

LE COMITÉ SÉNATORIAL PERMANENT DES FINANCES NATIONALES

TÉMOIGNAGES

OTTAWA, le mercredi 27 mai 2026

Le Comité sénatorial permanent des finances nationales se réunit aujourd'hui, à 18 h 45 (HE), avec vidéoconférence, pour étudier la teneur du projet de loi C-30, Loi portant exécution de certaines dispositions de la mise à jour économique du printemps déposée au Parlement le 28 avril 2026.

Le sénateur Éric Forest (*vice-président*) occupe le fauteuil.

Le vice-président: Bienvenue à tous les sénateurs et sénatrices et aussi à tous les Canadiens qui nous suivent sur sencanada.ca.

Mon nom est Éric Forest, sénateur du Québec, et vice-président du Comité sénatorial permanent des finances nationales. J'aimerais maintenant demander à mes collègues de se présenter.

(anglais suit — Sén. Papatello : Sandra Papatello...)

(Following French, The Deputy Chair — collègues de se présenter.)

Senator Papatello: Sandra Papatello, senator from Ontario.

(French follows - Senator Gignac: Bonjour. Clément Gignac. . .)

(après anglais - Sén. Papatello : ... from Ontario.)

Le sénateur Gignac: Bonjour. Clément Gignac, du Québec.

La sénatrice Galvez: Rosa Galvez, du Québec.

(anglais suit — Sén. Cardozo : Andrew Cardozo...)

(Following French - Senator Galvez — ... Galvez, du Québec.)

Senator Cardozo: Andrew Cardozo from Ontario.

(French follows - Senator Dalphond: Pierre J. Dalphond...)

(après anglais — Sén. Cardozo : ... Ontario.)

Le sénateur Dalphond: Pierre J. Dalphond, division De Lorimier, Québec.

(anglais suit — Sén. Robinson : Mary Robinson...)

(Following French, Senator Dalphond - ... De Lorimier, Québec.)

Senator Robinson: Mary Robinson from Prince Edward Island.

Senator Ross: Krista Ross from New Brunswick.

Senator MacAdam: Jane MacAdam, Prince Edward Island.

(French follows, Senator Hébert: Martine Hébert...)

(après anglais — Sén. MacAdam : ... Prince Edward Island.)

La sénatrice Hébert: Martine Hébert, du Québec.

Le vice-président: Honorables sénateurs, nous continuons aujourd'hui notre étude de la teneur du projet de loi C-30, Loi portant exécution de certaines dispositions de la mise à jour économique du printemps déposée au Parlement le 28 avril 2026.

(anglais suit — Le vice-président cont. : For our first...)

(Following French - The Deputy Chair cont'g — le 28 avril 2026.)

For our first panel today, we are pleased to welcome —

(French follows - The Deputy Chair cont'g — — du Conseil des...)

(après anglais — Le vice-président cont. : ... please to welcome —)

— du Conseil des aéroports du Canada, M. Geoff Turner, vice-président, Relations gouvernementales.

Et, par vidéoconférence, du Centre for Future Work, Dr Jim Stanford, économiste et directeur.

Bienvenue et merci d'avoir accepté notre invitation à comparaître aujourd'hui.

Nous allons maintenant entendre les déclarations liminaires de M. Turner.

Geoff Turner, vice-président, Relations gouvernementales, Conseil des aéroports du Canada: Merci, monsieur le président et honorables sénateurs, c'est un privilège de me joindre à vous aujourd'hui. Avec votre indulgence je vais présenter ma présentation en anglais qui est ma langue maternelle.

(anglais suit — M. Turner cont. : My name is Geoff...)

(Following French - Mr. Turner cont'g — ... ma langue maternelle.)

My name is Geoff Turner and I am Vice-President of the Canadian Airports Council or CAC for government relations.

The CAC represents 100 member airports in every province and territory, and our members handle virtually all of Canada's air cargo, international passenger traffic and 90% of domestic traffic. Canadian airports host 150 million passengers a year and demand is projected to double in the next 20 years.

Our members generate \$50 billion in GDP, support 435,000 jobs coast to coast to coast and will contribute \$557 million in Crown rent to the federal treasury this year alone. That represents over \$8.4 billion in cumulative contributions since the evolution of airports in the 1990s.

Airports in Canada operate in a user-pay system complemented by airport business and partnership revenues. Travellers and shippers have directly paid for \$30 billion in new air infrastructure at this time as well. Unlike peer countries, including the U.S., taxpayers do not subsidize the air sector. In fact, it's the other way around.

Airports exist to enable and serve local markets.

The current approach, blending public land ownership, stakeholder governance with private-sector operating discipline, has delivered three decades of investment, a deep network of commercial partnerships and PPPs, and synergies with local economic priorities.

Many airports are also strong partners to the Canadian Armed Forces, security agencies, and the aerospace and defence contractor ecosystem.

On Bill C-30 and the Spring Economic Update, the CAC orientation is constructive. We welcome the commitments to advance the modernization of Canada's air transportation system, including ground lease extensions, Crown rent reform, digitization of the traveller journey and updated airport zoning regulations to manage the increasing problem of incompatible development encroaching on essential airspace. These have been established CAC recommendations, and we appreciate the opportunity to advance them with officials this year.

Our House Finance pre-budget submission sets out two further priorities: a new small and medium airport growth and resilience program that recognizes these airports have little to no access to infrastructure or economic development strategies and a stronger federal posture on air connectivity as a central pillar for high-value trade.

Mr. Chair, I want to use the balance of my time to set out the sector's position in a short series of points on the proposed powers in proposed section 50.2, as is our purpose this evening.

First, the principle: Canada's airports have a long record of providing information to government in support of sound policy, including through confidential channels where commercial sensitivity requires. The principle of information access is not in dispute for Canadian airports.

