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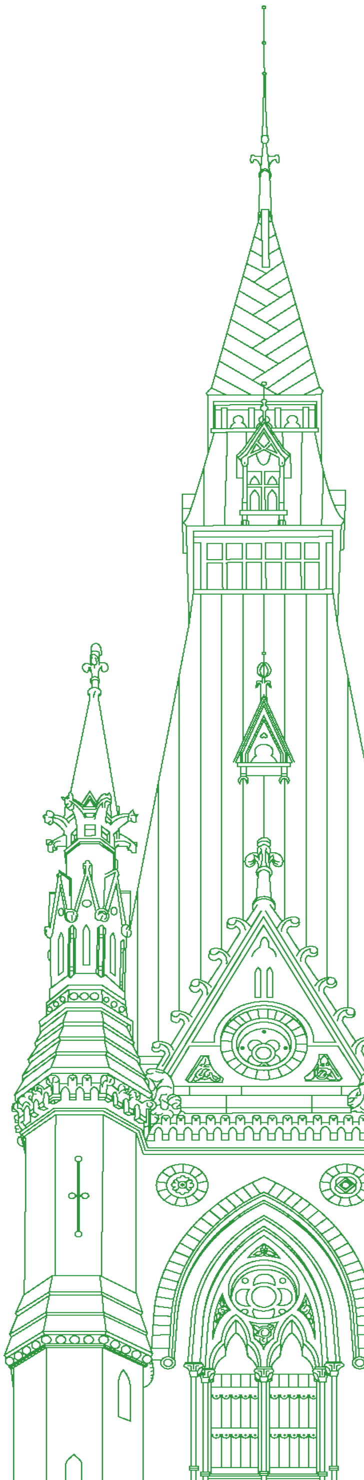

Chair: Mr. Peter Fonseca

Standing Committee on Finance

Thursday, April 11, 2024

● (1000)

[*English*]

The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)): Welcome to meeting number 136 of the House of Commons Standing Committee on Finance.

Pursuant to the order of reference of Monday, March 18, 2024, and the motion adopted on Monday, December 11, 2023, the committee is meeting to discuss Bill C-59, an act to implement certain provisions of the fall economic statement tabled in Parliament on November 21, 2023, and certain provisions of the budget tabled in Parliament on March 28, 2023.

Today's meeting is taking place in a hybrid format, pursuant to Standing Order 15.1. Members are attending in person in the room and remotely by using the Zoom application.

I'd like to make a few comments for the benefit of members as well as witnesses.

Although this room is equipped with a powerful audio system, feedback events can occur. These can be extremely harmful to interpreters and can cause serious injuries. The most common cause of sound feedback is an earpiece worn too close to a microphone. We therefore ask all participants to exercise a high degree of caution when handling the earpieces, especially when their microphone or their neighbour's microphone is turned on in order to prevent incidents and safeguard the hearing health of our interpreters.

I invite participants to ensure that they speak into the microphone into which their headset is plugged and to avoid manipulating the earbuds by placing them on the table away from the microphone when they are not in use.

I remind everyone that 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 well as we can. We appreciate your patience and understanding in this regard.

I believe all witnesses appearing virtually have been tested, Mr. Clerk. It looks as though everybody is ready to go.

We welcome, from the Canadian Association of Physicians for the Environment, Dr. Leah Temper, economic and health policy program director. Joining us from LKQ Corporation is the vice-president of external affairs, Tyler Threadgill, as well as the regional vice-president of Canada and New England, Derek Willshire. From the Macdonald-Laurier Institute we have a senior fellow, Mr. Philip Cross. He is with us here today in person in the room.

With that, we're going to have some opening remarks by the witnesses. We'll start with the Canadian Association of Physicians for the Environment.

Go ahead, please, for up to five minutes.

Dr. Leah Temper (Director, Health and Economic Policy Program, Canadian Association of Physicians for the Environment): Thank you.

Thank you very much to the Standing Committee on Finance for inviting me to appear today as a witness.

My name is Dr. Leah Temper. I'm the health and economic policy program director at the Canadian Association of Physicians for the Environment. I also hold a Ph.D. in ecological economics, an interdisciplinary field that considers the economic system as a subsystem of the earth's ecosystem.

Today, I'm going to be speaking about greenwashing and clause 236 of Bill C-59. My colleague from the Quebec Environmental Law Center addressed you on Tuesday and outlined four recommendations from a brief we jointly submitted. These include expanding the amendment to include all business interests and entities as well as products; broadening the scope to all environmental claims; and requiring disclosure of the evidence behind any green claims to consumers, as well as disclosure of negative environmental impacts related to products and industries to address cherry-picking.

Julien did a great job, so I would therefore like to take my time today to highlight the urgency and benefits of taking bold and effective action on greenwashing through Bill C-59.

We know that greenwashing is bad for business, that it cheats consumers and that it hinders green innovation, but I'd like to stress how it's bad for all of our health and our shared environment. One example of this is the well-known case of the Volkswagen emissions scandal, which led to the largest environmental fine in Canadian competition history, when it came to public attention that the company was marketing clean diesels that emitted over 40 times more pollution than it claimed.

The company eventually paid out about $40 billion in damages globally, but there's a study in Europe that estimated the excess air pollution emitted as a result of this deception shortened 1,200 lives in Europe by 10 to 20 years each, leading to about 13,000 years of life lost. Customers in Canada were paid out, but the public who was exposed to the toxic diesel fumes and the children who suffered increased respiratory health issues were of course never compensated.

Today, we know that the vast bulk of greenwashing revolves around claims of net zero and carbon neutrality, and these empty words are undermining and derailing the necessary transition to phasing down fossil fuel use. The IPCC clearly said that disinformation from vested interests in highly polluting sectors in Canada is undermining public support for climate change and is obstructing action.

Greenwashing about false solutions to climate change runs the risk of locking us into these false solutions that are neither environmentally clean nor economically viable without ongoing government subsidies. We should learn from a recent report that highlighted how petrochemical companies marketed plastic as recyclable for decades, in order to boost “disposability profits”, when industry insiders knew from the beginning that plastics recycling was uneconomical and was not a viable way to address the plastic waste crisis.

Similarly, oil marketed as net zero is not clean. It of course still emits tailpipe emissions and should never be marketed as environmentally friendly. We know that transport air pollution in Canada remains a major contributor to the over 850,000 children under the age of 14 in Canada who suffer from asthma.

Green claims are also different. They suffer from information asymmetry in a more significant way than other product claims because consumers do not have the tools to verify their truthfulness the same way they can verify the durability or the effectiveness of a product. This highlights the importance of the disclosure requirement we have asked for.

Of even greater concern is what Wren Montgomery, a professor at the Ivey Business School, terms “futurewashing”, which are large, unsubstantiated commitments for the future. Of course, such claims cannot be verified, and they should be considered misleading in almost all circumstances.

She and her colleagues also highlight other features of what they term “greenwashing 3.0”, including how green claims are being used by polluting industries as political strategies for maintaining corporate reputation and social licence and how such messages are being targeted at stakeholders beyond consumers and used to dispute the feasibility of stricter environmental regulations. Greenwashing 3.0 points to the urgency of broadening the testing requirements of section 236 to include all business interests and not only products, and for the need for complementary regulations to those that our trading partners have already put in place.

● (1005)

I will close by saying that CAPE has filed several complaints with the Competition Bureau against fossil fuel interests for deceptive advertising in the last years. However, the process in Canada is exceedingly slow, with an estimated two to three years for a complaint to be resolved. In the meantime, the deceptive ads continue to inundate our airwaves, radios, buses and computer screens. This is, of course, of concern, because the decisions we take today will define our energy systems for decades to come, and because consumer skepticism is setting in whereby soon, any green claim, no matter how genuine, will no longer be believed, seriously undermining consumer confidence. This is why I ask you to strengthen—

The Chair: Dr. Temper, you're going to have to wrap up. You'll have an opportunity for questions from members, but I do need to interrupt now.

Members, the bells are ringing and we need unanimous consent if we're going to—

Some hon. members: Agreed.

The Chair: We have unanimous consent to continue.

You will have to finish right now within the next 10 seconds, please.

Dr. Leah Temper: This is why I'm asking you to strengthen clause 236 to the best of your ability and to send a clear message that such deception, which harms us all, will no longer be tolerated.

The Chair: Thank you, Dr. Temper.

Now we're going to hear from LKQ Corporation. We are starting, I believe, with Mr. Willshire, and then Mr. Threadgill will also participate in the opening remarks.

● (1010)

[*Translation*]

Mr. Derek Willshire (Regional Vice-President, Canada and New England, LKQ Corporation): Thank you, Mr. Chair.

I would like to thank the members of the committee for having us here today.

My name is Derek Willshire and I am the regional vice-president for Canada at LKQ. With me today is my colleague Tyler Blake Threadgill, who is the vice-president of government affairs in the United States.

We are sorry not to be testifying in person, but we are very pleased to present our views on this bill, which is crucial for LKQ. We will focus exclusively on the right to repair and the flaws in the bill. Regarding the amendments, please consult our written brief.

LKQ distributes high quality parts for automotive repairs, whether manufacturers' or other parts, and also offers complete diagnostic and calibration services in Canada and the United States. LKQ processes over 900,000 end-of-life vehicles a year in North America and is the largest vehicle recycler in the world.

In this great country, our company employs 1,175 people at 37 sites. Even so, our team represents only a small fraction of the 492,000 people working in the automotive aftermarket in Canada.

The problem is simple: vehicles are becoming increasingly interconnected and complex, and it has become more difficult for independent shops' to access diagnostic data. Manufacturers' refusal to disclose that data limits consumers' choice and increases their costs. Without concrete action, small businesses will find it hard to maintain vehicles, and this will reduce competition in Canada.

We welcome the government's renewed attention to improving the Competition Act, with Bill C-59, but major flaws remain and require your attention.

We would like to draw your attention to the importance of improving the definition of "means of diagnosis or repair" to include maintenance and calibration of components. Unlike other legislation, Bill C-59 does not expressly require manufacturers to provide the data needed for repairs.

As well, exceptions such as protection of trade secrets could prevent access to essential repair information. The limits on the tribunal's authority to order remedies could also exclude major players in the automobile aftermarket.

As a final point, Bill C-59 makes the right of action available only to individuals, and this limits the effectiveness of enforcement measures. It is crucial that the ability to bring an action be extended to include actions by the commissioner of competition.

Consumers deserve a competitive market that gives them the ability to have their vehicle repaired by the repairer of their choice. While Bill C-59 recognizes this problem, specific legislation is urgently needed to address it.

I will now give the floor to my colleague, Mr. Threadgill.

Thank you again.

[*English*]

The Chair: Mr. Threadgill, go ahead, please.

Mr. Tyler Blake Threadgill (Vice-President, External Affairs, LKQ Corporation): Thank you, Derek.

Mr. Chair and members of the committee, I'm Tyler Threadgill, vice-president of external affairs for LKQ in both Canada and the United States. I'm here today to address the pressing issue of the right to repair in the automotive sector, an important matter for Canadian consumers.

While we commend the steps taken in Bill C-59, they fall short of adequately protecting consumers' rights. We firmly believe that a legislative framework for the right to repair is needed to truly safeguard consumer interests.

Voluntary agreements like the Canadian automotive service information standard agreement have proven ineffective amidst the rapid advancements in automotive technology. As technology continues to advance at an unprecedented rate, it's imperative that legislation evolve alongside it to ensure that Canadians' rights and choices remain protected.

We firmly believe that legislation is the solution for restoring competition and preserving consumer choice within the automotive repair and service industry. This legislation should guarantee access to vehicle repair data and repair tools for independent repair shops and aftermarket parts manufacturers. OEMs must be mandated to provide decrypted data and standardized access to wireless or cloud-based repair data, while also refraining from misleading consumers about their repair options.

Additionally, the establishment of a centralized entity to oversee data transmission is essential to maintaining fairness and transparency. Drawing inspiration from the American REPAIR Act, this legislation should address the evolving technological landscape and align with government commitments to innovation and consumer protection. Failure to address these issues through decisive legislative intervention puts Canadian consumers at risk of falling prey to monopolistic practices that stifle competition, increase prices and impede innovation.

In conclusion, we ask this committee to consider our amendments to improve C-59 while recognizing the urgency of this matter and the profound impact that stand-alone legislation can have on protecting consumer rights and fostering a fair and competitive automotive repair industry in Canada.

Thank you for your attention and consideration.

Let us seize this opportunity to empower consumers and ensure a level playing field for Canadians.

We will be happy to take your questions.

● (1015)

The Chair: Thank you Mr. Threadgill.

Now we go to Macdonald-Laurier Institute and Mr. Philip Cross please.

Mr. Philip Cross (Senior Fellow, Macdonald-Laurier Institute): Thank you.

A consensus is emerging that Canada’s weak economic growth and low productivity constitute a national crisis. It is hard to avoid that conclusion when real GDP growth in the last decade has been the slowest since the 1930s. As population growth surged, real GDP per capita slumped to levels last seen in 2014.

Bank of Canada's deputy governor Carolyn Rogers recently called Canada’s lagging productivity “an emergency”, saying that “it’s time to break the glass”.

Concern about our flagging growth is not new. A Senate committee warned in 2018 that Canada is falling behind as our competitiveness languished. Former cabinet ministers Lisa Raitt and Anne McLellan, in 2023, formed the bipartisan Coalition for a Better Future to lobby for stronger economic growth. Based on current trends, the OECD predicts Canada’s growth over the next quarter-century will be the slowest in the region.

While faltering growth is widely lamented, the diagnosis of its causes is often off base. The interaction of three variables determines growth: the supply of labour, the stock of capital and the efficiency with which they are combined and deployed—what is called total or multifactor productivity. Canada has relied too much on raising labour inputs. Raising labour inputs in the absence of more investment and productivity likely contributed to lower GDP per capita. Business investment has fallen 21% since 2014, inevitably lowering productivity.

Rogers pinpointed weak investment as the main source of Canada’s poor productivity. The U.S. demonstrates high investment and productivity are achievable in a society that rewards risk-taking and encourages disruptive innovations. U.S. business investment surged 33% since 2014, the same period over which it fell 21% in Canada.

Optimism about the potential productivity benefits of artificial intelligence has sent the U.S. stock market soaring on increased confidence. Higher productivity can simultaneously boost growth while slowing inflation.

Lagging growth in Canada is a national crisis. As our incomes fall further behind the U.S, the temptation increases for our most productive and ambitious people to emigrate. The late Michael Bliss, Canada’s leading historian of business, warned “the one sure prescription for the eventual failure of the Canadian experiment in nationality would be to create an ever-widening gap in standards of living between the two North American democracies.” Avoiding this outcome should be our national priority. One solution is to encourage not restrain the development of our natural resource sector, which is by far Canada’s leader in investment and productivity.

Distracting from our focus on growth is the controversy surrounding the recent hike to the carbon tax, which provoked its advocates to mount a last-gasp defence. Three hundred supporters signed a petition backing the tax, buttressed by numerous op-eds and media appearances. However, rather than being persuasive, advocates mostly demonstrated how little they have learned from their long-standing failure to sell the tax to Canadians.

Proponents like to say the tax is the most efficient way of reducing carbon emissions while limiting the economic losses. This ignores that technological change is even better at lowering emissions while boosting economic growth, as the U.S. has demonstrated. The credibility of carbon tax advocates was damaged when academics claimed B.C.’s small 2008 carbon tax triggered a sharp drop reduction in gasoline sales. Supporters saw this drop as evidence emissions could be slashed with a small carbon tax, an exercise of hope triumphing over experience that economists are supposed to be immune to.

Today, proponents acknowledge a carbon tax needs to be painful to meaningfully lower consumption. However, the demonstrated willingness of supporters to assert the tax had magical properties severely undermined their credibility and reputation for impartiality.

Proponents quote the Bank of Canada’s calculation that the annual carbon tax increases of $15 a tonne contribute 0.15 percentage points to inflation. This sounds trivial when inflation is running at 8%, but represents a sizable 7.5% of the bank’s 2% target. Moreover, the bank said its estimate does not include second-round effects. Arguing that the carbon tax impact is trivial is risky for advocates, since its impact on behaviour also would be limited, making the tax more an exercise in signalling than a serious attempt at lowering emissions.

● (1020)

Christopher Ragan, head of the Ecofiscal Commission, recently decried public debate about the tax as having degenerated into a “dumpster fire”. The reality is that an open and honest debate was never what carbon tax advocates wanted. When supporters were on the ascendant, the poor level of debate, including assertions that carbon taxes would be painless despite mountains of contrary evidence and a naive faith that governments would return all revenues to households, was ignored. Now that support for a carbon tax is waning, it is hypocritical to lament that public discussion is abysmal.

Thank you.

The Chair: Thank you, Mr. Cross.

Now we will get to members' questions. In this first round, each party will have up to six minutes to ask questions. Then we will see what time we have left for a second round.

We are starting with MP Hallan for the first six minutes.

Mr. Jasraj Singh Hallan (Calgary Forest Lawn, CPC): Thank you, Chair.

Thank you, Mr. Cross, for your statement and for being here.

As you noted, the senior deputy governor of the Bank of Canada, Ms. Rogers, said that our productivity today is in a “break glass” emergency state. GDP per capita has declined in the last six quarters. In fact, the GDP per capita is lower now than it was back in 2018.

You also recently wrote about how bad productivity is. It's worse than it was back in the 1930s, when the Great Depression was happening. As you noted as well, on the GDP per person, Canada will be the absolute last in growth when it comes to productivity until 2060. You also made mention of these experts who have been pro-carbon tax, and in your recent statements, you've said how the carbon tax is one of those factors that have affected productivity issues, after eight years of the current government.

Can you expand a little more on what your message would be to those 200 experts who are pro-carbon tax? How bad is the carbon tax for the productivity issues, and what is the link between the two?

Mr. Philip Cross: Thank you for the question.

First, I would emphasize that productivity isn't worse than it was in the 1930s. We would be living in huts if that were the case. What I said was that GDP growth over the last decade has been the worst since the 1930s.

It's still true, what Rogers said, and I'm glad Rogers made the point. I don't think people realize how extraordinary it is for a deputy governor of the Bank of Canada to declare our productivity an emergency. Productivity is not something the Bank of Canada directly has a responsibility for. Their only mandates are to keep inflation at its target and to maintain financial stability. Obviously, the bank feels very strongly that our low productivity is a threat to keeping inflation under control.

I'll elaborate on that. For example, wage growth is 4% these days. Yesterday, in its monetary policy report, the Bank of Canada discussed how wage increases of 4% can only be non-inflationary and can only be consistent with a 2% target if you have productivity growth. We have that in the U.S. I think the U.S. demonstrates the benefits of a society where you have strong productivity growth due to high rates of investments. You can have high rates of income increases and maintain low inflation.

Obviously, the carbon tax is one variable that's going to complicate achieving low inflation. If you have energy prices rising, that means there's going to be more pressure in other sectors of the economy to lower inflation. That's one reason why.... If you compare the behaviour of the Canadian and U.S. economies these days, the U.S. economy is ripping. It's growing, if anything, much too fast. Its GDP growth is solid. It has added 300,000 jobs in the most recent month. The only question in the U.S. these days is whether the Federal Reserve board will have to postpone cutting interest rates because of it.

If you look at Canada, our GDP growth over the last couple of quarters has essentially been zero. It would be a decline on a per capita basis. We added no jobs in the most recent month, while the U.S. was adding 300,000. You can see right away that our stock market is lagging substantially behind the U.S. market. A lot of this reflects.... Again you have to look at the fact that over the last decade, the U.S. increased business investment over 30% and ours dropped over 20%. That 50% gap is extraordinary. We have never seen something like that. This is why the Bank of Canada is saying, “break the glass”.

