felt by non-aviation Canadian businesses that rely on aircraft as a business tool. All the way from construction and mining to the C-suites of Canadian corporations, it is our view that any benefits in imposing this tax are far outweighed by the costs. Compared with other items the luxury tax would apply to, their revenue brought in by aircraft is projected to be limited. According to the parliamentary budget office, the totality of this tax on vehicles, yachts and aircraft will generate \$150 million per year. The bulk of that, 70%, is anticipated to come from vehicle sales, and the remainder from boats and aircraft. Therefore, we're looking at tax revenues from the sale of aircraft of less than \$15 million per year.

Moreover, this tax is unfair and unsupportable as Canadian taxes such as GST and applicable PST are already applied to the purchase of aircraft, while the personal use of an aircraft is already recognized as a non-deductible taxable benefit to the individual. As well, the Income Tax Act does not specify or limit the type or size of aircraft. An airplane of any size can be used for business purposes. The fact that the Income Tax Act makes no distinction as to what type of aircraft could be used for business purposes directly contradicts the budget's definition of personal.

Our time today is limited, so we won't have the opportunity to detail the many ways that government and the business aviation community can work together to build back Canada's economy. I hope to share some of these ideas with you when we get into the question and answer period.

Thank you again for the opportunity to appear before you, and I welcome your questions.

● (1610)

The Chair: Thank you very much for appearing on fairly short notice.

We'll turn, then, to the Canadian Owners and Pilots Association, with Ms. Gervais, the president and CEO.

Ms. Gervais.

Ms. Christine Gervais (President and Chief Executive Officer, Canadian Owners and Pilots Association): Thank you, Mr. Chairman and members of Parliament. On behalf of the Canadian Owners and Pilots Association, COPA, I thank you for the opportunity to appear before the committee today.

We are very concerned about the proposed provision of a luxury tax on new aircraft in Bill C-30. The equivalency placed on a \$100,000 car to an aircraft of the same value as being a luxury is flawed. While there are hundreds of conventional and hybrid green automotive brands selling below that threshold, there are virtually no available new aircraft or helicopters. There is an abundance of new boats that can be purchased for less than \$250,000. A basic single-engine aircraft used for flight training sells today for \$500,000. The threshold placed on new personal aircraft is a highly unrealistic one.

Thinking that only the wealthy own private aircraft in Canada is misrepresentative. Among the Canadians who own personal aircraft are medical professionals who travel to remote and northern communities not serviced by commercial charter operators, to service

and treat their patients. Small business owners use their personal aircraft in locations that are also not accessible to mainstream operators, ensuring their goods and services are available to all Canadians. Farmers depend on their crop-dusting aircraft as a tool to ensure the successful production of their crops. Personal aircraft are used to transport food, clothing and other essential items to smaller communities hit hard by major storms or events like COVID-19, and also used by flight training schools.

Budget 2021 proposes that the tax apply to all new aircraft suitable for personal use, and that, as a general rule, large aircraft typically used in commercial activities, such as those having a certified maximum carrying capacity of more than 39 passengers, be excluded from the base. These are medium and large aircraft classifications and, therefore, it implies that all small aircraft would be taxed.

Aircraft in Canada are registered with Transport Canada as either private or commercial, regardless of classification. Therefore, the tax would apply to all small private or commercial aircraft.

Who owns these aircraft? In 2021, a little over 100 new aircraft were registered as private and 25 registered as commercial. Of the private, 50% were registered to an individual. The balance are registered to a business, the same small businesses that have been pushed to the brink and beyond, such as farmers for crop-dusting and flight training schools. Of the small commercial aircraft, 63% are crop-dusters, 12% are flight training aircraft used for the training of the next generation of airline pilots, and 25% are air charters used for cargo, bringing medical supplies, food and essential goods to remote and northern regions of Canada.

Who, then, will truly be impacted by this new luxury tax? It will be the air operator who serves Canada's remote and northern regions and contributes to the travel and tourism industry, one of the hardest-hit industries due to COVID; flight training schools; frontline workers accessing remote communities; aircraft manufacturers based in Canada; and farmers.

Operators who purchase new aircraft and pay the tax will pass that cost on to the customer. Flight training schools will charge more for flight training. Farmers will have to charge more for their crops. In the end, it isn't the so-called wealthy Canadian paying, but the middle- to lower-class consumer who will be paying the price for the tax.

This new tax might also have environmental and safety impacts by discouraging the purchase of new aircraft with lower operating costs and greener technology. The more onerous the cost of ownership becomes the less pilots will fly, thus affecting the essential business that our aerodromes and local communities rely on. Our vulnerable airport system has already been experiencing difficulties, especially this past year. The thousands of aerodromes in Canada, many located in remote communities, depend on general aviation.

Based on an economic impact study of general aviation in Canada in 2017, this sector contributes \$9.3 billion in economic output nationally and directly accounts for almost 36,000 full-time jobs in communities across the country. The report highlights the benefits that general aviation operations bring to communities and to the Canadian economy. Penalizing this industry with an arbitrary tax will harm the Canadian economy as a whole.

The vast majority who own these new aircraft are not the most affluent Canadians. It will mostly penalize the agriculture industry, educational institutes, remote communities and aircraft manufacturers in Canada. COPA is recommending that the Canadian government re-evaluate the criteria of its proposed new luxury tax and exclude all new aircraft typically suited for personal use from its proposal.

Thank you again for the opportunity to voice our concerns. We remain available to provide additional feedback.

• (1615)

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

We will turn, then, to the Critical Drugs Coalition, and Dr. Ahmed.

Dr. Saad Ahmed (Physician, Critical Drugs Coalition): Thank you for having me, dear honourable members, in the context of the House of Commons Standing Committee on Finance's ongoing deliberations on the budget and the COVID-19 pandemic, and on behalf of the Critical Drugs Coalition, which is a non-partisan grassroots coalition of frontline physicians, pharmacists and academics.

I am speaking to provide recommendations for how the federal government can improve the resilience and security of Canada's drug supply chain.

To start off, I'd like to declare that I, along with the coalition, have no conflicts of interest, financial or otherwise. I'm a lecturer with the University of Toronto's department of family and community medicine. I'm also a rural physician. I work in rural and remote settings all across northern Ontario, from remote indigenous communities such as Moose Factory to small but very busy towns such as Kenora, where I am joining you from today.

My interest in drug shortages stems from the beginning of the pandemic when my colleagues and I were actually asked to start ra-

tioning and conserving critical anaesthetics, such as ketamine, propofol and fentanyl. These anaesthetics are not just needed to put critically ill patients on ventilators, but also to keep them on them. They're not just needed for COVID-19 patients, but also for other critically ill patients we see in ERs, ICUs and operating rooms. Their shortages have significant downstream consequences.

We are used to working with scarce resources in rural settings, but I was quite surprised to hear from colleagues working in the busier downtown hospitals, where I trained, that they were also experiencing serious shortages of these critical drugs. In fact, at the peak of the shortages in May 2020, only 3% of Canadian pharmacists had received their full shipment of drug orders.

Over the past year we've sought to understand the causes of these drug shortages. The causes do mirror the causes of the other shortages we saw for PPE and for vaccines in terms of production. The fragile global production system mostly based in India and China buckled under the pandemic, and we've had very little domestic capacity to produce injectable critical drugs such as ketamine and propofol, which I mentioned above. In fact, in Canada we only have one plant in Quebec that makes a very limited selection of injectable drugs.

We issued a public open letter to the Prime Minister's Office on August 13, 2020, which was supported and signed by many national bodies such as the Canadian Medical Association, the Canadian Association of Emergency Physicians and the Ontario Medical Association. Our asks were quite clear and included a pan-Canadian list of critical medications that the government commits to ensuring are always in stock, public support for a generic critical drugs manufacturer, and greater transparency and communication around the critical drugs supply.

On April 6, 2021, we heard from Health Canada, and we were happy to see the Minister of Health's announcement of a critical drug reserve, as well as a mention of financial support for domestic biomanufacturing.

However, our concerns still remain on the manufacture of critical drugs. In fact, in the last month I have personally seen the shortage of magnesium sulfate, as have my colleagues. This is a really critical drug used for people with abnormal heart rhythms and pregnant women with pre-eclampsia. Frankly, all these conditions can lead to death if you don't have magnesium sulfate.

Considering that we are having these ongoing shortages, we have three broad recommendations with specific policies we believe are necessary to solve this long-term problem and to maintain supply chain security.

Number one, the critical drug reserve should be maintained after the COVID-19 pandemic for ongoing critical drug supply disruptions. There is no clear definition of a “critical medication”, and at the University of Toronto I and many others have assembled a cross-disciplinary international working group of experts for this very task: to define a critical medicines list. We're pending grant funding. I'm going to put in a shameless plug that this is the sort of research that should be further funded by the government, but I think that's a very important first step.

Number two, we need local production of critical drugs. We've certainly heard lots about PPE and vaccines. A multi-product facility for injectable critical drugs would cost only \$50 million to set up. It would be able to make the ketamine and the propofol that I mentioned earlier. There is actually a proposed facility based out of the University of Alberta that could probably supply about 10% of our domestic needs, with spare capacity for future pandemics and disasters. It could also be expanded to make the drug precursors, of which we know we were quite short of in the last year and a half, and that would be another \$50 million. For a total of \$100 million, we could guarantee sovereignty over our critical drug supply.

Number three, and the last point I'll make, is that we need to think about an overarching industrial policy to incubate and sustain these one-off public-private partnerships in domestic manufacturing. That could take the form of “buy Canadian” provisions to help companies and governments get their money back for investing in these facilities. It could take the form of regulatory harmonization so that we actually align with trusted peers, such as the European Medicines Agency, the U.S. Food and Drug Administration, and so on and so forth. It could even take the shape of a trade and regulatory alliance, such as CANZUK, as proposed by Conservative leader Erin O'Toole.