Second is the drafting. Officials have emphatically characterized this as a backstop, and we accept that intent, but the broad text does not reflect it. As you know, statutes are read literally and assurances do not constrain future use. These authorities hinge only on a minister's opinion and could extend to any aspect of the air transportation system well beyond the ownership review for however long that may go on. Compounding this, the bill puts the form, manner and time of every request on a case-by-case basis. There is no standard procedure, no regulation-making authority and no statutory framework around how requests are made or answered.

Where Parliament confers broad ministerial discretion, drafting convention typically pairs that breadth with proportionate constraints. In this case, those should be a more clearly defined purpose, a proportionality requirement, protection for commercially sensitive information, a definition of "value" and a review mechanism or sunset following the conclusion of the broader policy agenda under way.

Third and most novel is the reach to third parties. Airport authorities already have significant information-sharing frameworks with Transport Canada and their communities, but subsection

(2)(b) extends this authority to any individual or entity whose activities, in the minister's opinion, may affect the value of an airport, a category that, on its face, could be read to include any private business in the air ecosystem: airlines, ground handlers, lenders, NAV CANADA, unions, host municipalities, retailers, vendors and more.

Fourth is onward sharing. Clause 46 expressly authorizes the minister to share compelled information with Crown corporations and non-government advisors. Access to information does exempt against public release commercial confidential information but it does not govern what happens to information once it is inside government or with external advisors. This bill is largely silent on the protections normally expected, such as nondisclosure, conflict of interest, use restrictions or notice periods, which are standard policy, contract and legislative tools.

Fifth is the commercial impact. Airports operate in a private, highly dynamic market environment with bilateral agreements that require strong confidentiality to protect deeply sensitive proprietary data for our partners. A regime that compels disclosure of commercially sensitive material without proportionate protections can shape, over time, the commercial market on which airport investment depends.

To conclude, the CAC is not asking a committee here or in the House for amendments to vote against or delay the bill. We recognize that Bill C-30 is a confidence measure and that these provisions are consistent with the Spring Economic Update's direction. We are only here to request further improvement. We welcome engagement with the government on these various clauses, potentially targeted to amendments at the next reasonable legislative opportunity, which we believe could come in the near future, given the amount of activity in the transportation space.

Thank you.

The Deputy Chair: Thank you.

Mr. Stanford, you now have the floor.

Jim Stanford, Economist and Director, Centre for Future Work: Good evening, senators. Thank you for the opportunity to meet and share my views on Canada's economic and fiscal situation as you discuss issues related to this bill.

There are, of course, a wide range of macroeconomic fiscal trade policy issues and challenges that set the context for the federal budget and some of the changes arising from the spring update. Today, I will offer some short comments on three of those broader topics, but I'm willing to consider any other economic or labour-market issues that you are interested in during questions.

First is trade diversification. Donald Trump's tariff policy and other trade measures have posed a historic threat to Canadian's export industries. Most vulnerable are the higher-tech value-added industries that have been targeted by his section 232 sectoral tariffs, including auto, steel, aluminum, forestry and several others that could be affected in the future. Therefore, diversifying our exports away from the United States to other markets is a logical response to this challenge, and the federal government has pursued several opportunities in this regard. We're seeing a decline in the share of our exports going to U.S.

However, at the same time, there is another risk of overspecialization in our trade patterns that we need to consider: Canada's dependence on exports of unprocessed or barely processed resource products, or staples, as they are often known in Canadian economic literature. That dependence on staples exports has been growing.

Basic resources accounted for half of Canada's merchandise exports last year, up from one fifth at the turn of the century. So, we are reverting to the role of a resource supplier in world trade. We are a "hewer of wood and a drawer of water," as the classic phrase says, and that will not protect our sovereignty, even if we shift the end destinations for those staple products. We must reserve the capability to produce the full range of goods and services, including tech value-added products, and that goal should be front and centre in the trade and industrial policies the government is pursuing.

Second is sovereign wealth. Concurrent with the Spring Economic Update, the Prime Minister announced his government's intention to create a new Sovereign Wealth Fund that would invest in various projects with the intent of stimulating new economic activity and strengthening Canada's economic structure. This is an interesting proposal, with both opportunities and risks. There are several examples of sovereign wealth funds from around the world. Most have the mandate to wield public capital in the interest of diversification or qualitative development. In my view, it will be important to correctly specify the mandate and governance structure of a new sovereign wealth fund in Canada. In my judgment, the goal should be to foster investment and growth in strategic value-added industries that add to the breadth of capabilities in our economy and is complementary to a previous issue I raised, which was the need to diversify the composition of Canada's exports.

I am worried that Mr. Carney's reference to "asset recycling" in his initial discussion of this idea — through which the government would potentially sell off existing public assets, notably including airports and ports, in order to fund investments or subsidies for other projects. In my view, that would be a dangerous model that risks undermining the public interest in continued ownership of those assets. The goal here is not to recycle public wealth but accumulate it over time and wield that wealth in strategic ways to foster a stronger and more diverse economy.

Third and finally in the initial remarks is the latest oil price shock. Our economic environment was already uncertain, of course, and then with Donald Trump's attacks on Iran, the closure of the Strait of Hormuz and another shock in oil prices, the uncertainty is intense, which will have negative effects on Canada.

Our centre recently published research estimating the impacts of this shock on consumer costs and future inflation in Canada, informed by the documented experience of the 2022 oil price shock. We considered three broad scenarios: One where the Strait of Hormuz immediately reopens, one where it is closed for another three months and one where it is closed for another six months. Even in the best-case scenario of an immediate reopening, Canadian consumers would pay an additional \$50 billion in direct and indirect costs over a 12-month period, and the inflation rate would rise to over 4%. If the strait remains closed for longer, then that will lead to higher interest rates.