● (1025)

Mr. Jasraj Singh Hallan: Yes. I wanted to get one more question in. Thank you. I don't mean to cut you off.

I want to know your thoughts on the impact of higher taxes, such as the carbon tax, and of economic uncertainty on productivity, and what that says about living standards for Canadians. How does that have an impact on the living standards of Canadians? How are they experiencing those living standards today?

Mr. Philip Cross: I don't know how much. I've never seen a study quantifying the impact of the carbon tax on investment. The PBO has quantified its impact on household incomes, and GDP and found it to be negative overall.

I haven't directly seen a study of investment. I think consensus in the economics profession would be that it's a wide range of variables—uncertainties about regulation and how hard it is to get projects moving forward. Obviously, some projects have just outright been nixed, including pipelines off B.C. and the TransCanada eastern pipeline, just saying outright that LNG projects on the east coast are not going ahead. It has been over and above uncertainty. There has just been an outright refusal to proceed, especially with projects in the resource sector and especially in oil and gas within that sector.

I think that has had a much more negative impact on investment in this country.

Mr. Jasraj Singh Hallan: How are Canadians experiencing—

The Chair: Thank you, MP Hallan.

We have limited time.

I want to go to MP Weiler for his six minutes. I'm not sure if we will get all of the six minutes in. We may have to break for the vote, and I do want to have enough time when we come back so the Bloc and the NDP also have time for the witnesses.

We have MP Weiler, please.

Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Thank you, Mr. Chair.

I want to thank all of our witnesses for being here today and for their testimony already.

I want to ask questions of Dr. Leah Temper. I appreciate the joint brief you submitted with the Quebec Environmental Law Centre, particularly on the subject of greenwashing, where Bill C-59 makes some important changes.

I was hoping you might be able to share with this committee what Canada can learn from how other countries have approached this issue. We wouldn't be a first mover in this space and we may be able to take some lessons about how to implement this in Canada from what they have done in other jurisdictions.

Dr. Leah Temper: Thank you for the question.

Yes, I'm happy to talk about examples from around the world. There is quite a lot happening.

The U.S. and of course the U.K. both have very comprehensive green guides. In the U.S. I believe they're called the Green Guides. The Federal Trade Commission has them. They outline very clearly what sorts of specific practices are deceptive in all instances. These include the use of generic claims, the sorts of practices that I mentioned—the cherry-picking issue of making claims that include only a very small portion of your business, but they're assumed to refer to the whole business.

How long do I have to answer, by the way?

Mr. Patrick Weiler: I have six minutes for all questions and answers, so there's no rush.

Dr. Leah Temper: Okay, that's great, because there are lots of examples.

If we move over to Europe, they recently have two directives that attack the issue of greenwashing. One is called the “green claims directive” and the other one is called “empowering consumers for the green transition”. They've also banned a number of practices.

Of note among these is that you can no longer make any claim to carbon neutrality or to net zero using offsets in Europe, because it's clear that in many instances offsets obviously are not effective and are not permanently storing carbon, and that it's very difficult for consumers to really understand the complexity of these types of green claims.

There is also—

● (1030)

The Chair: I'm going to interject. I apologize, Dr. Temper and MP Weiler.

We're getting close. Do we have UC for all members to vote virtually here?

I am looking around and I see that it is okay.

Some hon. members: Agreed.

The Chair: We can continue, and we'll all vote virtually here.

Thank you.

Dr. Leah Temper: There's a list of practices. You cannot use offsets to make claims of carbon neutrality. No generic terms or claims to carbon neutrality and net zero are permitted, and and so on.

One interesting example I would like to highlight is the case of Norway, which actually has a specific rule. As you know, Norway is the world leader in the sales of electric vehicles; I believe more than 70% of the cars sold there are electric. Since 2017, I believe, Norway has had a rule that no green or environmental terminology can be used to sell vehicles. A car cannot be described as “green” or “clean”; it doesn't even matter whether it is electric or not. What they say is that, fundamentally, cars are polluting.

This is another really interesting and useful example of what we can learn about how to market highly polluting sectors. There's no need to use environmental terms and green terms to describe them, and they're fundamentally misleading to consumers. We see in the example of Norway that this has not harmed the sale of electric vehicles.

In Canada, we currently have absolutely no guidance for companies on making green claims. The Competition Bureau had some guidance, but it has been archived since 2021. Right now there is no guidance for companies, and, as I mentioned, that has led to a huge surge in greenwashing.

Of course, we would have liked to have seen even more substantial changes to competition policy to address the greatest challenge to the economy in the coming decades, which will be the transition to a green economy. I believe Bill C-59 is a starting point. If possible, Bill C-59 should also highlight the need for complementary regulations and draw from some of the examples I put forward of what other jurisdictions are doing.

Mr. Patrick Weiler: Thank you, Doctor.

I think you have just given me some inspiration for a question to ask the Competition Bureau when they come to speak at the committee on this legislation.

The changes we have announced in this legislation so far do relate to specific products, but they don't look at forward-looking statements that companies make. Those, of course, are difficult to test, because we can't predict the future. The Quebec Environmental Law Centre mentioned that it would be useful to have evidence to back those up and to release that evidence proactively and publicly so that the public can do that type of assessment. I would be curious if you would agree with that testimony.

The Chair: Please answer briefly, Dr. Temper.

Dr. Leah Temper: Of course I would be in favour of all evidence for claims being available to consumers. However, for future and forward-looking claims, I would actually be in favour of those being considered misleading in all circumstances. Companies can clearly state what they are doing in the present that will impact their future environmental behaviour. There is no need to allow future environmental claims, that, as you say, cannot be verified.

The Chair: That is the time. Thank you, MP Weiler.

Thank you, Dr. Temper.

Members, we have about two minutes before the call of the vote. If we do vote virtually, but we are all in the room, then we would be able to come back to let the Bloc and the NDP ask their questions in the time remaining.

Is everybody good with that?

We are. Great.

We are going to suspend now.

● (1030)

(Pause)

● (1045)

The Chair: We have enough time so that the Bloc and the NDP get their full time for the round that we have.

We are going to start with MP Ste-Marie, please, for six minutes.

[*Translation*]

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

I would like to welcome all the witnesses and thank them for being here.

Ms. Temper, I was very happy with your testimony. We will be trying to make amendments to Bill C-59 to improve it as you would like to see.

Because my speaking time is limited, I am going to reserve my questions for the LKQ representatives, Mr. Threadgill and Mr. Willshire.

It is really important to make sure there is real competition in the automotive repair sector, and so I want to thank you for being here and for your testimony. To my knowledge, unfortunately, the committee has still not distributed your brief. I imagine it is being translated and we will be able to get it. The clerk is indicating to me that this is the case.

Mr. Willshire, I invite you to take my six minutes of speaking time to explain your proposals for amending and improving Bill C-59 to provide for a real right to repair, real competition, and access to information in the automotive sector.

Mr. Derek Willshire: Thank you, Mr. Ste-Marie.

For the fine details, I invite everyone to consult the brief that has been submitted. However, I can provide you with a summary, and I will let Mr. Threadgill add to my remarks afterward.

We know that it is increasingly difficult to access information relating to diagnosing, maintaining and repairing vehicles. Today's vehicles are much more technological, and that information is often transmitted to servers that are owned by the manufacturers, which further complicates repairing or doing basic maintenance on a vehicle. Consumers are increasingly required to go to the dealership, and this may involve travelling long distances for people who live in somewhat more remove areas. That means that consumers will have to pay higher prices as well as wasting their time.

Our reasoning is based on the fact that a car is the second most expensive item any Canadian family will buy. We would like to see more teeth and more specifics in the wording of Bill C-59.

We hear a lot about the CASIS agreement, which dates from 2009 and was on a voluntary basis. I think my colleague referred to it. However, not all manufacturers are part of that agreement.

In addition, let's face it: today's cars have changed a lot. We are not opposed to technology and all of the safety-related aspects; they are very important and we are very glad of it. What is important to us, however, is to persuade you to reconsider access to that information so that repairs can be less burdensome. The choice should be up to consumers, because the vehicles belong to them.

Let's be clear: as our brief and our recommendations very clearly state, what we are interested in is the technical information related to diagnosing and repairing vehicles. We are not interested in consumers' habits or other information that might be recorded by the vehicles.

What we are asking for does not jeopardize any of the 135,000 jobs in the automotive manufacturing sector. What it does is protect consumers and give them a choice, in addition to protecting the 492,000 jobs in the secondary market. Obviously, I am referring to all the small mechanical repair shops and body shops in this great country, from coast to coast. That is becoming increasingly important.

● (1050)

[*English*]

Tyler, is there anything you would like to add?

Mr. Tyler Blake Threadgill: Sure, Derek, I can add to that.

I'd first say we very much appreciate that Bill C-59 highlights that there is a problem. What we would like to see from it broadly is the onus being taken off the consumer or the small shop, so that if they don't get access, they do not need to appeal. We think that the burden should not be on a small shop. If you take your car to your local mechanic and they say, “Give me a couple of weeks. I need to appeal to get this information”, you're going to go somewhere else. We want to avoid that.

We'd like to see it mandated that the car companies will allow the car owner to decide where they take the car and not have to go through that process each time they need an oil change or a brake change or when winter comes and they need to change their tires.

We're seeing instances now in which simply rotating tires requires access to data that some repair shops don't have. Specifically, we'd like amendments to include one to section 75 to make a means of diagnosis or repair available to a person within a specified period and on such terms as the tribunal considers appropriate.

Also, we'd like to have the trade secrets carve-out in subsection 75(2.1) struck down. We think that could just be used as a loophole. Obviously we have no interest in any of the car companies' trade secrets or intellectual property or access to any data other than for repair and maintenance, but we do see that as a slippery slope, in that the car companies could claim that any of that information was a trade secret.

Third, we'd like to see “maintenance and calibration” included in the proposed definition of “means of diagnosis and repair”.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you.

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

[*English*]

We go now to our final questioner, MP Davies.

Please go ahead for our last six minutes.

Mr. Don Davies (Vancouver Kingsway, NDP): Thank you, Chair.

[*Translation*]

Thank you to all the witnesses.

[*English*]

Dr. Temper, how prevalent is greenwashing? Can you give us a general idea of how widespread this practice is in Canadian society?

Dr. Leah Temper: I don't have all of the polls in front of me, but the practice is extremely widespread in terms of the number of companies that are now making green claims. We actually see that this is highly concentrated in sectors that are some of the most polluting.

There was a study, an analysis, done of advertising by different fossil fuel industries—and I will be happy to send all of these studies to the committee—and I believe something like 60% to 70% of the ads were making some sort of green claim. We know that these are the most polluting industries. That's a significant issue.

Other polls and studies have looked at and examined green claims. In different studies, from 40% up to 80% of the claims could not be verified, were not verifiable and would not withstand scrutiny.

Mr. Don Davies: Thank you.

Can you expand on the harms to citizens and public policy that you see as a result of greenwashing?

Dr. Leah Temper: Yes. The harms of greenwashing are really substantial.

As I mentioned, they're very different from other misleading and deceptive claims. You know that if you buy a product such as a razor, and they say it's going to last, if it doesn't last or it doesn't work well, obviously it's easy for you to spot that and to know.

The issue with greenwashing is, as I mentioned, that consumers have no means of verifying these claims. They often simply do not have the necessary understanding, for example, of how carbon offsets work or what net zero or carbon neutrality means. Most people do not understand scope 1, scope 2 and scope 3 emissions. You call a product “net-zero”, but of course 80% of the emissions are being released at the tailpipe.

This is a huge issue.

We also know that the green claims, as I mentioned, are impacting the environment for everybody. Companies are saying that they are greening their practices, and they're not. This means that the Competition Act is designed to deal with what are sometimes called “market externalities”, and pollution is one of the biggest externalities. It's sometimes said that climate change is the greatest market failure known to humanity.

Companies say they're green, but they're continuing to pollute. We know this harms us all—

● (1055)

Mr. Don Davies: Thank you—

Dr. Leah Temper: Second, this lowers competition, as we know, for companies that are genuinely green. They can no longer compete in the marketplace and they end up closing. This undermines the transition to a green economy.

Third—

Mr. Don Davies: Thanks, Dr. Temper. I'm going to interrupt you because I want to get in one more question, if I could.

The tobacco industry has a history of deceptive marketing, hiding the harms of its products and misleading consumers. I think your organization has done some work on that issue.

How would you compare modern greenwashing with that historic practice of the tobacco industry?

Dr. Leah Temper: Yes, we've drawn a lot of similarities with how oil and gas companies have been covering up and denying climate change. We know they had knowledge of climate change since the 1950s. Of course, this is the same way that tobacco companies had been marketing and pushing cigarettes as healthy for many years.

Greenwashing is sometimes called the new denial. Instead of continuing to deny the impacts of climate change, which they know is no longer possible, they are proposing and putting forward false solutions.

Another option I hadn't mentioned in what other jurisdictions are doing is completely banning the advertising of some highly polluting products. There are products, such as tobacco, that we know should not be promoted at all.

This would be another very effective mechanism for addressing greenwashing by the most polluting sectors.

Mr. Don Davies: Chair, do I have any time?

The Chair: Yes, you have about a minute.

Mr. Don Davies: Dr. Temper, on March 1, in his letter to the committee, Canada's commissioner of competition said, “While we welcome this new tool to address certain forms of “greenwashing”, in our view, it may prove to be a limited change that is more in the vein of clarifying the law than expanding it.”

Do you agree with that assessment? Why or why not?

Dr. Leah Temper: I'm sorry. I don't exactly understand the question.

I would be of the opinion, on what we can achieve under clause 236.... I urge you all to strengthen it as much as you can within your capacity, but I do believe that complementary actions are needed, if that is the question. In that, I would agree with the commissioner.

The Chair: Thank you, Dr. Temper, and thank you, MP Davies.

I want to thank all the witnesses for coming before our committee today and for your opening remarks and testimony. This will help us inform Bill C-59. Thank you so much. We really appreciate it and wish you the best with the rest of your day.

At this time, members, we are going to transition to our second panel. I am going to suspend.

● (1055)

_____________________(Pause)_____________________

● (1100)

The Chair: We have our second panel of witnesses with us today.

We have, from the Canadian Dental Hygienists Association, chief executive officer Ondina Love.

From Electric Mobility Canada, we have the president and chief executive officer, Daniel Breton.

From The Macdonald-Laurier Institute domestic policy program, we have Aaron Wudrick.

From the Office of the Federal Housing Advocate, we have the federal housing advocate, Marie-Josée Houle, who has been with us before.

Welcome.

We are going to start with the Canadian Dental Hygienists Association for the first five minutes of opening remarks, please.

Ms. Ondina Love (Chief Executive Officer, Canadian Dental Hygienists Association): Good morning, Chair and committee members.

My name is Ondina Love, and I am the chief executive officer of the Canadian Dental Hygienists Association, which I'll refer to as CDHA.

Thank you so much for the opportunity to address this committee. I'm really proud to be here to represent dental hygienists across the country.

CDHA is the collective national voice of more than 31,000 dental hygienists working in Canada, directly representing 22,000 individual members. We remain committed to advancing the dental hygiene profession and promoting the importance of access to oral health care.

Dental hygienists are one of the eligible health providers under the Canadian dental care plan, which I'll refer to as CDCP. This is a significant and historical milestone for the health and well-being of the people of Canada. In addressing the financial barriers that previously prevented uninsured Canadians from accessing vital oral health care, the CDCP represents a categorical step forward for the future of oral health coverage.

Despite the significance of the role played by dental hygienists in the CDCP, CDCP fee guides for independent dental hygienists are, on average, 15% lower than the same services provided by dental hygienists in a dental office or dental corporation. This significant reimbursement inequity significantly disadvantages independent dental hygienists and the patients they serve. It's imperative that remuneration rates for CDCP-covered services delivered by independent dental hygienists be fair and competitive. We need to ensure that our professionals, who are primarily female, are appropriately compensated for their contributions to oral health care services for Canadians and the delivery of the CDCP.

One of the many benefits of the CDCP is its ability to facilitate care to Canadians who may have otherwise struggled to access affordable oral health services. By expanding the list of professionals eligible under the Canada student loan forgiveness program to include dental hygienists, we can significantly improve access to oral health care for those living in historically underserved communities, such as rural and remote areas. This would complement the CDCP, ensuring an adequate workforce and ultimately helping more Canadians receive the oral health care they deserve.

The delivery of this essential care can be supported through additional investments to ensure that preventive services are covered under the CDCP. These include dental hygiene examinations, scaling, sealants, fluoride, therapies to prevent gum disease and caries, personalized oral health education and health promotion counselling. Dental hygienists know that preventive care is critical to protect and preserve Canadians' oral health. The significance of investment in this area, therefore, cannot be overstated.

To support the experience of Canadians who sign up and register for the CDCP, prioritizing administrative efficiencies and clarity is of utmost importance. Minister Beech and his team have done an excellent job in ensuring eligible Canadians can register in a seamless and efficient process. I have to note that over 1.6 million Canadian seniors have already enrolled in his program.

Oral health care is health care. We recognize that the design and implementation of the CDCP and related policies may be complex. Health Canada, and all offices involved, must maintain dialogue with national and provincial professional associations, highly qualified oral health clinicians, dental public health specialists, disease prevention experts and other stakeholders as part of a continuous improvement and responsive approach. Ongoing collaboration among key stakeholders is imperative to ensure the CDCP is fine-tuned in response to the needs of those it is intended to serve.

We at CDHA remain committed to working in partnership with federal departments, the Minister of Health, and others towards filling the gaps in coverage and complementing existing provincial and territorial dental programs. We continue to encourage eligible Canadians to enrol in the CDCP.

Thank you so much for your time today.

● (1105)

The Chair: Thank you, Ms. Love.

Now we'll hear from Electric Mobility Canada.

Go ahead, Monsieur Breton, please.

[*Translation*]

Mr. Daniel Breton (President and Chief Executive Officer, Electric Mobility Canada): Thank you, Mr. Chair.

I would like to pay my respects to the members here today.

My name is Daniel Breton and I am the President and CEO of Electric Mobility Canada.

[*English*]

Founded in 2006, EMC is the national membership-based industry association dedicated exclusively to promoting electric mobility as a means of supporting the Canadian economy while fighting climate change and air pollution.

EMC's wide range of member organizations include manufacturers of light, medium, heavy-duty and off-road vehicles; electricity suppliers; infrastructure providers; research centres; tech companies; mining companies; cities; universities; fleet managers; unions; etc.

Among its 160 members are companies that manufacture off-road electric vehicles here in Canada, such as snowmobiles, personal watercraft, ATVs, pleasure boats, airport vehicles and more.

[*Translation*]

In October 2022, the economic statement delivered by the Minister of Finance announced a refundable 30% clean technology investment tax credit for zero-emission non-road vehicles. However, Bill C-32, Fall Economic Statement Implementation Act, 2022, did not contain any provision for the tax credit that had been announced.

In November 2023, the economic statement delivered by the Minister of Finance referred to the 2022 economic statement and the legislation concerning the refundable 30% clean technology investment tax credit for zero-emission non-road vehicles, saying that the credit applied to eligible property acquired and available for use on or after March 28, 2023, and before 2035.

Let us now analyze the terminology used in the 2022 statement. It says:

> The following types of equipment would be eligible for the credit:
>
> > ... non-road zero-emission vehicles described in Class 56 (e.g. hydrogen or electric heavy duty equipment used in mining or construction) and charging or refuelling equipment described under subparagraph (d)(xxi) of Class 43.1 or subparagraph (b)(ii) of Class 43.2 that is used primarily for such vehicles.

Regardless of how we may interpret the content of the statement, it is important to understand that this kind of document, just like the announcement of a policy or plan of action or directive, does not have force of law.

Bill C-59 provides for the addition of section 127.45 to the Income Tax Act. That proposed section contains a new definition of "clean technology property," which refers, under proposed subparagraph (d)(iv), to "a non-road zero-emission vehicle described in Class 56."