• (1620)

Regardless, I think there was a lot of really good work done by Health Canada in expediting the approval of imports of critical drugs from other suppliers when they did go short. I think that is something that needs to be encouraged, and we need to make the kind of investment into manufacturing critical drugs that will ensure supply chain security going forward. These investments must be paired with smart industrial policy and ongoing research.

Thank you.

The Chair: Thank you very much.

I believe Mr. Abokor is with us now. I don't know whether his sound has been tested or not.

Mr. Abokor is with the Foundation for Black Communities.

Go ahead, and we'll hope it works.

Mr. Liban Abokor (Working Group Member, Foundation for Black Communities): Hi. Good afternoon, everyone.

Thank you so much for your patience. What's the rule that says where technology can go wrong, it typically does, especially when it's important?

I'll try to make my opening comments very brief.

Once again, good afternoon, everyone. Thank you to the chair and the rest of the finance committee for this important opportunity.

My name is Liban Abokor, and I'm a working group member with the Foundation for Black Communities, Canada's first-ever philanthropic foundation dedicated to Black Canadians. The goal of the foundation is to ensure that Black communities have reliable, relevant and sustained access to the supports they need to thrive and to find their own futures.

In December of last year, 2020, the Foundation for Black Communities released a groundbreaking report entitled “Unfunded: Black Communities Overlooked by Canadian Philanthropy”. In this report, the findings revealed systematic underinvestment in Black-led, Black-serving non-profits and charities by Canada's leading philanthropic foundations.

Through this systematic review of publicly available T3010 data, we found that as little as seven cents out of every \$100 granted by Canada's leading charities was going to Black communities. This systematic underfunding poses a critical threat to an already embattled community reeling from the disproportionate health and economic impacts of the COVID-19 pandemic.

Black unemployment, as many of you may know, is at nearly 20%, more than double the national average. Black women and youth have been especially hit the hardest by this economic downturn. Food insecurity and housing precarity are also at unprecedented levels and are quickly accelerating.

In nearly every indicator, the pandemic has left Black communities in crisis. Without strong and comprehensive investments, some of which we've seen in this budget, our community won't be able to participate in the ambitious goal of this government and this nation, which is to build back better—and that is simply an intolerable outcome.

That's why we applaud the important steps taken in this budget to deliver on some of the demands from our community, mainly the \$100-million investment in the supporting Black Canadian communities initiative and the \$200-million investment to establish Canada's first Black-led philanthropic endowment, which is something we strongly advocated for at the Foundation for Black Communities. We want to take a moment to recognize all the MPs and staffers we had a chance to meet with during the discussions around this concept.

While these featured pieces have caught the attention of most folks in our community, we recognize that we can further unlock significant other benefits from the rest of the budget to support priority areas for Black communities—such as housing, business, science and social finance—by applying a Black lens to the budget implementation and rollout.

If I may, I'd like to give you two quick examples or two recommendations as to how we can unlock further benefit and participation for Black communities through this budget.

The federal government is investing \$750 million in social finance. The social finance fund must establish, we believe, specific goals and objectives for how it can involve Black communities in developing and growing the social economy. More precisely, we're advocating for the establishment of a Black intermediary to assist the flow of funds to Black social-purpose organizations.

Similarly—and my final example—the federal government proposes a national housing strategy of \$70 billion over 10 years. The housing crisis is not a level playing field, necessitating targeted and equitable solutions. The CMHC must create and present a clear Black housing strategy that includes housing for aging seniors who are on fixed incomes, housing for youth who are aging out of care and affordable housing as a pathway for Black home ownership and generational wealth creation.

While we welcome these important investments and look forward to finding further ways to unlock greater impact and benefit from this unprecedented budget, we want to ensure that it does so in a way that ensures Black Canadians equitable participation in our nation's vision to build back better.

With that said, I want to thank the committee once again for the opportunity to provide my opening remarks. I look forward to answering any questions you may have.

Thank you very much.

• (1625)

The Chair: Thanks very much for your presentation. Before I turn to the last witness, the question lineup for the first round is Mr. Falk, Ms. Koutrakis, Mr. Ste-Marie and Mr. Julian.

We turn now to Startup Canada.

Ms. Morano, go ahead, please.

Ms. Natasha Hope Morano (Director, Corporate and Government Affairs, Startup Canada): Thank you, Mr. Chair.

My name is Natasha Morano, and I am an entrepreneur. I am honoured to be here today representing Startup Canada as the corporate and government affairs director.

Since 2012, Startup Canada's programs have been a gateway to every stage of the business cycle, from ideation to inception to growth.

Startup Canada enables connections, education, promotion and advocacy. We are accessible to 3.5 million entrepreneurs across the country with 30 active communities from coast to coast to coast. To tell the story of every entrepreneur in five minutes is of course an impossibility. The differences amongst them are countless. What ties them together is that each takes the reins of their own financial destiny. Many may have started through passion. Many more have been thrust into entrepreneurship through necessity, and many, unfortunately, have been left behind.

Entrepreneurs are the pistons of the engine that creates jobs, growth, and resilience. They are an essential piece of our country's economic recovery, and they rely on trusted authorities, experts and qualified enablers of simplification.

The infusion of funds that budget 2021 offers will provide equitable access to support. It is an enormous step in reinvigorating an inclusive economy. Startup Canada is looking forward to the road ahead and the role that we can play in paving it. It is our goal to help ensure that there is no redundancy in the rollout of these programs and that the support offered in budget 2021 gets into the hands of the entrepreneurs who so desperately need it in a quick and efficient manner.

Entrepreneurs are the critical pistons in our nation's economy and in our recovery efforts through this pandemic, and they need a reliable ignition system. They need access to trusted organizations that know their pain points and develop programs in response to their needs. The Government of Canada should look to partner with like-minded organizations that are equally charged by powering up entrepreneurs and that understand their needs.

The government's investment of over \$100 million to support inclusive entrepreneurial growth is designed to provide new funding for national organizations to lift up diverse entrepreneurs and small businesses across the country through financing, mentorship and advisory services. This design is an absolute mirror of Startup Canada's own mandate, so it is welcomed.

The pandemic has displaced many Canadians and numerous industries. The Canadian Federation of Independent Business estimates that 239,000 businesses are at risk of closing because of the pandemic. This situation must be curbed. COVID-19 has claimed a disproportionate number of jobs held by women. Women account for 37% of self-employed Canadians. Budget 2021 proposes to provide up to \$146.9 million to strengthen the women entrepreneurship strategy. This is a good first step in supporting women entrepreneurs, but there needs to be more.

There is an urgency among entrepreneurs to digitize quickly, to move from storefront to e-commerce, from neighbourhood-based to cross-country, and from operating locally to exporting products and services abroad. The government's commitment to help entrepreneurs magnify the scope of their markets and increase the supply of well-paying jobs is welcomed.

Startup Canada is pleased to see that the government recognizes the importance of investing in programs that support businesses and entrepreneurs to be globally competitive. However, businesses start at different rates with different ultimate goals. There needs to be more early-stage support for entrepreneurs who are not globally minded but who have become entrepreneurs out of necessity and are not the “unicorns” of tomorrow. They require simple, easy-to-use tools and advisory support as they try to make a living for their family.

Startup Canada looks to simplify the process for the Government of Canada to roll out programs while also ensuring that entrepreneurs have limited barriers to program entry. We need to make the journey of being an entrepreneur much easier. We need to consolidate and shepherd entrepreneurs through all of the available support that exists across the Canadian ecosystem from incubators to accelerators to public and private sector support and beyond.

Entrepreneurs, more than ever, do not have the time to research what is available to them, particularly as these supports are revised or changed daily. Let's save them the time so that they can work on their businesses and support the Canadian economy as a whole.

Everything budget 2021 sets out to do as pertains to support for entrepreneurs is what we do on a daily basis. There is no better time to invest in Canada's entrepreneurial ecosystem. While there are numerous opportunities for entrepreneurs in budget 2021, there remains a gap in support for early-stage entrepreneurs who have that entrepreneurial spirit running through their veins. There is no safety net to capture them if they fall. These are the entrepreneurs who remain left behind and who require support. They are asking for the foundational support to ensure they are equipped with sound advice and the advisory assistance they need to start their businesses on solid ground and consequently create jobs.

Mr. Chair, Startup Canada is grateful for the opportunity to work with the government to throttle the economy fuelled by budget 2021.

• (1630)

[Translation]

Thank you.

[English]

The Chair: Thank you.

You might be quoted on the line about the pistons of the engine. I see some of the farmers on this committee really liking that line, Natasha.

We'll start our six-minute rounds with Mr. Falk.

Go ahead, Ted.

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

I want to thank all the witnesses for coming to committee today and for their presentations.

I was particularly interested in the presentations by Mr. Norejko and Ms. Gervais. I want to thank you for that. It made me think back 20 years to when I got my pilot's licence and the time and costs involved in doing that.

I was thinking about this just two weeks ago, when I read an article in *The Globe and Mail* about the RCAF considering hiring foreign pilots because of the pilot shortage here in Canada. I know that getting a pilot's licence is not cheap. An employee of mine received his pilot's licence about a week and a half ago. It cost him about \$10,000, and that was using his father's airplane. Instructor time is not cheap. The cost of entry to become a pilot is high. Once you get your pilot's licence, you spend a lot of time on the ramp at a minimum wage job, hoping to be hired on as a bush pilot—flying into the north—or for some contractor or tourist operator.

If these flight schools suddenly had to start paying an additional 10% to buy their aircraft, how is that going to impact education for people interested in becoming pilots?