Among measures to adapt to this shock, I would support redistributing some of the record revenues that will flow to the petroleum industry this year as a result of the price shock. An excess profit tax, modelled on the one that was implemented in Canada during the pandemic on

banks and insurance companies, could recapture some of that revenue windfall and offset the fiscal cost of the temporary elimination of the federal excise tax on gasoline and diesel, which you are considering in this bill.

Thank you again for your attention. I am glad to discuss these three and any other issues in the economic or labour market milieu in the discussion.

The Deputy Chair: Thank you, Dr. Stanford.

We will now proceed to the questions.

(French follows - The Deputy Chair cont. — J’aimerais souligner aux. . .)

(après anglais — Deputy Chair cont. : ... proceed to the questions.)

J’aimerais souligner aux sénateurs que nous avons 4 minutes maximum. Pour la première ronde, je vous demande de poser votre question et je demande aux témoins de répondre, si possible, de façon succincte. Première question, sénateur Cardozo.

(anglais suit — Sen. Cardozo — My questions will be...)

(Following French - The Deputy Chair — ... question, sénateur Cardozo.)

Senator Cardozo: My questions will be to Dr. Stanford, and, if we have time, Mr. Turner as well.

I would like to pick up on a few things you mentioned. Actually, you mentioned so many things, I’m not sure which few I will pick, but here we go.

In terms of not exporting raw materials and producing more in Canada, can you give us some specific examples, essentially low-hanging fruit? Where should we start? Which sectors, which industries, should we start with? Also, can you say more in terms of the sale of ports? I understand, for airports, we already have private sector ownership. Is that right?

Mr. Stanford: I don’t believe so. Mr. Turner could answer that. I think it is a kind of non-profit public ownership, arm’s-length structure through the Airports Council.

Mr. Turner: It’s a local governance board.

Senator Cardozo: So something like that. Something like the way we have airports, the ownership structure there would be workable for ports and for other airports that don’t have that? If you could speak a bit more about those two issues.

Mr. Stanford: Thank you, senator. In terms of how we defend and expand value added or higher tech production in Canada, the obvious places to start are the ones we have today. This is where, of course, the necessity of taking ambitious efforts to protect the auto, steel and aluminum sectors against the slow decline which will occur if the U.S. sectoral tariffs remain in place, and we don’t have a very ambitious industrial strategy to support those industries.

The same would go for the other industries that are next in line for Mr. Trump’s sectoral tariffs. He has launched investigations on aerospace, industrial machinery, semiconductors, and pharmaceuticals. It is almost a who’s who list of Canada’s industrial success stories. So he

clearly has a deliberate strategy to try and punish any of those higher value industries and push companies to shift production to the United States.

Supporting them and finding new ways to support them, this defence industrial strategy that the government is looking at is a good example. We would need similarly powerful and well-funded measures in the auto sector to support that industry.

Then, of course, there is a whole set of new industries that are emerging around technology, semiconductors, AI and high-tech services.

Canada has some strengths already. Preserving our successes and then expanding those would be the way forward.

On the ownership of ports, I don't think there would be any gain to shifting the ownership of ports from direct public ownership to the kind of arm's length but still non-profit model because the airports were not sold off when they shifted to that new governance model. I don't see the point of doing that unless there was a genuine improvement in governance as a result of that structural change.

What I am mostly concerned about, either with airports or ports, is selling them outright to private investors, which would sacrifice the public's interest in the operation of those assets.

Senator Cardozo: When you're calling for a more ambitious industrial strategy, are you just calling for more government spending or what?

Mr. Stanford: No. The industrial strategy would use a whole toolbox of different measures, some of which have spending implications around direct production or investment subsidies or support for R&D, but most of which can use other levers. Public procurement, for example, is one reason why the defence industrial strategy has so much potential. We have seen success through the Canadian Shipbuilding Strategy that the federal government has had in place for 10 years. They are going to buy the ships, but what they have done is attach those purchases to Canadian content measures, and a similar approach could help on the defence side.

On the auto side, it is trickier because consumers are private rather than the government. Government procurement can play an incremental role but will need other measures, such as tariff remission measures and other measures to try and compel global automakers to maintain a production footprint in Canada if they want to sell vehicles in Canada. That's the sort of measure. It's very hands on but not necessarily involving government expenditure that would be required to support the industry in the face of Donald Trump.

Senator Ross: Mr. Turner, I was interested in the part of your remarks where you addressed 45(b). You talked about how organizations that are perhaps tenants of airports might be required to provide their financial information to Transport Canada, the government, what have you. I also am interested in the fact that the airport authorities currently already provide financials and all of that information to government.

What is the airport authority's position on this if there has been consultation with the government on providing these types of levels of their clients' or their tenants' documentation to the government?

Mr. Turner: Thank you, senator, for the question. I would be happy to respond.

I would say the measure announcements in the Spring Economic Update of this component of legislation were not consulted on or notified in advance. It was something that was announced in the Spring Economic Update fresh to the sector, and so we are reacting to it in real time, and we are still beginning to understand the true reach of it.

We have not received any detailed indication or information from the government as to their intentions for its use. I think the Spring Economic Update and the purpose of the tool is quite clear to support the current asset and ownership review process and ensure the government has access to the information. As I said in my remarks, we agree with the intent to ensure the government has the ability to get the information it needs to support that policy process, in particular, obviously, from parties who are involved in that process, whether that is public or private airport operators or others.

In the scenario when you look at the legislative text, as I indicate in my remarks, where really the operative statements of this are the minister's opinion and what value means, there is some concern from our part, looking into a tool that could be on the books in perpetuity for any future minister to use for a purpose consistent with transportation policy is the only other limitation there. That, absolutely, we think could reach into or make an argument to reach into anybody who has any kind of commercial or fiduciary relationship with an airport. That could go to the level of tenants, business partners, suppliers, airlines, NAV CANADA, others, as I said in my remarks.