[*English*]

It’s important to note that off-road vehicles are a disproportionate source of air pollution. According to ECCC, their combined emissions make up 38%, 15% and 10% of the total emissions of CO, NOx and VOCs respectively. Carbon monoxide and NOx are volatile organic compounds. Emissions come mostly from the household use of gasoline-powered or diesel-powered recreational equipment and lawn and garden equipment and from the operation of agricultural, construction and mining equipment.

● (1110)

[*Translation*]

Since 2022, however, we have tried without success to get a clear, exhaustive definition of what a non-road zero-emission vehicle is, to the government's mind. After numerous communications with government officials by email, telephone and ordinary mail, we have still not been able to obtain a satisfactory answer.

[*English*]

Since Canada has a growing number of companies that are developing and building these zero-emission off-road vehicles, creating jobs and selling in Canada and abroad a growing variety of them—snowmobiles, watercraft, recreational boats, ATVs, airport vehicles, unregistered vehicles and mining vehicles, all electric and off-road—it’s important to ensure that the definition we propose does include such vehicles so that these Canadian technologies are encouraged that these vehicles and their workers can benefit from the proposed new measures.

What's more, it's vital that the companies purchasing these off-road vehicles be able to obtain this 30% tax credit and that this tax credit be retroactive to March 28, 2023.

[*Translation*]

Thank you.

The Chair: Thank you, Mr. Breton.

[*English*]

We will now hear from the Macdonald-Laurier Institute. Mr. Wudrick, please go ahead.

Mr. Aaron Wudrick (Director, Domestic Policy Program, Macdonald-Laurier Institute): Thank you very much, Mr. Chair.

Thank you very much to the committee for the invitation to appear today on behalf of the Macdonald-Laurier Institute.

We are a public policy think tank located right here in the nation's capital, and we're here to offer some comments on Bill C-59. I understand one of my colleagues, Philip Cross, has preceded me, but, fortuitously, I don't think we're going to be covering the same territory in the bill.

I'd like to focus my remarks to relate to the competition provisions in Bill C-59.

First of all, I should applaud the government for being seized with the problem of competition. It is obviously a very serious, pressing, bread-and-butter issue for Canadians in this country. I fear, however, that the provisions of this bill, much like Bill C-56 before it, have the wrong focus and risk imposing some well-meaning solutions that will only end up creating other unintended consequences.

In particular, I refer to the changes in the bill that refer to the review of proposed mergers and the right of private action before the Competition Tribunal.

With respect to the merger review, in Canadian competition law, the purpose of the law is to maintain and promote competitive markets.

Why do we care about that? We care about it because we want consumers to benefit. The important thing is that Canadians are benefiting from more choice, more innovation and, most importantly these days, lower prices. That is the purpose of competition law.

The existing merger review process is designed to prevent anti-competitive behaviour, so the focus of the existing law is on bad behaviour. When companies break the law, they should be investigated and punished.

If passed, Bill C-59 would instead repeal sections of the Competition Act that prohibit the tribunal from concluding that a prospective merger is anti-competitive based solely on the size of the parties proposing the merger. This sounds appealing, because in a lot of cases, the size of the market share has an impact on whether or not they have the ability to act in anti-competitive ways. The problem is in treating this as definitive, since it is not the only factor in whether or not a company is acting anti-competitively. Taking this prohibition out and allowing the tribunal to make a finding solely based on market share would have the effect of empowering courts to develop a framework that includes what are known as structural presumptions. In other words, if you are of a certain size, automatically we will not allow a merger. It puts an onus on companies, then, to prove that a merger would not have anti-competitive effects.

In effect, this would shift the focus from behaviour to size. Rather than punishing you if we see you as a company doing something wrong, we're going to presume that you are guilty simply because you are large. I would suggest that this is a problem, for a couple of reasons.

First of all, if you're going to propose this guilty-until-proven-innocent onus, you're going to have to allow a mechanism for companies to prove that they are innocent. This is very difficult to do, because unlike the Competition Bureau, private companies do not have the power to compel information and they cannot compel witnesses. It's a very difficult hill for them to climb. I would suggest that the provisions in Bill C-59 create a structurally unfair asymmetry with respect to mergers.

The news is no better regarding right of private action. This is similar to the concept of a class action lawsuit, which allows private parties who suffer to hold businesses accountable. Again, there is a positive element to this. It allows individual citizens or a group of citizens who are negatively affected to utilize competition law to punish bad actors. That's good. The problem is that they don't have the same guardrails as they do around private class action lawsuits. Right now, if you want to launch a class action lawsuit against a company for bad behaviour, there are certain thresholds you have to meet. Those thresholds are not in place for these measures in Bill C-59. This could open it up to an abuse of process.

I should say, as a former litigation lawyer, that if I were still practising, I would be very happy about these changes because it would be payday for me. There would be a lot of lawsuits and a lot of work. From a consumer's standpoint, though, I suggest that it may end up diverting resources at the tribunal that could be better placed elsewhere. I would suggest that if you're going to keep the provisions around private right of action, there have to be guardrails that are similar to the ones for private class action lawsuits.

That's the thrust of my remarks. I'll leave it there, and I'm happy to take questions.

● (1115)

The Chair: Thank you, Mr. Wudrick. I'm sure there should be many questions.

We are now going to hear from the Office of the Federal Housing Advocate, and we have the federal housing advocate with us.

You've been with us before, Madame Houle. The floor is yours.

[*Translation*]

Ms. Marie-Josée Houle (Federal Housing Advocate, Office of the Federal Housing Advocate): Thank you.

Good morning. My name is Marie-Josée Houle. As the first federal housing advocate, my mandate is to take systemic action to ensure that legislation, policies and programs respect people's right to adequate housing. My presence here also falls within a human rights accountability mechanism.

Thank you for inviting me to comment on Bill C-59. On the subject of the housing-related measures announced in Budget 2023 and the fall economic statement, I will address three elements: first, the government must do more to meet its human rights responsibilities; second, public funds must be for the public good; and third, the government must prioritize non-market housing.

[*English*]

First, the government must do more to meet its human rights responsibilities. Canada recognized the human right to housing in the 2019 National Housing Strategy Act, but housing as a human right was missing from budget 2023, along with a serious lack of tangible resources to uphold it.

Housing as a human right is not recognized in Bill C-59 either. It's absent in part 5 of the bill, related to the department of housing, infrastructure and communities act and the duties of the Minister of Housing. The minister must be responsible for upholding the human right to housing as it is set out in the National Housing Strategy Act. Recognizing housing as a human right means prioritizing outcomes for disadvantaged groups, such as people who are low-income, racialized, veterans, indigenous, or experiencing homelessness, for example.

Budget 2023 did not improve the $82-billion national housing strategy, despite the Auditor General’s finding that it did not decrease chronic homelessness, and the federal government must redesign the strategy so that it results in measurable, evidence-based and human rights-compliant progress.

Second, public funds—precious funds—spent on housing must be for the public good. The 2023 fall economic statement included a GST rebate for purpose-built rental construction. Also in Bill C-59, there is a preamble in part 5, division 11, that says the government will use innovative financial tools to attract investment from the private sector and institutional investors in public infrastructure projects. I want to caution that these measures alone will not create affordable housing. Our research estimates that Canada is short 4.4 million affordable homes, and using public funds to create homebuilding incentives for the private market with no strings attached does not work.

[*Translation*]

The companies do not use those incentives for the benefit of the public and the housing units are not affordable beyond the first tenant or buyer.

That does not mean that there is no role for the private market. However, all investments of public funds must be for the public good. New housing built using public funds must be affordable, accessible and adequate, permanently.

[*English*]

Investing in non-market housing is the way forward. That is why the federal government must attach safeguards to public money spent on the private sector and attach conditions to federal infrastructure funding to require non-market housing in new housing projects.

Finally, the government must prioritize non-market housing. The 2023 fall economic statement made welcome announcements on non-market housing. It included $309.3 million in new funding for the co-operative development program; $1 billion, with $370 million in new spending, for the affordable housing fund for non-market and public housing providers to build new homes; and it extended the removal of the GST to the development of new co-op rentals, which is a measure that would be implemented by this bill.

However, there's still more to do. Non-market housing is the best investment of taxpayers' dollars. It creates permanently affordable, accessible housing for a wide range of people. Disadvantaged groups will have more money to spend on food and medicine. It has economic value. It benefits everyone because it is non-inflationary, and if you think about it, when people are paying less for their housing, they will have more money to spend on other things, which does bolster economic stability.

Canada needs a short-term plan to double our non-market housing stock, from the current 3.5%, to 8% of our supply, and we need a long-term plan to bring that number up to 20%.

Here's how else the government can prioritize non-market housing that is permanently affordable and accessible. We need to revise the national housing strategy to prioritize non-market housing; to commit long-term funding for the non-market sector, including the rental assistance program for federal co-ops, non-profits and indigenous housing providers, as currently, this program will be expiring in 2028; and to invest in growing the non-market sector’s capacity, including leveraging their assets into capital for development.

● (1120)

[*Translation*]

The federal government must make funding available to address the housing and homelessness crisis. All levels of government have a role to play. The federal government must pave the way.

Thank you. It will be my pleasure to answer your questions.

The Chair: Thank you, Mrs. Houle.

[*English*]

Now we get into members' questions, with each party having six minutes to ask questions in the first round.

We will start with MP Morantz for the first six minutes.

Mr. Marty Morantz (Charleswood—St. James—Assiniboia—Headingley, CPC): Thank you, Mr. Chair.

Mr. Wudrick, I want to ask you about the carbon tax. Back in your time at the Canadian Taxpayers Federation, you said that the carbon tax represents high costs for millions of Canadian families and businesses, causing significant economic pain in exchange for no economic gain.

It's the economic pain part that I want to talk to you about as it relates to the Bank of Canada's decision yesterday to hold their policy rate at 5%. Right now the inflation rate in Canada is roughly 2.8%. We had the bank governor at committee back on October 30. He said that the carbon tax contributes 0.6% to inflation. After April 1, it went up by 0.15%, so today the carbon tax represents 0.75% of the 2.8% inflation rate.

In other words, if the carbon tax had been eliminated, inflation yesterday, when the bank governor decided to hold fast on the overnight policy rate, would have been 2%, right on target.

From my perspective, it would have been very difficult for the bank governor not to reduce the policy rate if the inflation rate had been 2%. Would you agree with that analysis?

Mr. Aaron Wudrick: I would certainly agree that the carbon tax is a contributor to the inflation rate. I think it is obviously not responsible for the entire rate of inflation, but it is a contributor. It is a cost, so yes, this is a lever within government's control.

Inflation is a mixture of factors outside the government's control and decisions that the government makes, and the carbon tax is a decision that the government has made, so it is contributing to inflation. Assuming that the bank would have lowered rates at 2% and assuming that if the carbon tax wasn't present it would have brought the rate down to under 2%, which it seems by that math that it would, then yes, I would agree.

Mr. Marty Morantz: The Parliamentary Budget Officer has said—and there's been a lot of debate around this—and government members will say and the bank governor has said that eight out of 10 families are better off with the rebates. The PBO said that when you take into account the economic effects, it's six out of 10. Certainly, an economic effect is the Bank of Canada's policy rate.

In a world where the carbon tax doesn't exist, in all likelihood the bank governor would have reduced rates yesterday, saving literally millions of Canadians thousands of dollars on their mortgages.

I think it's reasonable to ask—and when the bank governor is here I'll ask him this question as well—what the knock-off effects are of the carbon tax on their ability to reduce rates.

On productivity, it's interesting. In 2022, the finance minister said in her 2022 budget that productivity was the achilles heel of the Canadian economy. Then, just a few weeks ago, we had Carolyn Rogers, deputy governor of the Bank of Canada, saying that we have a productivity emergency and to break the glass. Of course, we heard Mr. Cross earlier tell us that GDP per capita is as low now as it was in 2018.

Could you elaborate on your concerns around the productivity crisis and whether or not you have any confidence in the current government to be able to do anything about it after almost nine years in power?

● (1125)

Mr. Aaron Wudrick: I agree with Carolyn Rogers.

I think you could characterize this as an emergency. It's a longstanding emergency. The productivity crisis actually predates this government, so it's been a long time coming. I certainly know that governments have been aware of the problem. There is no magic bullet. This is not a matter of setting up a fund or cutting one tax to solve productivity.

Part of the challenge relates to the labour force. Everyone knows about the rate of immigration in the case of temporary migrants and in the case of those migrants who work at low wages. That has an impact on the incentives for businesses to invest. If labour is expensive, businesses will invest in labour-saving innovations. If labour is cheap, then they won't do that.

We have had a policy in this country for a long time that tends to ensure that there's a cheap supply of labour. There are trade-offs there too, though; make no mistake. If people are concerned about the cost of living and then you suddenly have to start paying people $30 to work at Tim Hortons, that's going to impact the price of your coffee.

I think it was Thomas Sowell who said, “There are no solutions. There are only trade-offs.” You can increase productivity by reducing that pool of cheap labour, but there are going to be knock-on effects in terms of prices.

Mr. Marty Morantz: In the time I have left, Mr. Wudrick, you recently wrote about Mr. Poilievre's speech at the Greater Vancouver Board of Trade and the dichotomy around corporatists versus free-market capitalists. Now we have the situation of the corporatists, as you wrote, being the ones at the trough and asking the government to prop them up and keep them in business. The free-market capitalists are the ones who actually want to do something about productivity.

I think you were happy about Mr. Poilievre's speech pointing out this problem. What effect, do you think, the dominance of the corporatist approach is having on the productivity crisis that Ms. Rogers elaborately spoke about?

Mr. Aaron Wudrick: It's obviously been very negative.

I think that in a lot of cases, businesses can be broadly categorized in this country into two groups. There are ones that like the status quo. They like the situation and they want to be protected and they want to be coddled. They're afraid of competition. They're afraid of change. There are other businesses in the country that are ambitious. They want to go out and conquer the world. They're not asking anything of government other than to get out of the way.

I think this government and any future government is going to have to choose which of those groups you want to throw your lot in with. I would suggest that we want to be supporting the part of the business community that is not afraid and is ambitious.

The Chair: Thank you.

Thank you, MP Morantz.

Now we're going to MP Thompson, please.

Ms. Joanne Thompson (St. John's East, Lib.): Thank you, Mr. Chair.

Welcome to the witnesses.

I'm going to begin with you, Ms. Love. Thank you for your opening comment that oral care is health care. With that in mind, preventive care, I believe, is part of that and is really key in any discussion of oral care.

Could you elaborate on how the Canadian dental care plan will help Canadians have more equitable access to oral care as a preventive tool?

Ms. Ondina Love: Nine million Canadians will be eligible for the CDCP, the Canadian dental care plan, and those are people who don't currently have access to oral health care.

Right now, we're focused on seniors. Seniors don't go into long-term care and just put their teeth in a jar anymore. They actually have their natural teeth. Many of them can't communicate that they can't chew and they can't swallow, so those basic qualities of life aren't there because they don't have basic preventive care in their homes and as seniors. That's one example of seniors.

In terms of an economic impact, there are many people who can't even get a job at Tim Hortons because of their poor oral health, so it's going to have an economic impact. There are also many Canadians who actually end up in emergency rooms across the country for oral health care, through accidents or emergency visits, and they just give them a Tylenol 3 and send them home because they're not equipped or it's not covered. Millions and millions of dollars are spent in hospital emergency rooms across the country every year, and this can be prevented by preventing disease before it happens.

Caries is the number one disease in the world, and it's mostly preventable. This investment of $13.5 billion is going to prevent disease. It's going to have economic impacts, social impacts and overall health impacts for Canadians.

● (1130)

Ms. Joanne Thompson: Thank you.

It's interesting that in a career prior to politics I saw this, and we were often able to do our evaluations based on the emergency room visits because vulnerable populations were quite significantly impacted—young people and seniors.

How do we maintain this momentum? Certainly the numbers of seniors who are in line to access the dental care program are significant. How do we maintain this momentum going forward as we continue to roll the program out to other demographics?

Ms. Ondina Love: I think that the momentum has already started. People will start receiving care as of May 1. That's when the first patients can be seen under the CDCP.

I'm going to speak from a dental hygiene perspective. Dental hygienists don't just work in dental offices anymore. Many of them work in long-term care homes providing care. Some work in rural and remote communities. They have mobile practices and have mobile vans to go around to communities that are underserved and never receive that care.

It's going to make a huge difference in terms of access to oral health care, which has trickle-down effects, as I stated before. It's really about preventing disease before it happens, and that's the key. That's really what the work of dental hygienists is all about: preventing disease.

Ms. Joanne Thompson: Thank you. I think it's very much a link to preventive health care.

This is a historic announcement. How important within your sector is it for this bill, Bill C-59, to be passed and that we ensure that the dental care program goes across the country?

Ms. Ondina Love: It's historic in Canada. The WHO has said that it's a problem worldwide that needs to be addressed. The Canadian government has stepped up. I would also like to recognize Don Davies, who played an incredible role in supporting this in his previous role as health critic and ensuring that all Canadians have access to oral health care.

In relation to public funding, a lot of our dental hygienists provide care to the homeless or people who are not housed. It really is critical to their having a foot in society and providing a home.

The other thing about oral health care is that people often don't have access to health care systems. Sometimes a dental hygienist or a dentist is the only health professional they see. They recognize signs and symptoms and they refer them out to the medical system.

I think it's going to have savings in our health care system in the long run. We look forward to seeing that. It is a historic investment, but hopefully it will be an investment in the health care of the future for Canadians.

Ms. Joanne Thompson: I want to link some of this to housing. There is the comment on human rights and creating the link that health care is part of a range of supports, especially for vulnerable persons, to ensure that basic needs are met and that people are able to transition to what I call the highest form of living so they have those very core needs met.

I just want to switch for a second to the GST removal on co-ops, to link to your opening comments and to link to human rights, and how important it is to provide stable market housing. Also, I would note the significant investment in co-ops that we've been making over the past 30 years. Co-op housing is part of a suite of supports. It's really being addressed and noted, and attention has been put on that form of housing as part of a larger suite of supports.

● (1135)

Ms. Marie-Josée Houle: I understand that Tim Ross appeared before the committee earlier this week, and I certainly stand behind everything that he said. Co-ops represent only 1% of the purpose-built rentals in Canada. There was a heyday of construction of co-ops, non-profits and indigenous housing, but there's been a gross underinvestment over the last 30-some years. We're waiting with great impatience for that co-op development program to be released.

I'm a huge fan of co-ops. I've also developed housing co-ops. They are a mixed-income community, and that's the part that is very important.

To ensure the longevity of co-ops and a mixed-income community, the rental assistance program that comes to an end in 2028 needs to be extended. What co-ops and non-profits need are really long-term commitments to continued funding, not just for more development but also for rental assistance to ensure the mixed income model and to meet the needs of the millions of people with low to moderate incomes in Canada who need a home.

The Chair: Thank you.

Thank you, MP Thompson.

Now we go to MP Ste-Marie, please.

[*Translation*]

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

I am going to start with a point of order. We may have to go for votes in the House all night, and the votes may start around 5:45 p.m. I would ask you to let us know, over the course of the day, what your decision is as to what we are going to do for the last panel of witnesses we are supposed to hear today, out of respect for them. I do not need an answer right away, but the committee should have a chance to consider this question.

Greetings to all the witnesses. Once again, we have a very interesting panel.

My questions will be for the representative of Electric Mobility Canada, Mr. Breton.

The government has made announcements, but the details of the various criteria will be released later. What are the consequences for the companies you represent?

Mr. Daniel Breton: When the government makes an announcement, but that is not followed by the measure it has announced, the industry waits.