• (1635)

Ms. Christine Gervais: First of all, not many will be able to afford to pay that extra 10%. The cost of maintaining an aircraft alone is incredibly expensive. Most flight schools now operate aircraft that are at least 40 years old because of the cost of purchasing a new one. This will definitely dissuade any flight school from purchasing any new aircraft that has the newer technology. They'll decide to continue to maintain their older fleet. The older the fleet, the higher the cost to maintain it or to purchase a new aircraft, and that cost will be passed on to the student.

I'll give you an example. Right now, flight training with an instructor on said 40-year-old aircraft is \$300 an hour. Pilots have to do a minimum, and that's a minimum. You have to be really good to get 40 hours on an aircraft before you can get your private pilot's licence. Increasing the cost of flight training will make it almost unaffordable for students to get new licences. That will definitely contribute to the inevitable pilot shortage in the future. It is partly due to the pandemic, but we were also on the road to a pilot shortage even before the pandemic.

Mr. Ted Falk: It is my understanding that our military contracts flight schools to do training for them as well.

Ms. Christine Gervais: Yes, it does in some areas. I know the air cadets actually do their flight training at other flight schools across the country. They'll probably end up keeping the older aircraft, or if they do purchase the newer aircraft, that cost will go to DND.

Mr. Ted Falk: Good. Thank you.

Mr. Norejko, you talked about the downstream impact that this 10% tax will have on the aviation industry. You also talked about how contractors and business folks supply northern and remote indigenous communities solely through the use of smaller aircraft.

Can you elaborate a bit on some of the downstream impacts to the aviation industry of this 10% tax that's being proposed?

Mr. Anthony Norejko: Absolutely. I appreciate the question.

The thing I would raise here is the idea that, as we've seen throughout the pandemic with the reductions of services, the ability to visit Canadians across the communities where they live, coast to coast to coast, has been impacted. The 10% tax just makes the business decision to acquire these aircraft that much more difficult. What it does is put into question the ability of our businesses, employees and personnel in those communities to interact.

Here is a great example. As part of the pandemic, we were asked—and our industry stood up—to help recover and repatriate Canadians from points all across the globe. We've had business aviation providers flying PPE to communities in the north, whether related to oil and gas or just communities in need. This critical asset.... We jokingly call it a time machine, but it does exactly that. It returns time to those individuals and corporations. In this case, we're seeing that the ability to connect with communities across this country is being impacted. This is where our business aviation operators are able to fill that gap and keep those Canadians connected and our corporations busy with economic activity.

The Chair: Ted, this will be your last question.

Mr. Ted Falk: Okay.

Ms. Gervais, just to follow up a little more on that, you indicated that the cost of an entry-level new aircraft that a flight school would use is \$500,000. That's just the entry level.

From there, where does the cost go?

Ms. Christine Gervais: A \$500,000 aircraft is a single-engine aircraft with four seats that usually has a pilot and a flight instructor. The reason it has four seats is that you could put four people in there but no luggage, or you could put two people there, with full fuel, and do a lot of flight training.

The cost of general aviation aircraft goes upwards to over \$1 million. That could be just for float planes or a smaller training aircraft. Then if you want to go into aircraft that are used more for business purposes, they're upwards of millions of dollars.

It's really anywhere from \$500,000 to millions of dollars.

Mr. Ted Falk: Thank you.

The Chair: Thank you, all.

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

Annie.

● (1640)

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

Welcome to all our witnesses this afternoon. My first question will go to Mr. Abokor.

You touched upon this briefly in your opening remarks, but I'd like to give you the opportunity to further expand and provide the committee with additional information on the inequalities and barriers that Black-led charities and organizations face when accessing funding.

Mr. Liban Abokor: Member, thank you so much.

I'll take a step back and try as briefly as I can to explain that the Canadian philanthropic sector is about \$86 billion, with upwards of nearly 10,000 foundations in existence. Not one of those foundations is dedicated to or sees Black communities as a primary constituent of their work, so that means we are locked out of effectively what is a safety net for the national safety net.

When you consider not only that the dollars aren't allocated there, in terms of the membership, as Senator Omidvar and others have shown, Canadian philanthropy is, in the phrase I'm going to use, "quite white". They were absent from leadership at every single strata, from board to executive leadership. That impacts the kinds of decisions made in terms of the issues they find of import.

Finally, I would point to the CRA and some tax laws. Nearly 70% of Black-led, Black-serving organizations are not charitable, and therefore, many of these foundations find that because they were searching to find qualified donees, their inability to fund limits their capacity to get to serving Black-led, Black-serving organizations. In part, it's lack of relationships, which means you are not identifying where the needs are, but it's also structural challenges through our tax codes that have impeded their possible delivery of dollars to where the needs are.

My final comment would be that when the pandemic hit, it was Black-led not-for-profits that really stepped up to provide the seniors care, travel to food banks, PPE and so much more. Had a Foundation for Black Communities and others like it existed on March 2020, last year, just think about the lives that could have been saved.

When I say that in the community service sector primarily Black-led, Black-serving not-for-profit charities are indispensable, we literally mean that. They are very much lifelines to our community and a community that's reeling with its needs so heightened. It cannot be stressed enough the urgency with which supporting these organizations is critical to our building back better.

I hope I've answered your question. Thank you.

Ms. Annie Koutrakis: Yes, and I am curious to know and to hear from you. Do you think the new Black-led philanthropic endowment fund will address some of those challenges?

Mr. Liban Abokor: I absolutely do.

Ms. Annie Koutrakis: How would you see that making a difference?

Mr. Liban Abokor: Through the endowment, one of the goals is to create a long-term, sustainable funding ecosystem for Black-led, Black-serving charities.

Again, while that is an incredible start, I want to mention that the disbursement quota currently under CRA is 3.5%. Some really progressive foundations fund at 5%, so at 5% of \$200 million, we're really talking about approximately \$10 million a year at a national scale.

Just to put that in perspective, Ontario Trillium Foundation funds out \$200 million a year, and that's just in the province alone. For Black Canadians, that's 1.2 million Black people across this country without a philanthropic home. From an endowment standpoint, \$10 million a year in spending to support their needs, resources and services is simply not enough, but it is an incredibly important start.

Something that is important to note is the creation of a legacy that now determines Black communities have some self-determinative ability and self-reliant ability to fund the projects that are their priorities on their own terms. That's something worth applauding and worth thinking about in terms of how to continue to support and increase further investments in subsequent budgets.

Ms. Annie Koutrakis: My next question is to Ms. Morano.

With regard to the small business and entrepreneurship development program, your organization noted that Startup Canada is the only national organization capable of delivering on every objective.

Can you expand on this comment and share your thoughts on how Startup Canada can support the work and objectives of the program?

• (1645)

Ms. Natasha Hope Morano: Absolutely. Thank you very much for the question.

Before I answer the question, I would like to make a quick correction. I think I missed an important word in my presentation. When I was mentioning the Canadian Federation of Independent Business and the estimated businesses that are at risk of closing, I may have said 239, and it's 239,000. Thank you for letting me correct that. It changes the dynamic quite drastically.

To answer your question, Startup Canada is a national convener organization. We are not a competitor. We work with accelerators. We work with incubators. We work with other support organiza-

tions in the ecosystem. We constantly receive feedback from entrepreneurs from coast to coast to coast regarding where their biggest pain points are.

Something that we hold very dear to our hearts is that we provide entrepreneurs with a solid foundation to ensure they're equipped and ready to start businesses. This, to me, is an important aspect of what the government is trying to communicate in recognizing the importance of entrepreneurs playing a critical role in job creation and job growth. We create the entrepreneurs who are going to be creating the companies for tomorrow, as well as job creation.

Because we work with every single entrepreneur regardless of where they are in their entrepreneurship journey, we have programs that are created in response to their needs.

When I say that we're the only national organization that's capable of supporting.... We are already doing all of this. We're looking to the government. We're coming to the government, saying, "Look we're a trusted voice. Entrepreneurs come to us. They trust us. They know that we're able to support them regardless of where they are in their journey."

We would love to be able to partner formally with the government to amplify our impact and deliver on being able to provide the end-users, that being entrepreneurs, with the tools, resources and services that the government seems to be very keen on wanting to do to support job creation and job growth.

The Chair: Thank you, all.

We will turn then to Mr. Ste-Marie followed by Mr. Julian.

Gabriel, you have six minutes.

[Translation]

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

I want to start by welcoming the witnesses and thanking them for their presentations. Their input was very enlightening.

My questions are for Mr. Paquet and Mr. Ryan, of the Alliance de l'industrie touristique du Québec.

Your presentation was quite worrisome, Mr. Paquet. Basically, you said, that until the borders open again, the government absolutely has to maintain the current subsidy rates for businesses in the tourism sector. The measures in Bill C-30 miss the mark because, even though they extend the subsidies until September, the rates are being reduced.

Did I get that right?

Mr. Éric Paquet: Yes, that is what we are saying. Under the budget, the rates will decrease beginning in July until late September. The programs could be extended until November, but that still would not be enough, given that this summer will be like last summer—meaning that tourism businesses will generate only a fraction of their usual revenue. They are going to have to rely on local tourists, even though Quebec's tourism industry draws more than half of its revenue from tourists who come from outside Quebec. Tourism businesses cannot make it through the winter on a fraction of their usual revenue. The fall and winter months are when they really need the wage subsidy and rent subsidy programs.

The pandemic hit the tourism industry like a bullet in the heart. Now, it's as though the industry is on the operating table undergoing open-heart surgery. Three-quarters of the way through the operation is not the time to pull the plug. The operation must be completed, and the patient must be given help to get better. That's the point we are at now.

We are incredibly worried about the many businesses that have gone into debt to make it this far. Most of the program supports available, through the Quebec and federal governments, have been loan programs. Businesses have gone into debt to keep their heads above water and will probably find themselves in dire financial straits come the fall.

Mr. Gabriel Ste-Marie: Thank you.

Would you care to add anything, Mr. Ryan?

Mr. Jean-Michel Ryan: Yes. If I may, I would like to add to what Mr. Paquet said.

