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# Standing Committee on Finance

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Chair: Mr. Peter Fonseca





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• (1005)

[English]

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

Welcome to meeting number 144 of the House of Commons Standing Committee on Finance.

Pursuant to the House of Commons order of reference adopted on Wednesday, May 22, 2024 and Standing Order 108(2), the committee is meeting to discuss Bill C-69, an act to implement certain provisions of the budget tabled in Parliament on April 16, 2024.

Before we begin, I'd like to ask all members and other persons participating to consult the cards on the table for guidelines to prevent audio feedback incidents. Please take note of the following preventative measures in place to protect the health and safety of all participants, including the interpreters.

Only use a black, approved earpiece. The former grey earpieces must no longer be used. Keep your earpiece away from all microphones at all times. When you're not using your earpiece, place it face down on the sticker placed on the table for this purpose.

Thank you all for your co-operation.

Today's meeting is taking place in a hybrid format, pursuant to Standing Order 15.1. In accordance with the committee's routine motion concerning connection tests for witnesses, I'm informed that all witnesses have completed the tests required for the connection tests in advance.

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

Please wait until I recognize you by name before speaking. For members in the room, please raise your hand if you wish to speak. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as best we can. We appreciate your understanding in this regard.

As a reminder, all comments should be addressed through the chair.

I would now like to welcome our witnesses from the department on parts 1 to 4 of Bill C-69.

Members, before we get to our officials, you received an email from our clerk at 12:16 p.m. yesterday. It was regarding approval of the budget to study the FES bill, Bill C-59, and the ATIP request. I'm just looking around for approval.

**Some hon. members:** Agreed.

**The Chair:** That's terrific.

We are now going to get to our officials.

We do have many here. I understand that approximately 75 officials are with us from all of the different departments to address questions on parts 1 to 4 of Bill C-69.

If you are called upon and you do come to the table, I ask that you let everybody know the department that you represent and who you are before answering the members' questions.

I understand there are no opening statements for the first panel, which is the officials in the first hour.

As you know, each party will have up to six minutes to ask questions.

We're starting with MP Chambers for the first six minutes.

Go ahead, please.

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

Welcome, everybody.

Is Mr. Hammond here from OSFI?

Please join us. It's not like church. There are some extra seats up here. You don't have to stand in the back. You're more than welcome to sit up here.

**The Chair:** Could you identify yourself and tell us where you're from?

**Mr. Michael Hammond (Chief Financial Officer, Office of the Superintendent of Financial Institutions):** My name is Michael Hammond. I'm the chief financial officer at the Office of the Superintendent of Financial Institutions.

**Mr. Adam Chambers:** Thank you very much.

Before we get started, I will say that I'm sure it's very annoying for all of you to show up here in person, but it's actually really nice to see people, instead of seeing you online. Thank you for coming in person. I appreciate that.

As I understand, OSFI is receiving an increased maximum amount that it can be advanced as part of the budget. Can you—

**Mr. Michael Hammond:** I can elaborate a little bit on that for you.

OSFI's funding is obtained through the financial institutions that we regulate. We bill them on an annual basis in the July-August time frame, following the financial results for the fiscal year.

This provision allows us to have access to the CRF before we have done that invoicing in order to fund our operations in the early part of the year. Once we receive the funding from the financial institutions, that money is then reimbursed into the CRF.

**Mr. Adam Chambers:** It's kind of like a revolving credit facility.

**Mr. Michael Hammond:** That's correct.

**Mr. Adam Chambers:** Obviously, either the funding requirements of the organization are bumping up to the \$40 million, or you need to expand them. Is that right?

**Mr. Michael Hammond:** That's correct.

**Mr. Adam Chambers:** I'm very interested in what's happening at OSFI in terms of the growth of the organization. Obviously, the reason you need the money is that you have funding requirements—

**Mr. Luc Bisson (Acting Assistant Commissioner, Policy, Correctional Service of Canada):** Am I going to get a question?

**Mr. Adam Chambers:** No, Mr. Bisson, not quite yet, but I might get to you.

It's my understanding that the organization has actually grown substantially over the last five years.

Is that a fair point?

**Mr. Michael Hammond:** Yes. The organization has gone through a period of growth to address the risk environment that OSFI is responsible for overseeing.

**Mr. Adam Chambers:** Okay. I don't expect you to have those specific numbers for me now, but if you wouldn't mind, I would appreciate an ability to see, not every year, but say, five years ago, what the organization looked like from an organizational structure in terms of not just the gross number but also where these individuals work today, by organization. Is that something you could provide to the committee?

**Mr. Michael Hammond:** Yes. I'd be happy to take that back and to provide that back in writing. We can provide you with a trend in terms of budget over the last five to six years, if that's helpful.

**Mr. Adam Chambers:** Thank you. That's very helpful.

Since you mentioned addressing the risk environment, I think it would also be helpful to understand what division these individuals work in, as an example, if that's something you can do.

**Mr. Michael Hammond:** Sure. Absolutely, we can do that for you.

**Mr. Adam Chambers:** Okay. Thank you very much.

Are you involved with, or aware of, the new Basel rules, or is that outside of your purview?

**Mr. Michael Hammond:** That's a bit outside of my purview. As the CFO, I'm more responsible for the internal operations of the or-

ganization, but I'm happy to take questions back and to provide a response in writing.

**Mr. Adam Chambers:** That's fair enough.

You could tell some of your colleagues that they should pay attention to what's happening in the United States, because the U.S. Federal Reserve, which is in charge of the equivalent regulatory body there, is delaying and will make material changes to the implementation of Basel for the sole purpose that they're worried that banks will restrict lending. We've seen banks, very recently, actually identify how much less lending they will do because Basel is introduced.

I don't expect you to engage on that, but if you could bring that back to them, that would be great, because we haven't had any one here from OSFI in the last year, other than yourself. That would be very helpful.

• (1010)

**Mr. Michael Hammond:** Thank you very much. I will take that back.

I know the superintendent is very interested in coming to appear at FINA and is very happy to come when he's invited.

**Mr. Adam Chambers:** We look forward to having him when he's able. Thank you.

Ms. Gwyer, because you're in tax, and you're there, I might as well stay with you.

Actually, this was a very good question from the library. The document they provided was excellent.

How has the government ensured that the potentially partisan nature of Canadian journalism organizations does not impact eligibility for the Canadian journalism tax credit? Is there any kind of test that's being considered for that?

Mr. Baylor.

**Mr. Maximilian Baylor (Director General, Business Income Tax Division, Department of Finance):** Yes, I can take that one.

There is a key test, really, as you may be aware, as part of the eligibility criteria to access the credit. There is an advisory board that looks at the eligibility for the tax measures. The advisory board's mandate is to provide an independent assessment and make a written recommendation—

**Mr. Adam Chambers:** I'm going to run out of time, so just very quickly—I apologize—who appoints the advisory board?

**Mr. Maximilian Baylor:** I believe the advisory board—

**Mr. Adam Chambers:** I think they're Governor in Council appointees. Is that right?

**Mr. Maximilian Baylor:** I'd have to confirm that, but that's—

**Mr. Adam Chambers:** My understanding is that cabinet will decide who decides whether a journalistic organization is partisan, and cabinet, as I understand, is made up of a bunch of elected people who are partisan.

I think I've exhausted my time, Mr. Chair.

Thank you very much, Mr. Hammond. Thank you for your answers. I appreciate it.

**The Chair:** Thank you.

Thank you, MP Chambers.

Now we go to MP Baker.

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

Thank you all very much for being here and for all the work you do every day in service of Canadians, supporting and working on behalf of our government.

Elected folks are typically the ones, I think, that Canadians see the most on television and read about in the newspapers, but there are so many of you who work very hard every day and make a difference for Canadians every day. You have my thanks for your work and for being here today.

I wanted to ask some questions to officials from industry. Is there somebody here from industry?

**The Chair:** Members, I will stop the time in transition as people make their way to the table.

Please introduce yourselves.

**Mr. Andre Arbour (Director General, Telecommunications and Internet Policy Branch, Department of Industry):** Good morning. My name is Andre Arbour with Innovation, Science and Economic Development Canada. I'm joined by my colleague Marc-André Rochon.

**Mr. Yvan Baker:** That's wonderful. Thank you.

I wanted to ask about amendments to the Telecommunications Act regarding cancellation and switching fees for telecom companies. Could you speak to us about the intent of this measure and what the CRTC's role is in the implementation of those measures?

**Mr. Andre Arbour:** The intent of the amendments to the Telecommunications Act is to further support consumers in the telecom marketplace.

We have seen over the past year a marked improvement in terms of competition and pricing, notably for mobile pricing. Plans that were available for \$70 or \$80 a month a couple of years ago are now available in the \$30 to \$40 range.

People say, "Well, my bill hasn't changed. What's happening here?" The situation there is that they're on an older, legacy plan rather than one of the new plans that are in the marketplace. The provisions are designed to help consumers switch and find the best plan for them. There are three mechanisms that we've identified that can support consumers.

First is having an automatic self-service portal online. This does exist in some contexts, but could be stronger. This will help people find the best plan without necessarily having to be on hold with a customer service agent.

The second is a notification requirement whereby service providers need to provide notifications to their customers of current

plans in the marketplace, so they can see what is currently available.

The third item is a prohibition on fees that can be associated with switching, which can then be an impediment or a barrier. Fees associated with switching are not particularly common in the marketplace, but they do exist, hence the goal of that provision.

Each of these three requirements has high-level objectives in the legislation, but we're talking about a technologically driven marketplace. Hence, the CRTC, as the independent regulator, is charged with translating these into the detailed rules that the service providers would need to follow.

• (1015)

**Mr. Yvan Baker:** That's very helpful. Thank you.

I hear about the issue of cellphone bills from my constituents all the time. I know we've done a lot of work, and you just spoke about some of it in this legislation, that tries to address that and get the cost of cellphone bills down or at least to level out those costs.

What I hear you saying is that for a lot of Canadians out there, there are potentially cheaper plans available than the ones they are currently on. In other words, they could go to their cellphone provider, like Rogers or Bell or whatever, and contact them. If they do it in the appropriate way, potentially there are a lot of folks who could be signing on to a different plan that would serve their needs but cost them a lot less.

Is that what you're saying?

**Mr. Andre Arbour:** That is correct.

My staff tease me sometimes. I was on an older plan, and I was paying \$50 a month for 10 gigabytes of data last year. This plan is still available—it's still on websites—but I switched to a 20-gigabyte plan for \$29 a month. That's 40% cheaper, with twice the data.

I can tell you that Bay Street analysts who advise on investing in the telecom companies are a little nervous about this, because it cuts into the financial profitability and that type of thing, but there really has been a marked improvement. The amendments are designed to help support this.

There are other tools on ISED's website, for instance, that help people compare and shop for plans, so we do encourage consumers to engage in the marketplace.

**Mr. Yvan Baker:** This is actually really exciting.

I want to make sure I'm clear. One of the measures in this legislation is about eliminating switching fees, so that telecom companies don't charge consumers when they say they want to switch from this more expensive plan to a cheaper plan. That's the switching fee part.

Also I hear you saying that there's going to be—and you didn't use this word—a portal or information publicly available that consumers can access, and they'll be able to figure out through that what plans are available or how to access cheaper plans.

**Mr. Andre Arbour:** I would nuance that.

That's correct on the switching fees. In terms of the portal, it is more about having 24-7 easy access to make the switch, rather than having to call a customer service representative.

There are already tools online that are listed on ISED's website. Common ones are called WhistleOut or ProtégezVous, which collect all of the plans across all of the providers, not just the one you happen to be with, and make it easy to compare prices across plans.

**Mr. Yvan Baker:** Where will consumers be able to access this information going forward?

**Mr. Andre Arbour:** ISED maintains a section on pricing specifically that has a range of resources measuring pricing, including these tools or guides to help switch. As well, the CRTC will be publicizing more detail as they implement the provisions in the BIA.

**Mr. Yvan Baker:** This is really exciting news. It sounds like consumers can get cheaper cell phone plans, but we need to pass this legislation to make this happen.

That's fantastic.

Thank you.

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

Now we will go to MP Ste-Marie, who is appearing virtually.

Go ahead, MP Ste-Marie.

[*Translation*]

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

I would like to welcome all my colleagues and all the officials.

Thank you for being here.

My first questions will relate to the open banking system, but I would like to start by asking whether the person who has responsibility for talking about it is at the table.

• (1020)

**Ms. Kirsten Fraser (Director, Financial Services Division, Department of Finance):** Yes.

**Mr. Gabriel Ste-Marie:** Hello, Ms. Fraser.

My concerns obviously relate to financial institutions that come under provincial jurisdiction and would like to participate in the open banking system. The institutions in question are credit co-operatives, financial institutions owned by a province and certain trust companies.

The framework proposed by Bill C-69 is federal. You told us at a briefing that a financial institution under provincial jurisdiction could join the federal framework on an optional basis. However, we understand that if that institution wants to compete and participate in the open banking system, it will have to join the federal framework.

Is that correct?

**Ms. Kirsten Fraser:** I can talk about the objective of the framework.

**Mr. Gabriel Ste-Marie:** My speaking time is limited and I have several technical questions.

**Ms. Kirsten Fraser:** Okay.

The objective of the framework is to establish a system for all entities and all Canadians with the aim of ensuring that all Canadians have equal protections and equal access when they decide to provide their financial data.

The framework is the first step. We are continuing to work with all stakeholders, including the provincial governments and regulatory agencies, to avoid federal barriers to participation in the system.

**Mr. Gabriel Ste-Marie:** Okay—

**Ms. Kirsten Fraser:** However, yes, the system is optional for credit co-operatives.

**Mr. Gabriel Ste-Marie:** The framework is optional, but if credit co-operatives want to compete with the banks and participate in the open banking system, they will have to comply with the framework, which is under federal jurisdiction.

That means that rather than simply ensuring that a common technical standard is adopted for all financial institutions, the framework will duplicate what already exists in the provinces, in terms of the protections and regulation of relationships between consumers and financial services providers.

During testimony at the Senate committee, we understood that the laws of Quebec and the provinces could continue to apply. However, there then would be duplication. Rather than have a harmonized common standard, as was done in the case of securities, an institution under provincial jurisdiction will have to comply with the province's standards, such as consumer protection standards, and also the federal standards.

For provincial financial institutions, this will double their responsibilities, and that will undermine their competitiveness vis-à-vis the federal financial institutions. Do you agree with that reading?

**Ms. Kirsten Fraser:** As I said, the framework is the first step. [*Technical difficulty—Editor*]

**Mr. Gabriel Ste-Marie:** Unfortunately, Ms. Fraser, the connection seems—

[*English*]

**The Chair:** I'll interrupt. We are having challenges with connectivity.

MP Ste-Marie, we are not getting the connectivity that we need to continue for the interpretation.

[*Translation*]

**Ms. Kirsten Fraser:** Right. I apologize.

**Mr. Gabriel Ste-Marie:** That seems to be better.

**Ms. Kirsten Fraser:** It seems to be better when I turn my camera off.

**Mr. Gabriel Ste-Marie:** Yes.

**Ms. Kirsten Fraser:** I will repeat what I was saying.

When it comes to common rules in the banking system, it is important, first, to note that those rules apply to the system, to the activities that come within the system. The interaction with the—

[English]

**The Chair:** I'm sorry. I'm going to have to interrupt again. It's just not possible. The interpreters are not able to do their jobs with the sound we have.

We can ask, MP Ste-Marie, if you would like a response in writing.

[Translation]

**Mr. Gabriel Ste-Marie:** Yes, Mr. Chair.

I will send the department a series of questions to which I would like to get answers in writing, if possible. I would like to receive the answers fairly quickly, given that we are moving on to clause-by-clause consideration on Tuesday.

In the next round of questions, I will be asking questions about another part of the bill.

I see my speaking time has run out.

• (1025)

[English]

**The Chair:** Okay.

I would request the department, to the best of its ability, to provide those answers to MP Ste-Marie, please.

MP Ste-Marie, you have approximately another minute and 20 seconds.

[Translation]

**Mr. Gabriel Ste-Marie:** Okay.

I would like to ask some questions about the global minimum tax. I don't know whether the person—

[English]

**The Chair:** Yes, they're coming to the table.

If you could introduce yourself, please.

**Mr. Peter Repetto (Senior Director, International Tax, Department of Finance):** I'm Peter Repetto. I'm a director in the tax policy branch at the Department of Finance.

[Translation]

**Mr. Gabriel Ste-Marie:** Thank you, Mr. Repetto. I am pleased to see you at the committee again.

I would like to talk about the global minimum tax. What is there in Bill C-69 that determines what share goes to the federal government and what share goes to the provinces?

[English]

**Mr. Peter Repetto:** In the proposed global minimum tax act, which is in part 2 of the bill, there are no provisions relating to the allocation of revenues between the federal government and provincial governments. There, I'm speaking of revenues that are projected to result from the application of this new global minimum tax.

[Translation]

**Mr. Gabriel Ste-Marie:** Okay; thank you.

I will have more questions to ask during the next round of questions.

[English]

**The Chair:** MP Ste-Marie, that is the time.

We will do all we can, I think, through the department, to get you some written answers to the questions that you posed.

We are now going to MP Davies for six minutes.

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

For efficiency, I intend to explore the following areas: the prohibition on the purchase of residential property, the school nutrition program, immigration detention, Canada student loan forgiveness and the food and drugs act.

I could maybe ask those responsible for those areas to please come forward.

**The Chair:** If you can make your way to the table, please do. Again, introduce yourselves before answering any question that is put to you.

Go ahead, MP Davies.

**Mr. Don Davies:** Thank you.

In terms of the Prohibition on the Purchase of Residential Property by Non-Canadians Act, which is being extended by the budget, what has been the impact of this prohibition, so far, particularly on housing prices, and what might be expected in 2025 and 2026?

**Mr. Babak Mahmoudi Ayough (Advisor, Housing Policy and Research, Canada Mortgage and Housing Corporation):** Thank you for the question. I'm Babak Mahmoudi. I'm an adviser with the policy sector of the Canada Mortgage and Housing Corporation.

We regularly monitor the housing market and the broad impacts of the different policies. On this measure, we still do not have sufficient data. We need some time for the impacts to settle in the market. However, we can look at similar policies. For example, on the foreign buyers tax, we have some data from B.C. and Ontario. We have some estimates, and the existing research shows some impacts on the market. This is part of the medium-term package from the government that impacts the demand side of housing, which we think is an important force in the housing market.

**Mr. Don Davies:** How many fines have been issued, to date, under the prohibition on the purchase of residential property, and in what amount?

**Mr. Babak Mahmoudi Ayough:** We don't have that data. We don't have access to case data from local authorities, local legal authorities.

**Mr. Don Davies:** Can you provide that information to the committee?

**Mr. Babak Mahmoudi Ayough:** We can do that.

**Mr. Don Davies:** Thank you.

Moving to the Canada student loan forgiveness program, the budget proposes to add nine additional health and social professions, as well as early childhood educators, to that program.

I'm just wondering. We've been contacted by the occupational therapists of Canada, who are missing from that list. Is there any reason for this omission? Would you see any policy reason why we shouldn't amend the budget to include occupational therapists?

**Mr. Jonathan Wallace (Director General, Canada Student Financial Assistance Program, Department of Employment and Social Development):** Hi. I'm Jonathan Wallace, director general of the Canada student financial assistance program. Thanks for the question.