That is where we see the possible scope expansion beyond, perhaps, the exercise that is under way right now. We're not saying that that is the intent of the government. We're just saying that the legislation seems to allow for that if you read it on its face.

Senator Ross: They talk about alternative models of ownership, and they also mention updating the framework for airport rents. Can you tell me what you think that means?

Mr. Turner: Absolutely. What we saw in both the budget last fall and the Spring Economic Update a little over a month ago is a package of reforms that the government wants to advance, and one of those tied in more broadly to the government's agenda and fiscal capacity is the ownership review, and the minister and Prime Minister have spoken clearly on that.

The remainder of that package is a number of items that have been on the table for some time. These are mature policy issues that the CSE has been representing for some time. Things like rent review for those — and maybe to take a quick moment to answer Senator Cardozo's inquiry as well — airports, just for the record, are structured as non-share capital corporations. This means they have a corporate structure and operate as a private sector business. They have a profit motive. They do not have a shareholder to distribute those profits to. On top of that layer the leases, and the federal government structure requires them to have a public interest mandate that serves the needs of the traveller and the good practices of the industry the local needs.

On top of that, you have the governance structure, which is the board of directors appointed by the federal government, provincial government and local government and includes also sector expertise, labour expertise and, importantly for the current context we're in, Chambers of Commerce or other business associations. Those are the folks who can bring in that local economic priority dimension as well. That is the structure that we work within today.

I want to go back because one of the things this moment allows us to do is also remind people that airports and air systems are net fiscal contributors to Canada. The current discourse positions them as a cost. It's important that we make the point that they are net fiscal contributors and rent is the primary function of that, besides the general tax base.

(French follows in 1910 — Senator Hebert: Ma question s'adresse. . . .)

(après anglais — 1900 — M. Turner : ... general tax base.)

La sénatrice Hébert: Ma question s'adresse au professeur Stanford. Vous avez abordé des questions très importantes qui découlent du projet de loi C-30 et des investissements que le gouvernement s'apprête à faire. Vous avez parlé de l'importance de la diversification de nos exportations, des mégaprojets d'infrastructure et des investissements qui s'en viennent dans ce domaine-là. On parle aussi d'une stratégie industrielle qui va se redéployer vers certains secteurs. J'aimerais vous entendre, parce que votre organisation est spécialisée dans les questions de main-d'œuvre : est-ce que le Canada a ce qu'il faut en matière de main-d'œuvre pour faire face à tous ces défis et être capable de livrer la marchandise?

(anglais suit — M. Stanford : Thank you, senator.)

(Following French — Senator Hebert: ... livrer la marchandise?)

Mr. Stanford: Thank you, senator. I do believe we have the labour for it. In fact, right now, we have surplus labour that could be absorbed through an ambitious expansion of supports for these high-value industries.

Certainly, in specialized skills, we do need to pay attention to the labour supply challenge and make sure that we're graduating a steady pipeline of people through vocational education, colleges and apprenticeships to fulfill some of the specialized roles in industries, but Canada's unemployment rate is 6.9%. That doesn't tell the full story. There are pools of unutilized or underutilized labour. The unemployment challenge is especially acute for young people, of course. Senator Cardozo has done some great work on that topic.

The key challenge is not that we don't have the people. We absolutely have the people, and those people are aching for opportunities. I think the bigger challenge is ensuring that the economic and financial viability of these value-added industries in Canada is supported through the right combination of trade policy, fiscal policy, research and innovation policy and others.

(French follows — Senator Hebert: C'est intéressant, parce que)

(après anglais — M. Stanford : ... policy and others.)

La sénatrice Hébert: C'est intéressant, parce que ce n'est pas du tout le son de cloche qu'on entend du milieu des affaires. Les entreprises, quand vous leur parlez, on sait qu'il y a plusieurs régions qui sont en proie à des pénuries de main-d'œuvre très importantes. Je comprends que le taux de chômage que vous avez décrit est un taux global, donc c'est quand même intéressant comme perspective, parce que cela diffère considérablement de ce qu'on entend.

Je voudrais voir entendre au sujet de la stratégie industrielle. Vous avez dit qu'il faut sauver l'industrie automobile. Certains experts ont affirmé que c'était ... je comprends que, politiquement parlant, c'est difficile, mais que ce n'était peut-être pas la stratégie la plus

optimale, considérant qu'il y a des industries comme ça qui sont un peu sur le respirateur artificiel dans les circonstances actuelles et qui risquent d'être de plus en plus en difficulté. Il y en a qui disent : « On ne serait pas mieux de prendre ces travailleurs-là qui perdent leur emploi, essayer de les requalifier pour aller travailler dans d'autres secteurs et réorienter, autrement dit, les industries qui risquent de s'affaiblir vers des investissements et des travailleurs qui sont formés pour les industries dans lesquelles on a davantage d'avenir? » J'aimerais vous entendre là-dessus.

(anglais suit — M. Stanford : Automotive production is...)

(Following French - Senator Hebert: ... entendre là-dessus.)

Mr. Stanford: Automotive production is very important, not just for the jobs in the auto facilities themselves, but it's even more important for the supply chain that is anchored by the presence of auto assembly operations. For every direct job in an auto facility, there are another five or six jobs in the supply chain and other downstream industries that depend on the presence of that industry.

Automotive production has been a target of active industrial policy for countries around the world for that very reason, because the loss of employment, innovation and productivity if the industry disappears is considered too serious.