We are now in the second year of the pandemic, the second year of lockdowns and the second year of border closures. The wage subsidy and rent subsidy supports provided by the government have helped a lot, but the sector still needs predictability in the coming year. That is a word you will hear often. Businesses need to know whether they will be able to keep their staff. They cannot operate without workers and they need to take steps to retain their employees so they have the staff they need for next year.

We are really looking ahead to 2022. At every meeting I have attended since 2020, the discussion has focused on 2022 as the year when a recovery would be possible. That means the government really needs to stay the course as far as these supports go, to help the industry make it through the second year in a row of pandemic-related lockdowns and restrictions.

• (1650)

Mr. Gabriel Ste-Marie: Thank you.

As you both explained so well, most of the businesses in the tourism sector are seasonal, meaning that many of them earn the bulk of their revenue during the summer. Since restrictions are not being fully lifted, businesses are going to have to rely on what they make in the summer months to keep them afloat all year long—hence, the importance of extending the measures.

Mr. Paquet, you said the minister had the power to extend the program period. She also has the authority to raise the subsidy rate through regulations.

Would it be worthwhile if the committee were to adopt an amendment that sought to empower the minister to target sectors like yours?

Mr. Éric Paquet: That's what we are recommending. We are asking the government to keep the current programs in place, with the same terms and conditions. We are actually asking the government to extend the measures for as long as they are needed.

The tourism industry has never come begging for money. It is a thriving industry. Pre-pandemic, the Canadian tourism industry generated \$105 billion in revenue, \$16 billion in Quebec alone. What we know is that the pandemic has cost Quebec's tourism industry \$10 billion, or 60% of its revenue.

We need time to catch our breath. We need a border reopening plan to give us enough predictability to make the transition and once again welcome international tourists. It's going to take months. In any case, once revenues return to normal, businesses will no longer be eligible for the financial support.

From our standpoint, the risk is quite low. As we pointed out, a number of studies, including a recent Desjardins study, show that more than 95% of the economy is back on track. Only a handful of sectors are struggling, such as tourism, culture and aerospace. We are calling on the government to extend the programs for as long as they are needed. Obviously, we hope that period of time will be as short as possible.

Mr. Jean-Michel Ryan: What's important to understand is that this is about more than just helping businesses survive; it's also about making sure they have the ability to bounce back going forward. Canada and Quebec are going to face tremendous competition from international markets when it comes to tourism advertising and appeal, not to mention reinvestment in tourism infrastructure, in other words, the product we are selling. Across Canada, the industry has to be able to compete with those big markets. This underscores the importance of assisting businesses so they can survive, but also so the Canadian and Quebec tourism sectors can bounce back.

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

I will have more questions in the next round.

[English]

The Chair: Thank you all very much.

We will turn to Mr. Julian. Starting the next round will be Mr. Kelly.

Go ahead, Peter.

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

Thanks to all our witnesses for being here today. As we navigate through the troubled waters of the third wave, we hope that you and your families continue to stay safe and healthy.

I'd like to start with Dr. Ahmed.

You have raised very important testimony, as have all the witnesses. Your testimony, in terms of critical drugs, is fundamentally important.

There is another element, though, of course and that is access to medication. As you know, there are about 10 million Canadians who have no drug plan, no medication plan, so that access to critical drugs falls short because we don't have public universal pharmacare. The government did make a commitment back in 2019 that they would bring that into place, but unfortunately, tragically in this bill the government has abandoned its commitments.

How important is it to have in place public universal pharmacare so that not only are critical drugs available but Canadians can actually access them regardless of their ability to pay?

Dr. Saad Ahmed: I think if I were to take a step back on that, certainly there are challenges with access to medications, and I can empathize with many Canadians. About 15% of our patients cannot afford their medications. There are many of my colleagues, particularly at the University of Toronto, who have advocated on this for a long time. There are many of those colleagues who have said that establishing a national formulary or an essential medicines list would be certainly one plank and one way to move forward on national pharmacare.

I should add that in the letter we have received back from Health Canada, after our public letter to the Prime Minister, there was talk about creating a transition office for the Canadian drug agency, which would in fact do something like that.

I would say that when it comes to the matter of critical drugs, which is really my primary concern and has been because I think it's something that's been overlooked as we funded PPE and vaccines and everything else that's been really vital over the last year and a half, there are many global factors as well that cause these issues.

We've relied on single-source suppliers. For example, there is a shortage of magnesium, which I mentioned in my opening statement. That's one supplier from Europe. They went short for manufacturing production reasons, and now we're scrambling. There are a lot of these global factors because we have these "just in time" supply chains and it causes a lot of unpredictability, so—

• (1655)

Mr. Peter Julian: I'm sorry to cut you off. I have other questions for other witnesses. Thank you very much.

I'd like to go to Mr. Abokor.

I was really struck by your statistic. I hope I heard it correctly. It was that 7¢ out of every \$100 in measures actually goes to the Black community. When we look at the proportionality of what funding should be in terms of the overall philanthropic sector, shouldn't we be talking about \$3 billion to \$4 billion available to organizations that prioritize the needs of Black Canadians?

Mr. Liban Abokor: I think you've just provided my comment. I would repeat everything you said, and pretend as if I said it.

From an equitable standpoint, what we're talking about is helping a community. We're not talking about getting on base. We're talking about a community that's actually outside of the stadium at this point, and getting them to the start line requires significant investments.

In this case, you heard it correctly. It is 7¢ for every \$100. About \$7 billion a year in charitable spending occurs in this country, and when you think about that, 17% of that \$7 billion goes toward, for instance, health care. When you consider the issues that impact Black communities in the area of health care, none of that funding goes to priorities of Black health care, as an example. This goes across the gamut. There isn't a single foundation in this country that doesn't deal with an issue that intersects Black needs, yet there is a significant underinvestment.

To your point and to the member's earlier question, this \$200 million goes a long way. It's a wonderful start, but if we're talking about building back better and helping everyone catch up and build equal footing, we're going to need to look at a significantly larger investment over time to really start adjusting some of the massive disparities that we see. I mentioned some of those to you earlier in my opening statements, like housing, food and so forth.

Mr. Peter Julian: We're really talking about the requirements to achieve the kind of equality that we should have. The equality of opportunity in this country is 15 to 20 times what the initial amount has been, so it's a small step. We have to go much further, particularly when we look at the legacy of systemic racism in our country.

Mr. Liban Abokor: It's an important step as I think it sends the.... It provides a pool of dollars that can attract further investments from various other sectors beyond government, because it's important to note that the disparities aren't necessarily always as a result of government policy. There are others that can make these contributions.

Frankly, government coming to the table in this instance creates a wonderful concept, a proof of concept for why this is necessary. To your point, it does require significant greater investment. We're hoping that this is simply a catalyst for future dollars in this important area.

The Chair: Thank you, all.

We'll turn now to a five-minute round with Mr. Kelly, followed by Mr. Fragiskatos.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): My first question is for Mr. Paquet.

In your opening statement, you spoke about the need for a clear data-driven plan to safely and permanently reopen the economy. Actually, I don't recall if you mentioned the permanent part, but what you had spoken about was very similar to a motion that we debated in the House of Commons a while ago.

Can you talk about the necessity for business owners, business managers and workers who depend on the businesses so severely affected by COVID to have a proper plan that will eventually lead to a reopening?

• (1700)

Mr. Éric Paquet: Jean-Michel, do you want to start to answer as a business owner, or do you want me to?

Mr. Jean-Michel Ryan: I can start.

[Translation]

It's really about having predictability and being able to anticipate what's coming. Will the border reopen in three months or six months? What impact will the forecasts have in terms of returning tourism clientele and potential revenues?

The answers to those questions will tell us whether we can keep our staff, as I mentioned earlier. We need to be able to keep our core employees and let them know they can continue working for us; being able to bounce back means we cannot lose them or make drastic investment and staffing cuts. Having that predictability will allow us to plan accordingly and make certain infrastructure upgrades.

Just take Quebec's Croisières AML, for example. Getting ships ready doesn't just happen at the touch of a button. Ensuring the ships are in suitable operating condition requires thorough preparation ahead of time, investments, maintenance and so forth.

Without that predictability, tourism operators cannot plan accordingly and will therefore not be ready when the economy reopens. On top of that, they probably will not have the staff in place after having laid workers off, to say nothing of how difficult the labour shortage will make it to hire new workers.

Mr. Éric Paquet: This lack of predictability is a major irritant for tourism operators. For the past 15 months, they have been running their businesses while earning a tiny fraction of what they normally do. In terms of predictability, they can look no more than two or three months ahead.

That is why they are calling for a border reopening plan; it will inform the investments they need to make to keep up infrastructure and hire workers, something that is even tougher during a labour shortage. Right now, our counterparts in Europe and elsewhere are coming up with plans, so there are models we could follow or, at least, look to for inspiration.

[English]

Mr. Pat Kelly: Thank you.

I was actually struck, Mr. Ryan, by your mentioning the cruise industry specifically, because we had some questions this afternoon in the House on that. What we have seen on the west coast is that the discrepancy in vaccination rates between Canada and the United States is a driver behind simply skipping Canada. The necessity of ongoing health measures in Canada in absence of mass immunization being achieved.... Cruises are just going to bypass the Canadian ports on the way to Alaska.

The east coast also has a cruise industry. You mentioned it. Is there any hope for a cruise industry? I know there are a number of ports in eastern Canada that are popular with both American and domestic tourists.

[Translation]

Mr. Jean-Michel Ryan: I mentioned Croisières AML, the largest private company in Canada offering cruises on the St. Lawrence River.

With respect to the international cruise industry, as you pointed out, Canada has not finished vaccinating its population and unpredictability remains regarding when the border will reopen. International cruise lines will build their itineraries around destinations outside Canada. The same goes for conventions, which are hugely important events for the country's major urban centres, including Montreal, Quebec City, Vancouver and Toronto.