In determining the list of additional professions to include in this benefit, a lot of factors were taken into consideration. Labour shortage data across the country using the COPS occupational projection system was considered, as well as specific data on shortages in rural tracks. We did a series of stakeholder consultations as well, and we heard from a lot of folks in the health and social services field about where the shortages were from their perspective.

In addition, there was also consideration of government priorities. Current government priorities regarding dental care and early learning and child care, for example—

• (1030)

**Mr. Don Davies:** I'm sorry. I have limited time.

I'm just wondering: Did you specifically address your mind to occupational therapists and deliberately exclude them?

**Mr. Jonathan Wallace:** The last point is that there's also a sort of fiscal impact. At a certain point, the number of occupations did have to be limited, so that was the other factor.

**Mr. Don Davies:** Thank you.

On the school nutrition program, the government has announced that it expects this program to affect some 400,000 children. My research indicates there are some 2.2 million children in Canada attending grades 1 to 6, and there are about 2.8 million children if you go from grades 1 to 8.

Groups have told us that a key concept that is important in this program is that there be universal access. We don't want to create a program where poor kids go to the lunchroom and other kids don't, as stigmatization is apparently a big problem. I'm just wondering: Will the program roll out on a universal basis, albeit perhaps on a partial basis, or will the funds not be conditioned on universality?

**Mr. Hugues Vaillancourt (Director General, Social Policy Directorate, Department of Employment and Social Development):** Thank you for the question. I'm Hugues Vaillancourt from Employment and Social Development Canada.

You are correct. The budget does talk about the 400,000 additional kids who could benefit from the budget investment. In terms of what you raise around universality, we've certainly heard the same thing from stakeholders around the importance of being "free of access" and being barrier-free and limiting stigma at points of access.

What we know and what we see is there are different ways around how provinces already try to provide access that is stigma-free. Universal access is the gold standard, but there are certainly other approaches that are being used in different school meal programming that provide that stigma-free experience.

**Mr. Don Davies:** I would assume, then, that the federal monies for this program—the \$1 billion, I think, over five years—will not be conditioned on the funds being used in a universal program. Am I correct about that?

**Mr. Hugues Vaillancourt:** On the funds, the objective here is to agree on a set of bilateral agreements with provinces and territories for focusing on and increasing and expanding existing school meal programming. Certainly, there are objectives around being stigma-free that are already, in many cases, objectives that provinces and territories have in their own programming, but the funding would not, as it exists, allow for all kids aged 4 to 18 to access the program.

**The Chair:** That is the time. Thank you to the officials.

Thank you, MP Davies.

We are moving into our second round, and we want to get through the full second round.

We'll start with MP Morantz for five minutes, please.

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

Before my time starts, I'd like Mr. Ayough to stay, please.

Mr. Ayough, come back.

**Voices:** Oh, oh!

**Mr. Marty Morantz:** You're not getting away so fast.

**The Chair:** I have stopped the time, as I did with MP Davies, in order to let officials know who you want at the table. If you want to let us know about others, that would be great.

**Mr. Marty Morantz:** Yes. In fact, I was just about to say that, Mr. Chair. Thank you for that.

I would like Mr. Bonnyman from debt management.

**The Chair:** Are they here?

Do you want to get started, MP Morantz?

**Mr. Marty Morantz:** Depending on how my time goes, I may have one other, but we'll see.



Mr. Mahmoudi Ayough, do you happen to know what was the greatest number of housing completions in Canada in a single year in recent years?

**Mr. Babak Mahmoudi Ayough:** I don't have that data with me, but I can—

**Mr. Marty Morantz:** I happen to have it in front of me. Statistics Canada reported that in 2021 there were 222,670 houses completed in Canada. It actually went down in 2022 to 219,942. Now, CMHC said about a year ago that to deal with the housing crisis we have to build 3.1 million homes in Canada over and above what we normally do, and just a few weeks ago the Prime Minister announced that the government plans to build 3.9 million homes between 2024 and 2031, which is roughly seven years. That would mean the home building industry in Canada would have to build 550,000 homes every year. Do you think that's realistic?

• (1035)

**Mr. Babak Mahmoudi Ayough:** I think in budget 2024 there are measures. It's not with CMHC.

**Mr. Marty Morantz:** It's a pretty straightforward question.

**Mr. Babak Mahmoudi Ayough:** Yes, absolutely. There are measures that target the efficiency in the industry.

**Mr. Marty Morantz:** You think that's realistic?

**Mr. Babak Mahmoudi Ayough:** It's not my area. I'm here for the prohibition, but we can get back to you on that question.

**Mr. Marty Morantz:** You are—

**Mr. Babak Mahmoudi Ayough:** I'm an adviser in policy.

**Mr. Marty Morantz:** You're the housing policy and research adviser to CMHC—

**Mr. Babak Mahmoudi Ayough:** I am, absolutely.

**Mr. Marty Morantz:** —but it's not your area of expertise to answer whether it's realistic to build—

**Mr. Babak Mahmoudi Ayough:** On the industry capacity, it's not, but—

**Mr. Marty Morantz:** I'm having a little trouble hearing you.

**Mr. Babak Mahmoudi Ayough:** —I'm aware of measures in the budget that target increasing industry capacity.

**Mr. Marty Morantz:** You can't say whether or not it's realistic that we would build over 100% more homes a year between now and 2031.

**Mr. Babak Mahmoudi Ayough:** At this point, I cannot.

**Mr. Marty Morantz:** You're not in a position to say that. Is there someone in CMHC who is?

**Mr. Babak Mahmoudi Ayough:** There is, definitely, yes.

**Mr. Marty Morantz:** All right. Well, hopefully that person will come to committee at some point.

**Mr. Babak Mahmoudi Ayough:** Absolutely.

**Mr. Marty Morantz:** Let me switch, then, to Mr. Bonnyman.

Mr. Bonnyman, a couple of years ago, I remember voting against an increase in the debt ceiling. The debt ceiling was increased from roughly \$1.1 trillion to roughly \$1.8 trillion. I'm just rounding. It was recently announced that the debt ceiling is being increased

again to \$2.1 trillion, which would mean that in the last three years, the debt ceiling was actually increased by \$1 trillion. Given that it was just increased to \$1.8 trillion, what's the reason for increasing it by another \$300 billion?

**Mr. Alexander Bonnyman (Director, Debt Management, Department of Finance):** It's the Borrowing Authority Act maximum borrowing amount. We use a term that is slightly different from the American term. It's viewed a little differently. The increase that's being recommended this year is as a result of total borrowing approaching the \$1.831 trillion number that you mentioned at the end of 2024-25. The idea behind the introduction of the Borrowing Authority Act in 2017 was to enhance parliamentary oversight and transparency. The projections are done on effectively a three-year basis, so the limits are expected to be held for those three years.

**Mr. Marty Morantz:** Just to be clear on this, the reason is that the government account is pushing up against the \$1.8 trillion, and they wanted to have an increase in the debt limit so they will be able to borrow in excess of \$1.8 trillion. Is that correct?

**Mr. Alexander Bonnyman:** The increase is as a result of the borrowing needs as estimated from budget projections and a review of corporate plans of agent Crown corporations increasing over the next three years. As I said, the last projection as of May 2021 was that the limit would be \$1.831 trillion. Again, the intent was that the horizon for that would be three years.

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

Now we're going to MP Dzerowicz for the next five minutes, please.

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

I want to thank everyone for being here today. It's nice to see all of you. Thank you so much for your hard work.

I'm going to ask questions about the homebuyers' plan, as well as the small business carbon rebate and, if I can get to it, investment tax credits.

There are many in my riding who, like many Canadians, would love to buy their first home, and I think they're very excited to see a number of measures in our budget, in the budget implementation act, to help facilitate that.

Could you respond to how the increase in the RRSP withdrawal limit and the temporary repayment relief—extending when you actually have to start repaying back whatever you withdraw from your RRSP—and some of the other measures will help first-time homebuyers in these challenging times?

• (1040)

**Ms. Lindsay Gwyer (Director General, Legislation, Tax Legislation Division, Tax Policy Branch, Department of Finance):** As you mentioned, there are two aspects to the measure. The first is to allow a greater amount to be withdrawn from the RRSP. That would allow a withdrawal of up to \$60,000. In that case, if there are people who have an RRSP—

**Ms. Julie Dzerowicz:** Mr. Chair, I can't hear the witness, because there's some talking on the other side.

**The Chair:** Members, if we could, please keep chatter down.

MP Dzerowicz, please go ahead.

**Ms. Julie Dzerowicz:** Please don't take that time away from me. Thank you.

Please go ahead.

**Ms. Lindsay Gwyer:** The first aspect of the measure, as I mentioned, is to allow a greater amount to be withdrawn from their RRSPs. For people who have that amount in their RRSP, that would allow them to put a greater amount towards their home purchase.

In addition, there is a change to the timeline for when amounts need to be repaid. People who withdraw amounts under the plan need to repay them within 15 years under the current rules, and that 15-year period starts to run in the year after they purchase the house—

**Ms. Julie Dzerowicz:** I'm sorry. Wasn't it five years after they've purchased their house?

**Ms. Lindsay Gwyer:** Yes, I'm sorry. It's two years after they've purchased the house under the current rules, and then that's being extended to five years.

**Ms. Julie Dzerowicz:** Okay. My question is, how will these two measures help first-time buyers in these challenging times?

**Ms. Lindsay Gwyer:** The first aspect of the measure would allow those people who do have that greater amount in their RRSP to put a greater amount towards their down payment. Obviously, that would give them.... They would otherwise be able to take that money from their RRSP, but they would have to pay tax on it. It just provides them with more money up front to make their purchase.

The second portion of the measure makes it so that they have a longer amount of time before they need to start repaying it. That could obviously help people to put those funds towards something else. They won't need to be contributing them back to their RRSP—

**Ms. Julie Dzerowicz:** Thank you very much. I'm sorry. I don't have any more time. We've taken three minutes on that, unfortunately.

For the small business carbon rebate, small businesses are very excited in my riding. They have been waiting for the carbon rebate for a number of years right now.

I'm not sure who's going to be responding to this, but can someone just go through who is eligible and how it works? They want to know: "Julie, how fast can I get this money, and how can I apply?" How would you respond to small businesses in my riding?

**Mr. Maximilian Baylor:** Absolutely. Here, in order for the amounts to be distributed as quickly as possible, what has been implemented is essentially an automatic system to redistribute the amounts. The way it's established, it's basically going to run off the tax returns for the 2023 taxation year for businesses.

For eligible businesses, which are essentially Canadian-controlled private corporations with 499 employees or less, if they file a tax return, based on that filing, the CRA, the Canada Revenue

Agency, will determine their eligibility and their number of employees, and then will issue the payments on that basis. Really, what they have to do is file their tax returns before July 15 of this year, for the previous year. Based on that, they will receive their payments.

**Ms. Julie Dzerowicz:** If we assume the budget implementation act is passed by the end of June, when does the rebate actually occur, and is it retroactive for three years?

**The Chair:** I need a very short answer.

**Mr. Maximilian Baylor:** It's retroactive. It's the entire period from 2019-20 to 2023-24—those five years. That's the first payment.

I'm sorry. What was the first part of the question?

**Ms. Julie Dzerowicz:** When would they get the money back? Is it July or August?

**Mr. Maximilian Baylor:** The objective is that, once the legislation gets royal assent, the CRA can put in place the systems. Based on that, they can assess. The hope is that, before the end of the year, the payments can go out.

• (1045)

**Ms. Julie Dzerowicz:** Thank you very much.

**The Chair:** Thank you, MP Dzerowicz.

Now it's on to MP Ste-Marie for two and a half minutes.

[*Translation*]

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

My question is for Mr. Repetto.

We understand that there is no mechanism for sharing the 15% global minimum tax with the provinces. In the case of businesses, Quebec and Alberta manage their income tax autonomously.

Can you confirm that if Quebec decides to create a 15% global minimum tax on income that Quebec multinationals earn worldwide, this taxation could take precedence over federal income tax?

[*English*]

**Mr. Peter Repetto:** To the best of my knowledge, there's no prohibition as part of the multilaterally agreed pillar two of the global minimum tax framework on subnational jurisdictions that are implementing pillar two.

**The Chair:** Can you move back from the mic a little? There's a popping for the interpreters.

Thank you.

**Mr. Peter Repetto:** To the best of my knowledge, there is no prohibition on subnational jurisdictions implementing the pillar two global minimum tax. When I say "no prohibition", I mean one that's included within pillar two of the multilaterally agreed framework for the global minimum tax.

However, if a subnational jurisdiction were to implement its own global minimum tax, I think that could pose problems in terms of coordination with the federal global minimum tax that would be implemented by the proposed global minimum tax act in part 2 of the bill. I guess the knock-on effects of any such coordination issues could include certain adverse impacts with respect to the global status of the federal global minimum tax.

When I say “the status”, I mean.... There's a peer review process that is currently under way at the OECD, or the Organisation for Economic Co-operation and Development, whereby all of the inclusive framework countries—there are 145 that have joined this two-pillar plan for international tax reform—will be evaluating Canada's legislation in terms of its compliance with the pillar two framework. When I say there could be adverse impacts on the status of Canada's legislation, I mean this as part of the peer review process. Those other jurisdictions may raise certain concerns about the interaction between the provincial and federal global minimum tax in Canada.

**The Chair:** Thank you, Mr. Repetto and MP Ste-Marie.

We're well over time.

[*Translation*]

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

[*English*]

**The Chair:** Now it's over to MP Davies.

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

Could I have the witness on immigration detention and the Food and Drugs Act, please?

Thank you, Mr. Chair.

In a recent inquest into the death of Abdurahman Ibrahim Hassan, a refugee with a lengthy history of mental illness, who died in a segregated cell in Canadian immigration detention in 2015, the jury's first recommendation was to stop the use of jails for detaining migrants. Immigration Minister Miller has insisted that federal prisons will be used only for “a very small segment of the [migrant] population”, which he has described as “not criminals” but “high-risk” individuals who often have “severe mental health problems”.

How do you respond to suggestions that correctional facilities are not appropriate mental health care facilities for these people?

• (1050)

**Mr. Carl Desmarais (Director General, Inland Enforcement Directorate, Canada Border Services Agency):** I'm Carl Desmarais from the Canada Border Services Agency. I'm the director general responsible for the inland enforcement directorate. Thank you for the question.

With respect to mental health, it is definitely a vulnerability factor that the CBSA considers when it makes an initial decision to detain an individual. That remains and is not being changed by this particular bill.

I also will note that through the interim federal health program, the CBSA also receives funding specifically dedicated to providing health services to immigration detainees. These services range from

psychologists and psychiatry...and we have a 24-7 nurse who is available to provide care as well.

All immigration detainees are being run through an intake process whereby their mental health is examined by specialists. That continues. It is a practice that would be carried over should the legislative provisions that are currently contained within this particular bill be enacted. Those same types of services would continue to be provided.

**Mr. Don Davies:** Thank you.

Now, on the Food and Drugs Act, in division 31, under section 30, it is proposed to make three changes to give the Minister of Health quite sweeping powers to make changes to therapeutic products that are used off label in one case, and in the second, that may be intended to be used for animals but are being used for human beings, and to provide an exemption from the act as well.

Could you give us a concrete example of what these proposed sections are targeting?

**The Chair:** I will need some very quick, short answers. Should you want to elaborate further, then do so in writing, please, to the member.

**Dr. Celia Lourenco (Associate Assistant Deputy Minister, Health Products and Food Branch, Department of Health):** Thank you very much for the question. I am Celia Lourenco, with the health products and food branch of Health Canada.

We're aiming to introduce three new authorities at the level of the act, starting with what we call the “supplementary rules of authority”, which will allow us to have a ministerial order put in place to address situations in which products are being intentionally misused. An example would be the nicotine replacement therapies—the nicotine pouches—that are being used by youth. We want to be able to put in place rules around place of sale and around labelling, packaging, flavours and other aspects that would be appealing to youth. That's one objective.

That particular authority does not at all intend to limit or restrict off-label users or the use of health products in the context of the health care system. It's really for situations in which there's intentional misuse or diversion of a product for use completely outside of health.

The second rule is around exemption: being able to exempt products from the Food and Drugs Act and regulations. A particular example there is that over the last two years we've unfortunately had a shortage of infant formula. Currently, we don't have in our framework the ability to exempt foreign products and foreign formulas that are nutritious but may not completely meet our regulatory requirements around labelling, for example.

We want to be able to bring in those products in order to meet that unmet need but to do that quickly through a ministerial order that would have rules in place around those products.

**The Chair:** Thank you for that, but we're well over the time.

Thank you very much. Again, if you'd like to, reply in writing, please, to the member and the committee.

Now we are going to MP Lawrence for five minutes.

**Mr. Philip Lawrence (Northumberland—Peterborough South, CPC):** Thank you, Mr. Chair.

If I could, I'll just throw out two topics for questions. Maybe you can organize yourselves as to who would be best to speak.

One topic I'm going to cover is the carbon tax rebate, and the other will be forecasting from Finance, so perhaps that's for an economist from Finance or otherwise. If those two folks could take their seats at the front of the room, that would be great.

**The Chair:** Why don't you start, MP Lawrence? We'll see if somebody feels that they should come to the table, or we may have Ms. Gwyer or Mr. Baylor.

**Mr. Philip Lawrence:** I want to follow up on my colleague Ms. Dzerowicz's line with respect to the carbon tax rebate. I understand that it will be primarily an automated process.

The taxpayer will check a series of various boxes or the metaphorical equivalent of that, and then the CRA will spit out a cheque going forward. Have I got that right, first of all?

• (1055)

**Mr. Maximilian Baylor:** That's generally accurate, yes.

**Mr. Philip Lawrence:** Okay. My question is on my understanding that to administer the carbon tax rebate, the government has asked for \$180 million. Is that correct?

**Mr. Maximilian Baylor:** That's correct. At this point, that's the amount CRA has been allocated to put in place the systems to essentially go through and select these businesses and then send them those.

**Mr. Philip Lawrence:** Thanks very much for that. Let's unpack that a little if we can, if you're able to, because \$180 million is a very large amount of money.

What's involved in that \$180 million? How many full-time equivalents are being hired? What's being spent on software? What's the breakdown of that \$180 million?

**Mr. Maximilian Baylor:** As you're aware, I work for the Department of Finance. Those questions would be best addressed to the Canada Revenue Agency with respect to exactly how they will allocate it, but as I indicated, it's to implement a system that's able to calculate the payments for the administrative system that matches the payroll with the corporate income tax information, and that then gets to that result.

**Mr. Philip Lawrence:** Okay.

**Mr. Maximilian Baylor:** They're large amounts, of course, given the volume.

**Mr. Philip Lawrence:** No disrespect intended, but we have 76 government officials here, and no one can break down the \$180 million that's being spent? That's fine. I'll move on.

I'm going to ask you questions with respect to forecasting and financial impact. I actually want to read a quote from the latest con-

vert to the Milton Friedman school of economics. This individual said, "Can you send us more benefits or an extra \$1,000 a month?"

Well, as soon as you do that, inflation goes up by exactly the same amount. That recent convert to the Milton Friedman school of economics is none other than Prime Minister Justin Trudeau.

My question is for the Finance officials. Would you build the additional \$40 billion of net new spending into your forecast, as the Prime Minister has clearly said that it is inflationary?

**Ms. Lindsay Gwyer:** We have people here to talk about the specific measures in the bill. I don't think there's anyone from our fiscal policy branch who does the kind of forecasting that was in the budget and that is taken into consideration.

