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Chair: Mr. Robert Kitchen



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• (1710)

[*English*]

The Chair (Mr. Robert Kitchen (Souris—Moose Mountain, CPC)): I will call the meeting to order.

Welcome to meeting number 15 of the House of Commons Standing Committee on Government Operations and Estimates. The committee is meeting today, and I would normally say from 3:30 to 5:30, but we're going to go from 4:10 my time—5:10 your time.

I want to thank the witnesses for being here and staying with us, just to get to this stage. In fairness to them, I think we will just go through the first three rounds today instead of all four, which will be another hour and 20 minutes. I appreciate the witnesses' staying on for that time frame.

We're to hear witnesses as part of the committee's study on the government's response to the COVID-19 pandemic.

Today's meeting is also taking place in the new webinar format. Webinars are for public committee meetings and are available only to members, their staff and witnesses. Members may have remarked that the entry to the meeting was much quicker and that they immediately entered as an active participant. All functionalities for active participants remain the same. Staff will be non-active participants only, and can therefore only view the meeting in gallery view.

I would like to take this opportunity to remind all participants in this meeting that screenshots or taking photos of your screen is not permitted.

To ensure an orderly meeting I would like to outline a few rules to follow. Interpretation in this video conference will work very much like in the regular committee meeting. You have the choice, at the bottom of your screen, of “floor”, “English” or “French”. Before speaking, please wait until I recognize you by name. When you are ready to speak you can click on the microphone icon to activate your mike. When you are not speaking, your mike should be on mute. To raise a point of order during the meeting, committee members should ensure their microphone is unmuted, and say, “Point of order”, to get the chair's attention.

In order to ensure social distancing in the committee room, if you need to speak privately with the clerk or analysts during the meeting, please email them through the committee email address. For those people who are participating in the committee room, please note that masks are required unless they are seated and when physical distancing is not possible.

I will now invite the Parliamentary Budget Officer to make his opening statements.

[*Translation*]

Mr. Yves Giroux (Parliamentary Budget Officer, Office of the Parliamentary Budget Officer): Thank you, Mr. Chair.

We thank the committee for this invitation to appear. We are pleased to be here today to discuss our recent economic and fiscal analysis related to your study of the government's response to the COVID-19 pandemic.

With me today I have Xiaoyi Yan, Director, Budgetary Analysis, and Trevor Shaw, Director, Fiscal Analysis.

Consistent with the Parliamentary Budget Officer's mandate to provide independent, non-partisan analysis to Parliament, my office has been working diligently since last March to provide parliamentarians with reliable estimates of the impacts of the unprecedented COVID-19 response spending on the government's finances and the Canadian economy. We have also published independent cost estimates of a number of components of the government's COVID-19 economic response plan.

[*English*]

On December 10, we released our assessment of the government's fall economic statement 2020. Our report identifies several key issues to assist parliamentarians in their budgetary deliberations, as well as updated fiscal and economic projections.

While the economic outlook presented in the fall economic statement 2020 is broadly in line with our latest projections, we project that budgetary deficits will be \$5 billion larger, on average, over the next five years. These larger deficits are primarily due to weaker economic and fiscal assumptions, partly offset by lower cost estimates of measures included in the government's COVID-19 economic response plan.

In terms of transparency, the government's fall economic statement does include elements that are essential for credible fiscal planning and scrutiny, such as a detailed five-year fiscal outlook. However, the fall economic statement falls short on transparency in a few areas, such as the absence of a fiscal anchor, the lack of clear thresholds for the fiscal guardrails and the lack of detail related to the employment insurance operating account.

In addition to our report, my office has also released independent cost estimates of selected measures contained in the fall economic statement, including the Canada emergency wage subsidy and Canada emergency rent subsidy programs. We plan to publish additional cost estimates in the coming days, with three that are to be released tomorrow.

Finally, I would also like to take this opportunity to provide members with a brief update on our progress on the cost analysis of building the Canadian surface combatants and building the FREMM, the type 31e and other possible competing ships. Our analysis continues to advance, and we expect to deliver the report to this committee by the end of February, as planned.

We would be pleased to respond to any questions you may have regarding our analysis of the government's response to the COVID-19 pandemic or other PBO work.

Thank you, Mr. Chair.

• (1715)

The Chair: Thank you, Mr. Giroux. I appreciate your introduction.

We will go into the first round, six minutes of questioning.

The first will be from Mr. Paul-Hus.

[*Translation*]

Mr. Pierre Paul-Hus (Charlesbourg—Haute-Saint-Charles, CPC): Thank you, Mr. Chair.

Good afternoon, Mr. Giroux. I am pleased to see you back with us.

My first question is about vaccines, which is a very trendy subject these days.

We would like to know if you have had any information regarding contracts and the amounts invested in vaccines.

Mr. Yves Giroux: The expenditures to date on which we have obtained information actually fall into a fairly broad category that includes vaccines, but also other items such as research and therapeutic items. As of November 30, the amount spent by the government was \$722 million.

Mr. Pierre Paul-Hus: As you say, these amounts are for vaccines and other things, such as research. They probably include the amounts that have been invested in the Montreal research centre. Is this the total amount of money invested in everything related to vaccination?

Mr. Yves Giroux: That may be the case. I would have to ask my colleague Mr. Shaw for a few more details.

Mr. Pierre Paul-Hus: If it is possible, could you send us the information you have on that? I personally have no other way of finding out more.

My next question is about the economic update. You talked a lot about transparency. In your opening statement, you mentioned again that transparency was an issue. Since you were here on December 10, have you been able to get any more information on the various expenditures in order to update your books?

Mr. Yves Giroux: Actually, since December, there has not been much progress. We have had some additional information, but the holiday season was a break for a lot of people, including many of the people who usually provide us with information. From mid-December to mid-January we did not receive much additional data. We did receive some updates from some government departments, including Canadian Heritage and Environment and Climate Change Canada. So we have made some progress.

In my opening remarks, I mentioned some of the concerns I had about the fall fiscal and economic update, such as the lack of fiscal benchmarks and the lack of transparency on projected deficits in the employment insurance operating account. As I mentioned in my opening remarks, those concerns are still valid.

Mr. Pierre Paul-Hus: You're talking about different departments. Are you in a position to tell us which ones don't work as well with your office?

Mr. Yves Giroux: We have had concerns over the past few weeks about Innovation, Science and Economic Development Canada, which seems to be slow to answer. We have also had concerns about the Canada Revenue Agency, although that seems to have been resolved. The Agency was very reluctant to provide information, even if it was anonymized, meaning that it did not include any personal data about taxpayers and there was no way of identifying them.

Mr. Pierre Paul-Hus: Do you have any idea why it is reluctant? Is there a fear of disclosing information?

Mr. Yves Giroux: The Agency is very afraid of making any indirect disclosures. For example, if it is indicated that a person, who is not named, has received the CERB and, in addition, that this person resides in British Columbia and also receives the disability tax credit, the Agency is afraid that the person could be identified.

• (1720)

Mr. Pierre Paul-Hus: Isn't that a bit far-fetched?

Mr. Yves Giroux: It's very far-fetched.

Mr. Pierre Paul-Hus: Okay.

Let's go back to Innovation, Science and Economic Development Canada. In this case, is it difficult to access the data across the department or only in certain areas?

Mr. Yves Giroux: It's some of the programs in particular. Mr. Shaw or Ms. Yan could tell you what those areas are, if they know.

[English]

Xiaoyi, Trevor, do you know?