In March 2019, for example, the federal government announced a rebate on the purchase of an electric vehicle. However, because it had not specified a date or an amount, people stopped buying electric vehicles while they waited to hear the details. So for two months, we did not get anything.

In another case, there was an announcement about electric school and city buses. We had to wait two years to find out the details of the electric school bus program. This meant that transportation companies all across Canada, and all the people responsible for placing orders, waited two years to find out what the criteria for the program would be, so all electric school bus purchases came to a halt. As a result, companies had to lay people off, because they did not know what was coming. At the start, they thought they would place orders and hire staff to prepare for the wave of orders, but the two-year wait for the details resulted in a slowdown in the industry. In addition, when the announcement of the details came, it did not reflect the initial announcement, and so companies had to lay people off.

For off-road vehicles, the announcement was made a year and a half ago. I was very happy with it. Since that time, however, I have been contacting officials to get a definition of what an off-road vehicle is. It seems to me that this is not all that complicated; it is a vehicle that runs off-road. Our members and I are impatiently awaiting this information. During this time, there are companies that have laid people off, because the announcement has come to nothing.

Mr. Gabriel Ste-Marie: It's extremely worrisome. The government needs to understand the message. The industry must adapt to its announcements, and so it's important for it to be consistent and to quickly publish the criteria so that the industry can adapt appropriately.

The government has still not come up with a definition of off-road vehicles. Do you have one to suggest?

Mr. Daniel Breton: Yes. As I said previously, it's not all that complicated. An off-road vehicle is a vehicle designed to operate off public roads. This usually brings to mind things like personal watercraft, snowmobiles and all-terrain vehicles, or ATVs, but there are also mining vehicles and airport vehicles like baggage tractors and airport snowblowers. These are not road vehicles. Fully electric models of all these types of vehicles are currently being built in Canada.

In short, whether we're talking about boats, personal watercraft, snowmobiles, ATVs, mining vehicles or airport vehicles, they all need to be included in the definition of an off-road vehicle. I'm extremely surprised that after a year and a half, we still don't have a clear answer. That's why we submitted our own recommendations and our own definition, which we developed on the basis of federal government criteria.

● (1140)

Mr. Gabriel Ste-Marie: Can you repeat the changes you are proposing for Bill C-59 with a view to further enhancing and supporting the industry?

Mr. Daniel Breton: It's simply to come up with a clear definition of what an off-road vehicle is, which should have been done in accordance with what was initially said in the 2022 fall economic statement, and in the 2023 update, with respect to clean technology and the zero-emission off-road vehicles described in class 56.

As I was saying, businesses, and even the government, need to be able to purchase these vehicles. The federal government should be setting an example. In a country like ours, we expect the government to purchase zero-emission snowmobiles, personal watercraft and boats for the various departments to use. It's all part of what is called the greening of the government's vehicle fleet. It's perfectly logical.

I would nevertheless like to make a point, after hearing someone talk about a free market as opposed to what we call a corporatist economy. Electric Mobility Canada is in favour of measures that would promote the purchase of electric vehicles, and funding for electric vehicle projects. Some people are saying that we should allow the free market to run its course, but that's nonsense. You're an economist, so you know it as well as I do.

According to figures released by the White House, the United States has been subsidizing oil companies for 111 years. According to the International Monetary Fund, in 2022, implicit and explicit subsidies, direct subsidies and tax credits for fossil fuels totalled $7,000 billion. So when I hear people talking about a free market, I find it amusing. Ours is not a free market. Some people say they want to support the free market, but that's just a fantasy. People who study these things are really studying something that doesn't really exist. In real life, there are all kinds of subsidies for companies, and the fossil fuel sector has been benefiting from it for 100 years. An industry like ours therefore has 100 years of catching up to do.

We're not asking for the equivalent of 100 years of subsidies to close the gap; far from it. It won't take anything like that long to catch up, because we are becoming increasingly competitive. Nevertheless, we need some startup assistance for Quebec and Canadian companies like Taiga, Theron and Voltari. There is also the Lion company, which has 300 suppliers across Canada. These companies need a hand to make up for lost time, in view of the subsidies given to oil companies for the past 100 years.

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

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

[*English*]

Next is MP Davies.

Mr. Don Davies: Thank you, Mr. Chair.

Thank you to all the witnesses for being with us.

Ms. Houle, in 2022, the Office of the Federal Housing Advocate released a series of research reports that explored the growing trend of financial firms using housing as a commodity to grow wealth for their investors. That report confirmed that this phenomenon, known as the financialization of housing, is contributing to unaffordable rent increases, worsening conditions and a rise in evictions. The research estimates that about one-third of all seniors' housing in Canada has been financialized, along with 20% to 30% of purpose-built rental buildings.

In your view, what steps should the federal government take to address this?

Ms. Marie-Josée Houle: This was the subject of a HUMA committee study not too long ago.

As you said, the research we've commissioned has clearly shown that financialization in the purpose-built rental market has caused great harm. It's not just a causal effect; there really is a correlation, especially in targeted areas.

The recommendations we had made at the HUMA committee included ensuring that real estate investment trusts are properly taxed, because they are subject to a tax loophole. We would also recommend instituting a capital gains tax on properties transferred or distributed to financial firms.

Of course, the GST rental property rebate that we talked about was extended to co-op housing, which is really wonderful.

Another recommendation would be to ensure that any public funds given to the private market actually come with strings attached to ensure actual affordability, which has to go beyond the first renter and the first buyer for investments in home ownership.

Of course, it's also important to look at the investment trusts—especially the federal investment trusts—and the pension funds need to be looked at to make sure their investments are not actually leading to social harm, because right now they are.

There are many more measures around security of tenure that need to be looked at as well.

● (1145)

Mr. Don Davies: It's a big issue.

You recently published a report on tent encampments across Canada that calls for urgent action on what you've described as a “life and death crisis.” That report, entitled “Upholding dignity and human rights”, outlines six calls to action to address ongoing encampments in Canada.

Can you provide this committee with a brief overview of those calls to action?

Ms. Marie-Josée Houle: What we're calling for is for the federal government to have an encampments plan, a national plan to lead the way that involves all levels of government, including indigenous governments, and that includes new funds. This plan needs to be in place by August 31 of this year. That date is really important, because that's when we start talking about what we do with people in encampments over the winter months. We can't have another winter with people in encampments.

We can't be robbing Peter to pay Paul either, so we need new funding that's directly related to this situation. It has to uphold the human right to housing, as well as indigenous rights. These elements need to be in place.

We also need to properly engage with people who are living in encampments. I can't stress this enough. It's not just a question of listening and saying, “We already have a plan, but we're going to listen to you and then implement what we always planned to implement ourselves anyway.” A top-down approach does not work. Working with people with the lived experience who are in encampments will shed a very interesting light on what's not working. Why are they choosing to live in such brutally vulnerable situations? Why can't they access shelters? Why won't they access shelters? What are the barriers? The barriers are different from one community to another, and the way encampments manifest is different.

The solution is not shelter; we're talking about the human right to housing, and permanent housing that meets people's needs is the solution. While we're waiting for that to happen, people's human rights to dignity and safety have to be met, and that means servicing the people in encampments.

Mr. Don Davies: You know, it's funny. Tonight when we leave these rooms, we will see people sleeping in the streets two blocks from Parliament Hill in the nation's capital. That's been a fixture in this town for as long as I've been a member of Parliament, and it's getting worse, so thank you for those words.

Ms. Love, first of all, thank you and all of Canada's dental hygienists for your contributions to Canadians' health. Dental care, oral health care, is primary health care, and thank you for your work in this.

I have two quick questions. I'd like to get the general reaction of Canada's dental hygienists to the Canadian dental care plan.

Second, what reason, if any, has the government given to you for that 15% discrepancy in fees to independent dental hygienists? I would think that independent dental hygienists, if anything, would have a claim for higher fees because they have overhead, but at least they should be paid equally to hygienists in dental offices.

What has the government told you about that?

Ms. Ondina Love: Thanks very much.

First of all, hygienists in Canada are thrilled to have a national dental care plan for Canadians, especially vulnerable Canadians, because dental hygienists are focused on preventing disease before it happens. That's why we're very pleased to be listed as a provider along with dentists and denturists in this historic plan, so $13.5 billion was totally supported.

Is the plan perfect? No, but we didn't expect it to be, and government said it won't be perfect when it's launched, but they've committed to work with us.

As for the fee disparity, we have no idea why, but we have met with the minister, and he has committed to look at the pay equity issues, especially since we're a primarily female-dominated profession. It is an issue. It's very complex because it's based on fee guides in every province and it's based on frequency limitations, and we're looking at pre-authorizations.

We're looking at the 15% disparity. There are some other issues we're looking at, but government is listening. We're meeting on a weekly basis with them, so we're committed to working with them to ensure that the oral health of Canadians is enhanced.

That's our bottom line. We'd rather work with government than against government to ensure that we can improve access to oral health care for Canadians. That's been our position all along.

We don't expect it to be perfect, but we expect government to continue to work with us to get it somewhere where it's reasonable and fair.

● (1150)

The Chair: We have about 10 minutes left, members and witnesses. We're going to do two minutes per party, and that will bring us to the top of the hour.

We're starting with MP Lawrence for a couple of minutes.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Thank you very much.

My questions will be focused on Mr. Wudrick.

You gave some great testimony with respect to competition, but, of course, the reason we are pursuing competition is to improve overall prosperity and do that by increasing productivity.

You've written in the past about the need for a productivity commission and the need for tax reform, which I think are all great ideas. What I don't think is getting across, unfortunately, to the general public—it is definitely getting to the Bank of Canada—is the trajectory we're on. We just went through a lost decade. We had basically zero economic growth over 10 years. The gap between the United States and Canada has never been larger. We are falling into a prosperity hole.

Could you please paint the picture of what it might look like if we have another lost decade?

Mr. Aaron Wudrick: I think you'd see that in the much-vaunted global rankings of where countries stand, we would tumble even further than we have fallen now.

Every government has to wrestle with the trade-off between growth and redistribution, and I think it's fair to say that the government we have today places more emphasis on the redistribution part. Even former members of the government itself stated, once they left office, that this government is less concerned about growth than about redistribution.

I think we have that balance out of whack. Redistribution is great and it's hard to argue against it, but growth determines the total amount that you have to redistribute. The idea that you're going to calibrate growth in exactly the same way, rather than growing as much as you can and then sharing the spoils after the fact.... I think the better approach is to focus on growth. The rising tide lifts all boats, and when you have more resources to work with, you can worry about redistribution after the fact.

The Chair: Thank you, MP Lawrence.

Now we go to MP Weiler, please, for a couple of minutes.

Mr. Patrick Weiler: Thank you, Chair.

Thank you to the witnesses.

I want to start by correcting something that was said on inflation earlier by our colleague Mr. Morantz. The governor of the Bank of Canada said yesterday that he's not going to cut rates until he sees progress towards price stability for a much longer period. Removing the carbon pricing would not provide that type of sustained confidence, since it's a one-time decrease. This scapegoating of carbon pricing is not only inaccurate as the cause of inflation in interest rates but a shameful distraction. What's really behind the increase is the cost of fossil fuels in Canada.

In my province of B.C. and in metro Vancouver, the price of gas jumped 22¢ in the last month, but the carbon price added only about three cents. What's really behind this is that type of behaviour from oligopolies, global instability and a lack of refining capacity, which means that the fossil fuel industry ends up benefiting from that considerably, but of course we won't hear the Conservative Party talking about that.

I will ask a question to Madame Houle.

You mentioned in your opening remarks that the investments from the Government of Canada should be focused solely on non-market housing, but the reality in Canada is we have a challenge in getting the supply of all types of housing, including market housing, built overall.

Last year, in Bill C-56, we did announce a cut to the GST on all purpose-built rentals, including market purpose-built rentals. I hope you are able to comment on that and on whether you see a role for the federal government to ensure that more supply of housing overall gets built as well.

The Chair: Thank you, MP Weiler.

Madame Houle, I will need a very short answer.

Ms. Marie-Josée Houle: I want to clarify that the private market certainly has a role to play and that any money that's invested in the private market for incentives needs to have strings attached to ensure there is indeed affordability that's felt by the public, beyond the first buyer and the first renter. That needs to be said.

That said, we have a lot of programs. We've been pushing for an acquisition fund to bolster non-market housing and to prevent the loss of existing homes that are currently affordable on the market before they're financialized, as well as investment funds for the development of new non-profit housing and social housing.

● (1155)

The Chair: Thank you, MP Weiler.

Now we go to MP Ste-Marie.

[*Translation*]

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

Mr. Breton, you argued that it was important for the federal government to do more to electrify its highly varied vehicle fleet.

The finance minister will be presenting her budget next Tuesday. What do you expect to see in this budget?

Mr. Daniel Breton: We would like the Zero Emission Vehicle Infrastructure Program to restart. The program has been closed for months now and this interruption has contributed to delays in the deployment of charging infrastructures.

We'd like to see the government pursue its ongoing commitment to electrify its vehicle fleet, and I'm not only talking about light vehicles, but also medium and heavy vehicles such as buses, school buses and trucks. We would like to see the zero emission standard included in the act.

Several measures were introduced by the Canadian government, and that's laudable. The government is indeed contributing to the transformation of Canada's automobile and truck industry with a view to creating jobs with a future.

But one of the reasons why Canada is not being effective is that the cost of energy is too low. For an economist like you, or someone like me who has specialized in the field of energy for four decades, it's surprising to hear people say not only that the carbon tax is expensive, but also that we are not effective. You can't have it both ways. If we lower the price of energy, we won't be effective.

Mr. Gabriel Ste-Marie: Understood. Thank you.

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

[*English*]

Our final questioner is MP Davies.

Mr. Don Davies: I have two questions. The first is for Ms. Love.

Can you update us on what the sign-up by dental hygienists has been for the CDCP?

Ms. Ondina Love: We don't have the exact numbers, because the government has that data and hasn't shared it with us, but we know through social media that dental hygienists across the country are posting that they've signed up and enrolled.

We're waiting for the government to share that data, but we've had positive feedback across the country.

Mr. Don Davies: Can you give us a sense anecdotally of what the reaction has been? Are most dental hygienists excited to sign up for the program?

Ms. Ondina Love: I think most dental hygienists are excited, but there are concerns. We have had a number of information sessions, because there needs to be clarity.

There's not a lot of popularity with Sun Life as the benefits administrator, because it has been difficult for dental hygienists to work with Sun Life for many years. The government is aware of that, and Sun Life has committed to being ready for full electronic claims by May 1.

Mr. Don Davies: Thank you.

Ms. Houle, can you confirm how the federal government has responded, if at all, to those six calls to action about encampments?

Ms. Marie-Josée Houle: I'm actually expecting a briefing today on the housing plan that's being released tomorrow, so I'll be able to answer that tomorrow.

Mr. Don Davies: Okay.

Thank you, Mr. Chair.

The Chair: Thank you, MP Davies.

We thank the witnesses for their great testimony. We appreciate it. We wish you the best with the rest of the day.

We're going to suspend now as we transition to our next panel.

● (1155)

_____________________(Pause)_____________________

● (1200)

The Chair: Members and witnesses, as you know, we have many panels today, and we want to make sure they have as much time as we can possibly give them.

With us today we have, from the Canadian Anti-Monopoly Project, Keldon Bester, who is the executive director. Welcome, Keldon.

From the Canadian Chamber of Commerce, we have Jessica Brandon-Jepp, the senior director of fiscal and financial services policy, and Bryan Detchou, senior director of natural resources, environment and sustainability.

From the Canadian Renewable Energy Association, we have Fernando Melo, who is the federal policy director.

From the Réseau FADOQ, we have Gisèle Tassé-Goodman, who is president of the provincial secretariat. Joining Gisèle is the special adviser on government relations, Philippe Poirier-Monette.

We're going to start with the Canadian Anti-Monopoly Project, please, for five minutes.

● (1205)

Mr. Keldon Bester (Exective Director, Canadian Anti-Monopoly Project): Thank you so much to the committee for inviting me to speak today on this important piece of legislation.

As you said, my name is Keldon Bester. I'm the executive director at CAMP, a think tank dedicated to addressing the harms caused by monopoly and building a more democratic economy in Canada.

We appreciate the opportunity to return to this committee and discuss improvements to Canada's competition law contained in Bill C-59.

Of the changes to the Competition Act in Bill C-59, I'm going to focus my time in two areas—the opening up of private access to the Competition Act as well as improvements to the merger enforcement framework.

Today, in contrast to places like the United States, where individual companies can bring cases against corporations harming competition, in Canada nearly every competition law case originates from the Competition Bureau. Despite the bureau's best efforts, it's an organization with finite resources and it can't have eyes on every aspect of Canada's $2-trillion economy. A more decentralized competition law enforcement framework is more likely to address harms to competition, especially those affecting small and medium-sized businesses.

Accordingly, a robust private access framework is an important complement to the expert work of the Competition Bureau, and Bill C-59 creates the foundation for this by expanding the scope of private access as well as allowing for damages to be claimed for harms caused by anti-competitive conduct.

I will shift to enforcement against harmful mergers. Today the Competition Act downplays the role that market structure and the number and relative size of players in a market play in determining competition. By removing language that rejects market structure as a potential indicator of the likelihood of competitive harm and by adding increases in concentration as a factor in evaluating a merger, Bill C-59 gives our competition law a better defence against mergers in markets where Canadians already face limited choices.

Bill C-59 also addresses a gap in Canada's law that excludes a core component of our economy from the analysis of mergers. We often talk about competition and the benefits to consumers, but Canadians benefit from competitive markets not just as consumers but as entrepreneurs and workers as well. Competition law has long focused on the effects of consolidation on consumers and businesses, but has largely ignored the potential effects on workers.

Thankfully, this is changing. It's changing at home with the addition of wage-fixing and no-poach agreements to our laws, and it's changing abroad with the inclusion of the effects on workers in a recent U.S. Federal Trade Commission challenge against a major merger in the grocery sector.

Bill C-59 is another positive step in this direction. By including effects on workers as a potential factor for review, Bill C-59 gives our competition law a more complete view of the costs of consolidation to Canadians.

In addition to these changes, the committee should consider the ways in which Bill C-59 could go further to protect Canadians in markets where they already face limited choices. When a market is highly concentrated and is characterized by a few large players, further mergers and consolidation are more likely to harm competition at a cost to Canadian consumers, workers and entrepreneurs.

To recognize this, a bias against mergers and markets with few players, often referred to as a “structural presumption”, should be incorporated into Canada's competition law. With a structural presumption, merging parties must work harder to prove that a merger truly is to the benefit of Canadians, and these presumptions can intensify as markets become more concentrated, banning them outright where a single firm dominates a market, for example.

As others have pointed out, Canada's current competition law has repeatedly allowed mergers that create a near or literal monopoly, killing competition and choice for Canadians. This is a consequence of a competition law that does not take market structure seriously, a trend that Bill C-59 has an opportunity to break with.

Bill C-59 is an important component of comprehensive reform to the law that Canadians depend on to protect competition and affordability in all sectors of the economy, and this committee has a chance to strengthen these reforms to truly protect Canadians.

Thank you for your time. I look forward to your questions.

● (1210)

The Chair: Thank you, Mr. Bester.

Now we'll hear from the Canadian Chamber of Commerce. I believe you're splitting time, Mr. Detchou and Ms. Brandon-Jepp.

Mr. Bryan Detchou (Senior Director, Natural Resources, Environment and Sustainability, Canadian Chamber of Commerce): Thank you, Mr. Chair and honourable members.

[*Translation*]

We are pleased to appear before you on behalf of 400 chambers of commerce and more than 200,000 companies of all sizes from every sector of the economy and every region of the country.

The Canadian Chamber of Commerce's main concern today is that Canada's economic competitiveness is declining at the same time as our productivity has shrunk in 11 of the past 12 quarters. This means that Canadians have fewer opportunities to pursue their personal goals and that they have to spend more to maintain the same lifestyle.