**Mr. Philip Lawrence:** Okay. I'll move on then.

Pillar 2, of course, is designed to reduce the amount of tax avoidance through the transference of profits to lower tax jurisdictions.

Before we start building new structures, I think it's important that we stop the leakage in other areas. The Panama Papers have to be more than a decade old now. We have 75 government officials. Could one of you please tell me about the convictions we've obtained and the dollars we've obtained from individuals who highlighted stealing from Canadian taxpayers?

**Ms. Lindsay Gwyer:** There's no one here from the Canada Revenue Agency. They would need to provide that information. I think they may have, at the previous meeting, said they would follow up with that information. We can see what we can do.

**Mr. Philip Lawrence:** They haven't followed up—and I would encourage them to—but I can tell you what the number is. It's zero convictions and it's zero dollars. A lot of commentators and experts have said—and I say this with respect, to bring this back to your departments as you pass legislation—that in Canada the real issue is enforcement. That comes back to the civil service and making that happen. We have the wealthiest individuals in Canada utilizing tax havens to get money, and we continue to pile more legislation, more red tape, on middle-class Canadians while allowing the wealthiest in our society to take advantage of those loopholes.

Thank you very much. I believe that's about my time.

**The Chair:** It is. Thank you, MP Lawrence.

Now we go to MP Sorbara, the newest member of our committee.

Welcome back, I should say.

• (1100)

**Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.):** Thank you, Chair.

Good morning to everyone, and good morning to all the officials.

I'd like to speak to the CMB program—the Canada mortgage bonds program—and the alternative minimum tax. Perhaps the various officials can come up, or if they're already seated, that's great.

**The Chair:** Can you introduce yourselves?

Thank you.

**Ms. Stefania Bartucci (Director, Strategic Projects, Personal Income Tax Division, Department of Finance):** Hi, I'm Stefania Bartucci from the personal income tax division of the tax policy branch at the Department of Finance.

**Mr. Alexander Bonnyman:** I'm Alexander Bonnyman, debt management, Department of Finance.

**Mr. Matthew Boldt (Acting Senior Director, Housing Finance, Department of Finance):** I'm Matthew Boldt, housing finance, Department of Finance.

**Mr. Francesco Sorbara:** Okay. I'll first talk about the CMB program.

We are putting in an increase in the limit on the CMB program. Can you explain in broad strokes what the CMB program supports, for folks out there?

**Mr. Matthew Boldt:** Sure, I can talk about that.

The measure in the bill is to amend the National Housing Act to increase the enforced limits for both guarantees issued by the Canada Mortgage and Housing Corporation and mortgage default insurance provided by the Canada Mortgage and Housing Corporation. It's proposing to increase each of those two limits from the current temporary limits of \$750 billion to permanent limits of \$800 billion.

The purpose of these amendments is to ensure that CMHC can continue to support multi-unit rental housing construction, in particular.

**Mr. Francesco Sorbara:** In our goal to continue to ramp up the whole continuum of housing construction, multi-unit rental construction is very important. The CMB program, from my days many years ago, is a low-cost securitization vehicle used by the building industry, obviously via investors purchasing those bonds. My understanding is that they are backed by these residential buildings.

Is that correct?

**Mr. Matthew Boldt:** Yes, that's correct.

The government announced in September 2023 that it was increasing the Canada mortgage bond issuance limit by \$20 billion annually—from \$40 billion to \$60 billion per year. The intention of that change is to unlock additional low-cost financing for multi-unit rental housing construction.

**Mr. Francesco Sorbara:** I think it's to unlock not only the low-cost financing aspect that it certainly provides but also literally tens

of thousands of extra units of rental construction that would take place because of it.

I'll switch now.

**Mr. Matthew Boldt:** I can say that we've talked to CMHC. Their estimate is that the additional financing that can be unlocked here can facilitate the construction of up to 30,000 new rental units annually in communities across Canada. That estimate is based on past Canada mortgage bond funding activity to support multi-unit housing.

**Mr. Francesco Sorbara:** Thank you.

I'll move to the alternative minimum tax and the changes that have been brought in. Again, this is in broad strokes. I know my time is going to be limited.

Stefania, can you explain to me—it's hard to ask for your opinion, because I know you're an official—the importance of such a measure in terms of ensuring the effective tax rate paid by an individual in a higher tax bracket is not pushed down to what I would call the lowest common denominator, or what they can do now? Rather, it ensures that when deductions occur, a minimum tax rate is paid.

**Ms. Stefania Bartucci:** You spelled it out very clearly yourself, Mr. Sorbara.

What I can say is that we've had an alternative minimum tax in Canada since 1986. It had not been significantly reformed since then until budget 2023, which announced a number of changes, including a higher rate, a higher exemption threshold and a broader base. Budget 2024 announced a couple of other changes as well.

As you stated, the objective of the alternative minimum tax is to ensure that individuals who have a number of deductions, credits or income exemptions cannot decrease their tax liability below a certain minimum.

• (1105)

**Mr. Francesco Sorbara:** I would add the opinion that the changes we brought in add to the progressivity of the Canadian tax system. I'm not sure if you can opine on that. Really, it's a progressive change to the tax system.

**Ms. Stefania Bartucci:** I can't really speak specifically to the effects on progressivity, but the idea is that there is that minimum amount of tax paid. The individual calculates their regular tax liability and their alternative minimum tax, and they pay whichever one's higher. That ensures that everyone is paying a certain minimum level of tax.

**The Chair:** MP Sorbara, that's the time.

**Mr. Adam Chambers:** Mr. Chair, may I speak for 10 seconds?

**The Chair:** Speak quickly.

**Mr. Adam Chambers:** Because everything's going to happen very fast, I just wanted to take the opportunity to let you know there will be an amendment coming to the clean economy tax credit section, to expand that to disclose all tax credits applied.

I just want to give that to officials in advance, in case they want to think about that.

**The Chair:** Thank you, MP Chambers.

We want to thank the officials for coming before the finance committee on Bill C-69. Thank you for the hard work you do on behalf of the government every single day. We really appreciate you answering the questions from the members today.

Thank you.

Members, we are going to suspend now as we transition to our second panel.

• (1105) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1113)

**The Chair:** This is our second panel, members.

We have before us today, from Fresh Roots Urban Farm Society, executive director Sherry Stevenson.

Welcome.

From OneClose, we have the chief executive officer, Kevin Murphy.

From the Convenience Industry Council of Canada, we have the president and CEO, Anne Kothawala.

Ms. Kothawala does not have the proper headset and will not be able to participate in our discussion today.

With that, I'm going to ask Sherry Stevenson, from Fresh Roots Urban Farm Society, to please start with her opening statement.

**Ms. Sherry Stevenson (Executive Director, Fresh Roots Urban Farm Society):** Good morning.

On behalf of Fresh Roots Urban Farm Society, and as a member of the Coalition for Healthy School Food, I want to thank you, Mr. Chair and the committee, for inviting me to speak on the budget implementation act.

I'm joining you today from Vancouver, which is on the ancestral and unceded homelands of the Musqueam, Squamish and Tsleil-Waututh Coast Salish peoples, where Fresh Roots has the privilege to work.

Here at Fresh Roots, we cultivate educational schoolyard farms and leadership programs where youth develop healthy relationships with food, the land and community through growing and sharing food that nourishes them, their communities and the planet.

Fresh Roots practises not only sustainable, community-centred farming but place-based experiential learning and youth empowerment. We provide youth with the space to explore what they are capable of while building deep relationships with food, the land and each other. Through our award-winning leadership pathways program, we provide meaningful mentorship and employment experi-

ences for the young adults we hire as farmers and food educators, as well as prepare youth in our programs to step up into leadership positions.

In collaboration with our partners at Growing Chefs, we developed LunchLAB, an innovative school meal program that serves students barrier-free, nourishing and culturally relevant lunches prepared by students with the mentorship of a team of chefs-in-residence. LunchLAB empowers youth to cook food for themselves and their peers, and it provides opportunities for children to find dignity and belonging in their interactions with food.

Not only are children being provided with a healthy meal, but they are also delving deeper to connect to the land and to learn about where their food comes from and how it's grown, and about cooking, nutrition and trying different foods from around the world. School food programming has been shown to improve academic performance, support positive health outcomes and health equity, and foster connections with culture and traditional food systems, all of which have positive, lifelong impacts.

Working to create a sustainable food system, Fresh Roots is also part of an interconnected network of food growers, educators and community members, including the Coalition for Healthy School Food. The coalition is made up of more than 300 non-profit member organizations from all the provinces and territories.

The coalition has been advocating for federal funding for a cost-shared national school food program, and we are very pleased with its inclusion in the budget. This federal funding will make a huge difference to the programs across the country and is needed as soon as possible. It will help existing programs improve the quality and quantity of the food they serve, as well as allowing new programs and infrastructure to be developed for many more students to participate in school food programs.

The Coalition for Healthy School Food has also been advocating for federal funding to be transferred to the provinces and territories, because each one already has an existing system in place to flow funding to school food providers, along with a mechanism for public accountability. All provinces and territories also have food and nutrition policies that strive to ensure that the food served is as healthy as possible.

Therefore, for the health and well-being of children, youth and families across the country, I urge you to support the budget implementation act so that the national school food program will have the resources it needs to be successful, and initiate these important partnerships between the federal, provincial and territorial governments as soon as possible. Your support will enable the Minister of Families, Children and Social Development to sign bilateral agreements with and transfer funding to the provinces and territories to support national school food programming, starting in the 2024-25 school year.

This investment will help school food programs stabilize, expand and implement best practices while allowing us to work together to increase access to school meals for many more children. It will support youth to be well-nourished and ready to learn and to have an equal opportunity to succeed. It will help families by reducing grocery bills and by supporting farmers, food systems, jobs and economic growth. This is a generational investment in the future of our children and communities.

Here at Fresh Roots, we look forward to working in collaboration with all levels of government on the national school food program. We look forward to continuing to grow our schoolyard farms, increasing the availability of fresh, local produce and creating inclusive spaces in which children can learn about the food systems we all depend on.

Imagine how wonderful it will be when all children, from coast to coast to coast, can see and taste the food grown on the land outside their classroom window included in their healthy school lunch program. Investing in the national school food program is investing in healthy and resilient students, families, farmers and communities across the country.

- (1115)

Thank you.

**The Chair:** Thank you, Ms. Stevenson. I'm sure members will have many questions.

Now we'll hear from OneClose and Mr. Kevin Murphy, please.

**Mr. Kevin Murphy (Chief Executive Officer, OneClose):** Thank you, Chair, and good morning, everyone.

Thank you for the invitation to join you today. My name is Kevin Murphy, and I'll be representing OneClose, a pioneering organization committed to making home ownership more accessible and less costly for Canadians.

For context, prior to founding OneClose over five years ago, I was with RBC for 23 years, where I was head of the real estate financing group, supporting all things real estate, including financing for land development, home building and high-rise condominium and apartment construction.

Today, I want to talk to you about a significant issue affecting homebuyers across the country: the interim occupancy challenge and how we can address it to unlock home ownership for many Canadians.

Unlike many of the measures announced in the most recent budget, which have longer-term runways to get implemented and become impactful, what I'm going to talk to you about today does not cost the fiscal framework a single penny and will have a material and immediate impact on housing affordability and supply. Our solution especially benefits those eager to enter the market, including the younger cohort and new Canadians representing first-time homebuyers.

As every committee member knows, the surging cost of housing is a top concern for Canadians. Recent public opinion polls show that nine out of 10 people are worried about overall affordability.

Higher home prices and interest rates have made mortgages and rents more expensive, straining the financing of many families.

The core of the problem lies in the fact that Canada simply does not have enough homes. Despite a rapidly growing population, we are not building new homes quickly enough to meet demand. In her fall economic statement, Minister Freeland emphasized that building the homes Canada needs will require a great national effort.

While the federal government has made considerable strides, such as removing HST from new rental housing, much more needs to be done. One of the principal impediments to achieving the housing supply challenges before us is access to capital.

One significant but often overlooked issue is the legal hurdle known as the "interim occupancy" period. In Ontario, for instance, homebuyers often find that their condominium unit is ready for occupancy before the entire building is fully completed. During the interim period, buyers are required to move into their units but cannot obtain title, meaning that they cannot secure a mortgage. Instead, they must pay occupancy fees—including interim occupancy interest—on the residual balance owing to the builder, all of which does not contribute toward their mortgage.

Interim occupancy interest is based upon the prevailing Bank of Canada's one-year benchmark mortgage rate, which currently stands around 8%. Consider this for an example. A buyer places a 20% deposit on a \$700,000 condominium unit, amounting to \$140,000. They then will face \$45,000 a year in interim occupancy interest payments to the builder, which they will never recover.

Over the next 24 months in Ontario alone, nearly 60,000 units, representing more than \$60 billion in capital, will be stuck in this interim state. For builders, this period means they cannot complete the sale of the condo building or receive full payment for the units, leading to additional interest charges on their construction financing. It's a bottleneck that prevents them from moving on to new projects, further stalling the creation of much-needed new housing supply.

To address this, we propose a straightforward and cost-neutral solution: a minor amendment to the Protection of Residential Mortgages or Hypothecary Insurance Act. By changing the definition of "eligible mortgage loan", we can allow mortgage financing during the interim occupancy period, backed by title insurance and deposit protection insurance covering 100% of the unit's purchase price. Our proposal enables buyers to obtain mortgage financing during the interim period, allowing them to start building equity immediately.

• (1120)

The risk is entirely mitigated through a title insurance and deposit protection insurance policy underwritten by reputable investment-grade insurers, providing coverage against potential losses incurred by the lender and/or purchaser.

This amendment would benefit not only buyers but also builders, banks and the government. It would free up capital for developers, allowing them to reinvest it in new projects, and materially increase the housing supply. Importantly, it would also do so without any cost to the federal fiscal framework and could potentially save individual home builders an estimated \$6.5 billion over the next four years.

This proposal aligns perfectly with the Government of Canada's commitment to implement housing solutions that make more housing available to Canadians, especially young and first-time homebuyers.

As David Wilkes, President and CEO of the Building Industry and Land Development Association, aptly said, "Such a step would represent a significant advancement in our shared goal of making housing more affordable and accessible for Canadians."

As housing affordability hits its worst levels in four decades, it is time for smart, practical solutions to our most pressing problems. As agreed to by all, these critical concerns require a rethinking of our collective approach. Creating a way out of interim occupancy limbo for tens of thousands of new, young condo owners is a creative and necessary start. By addressing this critical issue, we can take a significant step towards alleviating the housing crisis in Canada.

I thank you, and I'd be pleased to answer any questions that you may have.

• (1125)

**The Chair:** Thank you, Mr. Murphy.

I'm sure members will have many questions, and that's where we're going right now, so we're going to start with our first round of questions.

MP Chambers will be starting for the first six minutes.

**Mr. Adam Chambers:** Thank you very much, Mr. Chair.

Mr. Murphy, I appreciate your appearance here today, as well as a focus on a measure that doesn't cost the government any money, so I'd like to just learn a little more about the proposal.

My understanding is that this issue is mostly related to the Ontario market. Is that right?

**Mr. Kevin Murphy:** You're correct. Currently, that's correct.

**Mr. Adam Chambers:** Right, but to give a sense of the scale, you said that there are 60,000 units being completed. Was that for this year, in 2024?

**Mr. Kevin Murphy:** That is for the next 24 months.

**Mr. Adam Chambers:** Okay, so in the next two years, 60,000 units will come online, and during that time, as I understand it, a purchaser can move into the building, but they don't actually own, and they're effectively paying rent for that time of the interim occu-

pancy period, because the current legislation basically doesn't allow title insurance and effectively just doesn't allow the building to close and the title to be transferred.

**Mr. Kevin Murphy:** Yes, that's correct.

**Mr. Adam Chambers:** Okay, and one minor change in a federal act would allow these individuals to obtain ownership of their unit during the interim occupancy period. Is that correct?

**Mr. Kevin Murphy:** That's correct.

**Mr. Adam Chambers:** In other provinces, what happens? Are you aware of the process in other provinces? What does the interim occupancy period in B.C. look like?

**Mr. Kevin Murphy:** In B.C. they go to full completion of the building, including all amenities, and then they close, so there is no interim occupancy period. However, having said that, most of the B.C. developers are also very active in Ontario, and with a solution such as ours, they would lobby the government to introduce an interim occupancy period, which would allow for them to get their money sooner, allow for the purchaser to own the unit sooner and free up all the capital that would be trapped otherwise.

**Mr. Adam Chambers:** That's very interesting, so if the government were to make a change, you actually might be able to open up flexibility in other markets to help release money back into the construction sector to go on to the next project.

**Mr. Kevin Murphy:** Yes, that's correct. The average interim occupancy period in Ontario is 12 months, so we would be looking at accelerating the liberation of all that capital 12 months sooner.

**Mr. Adam Chambers:** That sounds like a very big positive benefit.

• (1130)

**Mr. Kevin Murphy:** The quantum is approximately \$30 billion annually. To put that in perspective, when I managed the interim project financing book at RBC, the total authorized project book was \$7 billion, over four times the total book that the biggest bank in the country carries in Ontario.

**Mr. Adam Chambers:** Right, but that was just for Ontario.

**Mr. Kevin Murphy:** That's correct.

**Mr. Adam Chambers:** Presumably for the entire Canadian market it might be \$60 billion.

**Mr. Kevin Murphy:** Yes.

**Mr. Adam Chambers:** I suppose the risk would be that a developer would have interim occupancy but then, for whatever reason, couldn't finish. Are you aware of any examples of interim occupancy being granted and the development, for some reason, failing? I suspect that must be very rare, given that people would already be living in the building.



**Mr. Kevin Murphy:** It's actually never occurred. Since the Condominium Act was enacted in Ontario in 1967, there have been over 12,000 building completions. Not one has failed to achieve registration.

**Mr. Adam Chambers:** You've presented to the government an opportunity to make a very small change in an act that would release a bunch of money—significant amounts of money, billions of dollars—into the construction sector, for which there is virtually no risk. Are you aware of any reasons as to why the government hasn't done this yet or what the issue might be?

**Mr. Kevin Murphy:** It's still under active consideration, and it's about understanding the entire process, as well as the documentation that affords the security they're accustomed to getting.

**Mr. Adam Chambers:** Okay. I'm very, very interested in this proposal. I think you and I have chatted before about this. I hope the government is listening. Perhaps I could have some discussions with my colleagues, and maybe there would be an opportunity to unanimously amend the budget implementation act to add a section that might make that small regulatory change. Do you have the recommended language that you would require? Have you had a lawyer draft that up for you?

**Mr. Kevin Murphy:** We do. We actually have a legal opinion confirming our compliance with the act, save and except for this particular definition. What we're asking for is being done currently in Alberta and has been used in Alberta for over a decade.

**Mr. Adam Chambers:** Thank you very much, Mr. Murphy. I have to stay on time here.

**Mr. Kevin Murphy:** Thank you.

**The Chair:** Thank you, MP Chambers.

Now we go to MP Sorbara for the next six minutes.

**Mr. Francesco Sorbara:** Thank you, Chair, and thank you to the witnesses for their testimony.

Before I get to my questions today for this panel, I want to highlight a couple of points on our economy. There is some good news, which I think needs to be highlighted.

