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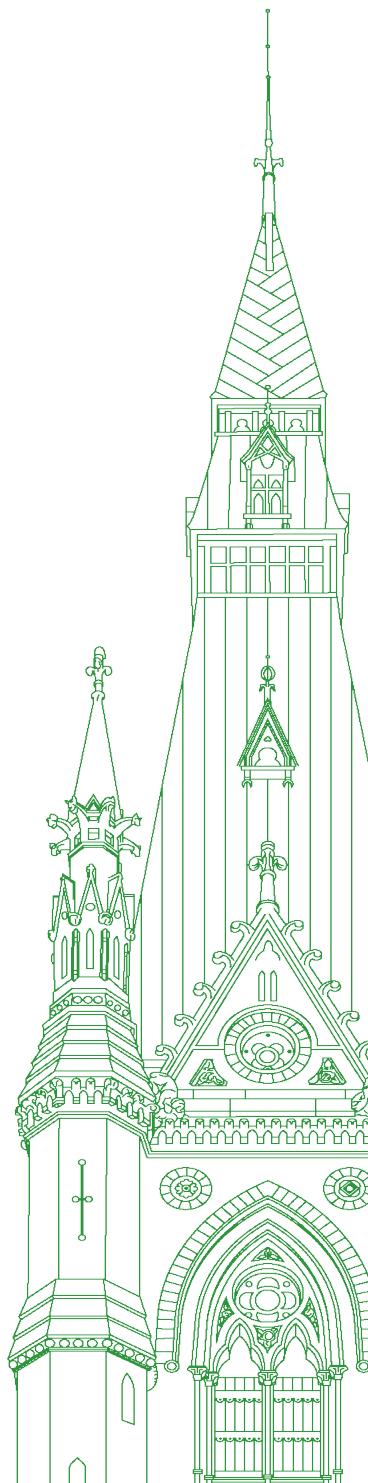
Standing Committee on Finance

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Chair: Mr. Peter Fonseca



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• (1100)

[English]

The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)): I call this meeting to order.

Welcome to meeting number 46 of the House of Commons Standing Committee on Finance.

Pursuant to the order of reference of May 10, 2022, the committee is meeting on Bill C-19, an act to implement certain provisions of the budget tabled in Parliament on April 7, 2022, and other measures.

Today's meeting is taking place in a hybrid format, pursuant to the House order of November 25, 2021. Members are attending in person in the room and remotely by using the Zoom application. Per the directive of the Board of Internal Economy on March 10, 2022, all those attending the meeting in person must wear a mask, except for members who are at their place during proceedings.

I'd like to make a few comments for the benefit of the witnesses and members. Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike. Please mute yourself when you're not speaking. For interpretation for those on Zoom, you have the choice at the bottom of your screen of either "floor", "English" or "French". For those in the room, you can use the earpiece and select the desired channel. All comments should be addressed through the chair.

For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as best we can. We appreciate your patience and understanding in this regard. I request that members and witnesses treat each other with mutual respect and decorum.

I would now like to welcome today's witnesses. From the Coalition of Canadian Independent Craft Brewers, we have Brad Goddard. From Boating BC Association, we have Bruce Hayne, executive director. From Campaign 2000, we have Leila Sarangi, national director. From the Fédération québécoise des municipalités, we have Jacques Demers, president, and David Boulet, an economist with the policy section.

We will now begin with Mr. Goddard from the Coalition of Canadian Independent Craft Brewers for his opening remarks.

Mr. Goddard, you have up to five minutes.

Mr. Brad Goddard (Coalition of Canadian Independent Craft Brewers): Thank you for having me present to the committee today.

My name is Brad Goddard. I am the chair of the Coalition of Canadian Independent Craft Brewers, an organization representing 16 of Canada's leading independent craft brewers.

In 2021, under the advice of the government, our group undertook to engage MNP, a large national accounting firm, to conduct the first-ever economic impact study of our unique manufacturing sector. Knowing that we couldn't get a full picture of the state of craft brewing in Canada by polling just our small membership, we were able to align our interests with the Canadian Craft Brewers Association, a relatively new national trade association representing Canada's 1,200 craft brewers from coast to coast to coast. We were able to agree on the definition of "craft" for the study, which was no mean feat. For the purposes of this joint study, we defined craft as Canadian-owned, independent and producing less than one million hectolitres per year. A hectolitre is 100 litres.

Our study was able to show that craft brewing creates jobs—in fact, some 17,340 jobs, not to be too specific—across Canadian communities, both big and small. In terms of direct employment, Canadian craft brewing represents 96% of the brewing industry's total employment. Our operations are what we call, rather romantically, "beautifully inefficient". It takes a lot of people to make our beers. We do it without the global procurement advantages or scale that Canada's largest brewers have. This means that our sector not only hires local; we also buy local inputs, use local logistics companies and stimulate the economies right outside our front door.

Our community of brewers is telling us that there are major barriers not just to growth but also to survival right now. Our study told us that most craft breweries producing less than 10,000 hectolitres a year, which is most craft breweries, are not profitable. If these entrepreneurs can survive until they reach 20,000 hectolitres, the majority of them will then become profitable. Now mash in runaway inflation and the bubbles in our beer quickly start to disappear. Our research tells us that malt prices, the backbone of our product, have increased between 20% and 50% this year; aluminum by 15% to 20%; and fuel surcharges, which is how our materials get to us and our beers go off and find their consumers, by 75% to 100%.

The answer for managing these costs would typically be to raise prices, but what we see in Canada is that beer, our national beverage, the affordable luxury during tough times, is relatively inelastic in terms of pricing. Our customers and our consumers are getting squeezed to such a degree that they're drawing the line on beer and saying they cannot afford price increases. Beer Canada's most recent statistics show a sustained decline in the volume of beer sold, with people drinking less beer, flat beer prices and Canadians refusing to pay more.

We're a sector in rapid growth and we're tight on free cash. What little cash we have is just barely covering our rapidly increasing costs. Our study did look at options to help our sector not only survive but thrive. The answer is to modernize beer excise schedules. Beer excise has been untouched since the government made adjustments in 2006. The reduced rates that went into effect on Canada Day of that year supported a brewing industry poised for growth. At that time there were 88 craft breweries, and growth was capped at 75,000 hectolitres. Fast-forward to today, and that number has grown over 1,000% to 1,200 craft breweries, with much of that growth happening over the last seven years.

So what's our bright idea? Eliminate excise on beer volumes under 10,000 hectolitres and then use a progressive tax structure as independent brewers invest and scale their businesses to a new volume cap of one million hectolitres. I realize that growing the excise cap from 75,000 hectolitres to one million hectolitres feels like a big jump, but some of Canada's largest craft brewing markets, such as British Columbia, Alberta and Saskatchewan, defined craft brewing at 400,000 hectolitres. That spurred a renaissance of rural brewers setting up shop in small communities across those provinces.

To take some more sticker shock away, MNP's work on our revised excise schedule shows a meagre net reduction in tax revenue for the Government of Canada of \$4 million. The more craft brewing grows, the more people we hire, the more we spend and the better off Canadian communities are.

I know that this committee has heard from sectors that are contemplating paying excise for the first time. Our industry has done a lot of the heavy lifting when it comes to excise, and now we need the government to choose to invest in our sector to help us grow through these challenging times.

Thank you.

• (1105)

The Chair: Thank you very much for those remarks. I appreciate them.

Now I will hear from the Boating BC Association and Mr. Hayne.

Mr. Bruce Hayne (Executive Director, Boating BC Association): Thank you very much, Mr. Chair.

Thank you to the committee for allowing us to present today. I don't think I will take the full five minutes to do the introduction, but I would like to frame some of my remarks for discussion later.

My name is Bruce Hayne. I am the executive director of the Boating BC Association, which represents over 300 recreational

marine businesses in the province of British Columbia. While I don't speak for all of my counterparts across Canada, we're certainly united on many of the discussion points today.

Just to frame it a bit, B.C. accounts for 25% of the recreational boating industry in Canada. We have revenues of over \$2.5 billion in the province each year. Recreational boating represents over 20,000 jobs in our province of British Columbia.

First and foremost, we're opposed to the recreational tax on recreational boats in excess of \$250,000. It has been two years since we've been discussing this on Parliament Hill. We came here a little over two years ago in a blizzard in January. At the time, we felt that the 10% luxury tax was the worst thing that could possibly happen to our sector.

Little did we know that six or seven weeks later we would be hit by the pandemic. Since that time, as an example, our association has not been able to hold the Vancouver International Boat Show, which sees 30,000 people come through the doors of BC Place each year. That represents over 70% of the revenue to our association.

Fundamentally, as I've said, we are opposed to the tax. It has not worked anywhere in the world where it's been tried, whether that's in Spain, in Italy, in New Zealand or in Southeast Asia. Recreational taxes on boats have been a dismal failure, and they've been repealed everywhere in the world where they've been tried.

This tax was meant to ask the wealthy to pay a little bit more. While that's a terrific sound bite and on the face of it seems like a logical argument, what it does is actually hurt middle-class jobs. It hurts jobs in manufacturing and in dealers and brokers. It hurt jobs in marinas where boats are stored, in repair shops and in the hospitality industry. On the manufacturing, as an example, just in B.C. we have several large manufacturers in this province that are going to have to scale back. One of the manufacturers has in fact pulled out of its manufacturing in Canada and is now moving to the States.

Also, this tax is fundamentally unfair. For instance, there is no proposed luxury tax on luxury motor homes, as an example, but there is on recreational boats. We simply don't understand why this tax is targeted to a specific industry.

Next is the blue economy. The government has stated that the blue economy—in other words, the economy of the oceans, both on the east coast and the west coast—is going to play a fundamental role in our economic recovery from COVID-19. This tax quite frankly flies in the face of that statement.