In that regard, I think Canada has to continue to support the auto industry and find a policy framework that will allow it to survive, depending on, obviously, where Mr. Trump goes. The punishing tariffs — 25% tariff on vehicle exports to the United States — is obviously blowing up the business case for Canadian production, but I don't think that we should abandon that industry. It would be naive to think that we could just somehow move all the people and all the supply chain over to an alternative industry if we did that.

(French follows — Senator Galvez: Ma question s'adresse . . .)

(après anglais — M. Stanford : ... if we did that.)

La sénatrice Galvez: Ma question s'adresse aussi au docteur Stanford.

(anglais suit — Sén. Galvez cont. : I couldn't agree...)

(Following French - Senator Galvez cont'g: . . . aussi au docteur Stanford.)

I couldn't agree with you more that Canada must move away from a pure extractive industry to a high-value chain industry with emphasis on clean energy, technology and high-tech sectors.

I'm also worried about what you said that the fiscal strategy is increasingly moving towards monetized public assets and infrastructure to increase revenue because we are borrowing, and we need money to hold the projects that we want to conduct.

Can you please tell us what the impacts are of quickly selling these public assets and infrastructure — such as ports, highways and airports — on connectivity, on Canada's — competitiveness and on the credit ratings for municipalities and for a province or at the level of the federal government?

Mr. Stanford: Thank you, senator.

Well, there's obviously been a long-standing debate in Canada and around the world in recent decades about the merits of privatizing public assets. There is a conventional economic mantra, if you like, that the private sector does it best. But there are plenty of examples to show that that cannot be assumed at all, and airports are a good one.

There are other countries in the world with private airports where they are more expensive, they are underinvested and they are less reliable than in Canada. We have a great system of airports in Canada, and they're operating in a unique governance model but with a public interest mandate.

If the airports are sold off so they can be monetized to offset some of the investments the federal government is making elsewhere, then you're exposing the travelling public and the businesses that depend on them to the vagaries of for-profit decisions that the private owners of the airports would make.

The same goes for other public assets. For example, the water systems that have been privatized in many countries around the world have been a disaster. It has been a disaster for health, but it has also been a financial disaster, because the water systems end up being managed in a way to pay dividends to the private owners rather than make investments that are effective and oriented around the public purpose of the water system, which is to supply an essential service to the public.

I don't believe that the credit rating argument applies for privatization. In fact, I'd say it applies in reverse, because whatever the private entity is that takes over an airport or a port or some other asset, its credit rating is going to be lower than the government's, and the interest that it pays is going to be higher than the government's. This is why I don't accept the idea that we must sell some public assets if we're going to invest in others.

The government has a sovereign capability to raise money at, effectively, the lowest interest rate going. As long as we can make a case — just like a homeowner does when they undertake a mortgage or a business does when they issue a bond to finance an investment — as long as we can make the case that the end investment that is financed with that new debt is important and delivers a return, then it's quite legitimate for a government to do so, and it doesn't add to the deficit. It's a balance sheet operation that certainly takes on debt but also creates assets on the other side of the balance sheet.

I'm worried about the idea that this sovereign wealth fund would be used as a kind of a cover for a privatization agenda. I'm going to watch that very carefully when the government has its consultation on the sovereign wealth fund idea.

Senator Galvez: Thank you so much.

(French follows — Senator Gignac: On va continuer avec . . .)

(après anglais — Sén. Galvez : Thank you so much.)

Le sénateur Gignac: On va continuer avec notre collègue économiste, Jim, sur la privatisation. Lorsqu'on voit nos fonds de pension au Canada, et qu'ils sont déjà propriétaires ou actionnaires des aéroports à travers le monde, j'ai un petit peu de difficulté à voir pourquoi, surtout si ce sont des fonds de pension canadiens qui seraient propriétaires de nos aéroports,

pourquoi on serait réticent, surtout qu'au Canada, les passagers paient un montant très élevé par rapport aux autres aéroports à l'échelle internationale. J'essaie de comprendre. Pouvez-vous élaborer davantage suite à la question de la sénatrice Galvez? Merci.

(anglais suit — M. Stanford : Thank you, senator.)

(Following French - Senator Gignac: . . . de la sénatrice Galvez? Merci.)

Mr. Stanford: Thank you, senator.

Well, it is ironic, I suppose, that our own public pension funds — including the Canada Pension Plan, or CPP — have seen financial opportunity — from the investor's perspective — in the more aggressive privatization that has occurred in other countries.

I worked in Australia for some years. There's lots of Canadian pension money invested in former public assets. I can also attest, having lived in Australia and experienced the airports, private toll highways and other private infrastructure, and private rail infrastructure, it doesn't serve the consumer's interest. It certainly serves the financial investor's interest. That's why the CPP is there.

I certainly see a role though for Canadian pension funds in supporting the investment and major projects agenda of the government. I just think we have to find an appropriate structure through which that role could be played.

The CPP, for example, has half of its investable assets in the United States, which is very ironic considering that we face a historic challenge as a country in defending our sovereignty against the United States.

I'd like to find ways for our pension money to come back to Canada to invest in public infrastructure. We should be able to find ways that are financially appealing rather than selling off the infrastructure to the private sector in general.

(French follows — Senator Gignac: Monsieur Turner, j'ai eu l'occasion . . .)

(après anglais - M. Stanford : ... sector in general.)

Le sénateur Gignac: Monsieur Turner, j'ai eu l'occasion de prendre connaissance des baux que les aéroports ont signés avec les gouvernements. Déjà, le ministre a accès à beaucoup d'information, les locataires doivent fournir au ministre tous les documents et les renseignements, ils ont accès à tout. J'essaie de comprendre pourquoi, dans le projet de loi C-30, le ministre va aussi loin. Comme vous l'avez expliqué, il peut y avoir des risques de poursuites, éventuellement, si les renseignements sur les fournisseurs ou des tiers sont partagés. Quels dommages collatéraux entrevoyez-vous si le projet de loi est adopté?