[Translation]

Mr. Trevor Shaw (Director, Fiscal Analysis, Office of the Parliamentary Budget Officer): No, it's not about specific areas or programs in this department. Unfortunately, I don't have any further details to add at this time.

Mr. Yves Giroux: We can provide you with the details later, Mr. Paul-Hus.

Mr. Pierre Paul-Hus: Yes, please.

Apart from the Canada Revenue Agency and Innovation, Science and Economic Development Canada, are any other departments problematic?

Mr. Yves Giroux: Generally speaking, things are going quite well. Sometimes, there are small bumps in the road, but they are often the result of certain departments misunderstanding our mandate and our access to data. Once we manage to talk to people, the problems generally solve themselves fairly well, other than the exceptions that we have mentioned.

Mr. Pierre Paul-Hus: From what I understand, the fact that Zoom meetings are held all the time complicates things a little. Because the relationship with people is less direct, there is less pressure.

I would now like to address the Canada emergency wage subsidy. You briefly talked about it earlier.

Do you know how many businesses and SMEs have received the subsidy?

[English]

The Chair: Mr. Paul-Hus, you have 30 seconds.

[Translation]

Mr. Pierre Paul-Hus: Are you in a position to answer, Mr. Giroux?

Mr. Yves Giroux: No, I don't know how many. I know the total cost, but from memory, I can't give you the number of companies that we estimate may have used the subsidy.

Mrs. Julie Vignola (Beauport—Limoilou, BQ): I'm sorry, but I can't hear a thing at the moment.

Mr. Yves Giroux: Is that better, Mrs. Vignola?

The cost of the wage subsidy is estimated at \$86 billion.

Mr. Pierre Paul-Hus: Okay, thank you.

[English]

The Chair: Thank you.

We'll now go to Mr. Weiler. You have six minutes.

Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Thank you, Mr. Chair, and thanks to Mr. Giroux for coming to join our committee again today.

Mr. Giroux, in your remarks earlier you made the criticism that the fall economic statement does not have a fiscal anchor or clear thresholds for fiscal guardrails. I'm sure, however, that you're aware

the Minister of Finance's mandate letter contains a commitment to bring in a new fiscal anchor.

Recently the former Bank of Canada governor has opined that Canada's debt is manageable with GDP growth. He said that:

...if economic growth is faster than the rate of interest, then the base you're taxing keeps growing faster than your interest payments, and gradually your debt declines as a share of GDP and your ability to finance it.

Do you think this would be an appropriate fiscal anchor, or what advice do you have that would guide government spending to ensure that Canada's debt remains manageable?

Mr. Yves Giroux: That's a very interesting question.

When I advocate for a fiscal anchor, I don't advocate for one specific fiscal anchor. I'm advocating for one fiscal anchor—or multiple if the government wants to have multiple such anchors. The choice of anchor is, obviously, up to the Minister of Finance, the Prime Minister and the cabinet, but when I'm advocating for one fiscal anchor, I'm not recommending one in particular.

However, one that's widely used is a declining or specific target, a declining debt-to-GDP ratio or a stable debt-to-GDP ratio. That's one that's widely used across the world. It is relatively well understood and also takes into account the science of the economy and the science of the government's debt.

Others have suggested targeting a specific growth rate or expenditures or revenues or interest debt payment. These are all, I wouldn't say, equally valued—it depends on the objective of a government—but these are all other fiscal anchors, and one can think of more fiscal anchors.

The choice of the anchor in and of itself, we can debate that, but first and foremost, I think we have to have an anchor.

● (1725)

Mr. Patrick Weiler: Thank you for that.

Let's get back to the discussion of vaccines, given what we know about the immunization timelines for Canada: that all Canadians who want a vaccine will be immunized by the end of September. With these likely timelines, similar to when we know we'll be able to return to normal with the pre-pandemic ability to have social gatherings, to travel and otherwise, what would your advice be for the government with respect to whether it should or should not extend some of the pandemic relief programs, like the emergency rent subsidy, the emergency wage subsidy and the emergency business account?

Mr. Yves Giroux: That's a very tricky area for me to venture into because, in my capacity, I provide information and analysis, but my mandate does not include providing advice to the government or to parliamentarians. Extending or not extending some of these measures is a decision that you collectively have to make as parliamentarians.

One thing that I can say, however, is that in our fiscal and economic outlook, we have assumed that the support for COVID-related measures will be allowed to expire as planned. If these measures were to be extended, then the deficit that we indicated in our documents would obviously be higher. As to whether the government should or should not extend these, I'll leave that to policy-makers.

Mr. Patrick Weiler: From the financial analysis point of view, what would be the monthly cost of extending these programs, say, by another three months or by another six months?

Mr. Yves Giroux: It depends on the programs themselves. CERB, for example, ran at about—if I'm not mistaken—\$6 billion to \$8 billion per month. The wage subsidy is probably running at close to a few billion dollars a month, so it depends on which programs you're talking about and on exactly when you're thinking about extending them. Extending a program when the economy is in a recovery phase is much less expensive than extending it, for example, right now when lockdowns are still in place in many areas of the country.

So, it depends on when these would get extended, but you're talking about easily \$10 billion a month if you were to extend all of these programs beyond their scheduled expiry dates. Again, that's with huge caveats.

Mr. Patrick Weiler: I've spoken to a lot of businesses in my riding that have been very, very hard hit by the pandemic, perhaps none more so than those in the hospitality or F and B sectors. El Segundo is a restaurant in Sechelt that opened up after the pandemic hit. It made commitments to open up far before the pandemic hit. It's not eligible for things like the pandemic relief programs. I'm wondering if you've analyzed the cost of extending these programs to businesses that were established after the onset of the pandemic or after mid-March?

Mr. Yves Giroux: We haven't done that because the data we have would probably not allow us to do that, certainly not right now. It takes a little bit of time, with some delay and lag, to get information on businesses that have been recently established. So, we haven't done that—unless my colleagues want to chime in and contradict me by saying that it would be easy to do, but I don't think it would be easy to do at this point in time.

The Chair: Thank you, Mr. Giroux. If your colleagues have an answer, if they would provide that in writing it would be greatly appreciated.

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

[*Translation*]

Mrs. Julie Vignola: Thank you very much, Mr. Chair.

Good afternoon, Mr. Giroux. Thank you for being with us again.

In your opening remarks, you mentioned that the fall economic statement did not meet transparency requirements in several areas. For example, you noted the absence of a fiscal anchor, which we just discussed, the lack of clear thresholds for the fiscal guardrails, and the lack of detail related to the employment insurance operating account.

First, I would have liked to ask you what would have been an appropriate fiscal anchor for you, but you have already answered. You don't have a suggestion but you think we need one.

So let me move to my next question. Is it appropriate, in a time of crisis like the one we are experiencing right now, not to have a fiscal anchor? If we had one, what would that change in your analysis of the budget and in ours?

• (1730)

Mr. Yves Giroux: Thank you for your question.

Is it appropriate not to have a fiscal anchor during a crisis? There are two ways of looking at it. On the one hand, we can say that it is completely appropriate, since a fiscal anchor is no longer worth much in a crisis situation, given that the future is so uncertain. That's true. On the other hand, I think giving up on any fiscal anchors increases the uncertainty about the state of public finances, because it creates a lot of ambiguity about where they are headed.

It would have been possible to have a fiscal anchor and suspend it, with a commitment to return to it later, or at least to review it. That's what several provinces that had fiscal rules have done and still do. In my view, it would still be possible to do that. We could give ourselves some leeway as a country. Of course, we can't commit ourselves to a constantly declining debt-to-GDP ratio. But we can commit to returning to our fiscal anchor, or trying to return to it, once the situation has stabilized. That would have been one way to go.