There are so many people who simply cannot afford vacation property or waterfront property in B.C. or anywhere across Canada. For many folks and for many families, a recreational boat is their waterfront property. They get to spend time with their family on the water each and every weekend, and that is their vacation home.

Many people, of course, think that a \$250,000 boat may be a luxury yacht. It simply isn't. A \$250,000 boat is a sport boat. It's a fishing boat that dad and son can go out in and that the family can go out in on the weekend and enjoy. These are the recreational opportunities that so many families are looking for.

We realize that the government is determined to implement this tax, and we've been fighting it, as I've said, for over two years. Fundamentally, we're opposed to it. However, we understand that in all likelihood this tax is going to be implemented, so we're going to ask for four things if and when this tax is implemented.

The first is an exemption from tax for all deals signed before the legislation comes into effect, regardless of delivery date.

• (1110)

Currently, retail deliveries completed and registered before September 1, 2022, and contracts completed before December 31, 2021, would be exempt, but our supply chain disruptions mean that many of these vessels are not going to appear in Canada for the next two years. We're asking for an exemption from the tax for any legitimate deal that is pending prior to the implementation.

The second thing that we're asking for is to tax the net price of the vessel, not the gross price, which is, quite frankly, the way that cars and boats are sold now. If you buy a \$50,000 car and you have a \$20,000 trade-in, your GST or HST is obviously on the net \$30,000. That's not the way that this tax is proposed to be implemented.

Third, we would like to provide an exemption for businesses that are purchasing vessels for rental. Currently the way the legislation is written, any recreational vessel with a berth—in other words, with a bed—would have the tax applied. That means that house-boats, for example, on the Shuswap in the interior of British Columbia, or fishing charters and so on with berths in them would be required to pay the tax. We simply don't see that as being fair.

Finally, we'd like to exclude the luxury tax from the HST, or the GST in the case of British Columbia. As written, it would be on top of the luxury tax final price, so it would be a tax on tax. We're asking that there not be a tax on tax.

With that, I've gone over my time.

Thank you very much.

• (1115)

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

We're now moving to Campaign 2000 and Ms. Sarangi.

Ms. Leila Sarangi (National Director, Campaign 2000): Hello. Thank you very much for inviting me to appear today to speak to Bill C-19.

My name is Leila Sarangi and I'm the national director of Campaign 2000, which is a coalition of over 120 organizations working to end child and family poverty.

Today, more than one in six children in Canada lives in poverty. There are measures in budget 2022 that are extremely important for these children and families: dental care for children, starting this year, and new investments in Jordan's principle to advance equi-

table access to services for first nations children. Infrastructure investment in housing and child care, if designed well and targeted, would also eventually help low-income children and families, but that is still years away. Today, low-income and marginalized families continue to struggle with poverty and the ongoing effects of the pandemic.

We know this budget wants to turn the page on income supports to individuals. This is where I'm going to focus my comments today, because it's so crucial to the families I'm representing.

On May 7, just over a week ago, all pandemic-related income benefits to individuals expired. This included the lockdown benefit, the sickness benefit and the caregiving benefit. Temporary EI eligibility requirements are set to expire on September 25 of this year, and promised permanent reform is not allocated in this budget. We have not yet turned the page on the virus and it is still out there making people sick, but now there are no income supports for people who need to isolate or care for family.

Further, budget 2022 does not deal with the punitive clawbacks to income benefits experienced by low- and moderate-income families. These clawbacks started almost immediately for people who received social and disability assistance. Taxes filed last year triggered further clawbacks on GIS and Canada child benefit payments, as well as to a range of provincial and territorial benefits. In July of this year, we expect yet another round of clawbacks to refundable tax credits, including additional clawbacks to the Canada child benefit, a program that we know is crucial to lifting children out of poverty.

I want to be really clear on this point: These clawbacks are detrimental and punitive. From the outset of the pandemic, we have been collecting stories about how income benefits help low-income earners meet their basic needs. People shopped locally and buoyed local economies with their purchases. We have been collecting stories about the shock of these clawbacks, which were not expected. These families do not have the financial resiliency to deal with unforeseen reductions, or even foreseen reductions, to their monthly budgets—budgets that have to account for every nickel and dime, because there is so little money, especially right now with rising inflation and the rising cost of living.

Now the government is seeking CERB and CRB repayments. Letters have been sent out by Service Canada and the CRA. Maternity benefits are already being garnisheed by 50% for new mothers. We understand that flexible payment plans are being offered on an individual basis, which is a nice gesture, but even a \$25 monthly repayment plan means that families will skip a meal, medication or Internet bill payment to make that payment.

Clawbacks to GIS for low-income seniors have been reversed, repayment relief has been given to the self-employed and partial relief has been provided to students. Our recommendation today is to provide what we have been calling a “full CERB amnesty”. This includes immediately ceasing pursuit of people living on low or moderate incomes for repayments of CERB and CRB; legislating the reinstatement of pandemic income benefits at the full \$500 weekly amount until employment insurance is reformed; refunding all lost benefit amounts related to CERB and CRB receipt; and ensuring social and disability assistance adequacy through increased investments in the Canada social transfer, tied to adequacy standards and accountability mechanisms.

Thank you for your time today. I look forward to answering any questions.

- (1120)

The Chair: Thank you, Ms. Sarangi.

We'll now hear from the Fédération québécoise des municipalités for up to five minutes.

[*Translation*]

Mr. Jacques Demers (President, Fédération québécoise des municipalités): Good morning, everyone.

I am very proud to be here today to discuss the federal budget with you.

My name is Jacques Demers, and I am the mayor of Sainte-Catherine-de-Hatley, the prefect of the Regional County Municipality, or RCM, of Memphrémagog and president of the Fédération québécoise des municipalités, or FQM.

I am accompanied by David Boulet, FQM's economic adviser. I will be sharing my speaking time with him.

I will start by briefly explaining what the federation is.

FQM, which has 1,025 member Quebec municipalities, is the municipal organization that represents the most municipalities across the province. FQM represents the regions, territories and the rural world. A great deal of economic development takes place in the RCMs.

What we want to do today is show you the impact the budget has on investment in our structures. Quebec has recently taken major steps and will be taking more over the next few months, particularly with regard to Internet access. It will also have to examine the cellular network. We will have to invest in a great deal of important infrastructure, such as roads and dams.

I will now turn the floor over to Mr. Boulet, who will provide you with more technical details.

Mr. David Boulet (Economic Advisor, Fédération québécoise des municipalités): Thank you, Mr. Demers.

Good afternoon, members of the committee.

The rural world definitely has its particular features. Every one of Quebec's regions is unique. Investment needs are different in the regions, and public policies must be adjusted accordingly.

We often see underinvestment in regional infrastructure and services, and it always seems more difficult to convince governments to invest in sectors with low-density populations. Today we will try to show you how important investment in infrastructure or climate change mitigation, for example, actually is.

The federal budget includes some positive measures for Quebec's regions. In housing, for example, the announcement of a more than \$11 billion investment in affordable housing is good news for development in the regions. All the initiatives designed to increase the number of housing units are worth highlighting. However, the implementation of those measures will still entail many challenges. A cohesive relationship between the federal and provincial governments will be essential to the success of that rollout.

Housing has become a critical problem in the past few years, and it's no longer limited to the cities and urbanized areas. Quebec's regions face housing challenges. The task is no longer merely to provide social or affordable house, but also to house workers and newcomers. This is even more important in the context of the present labour shortage. The housing shortage also prevents certain regions from taking full advantage of the current interest in Quebec's regions, which rose during the COVID-19 pandemic and has been accelerating since it began.

The federal budget also includes new funding for regional economic development. A total of \$1.5 billion is earmarked for development agencies to support the economic recovery. We welcome that initiative.

Now I want to discuss FQM's priorities, which do not necessarily appear in the budget, but which are key to the development of Quebec's regions.

- (1125)

[*English*]

The Chair: Monsieur Boulet, you have about 40 seconds or so.

[*Translation*]

Mr. David Boulet: All right.

Does that take into account the technical tests we did earlier?

[*English*]

The Chair: I did add some time, but go ahead. If you can....

[*Translation*]

Mr. David Boulet: The priority for Quebec and its regions is really cellular coverage. Operation High Speed, which was implemented jointly with the Quebec government last year, will provide Quebec households with high-speed Internet access by September 2022. FQM would like to see a similar investment for cellular coverage to provide services to all areas and to enable families to settle anywhere across Quebec's regions. It will help provide this essential service to all citizens as well.

It's also important for safety reasons.

I wanted to talk about infrastructure, but I imagine we'll be discussing it later.

The Chair: Thank you, Mr. Boulet and Mr. Demers.

[*English*]

I'm sure you will have a lot of opportunity as members ask questions to go more in depth in what you want to say.

In our first round, each party has up to six minutes to ask questions, and we're starting with the Conservatives.

I have MP Chambers up for six minutes.

Mr. Adam Chambers (Simcoe North, CPC): Thank you very much, Mr. Chair.

Thank you to all of our witnesses who have appeared on very short notice. Thank you for rearranging your schedules to be with us here today.

I have a few questions for our panel. I'd like to start with Mr. Hayne from the B.C. boating association.

You alluded to it in your opening remarks. Typically, who is an individual or a family? What do they look like? Who's a regular purchaser of a vessel that would be caught under the boat tax?

Mr. Bruce Hayne: Thanks for that question.

Through the chair, \$250,000 is the threshold for the tax. A \$250,000 boat could be a wakesetter boat, which is a sport boat that people would use for waterskiing, surfing or wakeboarding behind. Those boats are very much in that range. They could easily be an aluminum 28-foot to 32-foot fishing boat that has some electronics on it and power behind it. Those boats could easily exceed \$250,000. These are not necessarily yachts.