The government should treat all businesses, whatever their size, as essential partners in our collective successful endeavours, because they can generate investment and growth, and help meet the productivity challenge.

[*English*]

The committee has already received our formal submission on Bill C-59, which included seven specific recommendations and proposed amendments. Today we will focus our comments on investment tax credits, competition policy and the digital services tax.

First, on Canada's new investment tax credits, overall the Canadian Chamber of Commerce applauds new investment tax credits such as the CCUS ITC as tools to unlock private sector investment in a low-carbon economy. In order to maximize the impact of the clean technology manufacturing tax credits, we recommend that they be refined to include intangible property and mine development investments.

Further, we believe the clean technology ITC should be expanded to include pension plans, similar to the fall economic statement inclusion of real estate investment trusts. We recommend expanding the eligibility of this tax credit to encourage investment in housing and in commercial real estate that supports the decarbonization of Canada's economy.

Given the current uncertainty around the permitting environment in Canada, we also recommend extending the timeline for phasing out the clean technology manufacturing ITC and the clean electricity ITC in order to secure large investments within the Canadian mining, manufacturing and electricity sectors.

Finally, it is imperative that all the new ITCs be implemented as soon as possible, with clarity on procedure and eligibility, so that the private sector can fuel the next wave of long-term investment in our economy.

Ms. Jessica Brandon-Jepp (Senior Director, Fiscal and Financial Services Policy, Canadian Chamber of Commerce): Moving on to competition policy, we remain concerned by the ad hoc approach to changes to the Competition Act and we encourage the government to carefully review our submission and continue to consult with the business community, including the U.S. Chamber of Commerce, on changes to the act.

In particular, there are concerns around overwhelming the Competition Tribunal with frivolous claims, and there has been a lot of talk about structural presumptions in merger reviews pointing to misguided interpretations of U.S. merger guidelines as inspiration. These issues, among others, have the potential to make Canada’s competition regime less effective, rather than improving it.

That brings us to new corporate taxes and the digital services tax. The irony is that just as we’re contemplating ITCs and refinements to our competition regime to spur private sector investment, innovation and growth, a range of new and potential business taxes threaten to repel investment, create uncertainty and discourage new players from entering the Canadian marketplace.

Specifically, we call on the government to avoid imposing new taxes on the business sector, which Bill C-59 proposes to do with a digital services tax. A DST is particularly concerning, as it includes a retroactive tax to 2022 on online services that Canadians have come to rely on, even though over 120 countries, including our largest trading partner, the U.S., have agreed to delay imposing such taxes. The DST is the latest proposed tax that violates several critical tax principles of providing clarity, certainty and stability for businesses and help ensure Canada remains a competitive environment for investment.

First, we strongly object to the concept of tax retroactivity, which has been a concern in the latest proposals regarding both the DST and EIFEL. The effective date of proposed taxes should be during the following tax year or, at a minimum, upon proclamation. Retroactivity robs businesses of the certainty they need to make productive investments in innovation and growth, and it has a chilling effect on future investment across the economy.

Second, we oppose any measure that will increase costs for businesses and Canadians when both are facing challenging economic headwinds.

This new tax will affect far more than just large multinational corporations; if enacted, the DST will ripple across the Canadian economy, affecting many small and medium-sized businesses and hurting Canadians. In fact, this tax will disproportionately impact businesses with low profit margins, because unlike corporate income taxes, digital services taxes are levied on revenues rather than profits. As a result, there is a disproportionate tax burden being placed on companies with low profit margins, such as the online travel sector.

Third, and finally, we must sound the alarm that successive administrations in Washington have signalled that enacting a DST could provoke damaging trade retaliation, potentially against key sectors of the Canadian economy. We are hearing directly from business owners in many sectors beyond the digital services space who are concerned that their products may be impacted by retaliatory tariffs.

At a very minimum, we call for the punitive and retroactive application of the DST to be cancelled and for the introduction of a safe harbour for low-margin businesses similar to the OECD's amount “A” of pillar one, in which there is a safe harbour provision.

Bill C-59 and the forthcoming 2025 budget present an opportunity for decisive action. We urge Ottawa to adopt pro-growth policies that will invigorate Canada’s economy, instead of regressive taxes—

● (1215)

The Chair: Thank you. We've gone well over time, but you'll have an opportunity to add more when answering members' questions.

Now we're going to the Canadian Renewable Energy Association.

Mr. Melo, please go ahead.

Mr. Fernando Melo (Federal Policy Director, Canadian Renewable Energy Association): Good afternoon, Chair.

Thanks to you and this committee for inviting me to testify on behalf of the Canadian Renewable Energy Association, also known as CanREA.

As part of this chamber study on Bill C-59, the fall economic statement implementation act, 2023, I would like to start by acknowledging that I am joining you today on the traditional and unceded territory of the Anishinabe Algonquin people.

CanREA is the voice for the wind energy, solar energy and energy storage solutions that will power Canada's energy future. Our 300-plus members are uniquely positioned to deliver clean, low-cost, reliable, flexible and scalable solutions for Canada's energy needs. With the passage of this bill, they will be able to do so at a pace and scale like never before, thanks to the proposed clean technology investment tax credit.

My members and the whole team at CanREA are very optimistic about the opportunities that the clean technology investment tax credit will create. This measure will allow companies to invest in a variety of low-carbon technologies to recoup between 20% and 30% of their project's capital costs as a refundable tax credit. When the enabling legislation for this investment tax credit is passed, it will rapidly accelerate the deployment of technologies like battery energy storage, solar systems and wind across Canada by strengthening the economics of renewable energy projects and crowding in capital to the sector.

As you well know, achieving Canada's climate goals will require a doubling or tripling of our generation capacity, but this is not the only reason to invest in new renewable electricity generation. The International Energy Agency notes that electricity consumption from data centres, artificial intelligence and the cryptocurrency sector could double by 2026. If Canada wants to stay ahead in a rapidly digitizing global economy, we will need more electricity generation, and the clean technology investment tax credit and the forthcoming clean electricity investment tax credit will enable that.

With these investment tax credits in place, Canada will be a competitive market for international developers of wind, solar and energy storage projects to invest in. Their relatively straightforward design and refundability will put the country in a competitive position relative to the U.S. and other jurisdictions that are looking to decarbonize their electricity systems. Companies looking to invest in renewable energy have also stated that the fact that the clean technology investment tax credit is available out to 2034 gives them confidence that Canada will remain competitive in the long term.

That said, CanREA members and their capital providers have made it clear that without these credits, they will invest in the U.S., the EU and other markets where a path to profitability is clearer. In a world where the demand for electricity is significantly growing, projects and capital will move to the area of highest return.

The reason I emphasize the importance of both the clean technology investment tax credit and the clean electricity investment tax credit, which has not had its enabling legislation introduced, is that the clean technology investment tax credit fails to include CanREA's indigenous members. CanREA and its members are committed to economic reconciliation, and this is why partnership with indigenous communities and companies is the industry norm.

This norm has been institutionalized, with every province and territory that has issued a call for power recently requiring that all projects bidding into these processes have some component of indigenous equity ownership. The exclusion of indigenous entities from the clean technology investment tax credit makes it incredibly difficult for bids into calls for power to be structured and renders the industry's traditional limited partnership ownership structure unworkable.

CanREA has been advocating change since the draft legislation for the clean technology investment tax credit was introduced in the summer of last year. Including indigenous entities as eligible entities to receive the clean technology investment tax credit will resolve the issues I've outlined.

For further details on this, I would encourage members of this committee to refer to CanREA's submission, which accompanies my testimony today.

Thank you very much for your time and consideration. I look forward to your questions.

● (1220)

The Chair: Thank you, Mr. Melo.

Now we will move to Réseau FADOQ and Madame Tassé-Goodman, who will be speaking on their behalf.

[*Translation*]

Ms. Gisèle Tassé-Goodman (President, Provincial Secretariat, Réseau FADOQ): Thank you very much, Mr. Chair.

Ladies and gentlemen, my name is Gisèle Tassé-Goodman, and I'm the president of Réseau FADOQ. With me is Philippe Poirier-Monette, our special advisor on government relations.

I'd like to thank the committee members for their invitation to comment on Bill C-59.

Réseau FADOQ is an assembly of over 580,000 members aged 50 years and over. Through our various activities, we strive to make elected representatives and members of civil society aware of the realities facing seniors who are attempting to improve their quality of life.

As Bill C-59 is highly technical, we will use our time before this committee to go over a number of measures that could be highly beneficial for seniors.

As we approach the tabling of the federal budget, it's important to point out that efforts are needed to improve the quality of life for a major segment of the population. When the previous budget was announced, our organization was pleased with the introduction of a measure to assist those who are less well-off with their grocery purchases.

Réseau FADOQ was also delighted with the government's intent to extend the Canadian Dental Care Plan to seniors. This initiative was enthusiastically welcomed by our members. Bill C-59 also includes technical amendments to promote the implementation of the Canadian Dental Care Plan. People are eagerly looking forward to the deployment of this plan. Réseau FADOQ is hoping to see it come into effect smoothly and soon.

However, we would like to comment on some measures that were missing from the previous budget and from last November's fall economic statement.

During the 2021 electoral campaign, the government promised to increase the guaranteed income supplement by $500 per year for people aged 65 and over living alone, and by $750 per year for couples. Three years on, seniors are still waiting. It's important to remember that those receiving the guaranteed income supplement are among the least affluent in our society. That is why Réseau FADOQ is hoping they will deliver on their promise.

In 2021, the Canadian government was also working on introducing a tax credit for experienced workers. Given the current worker shortage, this would be a welcome measure because it would encourage many to either continue working or return to work.

Another proposal that is taking its time is expanding the Canada caregiver credit to make it a refundable tax-free benefit. Through these changes, this tax measure would become accessible to those who are less well-off and it would benefit more of the caregivers who are providing essential care.

Lastly, we'd like to return to the matter of the 10% increase in the old age security pension, which is now applicable only to those aged 75 years and over. This increase was, and continues to be, essential. However, those aged 65 to 74 do not understand why they are still excluded from the increase. At the moment, those under 75 who are living strictly on the old age security pension and the guaranteed income supplement have an annual income of $21,345. This is below the Canadian poverty line, which is based on the market basket measure. This index establishes the cost of a basic subsistence-level basket of goods. Those at this income level are living in economically precarious circumstances.

Financial distress can affect people of any age, and those aged 65 to 74 years should also receive the 10% increase to old age security.

I'd like to thank the committee members for their attention. We are now ready for any questions they may have.

● (1225)

The Chair: Thank you, Ms. Tassé-Goodman.

[*English*]

We are going to get into questions right now.

In this first round, each party will have up to six minutes. The first six minutes will be for MP Williams.

Welcome to our committee, MP Williams. You're not one of our permanent members, but we look forward to hearing your questions.

Mr. Ryan Williams (Bay of Quinte, CPC): You can tell by my name tag that I'm not a permanent member, but I'm happy, Mr. Chair, to be here again. It's always nice to be at the finance committee.

Thank you to our witnesses for joining us today.

Mr. Bester, it's great to see you back again to talk about the changes to the Competition Act.

We've had a series of bills to amend the Competition Act in this Parliament. The first was my bill, Bill C-339, to eliminate the efficiencies defence. I had another private member's bill, but that was taken with the last government bill on open banking, which is always great. The government followed our lead with Bill C-56 and Bill C-59.

I know we've had a lot of input from your group into these bills, but I want to start with what's missing. What recommendations did not get included that are really important to this bill and to competition in Canada?

Mr. Keldon Bester: There's a laundry list, of course, but we focus on the big areas in which there's still room for improvement.

As I mentioned, on the merger side, it's taking that structure seriously and ensuring that our oligopoly situation doesn't continue to backslide for Canadians.

The second would be on the abuse of dominance side. Are we addressing the threat of abuse of dominance or are we just waiting for Canadians to be harmed and reacting well after the businesses may have failed?

Finally, I think there's an anchoring piece around the purpose of the competition law. We haven't looked at it since 1986. We're still too focused on things like efficiency, things that have led to consolidation.

If there were three big areas, they would be mergers, abuse of dominance and the core purpose of the legislation.

Mr. Ryan Williams: We're talking a lot about promoting and protecting competition in Canada because Canada has a monopoly problem. The result is that Canadians pay some of the highest prices in the world, in particular for banking, for cellphones and for airlines.

Going back to the issue of addressing mergers in this bill, this government has been involved in approving three mergers that have hurt Canadians: Rogers-Shaw, RBC-HSBC and WestJet-Sunwing. Are you aware of the reports from a lot of academics in North America that show that 95% of mergers have resulted in price increases? Can you comment on what the approvals of these mergers have meant to Canadians?

Mr. Keldon Bester: You're right. There's a wide academic literature on the effect of mergers on factors like prices, and it's not limited to that: it also includes things like quality and innovation. What we see, I think, is mounting evidence that we need to have this bias against mergers, especially in already concentrated markets. We need to look at what kind of growth we want to have. Is it paper growth through acquisition or is it through investment, hiring Canadians and offering new products?

Mr. Ryan Williams: In your opening comments, you touched on how our monopolies problem not only hurts Canadians in their pocketbooks but also hurts workers. Mergers are monopolies. I think we want to make that very clear. The merger changes we need to make to the Competition Act are on monopolies. It's the abuse of dominance and it's mergers as a whole.

When these companies get bigger, their market power also extends to workers' wages and their ability to squeeze workers' wages and to collude to keep workers' wages down. The fact is that there are fewer employers to choose from and fewer employers that they can bring their skill sets to and have decent wages. What effect is the increase in mergers and monopolies having on wages and workers in Canada?

Mr. Keldon Bester: This is analytical work that we need to engage in, but in the U.S., there's been evidence of highly concentrated labour markets. We might think about rural or remote communities, but it's even in relatively large urban centres.

What we need to think about, with Canada having relatively high levels of concentration and more oligopolies than our friends in the U.S., is that it would make sense that the effect is the same or is magnified, such that workers are limited and can be, prior to changes, frozen out through no-poaching agreements and wage-fixing agreements.

Mr. Ryan Williams: One of your recommendations is for structural presumptions. As you've stated, this law does not include presumption against mergers in industries that are already concentrated. Does this mean that mergers that have already been approved, such as HSBC-RBC and Rogers-Shaw, will continue if this bill goes through in its current form?

● (1230)

Mr. Keldon Bester: This bill does make improvements, as I mentioned, in pulling in structure as something that we should pay attention to. The law doesn't totally ignore it, but it really deprecates it. If we really want to guarantee that we don't have another Rogers-Shaw or another RBC-HSBC type of merger, we need to take that next step and really encode that bias against further concentration.

Mr. Ryan Williams: Tell me about some of your other recommendations for merger remedies.

You talked about strong and simple remedies and open-ended merger review and creeping roll-ups. Tell us about how those could be changes or amendments that would strengthen this bill to ensure that we stop some of these mergers that are hurting Canadians.

Mr. Keldon Bester: Focusing on the remedies piece, which I think is the most important part, right now in Canada if we intervene in a merger, which we do very rarely—in less than 1% of mergers—the standard is not to restore competition: It's to make the reduction in competition slightly less. In the U.S. and in the EU, they put the bar much higher and say, “If we're going to intervene against a merger, things should be at least as good as they were before for citizens.” If we had to pick one, I would really go there.

Mr. Ryan Williams: This is my last question, although I might get another round with you.

What would you change the purpose statement to if it were going to be changed to remove...? The priority right now seems to be on efficiency of the company over competition.

Mr. Keldon Bester: I don't have a prepared text, but I think a phrase that I'd really like to see in there is “fair competition”. It would be about competition that benefits Canadians as consumers, workers and entrepreneurs, as you said, as opposed to the efficiency that we've seen—I think mistakenly—drive us towards oligopoly.

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

MP Dzerowicz is next.

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

I want to thank all the witnesses for their excellent testimony. I wish I had time for each one of you, but I do not.

I'm going to start off with you, Mr. Bester, for maybe a minute or so. I want to put onto the record that we did have our competition commissioner come before our committee on Bill C-59. He's also been before the Senate, and he was actually before the Senate when he made the following statement:

> Fortunately, the changes proposed in C-59, together with the recent reforms made in Bills C-19 and C-56, represent a generational upgrade in our competition law framework. I applaud the Government, Parliamentarians and citizens from across the country for their efforts in shaping this modernization process. It is the product of years of public and expert dialogue and parliamentary debate. The changes deliver on a significant number of the Competition Bureau's recommendations, and will help bring our competition regime in line with international best practice.

I wanted to put that in.

I also want to thank you. You've made some excellent recommendations, and I really appreciated your exchange with Mr. Williams. I actually think there's a lot more we could be doing, but I think we have done a significant amount and I think it's very, very critical that we acknowledge that. I personally would love to see a review right across our whole government around what's stopping competition from happening. I think if we did a whole-of-government review, that would be another excellent step forward.

My next couple of questions are for the Canadian Chamber of Commerce. I'm a very big fan of the work the Canadian chamber does. You do very important work.

Mr. Detchou, you started off by saying the economic competitiveness in the last 12 quarters has significantly declined. I want to put on the record that in the last three years, from 2021 to 2023, we were coming out of a pandemic, so the whole world was dealing with the after-effects of an economic heart attack. I think, as you will see from a lot of what we've put into Bill C-59, that we are transitioning our economy from competitive, growth and productivity perspectives.

On that, I know the chamber was very supportive when we announced the investment tax credit, so thank you. There are some companies, such as Dow, that are already benefiting from the ITCs, and they are creating significant opportunities for workers. Can you maybe initially speak to how important these are in driving investment, innovation and economic competitiveness?

After that I will have a follow-up question.

Mr. Bryan Detchou: Thank you very much.

Of course, these investment tax credits were welcomed by the Canadian Chamber of Commerce and many of its members. They're crucial. They're crucial to our efforts to decarbonize our economy and they're crucial to our efforts to create the jobs of tomorrow. I guess it's also important to mention that they are also very important in response to the Inflation Reduction Act we saw passed in the United States. I could go on for a long time talking about the benefits of the ITCs, but I certainly think there are a few details that could always be tweaked and improved to make sure the companies that hope to benefit from these ITCs can fully benefit from them.

We certainly appreciate the time the government has taken to have thorough consultation processes, but of course it's a bit of a race, I might say, and we want to make sure Canada, Canadian companies and the Canadian people are not left behind, so we do urge the government to continue to move forward and as much as possible to speed up the process of the implementation of these investment tax credits.

● (1235)

Ms. Julie Dzerowicz: I want to say thank you. You have encouraged us to implement the ITCs ASAP, which means passing Bill C-59 as soon as possible, which we've heard from industry as well.

I'll go to my second question, which is a follow-up.

The Dow group was with us on Tuesday. They've set up a net-zero facility in Fort Saskatchewan. They spoke to us about the importance of having a market-based carbon trading regime and about its revenue generation capabilities for net-zero facilities like theirs. I'm wondering if you would agree with companies like Dow about the profitability that carbon pricing will ensure for businesses well into the future.

Mr. Bryan Detchou: Thank you for your question.

On carbon taxing, I'll be very clear: The chamber is on the record in support of the carbon pricing regime.

What I should note is that, one, the money that is owed to small businesses should be redistributed to small businesses, because it is crucial to their efforts to decarbonize their operations, and two, that one thing Canadian businesses need is certainty and predictability, so that's another thing I wish to stress.

Ms. Julie Dzerowicz: I would tell you that the small businesses in Davenport 100% agree with you about getting going on the rebate to small businesses.

As you know, we've made historic investments in the battery supply chain, from Marathon Palladium to Volkswagen in St. Thomas. Can you speak to the economic case of Canada's opportunity across the battery supply chain compared to other countries?