Mrs. Julie Vignola: The disadvantage of not having an anchor is that it creates economic uncertainty for Canada. Thank you very much.

In terms of fiscal guardrails, how is not having thresholds a problem?

Mr. Yves Giroux: With respect to the fiscal guardrails included by the Minister in her fall economic statement, she mentioned three indicators of when or under what conditions fiscal stimulus could be reduced. Although the economic and fiscal stimulus plan is over a three-year period, two of the three indicators mentioned could return to pre-pandemic levels within the next year, in the first half of 2022. In other words, we could already return to the pre-pandemic situation when we would be at about 50% of the planned economic stimulus period.

One of the indicators is the employment rate, that is, the number of adults working. As the population ages, it is quite possible that the employment rate will never return to the pre-pandemic level. When people are older, they want to retire, although there are exceptions. I don't think I'm one of them. In any case, since we have an aging population, it is quite possible that we may never go back to the employment rate we had before the pandemic.

In short, the fiscal guardrails in the economic update are contradictory and may not be entirely consistent with the economic stimulus measures planned over a three-year period.

That said, if the objective of the \$70 to \$100 billion in spending over three years is to make structural changes to the Canadian economy, that is a different story altogether. If that is the objective, it is not up to me to assess whether it is appropriate to set a three-year horizon for those expenditures.

Mrs. Julie Vignola: If anything, we could focus on self-promotion because two of our three objectives were achieved within the set timeframe.

Mr. Yves Giroux: Yes, that could be the case.

Mrs. Julie Vignola: Okay.

To follow up on what Mr. Paul-Hus asked earlier, could you tell us how many departments still have problems with transparency, in your opinion?

Mr. Yves Giroux: I would have difficulty answering that question based solely on my personal point of view.

In the context of my mandate, I would say that, when it comes to providing information to my office, only few departments have problems with transparency.

My colleague Ms. Maynard, the Information Commissioner, would probably give you a completely different answer.

Since this issue can be looked at from a number of different angles, I will stick to what I know and to the information provided to me by the departments. Those who do not provide me with the information I need in a timely manner are in the minority.

• (1735)

Mrs. Julie Vignola: Thank you very much.

[English]

The Chair: We'll now go to Mr. Green for six minutes.

Mr. Matthew Green (Hamilton Centre, NDP): Thank you very much, Mr. Chair.

To the Parliamentary Budget Officer, welcome back. Perhaps I'll pick up where I left off the last time you joined us.

I heard you state that, in your consideration, we might never get back to the unemployment rates pre-pandemic. Would you care to elaborate on that? Are you suggesting that they'll remain fairly high or that with the exit of an aging population they'll be artificially suppressed?

Mr. Yves Giroux: Thank you for the opportunity to clarify. I referred to the employment rate. That's the proportion of adults in the Canadian population who have a job. It's possible that, with an aging population, as there is a growing proportion of people who are age 65 and over, we will never reach again the employment rate that we saw prior to the pandemic. More people will get into that age category where they expect to retire and do something else than work in life, so it's quite possible that we will never return—at least not for several, several years, if not decades—to the pre-pandemic proportion of adults who have a job. So it's the employment rate.

Mr. Matthew Green: Thank you for that clarification.

Would it be safe to assume, then, that because of the nature of COVID and perhaps the changing work environments, with companies finding efficiencies and governments retracting, there would also be a corresponding lower prospective job market? Would there actually be fewer jobs available as well? Or what might be the result of that?

Mr. Yves Giroux: It's possible, but in fact with an aging population we probably anticipate the opposite—that is, fewer people being in the labour force, fewer people working. That would not be because there weren't enough jobs, but because there were not enough people of working age. People 65 and over may well want to work, or some of them may very well be capable of working, but as they get older and older, they are less inclined to work.

What is likely to happen, all other things being equal, is a decline in the unemployment rate over the medium and longer term as people get older and there are fewer people available to fill the jobs that do exist. All of that is based on long-term demographics. Of course, there could be economic shocks, like the one we are currently living, that turn this on its head, but the longer-term trend is of an aging population and a declining unemployment rate—all other things being equal, of course.

Mr. Matthew Green: Thank you. I'm trying to get an outlook for the next generation, notwithstanding the fact that our aging population has had some good years and of course some other decades that might not have been so good.

I want to take a moment right now and zero in on your legislative costing note on eliminating interest on the Canada student loans program. In it, you have suggested that it will cost \$315 million for 2020–21. It showed that in the past five years, ESDC has written off, waived or forgiven more than \$2 billion in students loans due to financial distress and what student borrowers are experiencing here throughout COVID. That's on top of the \$410 million ESDC has to spend to contract the administration of Canada student loans programs to DH Corporation over the same period of time.

In your opinion, what would be the effect of eliminating student loan interest payments; what effect would it have on borrowers; and could this help potentially offset the losses experienced by the student loan defaults and writeoffs?

Mr. Yves Giroux: The cost estimate we did, which was pegged to not imposing interest on student loans, as you pointed out, was a \$315-million gross cost, minus \$5 million in reduced tax credit for the interest expense. Of course, this would probably have a positive impact on the number of defaults, given that the amount owed by students collectively would be lower, so the probability of default, other things being equal, would probably go down slightly.

That's one thing we considered, and we also noticed when we did cost estimates in a previous setting. In the electoral campaign a couple of questions were asked by various parties on various student loan measures. When relief measures are afforded to students, they have a corresponding impact in reducing the number of bankruptcies, loans in default and loans written off.

• (1740)

Mr. Matthew Green: I note that the new Biden administration has extended the freeze. We have not, to date. We're hoping this government will go down that path.

Just for my own clarification, what is the effective rate right now on the program? Is it also impacted by the really low interest rates?

Mr. Yves Giroux: Yes, it is, but given my apparent age it's been a while since I've paid interest on student loans.

Maybe Xiaoyi or Trevor knows the going rate on interest on student loans.

Mr. Trevor Shaw: I believe the interest rate on that program is close to the government's own borrowing costs of close to the prime rate of interest.

Mr. Matthew Green: Thank you.

The Chair: That ends our first round. We'll now go into our second round, going for five minutes, then two and a half minutes, and then five minutes.

We will start with Mr. McCauley for five minutes.

Mr. Kelly McCauley (Edmonton West, CPC): Thanks, Mr. Chair.

PBO attendees, what a pleasure as always to have you back.

Has PBO done a risk analysis around GDP and costs related to vaccine delays? We've seen this week we have zero vaccines. Next week it's next to zero. I'm wondering if your numbers take into account those delays and potential delays down the road as well.

Mr. Yves Giroux: When we did our last fiscal and economic outlook, we stated it was based on the premise that the government restrictions, public health restrictions, would be gradually lifted over the next 12 to 18 months, and also assumed that a vaccine would be developed.

One risk to that outlook, a concern, was the resurgence of the virus or delays in lifting these restrictions. We mentioned that, but we did not quantify that risk because it would be highly hypothetical. As the situation evolves, we will be updating our fiscal and economic outlook.

Mr. Kelly McCauley: Unfortunately, the delays are not hypothetical anymore. They're actually happening. It would be interesting to see.

You said the fiscal guardrails are contradictory and incompatible. Are you able to briefly expand on that?