When the Financial Post and the National Post did articles talking about boats over \$250,000 when the proposal of this tax originally came out, the picture they attached to article was of a vessel that was probably \$2.5 million or \$3 million. This is not the case. These boats are family boats.

On the west coast, particularly when people go out for the weekend and sleep overnight in their boats and go up and down the coast, this is a very average family type of boat. It's capturing many, many people with this price range.

Mr. Adam Chambers: It's not nearly the 0.1% or even the 1%. Based on what I heard you say, these are families who are looking for recreation alternatives.

As someone who's familiar with the financing of some of these vessels, can a family who's looking to purchase a boat, maybe a family weekender, finance the luxury tax? Is that something they can receive financing for?

Mr. Bruce Hayne: Typically they would receive financing for an all-in price. Yes, they could finance the tax, but of course today's interest rates—and the interest rates continue to go up—are just going to increase the cost for families.

Many families are going to feel that this is pricing them out of range. When you add a 10% luxury tax on top of existing taxes—GST, PST or HST—and then you put financing charges on top of that, it simply is putting it out of range for many folks.

• (1130)

Mr. Adam Chambers: Thank you.

Do you have an estimate of how many jobs would be negatively affected just in British Columbia, or maybe some anecdotes that you've heard so far?

Mr. Bruce Hayne: We're currently surveying our membership to see how many jobs are currently being affected by this proposal.

I was just at a boat show in Sidney, B.C., on the island over the weekend, and many of the dealers and brokers were saying they're laying off staff at this point already. Campion boats, as an example, in Kelowna, is in the process of moving their manufacturing to the States. That's in excess of 60 jobs. Neptunus Yachts in Kitchener, Ontario, is going to have to lay off about 50 people. They simply aren't going to be able to sell boats in Canada with the luxury tax on them.

Mr. Adam Chambers: Would it surprise you to learn that the government did not complete an economic impact assessment before making this policy change?

Mr. Bruce Hayne: Through the chair, thank you.

We've been asking for the past two and a half years to look at the impact on the economy. We've done our own independent studies and presented them to the Minister of Finance and to the government. Every time that we've come up with a logical answer or a logical argument to the tax, we've been met with roadblocks. This is about the appearance of taxing the rich, if you will, rather than the impact on the economy or even the tax revenues for the government.

Mr. Adam Chambers: I like to say that it's the government's version of "let's eat the rich".

Mr. Hayne, I have a final question. You rely a lot in British Columbia on cross-border tourism. Are you following or are you aware of the small vessel crossings that CBSA has shut down? It was over 400 small vessel crossings. It has now been limited to 84 crossings.

Do you have any border communities that rely on tourists coming from America that may be impacted by this?

Mr. Bruce Hayne: Through the chair, yes, we are very concerned about the reduction of the CBSA border crossing points.

Many of our communities on the island and in southern British Columbia see American vessels coming through. During COVID, when there was a restriction on vessels or an elimination of cross-border recreational boat travel, many of our members up and down the coast were dramatically affected. Some of them went out of business as a result of that—fishing charters, resorts and things like that.

This is a real concern for us, because we need to have those American vessels coming through and spending their recreational dollars in Canada over the summer.

Mr. Adam Chambers: Thank you very much for your time.

The Chair: Thank you, MP Chambers.

We will move to the Liberals. MP Chatel has up to six minutes.

[Translation]

Mrs. Sophie Chatel (Pontiac, Lib.): Thank you very much, Mr. Chair.

My questions are mainly for the representatives of the Fédération québécoise des municipalités.

Mr. Boulet and Mr. Demers, thank you very much for being with us this morning.

You mentioned the housing problem, which is a very important issue. I represent a rural riding. Some colleagues and I have tried to determine the major housing challenges facing the rural communities. Access to land is one of the points that was raised. Rising land prices make matters difficult.

Are you aware of any situations of that kind?

Mr. Jacques Demers: I'll give you my answer, and my colleague may then add to it.

Yes, there's a land access issue, but unemployment also causes problems. We're discussing housing, but many businesses are looking for employees, especially in the regions. They're looking for them everywhere so they can operate. However, those people have to be housed, but we don't have housing to offer them at affordable prices. In fact, there's simply no available housing right now, in any category.

We need to find ways to solve this problem because the major risk the regions face is that they may lose those businesses. They may leave, in some instances, for the larger centres. This is a huge problem.

Once we manage to attract a business to a rural area, the next challenge is to retain it. Housing is definitely part of the problem. Consequently, we have to find solutions to it and ways to adapt. In both Quebec and Canada, we've decided to occupy our land, but we may be losing significant pieces of it. We have to consider what that means economically. When we consider business retention, a distinction has to be made between what goes on in the major centres and what happens in the regions.

• (1135)

Mrs. Sophie Chatel: Thank you very much.

The labour shortage and lack of major housing developers are definitely problems.

However, the 2022 budget outlines three measures that I believe are very positive for our rural communities.

First, funding is budgeted to expedite housing construction, which will help support the municipal processes involved in planning and executing housing programs.

Second, the rapid housing initiative will be extended.

Lastly, funding is being granted to housing cooperatives.

These three programs represent \$7 billion.

How can Quebec get its share in a way that helps it efficiently manage its programs.

What do you think the challenges are here?

Mr. Jacques Demers: I'll let my colleague Mr. Boulet answer that question.

Mr. David Boulet: We discussed housing in our presentation. This issue has been a concern for all Quebec regions, even rural regions, for some years now. However, the programs offered for social housing, affordable housing or housing in general are often designed to suit the needs of urbanized areas. The important thing for both levels of government will be to take account of the new challenges involved in the current situation.

What's happening now in some regions is that the cost to build a housing project is higher than its market value as a result of rising materials and construction contract costs. Consequently, it's important that the two levels of government, together with the municipalities, find solutions so these projects can be carried out. Without necessarily being strictly financed out of public funding, they will have to be feasible and profitable for their developers and especially to provide housing in short order for workers and families wishing to settle.

With regard to the housing construction component, the municipalities are in a very good position to detect existing problems in the area, to find solutions suited to each of the RCMs and municipalities and, lastly, to promote, as partners, projects that meet the needs of the various municipalities.

Mrs. Sophie Chatel: We have a lot of housing cooperatives in Quebec, in particular.

Do you think the new cooperative housing development program will help provide affordable housing units in short order?

Mr. David Boulet: The cooperative model has always been around. You can see it virtually everywhere, but much more so in urban areas. It would definitely be helpful to deploy it more in all types of communities. However, expediting the development of cooperatives will definitely help meet part of the demand, which is hard to quantify. Once again, we have to ensure that community needs are clearly taken into account.

Mrs. Sophie Chatel: In closing, I'd like to ask you to send us a written description of the specific problems you wish to draw to our attention.

Thank you.

The Chair: Thank you, Ms. Chatel.

[English]

Moving now to the Bloc, we have Mr. Ste-Marie for six minutes, please.

[Translation]

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

Greetings to all the witnesses.

Thank you for being with us today. Thanks as well for your presentations, which are very interesting.

My questions are for Mr. Demers and Mr. Boulet, from the Fédération québécoise des municipalités.

Mr. Demers, you are the mayor of a magnificent municipality. My friend Jean-Claude Germain lives there, and it's always a pleasure for me to visit him.

You mentioned challenges regarding roads and dams, of which there are many in my region as well. Even if Internet access materializes, cellular telephone access is still a challenge. It's very important to have access to that type of service for safety reasons.

Mr. Boulet, I don't think you had time to discuss infrastructure, in particular, during your statement. I'll allow you some time to round out your presentation and then ask you my questions.

• (1140)

Mr. David Boulet: Thank you very much.

FQM's members adopted a resolution on infrastructure at their annual general meeting in late 2021 calling for more investment in municipal infrastructure by the two levels of government. A recurring theme in our demands is that funding be predictable and flexible. Mr. Demers discussed this a few years ago before the House of Commons Standing Committee on Transport, Infrastructure and Communities.

FQM's members also demand that the planning initiatives of the municipalities be used as investment decision-making criteria rather than fixed and at times restricted categories that prevent investment in crucial infrastructure such as municipal buildings, fire stations, municipal garages and dams. These demands on FQM's part are recurring, and we've made them under the Taxe sur l'essence et de la contribution du Québec, or TECQ, program, which is funded under the Canada community-building fund.

Since the program will expire in 2023, this is an excellent opportunity to design a new program that applies to more types of assets, including those previously cited, and that will provide longer-term funding. The TECQ program is a good example of a program tailored to the circumstances of the municipalities. All we need is to improve it by extending it and making it more flexible.

In closing, I would like to add a word on adapting to climate change, which is also related to infrastructure. The municipalities have a front row seat from which to observe climate change, and they will also be the first to have to adapt to it. The Canadian government should therefore partner with the municipalities to help them adapt to climate change and should make significant investments to that end.

Mr. Gabriel Ste-Marie: That's great. Thank you.

Mr. Demers, did you want to add a comment?

Mr. Jacques Demers: I'd obviously like to go back to the cellular coverage issue because I think it will be our next major battle. People think the cellular network is accessible throughout Quebec, but that's false. There are holes in cellular coverage in many places, even near major centres. They don't always affect very remote regions.

The regions have to be mapped more accurately. This is a mistake that we made in the early going with regard to Internet access. Many parties have promised to resolve the issue, but the mapping wasn't done or wasn't accurate. Consequently, this first step has to be taken. The federal government will have to invest in it because this is a federal responsibility. All of us, working together, have managed to resolve the Internet access issue, but cellular coverage is still a major challenge.

As regards the safety aspect, tragedies have occurred in various regions. There are many holes in cellular coverage along the major roads, places that don't seem to be a problem at first. This puts lives at risk. It makes no sense that users should still be deprived of access to the cellular network on the roads today. I believe we can move on to the next step. For that to happen, we need the regions to be mapped much more accurately and for the cellular network then to be deployed. We must choose the places where we want to solve these problems and move forward.