Without predictability as to the reopening of the border and other factors, we may have new tourism customers in 2023, but we will likely miss out on them in the 2022 season—yet again. Hotels and local businesses in big cities rely on the convention and cruise ecosystems. Clearly, the repercussions are enormous, highlighting the importance of support measures in the interim, while businesses wait for the border to reopen.

Another reason the sector needs to know when the border will reopen is so that it can negotiate agreements with tour operators and major contract givers.

• (1705)

[English]

The Chair: We will have to end it there.

Thank you, all.

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

Peter.

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

Thank you to all the witnesses today.

Mr. Ahmed, that was a really interesting presentation, with very important issues being raised, obviously. I take your point, and I agree with you that where the government has acted, it needs to be acknowledged that it's done a lot, a great deal, over the past few months, especially to ensure that we have an adequate supply of PPE going forward and that we also have facilities being supported in Canada to produce vaccines well into the future. Clearly, we're going to see something materialize in Quebec in August of this year, but we've also seen a number of announcements that are really critical as far as securing the long term.

The question I want to put to you, though, is about critical drug shortages. How concerned are you, and as a way of getting to that question, can you define what we're actually talking about when we talk about critical drugs, just so that we're on the same page?

Dr. Saad Ahmed: To answer the first part of your question, which is about my concern, I'd say that it's kind of a low-level baseline of anxiety, not something that would wake me up in the middle of the night in a cold sweat.

We know that the drug shortages have increased in time, and the lengths of the shortages have been increasing. Particularly with the extraordinary powers that the Minister of Health has had in the last year, Health Canada has moved really quickly with urgent importation. We were getting differently labelled propofol—it was, like, in Swedish—and things like that. We really have moved quite nimbly and with agility, but these issues are increasing and we really need a long-term solution.

Thank you for asking me to clarify what I mean by critical drugs, because it is a working definition that we have so far. Certainly, the critical drug reserve that the Minister of Health announced is 12 drugs so far; it's for COVID-19. The Food and Drug Administration in the U.S. has created a similar list, but it actually looked at all the inputs. It even looked at oxygen, masks and those kinds of things required for COVID-19. I would say that it's really the medication in the absence of which there would be irremediable harm or death. There are plenty of those medications needed for the people I see in the ER every day and in ICUs.

Mr. Peter Fragiskatos: Thank you very much.

Are there particular critical drugs that you and the organization you're speaking on behalf of today are especially concerned about?

I note that because in your presentation you mention propofol several times, ketamine several times and fentanyl several times. Is that where the issue is?

Dr. Saad Ahmed: It has been a major issue for sure.

The interesting thing is that a lot of these medications are generics and have been generics for decades. About 77% of the medications that do go short are generics, so we should be able to make them relatively easily. It's just a matter of money.

The reason I brought up the sedatives, in particular, is that I've heard from many intensivists in the hospitals down south that they've had to do rotations, so they conserve supplies and have to switch to another formulation. None of this is ideal.

The terrible thing when it comes to fentanyl and other opiates, for example—we did have morphine shortages—is that those are used in palliative care as well, so there is a lot of concern. We were liaising with the palliative care associations on that since, obviously, that can cause undue suffering for people at the ends of their lives.

Mr. Peter Fragiskatos: Dr. Ahmed, I don't believe that any MP on this committee is a medical doctor. Can you clarify for us propofol, ketamine and fentanyl because you are pointing to those drugs as a real concern? What do they do? What are they used for?

Dr. Saad Ahmed: They basically put you under.

Mr. Peter Fragiskatos: Okay. Right.

Dr. Saad Ahmed: They will sedate you and allow us to put you on a ventilator, but they can also be used for pain control, procedures, end-of-life suffering and all sorts of things. We use fentanyl and morphine. They're all kind of derivatives of opiates.

Mr. Peter Fragiskatos: We're largely dependent on the importation of those right now. Is that fair to say?

• (1710)

Dr. Saad Ahmed: Yes.

Mr. Peter Fragiskatos: Thank you for your advocacy and your work on this. It's deeply appreciated.

As you said, the government has taken important steps with regard to PPE and vaccinations, but there's clearly more to do. We'd love to hear more from your organization in the coming weeks, months and beyond.

Dr. Saad Ahmed: Thank you.

The Chair: Thank you, both.

Before I turn to Mr. Ste-Marie and then Mr. Julian, I will say that I know that the finance committee is used to an hour and a half panel, but we have two hours this time.

On the list is Mr. Ste-Marie, Mr. Julian, Ms. Jansen, Mr. Fraser and Mr. McLeod.

Do you want in, Mr. Fast, before Mr. McLeod? Okay.

We'll likely have time after that, as well, which is unusual for this committee.

Go ahead, Mr. Ste-Marie.

[*Translation*]

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

I must say, these discussions are very informative.

Mr. Paquet and Mr. Ryan, it's clear how important predictability is for the industry. Not only do you need it right now, but you also need it for the 2022 season. We heard you loud and clear, and I hope the government responds accordingly.

Mr. Paquet, you said that some countries were already rolling out their plans and that we could look to them for inspiration.

Can you give us examples of actions that are starting to emerge in other countries, actions the government could implement to better support your industry?

Mr. Éric Paquet: Yes, of course. A number of things are happening in Europe, where mobility and travel is the subject of much discussion, especially in Great Britain. We can look to that part of the world for guidance on the rules to implement and the technologies to use.

I know proof of vaccination is also an issue that is being discussed. Tourism operators have no problem with such a requirement, provided that it does not hinder their business, of course, and that there is some consistency in the proof selected and the technology required.

Mr. Gabriel Ste-Marie: Very good. Thank you.

You flagged a number of challenges facing tourism businesses: crippling debt, employee retention in the midst of a labour shortage, and harder hit segments of the industry such as business conventions and cruises.

What is morale like among your members? How are they doing?

Mr. Éric Paquet: I am responsible for the Conférence économique de l'industrie touristique québécoise, a group that brings together a dozen men and women who own businesses in the tourism sector. I will tell you that, when I ran last week's meeting, the mood wasn't exactly great. However, the government's announcements about the easing of restrictions are providing some relief.

A number of businesses are on their knees. Many once-thriving businesses have had to go millions of dollars into debt. Small businesses weren't necessarily the only ones scraping by before the pandemic. In many cases, businesses with significant strategic infrastructure, big companies and big employers are worse off than they were pre-pandemic. I won't name them, but some companies that had up to 250 employees are now down to 60 or so.

As everyone knows, last summer, businesses in some regions did quite well during that specific period of time, but overall, businesses are in worse shape financially. Since the lion's share of tourism revenue this summer will come from local tourists, we expect the fall to be tough.

Mr. Gabriel Ste-Marie: That is duly noted. Thank you.

Do I have any time left, Mr. Chair?

[English]

The Chair: No, as a matter of fact, you don't have any left, Gabriel.

[Translation]

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

[English]

The Chair: We'll go to Mr. Julian, followed by Mrs. Jansen.

Go ahead, Peter.

• (1715)

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

My next questions are for Ms. Gervais and Mr. Norejko.

The context of this so-called luxury tax is that many countries have adopted wealth taxes. Canada has not been the exception in terms of the profits that we've seen in certain sectors during this pandemic. In fact, a few dozen Canadian billionaire families have increased their wealth by about \$80 billion.

What many countries have done is put a wealth tax in place. That's certainly what many Canadians were calling for in this budget. Instead of the wealth tax, which the Parliamentary Budget Officer said was a legitimate tool and would have brought in billions of dollars of support, the government seems to be spinning around this so-called luxury tax. In a sense, it seems to be making your industry a scapegoat for what really should be a broader fiscal taxation approach that the government has not put in place.

I'm wondering what the impact is of targeting your industry, pilots and owners when the government should have actually put into place a broader wealth tax that—certainly for those who've benefited the most from the pandemic—would have actually been a much more fair and equitable approach.

Do you feel targeted? Do you feel this makes any sense? What is the impact of this government's political spin on this tax, which seems so misguided?

Ms. Christine Gervais: I will let Anthony go first this time and then I'll follow him.

Mr. Anthony Norejko: I appreciate that, Christine.

What I would add first—and I appreciate the question—is that, with respect to the luxury tax, we need to understand the impact on the industry. On average, business aviation as a whole generates \$33 million in GDP for the country every single day. Canadians who are employed in the business aviation sector earn, on average, \$95,000 per year, so we have an employee base. When you look at the provinces where these employees are based, we can talk about Quebec, with just under 11,000 jobs; Ontario, with over 5,000; Alberta, with over 2,500; and B.C., with 2,300. The potential impact here is about looking at the impact to businesses as a result of these changes.

Look at manufacturers such as Bombardier, CAE and Pratt & Whitney, to name just those few. They are critical for how we connect across the globe. A line that we use is “we need to move at the speed of business”. Whether it was the earlier conversations around tourism and the requirement for a consistent plan.... The challenge of a luxury tax is that while we have in place today GST and PST, as the question alluded to, if you're using the aircraft for personal use, those taxes are already contemplated, and the Income Tax Act states what aircraft could or couldn't be used. That definition is sufficient.

On balance, the luxury tax does hurt the Canadian industry, the employees involved and the businesses that need to stay connected around the globe.

The Chair: Ms. Gervais, did you want to add a bit to that? Then we'll have to move on to the next questioner.

Ms. Christine Gervais: Yes. I wanted to add that we definitely do feel targeted. There is this preconceived notion that anyone who has an aircraft is super-rich. People watch these TV shows where they're jet-setting in their private jets from one country to the next, but as we can see from my presentation, those are not the people who are actually flying these private aircraft.

The people who actually own these aircraft are the ones who are going to be penalized. It's going to be the flight training schools. It's going to be the agricultural industry. It's going to be the Canadian manufacturers. They're the ones who are going to be penalized. It's not this preconceived notion of who these private aircraft owners are.