(anglais suit - M. Turner : The bill itself...)

(Following French — Senator Gignac — . . . le projet de loi est adopté?)

Mr. Turner: The bill itself, as I said, was a new thing that came in the Spring Economic Update, so we're still getting our footing on it.

What we are aware of is that there does not seem to be a problem at this point in time that it is intended to solve. We have, again, been assured by Transport Canada, the minister and others that this is a stopgap measure in the event that they need to use it with any of the parties involved in the broader ownership review.

As you say, it's true. Airports do deliver an amount of information to Transport Canada through their lease agreements. They also have filings with communities and other public forums. I would imagine that information differs in its structure and form than perhaps a private investment house may structure their financing or valuation.

The government may also be trying to find ways of ensuring that it gets the right data for its analysis. I think if they thought they could do that through existing authorities, they would have used those existing authorities, so I expect that's the route to take.

Senator Dalphond: Thank you. My questions will follow up on what Senator Gignac asked, because those were my questions. I'm familiar with these things. I've worked on it.

When the Mulroney government decided to, let's say, decentralize the administration of airports, all long-term leases were entered into and the Crown has remained owners of the land and all the property that was built on it. At Dorval, the whole thing is being torn down and rebuilt. It belongs to the Crown, not to the corporation.

I also saw in the documents they have to provide, as you mentioned, audited financial statements. They have to provide all information. They have to provide assessments. In some places, it is the Crown which is assessed and they have to pay back the assessment to the Crown. In most major airports I think this is the way.

Here, when they ask for assessments and financial information, they have it already, don't they?

Mr. Turner: Without knowing what the ministry or analysts are looking for in particular, I can't answer whether they have what they're looking for already, but we do know that's a robust set of information.

I think it goes back to the inclusion of third parties and other entities that may have a stake in the valuation. I think that's the largest expansion of the information-gathering powers.

Certainly for members, though, I want to be clear that they are engaged, cooperating and ensure they can provide everything they can. There's no friction here.

Our purpose in bringing this issue and in accepting your invitation to speak to the bill is that we do think it could use some improvement, and our ask is simply to look at some of those constraints that may come at a future time.

Senator Dalphond: But isn't that concern, to a certain extent, addressed by section 46 that says that the communication, the minister can share, but only with a Crown corporation as defined in the Financial Administration Act, or an individual or entity that is not part of the federal administration that is advising or is consulted by the minister in relation to the development of transport policies? That's in the government bubble. It's not shared with investment funds.

Mr. Turner: Not externally, no. Yes. Those external advisers as well, like many aspects of what the government is doing in major projects these days, the government is relying on external advice from financial and banking experts. I assume that is what that authority is intended to support.

Senator Dalphond: It does not allow these advisers to share with interested investors.

Mr. Turner: I don't believe this applies to those who might be interested in investing in an airport. As I read the text, the legislation applies only to those entities that may have a bearing on valuation.

Senator Dalphond: How many airports are privately owned in Canada?

Mr. Turner: There are no airports that are privately owned. All the national airport systems are owned by Crown or municipalities. There is one airport in Canada that has a privately owned and operated terminal and that's the downtown Billy Bishop Toronto City Airport.

Senator Dalphond: Okay. But they are still on Crown land?

Mr. Turner: Yes.

Senator Dalphond: In the Spring Economic Update, the minister said reforming Canada's airport systems to lower air passengers and better position airports to attract private investment, were you consulted before about this new kind of orientation of private participation in the management of airports?

Mr. Turner: Certainly, after the budget in the fall, there have been many discussions with Transport Canada, with the minister, the government, the Prime Minister's Office and others about where this was headed.

We were awaiting the Spring Economic Update to see where the government was going to move with respect to consultations or more formalized engagement. We're in that moment now. We are waiting for some of those things to begin.

To answer your question, I would also —

Senator Dalphond: So it is not a complete surprise to you?

Mr. Turner: No. We've been aware of this since the fall.

The broader affordability investment structure is something that airports are always interested in and are always talking to our partners about.

It's an important message that private investment and private partnership with airports are not a strange thing. Already they are forming consortia with multiple financing parties. Obviously, there are commercial operations onsite there. So it's not an unfamiliar place. Airports are always interested in ways to finance and invest in their assets.

Senator MacAdam: My question is for Mr. Stanford.

You referenced in your opening remarks that there was the sovereign wealth fund. You mentioned there were many risks associated with that fund, or the establishment of such a fund. Can you elaborate on some of the most significant risks that you see?

Mr. Stanford: The most significant risk would include the use of the fund and its capability for purposes that are ill-defined in terms of the public interest and the long-term vision of developing Canada's economic structure and capabilities.

If the fund was endowed with initial monies, whether through borrowed funds, or perhaps if this asset recycling idea takes off through revenues received from the selloff of other public assets, then it could be used in a way that was almost like a private capital or hedge fund, to be used for placements in different operations that seem to provide either a financial or political gain to government, then recycle the funds and move elsewhere, kind of like private equity has done in many situations.

This is why I think it's very important that the mandate of the fund be clarified that, (a), it is to build wealth over time, not just give the government a capital vehicle to play with in the markets; and, (b), there has to be a clear public interest mandate that guides the long-run activity of a sovereign wealth fund.

There are many examples in the world. The one I'm very fond of is in Singapore, the Temasek fund, which is a sovereign wealth fund that is a deliberate effort to invest and stimulate the economic diversification of Singapore's economy and to take placements in very promising high-tech ventures and other operations that help to ensure that Singapore is on the cutting edge of the economy.