Mr. Gabriel Ste-Marie: I entirely agree with you. Another tragedy occurred on the Côte-Nord a few weeks ago, reminding us how important this issue is. When we raise the subject with the government, we get a lot of talk about high-speed Internet access from Mr. Lauzon, the parliamentary secretary to the Minister of Rural Economic Development. We'll keep on trying to make the government aware of this because it's a very important safety issue.

Mr. Boulet, you mentioned the model associated with the Taxe sur l'essence et de la contribution du Québec program. What I understand from your remarks is that infrastructure funding must be granted soon and that there should be flexibility because, when you don't rely on that kind of model and approve projects on a piecemeal basis, only the major projects that help the major cities expand are approved, and there are a lot of delays.

My colleague Ms. Chatel discussed the rapid housing initiative, which is outlined in the budget and in the budget implementation bill.

Mr. Demers or Mr. Boulet, have you found that program useful?

Have you had a lot of projects approved under that program?

● (1145)

Mr. David Boulet: It's a bit early to gauge the impact of that program in particular. What will be important to assess is the willingness to get things done and the speed with which action is taken. This is a pressing issue for Quebec municipalities. People have wanted to settle in the regions for a year or a year and a half. This has become a priority issue in recent months. The speed at which action is being taken is a very welcome aspect, but there have been no results so far, and I therefore can't express an opinion on the subject.

Mr. Gabriel Ste-Marie: Thank you.

I'll have more questions for you in the next round.

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

[English]

We are now moving to the NDP and MP Blaikie for six minutes, please.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Thank you very much.

I want to come back to the question of the CERB amnesty that Ms. Sarangi raised in her opening comments.

There are some provisions in the bill to make it easier for the government to pursue people for CERB debt that the government is claiming. Earlier at committee, I asked the government how much they expected, both what they thought they were owed and what they thought they would be able to reclaim. I want to share just a bit of their answer with you. Maybe as somebody who is an expert in the field, you can help decipher what some of these things mean.

I was surprised that the government said, in response to the question of how much government thinks it's owed for CERB repayments, that "Since post-verification was delayed to January 2022, there are limited results to report on at this time with respect to the volume and amount of CERB overpayments and recoveries."

I find that curious, because we know—and I believe you said in your testimony, Ms. Sarangi—that the government has sent out a number of letters. I don't know if you have a sense of the quantity of letters they have sent out, but I know that at one time they had sent out over 400,000 letters to various Canadians asking for money back. Presumably they know how many letters they sent out; I think it would be distressing if they didn't. Also, presumably they have a sense of how much they told people they owe in those letters. I found it curious that there was no attempt to quantify that.

They say their work is going to continue over the next four years and that results will be reported as the work unfolds. Nevertheless, they also report that they announced \$260 million over four years in the 2020 fall economic statement "to increase their capacity to detect, investigate and address cases of fraud or misrepresentation related to the Canada emergency response benefit".

They don't know how much is out there and they don't know how much they want back, but they do know that it's worth spending at least \$260 million to get it, whatever it happens to be.

I just wonder if you had a reaction to these answers similar to what I had and if, as somebody who is working with people who

are directly affected by the government's vigorous attempts to recover this money, you might be able to help fill in some of the blanks around how worthwhile it is to pursue this money.

Ms. Leila Sarangi: Through the chair, thank you for that question.

I am concerned that they don't have an amount. They don't know how much they're owed or expect that they'll recoup, and at the same time, they're but money in pursuing people.

For that initial round of letters that were sent out in December of 2021—441,000 letters—we know they mostly went to low-income, racialized and indigenous people and people with disabilities, folks who lost their work. We know that about 75% of the CERB benefits went to those communities and to those individuals. Because CERB was broader than employment insurance, we know that racialized women working in precarious jobs were able to access CERB payments when they wouldn't have been able to access EI. When we talk about getting payments back, we're actually talking about communities who are already facing these multiple marginalizations.

I am a bit frightened as well that they're pursuing without the required amount of information. We asked people, "How is it going to impact you and how do you feel about receiving these letters or having to repay?" People used words like "devastation", "traumatic", "bankruptcy" and "going into homelessness". There were real worries about not being able to care for their kids and having child welfare come in and intervene if people will not be able to appropriately care for their kids.

This is going to continue to be detrimental. I mentioned that in July there will be more clawbacks, but the fact that this will go on for several years, the fallout, this ongoing retraumatizing of folks, is very concerning.

At our end, we have been trying to get a copy of the letters to find out those similar questions and what they are saying about how much people owe. We're finding it so hard to find that information. Even when people are being dealt with on an individual level, it just makes it harder to get that broader assessment.

Like you, I feel very concerned and very worried. I don't believe there will be much to recoup from families who are already in debt and who already have accessed their lines of credit and their credit cards. They've collected rent arrears. There are student loans that people are still repaying. There's just nothing for people to be able to give back, so I really don't see this as a worthwhile pursuit, but we know that it's going to cost hundreds of millions of dollars for the federal government to pursue this action.

● (1150)

Mr. Daniel Blaikie: Another component of the answer that I found curious talked about how they're willing to work with families one-on-one on repayment plans. Of course, we know that in some cases we're talking about families who don't have any flex in their budgets. If you were talking about something they could afford, you might be talking about five dollars a month or something like that.

They say, "This approach allows ESDC and the CRA to be responsive to each individual's unique financial situation, as opposed to an amnesty, which may not capture everyone's financial hardship situation." I mean, I am finding it....

You know, when it comes to deliberate fraud, there are rules about that. There's a whole infrastructure that prohibits fraud. Fraud was always illegal. There were additional provisions passed during the pandemic making fraud—I don't know—more illegal, I guess, but certainly addressing it directly. For people who were deliberately fraudulent, there's a way to pursue those folks. What we're talking about is a larger category, which could include people who applied in good faith, really thinking they were eligible, and who were experiencing real financial hardship as a result of the pandemic, and in some cases were told either by government MPs or by government officials at the CRA to apply now and figure it out later.

Of course, they're not able to figure it out later. They'd been given the impression that they were eligible for the money and they weren't in a position to be able to hold it in an account. They were applying because they were desperate at the time, given the circumstances of the pandemic.

I'm just wondering, how does an amnesty not respond to that concern?

The Chair: MP Blaikie, you're way, way, way over time. I'm sure in the next round, Ms. Sarangi, you will be able to answer that.

We are moving to the next round. The Conservatives are up first.

MP Lawrence, you have five minutes.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): I'm actually really curious to hear the answer to that question. Maybe I can give 30 seconds of my time to Ms. Sarangi to respond.

Ms. Leila Sarangi: Through the chair, thank you very much for that.

We firmly believe that a full CERB amnesty will capture all of those folks that the government wants to work with on an individual basis. We are asking for an amnesty for anybody whose income falls below or around that low-income measure. Those are the families who really cannot pay that five or ten dollars a month.

Mr. Philip Lawrence: Thank you. The analogy "blood from a stone" seems to come to mind.

Mr. Goddard, I would like to focus my questions on the craft brewery industry and go over a couple of the numbers you mentioned at the beginning.

You said that about 96% of brewery employment is from craft brewers. There are 17,000 jobs at stake. Microbreweries only start getting profitable at about 10,000 hectolitres or more.

Are those numbers all correct?

• (1155)

Mr. Brad Goddard: Yes, that's correct. The employment numbers are correct, but the profitability threshold is around 20,000 hectolitres. The vast majority of Canadian craft brewers actually

produce 10,000 hectolitres or below. You've put so much capital up front and you're growing so rapidly, and because of the inefficiency of our sector, it takes a lot of people, and you buy in small quantities, so the expenses really are pretty grand. Those numbers are correct.

Mr. Philip Lawrence: Yes. There are economies of scale. I think that would be a fair way of putting it.

In terms of the potential for the market, if in fact some of the headwinds such as the ever-increasing excise taxes were able to be reduced or the burden of government regulation was able to be reduced, would there be a potential for growth?

Specifically, are there export markets? Are there places around the world that are thirsty for Canadian beer? Is there a potential even in our own market to push out some of the foreign competition?

Mr. Brad Goddard: Yes, there are export markets. Export becomes a bit of a challenge for our sector just because of the shelf durability, since we're a fresh food, and it can be an expensive market to access.

In terms of our own market, while beer as a whole is declining, craft beer in Canada is growing. That shrinking piece of the pie for beer in people's pantries is getting larger for craft breweries. There is huge potential for us.

On that, the only province I have good numbers for is Alberta, where in certain quarters craft is growing by 10%. Nationally, craft brewers represent about 10% or 11% of the total beer consumption. That number will continue to grow. Our MNP study showed that with some excise tax reduction, we would see beer production increase by 6%, showing growth in a category that's not growing, and jobs would probably increase by about 6.5%

Mr. Philip Lawrence: Isn't it also true that a lot of innovation in flavour development and other innovative practices occurs at the microbrewery level? If those smaller craft breweries were to disappear, we would lose a lot of that innovation going forward.

Mr. Brad Goddard: We'd lose a lot of that innovation. We'd lose a lot of the vitality.

I look at Alberta, which is out my front door. A lot of our small communities now have craft breweries that are representing community hubs. They're a place for people to gather and a place for people to do fundraisers. They provide local employment, and it's good, skilled local employment. Those places are the ones that are going to be particularly under pressure.

Mr. Philip Lawrence: To finish off, your ask to make sure that we protect this industry was that we provide some fairness for the smaller microbreweries and that there be some type of break as they grow forward so that they are not necessarily competing with the giants domestically and, I assume, with foreign beer companies, and to put them on more of an equal footing. Is that correct?

Mr. Brad Goddard: That's correct—rightsizing the hectolitre growth, because 75,000 hectolitres in the grand scheme of things actually isn't very large, and we'd like to protect and give room to grow for these brewers so that they don't fall off a tax cliff.