Mr. Yves Giroux: Based on our projections on the unemployment rate, the number of hours worked and the unemployment rate are supposed to go back, will go back or are expected to go back to pre-pandemic levels by mid-2022, so somewhere in the first half of 2022, while the employment rate, the proportion of adults who work, is on a downward trend due to demographics. Because the Canadian population is getting older, there are more and more seniors in the adult population and they're less inclined to work. The proportion of adults who will want to work is going down slightly because of more people getting old as a proportion of the workforce.

On the one hand you have two indicators—number of hours worked and unemployment—scheduled to hit pre-pandemic levels probably in the first half of 2022. On the other hand the employment rate is on a downward trend no matter what you do. That's why I'm saying these are two contradictory—

Mr. Kelly McCauley: So we could be throwing lots of money at the wrong areas.

The Naval Association of Canada attacked the PBO briefly over the JSS report and also your upcoming report. I'm wondering if you could comment on that. Is DND is being fully open with your office on the cost comparison for the frigate program?

• (1745)

Mr. Yves Giroux: I read the criticism of our report. One of the criticisms was that we focused on a fiscal or a financial analysis, which is exactly what this committee, OGGO, asked us to do. I found it bizarre to be criticized for doing exactly what we were asked—

Mr. Kelly McCauley: It even stated that in the report, as well.

Mr. Yves Giroux: Yes. It was clearly laid out in the report that we were asked to do this. That's what we did, and we got criticized for doing it. Point taken.

We didn't compare, or we didn't include the industrial benefits. No, that was out of the scope of the report.

We were also criticized for basing the cost of the second ship, the *Obelix*, on the cost of converting the *Asterix*. That's a fair basis on which to cost a second ship, how much did it cost to build or convert the first ship?

There are a couple of criticisms like that, and the criticism also warned parliamentarians to carefully read the report. I hope it's not coming to you as a shock, but you're supposed to read the report carefully before you comment on it.

I found that a bit... It is what it is. Naval officers work hard. They have served or are currently serving their country. I don't blame them for wanting the best ships possible, but the criticism... If they have methodological changes that they would like us to make, we're always happy to consider them, and provide you the best analysis possible.

Mr. Kelly McCauley: With regard to the upcoming frigate report, are you getting full access to the information you need about this \$70-billion to \$100-billion program?

Mr. Yves Giroux: So far, so good, yes, and the report is being drafted as we speak. There haven't been major access issues from the Department of National Defence and the Royal Canadian Navy. So yes, it's good news.

The Chair: Thank you very much, Mr. Giroux and Mr. McCauley.

We will now go to Mr. Drouin, for five minutes.

[Translation]

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Mr. Giroux, thank you very much for joining us once again. I would like to take this opportunity to wish you a wonderful year filled with reports that will inform parliamentarians, including myself.

I want to come back to Mr. Paul-Hus' question about the Canada Revenue Agency.

The agency told you that it was afraid to provide you with certain data because it might allow you to identify individuals. Have you consulted with the Office of the Privacy Commissioner of Canada to find a solution?

Mr. Yves Giroux: No. This is an outstanding issue that has been discussed with the Canada Revenue Agency for a very long time, even before I took office.

I did not consult the Office of the Privacy Commissioner, because the legislation is quite clear to me: my office must have access to information in a timely manner and free of charge.

Having said that, having worked at the agency, I understand their concerns very well. Section 241 of the Income Tax Act is quite clear: the agency must not disclose personal taxpayer information. However, that is not what we asked for.

On the one hand, the agency has this desire, which I would say is pathological, to protect taxpayer information, which is a good thing for taxpayers. On the other hand, it must provide timely and useful information to an officer of Parliament whose mandate is to provide information and analysis to members of Parliament and senators. It's a matter of finding a compromise.

Mr. Francis Drouin: If this was a problem before you took office, the Office of the Privacy Commissioner of Canada could conduct an analysis to try to reconcile those two viewpoints. That would stop arguments about who has a right of access to the information. Third party advice might be helpful.

My colleague Mr. McCauley talked about the financial implications of a potential delay in vaccine delivery. I'm trying to see what sort of mathematical or economic model you could use to measure that.

The provinces started vaccination a few weeks ago, even a month ago, but they have not yet ended the economic lockdown because we are still in the first phase.

Will there be any financial implications of continuing the public lockdown even if vulnerable people are vaccinated? What indicators would show you that government revenues will increase even though we're still in lockdown? I am sort of trying to understand how you are going to analyze this measure.

• (1750)

Mr. Yves Giroux: I will let Mr. Shaw briefly explain how this situation could be analyzed.

Mr. Trevor Shaw: In September, the Office of the Parliamentary Budget Officer published forecasts of the government's monthly revenues. According to most of the data we have gathered to this point, the government's monthly revenues basically match the forecasts in our office, regardless of the trends in the economy and the transmission of the virus.

Mr. Francis Drouin: I am really interested in knowing which economic indicators are used when the situation is unpredictable. In September, we suspected that there would be a second wave at some stage. Essentially, the provinces establish the lockdown measures or decide whether or not their economy will remain open. It varies from one province to another. I am curious to know how the forecasts are done in that situation.

We also have the issue of economic forecasts for private sectors. Statistics Canada provide some figures. For example, economists look at specific numbers of jobs created or jobs lost, but sometimes the reality does not match the forecasts.

I'm trying to understand a little. I imagine that, when the situation is unpredictable, it is difficult for you to do your work.

Mr. Yves Giroux: You are right, it is not easy. We use general equilibrium models as our basis. Under restrictions like a lockdown, economic activity decreases in certain sectors, such as hotels, restaurants and travel. We then see the repercussions that has in our general equilibrium model. When the opposite happens, meaning when the restrictions in those sectors are lifted, we use the model that has been used and refined on many occasions over the years to see the effect it has on all the other sectors of the economy. That is how we manage to make the forecasts.

Of course, that also requires a healthy dose of professional judgment. We do not rely solely on a model. We make adjustments to account for particular situations, such as whether they apply regionally or nationally.

Mr. Francis Drouin: Okay.

Since—

[English]

The Chair: Thank you, Mr. Giroux, and thank you, Mr. Drouin.

[Translation]

Mr. Francis Drouin: Thank you very much.

[English]

The Chair: We'll now go for two and a half minutes to Ms. Vignola.

[Translation]

Mrs. Julie Vignola: Thank you very much, Mr. Chair.

Mr. Drouin, as you know, yesterday, we held an emergency debate on vaccines. We asked a bunch of questions on the number of vaccines and we received some answers. We will have 6 million doses by the end of March, 26 million by the end of June and 80 million by December 31.

I have done a lot of calculating and I would like to ask you the following questions.

Is it reasonable to think that we will manage to get between 1.6 and 1.9 million vaccines per week? How much is this rapid purchase of foreign vaccines and the rapid vaccination program going to cost?

[English]

Mr. Yves Giroux: Mr. Chair, I'm not sure if the question was directed to me or at Mr. Drouin.

[Translation]

Mrs. Julie Vignola: The question is for you, Mr. Giroux.

• (1755)

Mr. Yves Giroux: Okay.

Unfortunately, I do not have those figures. That is why I was trying to avoid the question. I have no answer about the cost of the vaccines and the vaccinations. It is something that we have not yet considered.

Mrs. Julie Vignola: That's fine. It actually leads me to my next questions.

How is the government going to be able to improve its accountability for the implementation of COVID-19 measures? Which tools will it need to make the accountability more transparent and for the data to be more understandable, not only by you and by us as parliamentarians, but also by Canadians in general?

Mr. Yves Giroux: That is quite a broad and interesting question.