We are seeing huge structural changes in Singapore's economy. The idea is not to make a quick profit and flip the asset, but to build public equity over time and use it as a lever for active industrial policy. That would be a good model for how Canada could do it.

Senator MacAdam: [*Technical difficulties*] — an adequate governance structure. The Spring Economic Update talks about transferring those to a Crown corporation, I'm wondering, in terms of this Crown corporation, what is the importance of having enabling legislation for that Crown? Would you see that as very important in this instance?

Mr. Stanford: Certainly. The governance of this idea of a sovereign wealth fund will be critical that it be arm's-length from the day-to-day political imperatives of the government; that it has to be guided independently by that mandate that is presumably set in the enabling legislation, and then subject to rigorous accountability and reporting requirements to make sure that Canadians are aware of what the fund is doing, what it is being used for and that the judgments of it are legitimate.

We have good experience in Canada. Many of our institutions — and, frankly, I would say the airports for Mr. Turner's benefit — are a good example of creative governance structures to manage public assets in an efficient and accountable way but that is consistent with a public interest mandate. There are other examples from our pension funds to other holding companies and so on. So I think it's possible, but it is very important to pay critical attention to the mandate, governance and the accountability of the vehicle.

(French follows - Senator Oudar: Merci d'être parmi nous...)

(après anglais — M. Stanford: ... of the vehicle.)

La sénatrice Oudar: Merci d’être parmi nous. J’ai lu certains écrits que vous avez publiés notamment en regard de la main-d’œuvre et des droits des travailleurs et travailleuses.

Je vous amène plus particulièrement non pas dans le projet de loi, mais dans la mise à jour économique du printemps 2026 où le gouvernement s’est engagé à réduire certaines dépenses notamment par des mesures d’efficience dont la réduction de la taille de l’État, en fait, la diminution du nombre d’employés au sein de la fonction publique. J’aimerais vous entendre plus particulièrement sur cet aspect.

Aussi, quand on a questionné le gouvernement, il nous a bien entendu parlé de l’introduction des mesures d’intelligence artificielle. Je sais que vous vous êtes penché là-dessus. Dans un de vos écrits, vous avez parlé de l’introduction de la technologie, et je suis d’accord, vous dites que la technologie ne remplace pas le travail et ne peut d’ailleurs le remplacer de façon générale, mais elle peut toutefois modifier la qualité du travail pour le meilleur et pour le pire.

J’aimerais vous permettre de commenter là-dessus, monsieur Stanford. Merci.

(anglais suit — M. Standford: Thank you, senator.)

(Following French - Senator Oudar — monsieur Standford. Merci.)

Mr. Stanford: Thank you, senator. That is a very rich question. I’m very honoured you have done some reading of our past publications. Thank you very much.

First of all, on the subject of public service downsizing, this was, in a way, framed and justified as an exercise to spend less and invest more. That is the rhetoric that the government used to say that we do want to invest in major projects to support Canada at this dangerous moment, and we want to spend less on current services. And I see that as a false dichotomy.

I was just saying, I think it is a false dichotomy between providing current public services and investing in long-term capital assets. This is true in the financial sense and this relates to the earlier question from Senator Galvez. The government can borrow money to invest in assets, and if those assets are long-lived, productive and generate a social return, then they show up as assets on the balance sheet. They don’t contribute to the deficit by even borrowing funds in order to invest in future assets.

And so this idea that we must cut back the headcount in the public service, which provides important functions, obviously, at the federal level as well as lower levels of government in order to fund investments, I think that is quite wrong.

I think that the staffing levels for public services should be governed by the criteria of making sure that they can deliver high-quality services that Canadians expect. We’ve seen examples of where the existing framework — whether it’s responding to inquiries from Canada Revenue or the speed of getting passports issued — where the quality of public services was jeopardized by understaffing. So I’m worried about this focus on the downsizing of the federal public sector, and particularly at a time of high and rising unemployment. Having the government downsize its own staff just adds to the misery.

On the second question about artificial intelligence, we’re obviously monitoring this. It’s changing very quickly, but in general I have been skeptical of the pessimistic arguments that AI will lead to large-scale job losses. It clearly will change the nature of jobs, and in some cases,

undermine the quality of work. On the other hand, there are other opportunities for work that are opened up by artificial intelligence, and this is consistent with the experience of technological change and labour markets over time.

There has never been an example of mass technological unemployment, so I don't expect it from artificial intelligence either.

I'm more concerned with what it means for the quality of work and the treatment of workers, including adequate protections for their privacy and data collection from them in the course of their work, and making sure that artificial intelligence isn't used by employers — whether the public sector or more common in the private sector — to degrade or devalue work. That is where my bigger concern is, rather than eliminating jobs in large numbers.

The Deputy Chair: Thank you.

Senator Robinson: Dr. Stanford, I was very interested in your three broader topics in your opening remarks, as you spoke about trade diversification and how we are — I should know the term — we are hewers of wood and drawers of water.

Mr. Stanford: It comes from the bible, but it applies to Canada.

Senator Robinson: I must brush up on my bible, thank you. I could not agree with you more, and I immediately thought of the Dominic Barton report. I'm not sure if you are familiar with the Dominic Barton report?

Mr. Stanford: I'm not, I'm sorry.

Senator Robinson: Dominic Barton did an Advisory Council on Economic Growth report in 2017. Within it he identified Canadian agriculture as an enormous global growth opportunity. He had suggested that we should be setting a stretch target to book agri-food exports in 2017 from \$55 billion to \$75 billion in 2025. The exciting news is we hit \$150 billion in 2024 and we had 2.25 million jobs in agriculture and agri-food.

In Canada in 2017, the stat was we only processed about 50% of our own agricultural output, which coincides with what you said about hewers of water. We also had a US\$3.2 million trade deficit for agri-food products, and this was driven primarily because of our food processing sector being under developed.