All of us have journeys here. I was blessed to grow up in northern British Columbia in a great little city called Prince Rupert. I'm very happy to see, with regard to investment in Canada—in British Columbia, in this instance—that AltaGas and Royal Vopak have approved a \$1.35-billion terminal that will export energy products such as propane to Asia from British Columbia. Everyone knows that, in the supply chain in Canada, Prince Rupert's port has two to three days of quicker shipping time over to Asia. It's better than Vancouver, Long Beach and Seattle.

I just received the announcement of a huge expansion to the port of Prince Rupert. It includes the Canada Infrastructure Bank providing a \$150-million investment, literally, for this city and for the hard-working, middle-class Canadians in Prince Rupert. This is about \$2 billion in investments going into the town I was born and raised in. I still have family there and a lot of friends. These are good, middle-class jobs with great benefits and great futures.

It's great to see investments taking place in all parts of Canada. Here in Ontario, there are investments with regard to the auto sec-

tor, the nuclear sector and so forth. There's AI in other parts of the country.

In this case, in northern British Columbia, we've seen literally \$2 billion in investments announced within the last two weeks. It's in a very crucial part of our country with regard to the supply chain—the CN Rail facility in Prince Rupert, the port and so forth. It's very good news. I was very excited to read it this morning. Again, it demonstrates what I think is the right track that we are on in terms of building a strong economy—not only for today but also for the future and our children. I know many of us here are parents, and that's what's important.

I would like to go to the individual who spoke about the food program they run. This is for the Fresh Roots Urban Farm Society.

I hope I understood your comments correctly, etc. I want to ask about establishing a national food program for folks.

Just how important is it for us to put forward a national school food program for children across the country?

• (1135)

**Ms. Sherry Stevenson:** This is extremely important for the health and well-being of children across the country. Many children are food-insecure across the country. About one in four children suffer food insecurity. By providing food at school, we can ensure they have the nutrition, energy and ability to learn and engage in school.

The investment in supporting a national school food program will help us implement this right away—by the next school year, starting in September. We would really love to see these partnerships between the federal and provincial or territorial governments get started, in order to make sure those funds run smoothly and we can start investing more in our food programs across the country.

Yes, this is very important and beneficial to children all across the country, and to our communities and future well-being.

**Mr. Francesco Sorbara:** Thank you for providing that colour.

I believe you're in downtown Toronto, in the wonderful and beautiful riding of Davenport, up in the York region. I have spoken to the officials at York Region who are in charge of the school food program. They are very excited. I don't mean to quote them verbatim, but they are very excited. They have also put in recommendations for the design of the school food program, because they know full well we can't allow kids to go to school hungry. That's just not acceptable in a country like Canada.

This measure really builds upon.... I was just so happy to see this week that the Canada child benefit, which is a tax-free, monthly benefit going to families across the country in every riding, will now increase up to a maximum of \$7,800. This is for kids under six, I believe. It will increase to \$7,800. Again, this is just part and parcel of the continued building of a foundation to have support for families. It's just wonderful to see.

Obviously, this also builds upon the national early learning and child care program. In the province of Ontario, by September 2025, the aim is to have an average of \$10-per-day day care. My family is very blessed. We're benefiting from the 52% reduction in fees. It's literally over \$8,000 a year that the residents in my riding and in the day care centre my daughter goes to are benefiting from. Those are real savings for families.

These are real programs making a difference for families, not only in my riding of Vaughan—Woodbridge, but across the country.

Peter, you can let me know when I'm out of time.

**The Chair:** You are out of time. You've just reached it.

**Mr. Francesco Sorbara:** Okay, that's perfect.

**The Chair:** You're out of time, but we want to thank you, MP Sorbara, for advocating for so many important programs here.

Now we have MP Ste-Marie, please, for the next six minutes.

[Translation]

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

I would like to welcome the two witnesses, who bring some very interesting points to our deliberations.

My first questions are for Ms. Stevenson.

Could you remind us again about what the support provided for in this bill would enable your organization to do and what it would enable all comparable organizations to do?

• (1140)

**Ms. Sherry Stevenson:** Thank you for your question.

[English]

Yes, this support will help organizations like Fresh Roots Urban Farm Society continue our programming and potentially improve our quality and expand our reach. It will also support other programs to start from scratch and provide that infrastructure that is needed to ensure we have kitchens available and resources available in the schools to provide the school food programs.

Because it goes through the provincial governments, which already have relationships and partnerships with the school boards in their provinces and territories, we really support this method on behalf of the Coalition for Healthy School Food. We think this is an efficient way to start implementing this right away. This is needed as soon as possible to make sure our programs can continue to run and expand to support even more children having access to healthy food, as well as learning.

I talked a bit about the need for food security and to feed children, but here at Fresh Roots, a big part of our mandate is around education. The more the children learn to connect with food and the

land their food comes from, the more they appreciate that, are really engaged and develop those life skills around cooking and sharing food.

All of these things are really important. We definitely appreciate your support for this movement.

[Translation]

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

So this is something that children really need. Many children from less well-off backgrounds do not have enough to eat. As well, as you said, the whole educational component also benefits all children. Is that correct?

[English]

**Ms. Sherry Stevenson:** Yes, absolutely. We're providing healthy food in the schools, which benefits children by meeting their nutritional needs and helping them be better able to learn and engage in school. There's also the educational component about food systems themselves and how to cook, grow and engage with our food systems.

[Translation]

**Mr. Gabriel Ste-Marie:** Thank you, and I wish you every success in all your projects, because this is extremely important. Let us hope that this funding will enable you to expand.

My next question is for Mr. Murphy.

Mr. Murphy, I thought your presentation was very interesting. I would like you to remind us of where the changes you are proposing would be made in the present bill.

Second, since I am not a specialist in the subject that has been brought up, can you tell me whether it is in fact federal law that has to be amended in order to respond to your request?

[English]

**Mr. Kevin Murphy:** Yes, it would need to be amended federally. I'm told that it's a ministerial regulation and could be dealt with in that fashion. It's a piece of legislation. The acronym is PRMHIA, and it governs mortgage insurance. There is an eligible mortgage loan definition that requires a registered first or second charge. The legislative change we're looking for would add title insurance, guaranteeing priority as an alternative to a registered first or second charge.

[Translation]

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

So people have to make sure they start to pay the mortgage during the interim occupancy period; there would be an additional insurance policy to cover the risk of the builder failing to complete the project.

Do you have any figures about the number of projects that may encounter problems during this interim occupancy period, and give us an idea, a percentage or an amount, of the cost of this insurance premium for the buyer?

[English]

**Mr. Kevin Murphy:** The active projects today in the province of Ontario alone are approximately 400, representing 90,000 units and, coincidentally, approximately \$90 billion in capital.

The insurance is actually borne by the developer. It's not borne by the purchaser. The purchaser has no additional cost for this program. It's a choice. If the purchaser chooses to wait under the traditional scenario to registration, they're more than welcome to do so. It's just that the economics supporting their opting in are so compelling that we believe the vast majority would opt in.

• (1145)

[Translation]

**Mr. Gabriel Ste-Marie:** Okay, thank you.

This is new to me, so I apologize for my mistake about the person who takes out the insurance policy.

To your knowledge, is there a program like the one you are proposing already in operation somewhere else, whether in American states, in European countries, or in other provinces?

[English]

**The Chair:** May we have a short answer, please, Mr. Murphy?

**Mr. Kevin Murphy:** No, there is no similar program that exists. The closest comparative would be when a purchaser buys a condo and puts down their deposit. If it is insured over, it can be used by the developer to fund construction costs.

[Translation]

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

[English]

**The Chair:** Thank you, MP Ste-Marie.

Now we will go to MP Davies for six minutes in our first round.

**Mr. Don Davies:** Thank you, Mr. Chair, and thank you to all the witnesses for being here, especially on short notice, and for making the time to comment on this important budget.

Ms. Stevenson, I'd like to direct my comments to you.

I've long been familiar with the Fresh Roots Urban Farm Society and the wonderful work you've done all over the Lower Mainland in food cultivation, education and provision. Thank you for being here.

As my first question, what are the main challenges that Fresh Roots identifies in providing consistent healthy food to students in Vancouver?

**Ms. Sherry Stevenson:** For some of the challenges we encounter... Oh my goodness, there are many challenges to urban farming. It's an interesting ecosystem, I suppose. When you're literally growing a farm in a very dense city, there are challenges around access and infrastructure. We're not in a rural place. We sometimes encounter crop theft. We encounter theft pests. There are

some of those challenges, but also just the regular challenges of running a farm and of crop failure. Some of these things we do encounter, which is normal for running a farm. There are some added challenges to being in the city, but we feel that it's really important and beneficial.

We have some challenges around getting the food that we produce into the school programs. I would love to see this happen more with the national school food program. Because of some of the regulations or barriers to maybe having the proper infrastructure ready in the schools yet to be able to prepare the food directly from the farm, with this investment I'm hoping that we can see more of this kind of model, where the food that we grow on the farm gets directly into the school food programs.

Those are a couple of the challenges.

**Mr. Don Davies:** I've seen your operations. Previously, I've talked to people who've worked at Fresh Roots. I know there's even been a concept of incorporating this into school curricula and growing on schoolyard grounds—Fresh Roots as a means of teaching students about botany and plant genetics. It's far more fun, probably, to learn about those things by tending to your own vegetables in the schoolyard rather than from a book.

I'm wondering how a national school food program can contribute to ecological stewardship and food literacy, in your view.

**Ms. Sherry Stevenson:** Yes, you're right. There are so many things we can build upon.

By having the schoolyard farm, we're making use of land that is otherwise unoccupied. It's using the schoolyard as a productive space for growing food, as well as a learning space. We've seen and witnessed that all the children are so much more engaged in their lunches and cheering for kale in their lunch because they grew it themselves. There really are these benefits when the children engage directly with planting, growing and watching the food being produced, and then they put that into their meals directly.

I think a national school food program can really help organizations like Fresh Roots continue to expand, build upon our curriculum, share these best practices with other schools and bring this opportunity for learning and engagement with good, healthy food in the schoolyards to more and more children.

• (1150)

**Mr. Don Davies:** I want to move to program universality, Ms. Stevenson.

The advocates I've worked with over the years have told me that it's critically important to them that a school nutrition program be available to everyone for a number of reasons. First of all, it's not a "poor person's program" and we don't stigmatize children, particularly in elementary school, when they're very sensitive to differentials like that. We don't want some kids going into one room for the free lunch and others not. More importantly, there are kids who come from wealthy families who don't necessarily have good nutrition either.

I would like to hear your views on the importance, or not, of program universality when rolling out a school nutrition program.

**Ms. Sherry Stevenson:** Yes, absolutely. Having a school nutrition program is a really great equalizer in the school. No matter your background, everyone is engaged, learning and having healthy meals. Whether you come from a lower economic background or a wealthy family, you can still learn so many new things about nutrition and be exposed to different foods from around the world. We try to work with the diversity of our communities and make sure the foods we're providing are coming from the various cultural backgrounds represented in our schools.

I really think this is an equalizer and an opportunity for children of all different backgrounds to be engaged, learn about food and, of course, have that nutritional addition to their day.

**Mr. Don Davies:** Thank you.

**The Chair:** Thank you, MP Davies.

We are going to our second round. We will not have time for a full second round. We are, as we do normally, dividing the time up among all the parties. Each will have three-ish minutes to ask questions.

We are starting with MP Morantz.

**Mr. Marty Morantz:** Thank you.

Mr. Murphy, I want to go over a bit of ground again with you.

Basically, somebody makes a deal to buy a condo. The title isn't ready to be transferred, but the condo is ready to be moved into. They move in on the basis that they're going to pay a rent equivalent to an interest rate, which is set in the manner you described earlier. This may be higher than they could get on an actual mortgage at a bank. They're paying this higher rent and not getting the advantage of principal reduction in the interim period.

Do I have that right?

**Mr. Kevin Murphy:** That's correct.

**Mr. Marty Morantz:** You're asking for a legislative change.

To provide clarity to the committee for our consideration, can you go over which act it is and exactly what change you want?

**Mr. Kevin Murphy:** Yes.

PRMHA is the act that governs mortgage insurance.

The change required is an addition to the "eligible mortgage loan" definition. Currently, it states that the mortgage insurer requires a registered first or second charge. What we're asking for is

the inclusion of title insurance as an alternative to a registered first or second.

We have a legal opinion confirming our compliance otherwise. It goes on to state that the prevailing commercial market practice in the country uses title insurance as an alternative to the first or second. It's just not referenced in the legislation. Their recommendation was to update the legislation, regardless of our operation.

**Mr. Marty Morantz:** I think you said there are 60,000 condo units coming online this year, as I recall.

**Mr. Kevin Murphy:** Yes.

**Mr. Marty Morantz:** What percentage of those would fall into this kind of interim category, where people are moving in and not able to free up their bank capital to go back into the market?

**Mr. Kevin Murphy:** All of them, because they are all in Ontario, where the interim occupancy period currently exists.

**Mr. Marty Morantz:** Therefore, every single one of the 60,000 units are going to have situations where banks that want to advance their mortgages are prohibited from advancing their mortgages just because the legislation does not allow for title insurance to supplant a registered mortgage charge, correct?

• (1155)

**Mr. Kevin Murphy:** That's correct.

**Mr. Marty Morantz:** Thank you. Those are my questions.

**The Chair:** Thank you very much, MP Morantz.

MP Baker, please.

**Mr. Yvan Baker:** Thanks very much.

Thanks, Mr. Murphy, for coming in to speak with us today.

I want to build on some of the questions that have been asked by other members. In a nutshell, a purchaser who's buying a condominium can't take ownership in Ontario until, basically, full completion of a condo building. As a result, they can't get a mortgage until they take title, which doesn't happen until a later point in time. They move into the unit; they pay a "rent"—I use that word in quotations—but they're not paying a mortgage and they're not paying down the principal. They're paying a rent, which costs them more.

Therefore, the purchaser is paying more than they would otherwise, if they had actually owned the unit and had taken title, and the developer is not able...because they haven't been paid by the purchaser for the condo unit. Their money is tied up. Their capital is tied up in that development and not being deployed to build more housing, so it's not allowing more housing to be built during that period. Is that a quick summary of the problem?

**Mr. Kevin Murphy:** That's correct.

**Mr. Yvan Baker:** You're proposing a change that would allow title to be transferred quickly, if not immediately, to the purchaser and allow them to get that mortgage. That lowers the costs for the purchaser, for the Canadian who's buying the condo unit, the housing, and it allows the developer to take that money and to then start building other housing, which allows us to increase housing supply and therefore reduce the cost of housing for Canadians. Is that correct?

**Mr. Kevin Murphy:** That is correct.

**Mr. Yvan Baker:** I'll be quick here with a few questions.

You mentioned that Alberta already does this—is that what you said?

**Mr. Kevin Murphy:** Yes, they do it for all of their closings, not just condominiums.

**Mr. Yvan Baker:** How do they do that if they haven't had the legislative change that you're proposing?

**Mr. Kevin Murphy:** The prevailing market practice has accepted it. There's a lag between when monies are advanced in Alberta and when registration actually occurs, since they have a Torrens registry system. What originally was three to four weeks has morphed into about a four-month delay period, so all of the lenders, all of the mortgage insurers in Alberta, use what's called gap insurance or gap coverage, which is title insurance to bond over that period and protect everyone.

**Mr. Yvan Baker:** Even they have a delay?

**Mr. Kevin Murphy:** Yes.

**Mr. Yvan Baker:** If this amendment that you're proposing happened, how quickly could you operationalize this to impact purchasers in the market?

**Mr. Kevin Murphy:** We could be in market within 30 days. We've done all of our platform build. We have our partnerships with lenders and with mortgage insurers. The workflow is completed. The narrative steps, the legal documentation, the opinion work...everything is done.

**Mr. Yvan Baker:** Fantastic. What would the impact of this be, do you think, for the housing market for purchasers over the next two to three years?

**Mr. Kevin Murphy:** On in-flight inventory, for purchasers who have bought units under construction that are occupying in the next four years, the saving is north of \$6.5 billion. The savings to the developers for those same units would be another \$5 billion or \$6 billion. The accelerated liberation of private sector liquidity to be re-deployed towards new housing is approximately \$30 billion a year, which would add 30,000 to 40,000 units, give or take.

**Mr. Yvan Baker:** Thank you very much.

**The Chair:** Thank you, Mr. Murphy, and thank you, Mr. Baker.

We'll go to MP Ste-Marie for approximately three minutes.

[Translation]

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

My question is for Mr. Murphy.

Which insurance companies would be involved in covering the risk?

[English]

**Mr. Kevin Murphy:** For the title insurance, we have First Canadian Title as our lead insurer. For the deposit protection insurance, we have Aviva International as our lead insurer.

In the insurance business, they also reinsure, meaning they would sell down some of that risk to other insurers, so Aviva has lined up Zurich, Canada Guaranty and a bunch of others as well, all investment-grade insurers.

[Translation]

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

Ms. Stevenson, with inflation, we are seeing more and more families having trouble eating well. What is your experience with this on the ground?

[English]

**Ms. Sherry Stevenson:** Yes, that's something we're seeing more and more here in Vancouver. We're seeing some of the families we work with have to reduce meals or quantities of meals, and children are attending school without meals. The school food program is really important in helping families to provide full meals by providing that meal at the school, but it will also help to reduce grocery costs for families.

In some of our youth programs, we actually provide an honorarium to our youth for the work that they do on our schoolyard farm. Sometimes, they are using the honorarium they earn from their hard work on our farm to contribute to their family's groceries as well. It's a little added income. Every little bit helps, whether it's a little bit of extra funds for the work that the youth are doing or having a meal provided in the school and really helping families who are struggling right now.

● (1200)

[Translation]

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

[English]

**The Chair:** Thank you, MP Ste-Marie.

MP Davies, you will be our final questioner before we thank this panel.

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

Ms. Stevenson, I think another of the many positive aspects of a properly structured national school nutrition program is the ability to leverage locally sourced foods. I'm just wondering what impact such a program may have on local growers or on local small businesses etc., and what the economic impacts might be of an investment in a school nutrition program on the community at large.

**Ms. Sherry Stevenson:** Well, you can't get much more local than actually growing food on the schoolyard farm and then getting that food into the school lunches. That would be a wonderful benefit, as I've talked about already.

In terms of local growers, there are many partnerships with local farmers already. With this investment in the national school food program, we would definitely be seeing that expand, with schools partnering directly with farmers locally here in B.C. and benefiting our local economy as well. If we can be growing foods right here on schoolyard grounds or within our communities, we'll definitely be seeing the economic impacts and benefits in terms of enabling children to learn about where their food comes from.

**Mr. Don Davies:** I'll give you a two-part question, and then I'll be quiet. It will probably be my time.

I'm just curious about what impact the school nutrition program can have on indigenous contribution and indigenous culture, and whether you have any thoughts on that.

Second, just in terms of the health of young people, you know, not only are young kids not eating well, but, when they do eat, they're eating processed foods. What have you seen in terms of the impact of the work you do in terms of the health of our children and young people?

**Ms. Sherry Stevenson:** Thank you for all these questions. It's really good, actually, to reflect on these impacts.

In terms of indigenous programming and the impact on indigenous communities, in our experience, one school that we work with particularly is an indigenous alternative education school. We are able to engage with elders and engage youth in learning about traditional medicines and traditional foods. It's really important to incorporate traditional foods in the school lunches and school meals and programming. On our schoolyard farms and in a forest area that we have, we are also growing these types of things. We are definitely seeing the impact, with indigenous youth commenting and providing testimony that they really appreciate those things and are learning more about their cultural foods. This is really important for indigenous food sovereignty and reconnecting to those traditional foods.