The Chair: Thank you.

Thank you, MP Lawrence.

We're moving to the Liberals. MP Baker, you have five minutes.

Mr. Yvan Baker (Etobicoke Centre, Lib.): Thanks very much, Mr. Chair.

Thanks very much to all of our witnesses for being with us today.

I want to start by asking Ms. Sarangi a question or two. I want to start by thanking you for your advocacy for those who are most vulnerable in Canada.

The budget proposes free dental care for those 12 and under—that would be this year—with the program being expanded to cover all youth in the next year. Could I ask you to speak to what impact free dental care could have on young people living in poverty?

Ms. Leila Sarangi: Free dental care, as I mentioned in my opening, is extremely important. We were really pleased to see that program in the budget, and that's why it was the first thing that I mentioned. It's for children under 12 this year, and people with disabilities and youth in the coming year, and then there will be an income-tested dental care program over three years. It is really important.

It's such a huge cost for families, and when people don't take care of their teeth, it can affect other health outcomes. It's connected to overall health, so this will have a huge impact on families, and it's one piece of an overall strategy that we need to address with low-income families that is especially related to health.

• (1200)

Mr. Yvan Baker: Thanks very much. I appreciate that.

There's another thing that we've spent a fair bit of time on that has had a lot of attention—and rightly so, but maybe not as much as it deserves, frankly. In the budget, we're setting aside about \$4 billion for the maintenance and development of Jordan's principle. Basically, it's to ensure fair delivery of services to first nations children.

When we talk about sums of money like that, sometimes it's fairly abstract to a lot of folks. Can you help explain, not just for the members here but for my constituents in Etobicoke Centre and elsewhere around Canada who might be watching this, why these investments are necessary? What does that concretely mean for people on the ground?

Ms. Leila Sarangi: I agree that it's an abstract sum of money, because it is so large, but when we think about the population and how far away they are from equitable services, it doesn't really meet the extent of the need that's there for children on first nations reserves. We have Jordan's principle, because when those kids living on first nations don't have access to services and health services that they deserve, these are really life-and-death situations. It costs money to get those children into places of care that often are outside of the reserves, because there isn't the kind of infrastructure on-reserve that children and families need.

I would also add that it's not only Jordan's principle. Campaign 2000 supports the funding of the full Spirit Bear plan so that the \$4 billion is heading in the right direction. We need even more invest-

ment, and this will further our commitments to truth and reconciliation so that the full Spirit Bear plan is implemented.

Having health services, education and housing for children and families living on first nations is urgent and important. If we want to move the needle on ending poverty, this has to be a priority.

Mr. Yvan Baker: Thank you very much, Ms. Sarangi. I appreciate that.

I have 30 seconds. Is that about right, Mr. Chair?

The Chair: That's about right.

[Translation]

Mr. Yvan Baker: My question is for the representatives of the Fédération québécoise des municipalités.

How should the federal government work with municipalities to address the housing shortage?

Mr. Jacques Demers: I'll let Mr. Boulet answer your question.

Mr. David Boulet: The federal government needs to work with municipalities and the Quebec government to develop programs or use existing programs in a way that would enable municipalities to identify their own requirements and come up with solutions. This means establishing regular communications with the RCMs and other municipalities to find solutions. It won't be easy.

Housing issues are often about apartments or apartment buildings downtown. In some settings, however, finding a solution requires creativity, given the cost of construction and residents' needs.

The numerous problems will only be solved through sustained communication. Each community has different problems and needs.

• (1205)

Mr. Yvan Baker: Thank you.

The Chair: Thank you, Mr. Baker.

[English]

We will now hear from the Bloc.

MP Ste-Marie, you have two and a half minutes.

[Translation]

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

My questions are still for Mr. Demers and Mr. Boulet.

Over the past few months, in committee and in the House, we have spent a lot of time studying the dramatic rise in real estate prices and the housing shortage. The government has frequently said that if there is not enough housing, it's because the process for municipal projects is too slow. You can find these comments in Hansard. It's almost a federal government leitmotif.

This is also reflected in the most recent budget, in which the minister announced that in order to ensure that the municipalities could build enough housing units, the government would link infrastructure funding, including public transportation, to measures taken by the provinces, the territories and the municipalities to increase housing supply.

What's your opinion on this?

Mr. Jacques Demers: I'll make a start on answering this and will then give the floor to Mr. Goulet.

Governments often bounce the problem back to the municipalities, and tell them that the process is too slow. However, what the municipalities repeatedly ask for is predictability.

The federal government tells us that money available this year and that it is prepared to invest. It then asks us why the projects are not moving forward.

It's important to understand that the process of undertaking a major project requires several years. There is zoning and land use planning. The launch of a big project has to be planned. Residents also need to be consulted. We have obligations when any zoning changes are made. People have the right to express their opinion at each of these stages.

When the federal or provincial government decides on the spur of the moment to provide funding, it doesn't work.

That's why we prefer a model like the one used in the fuel tax program, for example. This tax applies on a five-year basis, which provides predictability. The funds can be used right away and reimbursed later. That's the kind of initiative that works.

Things have to be predictable. Major projects are so unwieldy that it's difficult to make changes overnight. If the land use and zoning issues are assessed ahead of time, and then discussed with residents, we can achieve something. Otherwise, the various levels of government will continue to toss the ball back and forth. When we get to the final stages, people will say that the building costs have skyrocketed and that the labour is not available.

There have to be systems in place. The housing problem could have been anticipated. It's as if everyone became more aware of it than ever over the past year.

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

[*English*]

That is the time.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Demers; that's very clear.

The Chair: Thank you.

[*English*]

We will now hear from the NDP.

MP Blaikie, you have two and a half minutes.

[*Translation*]

Mr. Daniel Blaikie: Thank you, Mr. Chair.

I'd like to address the same topic.

The housing problem is obvious. We have to build more housing units. We also know that we're losing a lot of affordable housing because companies are buying buildings that offer affordable housing, only to move ahead with renovations and hike the rent afterwards.

Mr. Demers and Mr. Boulet, what should the federal government's role be in real estate investment to reduce market pressure and rising rents?

Mr. Jacques Demers: We represent the regions, and I can say that the situation is less common in rural communities. You are absolutely right, but it's more of an issue in big cities.

When companies look for buildings to buy up in order to transform the units into condominiums, and then raise prices, it has a harmful impact on a segment of the population, making it impossible for them to find affordable housing.

For zoning and land-use planning—I'm not making a specific request to the federal government on this point, because municipal governments also have an enormous role to play—couldn't certain criteria be added, to find a way of setting aside a percentage of housing for these people when we know that developers only want to sell at high prices.

Given his familiarity with taxation matters, Mr. Boulet could perhaps tell us more about that.

● (1210)

Mr. Daniel Blaikie: I'd like to ask you another question.

Do you feel that people involved in rental services, like Airbnb, are exerting pressure on the housing market in rural areas?

Mr. Jacques Demers: I love your question, because I am one of those people who, in Quebec, went to battle over this. Airbnb is frequently active in our communities, and in particular at our vacation destinations. So people are buying big houses not to live there, but to rent them out. That raises the issue of zoning, and they make changes in places to which people moved in order to live there. Overnight, business pop up. We can't allow that to happen. We can't have international companies showing up and deciding how our communities are to be zoned.

When we, the municipal governments, want to change something or allow multi-tenancy rather than residential accommodation, we have to consult our citizens. That should also apply to businesses. A referendum could be held and various measures implemented. When these international companies move in, we get the impression that they simply ignore municipal regulations and the people who live there. We can't let that happen.

I'm not saying that there's no place for short-term rentals. There's room for projects like that. However, the areas for that purpose need to be established. We can't just allow them to take over and choose where they want to set up shop. It has to be predetermined, hence the importance of land-use planning.

Mr. Daniel Blaikie: Thank you very much.

The Chair: Thank you, Mr. Demers.

[English]

Thank you, MP Blaikie. Now we go to the Conservatives.

Welcome to our committee, MP Arnold. You have five minutes for questions.

Mr. Mel Arnold (North Okanagan—Shuswap, CPC): Thank you, Mr. Chair. It's a pleasure to be here at the finance committee as a substitute. It's good timing, since the Boating BC Association is here. It's an important issue in my riding of North Okanagan—Shuswap.

Through you, Mr. Chair, I'll be directing questions to Mr. Hayne.

Mr. Hayne, in the past we've seen governments in other jurisdictions implement surtaxes like the one being proposed by the Trudeau government. Hundreds of small businesses in both rural and coastal communities rely on income from houseboat charters, boat rentals, boater training and fishing charters.

I understand that aircraft with qualifying flights conducted in the course of business for profit are exempted from the proposed new surtax, but boat charters and rentals are not. If no exemption is granted for vessels, what impacts do you foresee for Canadian employers operating boat charters and rentals?

Mr. Bruce Hayne: Thanks for that. Through the chair, MP Arnold, it's going to have a devastating impact on boat rentals.

In the interior of B.C.—in your area, in the Shuswap area, for example—there are many houseboat charters that have a very limited season to work with. They have to buy new vessels on a regular basis, every couple of years. Adding 10% to the price of a houseboat, for example, specifically to rent it out—not for personal use but only absolutely for rental use—is going to have a devastating impact on this industry.

It's already been hurt over the past couple of years with COVID restrictions and travel restrictions. Many of the guests who come to the B.C. interior, for example, are from Alberta. Those travel and hospitality sectors have been cut off for the last couple of years. The houseboat rental sector, fishing charters and so on have been hurt tremendously in the past couple of years. They're just trying to hang on and survive. Adding 10% more to the price of a vessel as a business expense is going to really cripple them.

Mr. Mel Arnold: Thank you. Have Canadian boat manufacturers and retailers experienced impacts of the proposed new surtax even though it has not yet been passed or implemented?