The Chair: Thanks to all of you.

Mrs. Jansen is next, followed by Mr. Fraser.

Go ahead, Mrs. Jansen.

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

I'd like to direct my first question to Ms. Gervais.

During your presentation, you talked about the fact that in this budget there is an equivalency flaw when you compare an airplane to a boat or a luxury car. You used the term "highly unrealistic". You mentioned the medical professionals, small business owners, farmers and aircraft training centres and said that these are the people who are going to be impacted.

I'm just wondering. Considering the massive amount of impact, how much consultation did your industry have with the Liberal government before they put this into place?

Ms. Christine Gervais: Thank you for that question.

When they first introduced the question in late 2019, we did submit some feedback as to how this would impact our industry. Much of it addressed what I've said. To give you an idea, there are about 36,000 registered aircraft in Canada, and 83% of those are general aviation aircraft. Most of those general aviation aircraft are used for flight training—more than half are used for flight training.

That is the extent of the consultation that was done for us. We provided some feedback at the end of December or November of 2019, and that's about it.

• (1720)

Mrs. Tamara Jansen: You would say, then, that either they didn't hear what you put forward or they didn't ask enough questions.

Ms. Christine Gervais: I'd say both.

Mrs. Tamara Jansen: You definitely said that pilot shortages will be inevitable under this new legislation. Could you maybe broaden out on that?

Ms. Christine Gervais: There is already going to be a pilot shortage. Those expectations were done even prior to the pandemic and, now, with all of the layoffs that happened during the pandemic, many pilots will not be returning to their flying careers. They will be choosing other careers instead, where they don't have to risk their livelihoods. There is already going to be a shortage when the economy reopens and the flights resume.

Of course, a lot of the flight training being conducted right now in Canada is from overseas, so they're taking up a lot of the flight instructors. Flight instructors will be going to the regional airlines and the regional airlines will be going to the larger carriers, so we're going to be missing a lot of the instructors. If there are no instructors, there is no one to instruct the new generation. Then, when you add cost on top of that, flight schools just can't make ends meet anymore.

Mrs. Tamara Jansen: Right.

Mr. Norejko, you mentioned that this is going to impact business suits to construction boots.

You said that actually very few of these aircraft fall into the personal luxury dimension. You also said that this is going to incent them to hold onto their older planes, which means we will not be

reducing our carbon footprint and that people will probably purchase and register elsewhere.

I wonder if you can explain this to me. You said there was no distinction made between personal and commercial. Could you broaden out on that?

Mr. Anthony Norejko: Sure, and I appreciate the question.

With respect to personal, the way it was presented there is still some room for interpretation with respect to certain commercial activities. There is language that states that an aircraft under 39 seats doesn't qualify.

What we're trying to recognize is that it's the importance of not just the industry within Canada—that is to say, aviation and aerospace—and the importance of research and development and those things that go on. On the matter of sustainability, we can celebrate when we talk about the first fused winglets on 1977 business aircraft and when we talk about the first business aircraft to use that technology.

When we go to this definition, that's some of the work that's still required, with perhaps a backgrounder being put out, but in the end what needs to be recognized is that for the amount of revenue extracted from this tax on aircraft, the associated cost to the Canadian economy far outweighs any benefit from the potential revenue that would be extracted.

Mrs. Tamara Jansen: It is really shocking that the tax far outweighs....

Mr. Anthony Norejko: The cost...yes.

Mrs. Tamara Jansen: It is very shocking, and I just wonder why it went that way.

Mr. Ahmed, now I have a question for you.

I was on the health committee in the beginning, when the pandemic began, and there was a lot of discussion about the strategic stockpile. Now you're talking about a critical drug reserve.

We had a pandemic plan in place, and for some reason it didn't seem to function. I'm wondering what this government would do differently. We should have had the critical drug reserve and we didn't. I know they mentioned that they were focusing on antivirals. They didn't seem to focus on the kinds of things we actually needed.

Could you speak to how we are going to make that better going forward?

Dr. Saad Ahmed: Thank you for the question.

I think what you're alluding to is the national strategic emergency stockpile, which we know had funding cut in the lead-up to the pandemic. Certainly there were challenges, I think, in administration. There was PPE that was expired. It's supposed to have some of these other medications that we would need for people who would get sick with a viral illness, like COVID, and it's supposed to have ventilators as well.

My hope, going forward, would be that this critical drug reserve, which presumably is the new name for the strategic stockpile, would be funded and would continue, and we would actually have ongoing analysis of international supply chains.

The challenge is obviously that if we keep some of these medications in stockpiles, they often expire. When I've talked to different organizations and industry experts as well, there have been suggestions that perhaps we could actually get factories overseas, or some of our factories here, to hold the precursors for the drugs or even stockpile that way, so that we have industry managing it. It might actually be that they are just better at doing that, so let government do what it does best.

• (1725)

Mrs. Tamara Jansen: I like that.

Dr. Saad Ahmed: There have been different proposals. It's something that really needs further investigation.

I think the critical drug reserve is definitely a step in the right direction, and it could be that in the future, after this pandemic, we say.... The research, for example, that I am doing at the University of Toronto has to do with 20 drugs that we really need to make sure are in supply. Maybe we could work out an agreement with these four suppliers that are providing us imports of these drugs to hold onto a certain supply and to keep reporting to us, and that would be the new form of the critical drug reserve. There could be some shape or form.

The Chair: We're well over on that one.

We'll go to Mr. Fraser, followed by Mr. Fast.

Go ahead, Sean.

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

My first question is for our guest from Startup Canada. Thank you very much for being here. I really appreciate your testimony.

You mentioned during your remarks that we need to not focus exclusively on the next billion-dollar valuation, the so-called unicorn, when we're focusing on start-up cultures. Rather than those home runs—if you'll allow me a baseball analogy—we should focus on the base hits, those people who are starting businesses because they need to and so that they can find work in their own community.

You discussed in some specificity the importance of advisory services. I've seen certain services on the ground, whether it's through CBDCs or through the community futures program, financing programs that are fully funded by the federal government but also paired with those advisory services. Lo and behold—and this will be no surprise to you—those clients who have that kind of advisory service tied to their financing have a much higher degree of success in the first few years, as compared to that of other businesses.

My question to you is how we can design a federal program that actually plugs those entrepreneurs in communities right across Canada into the kinds of advisory services that are going to help them succeed. Is it by rolling them into the CBDC programs that already exist? Is it through something new, or is there some differ-

ent policy that I've not thought of that you can coach us towards here?

Ms. Natasha Hope Morano: Thank you very much for the question. I do appreciate the baseball analogy. I'm a Toronto Blue Jays fan, so there we go—it's on the record.

Mr. Sean Fraser: So am I. Go Jays!

Ms. Natasha Hope Morano: Exactly.

I think it's a bit of a hybrid approach, to be honest with you. What really sets Startup Canada apart from other organizations and what's really given us our reputation throughout the years is that we work in collaboration. We work in collaboration with support organizations such as BDC. We're part of the key networks although we're not an incubator and accelerator. We're the only non-incubator and accelerator that's part of that network, but most importantly we work with entrepreneurs. Our programs are created in direct response to the demands of entrepreneurs and what they are looking for, what they're requesting, what they need.

In my presentation, I was very clear in indicating that we are here and we are offering our support to the Government of Canada. We have the active base through our entrepreneurship network and we would love to be able to work in conjunction and in partnership with government while bringing in the entrepreneurial voice to make sure that these programs are created in a way that will benefit the end-user rather than just having what an organization might think is the best methodology to support entrepreneurs. A long-winded reply to your question is that it involves a hybrid model including consultations and collaboration, and that's what really sets Startup Canada apart from other organizations.

Mr. Sean Fraser: That's excellent.

If I have time, I'll have a follow-up question, but I do have a question for Dr. Ahmed.

Thank you for the work you're doing. I have sisters who are health care providers who've worked in northern Ontario, in Timmins or Sioux Lookout, so this is not the first time I'm hearing about some of the problems you've described.

You mentioned in particular that the cost of getting some of these critical drugs set up as security for the supply chain would initially be about \$15 million, and I think you said it would take \$100 million to guarantee the sovereignty of our supply. Is this a one-time start-up cost for a system that would otherwise be able to self-finance through the production of drugs that it could sell at a commercial scale?

I just want to confirm that you're suggesting that with this one-time investment we could forever secure the sovereignty of our drug supply for these critical drugs.

• (1730)

Dr. Saad Ahmed: Thank you for asking me to clarify.

It would be \$50 million for a multi-product sterile injectables facility. The area in which we lack capacity for making things is injectables. Those include most medications used for critical reasons, and for \$50 million we could set up a facility. When I talked to the outfit out of the University of Alberta, their plan would be to actually sell these internationally as well so that they could sort of self-finance and self-fund and be sustainable.

Then there are certain things called precursors to drugs. That's another area in which we've had a lot of problems. China seems to have a stranglehold on making these precursors. You often hear about generic drugs being made in India and all over the place, but actually 70% of the precursors to those are made in China. If we were able to spend another \$50 million once, we could also set that up and actually have complete sovereignty.

Mr. Sean Fraser: How close to being ready to go are these projects? If they had money tomorrow, could they start?

Dr. Saad Ahmed: They actually have a Health Canada drug establishment licence. That's pretty much as close as possible.

Mr. Sean Fraser: Okay.

The Chair: Do you have another quick question for Ms. Morano, Sean?

Mr. Sean Fraser: Sure. Since I have time for the follow-up, Ms. Morano, I'm just wondering with your network how well established you are in the different regions of Canada. If we enter a partnership with your organization, for example, are you plugged into the Atlantic region, into Canada's north and into our more urban centres across the country?

Ms. Natasha Hope Morano: Absolutely.