In terms of impact on health, what we're seeing is that children are excited about vegetables. The salad bar is the most popular thing at LunchLAB, because they prepared it themselves. Children are curious about trying new vegetables and different foods that they've never had before, including indigenous foods from native sources. All these things are linked together, and we see that the children are really engaged and able to learn throughout the day better when they have that nutritious meal and that connection to where their food comes from.

**Mr. Don Davies:** Thank you.

**The Chair:** Thank you, MP Davies.

We want to thank our witnesses, Ms. Stevenson and Mr. Murphy. Thank you for all you do, your great work and the experience you've brought here. Thank you also for the many solutions to some of our most pressing problems, be it with food security and making sure we're feeding our kids, or our housing pressures and looking to find ways to build more housing.

Thank you very much. We wish you the best with the rest of your day.

Members, we're going to suspend now as we go into our third panel. Thank you.

• (1200)

(Pause)

• (1212)

**The Chair:** I call the meeting back to order.

This is panel three. We thank you for coming before the finance committee.

We have with us today Professor Vivek Dehejia, associate professor of economics and philosophy at Carleton University. Welcome back to our committee.

Also with us today, from the BC Diabetes Foundation, we have Dr. Tom Elliott joining us, as well as Ms. Ramya Hosak.

From Dow Canada—welcome back—we have the senior adviser for government affairs, W. Scott Thurlow. Welcome.

On that, we're going to have opening statements from the witnesses.

Professor Dehejia, please go ahead for the first five minutes.

**Mr. Vivek Dehejia (Associate Professor of Economics and Philosophy, Carleton University, As an Individual):** Thank you, Mr. Chair. It's a real privilege to be back before this committee again.

When I last testified before you, last month, I reiterated my warning that Canada stood at a crossroads in terms of a macroeconomic situation. That is still very much the case now. I won't repeat all of the data points from my last testimony, which are in your records, but I'll summarize them briefly and make a few quick new observations.

First, as I pointed out, both GDP growth per capita and its underlying driver, productivity growth, are languishing in Canada compared to in the U.S. That imperils the well-being of average Canadians now and into the future.

Recall that in 1960, our average income per person in Canada was basically the same as in the U.S. Now we have less than three-quarters the income per person compared to our friends south of the border. That's really quite extraordinary. Unemployment, likewise, is higher in Canada than in the U.S. due to structural factors.

The reason for this divergence, in my judgment, is the outsized role of the government in the economy of Canada, which very much relates to the budget. As I noted, increased government spending is crowding out private investment. The government now accounts for about a quarter of Canada's GDP—again, in a so-called market economy, that is an extraordinary number—while total business and investment are only about 8%. It's no wonder that our economy is so unproductive, given how socialized we've become.

The recent increase in the burden of the capital gains tax—and the carbon tax, for that matter—can only make this worse.

I believe the finance minister said recently that the budget paves the way for the Bank of Canada to make interest rate cuts. I must confess that I find this logic hard to understand. We've had an expansionary fiscal deficit, which creates its own inflation pressures. In other words, fiscal policy is inflationary, while the Bank of Canada is trying to contract. It's not a good balance, as Governor Macklem himself has acknowledged, very tactfully saying the government and the bank are rowing in opposite directions. I think it's clear what he means.

This budget, if anything, is going to stay the hand of the Bank of Canada's governing council. I think, rather than having a rate cut next month to provide some relief to many of us labouring under mortgages and debt, they may hold off until July, or perhaps even until the fall, because of the extra inflationary pressure the fiscal deficit is creating.

What should we do? I'll be very brief. As I testified last fall and again earlier this spring, it's really about going back to basics. It's a basic message. The three pillars of good economic policy—fiscal, monetary and good, sound regulation—are all badly in need of repair. We've had a fiscal binge in Canada.

Monetary policy, likewise, has been on a bender. The economy is over-regulated. It's stifling innovation, new business creation and private sector investment, and it's creating high-entry barriers for new entrants.

Our economy is highly concentrated, with a handful of dominant, politically powerful and entrenched incumbent firms in all major sectors. They're in everything from cellphone services to groceries, legacy media, banking and airlines—you name it. It's no wonder that we pay higher prices and get poorer service than our friends in the U.S. for just about everything, and that we are so unproductive.

Lastly, as I reminded members the last time I was here, it's worth remembering that at the beginning of the 20th century, Argentina had about the same per capita income as the U.S. and Canada, but after 120 years of economic mismanagement, its income is only about one-third of that of the U.S. Ours, as I said, is now only three-quarters. Unless we mend our ways, we risk going the way of Argentina.

Thank you, Mr. Chair.

• (1215)

**The Chair:** Thank you, Dr. Dehejia.

Now we're going to go to the BC Diabetes Foundation and Dr. Elliott.

**Dr. Tom Elliott (Doctor, BC Diabetes Foundation):** Good afternoon, committee members. I'm Dr. Tom Elliott, Vancouver-based diabetes specialist, UBC associate professor, and, today, chair of the BC Diabetes Foundation.

Four million Canadians live with diabetes and the dread of death or of disability from heart attack, stroke, blindness or amputation or of passing out with low sugar at meetings like this. Together, we have the means to change those four million lives. Doctors and diabetes educators have the knowledge but lack the tools.

Committee members, give us the tools, and we'll finish the job.

National pharmacare as it stands will cover most diabetes medicines, and this will be a big win, but there is one omission and two "might be" covered items that I'd like to bring to your attention today.

The Ozempic class of diabetic weight-loss drugs has been omitted. Two-thirds of the 7% of Canadians who live with type 2 diabetes are overweight. Overweight is not the cause of diabetes, but it is a contributor. Lifestyle therapy always comes first. Indeed, all overweight type 2 people living with diabetes try to lose weight and keep it off, but most fail.

Ozempic is a difference maker. My clients think of Ozempic as a miraculous therapy, and so do I, yet it has been specifically black-listed from national pharmacare. I consider this to be driven by a fat-shaming lobby and to be discriminatory and un-Canadian. My obese clients do not choose to be obese. They deserve access to Ozempic, but fewer than half of them can afford it.

Drug costs are a major consideration. In March 2023, the canada.ca website had the following post: "[Canadian] drug prices are now the third highest among the Organisation for Economic Co-operation and Development (OECD) countries—that is about 25% above the OECD median." Yesterday, I calculated the cost for a month's supply of Ozempic: In Canada, it's \$218, while in Germany it is only \$82, or almost one-third.

Now let's talk about type 1 diabetes. Three hundred thousand Canadians live with it. Onset is at ages less than 30, and there's no cure yet. It carries a colossal burden, demanding four to five shots of insulin and 10 finger pokes per day, as well as tight regulation of food and exercise.

This brings me to the two devices that might be covered by national pharmacare. These are CGMs, or continuous glucose meters, \$8 a day, and an insulin pump, \$10 a day. When these two are combined with a smart phone app, they provide for automated insulin delivery, or AID. Both of these devices need pharmacare inclusion. AID is a technological cure for type 1 diabetes. Put simply, AID keeps the sugar steady, just like cruise control keeps the speed steady while driving a car.

I'd now like to invite Ramya Hosak, who lives with type 1 diabetes and sits on the foundation's board with me, to relate her first-hand experience.

Ramya, over to you.

• (1220)

**Ms. Ramya Hosak (BC Diabetes Foundation):** Thank you, Tom.

I've lived with type 1 diabetes for 17 years, and, as the founder of Young and T1, I also represent a group of 750 young people living with type 1 diabetes in B.C.

Despite this network, I've struggled physically over the years. In 2016, my husband came home from work to find me unconscious and non-responsive after a night of extreme illness, vomiting, dehydration and progressively increasing blood sugars. I was shocked to wake up in the hospital the next morning and learn that I had almost died.

Before automated insulin delivery, or AID, diabetes was my 24-7 second job. The mental health impact and burden of balancing high and low blood sugars was consuming. I'd become afraid to sleep when I was sick for fear of a repeat incident of 2016.

When my husband started a job with an extended health care plan covering an AID system last year, I got one right away. I couldn't believe the instantaneous difference in my quality of life. For the first time in 17 years I was able to sleep through the night, and I woke up each day with my blood sugar in range. With an A1C now deemed perfect by my endocrinologist, I've stopped worrying about diabetes complications.

My family physician, amazed at my blood work and overall physical health, gave me the go-ahead recently to start trying for my own children. I'm now able to live almost like someone has found a cure for diabetes. To think of having to go off this system should our employment status change is terrifying, and to know that there are others out there who could benefit from this but can't afford it is heartbreaking.

Thank you for your time.

**The Chair:** Thank you for sharing your story. We really appreciate that.

Now we're going to go to Dow Canada and W. Scott Thurlow, please, for some opening remarks.

**Mr. W. Scott Thurlow (Senior Advisor, Government Affairs, Dow Canada):** Thank you very much, Mr. Chair, and good afternoon.

Through you, I extend my warmest regards to the committee members.

I'm proud to speak to the committee today about Dow Canada. Dow operates two manufacturing facilities, in Fort Saskatchewan and Lacombe County, Alberta. The Alberta sites convert natural gas feedstock into ethane, ethylene and, finally, polyethylene. Our main product in Alberta, polyethylene, is sold to customers across Canada and worldwide to make durable industrial goods, as well as packaging and consumer products. We also supply industry in the region with other petrochemical derivatives.

In Ontario, we have two manufacturing sites—one in Scarborough at West Hill and the other near Sarnia. These facilities produce emulsions and specialty plastic resins, respectively.

On November 29, 2023, Dow's board of directors approved a final investment decision for the world's first net-zero scope 1 and scope 2 emissions ethylene and derivatives complex in Fort Saskatchewan, Alberta. Economically speaking, this brownfield in-

vestment enables Dow to deliver two million metric tons per annum of product growth in attractive, high-end markets, effectively tripling our domestic production. At its peak, we expect approximately 7,000 construction jobs to be created. When completed, our site will produce and supply approximately 3.2 metric tons of certified low- to zero-carbon-emissions polyethylene and ethylene derivatives for customers and joint venture partners around the globe. Environmentally speaking, this investment will eliminate a million tonnes of CO<sub>2</sub>, even with the added growth. We'll do this by converting hydrogen from cracker off-gas as a clean fuel, while capturing and storing the remaining CO<sub>2</sub>.

To expand on this a bit, the by-product of the cracking process to produce ethylene is a methane-rich off-gas. In the circular hydrogen process, this methane-rich off-gas will be decarbonized and returned to furnaces as clean hydrogen fuel. Associated CO<sub>2</sub> is captured, transported and sequestered in deep saline caverns. This investment paves the way for the growth of Dow's entire packaging and specialty plastics portfolio.

The first-mover advantage gives us the ability to lead in capturing the growing demand for low-carbon solutions and puts Dow out front in delivering the first world-scale, fully integrated site with net-zero scope 1 and scope 2 carbon emissions.

The Fort Saskatchewan site is strategically advantaged, because we have access to low-cost ethane; there is existing rail and export infrastructure that will be expanded to support our global sales; we have direct government support from Alberta and Canada, as well as tax credits that are offsetting a portion of our cost of investment; and it is one of the few places in the world where existing infrastructure for carbon transportation and storage exists. This is a key reason that we have a first-mover advantage in low-carbon solutions.

Certainty in the investment environment we are operating in is also a key advantage. As such, I am here today to offer Dow Canada's support for Bill C-69 and the clean hydrogen tax credits it creates. The tax credit will go specifically to underwriting the costs of the hydrogen-fuelled ethylene cracker. These tax credits were first announced in a previous budget. Natural Resources Canada released its thoughtful study on the potential of this sector in 2020. It is high time we have this adopted. Similar measures were introduced, debated, adopted, implemented and deployed under the United States Inflation Reduction Act in less than two months.

We urge parliamentarians to pass this bill expeditiously, so the certainty required to rely on these investment tax credits can be built directly into our investment models. These tax credits help support the decarbonization of our operations in Fort Saskatchewan and our return to operation by 2030.



I would like to repeat a key point. These credits will lead to absolute emissions reductions. In order for Canada to succeed in reducing our emissions and meeting our emissions reduction goals, we need to see transformative investments like the one being made by our company. It is through advances in the chemistry sector that these deep emissions reductions will occur.

I welcome any questions the committee members may have.

• (1225)

**The Chair:** Thank you, Mr. Thurlow.

I'm sure there will be many questions, and that's where we're going right now. We're starting with our first round of questions.

I have MP Lawrence for the first six minutes.

**Mr. Philip Lawrence:** Thank you very much, and thanks to all the panellists for being here.

My question will be for the professor.

You know, the Prime Minister has had a pretty rough ride. He has faced an incredibly bad economy, mostly because of bad decisions he made. However, when someone says the right thing, I think it's important we call it out.

I would like to get your comments, Professor. He recently said this:

One of the fundamental challenges around affordability is they would love to say, well, you know what, we just need more money. Can you send us more benefits or send us an extra thousand dollars a month? As soon as you do that, inflation goes up by exactly that amount.

Clearly, what he's saying there is that the more you spend, the more inflation you get, which undermines the exact policy objectives the governments are trying to achieve.

Would you agree with the Prime Minister here, or do you think he's all wet?

**Mr. Vivek Dehejia:** No, I think the Prime Minister is correct. The larger point is that you can't fix a housing crisis that's basically a supply side problem. There are structural problems in the sector, and throwing money at it will only create more inflation, as with fiscal spending in general. I think he's right.

**Mr. Philip Lawrence:** When we look at Bill C-69, which forecasts a \$40-billion deficit, there are many ways that the deficit could be understated, one of which is with respect to the expectation of a fire sale on capital gains. That is going to, according to their projection, get an additional \$7 billion. We haven't even seen that legislation yet, so we don't know whether the \$7-billion fire sale is going to happen.

Do you think it is responsible for the government to continue to run large deficits and debts?

**Mr. Vivek Dehejia:** No, I don't. I think it's very clear that we've learned the lesson—or we should have learned the lesson—of what happened in the U.S. during the global financial crisis. Luckily at that time, Canada didn't go into QE very much, but we went all in during the pandemic and we've seen the result.

We have massive fiscal slippage. We have had ultraloose monetary policy that caused inflation to spike to a 40-year high, and now

we're paying the price with high interest rates that are penalizing everyone. It's been very poor macroeconomic management.

The pandemic was a difficult crisis. It would have been hard for any government to deal with and solve when everyone else was also going down. However, it's pretty clear now—I think I was one of the few commentators calling this out, even in 2021—that when you have QE, or in other words, when you have the central bank monetizing government deficits, essentially printing more money and creating more balances for the chartered banks, the curve just takes off. You're storing up a major inflation crisis, and then you're going to have to raise interest rates. It's kind of a boom-and-bust cycle. It's been very poor macromanagement.

• (1230)

**Mr. Philip Lawrence:** One of the other issues, among many, that the deputy governor of the Bank of Canada highlighted is that our low productivity is fuelling inflation because the fewer goods we produce, the more dollars are required, which increases inflation.

Do you believe, given that, that this is the time to be increasing taxes on one of the most important elements of productivity, which is capital?

**Mr. Vivek Dehejia:** Absolutely not, because that's taking us in the wrong direction. It's going to further retard capital formation. It's going to make our workers less productive, and that's really our Achilles heel in Canada. We simply don't have enough capital for the number of workers we have. Ultimately, Keynesian-style macroeconomic policy, whether fiscal or monetary, can give you a short-term boost, but it cannot solve deep-seated structural problems. It will really only make things worse.

**Mr. Philip Lawrence:** Right. By continuing to spend an excessive amount and have an expansionary fiscal policy at this time, we will, in fact, increase the size of government, which will suffocate the private sector, reduce productivity and hurt all Canadians. In particular, and you can agree or disagree, I believe that it's the most vulnerable who often get hit hardest by low growth, low productivity and high inflation.

**Mr. Vivek Dehejia:** I couldn't agree more. I wrote an op-ed in the Financial Post back in the fall of 2021 saying that the left and a government that claims to be progressive should care about inflation, because it's the most vulnerable who are most hurt by it. The wealthy have all kinds of savvy financial techniques and tricks they can use to escape the burden of inflation, but the poor and the middle class simply cannot.

I find it honestly a little baffling that a progressive-minded government was so nonchalant about inflation, and so was the Bank of Canada. They also bear a large part of the blame. I think it was both the federal government and the Bank of Canada.

**Mr. Philip Lawrence:** It's a day late and a dollar short, but it does appear as though the Prime Minister has finally gotten the message after not thinking about monetary policy that spending does lead to inflation. That's right from the Prime Minister.

**The Chair:** We have 20 seconds left, so thank you, MP Lawrence.

We'll now go to MP Sorbara.

**Mr. Francesco Sorbara:** Thank you, Chair.

I'll be sharing my time with my honourable colleague.

Thank you to the witnesses for their testimony.

First I'll go to Dow and its representative.

I've had a long-standing relationship with the Chemistry Industry Association of Canada and have advocated for many measures to ensure that we in Canada track the investment that other jurisdictions in the world, be it Argentina, the Caribbean area, the United States or other areas, have been making. It's great to see the announcement by Dow. I've had the pleasure to go to the Alberta industrial heartland and tour some of the facilities there in the last several years. I understand well the Alberta advantage when it comes to feedstock and so forth.

Scott, the ITCs for hydrogen—I think there are five or six ITCs we've introduced—will definitely drive investment and grow our economy and help us decarbonize. How important was that in the investment decision and in the thinking behind Dow's mission of walking towards a net-zero world in 2050, which we are gradually, incrementally doing?

**Mr. W. Scott Thurlow:** Thank you very much for the question. It is an important one.

The long and the short of it is that these investment tax credits are absolutely essential to securing these types of long-term investments.

The last time that I was here, when MP Thompson asked me about that, I said these investments were akin to fishing, in that you use really good bait. It's also akin to farming, in that you have to reap what you sow. You have to put a seed into the ground if you expect to have a long-term investment.

I've found many people have been looking at this debate a bit in the wrong way. They don't see it as a capital expense at time  $x$ . You have to look at it as an investment in the future tax base of the country. Quite frankly, this is a generational investment. By making these immediate investments in the short term, you're going to have a 60- to 70-year return.

• (1235)

**Mr. Francesco Sorbara:** In your opening remarks, you talked about the circular economy. To the Chemistry Industry Association of Canada, that's very important.

You just referenced the generational investments. You can extend that not only to Dow's over \$10-billion investment in Alberta, but also to what's happening within the auto sector. It's those generational investments. That's why it's so important to have your eye on the ball and provide leadership. That's what I believe our government is offering.

I want to move to Vivek. Welcome to the panel and our committee. I understand where you're coming from. I'm an economist by

training as well. I love economics. I purport myself to be from the Hayek school, if I can say that.

I'm optimistic on Canada. I believe our country is one of the best, if not the best, for many reasons. However, there's always work to do. We don't inhabit this world alone. It's important to recognize that. I think there are millions if not hundreds of millions of people who would come here tomorrow morning if they could because we live in such a blessed country.

When I look at some of the economic metrics, I share your concern about productivity and ensuring that we have a good standard of living—that is, that my kids have a future just as bright as I had growing up. I believe they do. I can look at some of the quantitative metrics. Our deficit-to-GDP is at around 1% versus 7% in the United States, like some of the European countries. There's our debt-to-GDP, looking at that metric on the public side. There are our CPP assets and the way our pension system is funded versus how it's done in the United States. We could have a conversation on that.