As I see it, a good way to improve accountability would probably be to go back to a model that existed before prorogation. The government put its expenditures on the various COVID-19 measures at the disposal of the Standing Committee on Finance and the public, almost in real time. The government published some anticipated expenditures, especially those for the CERB. It was not in real time but it was close. To my knowledge, in terms of real-time expenditures, we do not have the same transparency as before prorogation.

That would probably be a very good starting point. Actually, even more than a starting point, it would be excellent progress, in my opinion.

Given that the time is limited, I will stop there.

Mrs. Julie Vignola: Thank you, Mr. Giroux.

[English]

The Chair: Thank you.

As an aside, Ms. Vignola, I was following you along last night on the whiteboard, because I've done those same numbers.

We'll go now to Mr. Green for two and a half minutes.

Mr. Matthew Green: Just to pick up where we left on that, one of the questions I have around those numbers is that we're hearing announcements on doses, but we know that some of these will require two doses.

My question, through you to the PBO, is whether your review of this program also includes the necessary amount of doses per person to be inoculated.

Mr. Yves Giroux: No, and that's because the vaccine issue is a relatively recent issue in the grand scheme of the pandemic. We haven't started looking at the vaccines.

Mr. Matthew Green: That's fair. It's something I'm certainly close to, because these numbers tend to shift when you look at the different ways in which they're administered.

I want to get really clear about the program supports we have provided for small businesses. We've heard reports from across the country of businesses that are shuttering and the likelihood of many of these small businesses being lost, perhaps forever. We did make an effort to provide small businesses, particularly, with the Canada emergency rent subsidy.

Do you make an assessment between what the government announces as the total announcement of the program versus the actual uptake? Also, could you comment on the prior uptake, when the program went to the landlords, versus when it went right through to the small businesses?

Mr. Yves Giroux: When the government announces a program and provides a cost estimate, we also do our own cost estimate. There is sometimes very close alignment, and sometimes a very significant gap between these two. It's because of different assumptions.

Given that the government has revised some of its cost estimates, and very often to align them more closely to ours, that gives us some comfort in the fact that our cost estimates were not—

Mr. Matthew Green: Respectfully, though, I'm not looking for comfort; I need to get a sense of the number.

I say that with the utmost respect to you.

Mr. Yves Giroux: Xiaoyi can probably expand a bit on the number and the update quickly.

Ms. Xiaoyi Yan (Director, Budgetary Analysis, Office of the Parliamentary Budget Officer): I do have some numbers here—as far as we know.

The previous rent subsidy program, CECRA, as of now, has provided about \$2 billion in loans to about 65,000 landlords. This represents about 2.7 million in rents receiving a 75% subsidy. It represents about \$1 in \$10 of Canada's \$54 billion in annual rents being subsidized during that period.

The recent CERS and the lockdown support provided \$704 million in subsidies to about 94,000 unique businesses across Canada. Because of the variable subsidy rate, the rents subsidized are very difficult to be known.

Mr. Matthew Green: That's fair. That's very helpful. Thank you.

The Chair: Thank you.

I think everyone wanted to see those numbers, and that's why I gave you the extra time.

We'll now go to Mr. McCauley for five minutes.

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

Mr. Giroux, is there any reason you can see that we cannot set a fiscal anchor or present a budget right now, considering that almost every single OECD country has done so?

• (1800)

Mr. Yves Giroux: Personally, I see no fundamental reason why not. The government has been able to move very quickly on implementing programs that were designed from scratch. Doing a budget is something that the very capable Department of Finance is very able to do. There's no fundamental reason that I see for not having a budget.

Mr. Kelly McCauley: It's been well over a year now. Are there risks involved if we just continue without setting a budget and without setting a real fiscal anchor?

Mr. Yves Giroux: That absence of a fiscal anchor and a budget are a risk of credibility for the fiscal anchor. There is also a risk of not having a clear framework for making decisions.

As one can easily imagine, the Minister of Finance, the Prime Minister and ministers are probably subjected to intense pressure from all kinds of groups to spend in various areas. The absence of a fiscal anchor makes it a bit more difficult for them to triage and determine where they should be investing or spending money and where they should be turning down proposals.

The absence of a budget also makes it more difficult to have a clear picture as to the overall sense of direction for the government, notably when it comes to the pace of implementing its policy priorities and, in the current case, its Speech from the Throne priorities and mandate letter priorities.

The absence of a budget prevents us from having a clear, cohesive picture of overall government direction when it comes to its policy priorities and the pace of implementation.

Mr. Kelly McCauley: In the same vein, what do you think, as PBO, when you see we have \$100 billion we're going to spend to jump-start the economy but we're not setting any guardrails around it and not saying what the money is going to be used for or focused on?

Mr. Yves Giroux: I am thinking to myself, I wouldn't want to be the Minister of Finance because, as I said before, her phone must be ringing off the hook.

When you provide that perspective of \$100 billion to be spent over the next three years but you don't circumscribe it or you don't put constraints around it, at least not publicly, it gives a sense that—and we are welcoming proposals—we don't have a clear idea yet of what we will do, or if we do, we're open to considering other ideas.

Mr. Kelly McCauley: We heard earlier today Mr. Green talking about some of the wage subsidies support. The government has listed the names of the companies but not the amounts. Now, we've also heard that the communist-controlled Bank of China, or whatever their bank was here, received subsidies. Foreign-controlled airlines received subsidies. Should CRA be releasing the information for transparency for parliamentarians and taxpayers to see how much has been received by the companies for these subsidies?

Mr. Yves Giroux: That's very close in its design or its nature to a subsidy. In the case of subsidies, my understanding is that the amounts of subsidies that corporations and businesses receive tend to be public, generally speaking. In the case of the wage subsidy, there could be competitiveness issues in some instances, but gener-

ally speaking, I think the amounts that corporations have received should indeed be public.

Now that the government is disclosing who receives them, the competitive disadvantage, if there was one, has probably been eroded already. Disclosing the amounts would be more transparent.

Mr. Kelly McCauley: I think as well it would take away some of the tomfoolery. We've seen very large corporations with subsidiaries receiving them even though the corporation may be fabulously successful at the same time.

Thank you very much for your time.

[*Translation*]

Mr. Pierre Paul-Hus: A point of order, Mr. Chair.

[*English*]

We haven't had any translation for five minutes.

• (1805)

The Clerk of the Committee (Mr. Paul Cardeghna): Mr. Chair, if you can just give me a moment, I'm checking with our technical people now. Thank you.

Mr. Kelly McCauley: I'll get my five minutes over then I think.

Mr. Pierre Paul-Hus: It's okay now.

The Chair: Okay. We'll wait until the clerk comes back just to make certain it's all been organized. Just bear with us, if you don't mind.

Mr. Pierre Paul-Hus: I'll practise my English for five minutes.

The Clerk: My understanding now, Mr. Chair, is that the situation has been resolved and you can continue.

The Chair: Thank you, Mr. Clerk.

Mr. Kusmierczyk, you have five minutes.

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Thank you very much, Mr. Chair.

Many of the questions I have were asked and answered during this round.

In the recovery, we've heard that it's a K-shaped recovery, and some sectors, for example, have recovered more quickly. Some have actually thrived. Some obviously are finding it more challenging.

Vulnerable Canadians have really struggled and have borne the brunt of the lockdowns and the pandemic.

I wanted to ask you whether in anything you've gathered, looking at labour market participation or whatnot, you have numbers or data that substantiate that argument that there is an unequal or a K-shaped recovery when it comes to the pandemic and the recovery.