Mr. Bruce Hayne: Yes, they have. I was just at a boat show in Sidney, B.C., over the weekend. It was the talk on the dock, if you will, that many potential buyers are very hesitant, because, first of all, there are delays, of course, in delivery of vessels—up to two years in some cases, or more—and prices continue to go up because

of supply, and then adding a 10% tax to that is really putting a damper on the market. Neptunus Yachts, for example, in Kitchener, Ontario, sells most of their vessels in Canada. They have several pending deals that they've written over the past couple of months with a clause that the purchasers have put in that if the tax comes into effect, the contract will be null and void, so they are now looking—

• (1215)

Mr. Mel Arnold: Thank you. I'll move on, if I can, to further questions.

Mr. Bruce Hayne: Thank you, sir.

Mr. Mel Arnold: Do you expect that consumers will make the decision to purchase or invest in charter vessels in the U.S. rather than Canada because of this surtax?

Mr. Bruce Hayne: Yes, absolutely they will. In the case of British Columbia, that money is very transferable. People who can buy vessels will do so in Seattle or in Blaine, or elsewhere south of the border. They'll register their vessels south of the border, and that tax will simply not come into the Canadian government's coffers and those opportunities will not come to Canadian retailers.

Mr. Mel Arnold: Do you expect people who would rent a houseboat or charter a vessel will end up going outside Canada to rent, because of the impacts of this surtax?

Mr. Bruce Hayne: Certainly the tax is going to be passed on to consumers, so there's simply no way to avoid that extra 10% not being passed on to consumers, and that's going to make us less competitive with our American counterparts, yes.

Mr. Mel Arnold: Has your organization been provided with any explanation on why the surtax would be applied to the gross rather than the net amount, like HST and GST are?

Mr. Bruce Hayne: Through the chair, we have not. We pointed that out to the ministry of finance; we've had no specific explanation as to why there's going to be a change now to have a tax on tax.

The Chair: Thank you, MP Arnold.

Moving to the Liberals, I believe we have another substitute. Welcome, MP McDonald—not “MacDonald”. We have a MacDonald here on the committee too, who is a permanent member.

We have MP McDonald for five minutes.

Mr. Ken McDonald (Avalon, Lib.): Thank you, Chair. I won't try to explain why the difference in the “Mac” and “Mc”, but there is an explanation for it.

The Chair: You have five minutes.

Mr. Ken McDonald: I'm glad to be back at this committee again as a sub.

My first questions will be to Ms. Sarangi.

You mentioned child poverty and ways to end it, and how beneficial to Canada the child benefit was. I will say that my first time coming to Ottawa was when I was first elected in 2015. I think the biggest eye-opener for me when I walked back and forth to the Hill, to my office or to the House of Commons, was seeing the homeless people. I grew up in, and still live in, a community where I don't know of anyone who's homeless. I hear tell that some people are couch surfing, but I don't see anyone on the street panhandling or literally homeless and sleeping on the streets. It was quite an eye-opener.

For you, what would be the one thing we could do as a government that would guarantee an end to child poverty?

Ms. Leila Sarangi: Through the chair, thank you for that question.

There is no silver bullet and there is no one thing, but the Canada child benefit does make a substantial difference in the rates of child poverty.

I will quickly remind the committee that the first promise was made in 1989 to end child poverty by the year 2000, which is where Campaign 2000 gets its name from, and 30 years later, we still have more than 1.3 million children living in poverty. Once the Canada child benefit was implemented in 2015, we did see that rate significantly decrease. Our research is showing that it is plateauing and that the Canada child benefit is losing its power. Indexing it to inflation keeps the current effects at the same level. We need a significant increase of investment into that base amount. That will make a huge difference.

I did mention earlier tying transfers that go to provinces and territories to adequacy standards. If we can do that and make sure that social and disability assistance programs are advancing our human rights obligations, that is also going to make a substantial difference in child poverty and take us towards ending it for good.

Mr. Ken McDonald: Thank you for that.

You also spoke about the repayment or collection of overpayments from individuals, regardless of their economic situation. With regard to full amnesty for people who can't afford to pay it back, I tend to agree with that statement. I know Mr. Blaikie mentioned it as well. Also mentioned was how much money is in the budget to try to collect that money back—some \$260 million, I think, is what he mentioned.

In my opinion, the government would spend more trying to collect the money back than what they would actually get back. It's a negative thing to do. You're spending more to collect. You're spending \$10 to get back \$5. It doesn't benefit anyone. I think it's probably something that should be looked at, doing exactly what you're asking. Mr. Lawrence referred to "blood from a stone"; in Newfoundland we say, "You can't get blood from a turnip" if somebody can't pay a bill. Sometimes it's just better to take the loss, walk away and be satisfied with that.

I don't know whether you want to comment on the full amnesty thing before my time runs out. If so, I'd appreciate it.

• (1220)

Ms. Leila Sarangi: Thank you very much for your support on the ask for full CERB amnesty.

I agree. You cannot get blood from a stone or any kind of root vegetable. MP Blaikie mentioned the letters. It cost the government almost a million dollars to put postage stamps on those letters to send them out, and it didn't result in one dollar back in government coffers. The government spent billions of dollars that were much needed, and they're not going to generate any kind of revenue this way. At this point, I think we have to cut the losses, move on and deal with some of the bigger revenue-generating streams, like real fraud. There are mechanisms for dealing with that.

Thank you very much for your support. I'm very pleased to hear it.

The Chair: Thank you, Ms. Sarangi and MP McDonald.

Now, members, we're moving to our third round. In this round, we have the Conservatives up first, with MP Chambers.

Oh, there's the five-minute bell.

Mr. Adam Chambers: Thank you very much, Mr. Chair. I've also got my clock here, and I'll try to remain on time.

Ms. Sarangi, I'd like to continue with you for a bit.

Our committee is also studying inflation. You mentioned, I think, 1.3 million children living below the poverty line. With the inflation we're seeing now, do you have any projections on how that number may shift? If not, what are you seeing in terms of some of the individuals you work with? What's their experience due to the inflation we're seeing?

Ms. Leila Sarangi: We don't have any current data. We use tax-filer data to generate our numbers, but there is a two-year lag in that data, unfortunately. We anticipate the rate of child poverty would decrease based on receiving CERB, which brought family incomes up. With these repayments and with benefits ending, we believe the numbers for this year will show a significant increase in the rate of child poverty again.

From the stories we're hearing and the qualitative information we get from families from coast to coast to coast, we know they are really struggling. Everything has increased. Groceries are increasing by \$500 or \$600 a month, along with gas prices, rent prices and clothing for children. We are hearing real stories of people struggling to get by. Rent moratoriums are being lifted.

Children in families that are struggling are very insecure right now. If this continues, we're going to see an increase in the rates of homelessness and homelessness for children. This is such a severe issue for families, right now, and it's a real struggle that needs to be addressed.

Mr. Adam Chambers: Thank you for that.

Anecdotally, I can tell you from experience in my riding in Simcoe North that most, if not all, of the motel rentals—traditional motel properties—are no longer short-term stays. They are filling a void in the marketplace because there's not only a lack of rental accommodations but also a lack of affordable accommodations. I totally understand where the stories you're hearing across the country are coming from. I'm experiencing it in my own riding.

Sticking on the subject for a moment, the longer inflation goes on, I think the more of a challenge it is for those on fixed income, including those in the older age categories, but also those with families. The Bank of Canada said inflation hurts the lower-income folks the most. I think that's why we need to be very focused on this issue.

I am also sympathetic to this view that the government is going to go after individuals who don't have a capacity to pay and is going to spend a lot of money in trying to do that. I appreciated my colleague, Mr. Blaikie, for uncovering how much money they intend to spend.

I don't want to put you on the spot here, but in a general sense, how does it make you feel, or what's your reaction to hearing how much money the government's going to spend trying to recover this money from low-income individuals?

At the same time, there are examples of the government not recovering money, whether it's through the Panama papers. There were 900 people whose names were provided to this government, but there's not been a criminal conviction. They expect to recover maybe \$20 million. They've only completed 200 audits. There's that group of individuals. There are also these large corporations that we just gave billions and billions of dollars to without any kind of restriction, and then they paid dividends to their shareholders. The government seems to have lots of money to subsidize share prices for corporate individuals across the country, yet when it comes to the lowest-income folks, your organization is being told by the government, "Well, we're going to spend \$200 million to go after them." How does that make you feel?

• (1225)

Ms. Leila Sarangi: My feelings are one thing, and I feel frightened for the people I work with on a day-to-day basis. I feel very saddened, and it's very frustrating to know that we know what to do and that there are mechanisms in place to appropriately deal with it. That we're not doing it is extraordinarily frustrating, personally and professionally.

I want to appreciate your pointing out the hypocrisy between the ways in which people who received individual income benefits during a real crisis are being treated versus, for example, larger corporations that received wage subsidy programs and then seemed to lose their integrity over time. There were CEOs receiving very large bonuses while receiving the wage subsidy who were not paying the kinds of corporate taxes they should be paying or finding loopholes or storing money in offshore tax havens.

Those are the places where the federal government should be investing resources to generate revenue. Close those loopholes, implement an extreme wealth tax and generate revenues that can then be reinvested to support the families.

Mr. Adam Chambers: Thank you very much. I'm going to get the hook from the chair here.

The Chair: Thank you, MP Chambers. It's all good.

We are moving to the Liberals, and now we have MP Mac-Donald.

Mr. Heath MacDonald (Malpeque, Lib.): Great. I'm glad you clarified that, Chair, because there is a difference. The story was that when we came ashore, we carried the Mc-Donalds on our shoulders to get them to land.

Mr. Ken McDonald: You were a stronger breed, obviously.

Mr. Heath MacDonald: Mrs. Sarangi, kudos to you for the work you've done. One child or one person in poverty is one too many.