There's always work to do. As I referenced earlier, \$2 billion of investments were just announced on the west coast in B.C., with a \$1.35-billion energy facility, plus the port of Prince Rupert expansion. Some really good things are happening here for the economy, and we can't just gloss over them, because they are great things. Canada is definitely not broken. We're definitely a work in progress, like any other country and any other person would be.

If you could substantively say, “Francesco, these are two or three things that I think you need to take a look at”, I'd love to hear from you on that. I read all the economists on the street. Many of them are my friends in academia and non-academia. I debate with some of them. I agree with some of them. I don't consider myself an ideologue, but I would love to hear what constructively you would have to say.

**Mr. Vivek Dehejia:** I would say two things. One is that, yes, some of our macroeconomic statistics look good, like debt-to-GDP, relative to those of our peers. The U.S., of course, can run much larger deficits because the U.S. dollar is the de facto global currency. It has what's sometimes called this exorbitant privilege. That's what Charles De Gaulle called it.

Having said that, I would point out that at the beginning of the 20th century, we had the same per capita income as the United States. Now we're at three-quarters. I have to check the exact date, but in the early nineties or mid-eighties, we were at around 90%, and we've been going down. I would ask a question in return. If we're doing so well, why are we falling so far behind the Americans?

Again, I'm not a fan of QE. I think we were storing up major trouble. I said this in the fall of 2021, when most of the commentators were saying, “Hooray. The Bank of Canada is doing the right thing.” I said that if you monetize massive fiscal deficits through QE and have forward guidance and all of the rest of the unconventional policies, you're going to store up an inflation crisis when things get back to normal, and that crisis occurred.

Now we're in another crisis because interest rates are so high and they're going to stay high. My sense is that the bank woke up too late. That's my opinion. That's not the government's fault; I think the bank should have begun tightening policy sooner than it did.

Tell someone who has to refinance their mortgage and maybe sell their home that we're doing well. I'm not saying Canada is broken, but certainly if we compare ourselves to the U.S.—throughout history, our comparison has been to the U.S.—why are we faring so poorly compared to our friends to the south? By the way, this is even when they haven't had the best policy, in my opinion, but productivity growth in the U.S. has been strong.

As you said, you're a follower of Hayek. In the end, it comes down to the supply side. Tinkering with monetary and fiscal policy, regulation and targeted subsidies and picking winners are, in the long run, the wrong way to go. Have sensible, tight and sound money, bring down the deficit, run surpluses to build a stock for the future and pare down excessive regulation. This is standard, textbook Milton Friedman and Hayek stuff.

• (1240)

**Mr. Francesco Sorbara:** On the supply side, things like putting in place a national day care program are, for me, supply side measures. I agree with you on removing excess regulation and so forth, but when monetary policy needs to change and what inflection points are there, I'll leave it to the Bank of Canada and the professionals there to make those calls.

**The Chair:** Thank you, MP Sorbara. That's our time.

**Mr. Francesco Sorbara:** We are definitely not—

**The Chair:** That's our time, MP Sorbara. Thank you very much.

Now we're going to MP Ste-Marie.

[Translation]

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

I would like to welcome all the witnesses.

I am going to start with a comment. I was quite surprised to hear that the Liberal member, Mr. Sorbara, identifies with the Friedrich August von Hayek school of thought. I find it hard to understand how a person can align themselves with that vision of the economy and stand with the Liberal government and its \$83 billion for transitioning the economy and all its social programs, from subsidized child care to prescription drug insurance, but that is a topic for another time.

My first questions are for Mr. Thurlow from Dow Canada.

Thank you for being here and for your presentation, Mr. Thurlow. I would like to understand in more detail how you plan to use the hydrogen credit in your economic activities.

[English]

**Mr. W. Scott Thurlow:** That tax credit is part of a larger hydrogen clean energy tax credit. It will be based on the carbon reductions that accrue as a result of a material investment in our facility. After the investment is made, we will be able to use it in an accelerated capital cost reduction way to reclaim the expenditure, whether it's made by Dow or by one of our partners on site.

[Translation]

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

So, if I understand correctly, you use natural gas in your operations before the investment is made. With this credit, you are going to use gas to produce hydrogen and reduce the carbon footprint of your operations. Have I understood correctly?

[English]

**Mr. W. Scott Thurlow:** That's almost correct. We will be using natural gas as a feedstock. When we crack natural gas, there are what I'll call extra products left over. We will recapture those extra products and use the hydrogen, which was abundant after the cracking process, as the clean fuel for the heat and steam that are required for the process.

[Translation]

**Mr. Gabriel Ste-Marie:** Thank you. That is very interesting and very much welcome. I also want to thank you for adding to my limited understanding of what your business does.

Based on your estimates, by how much, as a percentage, will this investment mean you can reduce your carbon footprint?

[English]

**Mr. W. Scott Thurlow:** It's 100%. We will be operating a net-zero facility by 2030.

[Translation]

**Mr. Gabriel Ste-Marie:** Okay. Thank you. That is very encouraging.

My next questions are for the representatives of the BC Diabetes Foundation.

Ultimately, what you are asking for is to have semaglutides, like Ozempic, be covered by the insurance plan. Is that correct?

[English]

**Dr. Tom Elliott:** Yes, indeed.

• (1245)

[Translation]

**Mr. Gabriel Ste-Marie:** The drugs to treat diabetes that are covered by the government plan in its present form are less effective than these new drugs. So this would be partial coverage that would not do a good job of meeting the needs of people who have diabetes. Is that correct?

[English]

**Dr. Tom Elliott:** Yes, that's right. The media has talked a lot about the off-label use of Ozempic for people who don't have diabetes and who just want to lose weight. Ozempic was designed for people living with diabetes. It not only brings about weight loss, which is beneficial to the diabetic state, but also helps improve insulin release. The underlying diabetes is improved from two angles in a kind of virtuous cycle. That's what makes it such a miraculous drug. Weight loss begets better diabetes control, and the drug begets better insulin supply. That's why it's such a wonderful drug.

[Translation]

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

What reasons does the government give for not including these new drugs in its insurance plan? Is cost the issue? Do you think its arguments are persuasive?

[English]

**Dr. Tom Elliott:** To my knowledge, they haven't made any arguments. They just decided to strike it off. It's an outrage. Speaking as a diabetes specialist, I have several thousand people on this drug and there's nothing quite as good.

There are other flavours from other manufacturers. Novo Nordisk has Ozempic and Eli Lilly has Mounjaro. Other companies will be coming up with better drugs in the future. It's a competitive market. Prices will go down in Canada. Of course, if our procurement process could get better prices for the nation, as in Germany, then it would be a no-brainer.

[Translation]

**Mr. Gabriel Ste-Marie:** That is very clear. Let us hope that the government hears you. Thank you and thanks to Ms. Hosak for your presentation.

It was very touching, Ms. Hosak.

Thank you, Mr. Chair.

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

[English]

Now we go to MP Davies.

**Mr. Don Davies:** Thank you.

Thank you to all the witnesses for being here on such short notice.

Dr. Elliott, can you give us an idea of what a typical Canadian living with diabetes might spend out-of-pocket each year to manage their condition today?

**Dr. Tom Elliott:** In type 1 diabetes, for someone like Ramya, before she had her extended medical benefits, it would be, say, eight dollars for the sensor, \$10 for the pump and six dollars for insulin. With a bit here and a bit there, it would add up to \$28. If I multiply \$28 by 365, it's \$10,220. That's someone with uncomplicated type 1 diabetes, someone who doesn't have major complications.

If you have type 2 diabetes, let's say it's \$12 to \$15 per day. That's \$4,400 a year. If you're an overweight type 2, of whom two-thirds are, you need to be on Ozempic and you need to be on met-

formin, which is inexpensive. You need to be on one of the SGLT2 inhibitors at three dollars a day, a cholesterol pill at 50¢ and a blood pressure pill at another dollar, and maybe insulin. That's where the \$12 to \$15 per day comes from.

**Mr. Don Davies:** Dr. Elliott, in a March 2024 CBC News article, you noted that one of your patients was hospitalized last year because he could not afford to buy medication after paying for groceries. How frequently does cost-related non-adherence to treatment result in the hospitalization of Canadians with diabetes? Can you briefly outline the impact of such a hospitalization on patient health and well-being?

**Dr. Tom Elliott:** I hear a story like that two or three times a year. British Columbia has the most generous provincial pharmacare program.

[Translation]

**Mr. Gabriel Ste-Marie:** I have a point of order, Mr. Chair.

I am sorry to interrupt you, but the interpreters have stopped working, given the poor sound quality.

[English]

**Mr. Don Davies:** Are you stopping the clock, Mr. Chair?

**The Chair:** I apologize. I didn't catch that.

The interpreters are having some connectivity trouble with Mr. Elliott.

• (1250)

**Dr. Tom Elliott:** I wish I could speak in French. I could fumble in French.

**The Chair:** Ms. Hosak, can you participate? Maybe you can answer some of the questions. If Dr. Elliott turns off his screen, that might help the connectivity.

**Ms. Ramya Hosak:** I hear stories like this from my peers all the time as well, with hospitalizations from high blood sugar, but also from low blood sugar. I think the real benefit of the automated insulin delivery system that I spoke of is that you're alerted. Let's say you're driving and you're not able to stop and physically prick your finger to test your blood. It alerts you, it wakes you up and it temporarily suspends your insulin. It gives you an alert so that you know you're going low.

Sleeping is one of the biggest problems. You can imagine that you would be terrified to go low in the middle of the night, but so are parents. We hear this quite a bit too. They're worried about their children, who are running around and sleeping. They don't know how they're feeling.

Hospitalization is very traumatic. It's very scary. I can tell you from my perspective, as I said, that after 2016, it took me many years to feel comfortable again. I have heard of diabetics going into seizures as well. All this stuff has a cumulative toll on the person, and of course, as we know, hospitalizations are very expensive.

**Mr. Don Davies:** Thank you, Ms. Hosak.

This gives me a chance to point out that as part of the pharmaceutical deal negotiated by the NDP, the federal government agreed to provide \$275 million per year to establish a fund to support access to the full range of diabetes devices: continuous glucose monitors, insulin pumps, testing strips, syringes and needles. The idea is that every person with diabetes in the country whose provincial government signs an agreement with the federal government will get free access to all of the devices they need.

I take it you would be in support of such a program.

**Ms. Ramya Hosak:** I would be one hundred per cent in support of such a program, but I would also ask for the consideration of an automated insulin delivery system. The game-changer with that is the Dexcom glucose CGM, which will talk to your pump. You have an artificial pancreas that's working for you, and when they talk to each other, the magic happens.

**Mr. Don Davies:** Yes. It's my understanding that those are covered.

I don't know if we have Dr. Elliott back or not, Mr. Chair. Can I ask a question of Dr. Elliott?

**The Chair:** We will try to bring him back on.

**Mr. Don Davies:** Dr. Elliott, I just wanted to ask you—

**The Chair:** I don't think he's on right now. He has to open his mic and video. We are not able to do it, and the interpreters need the video to see the body. He's not on, MP Davies.

**Mr. Don Davies:** Okay. How much time do I have, Mr. Chair?

**The Chair:** You have about a minute and a half.

**Mr. Don Davies:** In the absence of having Dr. Elliott confirm this, I just want to point out that the formulary negotiated for pharmaceuticals includes pretty much every insulin required for type 1 diabetes. In fact, it mirrors one hundred per cent of the coverage offered in British Columbia so that every person living with type 1 diabetes will be able to get the insulin they need.

In terms of type 2 diabetes, it covers all of the metformins, including the combination metformins, which you generally have to try and then fail before you go to semaglutide, which is Ozempic. The reason Ozempic is not covered is that it's only available in brand name in this country right now and is extremely expensive. About a third of B.C.'s expenditures on type 2 diabetes are on Ozempic, and there is also a problem right now with off-label use, but it could be covered in the future. We're well aware of the importance of semaglutide. SGLT2 inhibitors and secretagogues are also covered for type 2 diabetes as well as all the devices.

I just want to put on the record that there's a full complement of all of the medications and devices that people with diabetes type 1 and type 2 need in Canada, save for and except Ozempic, which we hope will be covered in the future, as Dr. Elliott pointed out. I just wanted to state that for the record.

**The Chair:** Thank you, MP Davies. That I'm sure is very helpful for those watching and for the record.

That is the time. Now we're going into our second round.

Members, I'm looking at the time. We don't have a lot left, but what we're going to do is two to three minutes for each party.

We'll start with MP Morantz.

**Mr. Marty Morantz:** Thank you.

Professor Dehejia, last time you were here, you had an exchange regarding the carbon tax. One of the members mentioned the open letter that many Canadian economists signed on to. You didn't have a chance at the time to respond to that comment in person.

I know that you did submit something in writing, but I think that since you're back and you're here in person, I'll give you a chance to let the committee know your thoughts on that open letter.

● (1255)

**Mr. Vivek Dehejia:** This is part of the record of the committee. One hundred well-known economists, including some of my own colleagues at Carleton, have signed this letter. That doesn't mean it's correct.

In the world of the textbook, you can shift curves around and get the optimal outcome, but in the real world, it doesn't work that way. There's a whole political economy of taxation, so if you get things wrong, you can add the risk of regulatory capture. There's a large amount of literature on this. I'm not sanguine that just going by textbook economics can fix the problem.

There's a larger problem here. I'll make this very brief. Global warming—climate change, which is real—is a global problem. If Canada, which is not one of the world's major contributors, says we're going to tax ourselves and pollute less, well, guess what. China and India will rub their hands and say, “Super. We can spew more carbon since Canada is doing the work for us.” It makes no sense.

**Mr. Marty Morantz:** In your written reply, you said, “Unfortunately, I believe that the letter is naive and ideologically driven.” Could you expand on that statement?

**Mr. Vivek Dehejia:** Sure. It's naive because it assumes that the textbook world can be reproduced in practice, and we know that isn't true. I think it is driven ideologically by a theory that used to be called scientific socialism: that the all-benevolent, all-knowing central planner, the government, can solve every problem. Professor Hayek, whose name has come up here, didn't believe that.

For those reasons, I think it's naive, it's ill-timed and it's ideological. Even if we thought that it could work in practice, which I seriously doubt, we're in the middle of an affordability crisis. Now is certainly not the time to be the knight in shining armour and tell China and India to spew more carbon into the air.

**Mr. Marty Morantz:** Thank you, Professor.

**The Chair:** Thank you, MP Morantz.

Now we will go to MP Baker for two to three minutes.

**Mr. Yvan Baker:** Thanks, Chair.

I'm going to direct my questions to Mr. Thurlow.

It's good to have you back at the committee. I wanted to ask you about the investment tax credits. You and Dow Canada have been proponents of investment tax credits, as I understand it, not only as a means for profitability, but also for the decarbonization of your operations, basically making your operations more environmentally friendly.

I'm wondering if you could talk a bit about how you or Dow would use the investment tax credits that are in Bill C-69, the budget—both the clean technology manufacturing tax credit and the clean hydrogen investment tax credit.

**Mr. W. Scott Thurlow:** There are two things I would add to the record that I think are of value.

The first one is that investments in the decarbonization space are incredibly expensive. On paper, it's very difficult to make them pencil. I believe the allegory Mr. Dehejia used was the textbook: The textbook doesn't always work so perfectly.

These tax credits allow for the chasm between the cost and recovery of those investments to be shrunk considerably, so yes, we are pledging to get to a zero-emissions future by 2050. This is the first example of that in our fleet of facilities. We expect that many of the learnings we will have in Fort Saskatchewan will be replicated in other places around the world, and those tax credits are incredibly important to attracting investment.

It was only when we saw that the tax credits were going to be put in place that our board of directors was able to look at the total value of the investment and say that it was something we were willing to do. I would like to point out that Canada was in deep competition with several other geographies around the world. When you're in competition with those geographies, you won't be able to replicate perfectly what they produce, but you assign a value to all of the different variables, and those variables will help the board of directors make a final decision.

**The Chair:** That's the time.

We're going to MP Ste-Marie for a couple of minutes.

[Translation]

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

I am going to continue with Mr. Thurlow.

In light of what you have just said, how would you describe the support Canada offers your sector of the economy in terms of international competition during the transition? Are the support measures or credits equivalent to, or better or worse than, what is done elsewhere?

• (1300)

[English]

**Mr. W. Scott Thurlow:** To use a tired expression, there's an apples and oranges problem here. We do our very best to do a strict economic comparison, but the tax rates are different in different jurisdictions. For example, in the gulf coast and Texas, tax rates are set by the local parishes. Those parishes have different rates and different rules from the municipalities. The municipality tax rates are assisted and guided by provincial rules.

The answer to your question is that we made a risk-based decision on which investment climate we thought was the best for the first investment of many in deep decarbonization. These tax credits have a value based on how much we believe we will be able to use them as we build a new facility and expand the existing facility we have in Fort Saskatchewan.

[Translation]

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

Thank you, Mr. Chair.

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

[English]

Our final questioner will be MP Davies for the last couple of minutes.

**Mr. Don Davies:** Thank you.

Ms. Hosak, B.C. has had its own pharmacare program since 1974. It was brought in by Dave Barrett's NDP government. I know there still is an income-based deductible for that program.

The national pharmacare program contained in this budget, with \$1.5 billion to get it started, will eliminate these costs not only for British Columbians, but for every resident of any province or territory whose provincial government signs up because it will provide first-dollar coverage. That means people will no longer have to pay a deductible, copayment or any other out-of-pocket costs. In other words, you walk into the pharmacy, you hand over your prescription and you walk out and have your diabetes medication or device.

In your view, what impact would such a program have on you and the people you associate with in the group that you represent?

**Ms. Ramya Hosak:** Forgive me. The first bit cut out, but I think I got most of it.

I hear about the deductible a lot. It's a lot. Living with type 1 diabetes is very expensive. The cost of living is so high now, and I hear from people that the cost of the deductible does prevent them from seeking the best health care solutions available. For example, the insulin pump I have right now is \$7,000. I wouldn't have been able to have it otherwise. For the government to address the payment issue is huge. I think it would really change the lives of many people out there.

**Mr. Don Davies:** I have very little remaining time. I would rather turn my time over to you for any thoughts you have that you'd like the Government of Canada to know about people living with diabetes and what policies we can pursue to help them with that condition.

**Ms. Ramya Hosak:** Thank you so much.

It's an honour for me to be here to represent the voices of 750 individuals I know in B.C. who are struggling with their diabetes.

It's a 24-7 job. We think about it all the time. Even with the technology available, we struggle with having low blood sugar and high blood sugar. I have my monitor here sitting next to me making sure I don't go too high or too low so that I can make sense today. It impacts our day for hours at a time. My husband has type 1 diabetes as well and I see how it impacts him. If he has low blood sugar, he's out for a couple of hours.

To have these health care solutions available and not allow universal coverage and access for all Canadians is a travesty. I can absolutely attest to the fact that these health care services and products have changed my life.

**The Chair:** Thank you, MP Davies.

Let's thank our excellent witnesses.

Thank you, Ms. Hosak, for sharing your personal story and for advocating for so many diabetics.

Thank you, Dr. Elliott, for your words and answers to the many questions.

Of course, Professor Dehejia and Mr. Thurlow, welcome back to our committee. Thank you for coming before us and answering the many questions from members.

With that, we are going to suspend.

**Mr. Adam Chambers:** I have a point of order, Mr. Chair. We lost the doctor. Are we able to submit a question in writing and have him respond through the clerk?