Mr. Yves Giroux: Thank you.

We have looked not only at the most affected sectors, but also at employment and output across various sectors, and we find that, indeed—and without any big surprise—some sectors are faring way worse than others, notably hospitality and food services. They're not doing very well. The travel industry is suffering and that's very obvious to anybody who wanted to go anywhere for the last several months.

Other sectors are doing relatively well. Financial services are doing relatively well. The public sector is doing well. The health sector is doing relatively well. If you're in the supermarket business, chances are you're not suffering too much, even though there are additional expenses.

There is indeed a recovery that's at a different pace depending on which sectors you're working in or investing in. We find evidence of that and I think we have reported that in at least one chart in our economic outlook published at the end of September, if I'm not mistaken.

Mr. Irek Kusmierczyk: Do you have the granular sort of information that would allow you to indicate that, in addition to identifying which sectors or which populations are obviously the most challenged and are suffering the most?

Do you have information on whether the funding is actually reaching those sectors or those Canadians who are in vulnerable populations and struggling the most? Are you able to sort of provide a picture of whether the funding is actually reaching those most vulnerable populations and sectors?

Mr. Yves Giroux: That's something we probably would be able to address in writing. We have some data—incomplete data—on recipients of the CERB by income group. I'm not certain if we have that by sector as well. I think a written answer would probably be the best way forward on that interesting question.

Mr. Irek Kusmierczyk: That is interesting. Has that information been published before?

Mr. Yves Giroux: I know Statistics Canada has provided a wealth of information on sectors affected, on groups by age and so on. I'm sure they have more information than I have.

Mr. Irek Kusmierczyk: That's terrific. I very much look forward to hearing from you after this in writing.

I have a general question. What kind of financial reporting on federal government spending related to COVID would be the most useful for parliamentarians?

I'm sure that you look at what other countries have put out there or best practices from other jurisdictions. Are there tools that you feel would be really helpful to parliamentarians that you've seen in other jurisdictions or other areas but that might not be instituted here?

• (1810)

Mr. Yves Giroux: A comprehensive report that includes all the measures that were announced and implemented, their expected cost and the expenditures to date would be a useful tool. I'm not aware of which countries do that. I know some do that. A comprehensive list would be helpful.

The fall economic statement had a bit of that, but it was also intertwined with new initiatives. Tables at the end of each chapter were useful in that they provided a good summary of each of the measures and their cost, but as I said, it also included other new measures. In that sense, it's a bit more difficult to navigate through and find the information as to how much the government anticipated spending on something and indeed has spent so far, or in total.

Mr. Irek Kusmierczyk: Thank you.

The Chair: Thank you, Mr. Kusmierczyk and Mr. Giroux.

We're now into the third and final round.

Mr. Paul-Hus, you have five minutes.

[*Translation*]

Mr. Pierre Paul-Hus: Thank you, Mr. Chair.

My questions will be along the same lines as those of my colleague.

Currently, you are not in a position to give us an overview of the cost to the government of the pandemic in 2020 or to forecast what those costs will be for 2021. As you have no information, you cannot express an opinion. There is a grey area, a twilight zone, representing who knows how many billions of dollars, perhaps several hundreds of billions. Is that correct?

Mr. Yves Giroux: We are not in a position to say how much the 2020-2021 year has cost to date in response to the pandemic, since we have no information in real time. We are basing ourselves on our forecasts, which we revise as soon as we get new data. That gives us a picture that is not perfect but that is not totally unreasonable either.

For the financial year starting on April 1, everything is based on our forecasts, which will also be revised as we receive additional data, on the labour market, for example.

To have information that would allow us to determine how much the 2020-2021 year has cost to date in response to the pandemic, we would need direct access to the government's accounting system.

Mr. Pierre Paul-Hus: So you are not in a position to provide an estimate because you have no access to the information that you would have normally. Is that correct?

Mr. Yves Giroux: We have a good estimate, albeit an imperfect one, given that we are talking about unprecedented expenditures compared to those we usually deal with.

Mr. Pierre Paul-Hus: I saw a report on TV that talked about the public's perception: because vaccines are available, people believe that the worst is behind us and things will be a lot easier in the future.

In your opinion, do the current budget forecasts reflect the reality?

If everything goes according to the plan that the government has announced, the vaccinations should be complete by the end of September. That means we have nine months to get there.

If people have to stay locked down, do you feel that we will exceed the amounts invested in the various programs this year?

Mr. Yves Giroux: When we did our forecast at the end of September, we had labour market projections. The data that was published subsequently were even better than we had forecast.

We feel that our forecasts at the end of September are still valid. Of course, you are mentioning very significant uncertainties, such as the renewed lockdown and the speed with which the lockdown is eased. That will depend in large part on the vaccinations and on new variants of the virus.

Normally, we would update our forecasts in April, but we will probably do it before then because of the way the economic situation is evolving.

Mr. Pierre Paul-Hus: When the government talks about economic forecasts and expenditures, it often brings up the argument that interest rates are very low, almost at zero. I find that short-term way of looking at things very troubling because we know that interest rates can go up very quickly. So if we extend the forecast out to five or 10 years, we could be in a bind.

The last time we met, I believe we estimated that, considering COVID-19 only, interest repayments on the deficit for that year would come to about \$15 billion per year at current rates. If the rates increased to 2% or 3%, those costs will explode.

Should we take a much more prudent approach in the future? Is it not unwise to continue spending money on the assumption that interest rates are low?

• (1815)

Mr. Yves Giroux: A rise in interest rates is one of the risks we established in our economic and budgetary forecasts. We do not see interest rates rising in the short or medium term. That should not happen before the end of 2023 or 2024. Basically, any rise in interest rates will be modest.

We are never free from turbulence. We saw that in February and March 2020. Unpleasant shocks and surprises can occur. We are not sheltered from a financial shock that could happen elsewhere on the planet and that would cause interest rates to rise. If that did happen, funding the debt would cost much more. But that is not on anyone's radar.

Certainly, a deficit like the one we are forecasting for the current year cannot be repeated for a number of consecutive years without putting the federal government's financial viability into peril or without medium- and long-term financial consequences.

Mr. Pierre Paul-Hus: Thank you.

[English]

The Chair: Thank you very much.

We will now go to Mr. Drouin for five minutes.

[Translation]

Mr. Francis Drouin: Thank you very much, Mr. Chair.

Mr. Giroux, I am going to be talking about basically the same things that Mr. Kusmierczyk brought up.

I would add, however, that, in Canada, we have a number of authorities responsible for health. The provinces and territories re-

ceive financial transfers from the federal level. I am curious to know what you use as a basis for your analysis of those transfers.

Since December, a number of reports have shown that the provinces and territories have not yet committed expenditures to match the federal transfers. Clearly, we are paying the costs of the deficit and, one of these days, we will be paying the costs of repaying it.

So amounts transferred to the provinces and territories have not been spent. I can't speak about the situation in other provinces and territories but I can speak about the situation in Ontario. There is an act under which, if the province shows a budgetary surplus, it must pay down the debt even with the federal money intended to help Canadians during the COVID-19 pandemic.

How will you analyze those transfers?

Mr. Yves Giroux: A little earlier in the financial year, in the second half of 2020, we conducted an analysis of federal transfers which was quite cursory, considering the extent of the amounts in question.