When I became involved in politics, it was in 2015, and I was always.... As far as the efficacy of groups like yours goes, even in my home province, they always had an open door and an ear to listen, and there have been some tremendous things done.

The child tax benefit was huge. We'll have child care at \$10 a day. I know there are no stats on that, but it's going over very well. There's dental care. The EI reform, again, is something that I think will help, especially where I come from, where we have real seasonality and many temporary foreign workers who will now be able to become permanent residents.

One that always gets forgotten in the conversations is seniors in poverty. Our government raised the GIS by 10%, but can you talk a bit about what the next...? You said there's no silver bullet, but what's your next vision for poverty in Canada? What should the government be looking at?

• (1230)

Ms. Leila Sarangi: Again, I think we really need to be looking at the Canada social transfer, the CST. There's a lot of money that gets invested into that, but it's been capped. It's been capped for a very long time. The money that's transferred to provinces and territories through the CST is a block transfer that the provinces and territories are able to spend whichever way they like for child care, education and social and disability assistance programs. We want those caps lifted. We need increased investment into those programs and we need accountability mechanisms to ensure that anything funded through the Canada social transfer is advancing our human rights obligations.

Actually, right now, the United Nations is today questioning the Government of Canada on its commitments to the Convention on the Rights of the Child. It's timely that we're having this conversation. I think the Canada social transfer, the income transfer to individuals, is one crucial piece.

We still need available and accessible services, and you mentioned child care. Those services should be tailored to meeting the needs of families who are in the lowest income brackets. When we design services that way, we will bring everybody along.

Mr. Heath MacDonald: Thank you.

I'm going to switch now, Chair, to Mr. Goddard.

I have quite a few small craft breweries in P.E.I. and some in my riding, Mr. Goddard, and I always struggle with.... As we've heard over the past number of years, relevant to a lot of the bigger corporations buying up the small craft breweries....

You talked about the excise tax, which is fine—that's obviously an issue—but the small craft breweries in P.E.I. produce about 3,000 to 4,000 hectolitres a year. The one that is likely the largest in Atlantic Canada, which I consider a small craft brewery, produces around 15,000 hectolitres a year. That's the breakdown on the representation of those breweries.

We talk about breweries building themselves around communities and being local small craft breweries. Where is the division? How do you separate the big guys from the little guys, when we know that the profit margins of some of the bigger breweries are 60% to 70%?

Mr. Brad Goddard: That's a good question. Getting a frame of reference for how big is big and how small is small is really challenging. There are a lot of different business models. Some people have tap rooms and just plan to trade out their front door. One of Canada's largest multinational craft breweries does 620 million hectolitres. To get it into perspective, we're saying that a million should be big. That's how the Americans have defined craft, so when we look at....

I'll use some of your locals. Mergers and acquisitions are going to be strategic mergers. A brewery on P.E.I. may, to reach another market, make a strategic partnership with a brewery in western Canada. At the moment, you would have to join both your annual worldwide productions together. In those very low excise thresholds, around 2,500 hectolitres to 5,000 hectolitres, your excise rate doubles. I guarantee that brewers of that size are not becoming twice as efficient to be able to absorb a doubling of their excise rate.

The Chair: Thank you.

Mr. Heath MacDonald: Thank you.

The Chair: Thank you, MP MacDonald. I was just hearing all that talk about beer.

We're moving to the Bloc with MP Ste-Marie for two and a half minutes.

[Translation]

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

Mr. Demers, you alluded to climate change in your presentation.

Could you remind us of what that means for municipalities in terms of infrastructure requirements? What can the federal government do in this area?

My question is for Mr. Demers or Mr. Boulet.

• (1235)

Mr. Jacques Demers: Thank you for the question, Mr. Ste-Marie.

I'd like to begin by talking to you about the fuel tax, which comes up often. We were told several times that this tax would be used more widely, for things like fire stations and city halls. But it should, at the very least, include dams.

Among the most serious impacts of climate change were the major floods that occurred here in 2017 and 2019, particularly in Quebec. There will be others; it's only a matter of time.

Preventive measures should be taken because some small municipalities don't have the resources to reinforce their dams, nor the right to use funds from the fuel tax program and Quebec's contribution to maintain these dams.

It's true of course that maintenance is needed for roads, municipal buildings and water distribution facilities, but why not provide measures that would allow us to deal with emergencies? It seems logical to me. We're not asking for additional funds. What we're asking for is flexibility in how we use these funds. Otherwise, it would be a matter of asking whether the management of these dams ought not to be a matter for the federal government or a different level of government.

Essentially, we should at least have access to these funds. We are making our culverts bigger, and doing various other sorts of work. We know that we need to be resilient. We are aware of the repercussions of climate change, but we also need to protect our neighbours, particularly those who live downstream from our region. The water flow needs to be managed to prevent the water level from rising too quickly.

There is a lot of investment in our infrastructures, but what's required is funding flexibility.

Mr. Gabriel Ste-Marie: Does that fully answer the question, Mr. Boulet?

Mr. David Boulet: Yes, it certainly does.

Mr. Gabriel Ste-Marie: Your message has been heard. There are many problems with the dams in my riding's municipalities. We've been asking the government about this for a long time. We now want to get things moving.

I don't have much time left, but I'd like to make a brief comment. I haven't had the opportunity to ask all the witnesses questions, but I want them to know that we are very grateful for their comments. I have taken notes and agree with what they have said.

Ms. Sarangi, Mr. Goddard and Mr. Hayne, I'd like to thank you for your testimony.

[English]

The Chair: Thank you, MP Ste-Marie.

MP Blaikie, go ahead, please, for two and a half minutes.

Mr. Daniel Blaikie: Thank you very much.

Ms. Sarangi, I know we've been having a good conversation today about poverty in Canada and some of the best ways to address it.

It might have been Mr. Chambers who was talking a little bit about how people who are already experiencing poverty are affected by the incredible inflationary pressures in the current market. I know we put on notice a kind of proposal to send some money back to low-income Canadians through the GST rebate this year, to increase the Canada child benefit and to take the GST off home heating as part of a package. It's understood that the New Democrats have been advocating that the surtax that the government announced should also apply to big oil and gas companies and to big box stores that have profited a lot over the course of the pandemic, I think it's fair to say. The numbers bear that out.

I'm wondering if you want to comment a bit on that in the context of trying to figure out what we can do to provide help to Canadian families right now who not only are feeling the pressure but for whom these increases in the cost of food and rent are really the difference between being homeless or not.

Ms. Leila Sarangi: As I mentioned before, we all know that these inflationary increases are having a real impact on low-income families.

Those benefits that you mentioned—the GST credit and others—will be subject to clawback if we don't have a full-serve amnesty. To be clear, those benefits will be garnished from people who are asked to repay the CERB and the CRB to offset any payments that are owed.

I really want to stress the accessibility of benefits for people. People have to file their income tax forms to be able to receive income benefits. We appreciate the measures your party has put forward. We also need to look at those who are not filing income taxes or who are experiencing barriers to accessing some of the benefits.

Very quickly, I'll talk about the Canada child benefit. It's tied to immigration status. A person who is here and waiting for immigration to make a settlement or a ruling on their immigration status may be working, paying their taxes and paying into the system, and sometimes may even have Canadian-born children, but that person is not eligible to receive the benefit because it's arbitrarily tied to their immigration status.

We need to be looking at all of these programs and ensuring that people who experience multiple and systemic marginalization have access. They have to be low-barrier programs. They have to be available for families. When we're reaching those who are the furthest away, we're going to bring everybody along in our programs.

• (1240)

The Chair: Thank you, MP Blaikie.

Moving to the Conservatives, we have MP Fast for five minutes.

Hon. Ed Fast (Abbotsford, CPC): Mr. Hayne, you represent the Boating BC Association. Is that correct?

Mr. Bruce Hayne: That's correct, sir.

Hon. Ed Fast: Is there also a national association of boat builders?

Mr. Bruce Hayne: Yes, there is. That's the National Marine Manufacturers Association. I also have counterparts across Canada in Saskatchewan, Ontario, Quebec and the Maritimes.

Hon. Ed Fast: Were any of those counterparts across the country or your national association ever consulted specifically on the imposition of the luxury tax and the impact it would have on your industry?

Mr. Bruce Hayne: Thank you for that.

Through the chair, we have had the opportunity to speak with senior staff in the finance department on the implementation of the tax through the consultation process.

Quite frankly, there's been very limited feedback or back-and-forth with respect to some of the requests we've made on the implementation of the tax.

Hon. Ed Fast: Are you aware of whether the government ever conducted a formal economic impact assessment on the impact this tax will have on your industry and the jobs and opportunities it creates?

Mr. Bruce Hayne: To our knowledge, it has not. We did an economic impact assessment ourselves. We delivered it to the finance committee and to the Minister of Finance several months ago, showing that there would be a significant negative impact to jobs and to the economy.

Hon. Ed Fast: That seems to confirm what the government has also said, which is it did not do such an economic impact assessment. It effectively left it up to your industry to show the harm that would be done. Obviously, they weren't listening; they imposed the tax anyway.

There is one small element, and that is the timing of the implementation of this tax. Neptunes raised the problem of contracts that were entered into before the budget was tabled. Those contracts often have op-out clauses that allow customers to opt out if there's an additional tax imposed. Have you received any assurances from the government that this problem will be addressed?

Mr. Bruce Hayne: We have not. The date has been moved from April, 2021, to December 31, 2021. We're appreciative of that.

We've been asking for a grandfathering of all contracts until the actual implementation of the tax. There are huge delays in delivery dates for vessels. It's up to over two years for some of the boats coming from Europe and elsewhere, through no fault of our dealers, our brokers or our customers.

We're asking for a grandfathering of limiting the implementation of the tax until it's actually implemented some time later this year.