• (1305)

**The Chair:** MP Chambers just asked if members would be able to submit questions to Dr. Elliott. Yes, you can, and hopefully Dr. Elliott will be able to get back to us in short order with some answers.

We are going to suspend, members, before we go to our fourth and final panel for today.

Thank you again to our witnesses. We wish you the best with the rest of your day.

• (1305)

(Pause)

• (1310)

**The Chair:** Welcome back, everybody.

This is our fourth panel of witnesses today.

Joining us, from Momentum, we have the executive director, Jeff Loomis. He's online. Welcome.

We have, from the Public Health Agency of Canada, Wendy V. Norman, co-director of the CART contraception research lab and professor at the University of British Columbia. Welcome, Dr. Norman.

From the Union québécoise des microdistilleries, we have Vincent Lambert, general secretary.

Finally, joining us from WealtheSimple, we have the head of government and regulatory relations, Jessica Oliver. Welcome.

Witnesses, you'll have up to five minutes for an opening statement and remarks. Then we'll get to members' questions.

We will start with Momentum and Mr. Jeff Loomis.

**Mr. Jeff Loomis (Executive Director, Momentum):** Thank you, Mr. Chair, for the opportunity to speak with you and the committee today.

Momentum was grateful to see important steps to improve the financial inclusion of Canadians in the budget. Momentum is a community organization in Calgary that connects people living on low incomes to economic opportunity. Our big goal is to create a local economy that works better for everyone. One of our key approaches to working with people living on lower incomes is to help them learn about and save money, or what we call becoming financially empowered.

We worked with a newcomer named Timothy several years ago whose experiences highlight the important changes proposed in the budget. Timothy moved to Canada from Nigeria. After arriving, he struggled in survival jobs and ended up couch surfing. When his mother got sick in Nigeria, he took out a \$400 payday loan to cover her medical expenses. By the time he paid off the payday loan, it cost him \$2,400. While struggling to pay off his loan, he was connected to Momentum. He participated in a savings program where people earn a match to their savings while they learn about money. Timothy also managed to open an RESP and access the Canada learning bond for his child. Despite the challenges, Timothy became financially empowered. Several policy announcements in the federal budget will create opportunities for more Canadians like Timothy to become financially empowered.

We have specific proposed changes we would like to highlight today. These include the following.

The first key change is automatic enrolment for the Canada learning bond. We know education is a direct gateway for people to earn more money. We also know that children with an education savings account are much more likely to attend some form of post-secondary education. Momentum and community partners in Calgary worked for many years to promote the Canada learning bond to families living on low incomes, which contributed to increased uptake of the CLB from 20% to over 50%. That is one of the highest uptake rates currently for any municipality in Canada.

To reach the other 50% of children who still weren't getting the CLB to access education savings, we completed education savings policy research that recommended greater auto-enrolment. As a result of the change proposed for auto-enrolment, approximately 130,000 children born after 2024 could receive the Canada learning bond every year. At a lifetime value of \$2,000 per child, an additional \$260 million in annual education savings may go directly to families living on low incomes. However, including the auto-creation of a social insurance number for Canadian children living on lower incomes would make this policy change more effective. Auto-enrolment in the Canada learning bond is an important step towards intergenerational poverty reduction and a huge boost to Canada's future skilled workforce.

The second key change we'd like to highlight is automatic tax filing. Canadians living on lower incomes are the most likely to not file taxes. The expansion towards greater automatic tax filing will support up to two million Canadians in accessing benefits that can help them make ends meet. Since the average low-income tax filer receives an additional \$3,500 in annual income from filing their taxes, this change is a key step to reducing poverty in communities across our country.

The third key thing we want to highlight is lowering the criminal rate of interest. We are very pleased to see the government reiterate the commitment made in budget 2023 to lower the criminal rate of interest to a 35% annual rate. The proposal to improve enforcement of the criminal rate of interest in this budget is also a promising step to ensure Canadians are adequately protected from high-cost credit. Based on Timothy's experience with a payday loan, we encourage the government to consider no longer exempting payday loans from the criminal rate of interest.

The fourth key highlight, and the last one we want to feature today, is investment in community financial empowerment supports. Prosper Canada is proposed to receive \$60 million over five years to expand community-delivered financial help services to approximately one million lower-income Canadians. This is much-needed financial support, as many community-based, not-for-profit organizations like Momentum that deliver financial empowerment services receive very little government funding for this work. With the rising cost of doing business for non-profits like us, this funding can stabilize existing programs and enable important expansion.

Many Canadians are struggling to make ends meet, especially with the rising cost of living. Those challenges are even more significant for Canadians living on low incomes. At Momentum, we recognize the wisdom that people without an adequate income can't get by and that people without assets can't get ahead. The proposed changes in the budget can help more people get by through better access to benefits via automatic tax filing, and will support Canadian children in getting ahead by improving access to critical education savings.

Thank you so much for the opportunity to share with the committee today.

- (1315)

**The Chair:** Thank you, Mr. Loomis, for everything you are doing.

We'll now hear from the Public Health Agency of Canada.

Professor Norman, go ahead, please.

**Dr. Wendy V. Norman (Co-Director, Contraception and Abortion Research Team, and Professor, University of British Columbia):** Thank you very much, Mr. Chair and members of the committee, for the opportunity to speak here today.

By way of introduction, I'm a family physician and a professor at the University of British Columbia, and I hold the Public Health Agency of Canada's chair in family planning research. I serve as the external chair for Statistics Canada's sexual and reproductive health advisory committee, and I lead the largest Health Canada sexual and reproductive health fund project to advance equitable access to family planning nationally. I also advise the World Health Organization on sexual and reproductive health and preconception health.

There are two issues I wish to highlight for you here today. First, universal single-payer, first-dollar contraception coverage has been demonstrated around the world and in Canada to be the most cost-effective government investment to lower health system costs and improve health equity and health outcomes. Second, universal access to free contraception to prevent unintended pregnancies will support positive, immediate, lifelong and intergenerational impacts on individuals, their families and society that improve health and equity.

To begin, evidence from health systems around the world has found that universal contraception coverage costs governments less than it costs to manage unintended pregnancies in universal health systems. The cost to provide universal free contraception is always less than the cost to manage pregnancies. In the U.S., after they implemented universal coverage through the Affordable Care Act, they found a savings of \$7.09 for every dollar that they invested. Similarly, Public Health England saves nine pounds for every pound invested with universal first-dollar, single-payer coverage for all contraceptive methods. Our analyses in a CIHR-funded study working with the government of B.C. have modelled that within a few years, they will begin saving five dollars every year for every resident of B.C. in health costs because the cost of providing everybody with whatever contraceptive method they require is lower than the current cost to manage unintended pregnancies.



An important factor in contraception is the difference between universal first-dollar coverage and fill-the-gaps coverage. Contraception is a very stigmatized prescription, particularly among equity-deserving populations. Our studies have found that reproductive-age people, particularly women and pregnancy-capable people at the ages of highest fertility, are the least likely in our society to have prescription benefits. Among those few who do have coverage, the primary insurance holder is often a coercive partner or a parent. Many do not have confidential or private access to contraception coverage and would instead forego this opportunity.

Analyses under way by UBC's Dr. Laura Schummers, using the B.C. health administrative and pharmaceutical databases before and after B.C. introduced universal first-dollar, single-payer coverage for contraception last year, found that in addition to nearly 30,000 people who had unintended pregnancies before this policy—many of whom were unable to afford contraception at all—40% of those who obtained a contraceptive in B.C. paid 100% out-of-pocket for that method. Additionally, another 20% were paying copay for the cost.

After B.C. introduced their single-payer plan, we saw a massive shift with a big uptake in contraceptive methods overall, and a shift away from the less effective, less expensive methods towards those that are the most effective in preventing unintended pregnancy. Fewer than 10% of people paid any amount out-of-pocket for the very limited number of contraceptive methods that are not covered under the plan.

In Canada, 40% of pregnancies, or over 160,000 per year, are unintended, and the most common outcome is birth. These unplanned births can have devastating effects as they move forward. All outcomes for unintended pregnancy could have lifelong effects. These intergenerational consequences not only affect the pregnant person and the unplanned child, but also reduce the supports available for other children and extended relatives already in the home. More effective contraceptive methods offer families a better and safer start for planned and spaced children and allow family members to pursue advanced education and workforce opportunities. In contrast, people who are unable to afford contraception demonstrate lower education achievements, lower household income, higher exposure to intimate partner violence and suffer lower chances for their children to have food safety and adequate shelter during their development.

- (1320)

There are very few investments in health with the potential to offer health system savings, improved equity and a healthy quality of life for children and families across Canada. The investment the government is proposing to provide universal single-payer, first-dollar contraception has the potential for intergenerational and society-wide impacts on Canada and all Canadians.

**The Chair:** Thank you, Dr. Norman, for your hard work and for the many different organizations you lead.

Now we're going to hear from the Union québécoise des microdistilleries.

Monsieur Lambert, please go ahead for up to five minutes.

[*Translation*]

**Mr. Vincent Lambert (General Secretary, Union québécoise des microdistilleries):** Thank you, Mr. Chair.

Mr. Chair and distinguished committee members, my name is Vincent Lambert and I am the general secretary of the Union québécoise des microdistilleries, the UQMD.

With over 50 members, the UQMD represents the two permits that regulate distilleries in Quebec: industrial permits and small-scale production permits. UQMD members generate annual sales of spirits in excess of \$100 million in the province.

I want to thank you very much for giving me your time and attention today to talk to you about excise duties on Canadian spirits.

I am therefore going to take the time I am allowed to present our proposal, which is based on the introduction of a progressive taxation model and is modelled on best international practices, and is intended to support the sustainable economic development of our local distilleries.

Small and medium enterprises are the essential drivers of our regional economies. They create local pride and play an important role in the economic fabric. However, they are at a disadvantage vis-à-vis the big international corporations because of their modest size and limited resources. Progressive excise duty rates, similar to those applied in the Canadian brewing industry and in several other industries in various countries, would strengthen our Canadian microdistilleries' ability to compete.

In Quebec, approximately 75% of the sale price of a bottle of spirits goes to taxes and markups. This means that when a bottle of spirits with 40% alcohol content sells for \$40, less than \$10 ends up in the distillery's pocket.

The United States, one of Canada's major competitors in sales of spirits, has reduced its excise duty for small and medium distilleries: excise duties are \$0.71 U.S. per litre of absolute alcohol, or about \$0.98 Canadian. In Canada, excise duties on spirits are \$13.93 per litre of absolute alcohol. Excise duties on a bottle of spirits from Canada amount to about \$4, while excise duties on an equivalent American bottle are about \$0.29 Canadian. This additional taxation, over 1,300% more, makes our Canadian spirits much less competitive.

Note that the UQMD's proposal applies to distilleries that sell fewer than 100,000 litres of absolute alcohol a year, while the United States applies its excise duty relief to distilleries that sell up to 370,000 litres of absolute alcohol a year.

To summarize, the American government has waived a portion of initial excise revenue in order to reap much greater financial gains, and promote job creation in the long term, in return.

Reducing excise duties would not necessarily result in a net loss of tax revenue. On the contrary, this measure could stimulate economic growth and job creation and thereby increase tax revenue in the long term. Local distilleries will be able to invest in innovation, improvements to their facilities, and expanding their operations, and this would have a multiplier effect for the economy.

The spirits value chain encompasses a host of activities ranging from agriculture to distilling, retail sales, and the tourism associated with the products. Reducing excise duties could generate significant employment-related economic benefits and thereby contribute to strengthening our local communities and families and boosting the economy as a whole.

Numerous countries have successfully adopted tax-based approaches in order to develop their national industrial sectors, as Canada has done in the beer industry. Historic examples show that introducing these kinds of measures has enabled new industries to develop, create jobs and make a significant contribution to the economy, through SMEs. By adapting these strategies to the spirits industry, we could also encourage the emergence of innovative, sustainable local distilleries.

A progressive taxation model compatible with the principles of the World Trade Organization, the WTO, would be a solution. The WTO encourages member states to put in place trade policies that comply with their international commitments while taking into account their national economic and social development goals. The WTO also acknowledges the legitimacy of measures to promote domestic industries, as long as they do not create intentional discrimination or serious distortion of international trade.

In conclusion, this proposal is not simply a tax measure; it is a statement of intent that would reflect a firm commitment to a dynamic industry on the international scene. A reduction in excise duties would offer our enterprises concrete support and thereby create an environment in which smaller distilleries would be able to prosper and make a significant contribution to our economies.

I am therefore asking, distinguished committee members, that you consider this proposal seriously and call on the government to make the necessary changes for the good of our enterprises, our economy, and our local communities.

Thanks again for your attention and I will be pleased to answer your questions.

• (1325)

[English]

**The Chair:** Thank you, Monsieur Lambert. I'm sure there are going to be many questions.

Now we'll go to Wealthsimple with Ms. Oliver.

[Translation]

**Ms. Jessica Oliver (Head, Government and Regulatory Relations, Wealthsimple Investment Inc.):** Thank you, Mr. Chair.

Thanks to the committee for this invitation.

[English]

My name is Jessica Oliver. I'm head of government and regulatory affairs at Wealthsimple, a financial services company trusted by over three million Canadians, including one in five adults under 40. I'm privileged to work with over 1,000 colleagues across the country.

Our mission is to help Canadians reach their financial goals. We started 10 years ago with a single product and a straightforward regulatory framework. We offered low-cost managed investing, which means clients describe their financial circumstances and goals, and our team manages their investments to achieve those goals.

Over time, we've added other products, including commission-free self-directed investment. We offer fee-optional tax filing that this year was used to "netfile" more than 1.7 million returns, the majority for free. We offer Canada's highest-interest chequing account with no monthly fees or minimum balances. In the last year, our clients have earned more than \$100 million in interest in these accounts.

We saw incredible uptake when we launched the first home savings account. From August to December, more than 200,000 Canadians started saving for home ownership with a Wealthsimple FHSA, which is, to our knowledge, more than 30% of all FHSAs. Our total accounts are now over 250,000.

I'm pleased to join you as you consider the budget implementation act. I'd like to touch on the bill's action on consumer-driven banking, financial fees and the Canada learning bond.

The bill lays the legislative foundation for consumer-driven banking, also known as open banking, which will provide a secure and simple way for Canadians to share their financial data between providers, making it easier for them to access and integrate the financial products that suit them best. Here's what that really means. Consumer-driven banking can help a homeowner lower their mortgage rate by proving they have a pension. It can help renters build their credit score by proving they pay on time. It can help newcomers build credit by incorporating financial data from their countries of origin. In fact, the Financial Services Regulatory Authority of Ontario, FSRA, has identified consumer-driven banking as the biggest potential driver of innovation in mortgage brokering. According to StatsCan, Canadian households pay \$694 per year for financial services. We believe they deserve lower costs, more convenience, less friction and ultimately more control over their own money.

Consumer-driven banking is one piece of a broader fundamental need to enable competition on a level playing field. Our financial infrastructure lags behind that of all of our G7 peers, and it has for decades. Wealthsimple has been a part of the consultation process and will continue to work with Finance Canada and the FCAC to inform the implementation of open banking and make sure our business is ready for our clients to benefit.

It's also important to acknowledge that open banking is not a silver bullet for the competition problem in Canadian financial services. Financial regulators, both federal and provincial, should be explicitly mandated to deliver competition in their respective industries, just as their counterparts in the U.S., U.K. and Australia are. Financial regulators point to the Competition Bureau, which for all of its good work, does not have the resources or the mandate to take on this role alone. Its advisory recommendations to financial sector regulators are only suggestions and are typically ignored.

With respect to fees, regulators should also take a closer look at where Canadians are being charged fees for financial services without a reasonable connection to the actual cost of the service. Right now, Canadians who move an investment account like a TFSA from one financial institution to another pay up to \$250 for the privilege of moving their own money. The actual cost of that transfer, if processed through widely available automated systems, is less than a dollar. There is no justification for that, and it is a transparent attempt to prevent Canadians from making a free choice of their financial provider. The federal budget has committed to working with provinces to tackle junk fees in a range of areas, and in our view, this should be near the top of the list.

• (1330)

Finally, in addition to our products, we established the Wealthsimple Foundation, which increases awareness of and participation in RESPs and the Canada learning bond. We were pleased to see a commitment for the auto-enrolment of eligible children in the Canada learning bond. It's the right thing to do. It means the Wealthsimple Foundation will be in need of a new mission and mandate, and we're thrilled about that opportunity.

To conclude, the measures for consumer-driven banking are welcome, but they are a start, not the end. There is much more to do to create a truly competitive financial services sector, starting from the first principles of how it's regulated and what we want it to deliver for Canadians.

Thank you.

**The Chair:** Thank you, Ms. Oliver.

What a diverse group of witnesses we have with us. I'm sure there will be many questions in our first round. We're starting with six minutes for each party.

MP Chambers will be going first.

**Mr. Adam Chambers:** Thank you very much, Mr. Chair.

Welcome to our witnesses.

Ms. Norman, we just had a great panel, and we talked with representatives from the diabetes community, who talked about the pharmacare legislation. I want to pick up on a couple of things there.

Obviously I'm not as steeped in the subject matter, so I hope you can help me understand a few things.

You referenced the Affordable Care Act in the U.S. as a positive example of coverage for contraceptives. Is that correct?

**Dr. Wendy V. Norman:** Yes. I referenced an analysis of the way the act was implemented in the first three years.

**Mr. Adam Chambers:** That's not universal single-payer, though. Is that correct?

**Dr. Wendy V. Norman:** The act as it was first implemented—and not the way it is right now—to my understanding was providing single-payer coverage for the majority of the population.

**Mr. Adam Chambers:** Okay, but it's not universal. It does not cover every American; it covers those who are part of the plan. Is that correct?

**Dr. Wendy V. Norman:** I would have to go back and recheck that.

**Mr. Adam Chambers:** You referenced British Columbia as having single-payer universal coverage for contraceptives. Is that correct?

**Dr. Wendy V. Norman:** That started in April 2023.

**Mr. Adam Chambers:** If British Columbia has single-payer universal coverage for contraceptives, why would the federal government have to pay British Columbia to do that program?

**Dr. Wendy V. Norman:** My understanding is that the federal government would like a program that's implemented across all of Canada and would like all provinces to participate in providing this service. All provinces currently provide some component of their population with some coverage. At the moment, British Columbia has the most coverage, but the federal coverage, as I understand it, will be evening this across the country. You are the federal government here. You will decide how you implement your agreements with each provincial system.

• (1335)

**Mr. Adam Chambers:** If a province has shown an ability to do this, wouldn't it be up to the voters in a province to vote for a government that wants to implement single-payer universal coverage in a province, where the jurisdictional responsibility lies?

**Dr. Wendy V. Norman:** What you're asking me is a Canada Health Act question: Do we have universal principles with respect to how we deliver health care in Canada so that people in every province have an equitable chance to achieve their own goals for their health and for their health equity? Are people within Canada able to move between one province and another for their education or work and have coverage where they need it that is similar across the country? I think you're asking me questions about the way the federal government would implement its discussions with provinces, if I understand you correctly, MP Chambers.

**Mr. Adam Chambers:** You are very correct.

Is the current proposed formulary completely exhaustive of all contraceptives that are on the market today?