However, when we do our economic and budgetary forecasts, we consider what is known, namely the federal transfers to the provinces, to forecast the level of the deficit. We also consider that when we report on financial viability. We did one in February 2020 and we updated it at the end of 2020. We consider federal transfers when we assess the medium- and long-term financial viability of the federal government and of the provinces, both collectively and individually. We consider what we know, meaning the legislation in effect and the one-time transfers, when we want to prepare our forecasts on deficits or surpluses, depending on the time in which we find ourselves.

Mr. Francis Drouin: Speaking of transfers for social programs or for health, I am upset at the lack of reporting. I too have to report to taxpayers, but there is no report from the province to tell me how much of the federal money is spent in hospitals, or to increase the number of nurses in long-term care facilities, for example.

Do you feel that, starting in 2021, the feds should require that?

Mr. Yves Giroux: That is a very good question, but federal-provincial dynamics are way beyond my mandate. I prefer not to poke my fingers into that machinery. However, your concern is perfectly valid.

• (1820)

Mr. Francis Drouin: How can we assess how effective the transfers are? Transparency means that you can see through from both sides.

Let's just take the COVID-19 transfers as an example. I know that amounts were transferred to help schools buy fans or to improve their ventilation systems, for example. If we as parliamentarians do not have that information, how can we know whether those dollars were really used for those purposes? How can you know it yourself?

Mr. Yves Giroux: In terms of transparency with the transfers to the provinces, the federal government clearly explains the intended targets of the amounts it hands over to the provinces and territories, including for the fight against COVID-19. It is clearly in its interests to do so.

The question you raise is more about the transparency from the provincial side. Do the provinces give the federal government credit for the sums that it transfers to them? That's a question I did not examine, of course, because I was focusing on the federal government's measures in the fight against COVID-19.

However, something could probably be explored from the provinces' side. Are they accounting for the money they receive from the federal level in a correct and timely fashion? As I said, those are dynamics that I have not yet taken a position on, for obvious reasons.

Mr. Francis Drouin: I understand you completely.

I think that my colleague Mr. Weiler has some questions for you. That's all for me.

[*English*]

The Chair: Thank you, Mr. Drouin.

We've come to the end of your five minutes at this point in time.

We will now go to Ms. Vignola for two and a half minutes.

[*Translation*]

Mrs. Julie Vignola: Thank you very much, Mr. Chair.

I am also going to continue along the lines of my colleague Mr. Kusmierczyk. I gather that you wanted to find an answer to his question.

Do you think it would also be possible to find out the impact of the pandemic on aerospace workers and on the subsidies that the sector has received?

Putting all the programs together, this sector's contribution to Quebec's GDP amounts to \$25 billion. When I say aerospace, I am talking about aircraft construction and everything related to it, such as the engines and the parts.

Mr. Yves Giroux: Thank you for your question.

I am probably not in the best position to tell you what effects the pandemic has had on aerospace. But we could look at the sector and report on it, if the committee so wishes.

As you say, the sector is an important one for the Canadian economy. Clearly, it has been severely affected by the pandemic and probably will continue to be so for a number of years. The airline industry will not go back to what it was in February 2020 as soon as the pandemic is behind us. It will probably take a number of months.

If the committee passes a motion on the topic or if parliamentarians are interested, it is something that we could consider.

Mrs. Julie Vignola: Thank you.

On the subject of vaccines, neither we as parliamentarians, nor the public, nor even you as Parliamentary Budget Officer have seen

the contract, the costs and the agreements. Have you ever seen anything like that? To your knowledge, is there a precedent?

Does the matter concern you in terms of the quality of your work?

Mr. Yves Giroux: I am sure there must be precedents, but, unfortunately, none comes to mind. I feel sure that there have been precedents with specific national defence contracts, for example, but they probably go back to before I was appointed. The people who have been in the office longer than me probably have a better idea of precedents like that. If they are listening, they are probably yelling specific examples at their screens, but I can't hear them.

Of course it affects my work, because it makes the accountability and transparency a little more difficult. It is difficult to determine whether the government got a good price for the purchases it has made or intends to make. It prevents me from giving you information and analyses, which clearly are of great interest to you.

• (1825)

Mrs. Julie Vignola: Thank you, Mr. Giroux.

[*English*]

The Chair: Thank you.

We will now go to Mr. Green.

Mr. Matthew Green: Thank you, Mr. Chair.

I'm going to go back to the small businesses. We heard about the programs that were rolled out, and we were talking about how we might be able to list who got what in some of these subsidies. I'd like to go further.

Were you able to disaggregate who received these by way of the size of their business, whether they were small or medium businesses versus larger corporations?

Mr. Yves Giroux: I will defer to Ms. Yan on that interesting question.

Ms. Xiaoyi Yan: I know the data by industry exists, so it's detailed enough down to the size of the business within the particular industry.

Mr. Matthew Green: Why is that important for me? We have our small BIAs, and we have businesses that are struggling to get by. Some of them were accepted and some were not. Some of them got the rent subsidies before, through their landlords, but the vast majority of them did not.

Do you have any data around how many businesses had to temporarily shutdown during this pandemic?

Ms. Xiaoyi Yan: No, I don't know offhand the number of businesses that were shutdown due to the pandemic.

Mr. Matthew Green: You know it by sector, but not by size. For the record, if you were to find it, what would be the way you would define small business versus a medium-sized business? Is there a category below small business that would reflect the vast majority of the mom-and-pop shops out there?

Ms. Xiaoyi Yan: I would defer to Trevor, if I may, to see how the econ model defines the size of the business.

Mr. Trevor Shaw: Typically, our reports generally stay away from qualitative descriptions of groups. If you were looking for information on recipients of the wage subsidy or the rent subsidy, we would group our data by revenue to give them in tertiles.

Mr. Matthew Green: Revenue is acceptable. That's helpful.

It sounds like you've given me some food for thought should I want to do an FOI or some kind of order paper or something like that. You hear about the big companies and corporations on Bay Street that are sitting on surpluses or paying out dividends. I have my BIAs, the mom-and-pop shops, that are suffering, and just trying to get through this pandemic, just trying to pay the next rent, the next wage roll, and hopefully make it through this. I appreciate that.

The Chair: Thank you.

We will now go to Mr. McCauley, for five minutes.

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

Mr. Green brings up some excellent points. To me, it's a bit about the efficacy of some of the subsidies. Are we subsidizing larger, more successful businesses, when we should be focusing on tourism, the small mom-and-pop shops that are really getting creamed? It would be important for parliamentarians and all Canadians to see how much was going to each company and exactly where it was going.

Before I get back to some transparency, and return on investment, Mr. Giroux, there are many rumours about an upcoming spring election. We know the government could fall at any time, or perhaps it could engineer its own fall.

Is the PBO prepared to do the election costing as is required in your mandate?

Mr. Yves Giroux: Yes, we are fully prepared. Especially considering that it's a minority situation, we have kept a state of readiness that has been ongoing—not since the last election, obviously, but for the last several months. We have been getting ready for it, getting ready to cost electoral proposals from parties even in a pandemic setting.

Mr. Kelly McCauley: You're prepared, but let me ask whether the departments that you're dealing with are prepared to provide the information and costing to you for the follow-up, so that you can do your job?

Mr. Yves Giroux: I am in the process of having memoranda of understanding with key departments be signed, such as we had in the last electoral campaign. So far, they haven't been signed yet.

Mr. Kelly McCauley: Is there a reason they haven't been signed? Have they gone out?

• (1830)

Mr. Yves Giroux: They've gone out to a couple of departments, but some ministers were quite busy with the pandemic and their business. I've asked ministers' offices again, if they have no concerns with the MOUs, to please sign them as soon as possible.