Thank you again for the question. We are a national organization with representation from coast to coast to coast. What really sets Startup Canada apart from other organizations is our flagship program, which is our start-up communities. Our start-up communities lay the foundation of really a pan-Canadian infrastructure to accelerate the creation of start-up communities everywhere and to create a robust entrepreneurship landscape. Our programs are rolled out nationally in conjunction with our robust communities from coast to coast to coast, and we're certainly looking to be able to expand upon that. Perhaps with the support of the Government of Canada we can increase our representation across the country.

The Chair: Thank you all.

We'll go to Mr. Fast followed by Mr. McLeod.

Ed.

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

I will ask my first question to Mr. Norejko. I want to agree with Mr. Julian. We rarely do, but in this case, quite frankly, if the target was the wealthy, all this Liberal government has done is to inflict massive unintended collateral damage on an industry that can't afford it in the middle of a pandemic, especially for \$15 million of tax revenue perhaps.

Have you reached out to the government to discuss your concerns about the budget that's been tabled and whether there's perhaps a way of reversing course on this?

Mr. Anthony Norejko: I appreciate the question. Thank you.

We have done that. In fact, I believe it was the election platform in 2019. There was some language that first came through about luxury tax and specifically about aviation. We initially consulted with government back then and it went away. This most recent sort of resurgence of it is the next component that we've needed to address.

We have reached out. All of the pressures, as relates to COVID, as our colleagues from tourism in Quebec have indicated.... The focus on COVID and building a plan that gets people safely moving again has been critical. However, today there haven't been any substantive discussions with respect to budget. We understand a back-grounder on this luxury tax is expected but there are too many questions in the air. Again, it goes back to that \$15 million of potential revenue compared with the cost to the Canadian economy and to jobs across the country. It's too much to bear, frankly.

Hon. Ed Fast: Thank you.

This is for Dr. Ahmed. You mentioned that the two countries Canada procures most of the critical drugs from are India and China. Have other developed countries experienced similar shortages? I would have assumed they would also be accessing them from the same countries.

Dr. Saad Ahmed: They did. Particular countries that are following and actually recording these kinds of shortages, such as Germany and France, experienced a 60% increase in shortages over the first few months of the pandemic. In fact, our group at the University of Toronto found about three different kinds of responses among high-income countries.

In Europe, they have enough capacity that they were able to make critical drugs domestically. The U.S. did something similar but they actually activated their Defense Production Act. It mandated that everything had to be made in the U.S., and they would not really take over factories but be able to use their capacity in factories. That's what they've done for their vaccines as well.

We're challenged in Canada because we really only have one plant that could make injectables. It's an older plant that doesn't make all the injectables. We're also challenged in that the choke point in the global supply chain is that 70% of the precursors come from China. India probably makes about 20% to 30%. We have more diversity when it comes to the actual drugs, but the precursors themselves have been quite a challenge for a lot of people.

• (1735)

Hon. Ed Fast: Did we not see this coming? You would assume that the federal government would at some point evaluate and assess its ability to respond to a pandemic or perhaps to some other health-related events.

Did we not see this coming?

Dr. Saad Ahmed: We've had many warning signs. It's been going on for over a decade. In 2012, there actually was a fire in the one plant we have in the country that makes the injectables. That caused massive shortages at that point. There was a similar kind of inquiry and other doctors spoke about having policies in place, but it just seems to be an intractable problem. Hopefully now we can actually put in place the pieces that will solve it, because it keeps happening, over and over.

Hon. Ed Fast: By the way, I just wanted to express my appreciation for the shout-out to Mr. O'Toole for his support of CANZUK. I'd be interested to hear from you how CANZUK could contribute to a more global approach to this kind of problem.

Dr. Saad Ahmed: For sure, I think it is an interesting proposal that could really increase harmonization in regulations. That's a huge cost for a lot of generic drug companies, dealing with multiple regulatory barriers, paperwork, red tape and stuff. Crossing that can be quite a cost.

Hon. Ed Fast: Thank you.

The Chair: Is that it, Ed?

Hon. Ed Fast: Yes.

The Chair: Okay, then we'll go to Mr. McLeod.

Following Mr. McLeod, we have an opening for the Conservatives. If you want a question, just raise your hand and I'll pick you up.

Mr. McLeod.

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

Thank you to all the presenters today.

My question is for Natasha Hope Morano from Startup Canada. Here in the Northwest Territories, we've had a number of small local businesses successfully pivot to e-commerce during the pandemic. We had a coffee company that started marketing online and another restaurant that started selling their salad dressing. However, for northern businesses, one of the biggest hurdles to expanding further in that field or in that area is the reliability and affordability of high-speed Internet.

Could you talk to us about how important it is that the Government of Canada continue to bring forward measures like the additional \$1 billion in this budget for the universal broadband fund to close the digital divide for many people, including northern entrepreneurs.

Ms. Natasha Hope Morano: Absolutely. Thank you so very much for the question.

I think our CEO, Kayla Isabelle, had the opportunity to meet you a few years ago, pre-pandemic, in one of our Startup Canada global programming stops, so it's nice to see you again.

You raised a very great point, and that is that any additional investment in support for entrepreneurs is a good one, so I am pleased to see that there is an acknowledgement that there needs to be better support for rural and remote entrepreneurs, with connectivity certainly being a big one.

Startup Canada has an important partnership with an organization called Rural on Purpose. That partnership supports us in our advocacy efforts and supports the ecosystem in helping us better understand where the pain points are, perhaps in some of the more northern and rural locations.

I think that when the government looks to this digital adoption piece, the huge investment in getting companies online and creating a robust network of entrepreneur organizations that are digitally competent and digitally sound, there needs to be acknowledgement of and there needs better consultation with the entrepreneurs who are in those locations where it's not as easy as this to have a conversation remotely or to connect with their customers or with their stakeholders, wherever they may be.

While I think it's a great investment, additional support is certainly needed if we want to be able to create a true entrepreneurial robust ecosystem that removes as many hurdles as possible for entrepreneurs to be successful.

• (1740)

Mr. Michael McLeod: My next question is for the Quebec tourism organization.

I didn't get the person's name, Mr. Chairman.

The Chair: There are two of them, Mr. Paquet or Mr. Ryan.

Go ahead.

Mr. Michael McLeod: I'll just put the question out to whoever wants to answer it.

The NWT has a very well-established and well-renowned tourism sector that makes up a significant portion of our economy. We've probably had tighter restrictions in the north to limit travel to and from our territories, from outside of the country but also from other regions of Canada.

With the budget's announcement of \$1 billion in support for the tourism and events sector, including \$500 million to the regional development agencies for tourism businesses and \$100 million more for Destination Canada, do either of you anticipate that this funding will help your membership through the remainder of the pandemic and help prepare for the eventual reopening of our regions to tourists?

[Translation]

Mr. Éric Paquet: The billion dollars set out in the budget to help the tourism sector cannot be overlooked, with \$500 million being administered by the regional development agencies. We still don't know how the funding will be allocated; the details are expected to come out a bit later. The money will support tourism initiatives in every region of the country, and that's a good thing. It will be allocated on a by project project basis.

However, as I said earlier, tourism businesses are on their knees. For more than a year now, they have been running on a fraction of their normal revenues. Right now, business owners just want to stay afloat until their revenues return to normal. That is where their heads are at right now, which is why we are asking the government to extend the wage subsidy and the rent subsidy. The rent subsidy, which helps businesses cover fixed costs, has been a real lifeline. Both support programs have kept the tourism sector and tourism businesses alive.

The feedback we are getting from businesses is this: being able to pivot and develop new products and services is great, but right now, all they want is to have access to those programs so they can make it through the crisis. Once they are on the other side, they can work on offering new products and services.

Mr. Ryan, is there anything you would like to add?

Mr. Jean-Michel Ryan: At the risk of repeating what's already been said, I would stress that businesses really need to get through the end of the crisis if they are going to bounce back.

The Destination Canada funding and other investments in the budget are certainly important, but the focus is on helping businesses prepare for the recovery. The sector has to be able to rebound, however, and private businesses, in particular, need the resources to do so, as do other organizations.

To reinvest in tourism products, services and infrastructure, businesses need a minimum amount of capital so they can access future programs. If they are not in a position to make that investment, they can't access the support programs or participate in the recovery.

That is what tourism businesses are dealing with right now.

[English]

The Chair: That's time, Michael.

Before I go to Mr. Falk, just on that question on the wage subsidy, what percentage are you looking at in terms of subsidy? Is it comparable to what was in place? Second, how critical is the timing of that to do your planning?

That's for whoever wants to answer, Mr. Ryan or Mr. Paquet.

[Translation]

Mr. Éric Paquet: Yes, we want the subsidy rates to stay the same as they are now. We are recommending that the current rates be maintained at 75% for as long as the programs are needed until the crisis is behind us. Regardless, businesses will not qualify for the supports unless they experienced a drop in revenue. Once revenues return to normal and the pandemic is behind us, the government can implement an exit strategy to wind down the programs.

• (1745)

Mr. Jean-Michel Ryan: I'd like to add to what my colleague said, if I may.

We want the rates to be maintained at least for 2022. Even once the border reopens, it will take some time before international tourists return to Canada and Quebec.

Something else we are worried about is an outflow of Canadians going abroad. That would create a vacuum and make it hard for the

industry to get back on an even keel. That is why, all along, we have been focused on 2022. We are recommending the programs be extended until at least 2022, to give us time to figure out how we are going to get through the crisis and come out the other side.

[English]

The Chair: Thank you, both.

We'll go to Mr. Falk, followed by Ms. Damoff.

Ted.

Mr. Ted Falk: Thanks, Mr. Chair. Do I have time for a couple of questions? What do I have?

The Chair: You have five minutes, Ted.

Mr. Ted Falk: Very good. Thanks, Mr. Chair.