**Dr. Wendy V. Norman:** The formulary that was proposed for the federal government, to my understanding, was designed to be the same as or very similar to what was implemented in B.C. In B.C., this formulary covers contraception in nearly every category. One category is excluded, where there are questions of health risk implications that are higher than others. However, it is for all of the typically accessed contraceptive methods with a range of choices within each category.

**Mr. Adam Chambers:** We live in a world of scarcity. You touched on the fill-the-gaps model or a universal single-payer model. With what we are being asked to approve, is the trade-off not that we could add more drugs or coverage for other ailments in a national plan if we covered only those people who do not have coverage today versus covering everyone who's already covered under a private plan, which is what the government is currently proposing?

**Dr. Wendy V. Norman:** Well, the interesting thing to consider here, particularly in the case of contraception, is the health and societal implications from the costs of not providing prevention of unintended pregnancy. There are implications for families, society, education and our economics from the downstream effects of unintended pregnancies in our society versus prevention.

We know that fill-the-gaps coverage for contraceptives is not an effective mechanism because many people who are considered to have coverage are not able to access it for their contraceptives. Those who are most fertile and require contraceptives are the least likely to have access to those kinds of plans. For example, in Ontario—

**Mr. Adam Chambers:** I'm sorry, but I have to jump in there. I'm going to get cut off by the chair.

I have one final question.

**The Chair:** Be really quick.

**Mr. Adam Chambers:** Why do you have to go to a doctor? Shouldn't some of these contraceptives be offered over the counter, as they are in some jurisdictions? We have five million to seven million Canadians without a family doctor.

**Dr. Wendy V. Norman:** You don't have to go to a doctor for contraceptives. You can see a nurse practitioner. You can see a midwife. In many provinces, you can see a public health nurse. In seven provinces across Canada, you can walk into your pharmacy and

have a private discussion with your pharmacist. The pharmacist can prescribe any contraceptive method for you.

This is one of the ways that Canada is leading the world in advancing primary care access. It's by upscaling the abilities of a wide range of primary health care providers to serve the needs to prevent unintended pregnancy.

**Mr. Adam Chambers:** Thank you very much.

**The Chair:** Thank you, MP Chambers.

Now we go to MP Thompson.

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

Welcome to all the witnesses.

I'm going to start with you, Dr. Norman. I have a quick follow-up on the previous series of questions.

Thank you for linking in that primary health care is accessed through many providers. Often in this committee I hear the reference that it is simply physician-led, but of course it's not. It's multi-disciplinary. Thank you for that.

I want to touch on why it's so important for women to have access to a range of contraceptives.

Could you again, with a little more depth, go into the barriers that women often face in accessing contraception? Why is it so important in this program that we address that and why does it need to be universal?

• (1340)

**Dr. Wendy V. Norman:** As many of you may be aware—through history rather than your own knowledge—in the 1960s, when contraception became available and prevalent, there was a transformation in gender equity in our society. We were seeing a huge increase in the number of women, who now had control of their fertility, enrolling in colleges and universities, entering the job market and contributing to civil society and governments. The ability to decide whether and when to become pregnant for a pregnancy-capable person—a woman or a person with a uterus of any gender—is fundamental to being able to achieve their own goals and have control of their life.

Studies across Canada have shown that the number one access is cost; it's the affordability of contraception. If we fail to make contraception accessible for people, we are leaving people in situations with intersecting barriers where their income and education do not have the chance to improve across their generation and in subsequent generations because they are unable to control their fertility. They are left to have unintended pregnancies, raise unplanned children and be in an ever down-spiralling cycle regarding family income and family education. That's often accompanied by intimate partner violence as the situation becomes worse.

MP Thompson, thank you for the question. I'm not sure if I've addressed what you were looking for.

**Ms. Joanne Thompson:** That was very helpful, and I appreciate it.

Just because I know time is so limited, I want to direct the next question to Momentum.

Mr. Loomis, thank you for your opening comments. I appreciate the importance of financial literacy. I saw it repeatedly in my work life. Thank you for highlighting how important Bill C-69 is for the most vulnerable families, in many cases, in our communities.

I want to link into, first of all, the importance of automatic tax filing. I think that's incredibly important, and thank you for highlighting it. What an opportunity it is to allow people to access services without penalizing them when, for a variety of reasons, they aren't able to go through that process. It can be very difficult for some to file their income taxes, and of course, that keeps them out of the portal of being able to access much-needed supports.

I want to link the first question to Prosper Canada. How important is it for community groups to become part of supports to protect people from criminal rates of interest?

**Mr. Jeff Loomis:** It is really important for community organizations to provide fair and honest information about different forms of financial services. Working with Prosper, a number of organizations across the country have contributed to growing the field of what we call “financial empowerment”. An important part of financial empowerment is money management—financial literacy, as you describe it—which includes ensuring that people have good information about different financial services and products. Ideally, we as community organizations can connect people to the most affordable and fair financial services and products.

That is a really important role of community-based financial services. It's not only about providing the information, but about helping people make an informed decision about what financial services and products they end up using.

• (1345)

**Ms. Joanne Thompson:** In a similar thread, could you speak to the Criminal Code amendments? You don't need to go in depth with this, but why are they important for protecting people from predators and criminal rates of interest?

**Mr. Jeff Loomis:** As we've experienced over many years, there have been so many examples of people taking out a loan without knowing how expensive it was. It can create a debt trap for people. It's very difficult to move forward financially when people are struggling with those debt payments. We believe that lowering the criminal rate of interest can create better opportunities for people to access affordable and fair financial services and products.

As we see with people struggling to make ends meet, especially with the rising cost of living, it is important that we don't have additional costs from borrowing. We believe that the criminal rate of interest being considerably higher across the country—other than in Quebec—for a generation now is patently unfair because the people who are often the least able to afford credit are actually paying the

most for credit. It is a very significant change to lower the criminal rate of interest and improve the enforcement of the criminal rate.

**The Chair:** Thank you, MP Thompson.

We go now to MP Ste-Marie.

[*Translation*]

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

I would like to welcome all the witnesses.

I would have liked to speak with each of you, but since the time I have is limited, I am going to address my questions to Mr. Lambert. First, however, I would like to ask Mr. Loomis a brief personal question.

In addition to your role as executive director at Momentum, are you the famous guitarist who has received such acclaim worldwide, or are you his namesake?

[*English*]

**Mr. Jeff Loomis:** That's someone with a lot more hair than me, that's for sure.

[*Translation*]

**Mr. Gabriel Ste-Marie:** That's good. I thought I had detected a resemblance, so I asked you the question just in case. I wish you good luck in your projects.

Mr. Lambert, craft distillers all over Canada are developing microdistilleries and playing an extremely important role for the economy outside our urban centres and for the economy in general. Essentially, you are saying that the excise duty burden is disproportionate, particularly when compared with the United States or with microbreweries.

Is that correct?

**Mr. Vincent Lambert:** That's right.

In fact, our proposal has two components.

First, we have to base our policies on the precedent that already exists in Canada, which imposes different excise duties depending on production volumes, as in the microbrewery industry. So that should be applied equally to distilleries and spirits.

Second, we need to line up with American excise duties. In our industry, the strongest competition we face is from the United States.

**Mr. Gabriel Ste-Marie:** Right. Thank you.

You said that for a bottle of spirits that sells for \$40, only \$10 ends up in the craft distiller's pocket, and the excise duty is \$4, while it is only \$0.29 in the United States. Is that right?

**Mr. Vincent Lambert:** That's right.

**Mr. Gabriel Ste-Marie:** If the \$4 were reduced to \$0.29, it would change things significantly in terms of the viability of your members, the local craft distillers.

**Mr. Vincent Lambert:** Absolutely.

Take the example of a \$40 bottle, which is about the median amount for craft spirits. In that situation, excise duties represent 10% of the price of the bottle, or \$4. That would actually be a significant amount, applied to the volume of sales.

**Mr. Gabriel Ste-Marie:** I think we benefit a lot collectively from having all these microdistilleries all over in our small communities. They help our communities develop both our culture and our homegrown produce. However, this excise duty, which is very high, puts quite a lot of pressure on the small actors.

I believe your industry is having some difficulties at present. I am thinking of the recent bankruptcy of the St. Lawrence Distillery in Rimouski. I was very sad to learn that.

Would adopting what you are proposing mean that actors the same size as the St. Lawrence Distillery would find it easier to make a go of it?

**Mr. Vincent Lambert:** It would certainly give the industry some relief. The St. Lawrence Distillery had actually been in business for ten years. It was part of the distillery landscape in Quebec. It was a pioneering visionary for the entire industry and operated in over 15 countries. Commercial success was in sight, but its wings were clipped by regulations and laws that date from the 1920s and tax spirits at a truly atrocious level. That is what caused the company to close.

At the Union québécoise des microdistilleries, we are very sad to see that a number of distilleries are also heading in that direction. Obviously you are not responsible for Quebec's laws, but reducing excise duties would enable the industry as a whole to recover, not just in Quebec but everywhere in Canada. There is a strong appetite for these kinds of products, not just in Quebec but also in British Columbia, Ontario and Alberta, where there are a number of distilleries in operation.

• (1350)

**Mr. Gabriel Ste-Marie:** Yes, it is a problem for your members in Quebec, but also for the industry all across Canada where the same model is found. When the sliding scale excise duty was put in place for microbreweries, it led to the emergence of that entire craft sector all across Canada, regardless of the province. We certainly hope that this model will be adopted here for excise duty.

Do you have other information to provide to the committee?

**Mr. Vincent Lambert:** Off the top of my head, I want to thank the committee, which adopted the proposal by the Union québécoise des microdistilleries in its recommendations to the Department of Finance in its pre-budget consultations report. That is recommendation 331, which adopted our proposed model.

I should point out that national models for excise duty vary from country to country. In some countries, the distilleries are still very large and very industrialized and excise duties remain high, but those countries are also adapting to the emergence of microdistilleries. They recognize them and provide them with tax relief and government incentives.

At present, that is not the case in Canada when it comes to excise duties, although we have a very large microdistillery industry de-

veloping. We have to keep pace with the new entrepreneurial and social circumstances in the country.

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

As you pointed out, the tax rate was established over a century ago, during the prohibition era, when the aim was to discourage alcohol consumption. However, we now have the emergence of local producers who use homegrown produce and have a wealth of know-how, but they are being held back, particularly in comparison with their American competitors from outside Canada.

It would be a good idea to revise the legislation to enable microdistilleries to emerge and to support them and contribute to their viability.

I hope my colleagues are listening to what the industry is requesting and that we will agree on making an amendment to this effect.

We will keep up the fight because we care about you. The contribution you make is significant in all regions and in our economy. Thank you very much.

[English]

**The Chair:** Thank you, MP Ste-Marie. That's all the time we have.

Now we're going to MP Davies for the next six minutes.

**Mr. Don Davies:** Thank you.

Dr. Norman, in a 2023 interview with the UBC faculty of medicine about B.C.'s free contraception program, which I take it had just started, you said, "It was costing the government more to pay for the management of unintended pregnancies than it would cost to be able to provide free contraception for everybody in the province." You've given that testimony here today.

How solid is the evidence that if we expand this program nationally, we will achieve national savings economically, replicating B.C.'s experience?

**Dr. Wendy V. Norman:** It's a great question, Don.

The statement at UBC was based on about 10 years of research that we'd undertaken in partnership with the Government of B.C. and that was funded by the Canadian Institutes of Health Research. We did due diligence by collecting data from every sector of the province through sexual health surveys and putting them into a complex series of modelling that looked at all of the alternatives for how to support people to reduce the rates of unintended pregnancy.

What we found is that universal coverage of first-dollar for all methods was the most cost-effective way for the Government of B.C. to go about this. We spent two years looking at alternative models, including fill-in-the-gap models and supplementing in different areas, and every time we moved away from universal first-dollar coverage, the rate of unintended pregnancies went up and the government's costs went up.

You asked how that relates to the rest of Canada. We've been working with Statistics Canada and the federal government for about eight years to take what we've learned in B.C.... Looking at the sexual health survey and at all representative parts of the population is what governments need to do to get the data to understand and improve health and equity in sexual and reproductive health.

As you may know, in the 2021 budget, the government funded Statistics Canada to roll out a national sexual health survey that will first field this fall. We will be able to do academic analyses disaggregated by a wide range of equity sectors in the population to answer exactly your question. In the meantime, we can take B.C.'s data and make it analogous to the rest of Canada. It should be relatively reasonable to hold those assumptions.

• (1355)

**Mr. Don Davies:** It sounds like there's an overwhelming economic case for universal access to contraception.

You briefly touched on the macroeconomic impacts of facilitating the entry and participation of women in the workplace. Is there data or established research that can quantify the value of women's participation in the economy as a result of having reproductive control?

**Dr. Wendy V. Norman:** It's a great question.

By way of an overarching answer, I would look at the declaration by the American Public Health Association on the top 100 public health interventions over the past century, from when we came to the year 2000. This is basically from 1900 to 2000. The number one public health intervention across the country—and this was during the time we developed penicillin, vaccines and all of these things—was the introduction of family planning to support the success and engagement of pregnancy-capable people throughout our society.

**Mr. Don Davies:** I want to turn to health now, because this is the economic thing. Can you outline what impact providing free prescription contraception will have on the health outcomes of women?

**Dr. Wendy V. Norman:** It's women and their children. The ability to time and space pregnancies has a phenomenal impact on a woman's personal health. In situations where women have no control over their fertility, typically they are pregnant at least once a year, and sometimes more than once. This wears down their nutrition. Anemia becomes common. Their immune systems are depleted. They're more open to disease. We see this in low- and middle-income settings, where people do not have access to contraception and controlling their fertility.

When a person has an unintended pregnancy, those pregnancies are less likely to have adequate prenatal care. They're more likely to be exposed to toxins through smoking exposure or substances during pregnancy. Those pregnancies are more likely to be preterm

and to require neonatal ICU. Those children start behind the eight ball, as their chance for adequate health, nutrition and education throughout childhood is impaired. These things are all addressed to improve an equal standing for people in health and to avoid the risks of pregnancy, which still carries a maternal mortality across Canada of 40 to 100 people each year. They're dying simply because they became pregnant.

By reducing the 40% of pregnancies that are unintended through making access to contraception universal, we are saving lives and improving the chances for children to have the best start in life.

**The Chair:** Thank you, MP Davies.

Members, these are phenomenal witnesses, but I know that we'll be bumping up against question period pretty soon. We'll do a quick round with one question per party before we conclude.

MP Morantz.

**Mr. Marty Morantz:** Ms. Oliver, I can't let you come all the way down here and not have you answer at least one question. Thank you for being here.

In the time we have, which is roughly 60 seconds, can you explain to the committee why consumers would be better off if Canada brought in a system of open banking and real-time rail?

**Ms. Jessica Oliver:** Sure. Thanks for the question.

I think you need to look at other jurisdictions. No jurisdiction that has introduced open banking has ever pulled it back or withdrawn it. All they've done is expand it. If you look at consumer switching rates, comparison shopping and changing the financial service provider that can tailor to your specific and unique circumstances, in every other jurisdiction they increase through open banking.

I think it's really important that folks understand the enhanced security that can come from a formalized consent model where the consumer is in control of their own information. They decide if and when their information is shared for their benefit.

That would be my short answer.

• (1400)

**The Chair:** Thank you, MP Morantz.

We'll go to MP Sorbara for one question.

**Mr. Francesco Sorbara:** Thank you, Chair.

Jessica, we know how powerful and popular the tax-free savings account is with Canadians, but the first home savings account combines the best of both worlds of the TFSA and the RRSP. I was so happy to see it introduced by our government. How revolutionary is it, and how is the uptake on it with your customers?

**Ms. Jessica Oliver:** All registered accounts are really popular. When you look at the decrease in pension coverage in the workplace, when you look at the delay of home ownership and when you look at these wonderful but very distinct new products and the burden of both retirement saving and home ownership saving shifting to the individual, we're empowering folks to understand how to maximize benefits and increase the choice they have between service providers. We certainly saw a huge uptake. We're thrilled that more than one-third of Canadians who opened a first home savings account chose to do so with Wealthsimple.

**Mr. Francesco Sorbara:** It's probably nearing a million Canadians for the FHSA.

**Ms. Jessica Oliver:** That's right.

**The Chair:** Thank you, MP Sorbara.

We'll now go to MP Ste-Marie.

[Translation]

**Mr. Gabriel Ste-Marie:** Mr. Lambert, we know that the excise duty goes up every year based on inflation.

Recently, the government said that for now, it was going to limit the duty to 2% per year for all alcohol producers. I imagine you welcome that measure, but could you comment on the impact for your industry of limiting inflation to 2% rather than applying a sliding scale duty as it does for microbreweries or as is done in the United States for microdistilleries?

**Mr. Vincent Lambert:** The 2% cap that was announced for the next two years was greeted with much relief, because an increase of about 6% had actually been expected. If it goes up by 6%, then after a certain number of years it is going to look like compound interest and the costs to the industry become enormous.

So it was greeted with much relief, but I also have to acknowledge that after we submitted our brief and our proposal, we thought that it would have been even more beneficial to adopt what is being done by the United States and other countries, where excise duties have been greatly reduced with the advent of microdistilleries in their entrepreneurial landscapes.

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

[English]

**The Chair:** Thank you, MP Ste-Marie.

Now we will move to MP Davies.

There is no pressure, but you'll be the final questioner and have the final question for this great panel.

**Mr. Don Davies:** Thanks.

Dr. Norman, on the list of covered contraceptives, there are not only oral contraceptives but also IUDs. I'm wondering if you could share your position on the importance of including access to IUDs.

**Dr. Wendy V. Norman:** Absolutely.

The difficulty with contraception is that the less you can afford, the less likely you are to avoid an unintended pregnancy. You're more likely to get pregnant with condoms.

When you go to prescription contraception, the baseline is birth control pills. Six to nine people per year using birth control pills, and twice that many if you're a teenager, will become pregnant with an unintended pregnancy. People have a reproductive lifespan of 30 to 35 years, from about age 15 to 45 or 50, and they plan to be pregnant or have a child for maybe a year or two years out of that. For over 30 years, they are using methods with a 6% to 9% failure rate. This is where our unintended pregnancies are coming from.

It's more expensive to use the more effective methods. With a copper IUD, you have a 1% chance per year of getting pregnant. With a hormone-bearing IUD, you have a 0.1% chance—one person per 1,000—per year. These and the small little matchstick devices that can be inserted underneath the arm, a subdermal implant, are the most expensive up front at \$300 or \$400, but they last for three to five to seven years. Some of the IUDs now last up to 10 years. These methods are more effective than female sterilization, yet they're completely reversible. The month you take it out, you can become pregnant again.

Investing in these upfront methods means a person has to choose between rent and food for the children already in the home or has to put out \$300 or \$400 to get a five- to seven-year method that's going to be as effective as sterilization but is reversible. That's just not accessible for people, but it's most important.

If governments were providing only IUDs, implants and the most effective contraceptive methods, this would offer the best chance for people to avoid unintended pregnancy. People need a wide range of choices because the context is different in everybody's life. People are able to adjust to different methods as different things are working in their lives. This is why it's important to have the full range.

From a health economic and health system perspective, the better you are able to support somebody to achieve their goal for pregnancy and become pregnant only when they want to and are preparing for it, the better a child will be raised and the better our health system and economy will be. IUDs and implants are what give you that chance.

• (1405)

**The Chair:** Thank you, MP Davies.

We want to thank our witnesses for their testimony and for coming before the finance committee on Bill C-69. We really appreciate it.

We wish you the best with the rest of your day.



We're adjourned.

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