Hon. Ed Fast: Thank you.

I have a question for Ms. Sarangi. You mentioned in your comments that rent moratoria had been lifted in some jurisdictions. Housing is typically the biggest cost families will incur. Rent moratoriums, of course, are helpful in assuaging some of those impacts. Can you expand on where these moratoria have now been lifted and the impact it's having on housing in Canada?

• (1245)

Ms. Leila Sarangi: Rent moratoriums have been lifted in Ontario. Where I'm located, they've been lifted in Nova Scotia, where we have very active partners working in the area of homelessness. If I'm correct—and I may have to double-check and get back to you and the committee—I believe rent moratoriums have been lifted across the country. With pandemic health restrictions lifting, I think that as of January this year, there are no more rent moratoriums. Unfortunately, a lot of arrears have accumulated, but there's no program to support low-income families to pay those arrears.

The Chair: Thank you. Thank you, MP Fast.

Now we'll move to the Liberals.

MP Chatel, you have five minutes, please.

[Translation]

Mrs. Sophie Chatel: Thank you very much, Mr. Chair.

Mr. Demers and Mr. Boulet, I'd like to mention that according to the data I have, we've invested \$4.9 billion in Quebec housing. I don't have the exact numbers for Quebec, but \$523 million went to affordable housing in rural communities.

I've had several discussions with my colleagues who represent rural regions, and have noted projects undertaken in my riding. The Rapid Housing Initiative appears to have been much more successful in rural areas than in cities.

Is that what you have found? Under this initiative, is it easier for regional communities to apply for funding, access funds and rapidly implement projects?

Mr. Jacques Demers: I'm going to ask Mr. Boulet to give more precise figures.

I would nevertheless like to give a clear idea of what constitutes a rural community. When the Federation of Canadian Municipalities talks about rural communities, it is talking about municipalities whose population is under 100,000 residents.

Of Quebec's 1,108 municipalities, only 10 have a population of more than 100,000. Some consider the remaining municipalities to be rural, but in the eyes of many people, Quebec municipalities with a population of 50,000, 75,000 or 80,000, are not necessarily rural communities.

Different people can interpret these figures in different ways. In Quebec, there are not even 100 municipalities with over 25,000 residents...

Mrs. Sophie Chatel: I'm sorry to interrupt you, Mr. Demers.

In the 2022 budget, we banked heavily on the Rapid Housing Initiative.

I'd like to know whether we are on the right track to help municipalities, because the usual programs seem to be more complex. It would appear that owing to the criteria for these programs, small municipalities with fewer than 5,000 residents have trouble obtaining the resources they need to access these programs. On the other hand, I get the impression that the Rapid Housing Initiative has been more successful.

What's your opinion on this?

Mr. Jacques Demers: My view is that so far, the success rate for municipalities of 5,000 or fewer residents has not been very high.

Mr. Boulet, do you have any more accurate numbers?

Mr. David Boulet: No, we don't have data on this particular initiative. However, we can certainly promise to look at the results of this program and determine whether it has been relatively beneficial compared to what was done before, or what was done for other types of housing.

It would seem to make sense to pay close attention to what's happening in rural and smaller communities, because their circumstances are completely different. In a city, one, two, three, four or even 10 people might be specialists in housing, whereas in a village or a municipality, there may be no one with expertise in this area, except perhaps at the RCM level.

Mrs. Sophie Chatel: I'm sorry to interrupt you, but I only have a minute of speaking time left.

The Rapid Housing Initiative focuses on municipalities and groups of municipalities. Direct funding that goes to the municipalities would appear to be the most promising avenue to help them.

Mr. Boulet, what are your observations on this?

• (1250)

Mr. David Boulet: As I said earlier, it's very important to be aligned with what's really happening in the municipalities, which are very different from one another. Mr. Demers alluded to regions with a population of around 100,000. That's a completely different world in terms of the needs of municipalities.

Mrs. Sophie Chatel: Thank you very much, Mr. Boulet.

The Chair: Thank you, Ms. Chatel.

[English]

Members, we have about eight minutes left. As we do on our committee when we don't have enough time for a full round at the end, we divide the time equally among the parties. Looking at the time, I will give about two minutes per party for their final questions.

Starting with the Conservatives, it's MP Chambers, is it...?

No, I'm sorry; it's MP Lawrence.

Mr. Philip Lawrence: Thanks very much, Mr. Chair.

Mr. Hayne, with respect to the luxury tax, one of the things that surprises me—it's kind of shocking that it exists—is that this government consistently taxes tax.

One of the principles behind tax law across the world is that we tax on a wealth accretion. If someone is doing well, we make them pay back to their society, but there is absolutely no ground, in tax law or otherwise, to tax a tax. That person is already getting penalized. For example, the HST is charged on the carbon tax, which doesn't make any sense—or I got that vice versa, but you understand the point.

One of the reasons the finance ministry has said that they charge this is that it's too hard for them to calculate. Would it be too hard for your members to calculate the difference between charging luxury tax on the HST, or would your members be able to calculate that, since the government can't?

Mr. Bruce Hayne: That's one of the four things we're absolutely asking for. We're asking that if the luxury tax is implemented, we don't have the HST—or GST, in the case of B.C.—placed on top of the luxury tax. That's a very simple calculation that businesses do every single day. They separate the net price from the GST and the PST and so on. That's something our members could easily do. It wouldn't require any extra software or anything like that.

The Chair: Thank you, MP Lawrence.

Now it's two minutes for the Liberals. Go ahead, MP Baker.

Mr. Yvan Baker: Thank you, Mr. Chair.

Mr. Hayne, I want to clarify something. Throughout this hearing you've been speaking a little bit about the luxury tax or answering questions on it. I think you proposed earlier that if people bought their boat in the U.S., they could avoid the tax. From my reading of it, I think to avoid the tax, a Canadian citizen would have to not only buy the boat in the U.S. but also keep it there and register it there. Is that your understanding of it?

To me what that means is that a company that moves to the U.S. to sell boats to Canadians, which I think was part of the discussion earlier with one of the members.... Even a U.S.-based manufacturer of boats, if they're selling to Canadians, would still be exposed to the tax. In other words, there's no way to avoid the tax. There are no loopholes in this unless a Canadian is willing to buy the boat in the U.S. and keep it there and register it there.

Is that your understanding?

Mr. Bruce Hayne: That is our understanding, but there are many places within just a few nautical miles of the Canadian border where people can keep their boats. For instance, in B.C. they can keep their boats in Blaine or Bellingham or Seattle. It's the same thing in Buffalo, New York, and so on. It's very easy to register and keep their vessel in the U.S., and they're still allowed to come into Canada, albeit for a limited period, to sail their boat in Canadian waters.

Mr. Yvan Baker: Got it. It would be for that smaller group of folks, those who are willing to keep their boat in the U.S. and travel to get to their boat every time, or something like that. Those are the folks you're talking about.

• (1255)

Mr. Bruce Hayne: That's correct. Yes.

The Chair: Thank you. Thank you, MP Baker.

Now, for the final questions from the Bloc, we have MP Ste-Marie for two minutes.

[Translation]

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

The problem at the federal level is that every municipality with fewer than 100,000 residents is considered rural. That makes no sense. It doesn't represent the realities of rural regions. In my riding, two municipalities, Saint-Paul and Saint-Donat, had access to the Rapid Housing Initiative to provide social housing for seniors. The criticisms of this initiative have to do with the fact that a tender call was launched when the municipalities were not expecting it. Those that already had a project in mind were able to submit it immediately and obtain funds. It all happened a bit too quickly. The municipalities need to be informed about it earlier.

Mr. Demers and Mr. Boulet, do you have a final comment for the committee? If not, Mr. Hayne mentioned the luxury tax on boats worth \$250,000 and over. Mr. Demers, in your part of the country there are some big lakes. Is this something you've heard about?

If you could answer that or make a final comment about what you'd like from the federal government, we'd appreciate it.

Mr. Jacques Demers: I honestly had never heard anything about that until today. It's the first time I've been told about something as important as that. And yet, there are quite a few boat owners in my region.

Mr. Gabriel Ste-Marie: Thank you.

[English]

The Chair: Now we have the NDP. These will be our final questions.

MP Blaikie, you have two minutes.

Mr. Daniel Blaikie: Thank you.

Ms. Sarangi, earlier when we were talking about the benefit of the one-on-one approach versus an amnesty approach, you mentioned that other attempts to try to deliver aid to people who are in financial crisis to try to stave off homelessness might be clawed back as a result of not having an amnesty in place. I wonder if you could speak a bit more to the way that this approach can impact other attempts to deliver help to people.

Ms. Leila Sarangi: Through the chair, thank you for that final question.

Right now, we know that the government is already garnisheeing benefits—for example, maternity benefits for new mothers. If there is an increase or a program to deliver more income benefits, the federal government, through both CRA and Service Canada, has said that they will garnishee benefits from people who have been deemed to have been either overpaid or ineligible and can't prove their eligibility for those CERB and CRB payments.

For example, if there's an increase to the GST benefit or an additional kind of income benefit to support low- and moderate-income families, if they are deemed ineligible for pandemic benefits, those would be garnisheed to offset that.

Mr. Daniel Blaikie: Is that garnisheeing already happening?

Ms. Leila Sarangi: Yes. Currently it has started happening with maternity benefits, as I have understood.

Mr. Daniel Blaikie: Thank you.

The Chair: Thank you, MP Blaikie.

To the witnesses, we really thank you.

I thank the clerk, Alexandre, for bringing us all together in such short order and for getting it all prepared and ready. I know there wasn't much time.

On behalf of the finance committee, the members and, of course, the clerk, analysts, interpreters and everybody here, we really thank you for your time and expertise and for answering so many questions. We really appreciate it, and we wish you a great day.

Thank you very much.

The meeting is adjourned.

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