Mr. Bryan Detchou: Of course. Again, we applaud a lot of the efforts the government has made on that front. This is truly a generational opportunity. It's a generational opportunity for Canada and a generational opportunity for a number of the regions that are involved, especially in Ontario and Quebec, where a lot of that supply chain will lead. It will also have impacts across the nation. We certainly support that.

Again, in policy and in a lot of efforts the government has been pushing forward, there's always room for improvement and there's always room for further dialogue with the business community to make sure we get this generational opportunity right. In the case of mining, for example, I work a lot in this area, and these projects take many years to build. These are long-term projects, and investment decisions are not made overnight. A lot of companies will tell you that they know today what they will invest in a year or two or three years from now.

We need to make sure that we get this right, because if we don't, who knows when that door will be open again? It might be too late by 2030. As the government is trying to hit many of their targets in 2030 or 2050 or whatever it is, it is important for us to get it right today so that those targets can be reached.

The Chair: Thank you, Ms. Dzerowicz.

Now we'll go to MP Ste-Marie, please.

[*Translation*]

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

Greetings to our witnesses.

I'm going to go to the representatives of Réseau FADOQ.

However, I want to begin with a comment in reaction to the statement of the Canadian Chamber of Commerce, which, as I understand it, is requesting that the provisions under the Global Minimum Tax Act respecting taxation of the web giants be deleted.

A bit of context. For many years now, the government has said it wants to go ahead with this measure pending the OECD and G20 plan to impose a minimum global tax of 15% on the operations of those businesses.

The main object of that act is to combat the use of tax havens by businesses to avoid paying their fair share of tax through the use of schemes to underreport their profits. Consequently, if these provisions aren't deleted, taxation of the web giants will be established.

The act provides that Canadian businesses must generate many hundreds of millions of dollars in revenue in order to be targeted by those provisions. Perhaps I don't understand this, but I don't think we're talking about SMEs here.

When I talk to member businesses of the Joliette chamber of commerce, they tell me they're tired of competing with multinationals that don't pay their fair share of tax because they use tax havens.

I think these are important provisions. Obviously, I sincerely hope the OECD is able to impose a global minimum tax of 15% so we can make the immoral illegal. The present system isn't working, but I'm very surprised to see that the Chamber of Commerce has come to the defence of the web giants. I'm surprised and disappointed, and that's my comment.

Ms. Tassé-Goodman and Mr. Poirier-Monette, thank you for being here.

I'd like to go back to ad hoc grocery assistance, which corresponded to the GST credit for the less well-off that has been introduced twice.

Why is it still important to maintain that assistance in the next budget.

● (1240)

Mr. Philippe Poirier-Monette (Special Advisor, Government Relations, Réseau FADOQ): Thank you for your question.

In the current situation, housing costs are rising sharply. Inflation has an impact on the cost of the basket of groceries and everyday items, and some people find it hard to make ends meet at the end of the month. Consequently, any ad hoc assistance for people who really need it would be welcome.

As Ms. Tassé-Goodman said, we have many more proposals that could specifically target seniors. So any assistance is obviously welcome.

Mr. Gabriel Ste-Marie: If I'm understanding this, considering inflation, which significantly increases the cost of energy, food and housing, we need a set of measures to support low-income seniors.

Would you please continue explaining the measures you're seeking in order to address that?

Mr. Philippe Poirier-Monette: Yes, it would be a pleasure.

We've gone back over the topic several times. Ms. Tassé-Goodman addressed it in her remarks.

A lot of seniors 65 to 74 years of age aren't happy because they aren't entitled to the 10% increase in the old age security pension. As we frequently point out, financial insecurity isn't a matter of age. It can happen to everyone.

Since ageism still pervades certain workplaces, some people have been urged to retire. Others have been forced to retire because the job was too hard and they therefore couldn't work any longer. In addition, many people have little in the way of personal savings. The majority don't have access to a supplementary pension plan. Approximately 43% of workers in Quebec don't have personal savings or access to a supplementary pension plan. So they have needs.

I want to emphasize that the incomes of seniors aged 65 to 74 who live solely on the old age security pension and guaranteed income supplement are barely over the poverty line, as determined by the basket-of-goods measure. We're talking about a subsistence-level basket here. People in this situation aren't living: they're surviving. It's hard for them to meet any unforeseen circumstances that may arise. Items such as eye care are excluded from the market basket. That includes the purchase of eyeglasses, contact lenses and prescription drugs. The same is true of auxiliary equipment such as wheelchairs, walkers and so on. Those expenses can run to more than $1,500 a year.

We think there has to be an increase here. People 75 and over definitely appreciate it, but we're convinced it's important to offer it to those 65 to 74 years of age.

Mr. Gabriel Ste-Marie: Message received. So we should stop dividing seniors into two classes.

I'm thinking in particular of women who live alone and who, in many cases, have been natural caregivers for their husbands or parents and who haven't had a chance to save or contribute to a private plan. They have to live on minimum incomes and are forced into poverty. It's time to put an end to that.

On another topic, would you please say a little more about the importance of making the Canada caregiver credit refundable?

● (1245)

Mr. Philippe Poirier-Monette: Thank you for that question.

During the 2021 election campaign, the government committed to amending the Canada caregiver credit. We think that's important since caregivers represent 34% of the population of Quebec. Most of them are women. Some 20% live in financial insecurity, and many of them spend a lot of money in their caregiver role. Those amounts may run to more than $7,600. Consequently, it's important that we provide them with more generous assistance.

Mr. Gabriel Ste-Marie: Thank you.

In addition, in connection with—

[*English*]

The Chair: Thank you, MP Ste-Marie.

[*Translation*]

Mr. Gabriel Ste-Marie: My speaking time is up. I'll have more questions for the next round.

Thank you.

[*English*]

The Chair: Thank you.

Now we go to MP Davies, please.

Mr. Don Davies: Thank you.

Mr. Poirier-Monette, you spoke about the dire financial situation of seniors. Twenty percent of seniors in Canada suffer from diabetes. Pharmacare legislation that's currently in the House today would see the federal government provide sufficient funding from the federal government to provinces to ensure 100% coverage of all diabetes medication and devices to every citizen in every province. Is that something you would support for the people of Quebec?

[*Translation*]

Mr. Philippe Poirier-Monette: Thank you for your question.

It has clearly been pointed out to us, as an organization that represents seniors, that Quebec's Régie de l'assurance maladie doesn't cover the full range of prescription drugs and equipment. We've been made aware of this by diabetics, particularly with regard to insulin injections.

If you're asking for my opinion on this issue, I'll say that full coverage would absolutely be welcome, especially because it would help better monitor the disease. It would be easier to do so. Those people would also be able to live more normal lives. We could also discuss people who suffer from sleep apnea. A range of drugs and equipment isn't covered for that condition.

We had Réseau FADOQ would obviously like diseases to be treated much more directly.

[*English*]

Mr. Don Davies: Thank you.

It's just a beginning, but I think it's a good one. Thank you.

Ms. Brandon-Jepp, in your written submission to the committee, the chamber said:

> Extending the 100% GST rebate with respect to new purpose-built rental housing to certain cooperative housing corporations is a good solution. However, further changes to the Excise Tax Act to extend the removal of GST to cover projects currently under construction would help get more housing built, and free up capital to build even more.

How many additional units of housing do you estimate this amendment would help construct?

Ms. Jessica Brandon-Jepp: I don't have specifics here with me today, but the chamber is very fortunate to have a wide range of subject matter experts, including an expert on housing and infrastructure, and I'd be pleased to consult my colleague and get you a very detailed and specific answer.

Mr. Don Davies: I guess you're talking conceptually. Conceptually, it would result in that, and quantifying it would be something that you could maybe provide this committee with.

Ms. Jessica Brandon-Jepp: That's correct.

Mr. Don Davies: Thank you.

Mr. Bester, in your written submission, the Canadian Anti-Monopoly Project said this:

> ...Canada's competition law treats the Bureau effectively as a private litigant, with the risk of being responsible for a portion of a defendant's legal fees should it lose in court. Most recently, this resulted in the Competition Tribunal ordering the Bureau to pay $13 million of taxpayer's money, nearly a fifth of its annual budget, to multibillion dollar telecommunications firm, Rogers.
>
> C-59 makes progress on this front but does not remove cost awards entirely. Instead, it limits the circumstances where a judge could order the Bureau to pay these costs.

In your view, does the current potential for cost awards discourage the Competition Bureau from bringing cases?

Mr. Keldon Bester: Certainly, and it's a great credit to Bill C-59 for really narrowing that window.

I think it not only discourages the bureau from taking cases, but, somewhat perversely, discourages the bureau from taking cases against the biggest companies, those with the biggest legal firepower, and says that if you want to take a less risky approach, we can maybe go after more medium-sized and smaller players. I think there's a chilling effect.

Also, there's then a specific shaping that the bureau is there to go after folks that regular Canadians cannot, and I think this runs counter to that.

Mr. Don Davies: Thank you. I think that's an astute observation.

Should Bill C-59 be amended to remove cost awards from the Competition Tribunal Act entirely, in your view?

Mr. Keldon Bester: That's our view.

Mr. Don Davies: Thank you.

Staying with this, the Macdonald-Laurier Institute testified earlier. They, I think, if I'm being fair to their argument, argued that structural presumptions were unwise. What's your response to that?

● (1250)

Mr. Keldon Bester: Well, what did we get for ignoring structure over the past 40 years? The C.D. Howe Institute put out a piece saying that of the eight contested mergers in Canadian history, seven resulted in market shares of over 60% and four of them resulted in literal or near monopolies. In the past 40 years, we've ignored structure, and it has cost us. It has led to consolidation across the economy.

Structure is not a perfect measure, but it's one way we create a system that has a higher likelihood of protecting Canadians, and I think we need to learn from our peers, as well as our own history, to guide the future on that.

Mr. Don Davies: Do you have a suggestion about what benchmark for combined market share might trigger the presumption of substantially lessening or preventing competition?

Mr. Keldon Bester: CAMP has put forward a 30% market share for a rebuttable presumption, which is to say that companies are free to make arguments as to why this is actually good for Canadians. At extreme levels of concentration, where a merger would result in one firm having 60% of a single market, we believe that should be banned outright.

Mr. Don Davies: It would be an absolute presumption at that level.

Mr. Keldon Bester: Yes.

Mr. Don Davies: What is the impact of shifting the onus onto the party seeking to merge to demonstrate the benefits of a merger?

Mr. Keldon Bester: Well, I think it flips how we think about mergers as something necessarily either benign or beneficial and instead focuses on how, if we are going to have more consolidation in Canada's already oligopoly markets, the job should be for the merging parties to sell Canadians and to sell our legal system on why we should allow it, as opposed to the bureau's much more whack-a-mole approach, just because of the structure of it, of taking on one or two big cases every couple of years. This puts the emphasis much more on making the positive case for further consolidation, if any.

Mr. Don Davies: What's the record on—

The Chair: Thank you, MP Davies. Time goes very quickly here—

Mr. Don Davies: Thank you, Chair.

The Chair: —and we have a lot of questions.

We have 10 minutes left. We're going to do as we did in the last panel and have a very rapid round. There will be two minutes per party.

We will start with MP Williams for two minutes.

Mr. Ryan Williams: Thank you, Mr. Chair.

Mr. Bester, is the Competition Bureau independent right now?

Mr. Keldon Bester: The Competition Bureau is a department of the Minister of Industry, so there is a link there. I think the bureau takes its independence seriously. However, it is within a department, unlike the Office of the Privacy Commissioner, as an agency of Parliament.

Mr. Ryan Williams: It is under the umbrella of ISED right now. Is that correct?

Mr. Keldon Bester: In addition to that, the law includes a number of ways in which the minister can direct the bureau to pursue either a market study or an inquiry. That was the case even before these reforms.

Mr. Ryan Williams: Does that follow competition bureaus, let's say, in the U.S. or Australia? Are they independent or are they like Canada's? Is Canada an outlier?

Mr. Keldon Bester: I don't know if we're an outlier. It's difficult to compare. The Federal Trade Commission and the Department of Justice in the U.S. are direct political appointees. The Federal Trade Commission has a commission structure that is explicitly political. It will have so many Democrats and so many Republicans.

Whether Canada truly is an outlier, I'm not sure, but we do have a model under which it is not a truly independent body.

Mr. Ryan Williams: We talked about the tribunal. A concern the NDP raised, and rightly so, was that the tribunal overruled the Competition Bureau, and the Competition Bureau had to pay for it in terms of legal fees.

Currently the tribunal too much power concentrated over Canada's competition law and it struggles to get decisions out the door. Both situations have become worse as cases have become more frequent, as was noted by the Chamber of Commerce.

What's the remedy for that? What are we missing, in terms of the tribunal, and what do we need to do to fix that?

Mr. Keldon Bester: As we enter a new generation of competition law in Canada, I think we need to look at the institutions—both the bureau and the tribunal. If the tribunal is going to be dealing with more cases under a more active law, we need to think about whether it needs more resources or if we need a fundamentally different structure. There are a number of alternative models in that regard. I think that's the next topic we really need to dive into.

The Chair: Thank you, MP Williams. Now we'll go to MP Thompson for two minutes.

Ms. Joanne Thompson: Thank you.

Mr. Melo, how are recent political policy decisions, such as the lengthy renewable energy moratorium in Alberta or the attempts to shift frameworks like the federal carbon pricing regime, increasing uncertainty for new projects across Canada?

Mr. Fernando Melo: I can say that a lot of international players are starting to be a little hesitant to invest in Canada, given the recent changes to various provincial regimes as well as a lot of uncertainty around key market drivers for the renewables industry.

That said, there are other efforts with the investment tax credits and the positive signals coming out of provinces like British Columbia, Ontario and Quebec, where we are seeing open markets, so even though we are seeing some hesitancy overall, we are seeing capital flow from some provinces to others.

● (1255)

Ms. Joanne Thompson: Thank you.

The wind doesn't always blow and the sun doesn't always shine. I'm from Newfoundland, so I know that. That's why storage technologies like batteries are so important for the clean electrical grid. We know that grid-scale batteries store power and deploy during off-peak times. I'm wondering how the ITCs are going to unlock investments in batteries.

Mr. Fernando Melo: I'm very excited for my members who are developing storage projects across the country. Simply put, you're actually making them a lot more bankable, so you can go to your large capital providers and say, “We have at least some guaranteed upfront return” and therefore you are able to provide capital.

Previously, there was some uncertainty with insurance and capital providers, as these projects are relatively new in the Canadian context. Having ITCs has really helped bring some ease to our capital providers going forward.

One of the really interesting things is that they're allowing what were financial edge cases—such as hybrid wind and solar systems with a battery behind the meter—to essentially extend the sunshine, so they are becoming more and more bankable and something that can go forward.

The Chair: Thank you, MP Thompson.

Now we go to MP Ste-Marie. Go ahead, please.

[*Translation*]

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

Mr. Poirier-Monette, I would like you to explain to us once again why it's important to introduce a credit for experienced travellers. I also invite you to make any further remarks you may wish to the committee.

Mr. Philippe Poirier-Monette: Thank you very much for your question.

There's a labour shortage across Canada. We think it would be appropriate to introduce an experienced traveller tax credit. Quebec has one, and it amounts to $1,600 per year for persons 65 years of age and over, and I believe it's about $1,400 for those 60 to 65. This is a tax matter that has proven itself effective.

The government committed to introducing this kind of tax measure during the last election campaign. We think it would be appropriate to implement it. According to a poll recently conducted by the Conseil du patronat du Québec, experienced workers felt that tax measures and incentives were a factor that promoted job retention. Half of respondents said it was a critical factor in their decision. We therefore think it would be appropriate to implement this sort of measure.

I also think it would be worthwhile to discuss housing in the present circumstances. The Canadian and Quebec governments recently funded an initiative involving the Mission Unitaînés organization to construct 10 100-unit buildings for low-income seniors.

We think that this is an appropriate initiative and that there should be many more like it because there is very little diversity in collective living environments for seniors. I believe we should consider building housing for people living on very low incomes. It would be a very appropriate project.

Mr. Gabriel Ste-Marie: Thank you very much.

[*English*]

The Chair: Thank you, MP Ste-Marie.

Now it's over to our final questioner, MP Davies.

Mr. Don Davies: Thank you.

Mr. Bester, what industries or sectors have seen the most concerning concentration over the last 40 years?

Mr. Keldon Bester: That's a good question.

I don't know if I know the most concerning ones, but one I always come back to as the foundation of the economy is the banking sector. I think that in the past 20 years we have acted to preserve at least some competition there.

When I think about a market that feeds the rest of the economy, I think a competitive banking sector is one of the most important ones, if not the most important.

Mr. Don Davies: Okay.

Do you happen to know what the win record of the bureau is in challenging anti-competition cases?

● (1300)

Mr. Keldon Bester: It's an interesting question, depending on your definition of a win. We have never truly blocked a merger in Canada.

Mr. Don Davies: Never?

Mr. Keldon Bester: Never.

Again, going back to the remedy point made earlier, we don't like to block mergers; we like to cook up solutions that we think will preserve competition, so the win record is quite poor. When we do launch challenges, wins are few and far between.

Mr. Don Davies: Thank you.

Mr. Melo, I'm going to squeeze in a question here.

You commented that the tax credits will accelerate wind, solar and energy storage deployment across the country.

Can you paint me a picture of what the landscape may look like 10 years from now as a result of these tax credits?

Mr. Fernando Melo: I think what you're going to see, in more and more calls for power, are lower-cost renewables coming in and working with existing generation fleets that are on track to accelerate our deployment. You're going to see us start to hit our generation targets as a country and see a lot more employment here in Canada across the sector.

Mr. Don Davies: Thank you.

The Chair: We want to thank the excellent witnesses who were with us today. Thank you for your testimony. We wish you the best with the rest of your day.

At this time, we are going to suspend as we transition to our next panel members.

● (1300)

_____________________(Pause)_____________________

● (1305)

The Chair: We're ready to go here, everybody. Make your way to your seats.

With us for our panel before we head off to question period are, from the Canadian Union of Public Employees, Angella MacEwen, senior economist; from the C.D. Howe Institute, William Robson, chief executive officer; from Fintechs Canada, Alexander Vronces, executive director; and from Mouvement autonome et solidaire des sans-emploi, Fanny Labelle, administrator, board of directors.

We will start with opening remarks from the Canadian Union of Public Employees.

Ms. Angella MacEwen (Senior Economist, National Services, Canadian Union of Public Employees): Thank you for the opportunity to present CUPE's views on Bill C-59.

The Canadian Union of Public Employees is Canada's largest union, with over 750,000 members. CUPE members take great pride in delivering quality services in communities across Canada as they work in a broad cross-section of the economy, including health care, education, municipalities, libraries, universities and colleges, social services, public utilities, emergency services, transportation and airlines.

Bill C-59 has a number of elements related to taxation that we think are important to economic fairness.

Prominent tax economist Gabriel Zucman has estimated that corporations shifted more than $25 billion U.S. in profits out of Canada in 2019 by reporting income that they earned in Canada in a different tax jurisdiction. This cost Canada an estimated $4.5 billion in corporate income tax revenue for 2019 alone.

Implementing a digital services tax is an important part of closing that gap and levelling the playing field for Canadian businesses. CUPE has long advocated in favour of a digital services tax. We followed the negotiations at the OECD on base erosion and profit shifting very closely. We were disappointed when the process on pillar one stalled and when the proposals there were watered down from what's needed.

We think that Canada is smart to move forward with its own digital services tax. Pillar one continues to face roadblocks, and its future remains uncertain. The legislation put forward here in this bill is much more effective than what's currently on the table in the OECD process.

However, the DST as proposed explicitly excludes the sale, licensing and streaming of digital content, as well as the sale of other digital goods and services. This is a giant, glaring hole. It excludes revenues associated with Netflix, Amazon Prime, Apple Music, Spotify and many more services. We believe that a fair tax model is a better approach than other approaches we're taking in that industry.