I'll go back to Ms. Gervais and Mr. Norejko.

You know, if I go buy a pickup truck for \$60,000, I get a really nice, functional truck. If I spend \$95,000, I get an awesome truck. It's at the other end of the spectrum of trucks and capabilities. Last year I had an opportunity to do some wake-surfing, which I'd never done before. I was familiar with \$80,000 or \$90,000 wakeboard boats and ski-boats. My friend bought a \$200,000 wakeboard. I did some wake-surfing. It's awesome. If you've never done it, you should try it. But that boat isn't even considered a luxury under this new proposed tax.

Can you give me any indication as to, in the aviation industry, what might be considered a luxury—at what price point?

Ms. Christine Gervais: That's a very difficult question to answer, because it really depends on what you're using the aircraft for. Most aircraft serve a purpose. They serve a business. As I mentioned, they either serve for flight training or they bring goods to northern and remote communities. To just say that an aircraft that has, say, 25 seats and is worth \$2.5 million is a luxury is false. It really depends on how it's registered, what its purpose is, what the certificate of registration says and whether or not it's for hire.

There's still a lot in this proposed tax that hasn't been thought out. I know that it did say that more information was going to follow. I certainly hope that before they come up with this information they actually consult with industry so that they can determine what they're trying to get at and what they're trying to tax so that they don't penalize a portion of Canada's economy.

Mr. Ted Falk: Thank you. I think that's the answer I was wondering about.

When it comes to boats and when it comes to automobiles, most of us have a pretty clear picture of what luxury is, but in the air-plane business and the aviation community, \$100,000 is kind of entry-level for a 30- or 40 year-old airplane. I don't see that as much of a luxury, so thank you for answering that.

Dr. Ahmed, thank you for your testimony on behalf of the Critical Drugs Coalition and for the work that you do.

Hindsight is a wonderful thing. In one of your answers, you talked about ventilators. Can you tell me how many ventilators are in use in Canada right now?

Dr. Saad Ahmed: No, I'd have to look that up.

Mr. Ted Falk: Okay. That's fair.

In response to COVID and treating patients in ICU, is ventilation a common practice?

Dr. Saad Ahmed: It certainly is, and I would say that at the beginning of the pandemic we were ventilating more. As we have learned how to deal with COVID-19 and the particular use of some of the therapeutics that have come up—there are all sorts of new medicines that we've found are helpful—we have been ventilating less.

Ventilators were actually, I think, one of the more success stories because we actually had some automobile factories and stuff we were able to retool to actually make ventilators. Thankfully, due to non-pharmaceutical interventions—these would be things like masking and social distancing—we were actually able to really prevent a crisis from erupting in our ICUs.

The major thing is that the reason we cancel ORs is to be able to have excess ventilators available.

• (1750)

Mr. Ted Falk: Okay.

Of all the drug regimes you're using to treat COVID, which ones have you found to be most effective?

Dr. Saad Ahmed: We've actually had some really good studies done in the U.K., to answer this question.

There is a generic steroid, dexamethasone, that is being routinely used. Then there is a newer medicine. It's a biologic medicine and it's quite expensive—tocilizumab. It took me a while to learn how to say it. It's a newer biologic agent. There have been shortages of it because it's really not made in Canada. Hopefully we can get around to making that here as well at some point.

Mr. Ted Falk: There is one other fairly common drug that some researchers have been promoting and touting, which is ivermectin. Do you have an opinion on that at all?

Dr. Saad Ahmed: It hasn't really been shown to be beneficial in the research that I've seen so far. The research was mainly based on the trials out of the U.K., where because of the NHS they were able to do really cool studies where you just had hundreds of thousands of patients enrolled in different trials. That's the best evidence that we have to know that dexamethasone and tocilizumab are what really work for people.

Mr. Ted Falk: Thank you very much, Dr. Ahmed.

Dr. Saad Ahmed: Thank you.

The Chair: Thank you, all.

We will turn, then, to Ms. Damoff.

Pam.

Ms. Pam Damoff (Oakville North—Burlington, Lib.): Thanks a lot, Chair.

It's such a pleasure to join this committee. I can't begin to tell you.

My question is for the Foundation for Black Communities. Actually, there are two questions in here.

There was \$100 million in the budget for the Canada communities initiative. Basically, it's funding for capacity building. I know, reading your report, that you mention capacity building as being something that Black-led organizations don't have when it comes to applying for grants. I'm just wondering if you think that's enough funding and if it will help.

There is a second part of my question. Since the pandemic began, we have sent a lot of funding through to community foundations and then they've disbursed the funding through grants. Right now they're opening up applications for the healthy communities initiative to transform public places, so if you're a registered charity or you're a non-profit residents association, you can apply.

I'm wondering if you think that when we give funding like that to the community foundations a percentage of that funding should be earmarked for Black-led organizations.

Mr. Liban Abokor: Thank you for that question.

I'll answer it in two ways.

We absolutely believe there should be an equity benchmark within the philanthropic sector when it comes to grants making.

I mentioned earlier that there is about \$7 billion a year in grants making throughout foundations, corporate and community and private foundations within this country. If we applied the 3.5%, which is the Black Canadian population to date, that would account for about \$250 million a year in spending. I think that gives you a bit of perspective around what \$100 million for supporting Black communities actually means, as well as the disbursement quota that I mentioned earlier with the \$200 million philanthropic endowment.

I say that to say that we certainly could use a greater level of investment. For supporting Black communities, that \$100 million, as you know, is for one year. What happens moving forward? There's a longitudinal investment that we need to make so that we can really start moving the needle on these disparities that I mentioned earlier, whether it's housing, food insecurity and so much more.

Ms. Pam Damoff: What I am asking is this. There is the philanthropic endowment fund, which has the \$200 million, but when we're providing funding through to the community foundations, should we be saying that 3.5% of your funding needs to go to...and actually putting that across the board? It may be that in some communities it's 10% and in other ones it's 2%, but across the board, that needs to.... I just find that if that isn't there, it's too easy not to fund it.

I'm just wondering about your thoughts on that.

Mr. Liban Abokor: Thank you. I'm sorry I wasn't clear.

I was agreeing with you that there should be an equity benchmark. I don't know that it should be 3.5%. I think, to your point, we need to benchmark it to the actual inequity, so as you mentioned, maybe it's 10% in some regions and maybe it's 20% in others.

One of the things is that there is a lack of data to really pinpoint where different communities are along the scale, and that's what makes it hard for folks to wrap their heads around what the benchmark should be. I absolutely agree with you that if we're giving dollars to any community—for instance, the \$400 million that's going to go to stabilize the social service sector, which is something that Imagine Canada and Community Foundations are part of—there should be an equity benchmark not only for Black communities but also for indigenous, for women and so forth.

Ms. Pam Damoff: Also, on the capacity-building piece, you'll never get to the equity benchmark if the organizations don't have the capacity to apply. I often hear, "We didn't get enough applications." Then I talk to organizations, and they say, "Have you looked at the application form? We're trying to do good work in the community. We don't have the time or the knowledge to be able to fill that out."

Thank you for that.

I have about 45 seconds left, so just quickly, for Startup Canada, I know the women entrepreneurship strategy has been very successful in my riding. How important is it within that type of funding for start-ups is it to have, just as I was talking about, these equity benchmarks for women-led businesses, Black-led businesses and indigenous-led businesses?

• (1755)

Ms. Natasha Hope Morano: Absolutely, it is incredibly important, and we need to see that long term. That's the big piece.

Similarly with the procurement diversification, I'm really happy to see that there is additional support for under-represented groups. As we're going to look to our great rebuild, we look to the role that entrepreneurs play in creating and stimulating a very sound, strong Canadian economy. We need to be as inclusive as possible and make sure that all voices, all entrepreneur voices, are included in the high-level policies that are going to be implemented.

Ms. Pam Damoff: Thank you.

The Chair: I have just a quick supplementary question for Ms. Morano before we close.

It was interesting wording, I thought. You used the words "pain points" many times. What do you mean by that? Is it lack of investment? Is it regulation? Is it labour and skills training? What do you mean by that?

Ms. Natasha Hope Morano: Thank you so very much, Chair.

It's absolutely everything. Particularly with reference to my speech, I'm talking mainly about the early-stage ideation start-up phase for entrepreneurs, in which they don't even know what an accelerator is or an incubator is. They don't know where to go for support. They don't know what's available to them.

Of the respondents to our most recent census, 56% are asking for better advisory and mentorship support and to have a mechanism in place whereby all of the information that's out there can be consolidated so it's super-easy and super-accessible. It's an efficient way to get funding that's available through both private and public sectors into the hands of the entrepreneurs who so desperately need it.

The Chair: Related to Pam's question on applications, what do you make of federal government applications? I know that it takes volunteers pretty nearly 20 hours to fill them out because they are so complicated, when a two-page application would do.

What are your thoughts on that?

Ms. Natasha Hope Morano: That's a great question, Mr. Chair, and thank you so very much. I'll answer the question in two pieces.

If entrepreneurs even know that there are government grants to be tapped into, that's the the first part. There's the access question. They don't know that there are mechanisms in place for additional support, and then it's navigating the myriad of different government programs.

I had a conversation most recently with Minister Murray's office. Filling out an application form is not a simple process. As we look to better support entrepreneurs, it's really about simplifying everything, and where Startup Canada could play a really important role is in creating the tools, resources and framework so that entrepreneurs know what specific resources are available for them, depending on where they are in their entrepreneurship journey.

The Chair: With that, on behalf of the committee I want to thank all the witnesses who appeared today. This is our final hearing on Bill C-30 before we turn to clause-by-clause. We've heard from a lot of witnesses, a lot of diverse witnesses, every day. Thank you for taking the time, some of you on very short notice, to appear, put together your presentations and answer our questions.

With that, the meeting is adjourned. All the best.

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