Mr. Kelly McCauley: Is this a stumbling-block? Do you worry that this is not going to be done, or do you think you will have these in the next two weeks, three weeks, one month?

Mr. Yves Giroux: I'm confident that I'll have key ones in the next four weeks, with one being signed hopefully in the next two weeks—probably with the Department of Finance—and then others following shortly thereafter.

Mr. Kelly McCauley: Thank you.

A story came out today about Canadians aged 15 to 17 getting one-third of a billion dollars in CERB. Another not-for-profit had noted that multiple billions—I think it was \$22 billion—had gone to young people still living at home whose parents were in income groups above \$100,000.

Have we done an opportunity cost of money that hasn't been very targeted, money that perhaps could have been targeted toward reopening our day cares or getting schools reopened or getting the economy rolling or setting the gears in motion to get people looked after, rather than sending \$2,000 cheques to 15-year-olds?

Mr. Yves Giroux: That's something we have not looked into, because we don't have reliable, solid data on recipients of CERB, for example, by income group. It's not something we have looked into.

Mr. Kelly McCauley: Is it something that would be worthwhile or something that we could look into?

Mr. Yves Giroux: Certainly if you have an interest as a committee or as a parliamentarian, it's something that I'm sure either the library could do or the Auditor General, because it would be looking back at expenditures that have taken place. We can probably have a discussion on that.

Yes, it's something that I'm sure somebody somewhere would be interested in looking at.

Mr. Kelly McCauley: It's certainly interesting. It goes back to some of Mr. Green's comments and what we have said earlier: there are many people whose lives have been wiped out by the lockdowns and the closures and who need help. We need to get day care systems so that people can go back to work.

Perhaps our money is not being targeted properly. You have to love a 15-year-old who gets a \$2,000 per month CERB cheque courtesy of taxpayers, but I think that money might be better spent on perhaps first nations' suffering or delivering PPE to certain areas.

We will certainly follow up with you on that.

Are there any thoughts on reconciling the discrepancy—it's the same kind of argument and topic—between the number of people collecting CERB and the number of people reported as unemployed? We heard the numbers are millions apart. Is that just a lag in the way StatsCan reports numbers?

Mr. Yves Giroux: I think there's more to it. It's not just a lag; there's also the issue of people who were still employed, using StatsCan's definition, but not working a sufficient number of hours to make a living and so were eligible for CERB. They were thus not counted as unemployed but were still legitimately eligible for CERB. There's one thing.

There's also the issue of self-employed individuals who were not “unemployed” per se but had virtually no income and still were eligible for CERB.

These are two important factors.

Mr. Kelly McCauley: Then it's just the way it's reported, I guess.

Thanks, Mr. Giroux.

The Chair: Thank you.

Now we will go to Mr. Jowhari for five minutes.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Mr. Chair.

Welcome back, Mr. Giroux.

I'd like to go back to the discussion on the fiscal anchor. I know you might feel that we've beaten this horse to death, but I'd like to make some comments and ask you for some observations, as you said you're not in a position to be able to recommend.

Based on your observations, have any of the OECD countries put out any financial statements during the pandemic that have had a fiscal anchor? If it's yes, what was that fiscal anchor?

Mr. Yves Giroux: I know the European Union has temporarily lifted its Maastricht requirements because of the pandemic, for obvious reasons.

Trevor or Xiaoyi may know more on the international comparisons.

• (1835)

Mr. Trevor Shaw: It's a very interesting question.

As you know, Canada is somewhat exceptional in the sense that we don't have a formalized fiscal rule in law at the federal level, whereas lots of European countries and other advanced economies do have these more formalized rules. As Mr. Giroux mentioned, most of them have invoked escape clauses.

Mr. Majid Jowhari: That's great. Thank you.

Mr. Giroux, I'm going to ask you to play a bit of a simulation game with me. Let's agree that the fiscal anchor we're going to use is debt to GDP, and let's say we're going to put out a fall economic statement some time in September. Based on these two indicators, we have a debt one and we have a GDP.

Naturally some of these debts we are incurring might go to GDP, and some might not. Some of the debt we are incurring changes over time because of new measures we are introducing, or the changes to the way we are doing that. Some of this money we are accruing as debt is transfer payments to the provinces, which they may or may not use. It may or may not contribute to the GDP or growth.

Given all these variables, can you give me a sense of how relevant it would be to have a debt-to-GDP fiscal anchor when all these variables are there? If we could run a simulation for one program that we introduce—for example, the wage subsidy or the rent subsidy—what would it look like?

Mr. Yves Giroux: The relevance of having a debt-to-GDP ratio as a fiscal anchor is generally seen as a good way to measure the capacity of a country to support its debt and to service it. It gives not only the absolute size of the debt, but the size of the debt in

comparison to the size of the economy. It's imperfect because measurement of the size of the economy is never perfect. Although measuring the size of the debt can be challenging at times too, this is relatively easier to do.

That's why debt-to-GDP is usually perceived as an easy-to-understand and easy-to-track metric. It's also widely used in international comparisons.

Mr. Majid Jowhari: You mentioned that you perceive that our interest rate is going to stay low some time in 2024 and it's not going to change. When we look at the debt, even at the debt we've accumulated or the investment we have made to make sure our economy holds in the \$200-billion to \$400-billion range, still at that type of interest rate the servicing of that debt seems to be very low.

Mr. Yves Giroux: You make a good point, so that could be a fiscal anchor in itself. We will ensure that our debt does not exceed a level at which we have to pay more than x per cent of our tax revenues towards interest.

That's why I am saying that if a fiscal anchor is necessary, or is useful at least, the choice of a fiscal anchor is up to the government. Multiple fiscal anchors can be chosen.

To get back to a point you made, if the government spends and incurs additional debt to make the economy more productive, eventually that will reduce the debt-to-GDP ratio, other things being equal, because that will lead to more economic growth, which will reduce the relative size of the debt.

Mr. Majid Jowhari: Unfortunately I'm running out of time.

Had we set a target of our forecast debt-to-GDP ratio as we increase or decrease the debt, this number goes up and down and you could only report on a given time, whereas the fiscal anchor is usually used over a longer period of time, rather than a short period of time.

In summary, the relevance of GDP during this time is the question.

Mr. Yves Giroux: In a time of crisis, when the GDP is going down, the fiscal anchor that's debt to GDP gives very odd results. That's why you have to look at it over more than just one year. It's a good point.

The Chair: Thank you very much, Mr. Giroux and Mr. Jowhari.

This went a lot quicker and smoother than I thought it was going to go; I thought we'd be a little bit longer. I appreciate everyone's comments and being close to the time.

Mr. Giroux, Ms. Yan and Mr. Shaw, thank you for bearing with us and staying with us during this time frame.

I would also like to thank the technical staff, the clerks and the interpreters for bearing with us and helping this go smoothly.

The witnesses are welcome to leave. I just have a quick FYI for the committee members.

Just so you're aware, in our request for further witnesses for the Nuctech study and for COVID, the public service minister's office has indicated that they've declined an invitation. We had asked for two ministers, so we may have to relook at that. We still haven't heard from the GAC ministry yet. On the COVID study, the Auditor General has responded to us. She does wish to speak with us. However, she feels that the timing is not appropriate to do it quickly on the COVID study, because they have presentations that need to be put out first that they would like to speak to. They are looking at possibly March as being the better option for them to attend.

The clerk, analysts and I will work to make sure that we have witnesses for the next meetings. We'll update you as we go forward.

I want to thank you all for being here today and for bearing with us during this long hour after the vote.

The meeting is adjourned.

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