We're also disappointed to see that the deadline for the implementation has been removed from this bill.

Even if these improvements were made, the digital services tax is not enough to close this gap. We encourage the federal government to go further. Greater transparency of multinationals' tax and financial information is another powerful deterrent to profit-shifting. Australia and the EU are far ahead of us on this.

Requiring multinationals to publicly report country-by-country financial information would give us more insight into how much tax is being paid or avoided. This would assist in the administration of the digital tax.

We also encourage the federal government to welcome the new United Nations process on international tax governance. As part of this process, international labour groups have called for a framework tax convention that would formalize international tax governance at the United Nations under an inclusive, accountable and more effective institutional setting than what we've seen with the OECD.

CUPE is also very interested in the establishment of the proposed department of housing, infrastructure and communities. Much of the preamble located in this bill reflects CUPE's views about the importance of public infrastructure to healthy local communities and our national economy. However, we believe that the clause referring to the use of innovative financial tools to attract investment from the private sector puts all of those benefits at risk. This approach has consistently failed to result in building the type and scale of public infrastructure that is required to foster a healthy, equitable, prosperous economy and society.

Finally, I personally have concerns about employee ownership trusts being used to avoid taxation. However, I was encouraged to see several elements in this legislation that move toward a more democratic involvement of employees in determining the direction of the trust.

Thank you.

● (1310)

The Chair: Now we'll hear from the C.D. Howe Institute and Mr. Robson.

Mr. William Robson (Chief Executive Officer, C.D. Howe Institute): Thank you very much for having me. It's an honour to be invited to present to this group. I apologize for doing it online.

I accepted right away when invited to appear in front of the committee. It's part of my job and, as I said, an honour, but I have to admit that after accepting, I had doubts. You know this already, but I'll stress that Bill C-59 is 524 pages long. The summary at the front alone is six pages. I counted very quickly about 60 bullet points, or bullet-like points, about provisions that are explicitly identified as affecting 20 pieces of legislation. I don't know how many more are not explicitly identified.

The Liberal Party's 2015 election platform contained a plank to ban omnibus legislation, and it's unfortunate that it didn't happen. Critics say that omnibus bills prevent parliamentarians from doing their jobs, and I agree. I don't think parliamentarians should acquiesce in things that prevent them from doing their jobs.

Given the size and heterogeneity of Bill C-59, I think it's better to use the rest of my opening time to underline the scale of the challenge facing Canada’s economy and Canadian living standards.

If you had a chance to look at the Bank of Canada’s Monetary Policy Report yesterday, there was an eye-catching figure showing that real GDP per person has been falling since the third quarter of 2022. The bank expects that decline to continue through the first half of this year. We know people are feeling squeezed and having trouble making ends meet. Eight quarters in a row of declining real output per person will do that. The average Canadian has fewer resources for food, clothing, housing and paying taxes, let alone supporting cultural institutions or donating to charities.

Why is that happening? It's because of low investment. Capital investment creates the tools that make people more productive. It makes people able to earn more for every hour they work, but capital in Canada per worker is falling. Nothing like this has happened since the 1930s and the Second World War.

I want to underline that it's also not happening anywhere else in the developed world, and it's certainly not happening in the United States. At the C.D. Howe Institute, we track business investment per member of the workforce in Canada versus the United States, adjusting for purchasing power. We've never quite been on a level, but 15 years ago, for every dollar of new investment that the typical U.S. worker enjoyed every year, the typical Canadian worker got close to 75¢, about three-quarters as much. Ten years ago, for every dollar of new investment per U.S. worker, the Canadian worker got about 66¢, so we were down to two-thirds as much. By the end of last year, in the fourth quarter of 2023, for every dollar of new investment per U.S. worker, her or his Canadian counterpart got 52¢—barely half as much.

That spells trouble for competitiveness and the future earnings of Canadian workers. My friend and former federal finance minister Bill Morneau warns in his book that a steady erosion of Canadian living standards will make Canada less attractive to talent, and this is a vicious circle playing out as we speak.

What could turn this around? We'll be happy to take questions on that.

To conclude, I want to return to the impossibility of scrutinizing long and heterogeneous bills such as this one properly. Other witnesses have commented on specific provisions they thought were poorly drafted or could stand improvement. I note that the bill itself corrects some drafting problems in previous legislation.

One of the discouragements that I hear a lot about, when it comes to people speculating about why investment in Canada is weak—this includes members of the C.D. Howe Institute’s monetary policy council, who think low investments and low productivity growth are making inflation harder to control and thus keeping interest rates up—is policy uncertainty.

That's true on every level. Some of it is the threat of more populist tax measures, and I think we have a couple in this bill. It's also just sheer incompetence in execution. I'll mention in passing the bare trust debacle. You need effective parliamentary scrutiny to avoid confidence-destroying mistakes, and a bill of this length and heterogeneity precludes effective parliamentary scrutiny.

Thank you for having me here, and I'm sorry to conclude on a down note. I look forward to your questions.

● (1315)

The Chair: Thank you for joining us.

Now we're going to hear from Fintechs Canada and Alexander Vronces.

Mr. Alexander Vronces (Executive Director, Fintechs Canada): Thank you so much for having us here today. It's always an honour.

Fintechs Canada is an industry association of Canada's most innovative financial technology companies. Our mission is to make Canada's financial sector more responsive to the needs of Canadians.

A few years ago, the White House issued an executive order that would get the whole of the U.S. government to promote more competition in the American economy. Not long afterward, the American financial consumer protection regulator put out a draft rule to jump-start competition in American banking.

“Making banks work harder for you”—that's literally what the government of the United Kingdom said it would do in 2016. The United Kingdom had already set the foundation for a more competitive banking system by modernizing its payment system. In 2016 the U.K. said it would do more—it would implement open banking. It delivered on that promise just a couple of years later.

Canada has yet to do what our peers have done to make banks work harder for Canadians.

In competitive markets, two things are supposed to happen: Prices are supposed to go down, and the quality of services is supposed to go up. In Canadian banking, we're not seeing that. Prices are going up. Our banks are making more money from non-interest income—in other words, the fees they charge Canadians, the service fees on bank accounts, investment management fees, payment processing fees and administrative fees on mortgages and other loans.

We can see, based on public data, that the fee-based income banks are making per Canadian account holder has increased by 8% over the past five years to just under $3,000 in 2023. That's per year, and banking has largely stayed the same. My banking—how I save my money and how I pay my bills—hasn't changed for years. There are Canadians who wonder why they're paying more but not getting more.

High fees aren't the only cost of a banking sector closed off from competition. The lack of competition also hinders Canada's productivity growth. Banks aren't just vaults for our money; they are also intermediaries investing in other sectors to make them more productive—at least, that is what's supposed to happen,. However, a C.D. Howe Institute report from 2019 says that our financial sector's contribution to productivity growth has been underwhelming. To be more productive, we need our businesses to grow. It has been said that Canada is good at getting businesses started but not good at getting businesses growing.

One of the reasons is that small businesses in this country aren't getting what they need from banks to fuel their growth. According to OECD data, loans are more costly for small businesses in Canada than they are in other advanced economies.

According to the CFIB, 15% to 25% of loan applications end up being rejected by the big five banks. In fact, from 2012 to 2022, the total number of loan applications approved for small businesses decreased by almost 30%. The lack of competition in banking costs us not just as customers of banks but as Canadians.

Fintechs Canada believes in whole-of-government approaches to complex issues. Promoting more competition in the financial sector is one part of the broader solution to make Canada a more affordable and productive place to live. That's why we're glad to see Bill C-59 contain amendments to the Canadian Payments Act. These changes will promote competition in banking by giving fintech companies and credit unions access to the new payment system being built by Payments Canada. Industry insiders call this new payment system Real-Time Rail.

These changes are good for competition because you can't operate in the financial sector if you can't access a payment system. Outdated laws give only Canada's biggest banks access to the system right now. These biggest banks in turn resell their privileged access to everyone else. This puts the competition in an untenable position. They have to do business with their competitors in order to compete with them.

Access to Real-Time Rail will level the playing field as it is right now. For that to happen, though, we need Payments Canada to actually launch Real-Time Rail, with no more delays. According to the World Bank, Canada is one of the few countries in the world without Real-Time Rail. We support the amendments to the Canadian Payments Act in Bill C-59, but by themselves they're not enough. Our G7 counterparts have done so much more. If we want to make Canada a more affordable and productive place to live, it's time that we also do more.

Thanks again for having us. It's been an honour to share our perspective with all of you.

● (1320)

The Chair: Thank you. We look forward to the questions we will ask you.

Now we're moving to the Mouvement autonome et solidaire des sans-emploi.

[*Translation*]

Ms. Labelle, go ahead.

Ms. Fanny Labelle (Administrator, Board of directors, Mouvement autonome et solidaire des sans-emploi): Good afternoon.

I am appearing before you on behalf of the Mouvement autonome et solidaire des sans-emploi, or MASSE, which represents 17 groups advocating for the rights of the unemployed workers of Quebec and New Brunswick. We will celebrate our 25th anniversary this year. The organization acts as a kind of collective memory in the unemployment field.

First of all, MASSE truly applauds the addition of 15 weeks of benefits in the case of adoptions because that was lacking. We believe that this measure helps in recognizing many valid parenting models and that it will have a positive effect on the rights of LGBTQ+ persons.

However, since I'm not here just to make compliments, allow me to put these benefits in the specific context of Canadian parents and to discuss the actual role of the employment insurance fund.

Did you know that, when a person—it's usually a woman—loses her job during, or too infrequently after, her maternity leave and parental benefits period, she winds up without an income? We have been requesting a change to this situation for a very long time. It would be easy to do by amending the act to rescind the rule, provided in subsection 12(6), regarding the combining of weeks of benefits to a maximum of 50 and by including, as a ground for extending the benefit period, the fact that the claimant has received maternity, parental or adoption benefits.

Nowhere in Bill C-59 is any attempt made to achieve the fundamental objective of providing protection in the event of unemployment, which is the purpose of the employment insurance. Parents who take leave to care for their children shouldn't have to worry about whether they'll have an income once their leave is over. These people will often lose their jobs as a result of restructuring or because positions have been cut.

Nearly 3,000 women a year are denied employment insurance because they haven't accumulated enough insurable hours as a result of maternity leave. Our elected representatives are aware of this situation, which is unjust and discriminatory toward women. Press conferences have been held and testimony given in the House of Commons. MASSE condemns the government's refusal to act as long as the constitutional appeal of six women represented by the Mouvement action-chômage de Montréal is before the courts. In our view, this shows a clear lack of political will on the government's part.

We nevertheless wish to note that the employment insurance fund was established to compensate workers who have lost their jobs, not for the purpose of introducing social measures. The government stopped contributing to the fund in 1990. It has denied its responsibility for unemployment and special measures and for special benefits, which are part of the present program. Payments of special benefits continue to increase. In 1999, they represented barely 17% of total benefits paid by the program but have since increased by 36% in 2023-2324.

It would be impossible for me to complete my remarks without claiming better protection in the event of loss of employment. For us, better protection would mean broader eligibility for the plan. We believe that applicants should be eligible for benefits once they have accumulated 350 hours for 13 weeks of work.

Better protection should also include a 70% benefit rate. A period of unemployment currently triggers a descent into poverty and indebtedness. The 55% benefit rate makes no sense in the current context of inflation and housing crisis.

We also believe that the government would solve the seasonal industry's black hole problem by providing a minimum of 35 weeks of benefits for everyone rather than add pilot project after pilot project, as was announced in the fall economic statement.

I will conclude by saying that we applaud the new measure providing 15 weeks of benefits in case of adoption, but we lament the fact that, for many years now, there have been interminable consultation phases and no genuine employment insurance reform.

Thank you

● (1325)

The Chair: Thank you.

[*English*]

Now we're going to have an opportunity for questions from the members. We are starting the first round. Each party will have up to six minutes.

We have MP Lawrence for the first six minutes.

Mr. Philip Lawrence: Thank you very much.

Thank you to all the panellists for being here today. It is greatly appreciated.

I'm going to spend the majority of my time talking to you, Mr. Robson.

I want to continue with the theme that you started to talk about and hopefully give you the opportunity to discuss some of the solutions you might have for the productivity crisis we are facing.

I want to talk a bit about some current data that seems to validate, and even accelerate, your thesis, which is that there's a growing divergence between the U.S. and Canadian economies.

We recently saw in the United States that inflation there is increasing, perhaps showing that its economy is starting to overheat, whereas in Canada, we recently saw our unemployment rate grow. We have six quarters of per capita GDP shrinking. It doesn't look like our economy is going to get any better in the future. We're seeing an even greater divergence or acceleration.

I would like to get your comments on that.

Mr. William Robson: It concerns me very much. I think for a period of time it was possible in Canada, back around the middle of the last decade, to say, well, we had an oil price collapse and the resource industries were under pressure, and then with COVID and so on, different countries reacted in different ways, but now that we've come out of that, it's quite disturbing to see how Canada is struggling compared with other countries, particularly the United States. The strong U.S. economy is actually buoying us right now. It's helping our trade balance and making us look a little better than we otherwise might.

We like having them as a trading partner, but they're also competitors. They compete with us for talent. A recent study out of Statistics Canada showed how difficult a time Canada has in retaining talented immigrants. One place they naturally tend to go to—if you've already uprooted yourself once, it's easier to do it again—is the United States.

This gap does concern me. One of the points made by one of my fellow panellists concerned open banking and the lack of investment in some technological opportunities that other countries are taking advantage of. I didn't want to overwhelm the group with numbers when I was comparing investment, but if you look at machinery and equipment investment, an area that people often associate with more technological innovation and better future prospects, the overall gap between Canada and the United States in terms of investment is about 50¢ on the dollar. For M and E it's only 40¢, and in intellectual property products or software and so on, the area where we expect a lot of progress in the new economy, it's only about 30¢ on the dollar.

If U.S. workers are getting two and a half times as much machinery and equipment investment per person as Canadian workers are, and more than three times the amount of intellectual property products investment, then, to use a construction analogy, they're using excavators and we're digging with shovels or maybe even with our bare hands.

This concerns me a lot. It's quite a new development to see this gap opening up the way that it is. Provisions on interest deductibility or certain types of taxes or even, as I said, drafting of competition policy that was clearly done in haste and that sort of thing, in addition to some of the headline issues like corporate tax rates, and so on, are discouraging to people. They tend to avoid jurisdictions that don't seem to be able to get their act together.

● (1330)

Mr. Philip Lawrence: Thank you, Mr. Robson.

You've certainly been a prolific writer with respect to some of the solutions as well. Perhaps I won't prejudge which solutions I prefer and will just give you the floor for the rest of my time if you want to discuss some of the solutions that you and the C.D. Howe Institute have written about, many of which I agree with.

Mr. William Robson: I'll just say that we do have high taxes in Canada. I've heard some comments in favour of making taxes higher. Taxes in Canada are already high. Arguably, taxpayers might be getting a little more disillusioned when it comes to what they're getting for their taxes. People will pay taxes quite happily as individuals if they think they're getting good service for what they're paying, but with marginal tax rates just about everywhere in Canada already up over 50% and often cutting in at quite low levels of income, I think it's reasonable to think that a lot of people are wondering whether they really are getting their money's worth.

Corporate income tax rates are quite high in Canada as well. It's not so much because we've been raising them, although in a couple of cases we've seen some discriminatory tax increases. When I say that, I mean picking sectors that seem politically unpopular at the time and going after them. We've seen some tax increases, but by and large, the problem we face in Canada is that other countries have been bringing their corporate tax rates down. It's hard to say how much of this is a difference in philosophical orientation. Corporations are legal fictions, after all. Ultimately, taxes are paid by people, whether it's the owners of the companies or the people who work for the companies or the people who buy from them.

In Canada, as other countries have been bringing their rates down, we've been getting less competitive. When I see investment rates much lower in Canada than they are in other OECD countries—especially, as I emphasized, the United States—I can't help but think that maybe they've gotten a bit ahead of us there. If they have a larger market and if incomes are rising faster so that it's more attractive to come into those markets, then it's a problem for Canada.

We can turn it around, but it would be nice to see us a little bit less focused on using taxes as weapons against, to use the phrase I heard earlier, “web giants”. Okay, maybe we don't love them, but let's think harder about whether our being irritated with a company is really the basis for tax measures, because with that type of thing, what goes around comes around.

Mr. Philip Lawrence: Thank—

Mr. William Robson: It's quite logical for people in various lines of businesses in Canada to be saying, “Well, they hit the banks and the insurers last time, and now they're going after the Internet companies. I'm in groceries or something else. Maybe I'm next.” That's not a good atmosphere for investment.

Mr. Philip Lawrence: Thank you very much, Mr. Robson.

I'm sorry. The chair was trying to give me the eye, but I appreciate your comments and your elevation of the discourse.

The Chair: All right.

As I said about MP Williams, we have another special guest here with us. We have MP Scarpaleggia, who's also the chair of the environment committee. I know he has a lot of questions for the witnesses here over the next six minutes.

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): It's a pleasure to be here.

I'd like to focus on the productivity issue, Mr. Robson. To go goes back to basics, productivity is output per worker, and output is measured as price times the quantity of a particular good. Is that correct?

Mr. William Robson: Yes. What you're doing is looking at output, and you're trying to correct for prices—

Mr. Francis Scarpaleggia: Right. If the oil price goes up and Canada pumps and exports more oil, but the number of workers in the oil patch stays the same, is the productivity of the sector determined to have gone up?

Mr. William Robson: That is a deep question, which you may have anticipated in asking it.

Income per worker will go up. The way productivity gets measured in the short run is it's an attempt to look at the inputs per unit of output in volume terms. Sometimes in the short run, when you get an increase in the price of something, you get a perverse-looking productivity effect. If it's in mining, for example—say, the oil sands—you're going to be digging more bitumen to get the resource out.

It's a bit complicated, but over time, if you look over a period of years and if you compare Canada to other OECD countries, it's very clear that productivity as it's conventionally measured is very tightly linked to living standards—

● (1335)

Mr. Francis Scarpaleggia: Yes. I'll stop you there, because I don't have much time.

I guess what I'm trying to say is you could see productivity go up in the oil patch—forgetting about the price of oil—yet it's a mature industry, and that's not where the innovation of tomorrow is going to come from. Innovation is what drives productivity as well.

There's been an idea bandied about that the fuel charge, the price on carbon at the pump, is somehow harming our economic productivity. What do you think about that argument?

Mr. William Robson: Let me just say quickly that the investment comparisons actually favour Canada more in those resource industries. I highlighted machinery and equipment and intellectual property products as particularly bad, so—

Mr. Francis Scarpaleggia: Mr. Robson, I'm asking you about the price on carbon.

Mr. William Robson: That's right.

Mr. Francis Scarpaleggia: Do you think the price on carbon, the fuel charge at the pump, is decreasing Canada's productivity problem? It's being made out to be the big culprit in this issue.

Mr. William Robson: I, like many economists, think a price on carbon used alone would be a very effective way of discouraging emissions, but the problem is we've layered so much else on top—

Mr. Francis Scarpaleggia: What I'm getting at is that if we use that logic, we're saying that every time the price at the pump goes up because of some kind of oligopolistic behaviour by the oil companies, we're harming productivity in Canada.

I'd like to get to the other price on carbon, which is the output-based pricing system.

The Canadian Climate Institute has argued that this aspect of the price on carbon is driving investment. If we need more investment, and more innovative investment, is that not a good lever for increasing our productivity?

Mr. William Robson: I think anything that is sector-specific is a bit troubling. You didn't ask about this particularly, but it came up earlier that we have very large subsidies for certain types of investment in energy, so you're effectively picking winners. Since every dollar has to come from somewhere, I am concerned about that.