So I was really excited when you got into the sovereign wealth fund, how it could stimulate new economic activity and how important it is to specify the mandate of the strategy.

I was wondering, when we look at agri-food exports and the opportunity to add more value domestically, if you saw food processing as an agri-food investment being a good fit for the sovereign wealth fund mandate.

Mr. Stanford: Absolutely, senator. Thank you. Those comments are bang on. Agriculture is a great example of the challenge of adding value to our resources. If we limit ourselves to just specializing in bulk production of crops and other agriculture commodities, we are going to leave most of the potential value on the table and it will be harvested by processors and producers in other countries, often to our disadvantage. Think about the meat-processing industry, for example, and how concentrated it has become in recent years, dominated by mostly U.S.-based

gigantic manufacturers. Some of them have operations in Canada, but still we don't fulfill the value potential of processing. The big money in food and food products, of course, is in the specialized, high-quality, brand name, recognized, unique products, and Canada has enormous potential to do that.

If the sovereign wealth fund was used as a tool of an industrial development strategy, with a strong public mandate, it could play a vital role, along with other policy levers to develop the agri-food sector.

Senator Robinson: I had a question for Mr. Turner. We see a lot of exports of cargo and in Prince Edward Island we have a lot of aquaculture, high-value product that is exported through air cargo.

I was just wondering about the fuel excise suspension. Does that apply to cargo operations at regional airports like Charlottetown and is the council seeing any of those savings flow to aquaculture exporters who rely on the air freighter or does the benefit flow primarily to passenger carriers?

Mr. Turner: The excise tax was a welcome move by the federal government to relieve some costs and that sector applies broadly to anybody who buys that fuel at the point of sale.

Senator Papatello: First, I wanted to say hello to Dr. Jim Stanford. So glad that you did come back from Australia. You might know that he did many years of work with the automotive industry in Ontario, where we had a chance to work together. So great to see you again.

Tonight we are talking about Bill C-30, which is an update of the legislative requirements of Bill C-15, the budget bill. So I'm going to assume that the elements in this update Bill C-30 today on the insurance extension of the Employment Insurance rates, of the labour mobility credits, et cetera, that those elements are ones that you support.

Then I would like you to go back for a moment and talk about the original Bill C-15, because this is an update to it, and the supports that are in there for assisting our automotive industry and manufacturers who have to look for new industries, who have to look for new customers. You know how difficult that is when the — of automotive are — you have 10, you can count them, there are 10 maybe around the world, and we sell largely to America. So that is our reality.

Mr. Stanford: Thank you, senator. Yes, it is great to see you again, thank you.

On the question of the labour provisions in Bill C-30 itself, certainly the extension of coverage for seasonal workers in the EI system is welcome and needed, and the labour mobility provisions as well.

There is other work still to be done on the EI system to fix some of the cracks in the model, and this, in a way, is unfinished business from the pandemic. We, of course, had the experience with the CERB and the other emergency benefits that were rolled out because we knew the EI system couldn't do it. Then when we went back to EI and discontinued the CERB, we made a commitment to fix the EI system and we literally have not done it. So there are lots of other areas to look at, including the hour qualification requirements, the level of benefits and the interaction between Employment Insurance coverage and training.

We have an irrational situation now where people lose their EI if they actually take the initiative to get retrained after losing their job. Those are some of the things that need to be fixed, but certainly what is in Bill C-30 is a step in the right direction.

On the automotive front, you know, senator, as well as anyone in Canada, the challenges of trying to run an auto industry where 80 to 90% of the output is sold in the United States, and this is by design. We have had 60 years of free trade in automotive since the Auto Pact in 1965. So to suddenly switch that and go to an industry that is either focused just on the Canadian market or trying to start from a very small place, exports to other countries will be an enormous challenge. I know the federal government has indicated a commitment to a national automotive strategy; that is going to be important, and it's going to have to be big and powerful. Because if the sectoral tariffs stay in place — and the rhetoric from Washington is indicating that they will — then the future of the auto industry in Canada is literally at stake. This is where we will need a whole range of measures. Public procurement, for example, specialty vehicles — think about buses and electric buses, and post office trucks, and military vehicles — that could play a role in stabilizing domestic vehicle production.

Think about the tariff remission policy and really supercharging the incentive for companies to be here if they are going to sell here and punishing those that aren't here. Those are the far-reaching measures that will be required in order to sustain the industry and hopefully get through the next couple of years, to a point where the Americans realize continental free trade was as good for them as it was for anyone else and come back to a bit of rationality.

Senator Papatello: Mr. Turner, very quickly, you started your comments about the airports supporting the U.S. It would be shocking for us to learn just how much the American government supports their airports. I don't know if you have data that would suggest — even for pop support and how we compare in Canada. My own experience is Billy Bishop and on the board of the Toronto Port and all of the back and forth of whom supports where. I learned how shockingly large the support for American airports is and why they get sustained. Even during the pandemic, they actually fared very well because they were handed billions of dollars, compared to Canadian airports. Do you have some data on that?

Mr. Turner: Thank you, senator. I don't have any data with me today. I'm happy to provide it to you in the future if I can. But I would just say that it is definitely something we can try to get you.

Senator Papatello: If you give it to our committee, they would be very impressed to learn just how supported that supposed free market in America is with their airports. In fact, they support every inch of it by billions of dollars.

Mr. Turner: Structural subsidy there as well as the air navigation system for them is a government agency; whereas, here it's NAV CANADA that operates on a fee-recovery basis.

(French follows — The Deputy Chair — Pouvez-vous nous . . .)

(après anglais — Mr. Turner: ... fee-recovery basis.)

Le vice-président: Pouvez-vous nous faire parvenir les données? Merci.