If we went to a pure carbon-pricing system and used the output-based measures to limit the impact on our competitiveness, I think that would be good.

Mr. Francis Scarpaleggia: You know that Europe, for example, is bringing in carbon border adjustments, and if we don't have a price on carbon, we'll be penalized in that market. I can't see how that will help our productivity.

The United States is increasing investment through the Inflation Reduction Act. It's pumping billions and billions of dollars into green tech.

I guess we're doing the right thing when we attract battery plants to Canada by using large production subsidies, and I guess you would agree with that.

Mr. William Robson: No, I wouldn't agree with that. I think the U.S. is compromising its fiscal future in all kinds of ways. It's actually worse than us—

Mr. Francis Scarpaleggia: But everyone is saying they're doing so wonderfully. You said yourself, Mr. Robson, that they're in overdrive and they're doing great and their productivity is so much greater than ours.

Also, oligopolies have been blamed for our productivity problem. Do you think a more competitive banking sector in Canada, with more banks, would improve Canadian productivity overall?

Mr. William Robson: I'm in favour of what was said earlier about open banking. I think more competition in general is a good thing, including in financial services.

What concerns me—and we saw it recently in the grocery discussions—is that people aren't that eager to come into the Canadian market. It's a tough market to operate in. I think policy uncertainty has something to do with that.

Mr. Francis Scarpaleggia: Understood.

Another point that has been made with respect to productivity is that the highest productivity is in the cities. This is not to take anything away from all the innovations happening outside the cities, but that's where the incubators are, where the software companies are and so on and so forth. The argument has been made that zoning policies—and this links to the housing crisis—are making it hard for labour to migrate to the cities to work in the more productive industries. There was an article about this in The Globe and Mail last week.

Do you not think, therefore, that it's wise for our government to be focused on incentivizing municipalities to make their zoning laws more flexible so that more people could be living in the cities, where the higher-paying, more productive jobs are?

Mr. William Robson: I can save some of the time I used up earlier by just saying yes to that.

Mr. Francis Scarpaleggia: Thank you, Mr. Robson. I enjoyed our discussion.

The Chair: Thank you, MP Scarpaleggia.

Mr. Philip Lawrence: I have a point of order.

The Chair: It's MP Ste-Marie's time.

Mr. Philip Lawrence: I have a point of order.

Out of respect, I did not interject, but you have at numerous times, interrupted questioners, Mr. Chair, when they were spoken over. I know Mr. Scarpaleggia is a new member here. He spoke over Mr. Robson numerous times. You can check the Hansard or confer with the clerk.

● (1340)

The Chair: I didn't hear crosstalk, and nobody brought up—

Mr. Philip Lawrence: Perhaps you could remind Mr. Scarpaleggia, as he is a new member here.

The Chair: MP Lawrence, I did not hear any crosstalk. There was—

The Chair: There was a good flow.

We're going to MP Ste-Marie now for six minutes.

Mr. Philip Lawrence: Actually, that's not true. Please confer with—

Mr. Philip Lawrence: I have a point of order.

The Chair: Go ahead with a point of order.

Mr. Philip Lawrence: There was indeed.... That's just an untruth. You can check the Hansard on that.

The Chair: We're going to MP Ste-Marie now for six minutes.

[*Translation*]

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

Greetings to the witnesses.

My questions are for Ms. Labelle, from Mouvement autonome et solidaire des sans-emploi. However, before I go to her, I would like to comment on Ms. MacEwen's presentation.

Ms. MacEwen, thank you for your presentation. I particularly enjoyed the moment when you talked about how important it is to shut down tax loopholes and tax havens. That's the purpose of the project advanced by the Organisation for Economic Co-operation and Development, the OECD, and by the G20. Unfortunately, that project is advancing slowly. In the meantime, I appreciated the fact that you support the idea that it is important to tax the web giants. The fiscal inequity isn't that there's a specific tax for those giants, but rather that they monopolize a large portion of the world's wealth by using tax havens to avoid paying taxes. Until we can make what is immoral illegal, I welcome that tax with open arms.

I now turn to Ms. Labelle.

Ms. Labelle, you raised a point that concerns the injustice that occurs when women return from maternity leave and don't have access to employment insurance when they lose their jobs. As you said, the minister can simply amend the act by regulation. Personally, when I first questioned the minister about this, it was in 2016, when I challenged Mr. Duclos.

Would you please repeat how many women that affects in Canada every year.

Also, why do you think the government isn't acting?

Ms. Fanny Labelle: Thank you, Mr. Ste-Marie.

According to our figures, it affects approximately 3,000 women a year.

I'm going to do a little unemployment 101 here. To access benefits, you have to accumulate working hours, which is absolutely fine, since people contribute to the employment insurance program by working.

Generally speaking, it's still mainly women who shoulder most family responsibilities, and it's women who take long leaves. They combine maternity benefits and so on, virtually all parental benefits. Then those women receive benefits for nearly an entire year. If they lose their jobs during their maternity leave, they have no hours of insurable employment once their maternity leave is up. They also have no opportunity to access replacement income or regular benefits, the ones you're entitled to when you lose your job.

On the other hand, if a woman goes back to work but doesn't accumulate the 700 hours, she's entitled to nothing. Right now in Montreal, to qualify for regular benefits, you must accumulate 700 hours of work, which represents 5 months of employment. If, for some reason, these women lose their jobs before they've accumulated the required number of hours of insurable employment, they don't qualify for regular benefits.

Since 2018, Mouvement action-chômage de Montréal has represented six women in a case that will be heard by the Federal Court of Appeal once they have won in the general division of the Social Security Tribunal. The Mouvement has made representations to certain elected members of the present government who were reelected in the last election. A response that the Mouvement received was that the government would nevertheless allow the Employment Insurance Commission of Canada to file its an appeal in this case. The general division clearly ruled that the present provisions discriminate against women.

By failing to act, the government has encouraged a Montreal community group with a very small budget but considerable conviction to take this fight to the Federal Court of Appeal. The hearing should be held in approximately eight months, depending on timelines.

Why is the government refusing to act? That's a very good question that I can't answer because I don't think there is any good reason not to act. The government claims it's feminist and sensitive to strictly feminine issues, but it refuses to do anything.

At the annual employment insurance form organized by Pierre Laliberté, Commissioner of the Canada Employment Insurance Commission, Mr. Boissonnault was challenged about this case, and he said he wouldn't look into the matter as long as the case was before the courts.

We think this is ridiculous. The case has been before the courts since 2018. All it would take is a simple amendment to the act, which could very easily be done. I think this is an issue that the entire House of Commons could agree on in order to improve the lives of 3,000 women a year.

Mr. Gabriel Ste-Marie: That's quite clear. Thank you for raising that issue.

We don't even need the support of the House of Commons because the minister need only make a simple regulatory change. The government was challenged on this even before the case went before the courts.

We obviously wish you all the best in this fight.

● (1345)

Ms. Fanny Labelle: Thank you.

Mr. Gabriel Ste-Marie: You mentioned changes that should be made to many measures in the employment insurance program, which is underperforming. Many people who lose their jobs don't have access to it.

You also mentioned pilot projects and commitments announced since 2015 as well as formal commitments made during the last election campaign. In the minister's mandate letter, we were promised an employment insurance reform. We were promised that reform and yet the timelines are constantly pushed back, as a result of which there has still been no reform.

Do you expect that this employment insurance reform will appear in the budget that's brought down next week?

Why do you think it has it taken so long to put it in place?

Ms. Fanny Labelle: You could cite many reasons.

Unemployed workers groups have been waiting since 2015 for a real employment insurance reform, since the present program is completely obsolete. I heard the comments of other witnesses. We may not be in the same camp, but they were talking at length about productivity, among other things.

A better employment insurance program would help the seasonal industry survive. It would also enable the regions, which have now been devitalized, especially in Quebec, to revitalize, and that would help preserve strong regions.

It's not the workers who are seasonal; it's the industry. We live in a northern country, and there are things that obviously can't be done in winter.

What's taking this reform so long? Why isn't the government acting? I could point to the fact that an election is in the offing and that we have a minority government, but I think we're just dealing with an obvious lack of political will.

Despite the many consultation phases that have been conducted, the unemployed workers advocacy groups are fed up. Management is too. The seasonal industry's representatives have joined forces to call for a better employment insurance program and better protection, but nothing's being done.

I have no more answers to give you. The Mouvement autonome et solidaire des sans-emploi will definitely keep fighting for this cause, as we've done for 25 years, to improve a program that has been ransacked since the 1990s.

[*English*]

The Chair: Thank you, MP Ste-Marie.

[*Translation*]

Mr. Gabriel Ste-Marie: Bravo, Ms. Labelle!

Thank you, Mr. Chair.

I'll have more questions for you later.

Ms. Fanny Labelle: Thank you.

[*English*]

The Chair: Go ahead, MP Davies, please.

Mr. Don Davies: Thank you, Mr. Chair.

Thank you to the witnesses for being here.

Ms. MacEwen, about two months ago, you held a news conference with my former colleague, former NDP finance critic Daniel Blaikie, to call for vital reforms to Canada's employment insurance system to better support women.

Current policies prevent workers from applying their insurable hours toward both regular and special benefits if they've taken maternity or parental leave, and these policies impose a 50-week cap on combined benefits. What are the impacts of that policy and what steps should be taken to address it, in your view?

Ms. Angella MacEwen: Yes, this is an issue that the labour movement has been working on for years. There was actually an NDP private member's bill, I think in 2013, that was meant to address this issue.

All that needs to happen—it's a fairly straightforward change—is to allow people to use those hours that they've accumulated for both types of leave, and it's majorly for women. Women are still the ones who take the majority of leave, even though it's growing a bit. Women take around 35 to 40 weeks of leave when they welcome a new child, and men are taking around 10.

It's a gendered issue when women lose their employment. It's a little different in Quebec, because QPIP works differently, but in the rest of Canada, if you lose your employment before, during or after your parental leave, you probably won't be able to get regular benefits. We find that to be a discriminatory loophole in how this has been set up. If we were to change it to allow people to take both of those benefits, that would really make a big difference for about 3,000 women every year who run into this issue.

Mr. Don Davies: Thank you.

Productivity has been mentioned a fair bit in these meetings. I'm wondering about your view on the productivity issue.

From a labour point of view and the work that has played such a key role in Canada's economy, what policies would you suggest the federal government should adopt to address productivity issues, if in fact you think that's an issue?

Ms. Angella MacEwen: Yes, I absolutely think that it's an issue.

Actually, at the Broadbent summit tomorrow, I'm moderating a panel on productivity and different views around how we can improve productivity.

Absolutely, there's been a lack of investment by Canadian businesses in both equipment and training. The evidence shows, though, that tax rates are not a determinant of that. Canada's corporate tax rate is already lower than the rate in the United States. Certainly regulatory certainty is important, but we think that other issues, like investment and training, having well-funded appropriate public services, having public housing so there's truly affordable public housing for people to live in.... Simply subsidizing corporations to build more housing is not going to get us there. Investment in public services and investment in that public infrastructure—having transit that works really well for people, having communities that are vibrant, livable and affordable for people—are really important.

Open banking, I think, is part of the issue, but I also think of public banking. Alberta has a public depository bank, the ATB. It's been shown that credit unions and public banks like that are more likely to invest in local communities. That encourages innovation, creativity and productivity growth at the local level. Those types of things spark competition and innovation.

● (1350)

Mr. Don Davies: One thing I would add to that, and that I want to get your views on, is that I've heard that Canada's public health care system is a competitive advantage, especially with respect to our neighbours to the south.

Ms. Angella MacEwen: Absolutely.

Mr. Don Davies: Is that still the case?

Of course, we have an expansion of public dental care and the beginning of single-payer pharmacare in this country.

It's a two-part question. Is public health care still an economic advantage in terms of attracting investment, compared to the United States? Second, will this expansion continue that advantage if in fact that's the case?

Ms. Angella MacEwen: Absolutely. Workers in Canada cost less to businesses than they do in the United States. Paying for health insurance in the United States for workers is growing more and more expensive. Having that public system in place, making sure that it's working properly and expanding it—dental care, pharmacare, those types of things—really saves businesses a lot of money and makes it a more attractive place to invest.

Mr. Don Davies: In comments, we've heard a lot about the carbon tax. I'm not going to get into that specific tool because I think there are a range of tools that can be used to address the climate crisis, but I want to flip the question and ask you what you can tell us about the cost of not dealing with the climate crisis.

Certainly there must be an economic cost to wildfires, floods and droughts that affect food production. What can you tell us about the cost of not dealing with the climate crisis?

Ms. Angella MacEwen: I think that's an amazing question, and governments should take that question into consideration more often when they're taking action.

Speaking of productivity, the cost of not transitioning the labour force—not planning for that, not having an industrial strategy in place and not providing training for workers to transition.... Those are very important.

Not building our communities to be resilient to floods and fires is going to bring a huge cost. Not thinking about the health and safety of workers who have to work outside and breathe that smoke and not being prepared for what this means is a huge cost that can be borne personally, but it will be a real drag on our economic future.

Mr. Don Davies: There was a suggestion earlier today that "raising labour inputs"—I think what was meant by that was wages—is having a negative impact on our economy.

What can you tell us about the role wages play in the current Canadian economy, in terms of our future economic prospects?

Ms. Angella MacEwen: There are different ideas about what can spur economic growth, but you can have wage-led growth. If you're investing in workers and paying them a good wage, they spend that money in their local economies. Those jobs become more productive because the workers are paid better, so they're able to perform better.

An example of this is the four-day workweek trials that have been performed. Workers have been paid the same amount for fewer hours and have become more productive.

There's a real path to a more productive economy in which workers get a fair share of the value of what they're producing and are more invested in that and share it more in their local economies.

Mr. Don Davies: I think Henry Ford figured that out.

Ms. Angella MacEwen: Yes.

The Chair: Thank you, MP Davies.

We're going to have a quick round, and I mean very quick: one minute per party. It's basically one question.

After that, I have a couple of housekeeping things to address.

We're going to start with MP Williams.

Mr. Ryan Williams: Thank you very much.

Mr. Vronces, the Canadian Anti-Monopoly Project said here that banking is the most concentrated sector. Canada has never stopped a merger in banking. In the HSBC and RBC merger, the number one bank bought the number seven bank.

Open banking has to happen to make sure we get fintechs up and running, and you also talked about payment modernization.

How important is this, and how many fintechs are there? What is that going to add to productivity and our economic vitality, and will it break up this major banking monopoly and oligopoly we have in Canada?

Mr. Alexander Vronces: It would help a great deal to introduce more competition in this space. Many of our members make headlines on a regular basis and serve millions of Canadians on a daily basis. They're already breaking into the market, but there are still frictions.

There was a study done of about 50 countries that looked at what happened after governments introduced pro-competition reforms in the financial sector. They found that on average and across all the countries, venture capital investment in fintech increased by 50%. Venture capital investment in fintech in Canada last year was about $1 billion. We can expect that to go up by a similar amount.

It's also very important to make these reforms here as well, because it's not just about servicing Canadians or bank customers better; it's also about making Canada more productive, and the financial sector is crucial to that.

● (1355)

The Chair: Thank you, MP Williams.

We'll go to MP Dzerowicz for a question.

Ms. Julie Dzerowicz: Thank you so much, Mr. Chair.

I want to thank all the witnesses.

I only have one minute and one question, so I will ask Ms. MacEwen a question.

Yesterday we heard from Sean Strickland from Canada's Building Trades Unions. He was talking about the labour requirements that were included in the fall economic statement as they related to the clean economy investment tax credits. He said that it was a gold standard for us to put in some labour requirements around wages and to provide apprenticeship training.

I want to get your thoughts about whether you agree this is a gold standard and a model for moving forward.

Ms. Angella MacEwen: I think it's a great start. However, it ignores office workers and feminized workers, so I wouldn't call it the gold standard. I think it could be improved by considering workers who don't do heavily male-dominated work. There is a lot of feminized work and there should also be wage protections for those workers.

Ms. Julie Dzerowicz: Thank you.

The Chair: Thank you, MP Dzerowicz.

We'll go to MP Ste-Marie.

[*Translation*]

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

Ms. Labelle, would you please say a few words about how important it is to increase the benefit rate in order to address inflation?

You may add a few more comments in conclusion, if you wish.

Ms. Fanny Labelle: What's certain is that we're seeing, in our offices, people who are losing their homes and now have to use food banks because they're receiving only 55% of their income, which in many cases isn't even enough to cope with inflation. They're finding it hard to make ends meet. In our view, this benefit rate is virtually criminal. It must absolutely be raised.

I would add one comment in closing. We've been repeating the same words since 2015. So I hope my appearance here will help all MPs pursue this issue further in the House of Commons. Protection in the event of loss of employment is a right, not a privilege. All workers contribute to the employment insurance fund and should therefore have better protection.

Mr. Gabriel Ste-Marie: Thank you very much.

[*English*]

The Chair: MP Davies, this is your final question.

Mr. Don Davies: Thank you.

I want to give my last time to you, Ms. MacEwen. We're debating Bill C-59 now. We have a budget coming Tuesday. What advice would you give the federal government in terms of something you'd like to see done to help spur our economy?

Ms. Angella MacEwen: In general, I would like to see them rely less on market incentives to try to nudge behaviour. That doesn't really work very well. Specifically, I would love to see the parental benefits change. It's very simple. It doesn't cost that much and it would make a huge gender difference.

Also, I would like to see more investment in public housing, in truly affordable not-for-profit housing, so that the percentage of the market where people are paying too much for groceries, paying too much for rent, paying too much for everything and are not seeing their wages increase sees some relief. There is no profit to be made there; you just can't. A profit-seeking company simply cannot provide it at a level that's affordable for that segment of people.

Since housing is a human right and since having that housing security will allow you to increase your productivity in the labour market, go back to school or things like that, I think that's a really important long-term change.

Mr. Don Davies: Thank you.

The Chair: Thank you, MP Davies.

Thank you to our excellent witnesses.

Members, don't get up yet. We still have a few things that we have to address.

To our witnesses, thank you for your testimony and for being with us at committee. Have a great rest of the day. Thank you.

[*Translation*]

Ms. Fanny Labelle: Thank you very much.

The Chair: Thank you.

[*English*]

Members, the meeting this afternoon will be in room 320 of the Wellington Building.

As well, members, with regard to the deadline for amendments, the clerk's email from March 19 explains the process for the amendments. The clerk has indicated that the legislative clerks need a certain amount of time. We're asking that amendments on Bill C-59 be set for 5 p.m. on Monday, April 22, if everybody is good with that.

Some hon. members: Agreed.

The Chair: Okay.

I failed to do this when we had the minister in for main estimates. For me to be able to report main estimates to the House, we had to actually vote on the four main estimates. I'll go through those quickly.

CANADA REVENUE AGENCY

Vote 1—Operating expenditures, grants and contributions..........$4,563,721,864

Vote 5—Capital expenditures..........$90,816,159

(Votes 1 and 5 agreed to on division)

DEPARTMENT OF FINANCE

Vote 1—Program expenditures..........$145,198,781

Vote 5—Authority for amount by way of direct payments to the International Development Association under the Bretton Woods and Related Agreements Act..........$1

(Votes 1 and 5 agreed to on division)

FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS CENTRE OF CANADA

Vote 1—Program expenditures..........$50,288,770

(Vote 1agreed to on division)

OFFICE OF THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS

Vote 1—Program expenditures..........$1,244,352

(Vote 1agreed to on division)

The Chair: Thank you.

Shall I report votes 1 and 5 under the Canada Revenue Agency; votes 1 and 5 under the Department of Finance; vote 1 under the Financial Transactions and Reports Analysis Centre of Canada and vote 1 under the Office of the Superintendent of Financial Institutions to the House?

Some hon. members: Agreed.

The Chair: Wonderful.

Thank you very much, everyone. We're adjourned.